



Boards of Commissioners Update

October 2021

Boards of Commissioners Update – October 2021

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BOARD UPDATE

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1331 Fulton Street
Fresno, California 93721
TTY (800) 735-2929

www.fresnohousing.org

TO: Boards of Commissioners
Fresno Housing

DATE: October 18, 2021

AUTHOR: Emily De La Guerra

FROM: Angelina Nguyen, Interim CEO/Chief Programs Officer

SUBJECT: Update on Renovation of Central Office Lobby and 1260 Fulton Mall

Executive Summary

The purpose of this memo is to update the Boards of Commissioners on the progress of the renovations for the Central Office Lobby and 1260 Fulton Street.

In 2020, staff introduced a multi-phased facilities plan that would accomplish several goals, including:

- Expanding our Central Office Lobby to better accommodate residents and visitors, while improving the overall aesthetic quality
- Consolidating multiple workgroups into centralized office space downtown,
- Responding to the health and safety needs of our staff and residents in a post-COVID environment,
- Improving the Board Room space and enhancing technology,
- Allowing for continued growth of Agency operations.

The plan was presented to the Boards of Commissioners in August 2020 and the Boards approved the purchase of 1260 Fulton in September 2020 for \$2.9 million dollars.

Prior to the purchase of 1260 Fulton, Staff had already starting planning to revitalize the Central Office lobby. Staff went through a collaborative, iterative design process that collected input from various departments. The renovation will include a new reception area, private interview booths, updated front steps and ramp and a new check-in system. The lobby will double in size and include a flexible multi-purpose room that can be used in a variety of ways to meet the needs of our community. RDT Architecture drafted a schematic design for City of Fresno approval. The plan also included City of Fresno requirements for ADA upgrades, title 24 energy modifications, and fire safety considerations.

The proposed scope of work at the new property at 1260 Fulton includes reconfiguring the second floor to accommodate a new boardroom and community meeting space, updating technology and space design to

accommodate a variety of in-person and virtual meeting formats, and general modernization and improvements to increase functionality.

The Agency has negotiated a five-year lease with local non-profit, Central Valley Community Foundation, for the second floor space. This income will help finance a private loan in an amount up to \$2.5 million dollars. Centerline Design Architecture drafted a schematic design that has been approved by the City of Fresno.

The Boards approved both construction contracts at the September 2021 Board Meeting. In addition to construction costs, there will be some additional costs for technology, security systems and furnishings. State prevailing wages for construction will be paid for both projects as the buildings are owned by the Fresno Housing. Below please find an overview of these costs: (Note: tenant will pay for tenant improvements)

	Lobby	1260 Fulton
Construction	\$ 908,708	\$ 673,790
Technology	\$ 55,000	\$ 79,898
Furnishings	\$ 103,590	\$ 77,000
Security	-	\$ 22,017
Tenant Improvements	-	\$ 94,500
Total	\$ 1,067,290	\$ 947,205

Construction will start on both buildings in October 2021 and is expected to be complete by March 2022.

