



Boards of Commissioners Update

July 2021

Boards of Commissioners Update – July 2021

Table of Contents

Topic:	Page
Update on 2021 Leasing and Housing Assistance Payments for the Housing Choice Voucher (HCV) Program	3
Fresno Housing Operating Budget as of May 31, 2021	7
Update on Landlord Incentive Pilot	12
Agency Expenditure Update: 2nd Quarter 2021	13

BOARD UPDATE

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Fresno, California 93721
TTY (800) 735-2929

www.fresnohousing.org

TO: Boards of Commissioners
Fresno Housing

DATE: July 19, 2021

AUTHOR: Juan Lopez

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 May 2021 Housing Assistance Payments (HAP) and leasing activities, and projections for the remainder of 2021.

HAP Pacing Update

On a regular basis, staff evaluate 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.

Staff recently received final funding amounts for CY 2021. All reserve and funding estimates are based on these figures.

In order to maximize HAP, staff are using 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, especially when the annual recertification has not yet been processed timely, due to COVID. Staff have increased payment standards twice within the past nine months, once in October 2020 and again in April 2021. Staff have assessed maximum expenditure potential to ensure spending remains within its 2021 budget authority. While increasing payment standards provides additional purchasing power, particularly for those families currently searching for housing, it does not solve the availability of affordable housing units.

Leasing Update

Staff also routinely monitor 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. As we know, families continue

to compete in a low-vacancy market with very few available affordable units. Therefore, staff continuously assess landlord interest in the program. In June, staff added additional landlord incentives which landlords are finding much more attractive than previous incentives. Incentives include:

- Lease-In-Place incentive to encourage landlords to work with Fresno Housing to address any concerns they may have with either continuing to lease to their current tenant who recently received a voucher, or concerns they may have with entering into a Housing Assistance Payment contract with FH.
- Signing bonuses to non-participating landlords
- Bonuses to landlords who bring on new units never before leased to voucher holders, or units that have been on the program before and landlords continue to lease the unit another voucher holder.
- Retention incentive for existing families under contract who may have fallen behind rent where the owner is willing to enter into a repayment agreement.
- All incentives expire on 12/31/2021 in accordance with the sunset of CARES funding availability.

With respect to issuing more vouchers, the department extended its contract with Quadel Consulting & Training, LLC that was entered into in 2020 to assist with annual reexaminations to assist with intake and voucher issuances. The use of HUD waivers have allowed the department to streamline the applicant intake process. 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.

City HCV

HAP expenditures for the month of May are projected to be \$4,168,812 with a HAP utilization rate for the month of May of 89.8%. The overall projected HAP utilization rate is 90.3%. The per unit cost has increased from \$606 in January 2021 to \$621 in May.

Voucher utilization for the month of May was 94.4% with an overall projected voucher utilization for CY 2021 of 93.8%.

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 May are projected to be \$3,280,807 with a HAP utilization rate for the month of May of 92.9%. The overall projected HAP utilization rate is 93.6%. The per unit cost has increased from \$592 in January 2021 to \$610 in May.

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

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.

