FY2014 Annual Strategies

- Manage Regulatory and Legislative Changes
- Five Point Comprehensive Redevelopment Plan
- KCDC Portfolio Management
- Improve Processes
- Workforce Development
FY2014 Operating Budgets
Operating Budget Process

• Collaborative Process between Accounting Division, Program Staff and Management
• Accounting Division: Fixed Costs and some Variable Costs
  • Example: Wages, Interest, Insurance
• Program Staff: Variable Costs
  • Example: Administrative, Maintenance, Utilities, Non-routine
• Managerial Review
• Asset Management Model:
  • Project-based accounting and budgeting, fee-for-service model
• HUD Board Resolution: Public Housing and Central Office Cost Center (COCC)
• Other Board Resolutions: Section 8, Redevelopment, The Manor and KHDC
### KCDC Operations

- **Operating Programs:** $29,497,390
  - Budget Revenue Including Reserves

<table>
<thead>
<tr>
<th>HUD</th>
<th>Non-HUD and “Other”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Housing (69%) $20,478,340</td>
<td>Central Office Cost Center (18%) $5,326,530</td>
</tr>
<tr>
<td>Section 8 Related Programs (7%) $2,149,640</td>
<td>The Manor (1%) $278,180</td>
</tr>
<tr>
<td>Redevelopment (1%) $135,850</td>
<td>KHDC (4%) $1,128,850</td>
</tr>
</tbody>
</table>
Public Housing Operating Program
Public Housing

• Own and manage 3,510 units located in 25 separate properties at 12 management sites

• Revenue includes:
  – HUD subsidy calculated for each property:
    • Property and utility expense level (+) add-ons (–) dwelling rent
  – Dwelling rent
  – Other Tenant Income
  – Investment Income
Public Housing

• Expenses include:
  – Administrative
  – Resident Services
  – Maintenance
  – Utilities
  – Protective Services
  – Insurance
  – Interest
  – Non-routine
  – Other General
Operating Funds Overview

Year | Eligibility | Funding Level
--- | --- | ---
2009 | 15,294,669 | 13,523,546
2010 | 16,505,976 | 16,505,976
2011 | 15,025,095 | 15,025,095
2012 | 16,735,855 | 10,973,401
2013 | 16,175,987 | 12,455,511
Public Housing
Operating Subsidy Assumptions

• Subsidy is estimated at $12,815,140
• Pro-ration at 77% for 2013 Formula
• Pro-ration estimate at 80% for 2014 Formula
Public Housing Revenues and Reserves
$20,478,340 Budget

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidy</td>
<td>13,607,990</td>
<td>12,815,140</td>
</tr>
<tr>
<td>Tenant Dwelling Revenue</td>
<td>4,649,010</td>
<td>4,189,480</td>
</tr>
<tr>
<td>Non-Dwelling Rents</td>
<td>22,480</td>
<td>20,410</td>
</tr>
<tr>
<td>Other Tenant Related Revenue</td>
<td>321,870</td>
<td>258,340</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>214,210</td>
<td>181,000</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>358,310</td>
<td>280,400</td>
</tr>
<tr>
<td>Draw from Reserves</td>
<td>4,750,990</td>
<td>2,733,570</td>
</tr>
</tbody>
</table>
Public Housing Expenses

$20,478,340 Budget

FY 2013 FY 2014

- Total Administrative: 6,307,980 6,213,140
- Total Resident Services: 494,900 465,840
- Total Utilities: 2,567,410 3,045,360
- Total Maintenance: 7,008,670 6,965,530
- Total Protective Services: 500,000 524,000
- Total General Expenses: 928,120 1,208,620
- Asset Management Fee: 430,110 422,610
- Non-Routine Expense: 422,610 5,317,710
- EPC & CFFP Interest Expense: 369,960 446,890

Total: 11,880,000 13,000,000
## Public Housing Reserves

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves as of June 30, 2012</td>
<td>$22,843,251</td>
</tr>
<tr>
<td>FY2013 estimated draw from reserves</td>
<td>$&lt;3,863,420&gt;</td>
</tr>
<tr>
<td>Reserves estimated at June 20, 2013</td>
<td>$18,979,831</td>
</tr>
<tr>
<td>FY2014 estimated draw from reserves</td>
<td>$&lt;2,733,570&gt;</td>
</tr>
<tr>
<td>Reserves estimated as of June 20, 2014</td>
<td>$16,246,261</td>
</tr>
</tbody>
</table>
Central Office Cost Center
Central Office Cost Center

• Self-supported agency overhead broken down into divisions:
  • Executive Management
  • Accounting
  • Human Resources
  • Information Systems
  • Purchasing
  • Housing Management
  • Supportive Maintenance
Central Office Cost Center

• Revenues include:
  • Property Management and Bookkeeping Fees
  • Asset Management Fees
  • Fees for Service
  • Excess Energy Savings
  • Investment income

• Expenses include:
  • Administrative
  • Maintenance
  • Utilities
  • Insurance
COCC Expenses and Cash Flow
$5,326,530 Budget
Section 8

Tenant and Project-Based Rental Assistance

• Programs Include:
  • Housing Choice Voucher (3,666 Authorized Units)
  • Project Based Vouchers (127 units)
  • Mainstream Vouchers (100 Units)
  • Moderate Rehab Programs (82 units)

• Housing Assistance Payment (HAP) to private landlords (pass-thru) is not included as part of this operating budget
Section 8

