



Boards of Commissioners Update

April 2022

Boards of Commissioners Update – April 2022

Table of Contents

Topic:	Page
Financial Results – February 2022	3
2022 Leasing and HAP Report for the Housing Choice Voucher (HCV) Program – February 2022	8
Subsidy Standard Policy for the Housing Choice Voucher Program	12

BOARD MEMO

TO: Boards of Commissioners
FROM: Tyrone Roderick Williams, CEO
AUTHOR: Crystal Cox
Finance Manager
DEPARTMENT: Finance
MEMO DATE: 04/19/2022
SUBJECT: Fresno Housing Operating Budget as of February 28, 2022

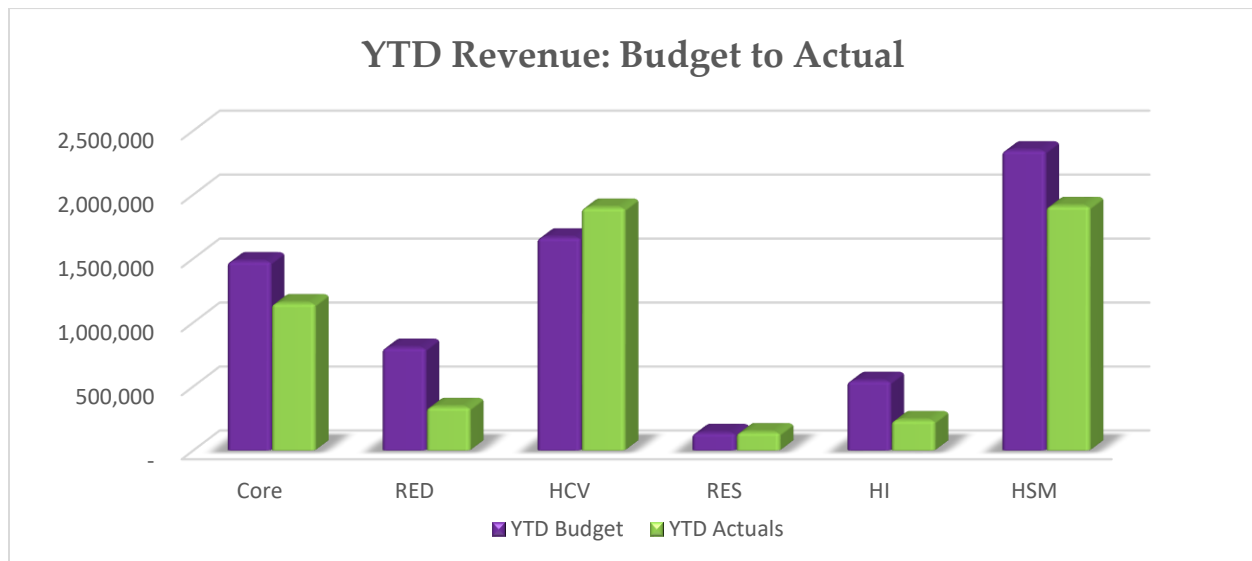
Executive Summary

The purpose of this update is to present an overview of Fresno Housing's financial operating results as of February 28, 2022. 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 2022 Operating Budget was approved by the Boards of Commissioners in December 2021 with total revenues of \$45.5 million and total operating expenses of \$44.9 million. As of February, total revenues are \$5.7 million, which is \$1.3 million less than anticipated. Total operating expenses are \$1.2 million less than budgeted at \$5.3 million through February. This puts net operating income at \$371 thousand, which is \$145 thousand less than budgeted. As of February, the Agency has utilized \$573 thousand in unrestricted reserves, which is \$511 thousand more than budgeted at this point in the year. The variance in unrestricted net income is mainly due to timing delays in the receipt of grant reimbursements for Homeless Programs and developer fees for Real Estate Development. Staff expects this variance to decrease once those revenues are received in the second and third quarters of 2022.

