



# Boards of Commissioners Update

July 2018

## **Boards of Commissioners Update – July 2018**

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# BOARD UPDATE

O (559) 443-8400  
F (559) 445-8981

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

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**TO:** Boards of Commissioners  
Fresno Housing Authority  
**DATE:** July 11, 2018  
**AUTHOR:** Emily De La Guerra  
**FROM:** Preston Prince, CEO/Executive Director  
**SUBJECT:** Fresno Housing Operating Budget as of May 31, 2018

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## Executive Summary

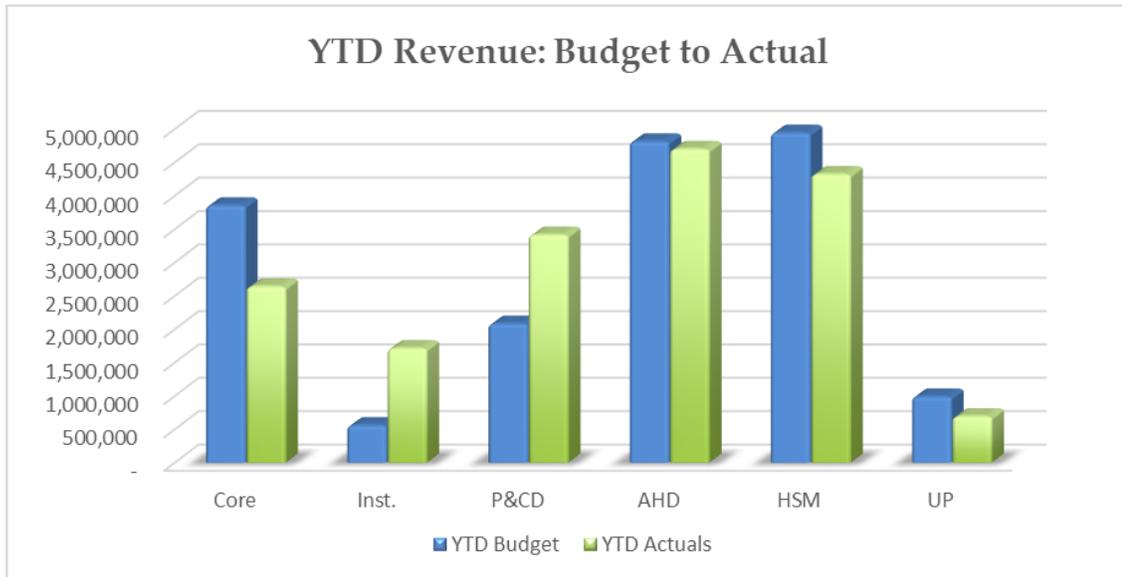
The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of May 31, 2018. Please see the attached financial report for a summary of revenues and expenses by Agency division.

The financial report attachment shows the consolidation of all Agency programmatic 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 2018 Operating Budget was approved by the Boards in December 2017 with total revenues of \$41.4 million and total operating expenses of \$38.0 million. As of May, total revenues are \$17.5 million, and total operating expenses are \$13.0 million. Net Operating Income is \$4.5 million, which means that the operating income exceeds the gross operating expenses during the first five months of the year.

	<b>Fresno Housing Authority</b>		
	<b>Annual Budget</b>	<b>YTD Budget</b>	<b>YTD Actuals</b>
<b>OPERATING BUDGET</b>			
TOTAL INCOME	41,402,540	17,251,058	17,489,745
TOTAL EXPENSES	37,974,220	15,833,009	12,955,088
<b>NET OPERATING INCOME</b>	<b>3,428,320</b>	<b>1,418,050</b>	<b>4,534,657</b>
TOTAL NON-OPERATING EXPENSES	1,957,088	815,453	940,641
<b>NET INCOME</b>	<b>1,471,232</b>	<b>602,596</b>	<b>3,594,016</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(441,488)</b>	<b>(183,954)</b>	<b>1,688,525</b>