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TO: Boards of Commissioners

Fresno Housing

DATE: October 18, 2021

AUTHOR: Crystal Cox

FROM: Angelina Nguyen, Interim CEO/Chief Programs Officer

SUBJECT: Fresno Housing Operating Budget as of August 31, 2021

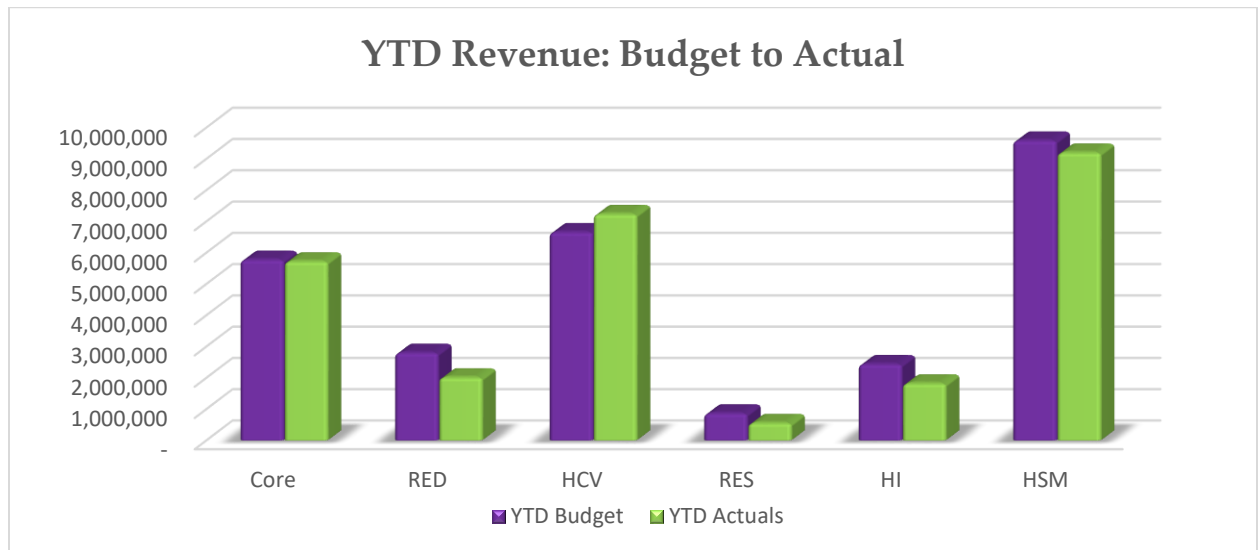
Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of August 31, 2021. The attached financial report shows the consolidation of all Agency operational budgets combined into six divisions. Projections have been incorporated into the year-to-date budget to account for the timing of cash flows and known variable expenses. These adjustments were based on historical trends and the most current information available.

The 2021 Operating Budget was approved by the Boards of Commissioners in December 2020 with total revenues of \$43.6 million and total operating expenses of \$42.3 million. As of August, total revenues are \$26.6 million, which is \$1.6 million less than anticipated, and total expenses are \$27.2 million, which is \$1 million less than budgeted. This has resulted in a net loss of \$607 thousand, which is \$366 thousand more than budgeted. As of August, the Agency has utilized \$1.1 million in unrestricted reserves, which is \$317 thousand more than budgeted at this point in the year.

	Fresno Housing Authority		
OPERATING BUDGET	Annual Budget	YTD Budget	YTD Actuals
TOTAL INCOME	43,584,911	28,140,440	26,567,262
TOTAL EXPENSES	42,324,861	27,219,353	26,172,772
NET OPERATING INCOME	1,260,050	921,087	394,490
TOTAL NON-OPERATING EXPENSES	1,742,960	1,161,973	1,001,790
NET INCOME	(482,910)	(240,886)	(607,300)
UNRESTRICTED NET INCOME	(728,330)	(807,478)	(1,124,435)