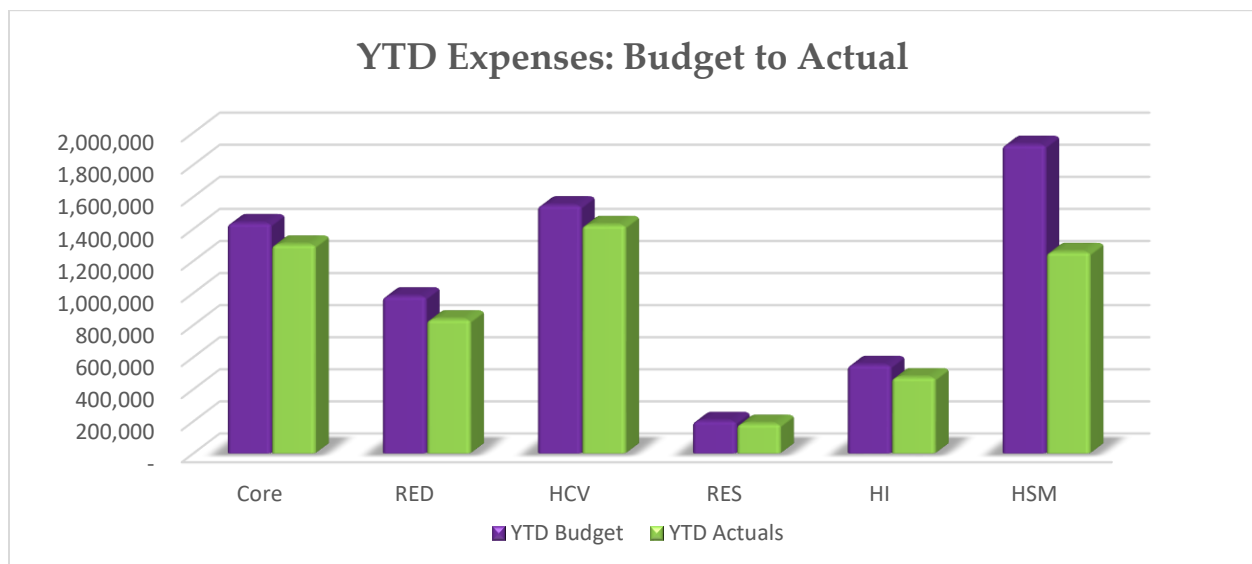
	Fresno Housing Authority		
	Annual Budget	YTD Budget	YTD Actuals
OPERATING BUDGET			
TOTAL INCOME	45,504,398	6,975,455	5,681,740
TOTAL EXPENSES	44,884,012	6,459,085	5,310,558
NET OPERATING INCOME	620,386	516,370	371,182
TOTAL NON-OPERATING EXPENSES	1,101,083	183,514	169,391
NET INCOME	(480,697)	332,856	201,792
UNRESTRICTED NET INCOME	(406,701)	(62,439)	(572,996)

Agency Revenue



- Overall, year-to-date revenue is \$5.7 million, or 19% less than the year-to-date budget, largely due to timing delays in grants, developer fees and other income in Core, RED, HI, and UP.
- **CORE:** Other Income and Administrative Fees are less than budgeted due to delays in the receipt of internal service fees.
- **RED:** No developer fees were received in January or February. Developer Fees for Trailside, The Arthur, and Corazon are expected to be received in the second quarter.
- **HI:** HUD Grant Income and Other Income are less than budgeted. Timing delays in grant reimbursements from Special Needs Assistance: Trinity and Santa Clara, Shelter Plus Care, HMIS, and COC Planning make up most of the variance in HUD Grant Income. These reimbursements will be received in the second quarter of 2022.
- **HSM:** Net Tenant Income is less than budgeted. Revenue from Dayton, El Cortez, Woodside, and San Ramon is recorded on a quarterly basis.

