Knoxville’s Community Development Corporation

FY 2019 Proposed 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
• Other Board Resolutions: Central Office Cost Center (COCC), Section 8, Redevelopment, The Manor, Multi-Family Housing and KHDC (separate agenda)
Public Housing Operating Program
Public Housing Properties FYE 2019
(2,215 units)

- Western Heights ~ 440 units
- Austin Homes ~ 129 units (43 units included in FP4 tax credit application)
- Love Towers ~ 249 units
- Taylor Homes ~ 144 units
- Cagle Terrace ~ 274 units
- Northgate Terrace ~ 277 units
- Montgomery Village ~ 380 units (full yr. budget presented but move to MFH late 2018)
- Isabella Towers ~ 236 units
- Passport Homes ~ 11 units (full yr. budget presented but MFH move late 2018)
- Passport Residences LP ~ 50 units (full yr. budget presented but MFH/KCDC subsidiary corp. move late 2018)
- Eastport School ~ 25 units and Residences at Eastport LP ~60 units -admin only (full yr. budget presented but MFH move slated in 2019)
Public Housing
Operating Subsidy Assumptions

• Subsidy is estimated at $10,325,030
• Pro-ration was 93% for 2018 Formula
• Pro-ration estimate at 90% for 2019 Formula

• Revenues include:
  - Subsidy (Property and utility expense level (+) add-ons (–) dwelling rent)
  - Tenant Rent
  - Other Tenant Related Charges
  - Other Income
  - Investment Income

• Expenses include:
  - Administrative
  - Resident Services
  - Maintenance and Security
  - Utilities
  - Insurance, Other General Expenses, and Capital Replacements
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$14,504,250</td>
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<tr>
<td>Expenses</td>
<td>$12,562,810</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$1,941,440</strong></td>
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<tr>
<td>Capital/Non-Routine</td>
<td>($200,000)</td>
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<tr>
<td>Transfers: RAD conversions</td>
<td>($-0-)</td>
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<tr>
<td>(not included)</td>
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<tr>
<td><strong>Net Income/(Loss)</strong></td>
<td><strong>$1,741,440</strong></td>
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</table>
Section 8
Section 8

- Programs Include 4,040 units:
  - Housing Choice Voucher (3,858 Authorized Units)
  - Project Based Housing Choice Vouchers (284 units included in above totals)
  - Mainstream Vouchers (100 Units)
  - Moderate Rehab Programs (82 units)

- Housing Assistance Payment (HAP) to private landlords of approximately $22.5M (pass-thru) is not included as part of this operating budget
Section 8

• Revenue includes:
  - Earned Administrative Fees (3,854 units included in estimated funding; Proration of 76% estimated for 2018 and 2019)
  - Fraud Recovery
  - Grants (Family Self-Sufficiency)
  - Investment Income
  - Other

• Expenses include:
  - Administrative
  - Resident Services
  - Maintenance
  - Insurance/Other
Section 8

Revenue                                    $2,124,280
Expenses                                   $2,136,750
Operating Transfer In (COCC) $     12,470
Net Income/(Loss)                                $-0-
Central Office Cost Center
Central Office Cost Center

- Agency overhead broken down into divisions:
  - Executive Management
  - Accounting
  - Human Resources
  - Information Systems
  - Purchasing
  - Housing Management
  - Supportive Maintenance
  - LP Management
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
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$4,375,140</td>
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<td>Expenses</td>
<td>$4,561,120</td>
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<td><strong>Subtotal</strong></td>
<td><strong>($185,980)</strong></td>
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<td>Operating Transfer Out (S8)</td>
<td>(12,470)</td>
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<tr>
<td>Operating Transfer In:</td>
<td></td>
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<tr>
<td>MFH</td>
<td>$198,450</td>
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<tr>
<td><strong>Net Income/(Loss)</strong></td>
<td>$0</td>
</tr>
</tbody>
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Knoxville’s Housing Development Corporation (KHDC)
Knoxville’s Housing Development Corporation (KHDC)