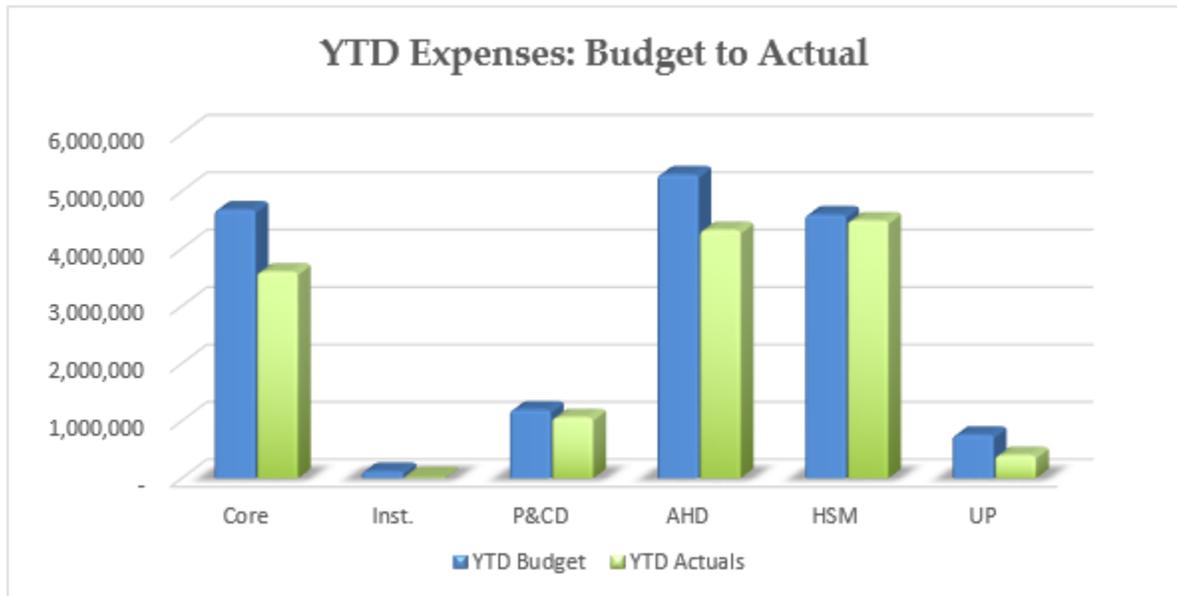
## Agency Revenue



UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)  
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties  
AHD - Assisted Housing Division: Housing Choice Voucher, Resident Services and Homeless programs  
P&CD - Planning & Community Development: Real Estate Development and Construction Management departments  
Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest  
Core: Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

- Overall, year-to-date revenue is \$17.5 million, or 1%, more than the year-to-date budget, mainly due to developer fee revenue in PC&D, and non-budgeted proceeds from a lawsuit in Instrumentalities.
- **Core:** Admin & Management Fee Income is less than budgeted due to expense reductions in IT Services and Staff Development. Fees for these two services are allocated to the programs and the revenue is booked in Core. If there are fewer expenses, there will be less revenue and the net effect on the overall budget will be zero.
- **Inst.:** Other Income is higher than projected because of a \$1.3 million payment received from the Department of Treasury as proceeds in the case of Clearwater HA vs. U.S. This revenue was not included in the 2018 budget. The Agency will use this money for affordable housing purposes paid for thru Housing Relinquished Fund Corporation (HRFC).
- **P&CD:** Developer Fee income is higher than anticipated due to the receipt of \$703 thousand for deferred developer fee revenue from Mendota RAD, Orange Cove RAD, Viking Village, SE Fresno RAD, and Kingsburg Marion Villas. Other Income is higher than projected due to the Prevailing Wage Monitoring income paid from Magill Terrace, Sanger Memorial, & Parc Grove North East. The Development department also received \$75,000 for their work related to the Canyon Springs loan payoff, which is also included under Other Income.
- **AHD:** Other Income is \$9 thousand more than budgeted due to the Agency receiving reimbursement revenue from Santa Clara, Alta Monte, & Mendota RAD, paid to the Resident Services & Training Program, for resident activities such as service coordination, events, and supplies.

