



Boards of Commissioners Update

May 2023

Boards of Commissioners Update – May 2023

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BOARD MEMO

TO: Boards of Commissioners
FROM: Tyrone Roderick Williams, CEO
AUTHOR: Crystal Cox
Finance Manager
DEPARTMENT: Accounting & Finance
MEMO DATE: 05/10/2023
SUBJECT: Fresno Housing Operating Budget as of March 31, 2023

Executive Summary

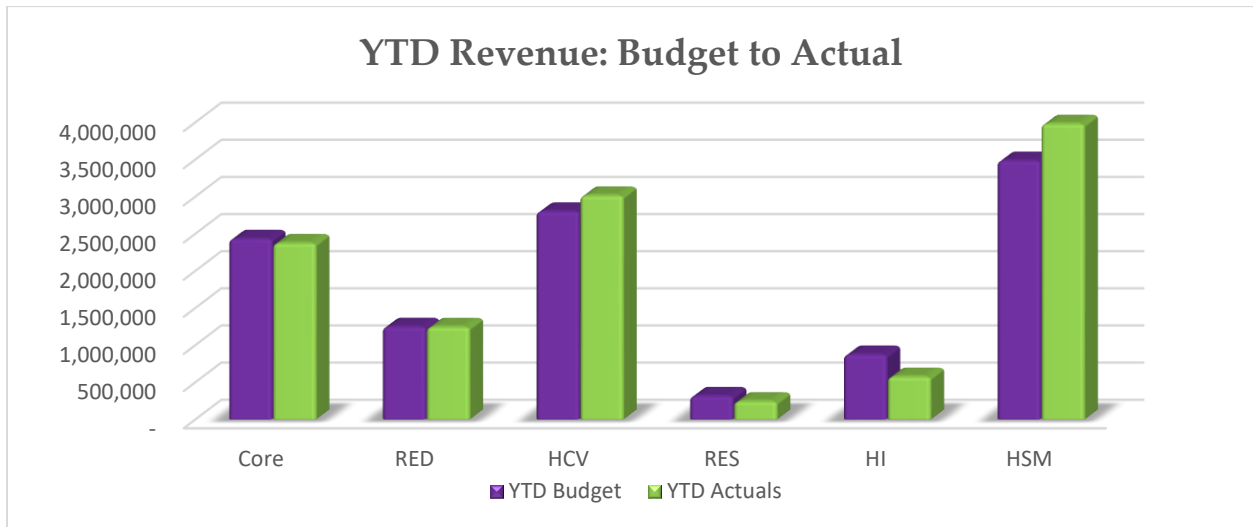
The purpose of this update is to present an overview of Fresno Housing’s financial operating results as of March 31, 2023. The attached financial report shows the consolidation of all Agency operational budgets combined into six divisions. Projections have been incorporated into the year-to-date budget 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 2023 Operating Budget was approved by the Boards of Commissioners in December 2022 with total revenues of \$47.7 million and total operating expenses of \$47.1 million. As of March, total revenues are \$11.4 million, which is \$282 thousand more than anticipated. Total operating expenses are \$518 thousand less than budgeted at \$10.9 million through March. This puts net operating income at \$559 thousand, which is \$800 thousand more than budgeted. As of March, the Agency has utilized \$312 thousand in unrestricted reserves, which is \$118 thousand less than budgeted at this point in the year. The variance in unrestricted net income is mainly due to lower Administrative expenses across all divisions.

	Fresno Housing Authority		
OPERATING BUDGET	Annual Budget	YTD Budget	YTD Actuals
TOTAL INCOME	47,780,488	11,160,850	11,442,934
TOTAL EXPENSES	47,109,146	11,402,666	10,884,349
NET OPERATING INCOME	671,342	(241,816)	558,584
TOTAL NON-OPERATING EXPENSES	1,119,021	279,755	369,126
NET INCOME	(447,679)	(521,571)	189,458
UNRESTRICTED NET INCOME	570,102	(429,740)	(312,208)

FRESNO HOUSING

Agency Revenue



Core - Administrative Services departments including Accounting, Executive, Human Resources and Asset Management

RED - Real Estate Development: Real Estate Development, Construction Management departments and wholly-owned subsidiaries of the Agency, including HRFC, HSIC, and Silvercrest