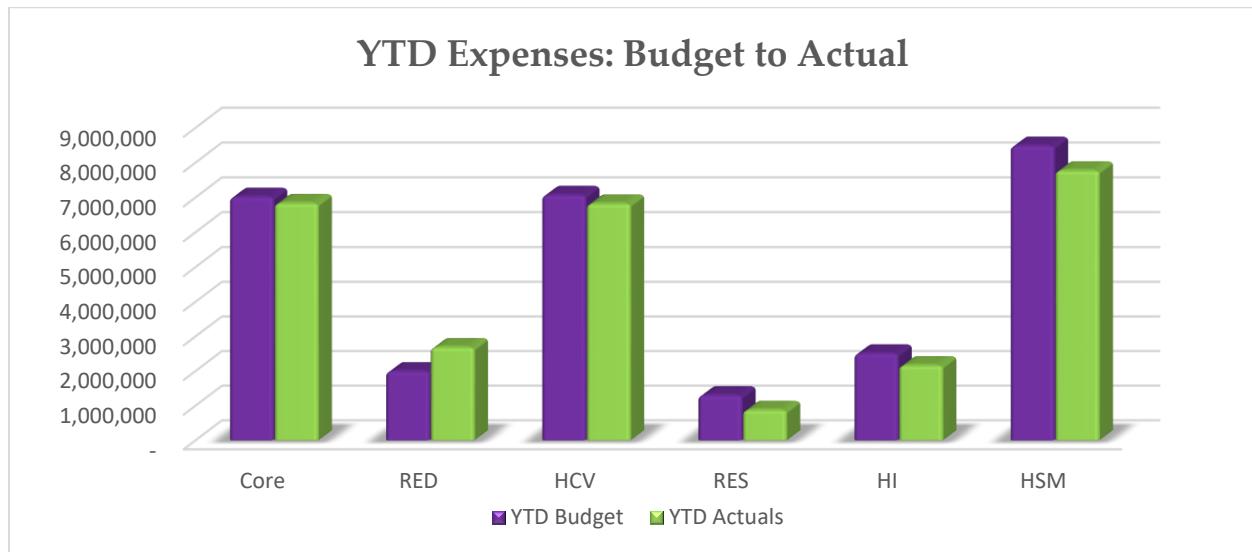
Agency Revenue



- Overall, year-to-date revenue is \$26.6 million, or 6% less than the year-to-date budget, largely due to timing delays in administrative reimbursements in Real Estate Development.
- **RED:** Administrative reimbursements for Project Homekey are expected to be received in the fourth quarter of 2021. No developer fees were received in August. Staff anticipates developer fees will be received in the fourth quarter.

RES & HI: The variance in HUD Grant Income and Other Income is mainly due to how grant reimbursements were recorded in the 2021 Budget. The approved budget reflects the full grant amounts for each program, however, these grants operate on a reimbursement-basis, meaning we may not draw down the full grant amount. Going forward, staff will use prior expenditures to forecast grant reimbursements for the 2022 budget.

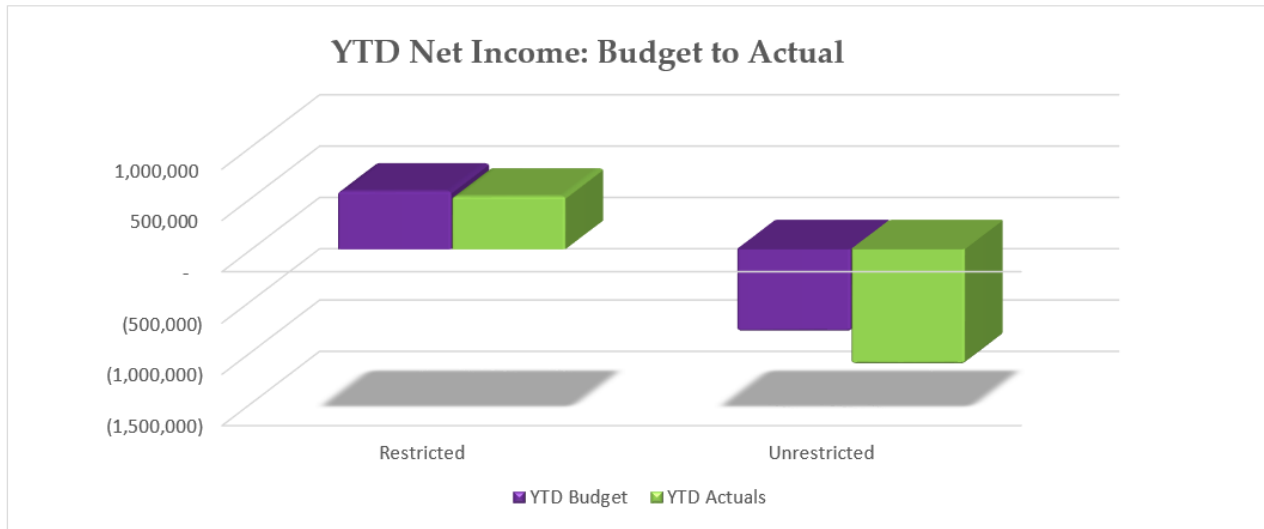
Agency Expenses



Overall, year-to-date operating expenses are \$26.2 million and non-operating expenses are \$1 million, which together are about 4% lower than budgeted.

- **HI:** Tenant Services Expenses are lower than budgeted at this point in the year. These represent tenant rent payments within homeless and rental assistance grants, which factor in tenant income levels. This variance means utilization may be lower than anticipated and that tenant incomes are higher than anticipated, thus reducing the amount of rent paid on behalf of each tenant.

