

Knoxville's Community Development Corporation



FY 2019 Proposed Operating Budgets



FY2019 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**

Public Housing Budget

Revenue	\$14,504,250
Expenses	<u>\$12,562,810</u>
Subtotal	<u>\$1,941,440</u>
Capital/Non-Routine	(\$200,000)
Transfers: RAD conversions (not included)	<u>(\$-0-)</u>
Net Income/(Loss)	<u>\$ 1,741,440</u>

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**

Central Office Cost Center

Revenue	\$4,375,140
Expenses	<u>\$4,561,120</u>
Subtotal	<u>(\$185,980)</u>
Operating Transfer Out (S8)	(12,470)
Operating Transfer In: MFH	\$198,450
Net Income/(Loss)	\$0

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)

Revenue	\$516,270
---------	-----------

Expenses	<u>\$947,740</u>
----------	------------------

(includes \$500,000 for Austin Homes Master Plan)

Net Income/(Loss)	(\$431,470)
-------------------	-------------

Redevelopment



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	<u>\$321,840</u>
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

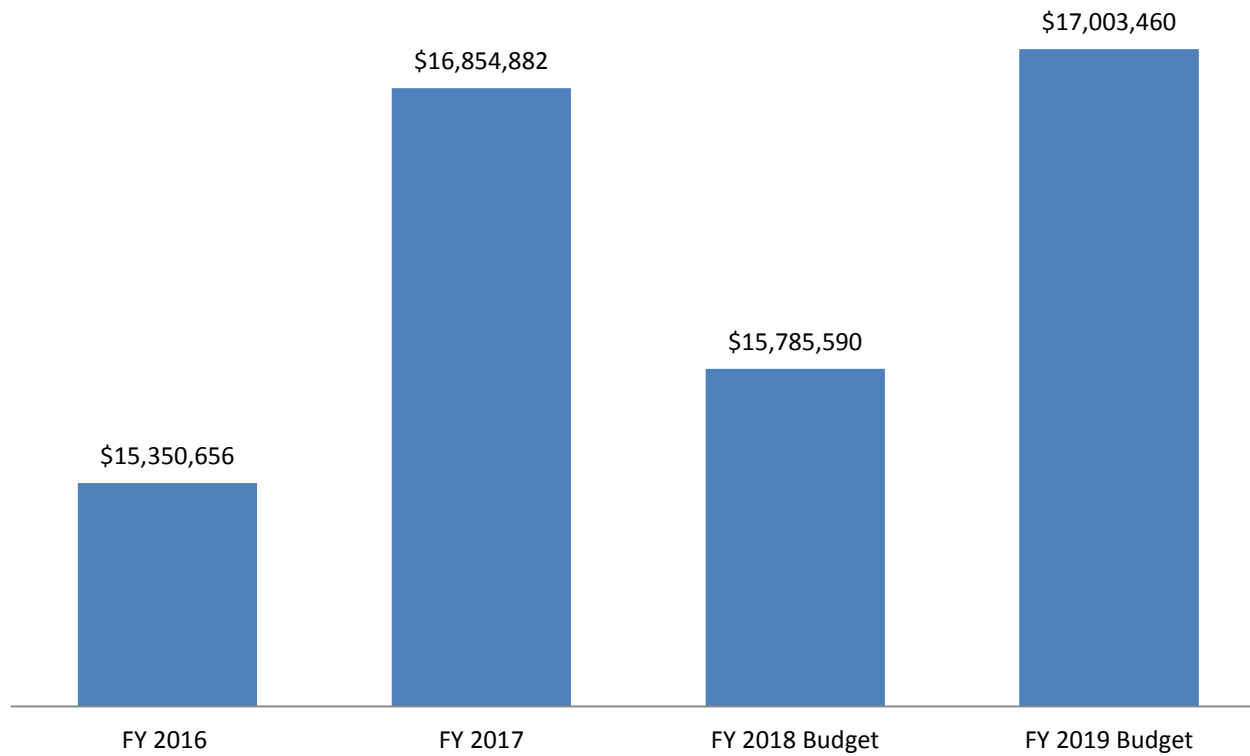
Multi-Family Housing

- 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**

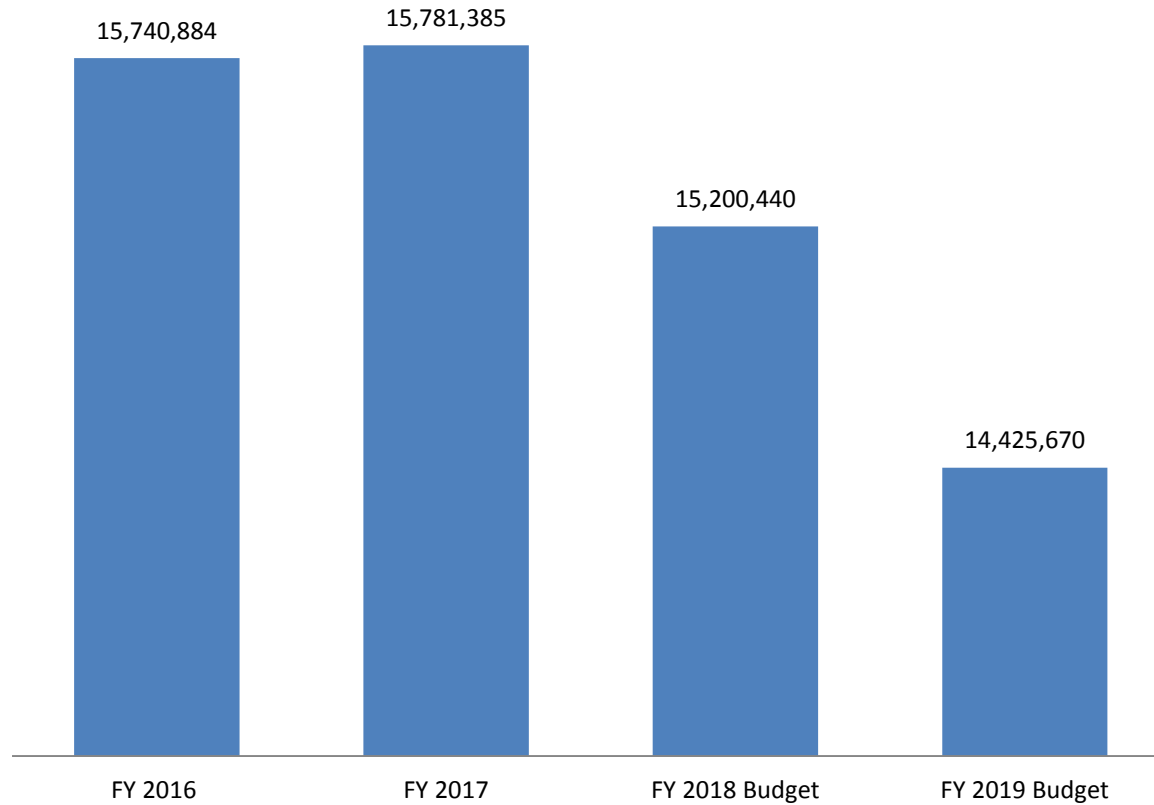
Multi-Family Housing

Revenue	\$2,499,210
Expenses	<u>\$1,862,860</u>
Subtotal	\$636,350
Operating Transfer to COCC	<u>(\$198,450)</u>
Net Income/(Loss)	\$437,900

Property Portfolio Revenue Trend Analysis



Property Portfolio Expense Trend Analysis



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