HCV Leasing and Spending Projection

CA006 Two-Year Voucher Forecasting Summary

7/18/2021

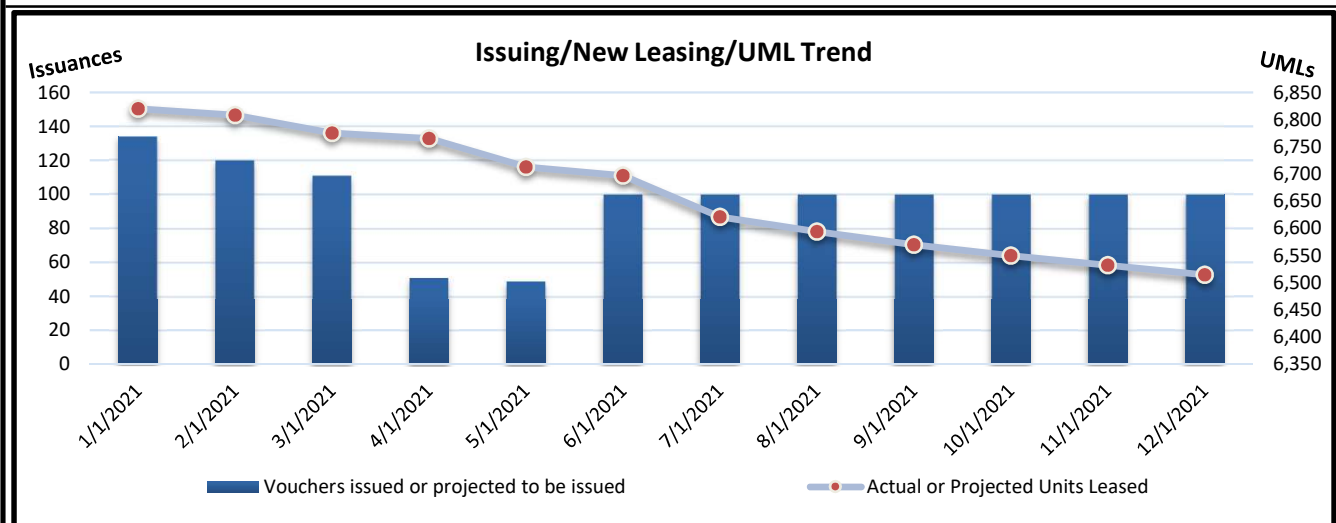
Prepared for: City Board of Commissioners

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 \$6,879,578, or 12% 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%	5%	Leased in	Percent
		0-30 Days	20%
		31-60 Days	35%
		61-90 Days	22%
		91-120 Days	14%
		121-150 Days	9%
2021 PUC			
(Average monthly cost of a voucher - Year 1)			
\$628			

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 \$737,456 next year and no offset the following year. Additionally, the higher of this year's leased units (93.8%) or dollars (90.3%) is 93.8%, indicating no leasing indicator points in SEMAP. This is a VASH-adjusted estimate.

CA006 Summary

HAP expenditures for May are projected to be \$4,168,812 with a monthly HAP utilization rate of 89.8%. Voucher utilization for the month of May was 94.4% with an overall projected voucher utilization rate for CY 2021 of 93.8%. These utilization rates have been adjusted for VASH.

HCV Leasing and Spending Projection

CA028 Two-Year Voucher Forecasting Summary

7/18/2021

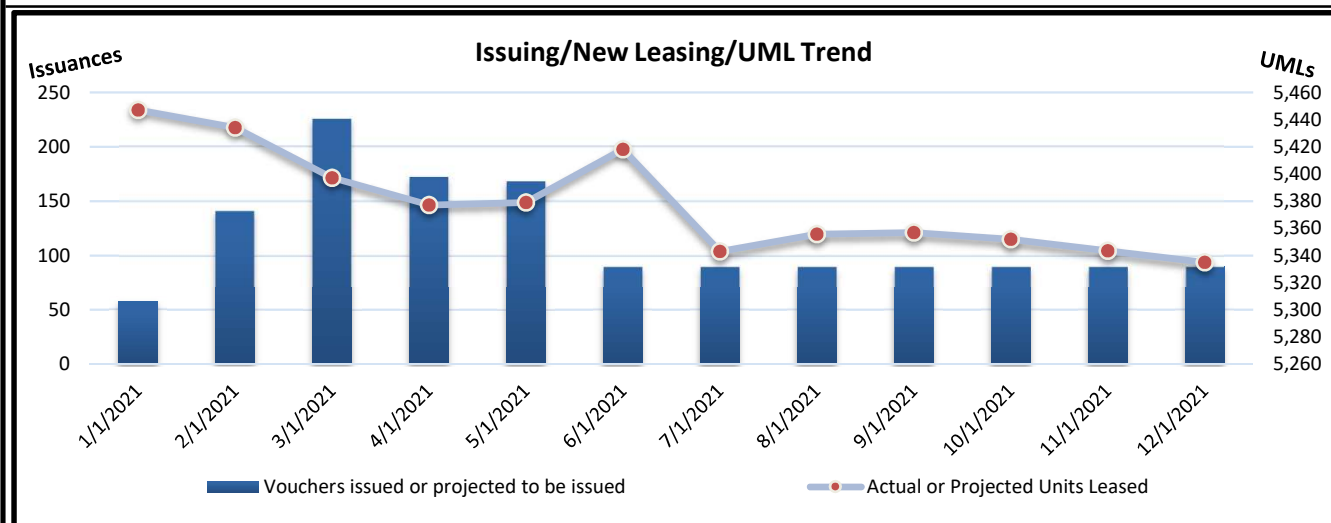
Prepared for: County Board of Commissioners