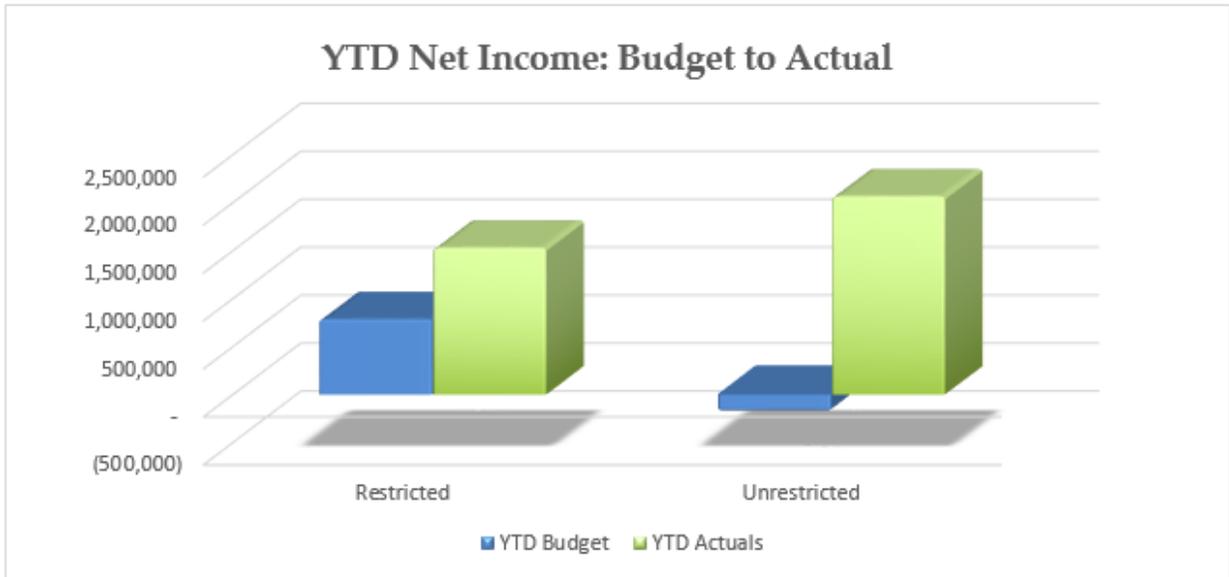
## Agency Expenses



UP - Unrestricted Properties: Agency-owned non-subsidized properties, for example Dayton, Woodside, and San Ramon (formerly known as Affordable Housing)  
HSM - Housing Management: Restricted, subsidized properties including all public housing, farm labor and migrant properties  
AHD - Assisted Housing Division: Housing Choice Voucher, Resident Services and Homeless programs  
P&CD - Planning & Community Development: Real Estate Development and Construction Management departments  
Inst. - Instrumentalities: Wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest  
Core: Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

- Overall, year-to-date operating expenses are \$13.0 million and non-operating expenses are \$941 thousand, which is 15%, lower than budgeted for the first five months of the year.
- **Agency-wide:** Payroll Expenses are approximately \$1.4 million, or 18%, lower than anticipated, mainly due to unfilled positions and/or planned hiring delays.
- **Agency-wide:** Administrative Expenses are \$1.2 million lower than budgeted across the Agency. Core shows the largest reductions in this line item, as Professional & Consulting Expenses have been less than anticipated for the fifth month of the year, as staff has strategically reduced contract costs.
- **Agency-wide:** Utility Expenses are about 21% less than budgeted due to decreased costs for electricity and water, as temperatures have been cooler compared to previous years. We expect these costs to increase slightly over the next three months, as the weather gets warmer and the need for air conditioning and water increases.
- **P&CD, AHD, & HSM:** Maintenance Expenses are slightly higher than projected due to more spent on supplies for air conditioning, window replacements, printer maintenance and landscaping, for Sequoia Courts, Housing Choice Voucher (HCV) Program, and P&CD Operations.

## Agency Net Income



- Unrestricted net income is approximately \$1.8 million dollars higher than budgeted as of May 31, 2018. This will level out throughout the year, as expenses increase and no additional developer fees are expected until June.
- Restricted net income is higher than budgeted due to the receipt of unbudgeted lawsuit proceeds in HRFC. This will remain a net positive increase to the 2018 financials throughout the year.