- Subsidiary corporation created for entrepreneurial development activities
- Primary non-federal funding source
- Revenue includes:
  - Ownership and lease of non-dwelling and dwelling properties:
    - Dollar General Store
    - Head Start Building
    - 22 Dwelling Units from Passport Homes LP
    - Clifton Road (new projected Spring 2019)
  - Investment and Other Income
- Expenses include:
  - Administrative
  - Maintenance
  - Utilities
  - Interest Expense
  - Insurance
Knoxville’s Housing Development Corporation (KHDC)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>$516,270</td>
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<tr>
<td>Expenses</td>
<td>$947,740</td>
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<td>(includes $500,000 for Austin Homes Master Plan)</td>
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<td>Net Income/(Loss)</td>
<td>($431,470)</td>
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Redevelopment

- Redevelopment agent for local government and public entities

- 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
  - Other Fees (i.e., other TIF deals, PILOT, Dev. Fees TTAHC)
  - Billable Overhead
  - Leased Parking Lot Revenue
  - Investment Income

- Expenses include:
  - Administration
  - Maintenance
  - Utilities
  - Insurance
Redevelopment

Revenue $407,590
Expenses $321,840
Net Income/(Loss) $85,750
The Manor
The Manor

• 30 + year old supportive living facility located in Northgate Terrace
• 41 available units to eligible residents
• Revenue includes:
  - $573 Service Fee (average)
    • Resident paid, some scholarships based upon need
    • Fee coverage includes wellness checks, meals, light housekeeping, laundry and personal response system
  - Investment Income
  - Donations
• Expenses include:
  - Administrative
  - Resident services
  - Maintenance
  - Insurance
The Manor

Revenue                              $275,930
Expenses                             $297,470
Net Income/(Loss)                    ($21,540)
Multi-Family Housing
Multi-Family Housing Properties FYE 2019
(372 KCDC Owned Units)

- Autumn Landing/Nature’s Cove ~ 197 units
- Mechanicsville ~ 48 units
- Valley Oaks ~ 48 units
- Five Points Sr. Duplexes ~ 20 units
- Verandas ~ 42 units
- Five Points Multiplexes ~ 17 units
Multi-Family Housing

- Third year program for properties moving from Public Housing to Section 8 Project Based Rental Assistance (PBRA) via the Rental Assistance Demonstration (RAD) tool.

- Revenues include:
  - Contract Rents (Housing Assistance Payments (HAP) and Tenant Rents)
  - Other Tenant Related Charges
  - Other Income
  - Investment Income

- Expenses include:
  - Administrative
  - Resident Services
  - Maintenance and Security
  - Utilities
  - Insurance and Other General Expenses
  - Replacement Reserves
## Multi-Family Housing

<table>
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<th>Description</th>
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<td>Expenses</td>
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<td>Subtotal</td>
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<td>Operating Transfer to COCC</td>
<td>($198,450)</td>
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<td>Net Income/(Loss)</td>
<td>$437,900</td>
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Property Portfolio Revenue Trend Analysis

FY 2016: $15,350,656
FY 2017: $16,854,882
FY 2018 Budget: $15,785,590
FY 2019 Budget: $17,003,460
Property Portfolio Expense Trend Analysis

<table>
<thead>
<tr>
<th>Year</th>
<th>Expense</th>
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<tbody>
<tr>
<td>FY 2016</td>
<td>15,740,884</td>
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<tr>
<td>FY 2017</td>
<td>15,781,385</td>
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<tr>
<td>FY 2018 Budget</td>
<td>15,200,440</td>
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<tr>
<td>FY 2019 Budget</td>
<td>14,425,670</td>
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Total Agency Operating Programs

Revenue $24,913,590
Expenses $23,101,510
Net Income/(Loss) $1,812,080

FYE 2019 Estimated Reserves
$32,233,530
QUESTIONS