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 \$3,833,164, or 9.0% 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%
		31-60 Days	35%
		61-90 Days	22%
		91-120 Days	14%
		121-150 Days	9%
2021 PUC			
(Average monthly cost of a voucher - 2021)			
\$614			

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 \$519,503 next year and no offset the following year. Additionally, the higher of this year's leased units (94.8%) or dollars (93.6%) is 94.8%, indicating partial leasing indicator points in SEMAP. This is an estimate.

CA028 Summary

HAP expenditures for May are projected to be \$3,280,807 with a monthly HAP utilization rate of 92.9%. Current voucher utilization for the month of May was 94.8% with an overall projected voucher utilization rate for CY 2020 of 94.8%.

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TO: Boards of Commissioners
Fresno Housing

DATE: July 19, 2021

AUTHOR: Juan Lopez

FROM: Angelina Nguyen, Interim CEO/Chief Programs Officer

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

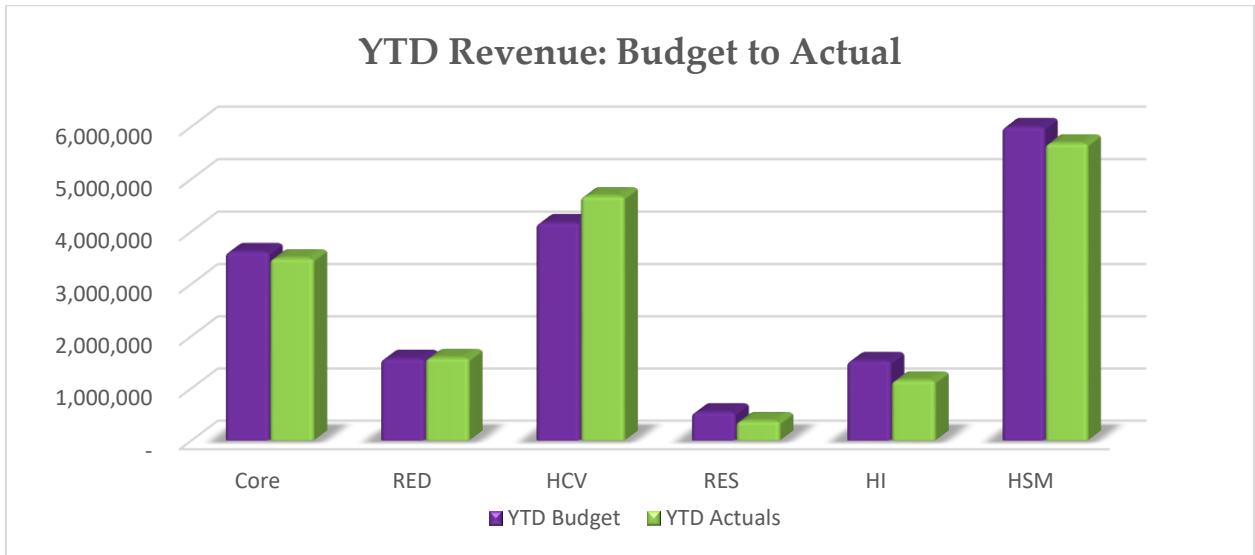
Executive Summary

The purpose of this update is to present an overview of the financial operating results for the Fresno Housing Authority as of May 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 May, total revenues are \$17 million, which is \$451 thousand less than anticipated. However, total operating expenses are \$844 thousand less than budgeted at \$16.2 million through May. This puts net operating income at \$150 thousand, which