**Fresno Housing Authority  
Financial Results as of May 31, 2018**

	Core			Inst.			P&CD			AHD			HSM			UP			Fresno Housing Authority			YTD \$ Variance	YTD % Variance	% of Budget Remaining
	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			
<b>OPERATING BUDGET</b>																								
INCOME																								
NET TENANT INCOME	-	-	-	-	-	-	-	-	-	-	21	5,935,766	2,473,236	2,403,923	2,300,350	958,479	678,199	8,236,116	3,431,715	3,082,143	(349,572)	-10%	63%	
INTEREST INCOME	7,000	2,917	2,865	866,667	361,111	323,834	-	-	-	-	-	17	7	-	-	-	3	873,684	364,035	326,702	(37,333)	-10%	63%	
OTHER INCOME	808,000	336,667	234,858	177,299	73,875	1,391,328	20,000	8,333	285,400	710,822	296,176	305,408	14,014	5,839	25,583	43,000	17,917	8,223	1,773,135	738,806	2,250,798	1,511,992	205%	-27%
ADMIN & MANAGEMENT FEE INCOME	8,441,439	3,517,266	2,402,275	300,000	125,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8,741,439	3,642,266	2,402,275	(1,239,991)	-34%	73%
DEVELOPER FEE INCOME	-	-	-	-	-	-	4,979,660	2,074,858	3,131,023	-	-	-	-	-	-	-	-	-	4,979,660	2,074,858	3,131,023	1,056,165	51%	37%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	9,491,065	3,954,610	3,894,930	4,916,293	2,048,455	1,417,790	-	-	-	14,407,358	6,003,066	5,312,720	(690,346)	-11%	63%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	1,354,390	564,329	499,655	1,000,338	416,808	476,753	36,420	15,175	7,675	2,391,148	996,312	984,083	(12,229)	-1%	59%
<b>TOTAL INCOME</b>	<b>9,256,439</b>	<b>3,856,850</b>	<b>2,639,998</b>	<b>1,343,966</b>	<b>559,986</b>	<b>1,715,162</b>	<b>4,999,660</b>	<b>2,083,192</b>	<b>3,416,423</b>	<b>11,556,277</b>	<b>4,815,115</b>	<b>4,700,014</b>	<b>11,866,428</b>	<b>4,944,345</b>	<b>4,324,049</b>	<b>2,379,770</b>	<b>991,571</b>	<b>694,100</b>	<b>41,402,540</b>	<b>17,251,058</b>	<b>17,489,745</b>	<b>238,687</b>	<b>1%</b>	<b>58%</b>
EXPENSES																								
PAYROLL EXPENSES	7,135,977	2,973,324	2,472,395	-	-	-	1,285,953	535,814	472,252	6,891,221	2,871,342	2,311,706	3,026,970	1,261,238	1,006,949	330,528	137,720	78,383	18,670,648	7,779,437	6,341,685	(1,437,752)	-18%	66%
ADMINISTRATIVE EXPENSES	3,445,759	1,435,733	891,968	237,825	99,094	5,905	1,583,998	659,999	576,770	4,741,805	1,975,752	1,715,516	2,169,865	904,110	725,463	213,403	88,918	45,058	12,392,655	5,163,606	3,960,680	(1,202,926)	-23%	68%
TENANT SERVICES EXPENSES	50,000	20,833	20,257	-	10,417	-	-	-	3,915	899,843	374,935	212,492	335,581	139,825	132,527	5,250	2,188	396	1,290,674	548,198	369,586	(178,611)	-33%	71%
UTILITY EXPENSES	173,427	72,261	49,925	-	-	-	-	-	-	-	-	-	1,882,686	784,453	634,759	270,410	112,671	83,174	2,326,523	969,385	767,858	(201,526)	-21%	67%