Agency Net Income



- Unrestricted Net Income, approximately \$317 thousand more than budgeted as of August 2021.
- Restricted net income is approximately \$49 thousand less than budgeted due to lower administrative expenses within the Housing Management Division and Housing Choice Voucher programs.

Fresno Housing Authority
Financial Results as of August 31, 2021

	Core			RED			HCV			RES			HI			HSM			Fresno Housing Authority		
	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals	Annual Budget	YTD Budget	YTD Actuals
OPERATING BUDGET																					
INCOME																					
NET TENANT INCOME	-	-	-	501,396	334,264	298,950	-	-	-	-	-	-	-	-	-	8,233,864	5,489,243	5,375,877	8,735,260	5,823,507	5,674,827
INTEREST INCOME	50,000	33,333	14,699	625,000	416,667	6,279	-	-	-	-	-	-	-	-	-	-	-	1,697	675,000	450,000	22,674
OTHER INCOME	154,200	102,800	381,452	520,000	346,667	289,267	-	-	-	811,238	540,825	504,190	544,003	362,669	128,566	364,627	243,085	32,111	2,394,068	1,596,045	1,335,585
ADMIN & MANAGEMENT FEE INCOME	8,462,509	5,641,673	5,330,582	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,462,509	5,641,673	5,330,582
DEVELOPER FEE INCOME	-	-	-	3,934,460	1,706,806	1,421,153	-	-	-	-	-	-	-	-	-	-	-	-	3,934,460	1,706,806	1,421,153
HUD GRANT INCOME	-	-	-	-	-	-	9,991,071	6,660,714	7,238,086	489,112	326,075	54,101	2,211,458	1,474,305	1,456,948	4,466,336	2,977,557	3,174,330	17,157,977	11,438,651	11,923,465
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	1,174	-	-	-	905,496	603,664	238,899	1,320,141	880,094	618,903	2,225,637	1,483,758	858,976
TOTAL INCOME	8,666,709	5,777,806	5,726,733	5,580,856	2,804,403	2,015,648	9,991,071	6,660,714	7,239,260	1,300,350	866,900	558,291	3,660,957	2,440,638	1,824,413	14,384,968	9,589,979	9,202,917	43,584,911	28,140,440	26,567,262
EXPENSES																					
PAYROLL EXPENSES	7,206,516	4,448,638	4,670,980	1,840,748	1,136,308	1,154,668	5,963,404	3,681,255	3,715,715	1,225,038	756,225	675,212	812,626	501,640	470,734	3,155,119	1,947,679	1,745,427	20,203,451	12,471,746	12,432,736
ADMINISTRATIVE EXPENSES	2,992,461	1,994,974	1,742,098	1,074,399	716,266	1,344,212	4,996,566	3,331,044	3,081,723	473,188	315,459	198,269	468,183	312,122	350,986	2,344,571	1,563,047	1,388,080	12,349,368	8,232,912	8,105,369
TENANT SERVICES EXPENSES	50,504	33,669	59,368	15,132	10,088	-	-	-	-	340,620	227,080	-	2,539,988	1,693,325	1,340,505	315,870	210,580	148,810	3,262,114	2,174,743	1,548,683
UTILITY EXPENSES	175,487	116,991	99,910	72,024	48,016	37,975	-	-	-	-	-	-	-	-	-	2,258,143	1,505,429	1,422,210	2,505,654	1,670,436	1,560,096
MAINTENANCE EXPENSES	583,518	389,012	243,656	64,760	43,173	85,190	81,969	54,646	20,993	4,500	3,000	4,299	6,061	4,041	3,743	2,487,940	1,658,627	1,726,994	3,228,748	2,152,499	2,084,875
TAXES & INSURANCE EXPENSES	50,788	33,859	22,955	61,400	40,933	63,073	7,353	4,902	6,531	-	-	853	-	-	-	655,985	437,323	347,602	775,526	517,017	441,014
TOTAL EXPENSES	11,059,274	7,017,143	6,838,965	3,128,463	1,994,785	2,685,118	11,049,292	7,071,847	6,824,962	2,043,346	1,301,764	878,634	3,826,858	2,511,128	2,165,968	11,217,628	7,322,685	6,779,124	42,324,861	27,219,353	26,172,772
NET OPERATING INCOME	(2,392,565)	(1,239,337)	(1,112,233)	2,452,393	809,619	(669,470)	(1,058,221)	(411,133)	414,298	(742,996)	(434,864)	(320,343)	(165,901)	(70,490)	(341,555)	3,167,340	2,267,293	2,423,793	1,260,050	921,087	394,490
NON-OPERATING EXPENSES																					
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	5,444	-	-	33	-	-	-	-	-	-	1,253,420	835,613	763,226	1,253,420	835,613	768,702
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	489,540	326,360	233,087	489,540	326,360	233,087
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	5,444	-	-	33	-	-	-	-	-	-	1,742,960	1,161,973	996,313	1,742,960	1,161,973	1,001,790
NET INCOME	(2,392,565)	(1,239,337)	(1,112,233)	2,452,393	809,619	(674,914)	(1,058,221)	(411,133)	414,266	(742,996)	(434,864)	(320,343)	(165,901)	(70,490)	(341,555)	1,424,380	1,105,320	1,427,480	(482,910)	(240,886)	(607,300)
UNRESTRICTED NET INCOME	(2,392,565)	(1,239,337)	(1,112,233)	1,735,991	327,933	6,805				(742,996)	(434,864)	(320,343)	(165,901)	(70,490)	(341,555)	837,141	609,281	642,891	(728,330)	(807,478)	(1,124,435)