is \$502 thousand more than budgeted. As of May, the Agency has utilized \$923 thousand in unrestricted reserves, which is \$223 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. Staff expects this variance to decrease once reimbursements are received.

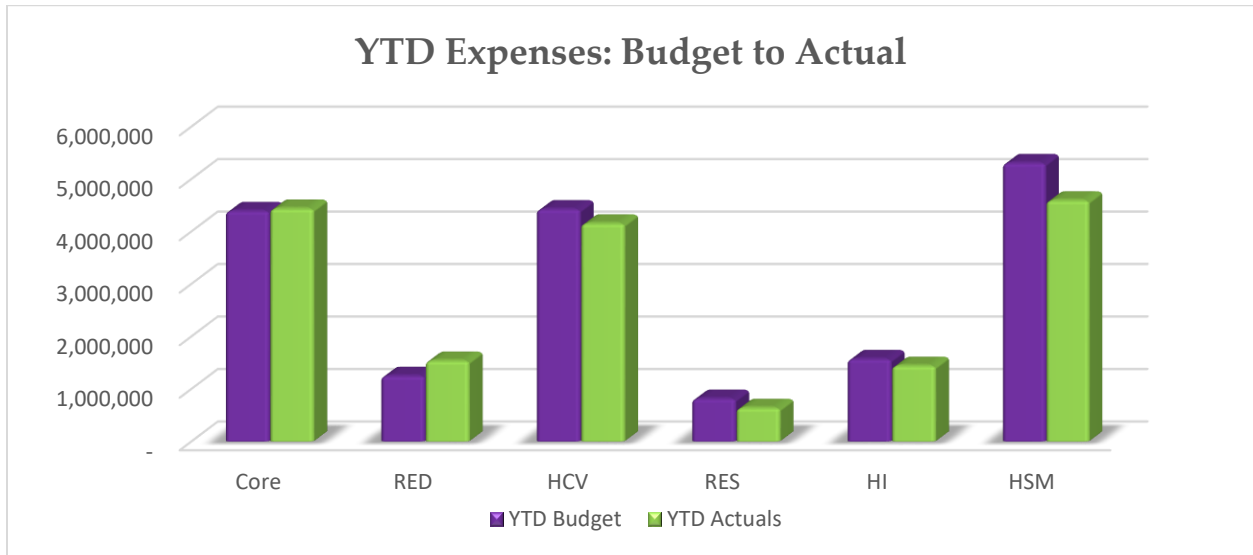
	Fresno Housing Authority		
	Annual Budget	YTD Budget	YTD Actuals
OPERATING BUDGET			
TOTAL INCOME	43,584,911	17,401,021	16,950,224
TOTAL EXPENSES	42,324,861	17,026,665	16,182,474
NET OPERATING INCOME	1,260,050	374,356	767,749
TOTAL NON-OPERATING EXPENSES	1,742,960	726,233	617,682
NET INCOME	(482,910)	(351,877)	150,067
UNRESTRICTED NET INCOME	(728,330)	(700,109)	(923,174)

Agency Revenue



- Overall, year-to-date revenue is \$17 million, or 3% less than the year-to-date budget, largely due to timing delays in administrative revenue from Capital Funds. Staff anticipate this revenue will be received in July 2021.
- **RED:** No developer fees were received in May. Staff anticipates developer fees for Fenix @ Lowell, 541 @ South Tower/Cedar Heights, Orange Cove RAD, Mendota RAD, and Magnolia Commons will be received in June 2021.
- **RES & HI:** HUD Grant Income and Other Income are less than budgeted, however, the net effect on the overall budget is neutral as most of these grants operate on a reimbursement basis. Timing delays in grant reimbursements from various housing grants make up most of the variance in HUD Grant income. Staff anticipate that these reimbursements will be received in July 2021.