MAINTENANCE EXPENSES	404,862	168,693	144,238	25,000	10,417	-	3,000	1,250	9,207	44,354	18,481	31,258	1,922,431	801,013	1,006,937	351,490	146,454	139,430	2,751,137	1,146,307	1,331,071	184,764	16%	52%
TAXES & INSURANCE EXPENSES	23,720	9,883	17,584	8,900	3,708	2,439	1,000	417	735	7,900	3,292	3,974	460,962	192,068	155,073	40,101	16,709	4,402	542,583	226,076	184,207	(41,869)	-19%	66%
<b>TOTAL EXPENSES</b>	<b>11,233,745</b>	<b>4,680,727</b>	<b>3,596,368</b>	<b>271,725</b>	<b>123,635</b>	<b>8,344</b>	<b>2,873,951</b>	<b>1,197,480</b>	<b>1,062,879</b>	<b>12,585,122</b>	<b>5,243,801</b>	<b>4,274,946</b>	<b>9,798,495</b>	<b>4,082,706</b>	<b>3,661,708</b>	<b>1,211,182</b>	<b>504,659</b>	<b>350,843</b>	<b>37,974,220</b>	<b>15,833,009</b>	<b>12,955,088</b>	<b>(2,877,920)</b>	<b>-18%</b>	<b>66%</b>
<b>NET OPERATING INCOME</b>	<b>(1,977,306)</b>	<b>(823,878)</b>	<b>(956,370)</b>	<b>1,072,241</b>	<b>436,350</b>	<b>1,706,818</b>	<b>2,125,709</b>	<b>885,712</b>	<b>2,353,543</b>	<b>(1,028,845)</b>	<b>(428,686)</b>	<b>425,068</b>	<b>2,067,933</b>	<b>861,639</b>	<b>662,341</b>	<b>1,168,588</b>	<b>486,912</b>	<b>343,256</b>	<b>3,428,320</b>	<b>1,418,050</b>	<b>4,534,657</b>	<b>3,116,607</b>	<b>220%</b>	<b>-32%</b>
NON-OPERATING EXPENSES																								
TOTAL NON-OPERATING EXPENSES	-	-	-	500	208	-	-	-	-	120,000	50,000	50,472	624,771	260,321	619,369	279,850	116,604	-	1,025,121	427,134	669,841	242,707	57%	35%
TOTAL FINANCING EXPENSES	-	-	-	-	-	13,435	-	-	-	-	-	-	602,183	250,910	233,612	329,784	137,410	51,905	931,967	388,320	298,952	(89,368)	-23%	68%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	(1,700)	-	-	-	(26,452)	-	-	-	-	-	-	(28,152)	0%	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	500	208	13,435	-	-	-	120,000	50,000	48,772	1,226,954	511,231	826,529	609,634	254,014	51,905	1,957,088	815,453	940,641	125,188	15%	52%
<b>NET INCOME</b>	<b>(1,977,306)</b>	<b>(823,878)</b>	<b>(956,370)</b>	<b>1,071,741</b>	<b>436,142</b>	<b>1,693,383</b>	<b>2,125,709</b>	<b>885,712</b>	<b>2,353,543</b>	<b>(1,148,845)</b>	<b>(478,686)</b>	<b>376,296</b>	<b>840,979</b>	<b>350,408</b>	<b>(164,187)</b>	<b>558,954</b>	<b>232,898</b>	<b>291,351</b>	<b>1,471,232</b>	<b>602,596</b>	<b>3,594,016</b>	<b>2,991,420</b>	<b>496%</b>	<b>-144%</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(1,977,306)</b>	<b>(823,878)</b>	<b>(956,370)</b>				<b>2,125,709</b>	<b>885,712</b>	<b>2,353,543</b>	<b>(1,148,845)</b>	<b>(478,686)</b>	<b>-</b>				<b>558,954</b>	<b>232,898</b>	<b>291,351</b>	<b>(441,488)</b>	<b>(183,954)</b>	<b>1,688,525</b>	<b>1,872,478</b>	<b>1018%</b>	<b>482%</b>

