



# Boards of Commissioners Update

March 2018

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

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# BOARD UPDATE

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**TO:** Boards of Commissioners

**DATE:** March 16, 2018

Fresno Housing Authority

**AUTHOR:** Emily De La Guerra

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



**SUBJECT:** Fresno Housing Operating Budget as of January 31, 2018

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## Executive Summary

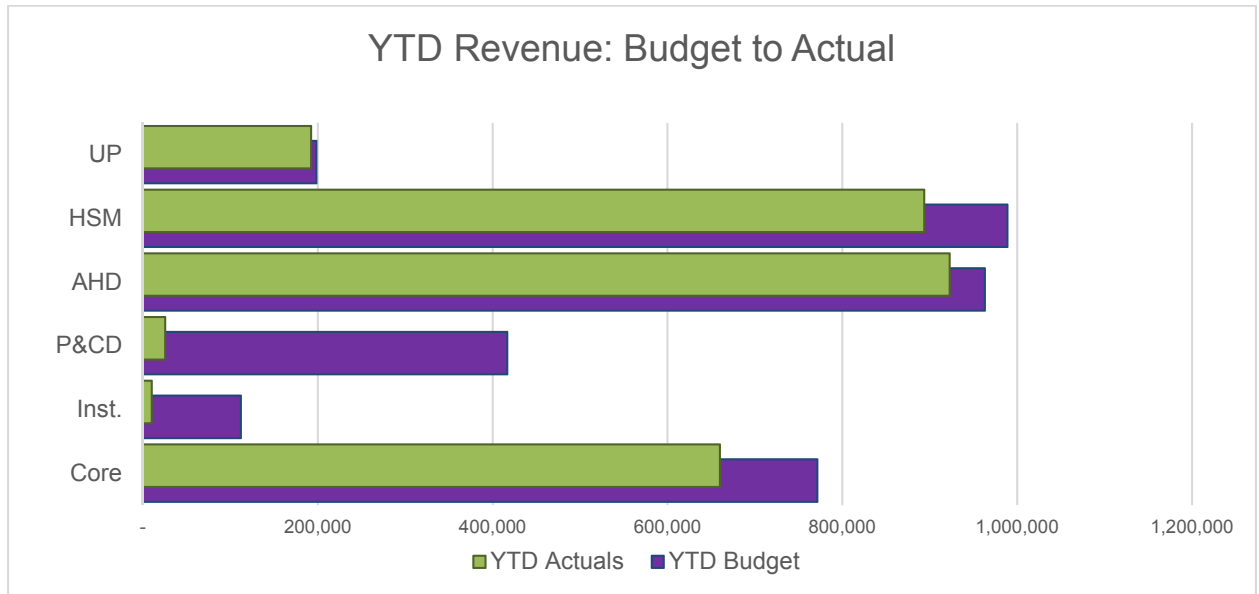
The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of January 31, 2018. Please see the attached financial report for a summary of revenues and expenses by Agency division.

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 million and total expenses of \$39 million. As of January, total revenue is \$2.7 million, and total expense is \$2.5 million. Net Operating Income is \$244 thousand which means that the Agency earned sufficient revenue within the first month of the year to cover operating expenses.

	Fresno Housing Authority		
	Annual Budget	YTD Budget	YTD Actuals
<b>OPERATING BUDGET</b>			
TOTAL INCOME	41,402,540	3,450,212	2,704,062
TOTAL EXPENSES	37,975,120	3,166,677	2,459,885
<b>NET OPERATING INCOME</b>	<b>3,427,420</b>	<b>283,535</b>	<b>244,177</b>
TOTAL NON-OPERATING EXPENSES	1,009,381	84,115	294,193
<b>NET INCOME</b>	<b>2,418,039</b>	<b>199,420</b>	<b>(50,017)</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(341,488)</b>	<b>(28,457)</b>	<b>(86,079)</b>

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**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