• Revenue includes:
  • Earned Administrative Fees (3,717 units included in estimated Administrative Fee Funding)
  • Fraud Recovery
  • Grants (Family Self-Sufficiency)
  • Investment Income
  • Other

• Expenses include:
  • Administrative
  • Resident services
  • Maintenance
  • Insurance
Administrative Fee Overview

<table>
<thead>
<tr>
<th>Year</th>
<th>Eligibility</th>
<th>Funding Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,648,576</td>
<td>1,491,792</td>
</tr>
<tr>
<td>2010</td>
<td>1,880,804</td>
<td>1,744,730</td>
</tr>
<tr>
<td>2011</td>
<td>2,092,658</td>
<td>1,777,461</td>
</tr>
<tr>
<td>2012</td>
<td>2,134,628</td>
<td>1,711,257</td>
</tr>
<tr>
<td>2013</td>
<td>2,298,603</td>
<td>1,586,036</td>
</tr>
</tbody>
</table>
Section 8 Revenues and Reserves
$2,149,640 Budget

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>5,000</td>
<td>3,710</td>
</tr>
<tr>
<td>HUD PHA Grants: Administrative Fees</td>
<td>1,942,230</td>
<td>1,744,080</td>
</tr>
<tr>
<td>HUD PHA Grants: FSS and Homeownership Grant</td>
<td>91,830</td>
<td>91,830</td>
</tr>
<tr>
<td>Other Income</td>
<td>28,700</td>
<td>51,160</td>
</tr>
<tr>
<td>Reserves</td>
<td>0</td>
<td>75,000</td>
</tr>
<tr>
<td>Operating Transfer</td>
<td>0</td>
<td>183,860</td>
</tr>
</tbody>
</table>
Section 8 Expenses
$2,149,640 Budget
The Manor
The Manor

- 26 year old supportive living facility located in Northgate Terrace property
- 41 available units to eligible residents
- Revenue includes:
  - $495 Service Fee (Resident paid, some with scholarships)
  - Service Fee covers wellness checks, meals, light housekeeping, laundry and personal response system
  - Investment income
  - Donations
- Expenses include:
  - Administrative
  - Resident services
  - Maintenance
  - Insurance
The Manor Revenues and Reserves
$278,180 Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Service Fees</td>
<td>231,660</td>
<td>237,600</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,500</td>
<td>1,240</td>
</tr>
<tr>
<td>Other Income</td>
<td>440</td>
<td>5,100</td>
</tr>
<tr>
<td>Scholarship Loss from reserves</td>
<td>-16,020</td>
<td>-11,870</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td>81,790</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46,110</td>
</tr>
</tbody>
</table>
The Manor Expenses
$278,180 Budget
Redevelopment
Redevelopment

• Redevelopment agent for local government and public entities implementing project activities within designated redevelopment areas
• All direct billable projects are handled as a pass-thru and are not part of this operating budget
• Revenue includes:
  • Tax Increment Financing (TIF) fees from Knox County
  • Billable Overhead
  • Leased Property Revenue
  • Investment Income
• Expenses include:
  • Administrative overhead
  • Maintenance
  • Utilities
  • Insurance
Redevelopment Revenues
$135,850 Budget

- Funds from Leased Property: $60,600 (FY 2013) and $61,800 (FY 2014)
- Investment & Other Income: $3,600 (FY 2013) and $1,870 (FY 2014)
- Overhead & Developer Fees: $82,580 (FY 2013) and $72,180 (FY 2014)
Redevelopment Expenses and Cash Flow
$135,850 Budget
Knoxville’s Housing Development Corporation (KHDC)
Knoxville’s Housing Development Corporation (KHDC)

- Subsidiary corporation primarily created for development activities
- Primary non-federal funding source
- Revenue includes:
  - Ownership and lease of several non-dwelling properties:
    - State Office Building I and II
    - Dollar General Store
    - Head Start Building
  - Tax Increment Financing Revenue (TIF from prior HOPE VI project)
  - Investment Income
  - Other
- Expenses include:
  - Administrative
  - Maintenance
  - Utilities
  - Interest Expense
  - Insurance
<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves</td>
<td>126,730</td>
<td>0</td>
</tr>
<tr>
<td>Non-Dwelling Rental and Other Income</td>
<td>659,010</td>
<td>772,260</td>
</tr>
<tr>
<td>Investment Income</td>
<td>44,270</td>
<td>33,650</td>
</tr>
<tr>
<td>Tax Increment Revenue</td>
<td>317,080</td>
<td>322,940</td>
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</tbody>
</table>

KHDC Revenues

$1,128,850 Budget
KHDC Expenses and Cash Flow
$1,128,850 Budget

<table>
<thead>
<tr>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Administrative: 418,970</td>
<td>220,550</td>
</tr>
<tr>
<td>Total Maintenance: 111,810</td>
<td>94,380</td>
</tr>
<tr>
<td>Total Utilities: 15,460</td>
<td>-</td>
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<tr>
<td>Total General Expenses: 243,600</td>
<td>257,660</td>
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<tr>
<td>Resident Services: 11,490</td>
<td>11,220</td>
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<tr>
<td>Interest Expense: 11,350</td>
<td>-</td>
</tr>
<tr>
<td>Operating Transfer: 350,000</td>
<td>350,000</td>
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<tr>
<td>Cash Flow: -</td>
<td>179,450</td>
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</tbody>
</table>