HCV - Housing Choice Voucher programs

RES - Resident Empowerment Services: Resident Services

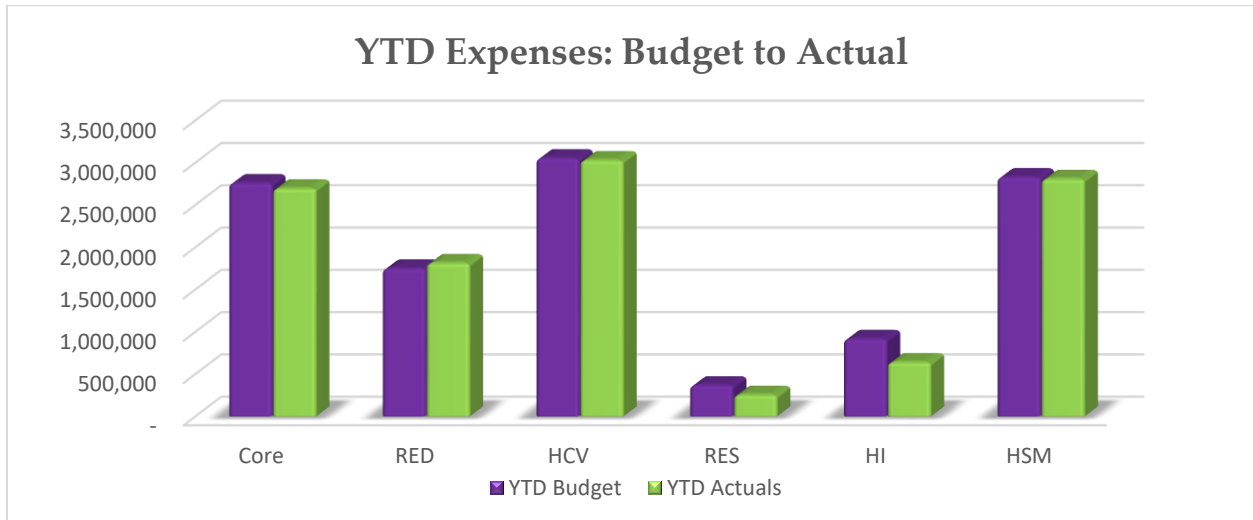
HI - Housing Initiatives or Homeless Programs

HSM - Housing Management: Agency-owned properties, including subsidized properties (public housing, farm labor and migrant properties) and non-subsidized properties, including Dayton, Woodside, El Cortez, and San Ramon

Overall, year-to-date revenue is \$11.4 million, or 3% more than the year-to-date budget, largely due to an increase in revenue within the HCV and HSM Divisions.

- **HCV:** HUD Grant Income is higher than budgeted due to an increase in HUD's proration for Administrative Fees.
- **HSM:** HUD Grant Income is higher than budgeted due to an increase in HUD's proration of the Public Housing Operating Subsidy.
- **RED:** Developer Fees were received for Valley Inn. Developer Fees for Mariposa Meadows, Avalon Commons, and the Waterfall, are expected to be received in the second quarter.
- **HI:** HUD Grant Income is lower than budgeted, primarily due to less spending than anticipated in the Special Needs Assistance, Welcome Home, Emergency Housing Voucher, and TBRA programs, which operate on a reimbursement basis.

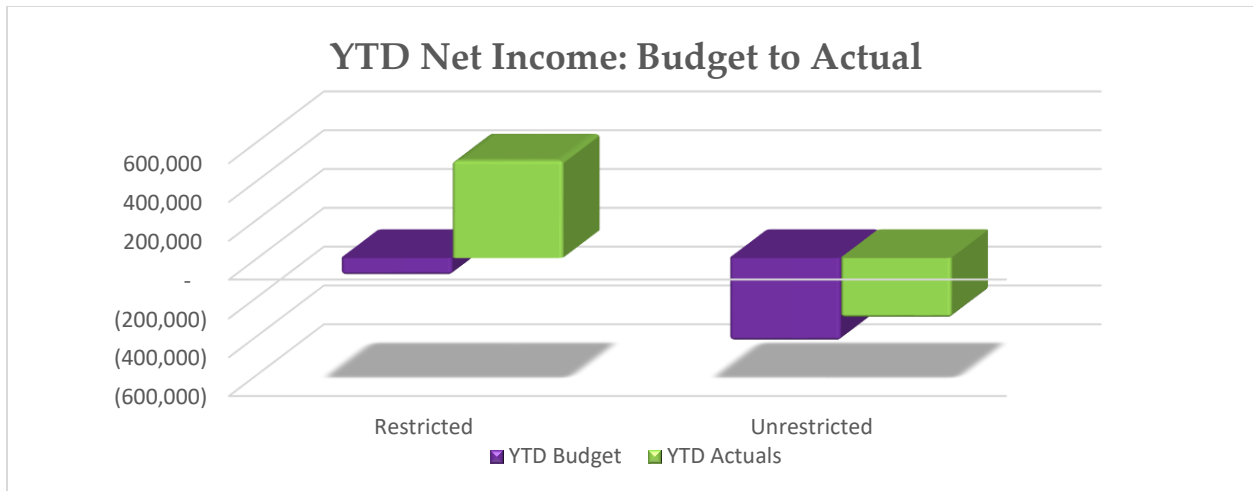
Agency Expenses



Overall, year-to-date operating expenses are \$10.9 million and non-operating expenses are \$369 thousand, which together are about 4% lower than budgeted.