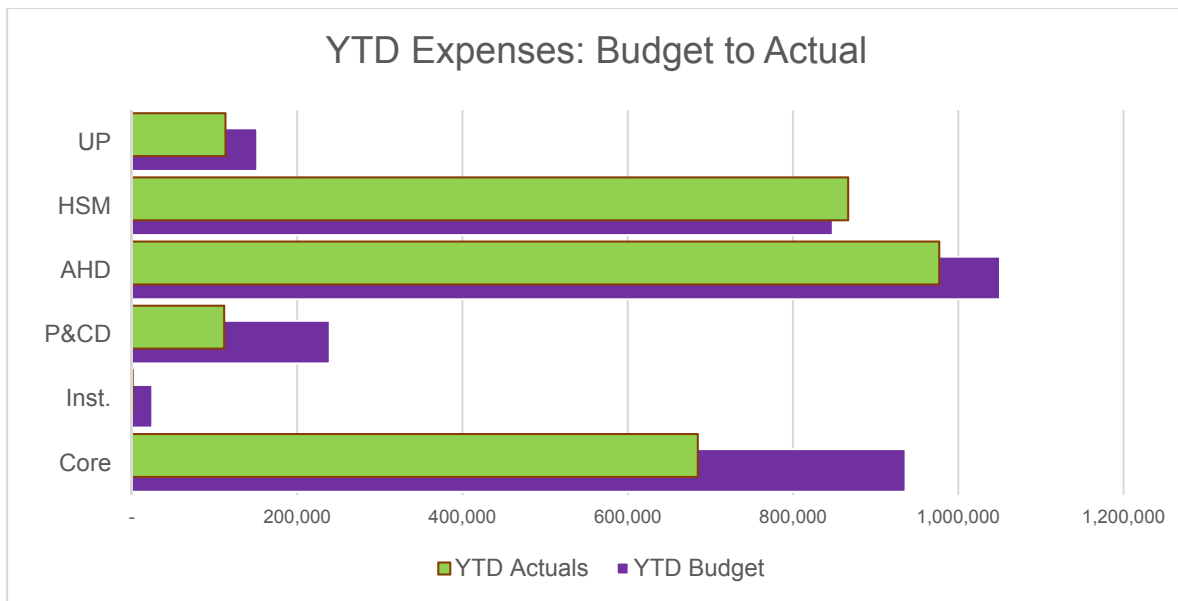
Overall, year-to-date revenue is \$2.7 million, or 22%, less than the January budget due to the timing of developer fee revenue in PC&D, the timing of HUD grant income in AHD, and lower operating subsidies in HSM.

- **Core:** Other Income is higher than budgeted due to additional maintenance revenue received for REAC inspections, call backs, and vacancy preparations.
- **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.
- **P&CD:** No Developer fees were received in January. The developer fees for two projects that were budgeted will be received towards the end of the first quarter.
- **P&CD:** The Prevailing Wage Monitoring income was paid from Parc Grove North East, Sanger, Memorial, & Fresno Edison II, in the amount of \$25,000.
- **AHD:** Other Grant Income is more than budgeted due to greater revenue received from City & County HCV for Tenant Payment Agreement (TPA) Fraud Recovery.

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- **HSM:** Other Grant Income is 57% lower than budgeted due to a delay in the reimbursements received from Parlier Migrant Center.

### 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 expenses are \$2.4 million, or 22%, less than anticipated (operating and non-operating).

- **Agency-wide:** Payroll Expenses are approximately \$300 thousand, or 4%, lower than anticipated. This is mainly due to unfilled positions and/or planned hiring delays.
- **AHD:** Administrative Expenses are higher than budgeted due to \$75 thousand spent on administrative contracts, in the Resident Services & Training Program, for the Fresno EOC VAC program.
- **Core:** Tenant Services Expenses are higher than budgeted due to scholarship payments made at the beginning of the year.
- **Agency-wide:** Maintenance Expenses are slightly lower than budgeted (about 45%) due to decreased costs for routine maintenance contracts, security, unit turnaround cleaning, & painting. As the year progresses, staff anticipates expenses to be in line with the overall budget, due to the purchase of new equipment, office furniture, & maintenance supplies.