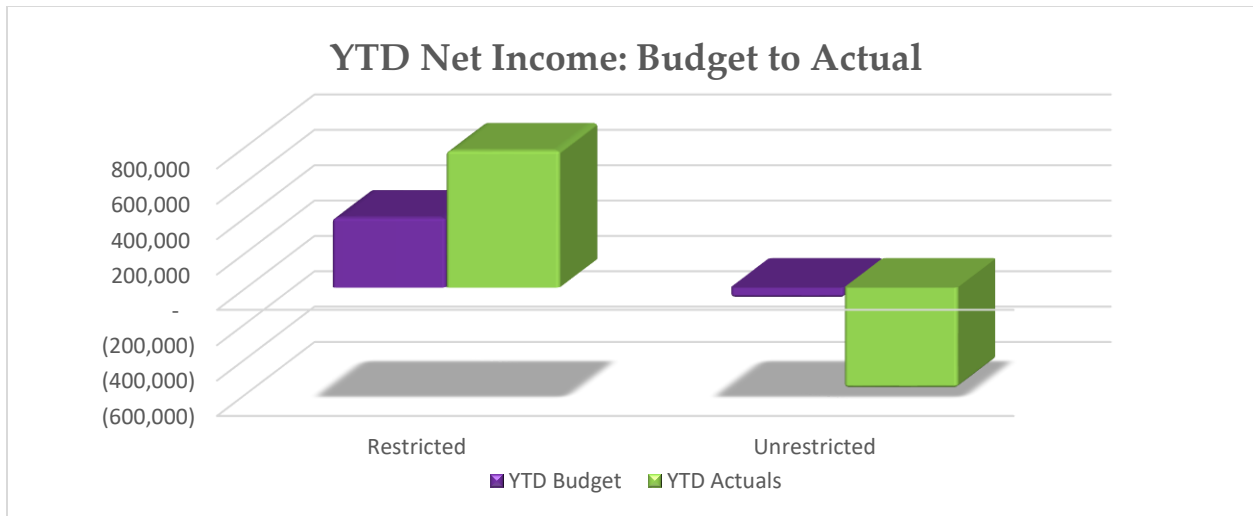
Agency Expenses



Overall, year-to-date operating expenses are \$5.3 million and non-operating expenses are \$169 thousand, which together are about 23% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$273 thousand (11%) higher than anticipated. Part of this variance is due to bonuses for employees participating in the Pay for Performance program, which are paid in the first three months of the year. Furthermore, a vacancy factor 10% was applied to the payroll expense line item to account for turnover and attrition that will occur throughout the year. As the year progresses, the variance in this line item will decrease.
- **Agency-wide:** Administrative Expenses are approximately \$690 thousand (30%) lower than budgeted across the Agency. IT Services, Professional & Consulting Fees and Administrative Contracts will increase as planned projects begin and expenses are incurred during 2022.
- **HI:** Tenant Services Expenses are lower than budgeted at this point in the year. These represent tenant rent payments within homeless service and rental assistance grants. If these dollars remain unspent, they can roll over into the next grant period.

Agency Net Income



- Unrestricted net income is approximately \$511 thousand higher than budgeted as of February 2022, mainly due to how timing delays in the receipt of developer fees and grant reimbursements.
- Restricted net income is approximately \$379 thousand higher than budgeted due to lower maintenance expenses within the Housing Management Division and lower administrative expenses within the Housing Choice Voucher program.