- **Agency-wide:** Payroll Expenses are approximately \$381 thousand (8%) 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 of 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 \$505 thousand (13%) 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 2023.
- **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



- As of March 2023, unrestricted net income is approximately \$118 thousand higher than budgeted. This is primarily due to a decrease in Administrative expenses across all divisions.
- Restricted net income is approximately \$593 thousand higher than budgeted. This is due to lower administrative expenses within the RED and HCV divisions, and an increase in revenue resulting from higher proration than budgeted in HCV Admin fees and the Public Housing Operating Subsidy within HSM.

BOARD UPDATE

O (559) 443-8400

F (559) 445-8981

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

www.fresnohousing.org

TO: Boards of Commissioners

Fresno Housing Authority

FROM: Tyrone Roderick Williams, CEO

SUBJECT: Update on Step Up on 99

DATE: May 11, 2023

AUTHOR: Michael Duarte

Step Up on 99

The purpose of this communication is to provide an update on questions from the Boards regarding Step Up on 99. As a reminder, Step up on 99 (fka Motel 99) is located at 1240 & 1280 N. Crystal Ave, Fresno, CA 93728. This is adjacent to Parkway Drive. This property previously operated as a 99-unit commercial motel on approximately 2.15 acres. The property was acquired by the Housing Authority of the City of Fresno, California in November 2020 for \$4,425,000 utilizing a Homekey Grant from the State of California and has operating as an emergency shelter since January 2021. Emergency Housing has an expected stay of up to 90 days as households continue their search for stable housing, however, for many the search has taken longer. The property has been planned to be converted into permanent affordable housing consistent with the requirements of the Homekey program requirements. The current site plan envisions a 63-unit apartment community with a combination of adaptive reuse of the existing structures as well as new construction. The new apartment complex will include a mix of studios, one-, two-, and three-bedroom units and new community space with leasing office and amenities for the future residents. Funding has been secured to convert the property into permanent housing and is estimated that construction can start as soon as June/July 2023.

Currently, Fresno Housing is assisting families to find suitable housing in other areas of the City so that the property can be redeveloped. As of this point, 21 households have moved out, and the Agency continues to work to find housing for the remaining 27 households.

With a pending construction start, Turning Point will continue to utilize Pacific Valley as the security option for Step Up. Pacific Valley has improved the service delivery of security and no new complaints have been reported. As of May 1st, and consistent with strategies employed by the City-owned former motels on Parkway Drive, the hours of the security guards were to be cut back in favor of neighborhood policing strategies.

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SUBJECT: Update on The Arthur @ Blackstone

DATE: May 11, 2023

AUTHOR: Michael Duarte

The Arthur @ Blackstone

The purpose of this communication is to provide an update on questions from The Arthur @ Blackstone. As a reminder, The Arthur @ Blackstone site (APNs: 443-104-08 thru 443-104-10, & 443-104-23) is a mixed-used residential development. The project is a redevelopment of a previous existing commercial/retail building located along the Blackstone corridor in close proximity to Manchester Transit Center on approximately 0.83 acres in Fresno, CA. The project site is located in an area of high demand with extensive retail and employment opportunities. Prior to the Housing Authority's purchase of the property, the site was home to the iconic Arthur's Toys and later AJ's Tuxedo. The property was acquired by the Housing Authority of the City of Fresno (HACF) in November 2017 for \$1,142,000.

The current site plan envisions a 41-unit community with approximately 3,800 square feet of community space and approximately 4,200 square feet of renovated commercial space. The community would serve both families (one-, two-, and three- bedroom units) and a transitional aged youth population (studios and one-bedroom units) in partnership with the County of Fresno Department of Behavioral Health.

In September 2021, a Tax Credit Award from the California Tax Credit Alllocation Committee (CTCAC) was allocated to the The Arthur @ Blackstone project. Additional financing from the California Department of Housing and Community Development (HCD) was also secured to support project cost. Financing was also provided by the City of Fresno and HACF. On May 30, 2022, the HACF closed on it's financing with Investment Partner Red Stone Equity and Construction Lender Chase Bank and commenced construction shortly thereafter.

Currently, The Arthur @ Blackstone is approximately 50% complete. Unfortunately, delays with permit issuance by the City of Fresno, extreme weather (rain delays) in the region, and PG&E delays related to pole and overhead line removal have negatively impacted construction progress. The HACF Real Estate Development Team is working closely with City of Fresno and

PG&E staff to navigate these challenges. The HACF is targeting to complete the project and secure Certificates of Occupancy from the City of Fresno by 12/31/2023.