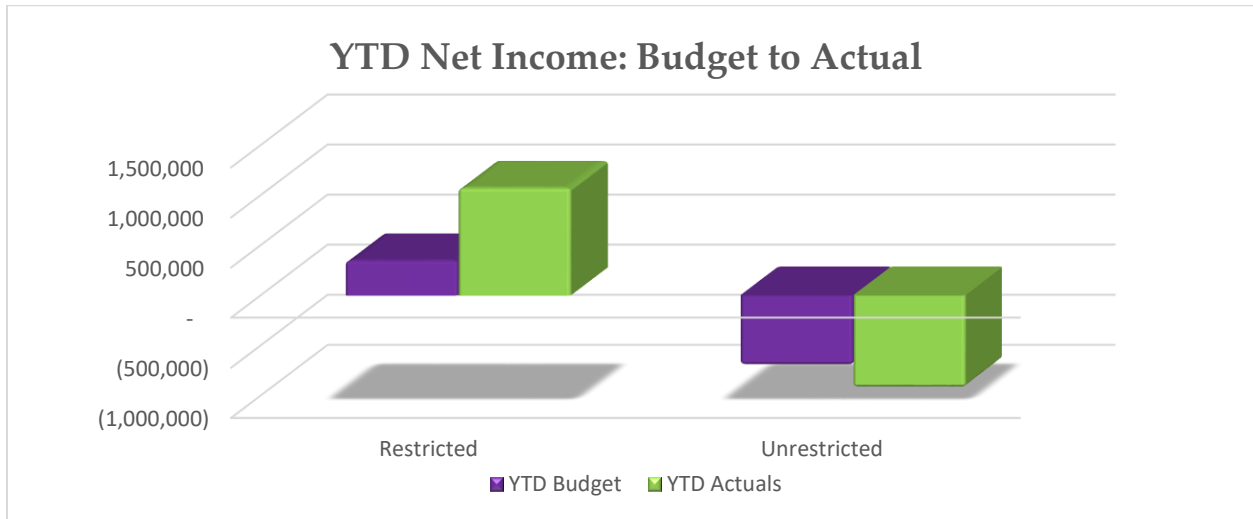
Agency Expenses



Overall, year-to-date operating expenses are \$16.2 million and non-operating expenses are \$618 thousand, which together are about 5% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$88 thousand (1%) higher than anticipated mostly due to increased staffing and overtime expenses within our maintenance department. These additional expenses were incurred as part of the final preparations for motels in Project Homekey. The Agency received most payments for these services in 2020 and will receive the remainder in 2021.
- **Agency-wide:** Administrative Expenses are approximately \$287 thousand (6%) lower than budgeted across the Agency. As the year progresses, IT Services, Professional & Consulting Fees and Administrative Contract costs will increase as planned projects begin and expenses are incurred.
- **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, which factor in tenant income levels. This variance means 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 is approximately \$223 thousand higher than budgeted as of May 2021, mainly due to timing delays in the receipt of administrative revenue from Capital Funds.
- Restricted net income is approximately \$1.4 million higher than budgeted due to lower administrative expenses within the Housing Management Division and Housing Choice Voucher program.