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TO: Boards of Commissioners
Fresno Housing
DATE: October 18, 2021
AUTHOR: Aurora Ibarra
FROM: Angelina Nguyen, Interim CEO/Chief Programs Officer
SUBJECT: Update on 2021 Leasing and Housing Assistance Payments for
the Housing Choice Voucher (HCV) Program

Executive Summary

The purpose of this memo is to update the Boards of Commissioners on August 2021 Housing Assistance Payments (HAP) and leasing activities, and projections for the remainder of 2021.

HAP Pacing Update

On a regular basis, staff evaluates the pace at which HAP is expended to ensure that the agency can assist as many eligible participants as the funding will support, while not exceeding the number of authorized units and funded dollars.

As previously reported, HUD recently published new FMRs in September that took effect October 1, 2021. An analysis of HAP projections was performed to assess new payment standards and ensure spending remains within 2021 budget authority. New payment standards are expected to increase the purchasing power for voucher holders searching for affordable housing in a highly competitive rental market and took effect October 1, 2021.

In order to maximize HAP, staff continues to use HUD waivers to pass on the increased subsidy provided to voucher households as a result of new payment standards immediately, rather than waiting until the scheduled annual recertification. HUD is allowing PHAs to pass on the benefit of the increased payment standard, which will increase HAP and decrease tenant rent. HUD waivers are set to expire December 31, 2021.

City HCV

HAP expenditures for the month of August are projected to be \$4,355,848 with a HAP utilization rate for the month of August of 94%. The overall projected HAP utilization rate for 2021 is expected to be 92.3%.

Voucher utilization for the month of August was 93.3% with an overall projected voucher utilization for CY 2021 of 94.0%.

When factoring in HAP utilization and leasing rates, the Agency would earn zero points under the corresponding SEMAP indicator. HUD informed our agency that we could use 2019 SEMAP scores for the 2021 reporting year (which was High Performer) due to pandemic related delays and we elected to do so. Staff continues to use the SEMAP scoring factors as a guiding tool to self-monitor program performance.

County HCV

HAP expenditures for the month of August are projected to be \$3,488,777 with a HAP utilization rate for the month of August of 98.8%. The overall projected HAP utilization rate for 2021 is expected to be 94.3%.

Voucher utilization for the month of August was 94.8% with an overall projected voucher utilization for CY 2021 of 94.9%.

When factoring in HAP utilization and leasing rates, the Agency would earn partial points under the corresponding SEMAP indicator. HUD informed our agency that we could use 2019 SEMAP scores for the 2021 reporting year (which was High Performer) due to pandemic related delays and we elected to do so. Staff continues to use the SEMAP scoring factors as a guiding tool to self-monitor program performance.