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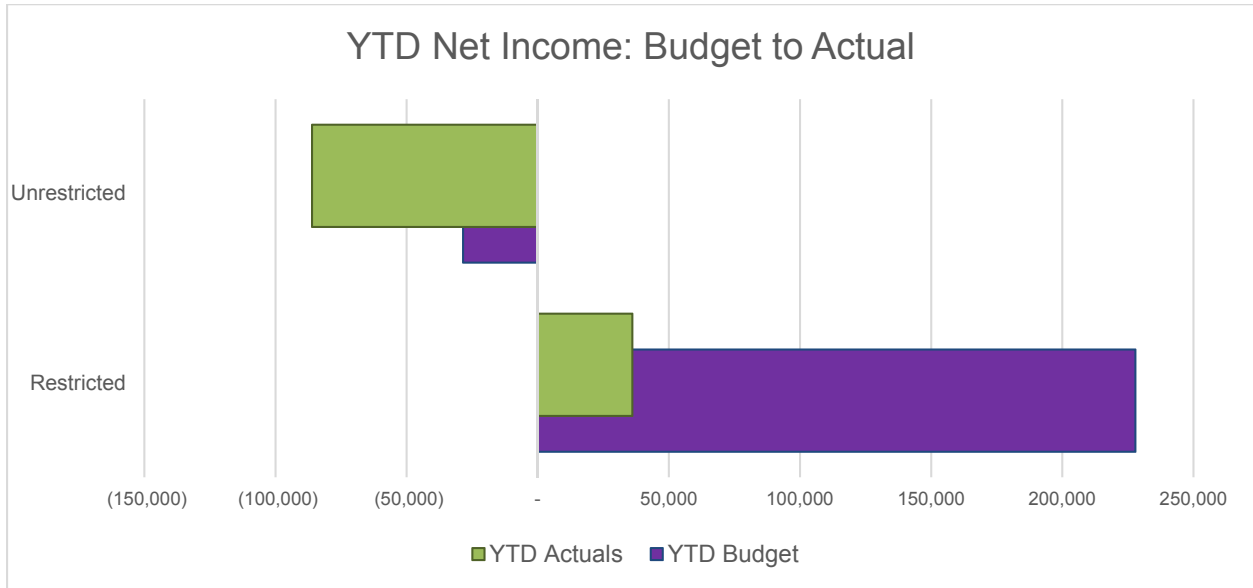
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- **Agency-wide:** Administrative Expenses are nearly \$200 thousand lower than budgeted across the Agency. Core and P&CD show the largest reductions in this line item, as Professional & Consulting Expenses have been less than anticipated for the first month of the year.

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**Agency Net Income**



- Unrestricted net income is approximately \$57 thousand lower than budgeted as of January. This trend will right itself by the end of the quarter and is related to the flow of revenue and expenses by month.
- Year-to-date Restricted Net Income is also lower than budgeted less revenue in Instrumentalities and HSM. Staff expects that these revenues will be received by March.