Fresno Housing Authority
Financial Results as of February 28, 2022

	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	45,000	7,500	-	501,497	83,583	90,216	-	-	-	-	-	-	-	-	-	8,564,983	1,427,497	1,026,724	9,111,480	1,518,580	1,116,940
INTEREST INCOME	24,000	4,000	16	505,008	84,168	2,116	-	-	182	-	-	-	-	-	-	1,200	200	139	530,208	88,368	2,453
OTHER INCOME	253,996	42,333	154	649,992	108,332	57,997	-	-	-	755,844	125,974	131,839	68,065	11,344	1,418	233,404	38,901	50	1,961,301	326,884	191,458
ADMIN & MANAGEMENT FEE INCOME	8,553,822	1,425,637	1,151,238	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,553,822	1,425,637	1,151,238
DEVELOPER FEE INCOME	-	-	-	3,651,672	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,651,672	-	-
HUD GRANT INCOME	-	-	-	-	-	-	9,991,068	1,665,178	1,898,308	66,408	11,068	10,920	2,509,080	418,180	213,468	3,922,420	653,737	764,862	16,488,976	2,748,163	2,887,558
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	-	-	-	688,057	114,676	22,485	1,355,119	225,853	119,727	5,206,940	867,823	332,093
TOTAL INCOME	8,876,818	1,479,470	1,151,408	8,471,934	803,377	340,210	9,991,068	1,665,178	1,898,490	822,252	137,042	142,759	3,265,202	544,200	237,372	14,077,126	2,346,188	1,911,502	45,504,398	6,975,455	5,681,740
EXPENSES																					
PAYROLL EXPENSES	7,313,688	857,952	1,015,336	1,851,236	217,164	293,755	6,293,851	738,317	847,192	1,246,858	146,266	162,211	962,069	112,858	78,370	3,029,322	355,363	304,535	20,697,023	2,427,920	2,701,399
ADMINISTRATIVE EXPENSES	2,720,118	453,353	211,813	3,603,294	600,549	452,206	4,764,448	794,075	570,295	209,720	34,953	20,877	421,646	70,274	105,600	2,259,799	376,633	279,229	13,979,025	2,329,838	1,640,019
TENANT SERVICES EXPENSES	50,004	8,334	20,700	15,036	2,506	-	-	-	-	125,000	20,833	-	2,209,128	368,188	290,458	286,014	47,669	25,869	2,685,182	447,530	337,027
UTILITY EXPENSES	213,348	35,558	22,016	622,388	103,731	75,427	-	-	-	-	-	-	-	-	-	2,247,373	374,562	286,232	3,083,108	513,851	383,675
MAINTENANCE EXPENSES	405,972	67,662	26,479	227,760	37,960	8,480	81,972	13,662	5,726	3,996	666	1,639	4,692	782	709	2,823,862	470,644	95,094	3,548,253	591,376	138,126
TAXES & INSURANCE EXPENSES	79,008	13,168	6,628	92,851	15,475	6,250	7,344	1,224	1,321	-	-	305	-	-	-	712,218	118,703	95,806	891,421	148,570	110,311
TOTAL EXPENSES	10,782,138	1,436,027	1,302,972 (133,055)	6,412,565	977,386	836,118	11,147,615	1,547,278	1,424,534	1,585,574	202,719	185,032	3,597,535	552,102	475,136	11,358,586	1,743,574	1,086,765	44,884,012	6,459,085	5,310,558
NET OPERATING INCOME	(1,905,320)	43,443	(151,565)	2,059,369	(174,009)	(495,908)	(1,156,547)	117,900	473,955	(763,322)	(65,677)	(42,273)	(332,333)	(7,902)	(237,765)	2,718,540	602,614	824,737	620,387	516,370	371,182
NON-OPERATING EXPENSES																					
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	644,050	107,342	129,315	644,050	107,342	129,315
TOTAL FINANCING EXPENSES	-	-	-	15,000	2,500	-	-	-	-	-	-	-	-	-	-	442,033	73,672	40,076	457,033	76,172	40,076
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPERATING EXPENSES	-	-	-	15,000	2,500	-	-	-	-	-	-	-	-	-	-	1,086,083	181,014	169,391	1,101,083	183,514	169,391
NET INCOME	(1,905,320)	43,443	(151,565)	2,044,369	(176,509)	(495,908)	(1,156,547)	117,900	473,955	(763,322)	(65,677)	(42,273)	(332,333)	(7,902)	(237,765)	1,632,457	421,600	655,346	(480,696)	332,856	201,792
UNRESTRICTED NET INCOME	(1,905,320)	43,443	(151,565)	1,634,051	(249,352)	(228,395)				(763,322)	(65,677)	(42,273)	(332,333)	(7,902)	(237,765)	960,223	217,049	87,002	(406,701)	(62,439)	(572,996)

BOARD MEMO

TO: Boards of Commissioners
FROM: Tyrone Roderick Williams, CEO
AUTHOR: Aurora Ibarra
Assistant Director
DEPARTMENT: Housing Choice Voucher
MEMO DATE: 04/12/2022
SUBJECT: Update on 2022 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 Housing Assistance Payments (HAP) and leasing projections for 2022. 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.