Fresno Housing Authority
Financial Results as of May 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	208,915	198,578	-	-	-	-	-	-	-	-	-	8,233,864	3,430,777	3,215,845	8,735,260	3,639,692	3,414,423
INTEREST INCOME	50,000	20,833	10,567	625,000	260,417	3,950	-	-	-	-	-	-	-	-	-	-	-	7,341	675,000	281,250	21,858
OTHER INCOME	154,200	64,250	276,995	520,000	216,667	115,432	-	-	-	811,238	338,016	326,868	544,003	226,668	58,397	364,627	151,928	15,389	2,394,068	997,528	793,082
ADMIN & MANAGEMENT FEE INCOME	8,462,509	3,526,045	3,201,328	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,462,509	3,526,045	3,201,328
DEVELOPER FEE INCOME	-	-	-	3,934,460	880,000	880,000	-	-	-	-	-	-	-	-	-	-	-	-	3,934,460	880,000	880,000
HUD GRANT INCOME	-	-	-	-	-	-	9,991,071	4,162,946	4,671,985	489,112	203,797	46,663	2,211,458	921,441	915,262	4,466,336	1,860,973	2,004,257	17,157,977	7,149,157	7,638,167
OTHER GRANT INCOME	-	-	-	-	-	383,754	-	-	1,174	-	-	-	905,496	377,290	178,013	1,320,141	550,059	438,425	2,225,637	927,349	1,001,366
TOTAL INCOME	8,666,709	3,611,129	3,488,890	5,580,856	1,565,998	1,581,714	9,991,071	4,162,946	4,673,159	1,300,350	541,813	373,531	3,660,957	1,525,399	1,151,672	14,384,968	5,993,737	5,681,257	43,584,911	17,401,021	16,950,224
EXPENSES																					
PAYROLL EXPENSES	7,206,516	2,785,596	3,003,912	1,840,748	711,520	709,794	5,963,404	2,305,085	2,320,742	1,225,038	473,524	473,812	812,626	314,111	320,172	3,155,119	1,219,575	1,069,144	20,203,451	7,809,411	7,897,574
ADMINISTRATIVE EXPENSES	2,992,461	1,246,859	1,103,249	1,074,399	447,666	672,816	4,996,566	2,081,903	1,827,862	473,188	197,162	162,429	468,183	195,076	273,060	2,344,571	976,905	819,024	12,349,368	5,145,570	4,858,439
TENANT SERVICES EXPENSES	50,504	21,043	38,643	15,132	6,305	-	-	-	-	340,620	141,925	-	2,539,988	1,058,328	846,322	315,870	131,613	81,484	3,262,114	1,359,214	966,449
UTILITY EXPENSES	175,487	73,120	48,854	72,024	30,010	52,660	-	-	-	-	-	-	-	-	-	2,258,143	940,893	799,277	2,505,654	1,044,023	900,790
MAINTENANCE EXPENSES	583,518	243,133	226,296	64,760	26,983	61,546	81,969	34,154	-	4,500	1,875	2,500	6,061	2,525	1,837	2,487,940	1,036,642	985,477	3,228,748	1,345,312	1,277,656
TAXES & INSURANCE EXPENSES	50,788	21,162	15,310	61,400	25,583	36,314	7,353	3,064	4,220	-	-	853	-	-	-	655,985	273,327	224,868	775,526	323,136	281,566
TOTAL EXPENSES	11,059,274	4,390,911	4,436,263	3,128,463	1,248,068	1,533,130	11,049,292	4,424,205	4,152,823	2,043,346	814,486	639,594	3,826,858	1,570,041	1,441,391	11,217,628	4,578,954	3,979,273	42,324,861	17,026,665	16,182,474
NET OPERATING INCOME	(2,392,565)	(779,783)	(947,373)	2,452,393	317,930	48,584	(1,058,221)	(261,259)	520,335	(742,996)	(272,673)	(266,063)	(165,901)	(44,642)	(289,718)	3,167,340	1,414,783	1,701,984	1,260,050	374,356	767,749
NON-OPERATING EXPENSES																					
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	4,772	-	-	-	-	-	-	-	-	-	1,290,368	537,653	466,948	1,290,368	537,653	471,720
TOTAL FINANCING EXPENSES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	452,592	188,580	145,962	452,592	188,580	145,962
TOTAL ADJUSTMENTS & OPERATING TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-OPERATING EXPENSES	-	-	-	-	-	4,772	-	-	-	-	-	-	-	-	-	1,742,960	726,233	612,910	1,742,960	726,233	617,682
NET INCOME	(2,392,565)	(779,783)	(947,373)	2,452,393	317,930	43,812	(1,058,221)	(261,259)	520,335	(742,996)	(272,673)	(266,063)	(165,901)	(44,642)	(289,718)	1,424,380	688,550	1,089,074	(482,910)	(351,877)	150,067
UNRESTRICTED NET INCOME	(2,392,565)	(779,783)	(947,373)	1,735,991	16,937	125,208	-	-	-	(742,996)	(272,673)	(266,063)	(165,901)	(44,642)	(289,718)	837,141	380,053	454,771	(728,330)	(700,109)	(923,174)