## BOARD UPDATE

O (559) 443-8400

F (559) 445-8981

1331 Fulton Mall

Fresno, California 93721

TTY (800) 735-2929

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**TO:** Boards of Commissioners

Fresno Housing Authority

**DATE:** July 11, 2018

**AUTHOR:** Aurora Ibarra

**FROM:** Preston Prince, CEO/Executive Director

**SUBJECT:** Update on 2018 Leasing and Housing Assistance Payments for the Housing Choice Voucher Program

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### Executive Summary

The purpose of this memo is to update the Boards of Commissioners on the status of voucher leasing and Housing Assistance Payments (HAP) for the Housing Choice Voucher (HCV) program as of May 31, 2018. Overall, challenges continue to present themselves as the rental market in Fresno County tightens and demand for affordable housing units increase. Staff continues their efforts to lease up in both programs, utilizing new and innovative approaches to housing families in accordance with our mission. As in the past, we will continue to diligently monitor our HAP and voucher utilization rates and provide additional information to the Boards, as needed.

### City HCV

HAP expenditures for the months of January through May totaled \$17,595,637 with current voucher utilization of 97.8%. Overall projected voucher utilization for CY 2018 is 98.2%

### County HCV

HAP expenditures for the months of January through May totaled \$13,863,043, with current voucher utilization of 94.0%. Overall projected voucher utilization for CY 2018 is 94.2%

### Leasing Strategies

Staff is working to appropriately increase leasing rates so that we can continue to serve more families, all while monitoring HAP utilization and per unit cost (PUC).

Staff continues to analyze leasing rates and trends in the HCV program. Some findings include an increasingly tight rental market, higher rents across the City and County, and a reduction in the response rate of applicants drawn from the waitlist. Staff has been evaluating the workflow from the waitlist draw to the first appointment, and the effectiveness of allowing a second appointment. In

addition, appointment notification letters are being mailed out 15 days in advance of the first appointment, opposed to 10 days in advance to allow families more time to plan for their appointment.

The Housing Choice Department trained five temporary employees to assist with leasing. Their work will enable the department to issue vouchers in both programs to maximize utilization rates. The leasing strategies previously enlisted to increase leasing will continue to be evaluated. Staff also continues to accommodate extensions on voucher search times. Staff will continue to analyze issues and trends, and adjust leasing strategies where appropriate.

# HCV Leasing and Spending Projection

## CA006 Two-Year Voucher Forecasting Summary

7/10/2018

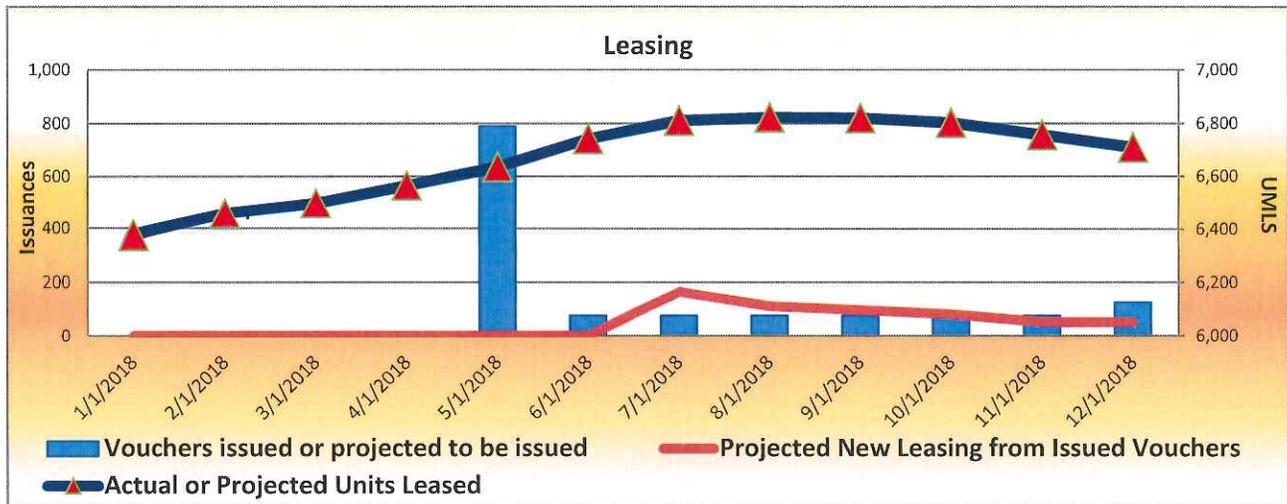
Prepared for: Board of Commissioners

Prepared by: HUD Forecasting Tool

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 \$5,506,597, or 12% of budget authority. It is important to examine the program in light of the second year as well. In this scenario, CA006 will end the second year with \$5,452,813, 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)	
67%	10%	Leased in	Percent
		0-30 Days	43%
		31-60 Days	27%
		61-90 Days	14%
		91-120 Days	10%
		121-150 Days	6%
Year 1 PUC			
(Average monthly cost of a voucher - Year 1)			
\$527			