City HCV

HAP expenditures for the month of January are projected to be \$4,339,621 with a monthly HAP utilization rate of 96.6%. Voucher utilization for the month of January was 91.1% with an overall projected voucher utilization rate of 91.3% for CY 2022.

The higher of annual cumulative leased units (91.3%) or HAP (100.0%) is 100%. When factoring in HAP utilization and leasing rates, the Agency would earn full points under the corresponding SEMAP indicator. However, the goal and mission of the agency is to house the maximum number of individuals and families in Fresno Housing's jurisdiction; therefore, staff will be monitoring the impacts of operational policies recently implemented related to its voucher programs.

County HCV

HAP expenditures for the month of January are projected to be \$3,564,708 with a HAP utilization rate for the month of January of 99.5%. Voucher utilization for the month of January was 94.6% with an overall projected voucher utilization rate for CY 2022 of 94.6%.

The higher of annual cumulative leased units (94.6%) or HAP (102.8%) is 102.8%. When factoring in HAP utilization and leasing rates, the Agency would earn full points under the corresponding SEMAP indicator.

HCV Program Update

FH utilizes HUD's two-year-tool to track the actual per unit cost (PUC) to assess the pace at which HAP is spent and to evaluate the impact of increased payment standards. As annual reexaminations are processed and new payment standards are applied, the per unit cost will increase and HAP will be expended at a greater rate.

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Staff recently implemented new subsidy standards after conducting an assessment of the subsidy standard policy. The new policy will be applied when completing annual reexaminations, and for new lease-ups and move-ins. A separate bedroom will be issued to the head of household (with co-head, if any) and one bedroom to every persons, thereafter.

Staff recently received HUD approval and implemented expedited waivers in accordance with PIH Notice 2021-34 which allows the voucher program to use two waivers through December 31, 2022. The first waiver allows FH to increase the payment standard for the family at any time after the effective date of the increased payment standards, rather than waiting for the next regular reexamination. The second waiver allows FH to set payment standards up to 120% of the Fair Market Rents (FMRs); currently PHAs are authorized to set payment standards up to 110% of FMRs. The use of these waivers are expected to stabilize housing by ensuring families can afford their rent and give increased purchasing power for voucherholders searching for affordable housing in a highly competitive rental market.

HCV Leasing and Spending Projection

CA006 Two-Year Voucher Forecasting Summary

4/12/2022

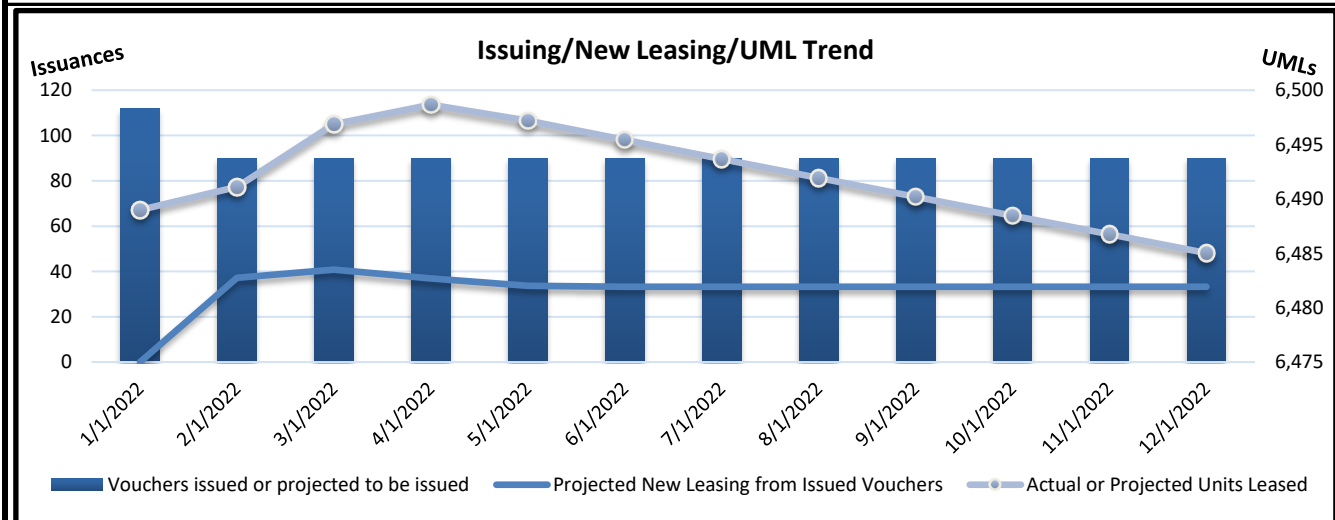
Prepared for: City Board of Commissioners