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TO: Boards of Commissioners

Fresno Housing

FROM: Angelina Nguyen

Interim CEO/Chief Programs Officer

SUBJECT: Update on Landlord Incentive Pilot

DATE: July 19, 2021

AUTHOR: Aurora Ibarra

Executive Summary

The purpose of this memo is to provide the Boards of Commissioners an update on the Landlord Incentive Pilot.

Fresno Housing launched its Landlord Incentive Pilot in March 2021 and recently added additional incentives in June to encourage landlords to either stabilize or bring on new units to the program in efforts to encourage landlords to house families during the COVID-19 pandemic. The pilot is funded through the use of CARES funding to monetarily incentivize landlords to rent to voucher recipients searching for affordable units within Fresno Housing's jurisdiction.

Currently, there are approximately 70 owners in the process of taking advantage of these incentives. The Lease-In-Place incentive encourages landlords to work with Fresno Housing to address any concerns they may have with either continuing to lease to their current tenant who recently received a voucher, or concerns they may have with entering into a Housing Assistance Payment contract with FH. Other incentives include signing bonuses to non-participating landlords, bonuses to landlords who bring on new units never before leased to voucher holders, or units that have been on the program before and landlords continue to lease the unit another voucher holder. A retention incentive is also offered to landlords whose existing tenants may have fallen behind on rent and is willing to enter into a repayment agreement. All incentives expire on 12/31/2021 in accordance with the sunset of CARES funding availability.

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TO: Boards of Commissioners

Fresno Housing

FROM: Angelina Nguyen

Interim CEO/Chief Programs Officer

SUBJECT: Agency Expenditure Update: 2nd Quarter 2021

DATE: July 19, 2021

AUTHOR: Nicole Diaz

Executive Summary

The purpose of this update is to provide the Boards of Commissioners with a requested update regarding significant vendor expenditures for the second quarter of 2021.

Below is a list of vendors to whom the Agency paid over \$50,000 during the second 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 Fresno Housing and its affiliated limited partnerships.

Payee Name	Service Type	City	State	Total
Kaiser Foundation Health Plan	Insurance	Los Angeles	CA	520,621.56
Fresno County Tax Collector	Tax Payments	Fresno	CA	279,880.60
STW Contractors Inc.	Trade Services	Selma	CA	237,643.02
City of Fresno	Utilities, Permits, Fees	Fresno	CA	183,645.17
HD Supply	Maintenance Supplies	San Diego	CA	175,555.70
Pacific Gas & Electric	Utilities	Sacramento	CA	168,666.45
United Healthcare Of California	Insurance	Los Angeles	CA	167,584.95
KC Construction Company	Trade Services	Clovis	CA	164,908.00
Central Valley Lawnsapes	Ground Maintenance Services	Fresno	CA	147,359.60
CHWCA	Insurance	Sacramento	CA	104,109.00
Mid Valley Disposal	Utilities	Fresno	CA	94,861.79
City of Fresno Police Department	Security Services	Fresno	CA	91,860.16
Beam and Company	Trade Services	Fresno	CA	76,050.00
City of Mendota Utilities Department	Utilities	Mendota	CA	64,338.23
City of Firebaugh	Utilities	Firebaugh	CA	61,854.90
AT&T	Utilities	Carol Stream	IL	53,169.03