After deciding upon the above variables, the largest driver of the program revolves around the decision to issue vouchers. This scenario includes issuing 1,365 vouchers in the first year and 2,625 in the second year. In addition, the tool includes -1,272 planned lease-ups (i.e. project-based vouchers coming online, tenant-protection vouchers) through the end of the following year. This results in a total of 548 new lease-ups this year and 1,599 new lease-ups next year. 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 has no offset for next year or the following year. Additionally, the higher of this year's leased units or dollars is 97.1%, indicating partial leasing indicator points in SEMAP. This is an estimate. Next year, the higher of leased units or dollars is 100.6%, indicating full leasing indicator points in SEMAP. This is an estimate.

## Leasing Activity Update

Staff will work continuously to appropriately increase leasing rates so that we can continue to serve more families, all while monitoring HAP and Voucher utilization and per unit cost (PUC). Regular meetings are held to evaluate the workflow from waitlist draw to the first appointment to increase leasing success rates and to analyze issues and trends, making adjustments to leasing strategies where appropriate.

# HCV Leasing and Spending Projection

## CA028 Two-Year Voucher Forecasting Summary

7/10/2018

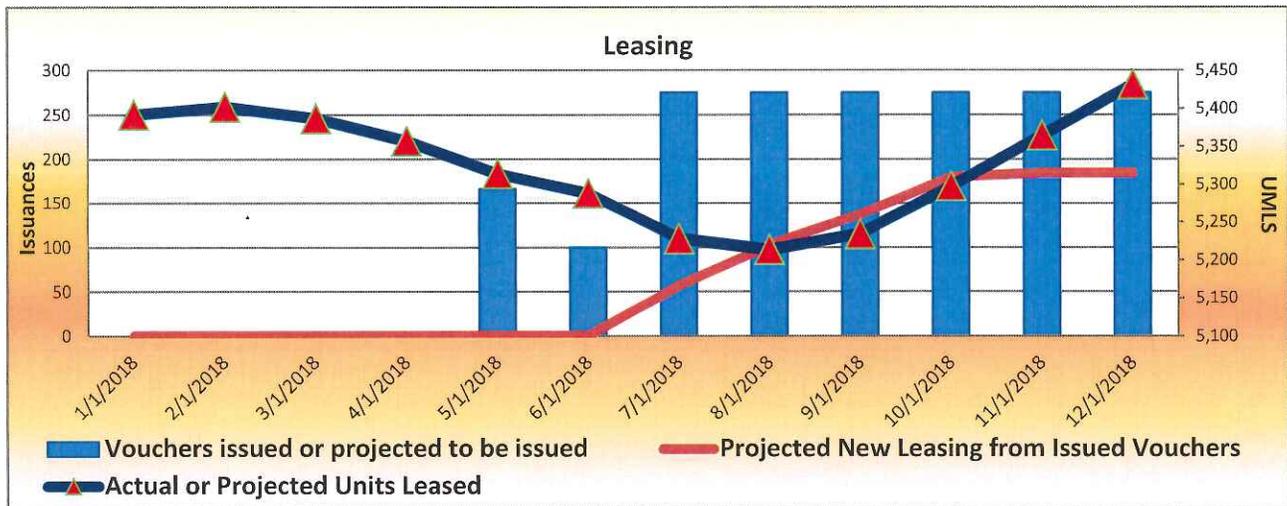
Prepared for: Board of Commissioners

Prepared by: HUD Forecasting Tool

Housing Assistance Payment (HAP) Utilization, Using the Housing Choice Voucher (HCV) Forecasting tool provided by HUD, it's estimated the HCV program will end calendar year 2018 with \$4,199,912, in reserves or 12% of budget authority. This is the total amount of funds projected to remain at the end of the year and the percent of reserves FH projects for year end. This scenario relies upon the following key variables:

Success Rate (How many issued vouchers will go to HAP)	Attrition Rate (What percent of participants annually leave)	Time from Issuance to HAP Effective Date (How fast do successful issuances lease up)	
67%	9%	Leased in	Percent
		0-30 Days	18%
		31-60 Days	40%
		61-90 Days	38%
		91-120 Days	4%
		121-150 Days	0%
Year 1 PUC (Average monthly cost of a voucher - Year 1)			
\$525			

Voucher Utilization: Based on leasing trends, HCV projects issuing 1,916 vouchers for the remainder of the year. The graph below shows issued and projected leasing based on the chart above.