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 \$6,969,578, or 13% 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)	
37%	7%	Leased in	Percent
Year 1 PUC (Average monthly cost of a voucher - Year 1)	\$628	0-30 Days	18%
		31-60 Days	40%
		61-90 Days	38%
		91-120 Days	4%
		121-150 Days	0%

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



Under this scenario, the PHA faces an offset of \$476,380 this year. Additionally, the higher of this year's leased units (91.3%) or dollars (100%) is 100%, indicating full leasing indicator points in SEMAP. This is a VASH-adjusted estimate.

CA006 Summary

HAP expenditures for January are projected to be \$4,339,621 with a monthly HAP utilization rate of 96.6%. Voucher utilization for the month of January was 91.1% with an overall projected voucher utilization rate for CY 2022 of 91.3%. These utilization rates have been adjusted for VASH.

HCV Leasing and Spending Projection

CA028 Two-Year Voucher Forecasting Summary

4/20/2022

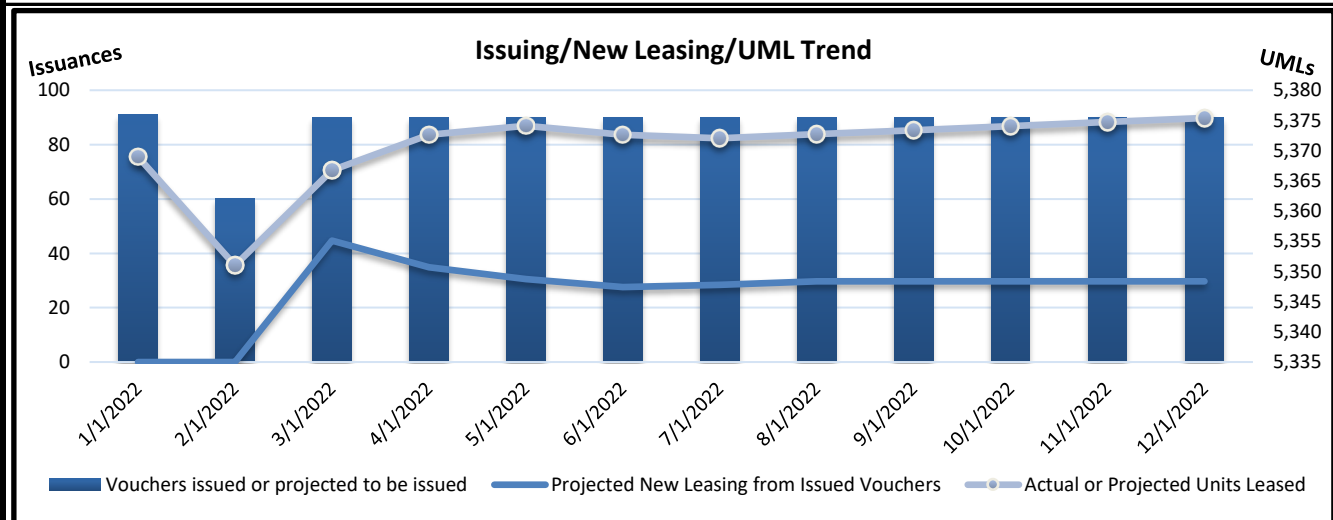
Prepared for: County Board of Commissioners