	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	-	-	-	-	-	-	-	-	-	-	-	5,935,766	494,647	504,956	2,300,350	191,696	190,764	8,236,116	686,343	695,720	9,377	1%	92%	
INTEREST INCOME	7,000	583	609	866,667	72,222	10,094	-	-	-	-	-	17	1	5	-	-	1	873,684	72,807	10,709	(62,098)	-85%	99%	
OTHER INCOME	808,000	67,333	96,594	177,299	14,775	15	20,000	1,667	25,483	710,822	59,235	61,632	14,014	1,168	599	43,000	3,583	4	1,773,135	147,761	184,328	36,567	25%	90%
ADMIN & MANAGEMENT FEE INCOME	8,441,439	703,453	562,651	300,000	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8,741,439	728,453	562,651	(165,803)	-23%	94%
DEVELOPER FEE INCOME	-	-	-	-	-	-	4,979,660	414,972	-	-	-	-	-	-	-	-	-	-	4,979,660	414,972	-	(414,972)	-100%	100%
HUD GRANT INCOME	-	-	-	-	-	-	-	-	-	9,491,065	790,922	744,955	4,916,293	409,691	352,856	-	-	-	14,407,358	1,200,613	1,097,811	(102,802)	-9%	92%
OTHER GRANT INCOME	-	-	-	-	-	-	-	-	-	1,354,390	112,866	116,145	1,000,338	83,362	35,162	36,420	3,035	1,535	2,391,148	199,262	152,843	(46,420)	-23%	94%
<b>TOTAL INCOME</b>	<b>9,256,439</b>	<b>771,370</b>	<b>659,854</b>	<b>1,343,966</b>	<b>111,997</b>	<b>10,109</b>	<b>4,999,660</b>	<b>416,638</b>	<b>25,483</b>	<b>11,556,277</b>	<b>963,023</b>	<b>922,733</b>	<b>11,866,428</b>	<b>988,869</b>	<b>893,578</b>	<b>2,379,770</b>	<b>198,314</b>	<b>192,305</b>	<b>41,402,540</b>	<b>3,450,212</b>	<b>2,704,062</b>	<b>(746,150)</b>	<b>-22%</b>	<b>93%</b>
EXPENSES																								
PAYROLL EXPENSES	7,135,977	594,665	460,748	-	-	-	1,285,953	107,163	91,456	6,891,221	574,268	452,206	3,026,970	252,248	196,043	330,528	27,544	9,681	18,670,648	1,555,887	1,210,134	(345,753)	-22%	94%
ADMINISTRATIVE EXPENSES	3,445,759	287,147	175,203	237,825	19,819	491	1,583,998	132,000	19,590	4,741,805	395,150	454,086	2,170,765	180,897	143,189	213,403	17,784	14,339	12,393,555	1,032,796	806,897	(225,899)	-22%	93%
TENANT SERVICES EXPENSES	50,000	4,167	18,625	-	2,083	-	-	-	-	899,843	74,987	48,592	335,581	27,965	25,720	5,250	438	-	1,290,674	109,640	92,937	(16,702)	-15%	93%
UTILITY EXPENSES	173,427	14,452	751	-	-	-	-	-	-	-	-	10,987	1,882,686	156,891	94,296	270,410	22,534	23,360	2,326,523	193,877	129,394	(64,483)	-33%	94%
MAINTENANCE EXPENSES	404,862	33,739	20,469	25,000	2,083	-	3,000	250	468	44,354	3,696	-	1,922,431	160,203	101,948	351,490	29,291	47,460	2,751,137	229,261	170,345	(58,917)	-26%	94%
TAXES & INSURANCE EXPENSES	23,720	1,977	8,973	8,900	742	488	1,000	83	146	7,900	658	869	460,962	38,414	21,406	40,101	3,342	18,295	542,583	45,215	50,177	4,962	11%	91%
<b>TOTAL EXPENSES</b>	<b>11,233,745</b>	<b>936,145</b>	<b>684,769</b>	<b>271,725</b>	<b>24,727</b>	<b>979</b>	<b>2,873,951</b>	<b>239,496</b>	<b>111,660</b>	<b>12,585,122</b>	<b>1,048,760</b>	<b>966,740</b>	<b>9,799,395</b>	<b>816,616</b>	<b>582,603</b>	<b>1,211,182</b>	<b>100,932</b>	<b>113,134</b>	<b>37,975,120</b>	<b>3,166,677</b>	<b>2,459,885</b>	<b>(706,791)</b>	<b>-22%</b>	<b>94%</b>
<b>NET OPERATING INCOME</b>	<b>(1,977,306)</b>	<b>(164,776)</b>	<b>(24,915)</b>	<b>1,072,241</b>	<b>87,270</b>	<b>9,130</b>	<b>2,125,709</b>	<b>177,142</b>	<b>(86,177)</b>	<b>(1,028,845)</b>	<b>(85,737)</b>	<b>(44,007)</b>	<b>2,067,033</b>	<b>172,253</b>	<b>310,976</b>	<b>1,168,588</b>	<b>97,382</b>	<b>79,170</b>	<b>3,427,420</b>	<b>283,535</b>	<b>244,177</b>	<b>(39,358)</b>	<b>-14%</b>	<b>93%</b>
NON-OPERATING EXPENSES																								
TOTAL NON-OPERATING EXPENSES	-	-	-	500	42	-	-	-	-	20,000	1,667	10,150	128,526	10,711	231,019	279,850	23,321	-	428,876	35,740	241,169	205,430	575%	44%
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	250,721	20,893	53,024	329,784	27,482	-	580,505	48,375	53,024	4,649	10%	91%
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0%	0%
TOTAL NON-OPERATING EXPENSES	-	-	-	500	42	-	-	-	-	20,000	1,667	10,150	379,247	31,604	284,043	609,634	50,803	-	1,009,381	84,115	294,193	210,078	250%	71%
<b>NET INCOME</b>	<b>(1,977,306)</b>	<b>(164,776)</b>	<b>(24,915)</b>	<b>1,071,741</b>	<b>87,228</b>	<b>9,130</b>	<b>2,125,709</b>	<b>177,142</b>	<b>(86,177)</b>	<b>(1,048,845)</b>	<b>(87,404)</b>	<b>(54,157)</b>	<b>1,687,786</b>	<b>140,649</b>	<b>26,932</b>	<b>558,954</b>	<b>46,580</b>	<b>79,170</b>	<b>2,418,039</b>	<b>199,420</b>	<b>(50,017)</b>	<b>(249,436)</b>	<b>-125%</b>	<b>102%</b>
<b>UNRESTRICTED NET INCOME</b>	<b>(1,977,306)</b>	<b>(164,776)</b>	<b>(24,915)</b>				<b>2,125,709</b>	<b>177,142</b>	<b>(86,177)</b>	<b>(1,048,845)</b>	<b>(87,404)</b>	<b>(54,157)</b>				<b>558,954</b>	<b>46,580</b>	<b>79,170</b>	<b>(341,488)</b>	<b>(28,457)</b>	<b>(86,079)</b>	<b>(57,622)</b>	<b>-202%</b>	<b>75%</b>
HAP REVENUE										75,268,040	6,272,337	6,306,028							75,268,040	6,272,337	6,306,028	33,691	0%	0%
HAP EXPENSES										79,161,550	6,596,796	6,277,359							79,161,550	6,596,796	6,277,359	(319,437)	-5%	8%
<b>NET HAP INCOME</b>										<b>(3,893,510)</b>	<b>(324,459)</b>	<b>28,669</b>							<b>(3,893,510)</b>	<b>(324,459)</b>	<b>28,669</b>	<b>353,129</b>	<b>-109%</b>	<b>-1%</b>