Under this scenario, the PHA has no offset for next year or the following year. Additionally, the higher of this year's leased units or dollars is 95.2%, indicating partial leasing indicator points in SEMAP. This is an estimate. Next year, the higher of leased units or dollars is 108.7%, indicating full leasing indicator points in SEMAP. This is an estimate.

## Leasing Activity Update

Staff are working continuously to appropriately increase leasing rates so that we can continue to serve more families, all while monitoring HAP and Voucher utilization and per unit cost (PUC). Regular meetings are held to evaluate the workflow from wait list to draw to the first appointment to increase leasing success rates and to analyze issues and trends, making adjustments to leasing strategies where appropriate.

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**TO:** Boards of Commissioners

Fresno Housing Authority

**FROM:** Preston Prince, CEO/Executive Director

**SUBJECT:** Wage Reopener, SEIU 521

**DATE:** July 12, 2018

**AUTHOR:** Tammy Townsend

---

The purpose of this communication is to provide the Board with information regarding a request from the Service Employees International Union Local 521 to reopen Memorandum of Understanding (MOU) negotiations around compensation for the 2019 fiscal year.

The Memorandum of Understanding is an agreement made and entered into by SEIU 521 and the Housing Authorities of the City and County of Fresno. The intent of the MOU is to describe an agreement between the two parties. It expresses a convergence of will, indicating an intended common line of action and forward path.

On November 7, 2017, the union and the Housing Authority came to a tentative agreement on 2018 compensation. The agreement included three key provisions. The first was a one-time payment for employees. The second was agreement that the Agency would incur the 2018 increase in medical costs. Lastly, the tentative agreement stated that both parties would proportionally share any increased medical costs for 2019 unless the increase is greater than 15%.

On June 30, 2018, staff received an email from Kevin Smith, SEIU 521 Labor Representative formally requesting to reopen negotiations for 2019. Based on this request, both parties are working to establish a date in August for an initial kickoff meeting.

Staff will keep the Board apprised of the process.

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**TO:** Boards of Commissioners

Fresno Housing Authority

**FROM:** Preston Prince, CEO/Executive Director

**SUBJECT:** Janus vs. AFSCME

**DATE:** July 12, 2018

**AUTHOR:** Tammy Townsend

---

The purpose of this communication is to provide the Board with information regarding a recent Supreme Court decision in Janus vs. American Federation of State, County, and Municipal Employees (AFSCME).

Janus v. AFSCME was a landmark United States Supreme Court case concerning the power of labor unions to collect fees from non-union members for collective bargaining services. The Supreme Court ruled that such union fees violate the First Amendment, overturning the 1977 decision in Abood v. Detroit Board of Education, which had previously allowed such fees. The ruling on this case requires that any potential union members take steps to actively “opt in” to union membership. In the event that members do not “opt in”, the Agency cannot collect any dues or fees from that member.

In response to Janus, Governor Brown signed into law SB866. This senate bill was designed to ensure that employers continue to allow payroll deductions for union dues and ensures that employees submit requests to start or stop dues deductions to the union, not the employer. Under SB866 the union is responsible for notifying the employer of any changes to membership and limits employer communication to employees about union membership.

After the Janus ruling, the Agency has been in regular communication with our labor partners, SEIU. As required, SEIU has provided the Agency a listing of members who have “opted in” to union membership and staff has taken actions to discontinue payroll deductions for members who have not signed membership agreements. SEIU and the Agency worked on a joint message to members regarding the Janus case.

Any additional questions regarding the impact of this case on the Agency should be referred to Tammy Townsend.