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 \$3,693,217, or 9% 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)	
33%	6%	Leased in	Percent
		0-30 Days	10%
Year 1 PUC		31-60 Days	33%
(Average monthly cost of a voucher - Year 1)		61-90 Days	22%
\$619		91-120 Days	22%
		121-150 Days	13%

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



Under this scenario, the PHA faces an offset of \$239,505 this year and no offset the following year. Additionally, the higher of this year's leased units (94.6%) or dollars (102.8%) is 102.8% indicating full leasing indicator points in SEMAP. This is an estimate.

CA028 Summary

HAP expenditures for January are projected to be \$3,564,708 with a monthly HAP utilization rate of 99.5%. Current voucher utilization for the month of January was 94.6% with an overall projected voucher utilization rate for CY 2022 of 94.6%.

BOARD MEMO

TO: Boards of Commissioners
FROM: Tyrone Roderick Williams, CEO
AUTHOR: Aurora Ibarra
Assistant Director – HCV
DEPARTMENT: Housing Choice
MEMO DATE: 04/13/2022
SUBJECT: Subsidy Standards Update for the Housing Choice Voucher Program

Executive Summary

The purpose of this memo is to provide the Boards of Commissioners with an update on the recently revised subsidy standard policy for the Housing Choice Voucher program.

Previously, the Fresno Housing Authority of the City of Fresno (CA006) and the Housing Authority of the County of Fresno (CA028) had a subsidy standard policy that utilized a two-person per bedroom standard for voucher issuances. This subsidy standard was required by HUD to access funding during sequestration, mitigate financial shortfalls in the federal budget, and maximize the number of families served in the HCV program.

Due to current conditions, including an exceedingly challenging rental market, a recent rent burden analysis, and a subsidy standard assessment used to examine a policy change impact on HAP reserve levels, it was decided to adopt a new subsidy standard (voucher issuance) policy that is more supportive to families experiencing high rent burdens and difficulties locating affordable housing.

Subsidy Standard Policy

Effective April 1, 2022, the new subsidy standard will be:

1. One bedroom will be issued to the head of household and co-head, if any; and
2. A separate bedroom to every two persons, thereafter.

The new policy applies at the households next scheduled annual reexamination and to applicants and voucher participants who are currently searching for housing.

It is expected that the new policy will increase rental subsidy amounts, thus decreasing some families' rent burden (or the amount of income they pay towards rent). The analysis projects a reduction in tenant rent for approximately 3,700 households, or 32% of voucher participants, with the average decrease in tenant rent portion being \$110. The policy change should also increase leasing success rates for persons searching for housing with bedroom sizes that better fits their household composition.

Fiscal Impact

The Housing Choice staff, in collaboration with the Finance department and the REAL team, performed an analysis based on live data in the Yardi system to identify potentially impacted

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voucher participants and calculate the increase in Housing Assistance Payment (HAP) costs when applying the new subsidy standard policy. In addition, the assessment included projections in anticipation of HUD's approval of two expedited waivers that would also increase the programs' Per Unit Costs (PUC).

Overall, the Housing Authority of the City of Fresno would realize an estimated increase of about \$3.1 million in HAP expenses over the next twelve months. The Housing Authority of Fresno County would realize an estimated increase of about \$2.6 million in HAP expenses over the next twelve months. As of December 31, 2021, the Housing Authority of the City of Fresno had \$6.1 million in HAP reserves and the Housing Authority of Fresno County had \$3.4 million had in HAP reserves. As such, the 2022 budget authority and current HAP reserves support this increase in Per Unit Costs.