Leasing Update

Staff also routinely monitors the leasing success rates of applicants and movers, and the pace at which new vouchers are issued to ensure maximum leasing potential while ensuring the overall unit months leased for the calendar year do not exceed its baseline units. There are several contributing factors that have resulted in leasing potential for both programs. While increasing payment standards has provided additional purchasing power for families currently searching for housing, the low availability of affordable housing continues to be a challenge. As we know, families continue to compete in a low-vacancy market with very few available affordable units. Staff continue to assess landlord interest in the program and offer incentives to participate in the program. All incentives expire 12/31/2021 in accordance with the sunset of CARES funding availability

With respect to issuing more vouchers, the department extended its contract with

The department continues to use Quadel Consulting & Training, LLC to assist with applicant intake and voucher issuances and will continue to apply the use of HUD waivers through December 31, 2021.

Extensions on search timelines for families who currently hold a voucher are granted to mitigate some of the challenges families may be experiencing related to COVID-19 or difficulties locating affordable housing.

HCV Leasing and Spending Projection

CA028 Two-Year Voucher Forecasting Summary

10/13/2021

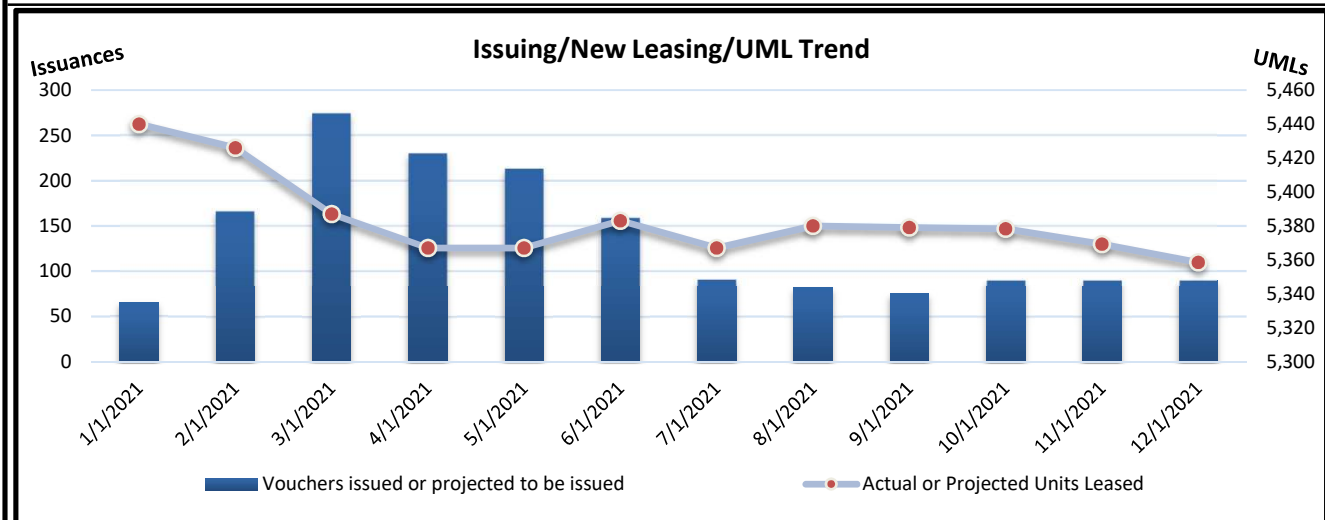
Prepared for: County Board of Commissioners

Prepared by: Housing Choice Department

Using the Housing Choice Voucher (HCV) Two-Year Tool, which allows a user to examine a PHA's voucher program under a variety of leasing, per-unit cost (PUC), and other key program scenarios, the attached tool estimates the program to end the current year with \$3,532,975, or 8.3% of budget authority. This scenario relies upon the following key variables:

Success Rate	Attrition Rate	Time from Issuance to HAP Effective Date	
(How many issued vouchers will go to HAP)	(What percent of participants annually leave)	(How fast do successful issuances lease up)	
52%	6%	Leased in	Percent
		0-30 Days	20%
2021 PUC		31-60 Days	35%
(Average monthly cost of a voucher - 2021)		61-90 Days	22%
\$618		91-120 Days	14%
		121-150 Days	9%

Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account program attrition:



Under this scenario, the PHA faces an offset of \$444,456 next year and no offset the following year. Additionally, the higher of this year's leased units (94.9%) or dollars (94.3%) is 94.9%, indicating partial leasing indicator points in SEMAP. This is an estimate.