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**TO:** Boards of Commissioners

**DATE:** March 15, 2018

Fresno Housing Authority

**AUTHOR:** Emily De La Guerra

**FROM:** Preston Prince, CEO



**SUBJECT:** Expenditure Update- October 2017 through December 2017

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### Executive Summary

The purpose of this update is to provide the Boards of Commissioners with a requested update regarding significant vendor expenditures for fourth quarter 2017. This information was previously provided to the Board in August 2017 and will be included in Board updates going forward on a quarterly basis.

Below is a list of vendors to whom the Agency paid over \$50,000 during the quarter. Not included on this list are expenses tied to real estate development as these expenditures have been approved by the Boards in various actions. This list includes payments made by the Housing Authority and affiliated limited partnerships.

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**TO:** Boards of Commissioners

**DATE:** March 15, 2018

Fresno Housing Authority

**AUTHOR:** Tiffany Mangum

**FROM:** Preston Prince, CEO



**SUBJECT:** Overview of the Fresno visit by HUD Regional Administrator,  
Jimmy Stracner

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### Overview

In mid-January 2018, Fresno Housing was contacted and asked to host the newly appointed HUD Region IX Administrator, Jimmy Stracner, with the purpose of his visit being to discuss HUD's FY2018-2019 Agency Priority Goals and how the work of Fresno aligns with those priorities.

HUD's priorities include:

- Promote economic opportunity for HUD-assisted residents – a key strategy for ensuring residents have access and receive delivery of supportive services includes the creation of the EnVision Center Network. This is a local-level effort for public and private partners to join with HUD to create low-cost, sustainable models for short and long-term educational and work outcomes that create pathways towards self-sufficiency.
- Transform assisted housing – key strategies include improving long-term affordable housing options by exploring more sustainable platforms, and developing different rental housing program structures and calculations to encourage work and stable family formation, simplify administration, improve fiscal sustainability, and increase local control and choice.
- Reduce the average length of homelessness – key strategies include implementing cost effective strategies for systems like the Continuums of Care, target VASH vouchers to those most vulnerable veterans, and working within rural communities to coordinate services and increase accessibility for persons experiencing homelessness
- Protect families from lead-based paint and other health hazards – key strategies being to build community awareness on this matter, and align and enforce HUD-assisted housing inspections and mitigate measures in addressing these health concerns throughout our housing.

Other areas discussed included:

- Disaster Recovery Programs where HUD will lead all housing recovery efforts in collaboration with FEMA
- Federal Housing Administration reform where the Administration seeks to expand homeownership programs and make regulatory changes to the housing finance system.
- Innovative Strategies for recruiting for the Section 3 program

The visit with RA Stracner included a meeting with the Agency Executive Leadership, Mayor Brand, our Fresno-Madera homeless stakeholders, and a combined meeting with the Small Business Administration's Regional Administrator, also in Fresno for a site visit. While the Housing Authority did facilitate the visit with our new Administrator, the itinerary and priorities for this visit were established prior to his visit. Staff is working to continue to be a resource to our HUD partners.

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