CA028 Summary

HAP expenditures for August are projected to be \$3,488,777 with a monthly HAP utilization rate of 98.8%. Current voucher utilization for the month of August was 94.8% with an overall projected voucher utilization rate for CY 2021 of 94.9%.

HCV Leasing and Spending Projection

CA006 Two-Year Voucher Forecasting Summary

10/13/2021

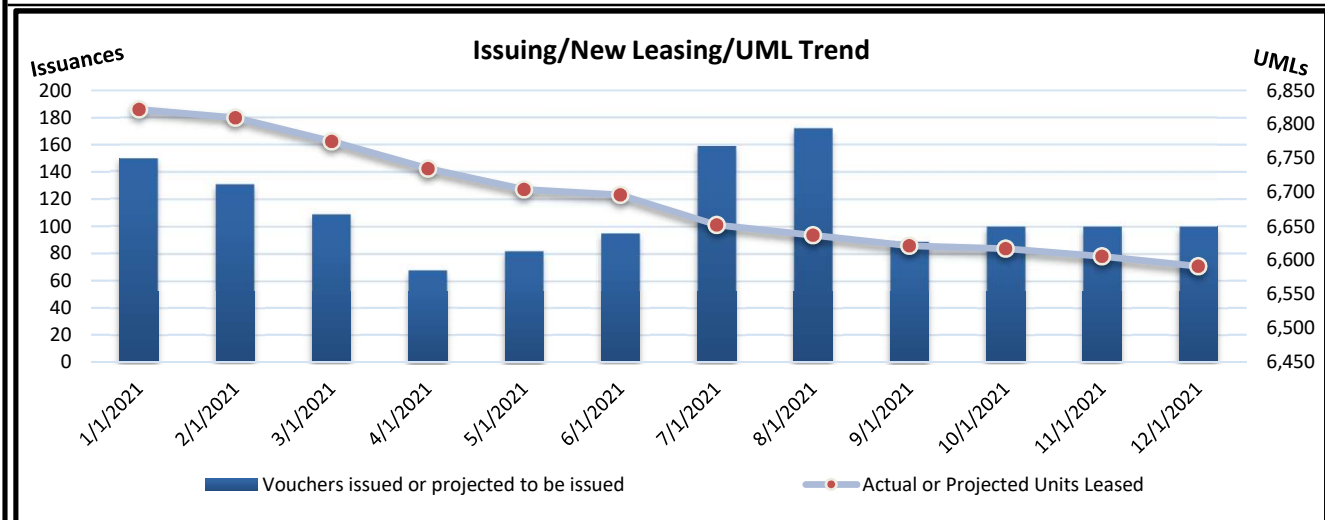
Prepared for: City Board of Commissioners

Prepared by: Housing Choice Department

Using the Housing Choice Voucher (HCV) Two-Year Tool, which allows a user to examine a PHA's voucher program under a variety of leasing, per-unit cost (PUC), and other key program scenarios, the attached tool estimates the program to end the current year with \$5,734,141, or 10% of budget authority. This scenario relies upon the following key variables:

Success Rate	Attrition Rate	Time from Issuance to HAP Effective Date	
(How many issued vouchers will go to HAP)	(What percent of participants annually leave)	(How fast do successful issuances lease up)	
52%	6%	Leased in	Percent
		0-30 Days	20%
2021 PUC		31-60 Days	35%
(Average monthly cost of a voucher - Year 1)		61-90 Days	22%
\$640		91-120 Days	14%
		121-150 Days	9%

Please see the below graph, which shows issued vouchers and associated leasing, as well as the total program UMLs, which takes into account program attrition:



Under this scenario, the PHA faces an offset of \$206,765 next year and no offset the following year. Additionally, the higher of this year's leased units (94.1%) or dollars (92.3%) is 94.1%, indicating no leasing indicator points in SEMAP. This is a VASH-adjusted estimate.

CA006 Summary

HAP expenditures for August are projected to be \$4,355,848 with a monthly HAP utilization rate of 94.%. Voucher utilization for the month of August was 93.3% with an overall projected voucher utilization rate for CY 2021 of 94%. These utilization rates have been adjusted for VASH.