

Knoxville's Community Development Corporation



FY 2020 Proposed Operating Budgets

FY2020 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 and Montgomery Village Corporation (separate agenda)

Public Housing Operating Program



Public Housing Properties FYE 2020 (1,647 units)

- Western Heights ~ 440 units
- Austin Homes ~ 86 units
- Love Towers ~ 249 units (full yr. budget presented but move to MFH late 2019)
- Cagle Terrace ~ 274 units (full yr. budget presented but move to MFH early to mid 2020)
- Northgate Terrace ~ 277 units
- Isabella Towers ~ 236 units (full yr. budget presented but move to MFH late 2019)
- Eastport School ~ 25 units and Residences at Eastport LP ~60 units -admin only (full yr. budget presented but MFH move slated in late 2019)

Public Housing Operating Subsidy Assumptions

- Subsidy is estimated at \$6,277,250
- Pro-ration was 96% for 2019 Formula
- Pro-ration estimate at 90% for 2020 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

	FY 2020	FY 2019	Difference	%
Revenue	\$10,629,610	\$11,045,840	\$(416,230)	(4%)
Expenses	\$ <u>9,245,190</u>	<u>\$10,175,250</u>	<u>\$(930,060)</u>	<u>(9%)</u>
Subtotal	<u>\$1,384,420</u>	<u>\$ 870,590</u>	<u>\$ 513,830</u>	<u>59%</u>
Capital/Non-Routine	(\$-0-)	(\$200,000)	\$(200,000)	(100%)
Transfers: RAD conversions (not included)	<u>(\$-0-)</u>	<u>(\$-0-)</u>	<u>\$-0-</u>	<u>0%</u>
Net Income/(Loss)	<u>\$1,384,420</u>	<u>\$ 670,590</u>	<u>\$713,830</u>	<u>106%</u>

Section 8



Section 8

- Programs Include 4,108 units:
 - **Housing Choice Voucher (3,876 Authorized Units)**
 - **Project Based Housing Choice Vouchers (351 units included in above totals)**
 - **Mainstream Vouchers (150 Units)**
 - **Moderate Rehab Programs (82 units)**
- Housing Assistance Payment (HAP) to private landlords of approximately \$23M (pass-thru) is not included as part of this operating budget

Section 8

- Revenue includes:
 - **Earned Administrative Fees (3,783 units included in estimated funding; Proration of 80% estimated for 2019 and 2020)**
 - **Fraud Recovery**
 - **Grants (Family Self-Sufficiency)**
 - **Investment Income**
 - **Other**
- Expenses include:
 - **Administrative**
 - **Resident Services**
 - **Maintenance**
 - **Insurance/Other**

Section 8

	FY 2020	FY 2019	Difference	%
Revenue	\$2,252,970	\$2,124,280	\$128,690	6%
Expenses	\$2,109,460	\$2,136,750	(\$27,290)	(1%)
Transfers: COCC	<u>(\$-0-)</u>	<u>\$12,470</u>	<u>(\$12,470)</u>	<u>(100%)</u>
Net Income/(Loss)	<u>\$143,510</u>	<u>\$ -0-</u>	<u>\$143,510</u>	<u>0%</u>

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

	FY 2020	FY 2019	Difference	%
Revenue	\$4,169,640	\$4,375,140	(\$205,500)	(5%)
Expenses	\$ <u>4,916,460</u>	<u>\$4,561,120</u>	<u>\$355,340</u>	<u>8%</u>
Subtotal	<u>(\$746,820)</u>	<u>\$(185,980)</u>	<u>(\$560,840)</u>	<u>(302%)</u>
Transfers Out: Section 8	(\$-0-)	(\$12,470)	\$(12,470)	(100%)
Transfers In: MFH	\$746,820	\$198,450	\$548,370	276%
Net Income/(Loss)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>0%</u>

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**
 - **53 Clifton Road units**
 - **Investment and Other Income**
- Expenses include:
 - **Administrative**
 - **Maintenance**
 - **Utilities**
 - **Interest Expense**
 - **Insurance**

Knoxville's Housing Development Corporation (KHDC)

	FY 2020	FY 2019	Difference	%
Revenue	\$879,940	\$516,270	\$363,670	70%
Expenses	<u>\$695,470</u>	<u>\$947,740</u>	<u>\$252,270)</u>	<u>(27%)</u>
Net Income/(Loss)	<u>\$184,470</u>	<u>(\$431,470)</u>	<u>\$ 615,940</u>	<u>143%</u>

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

	FY 2020	FY 2019	Difference	%
Revenue	\$370,510	\$407,590	\$37,080	(9%)
Expenses	<u>\$277,860</u>	<u>\$321,840</u>	<u>(\$43,980)</u>	<u>(14%)</u>
Net Income/(Loss)	<u>\$92,650</u>	<u>\$85,750</u>	<u>\$ 6,900</u>	<u>143%</u>

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

	FY 2020	FY 2019	Difference	%
Revenue	\$277,080	\$275,930	\$1,150	<1%
Expenses	<u>\$288,500</u>	<u>\$297,470</u>	<u>(\$43,980)</u>	<u>(3%)</u>
Net Income/(Loss)	<u>(\$11,420)</u>	<u>(\$21,540)</u>	<u>\$10,120</u>	<u>47%</u>

Multi-Family Housing



Multi-Family Housing Properties FYE 2020 (433 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
- Passport Residences ~ 61 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

	FY 2020	FY 2019	Difference	%
Revenue	\$2,939,420	\$2,810,690	\$128,730	5%
Expenses	<u>\$2,236,100</u>	<u>\$2,113,092</u>	<u>\$123,008</u>	<u>6%</u>
Subtotal	<u>\$703,320</u>	<u>\$697,598</u>	<u>\$5,722</u>	<u>1%</u>
Transfers To: COCC	<u>(\$746,820)</u>	<u>(\$225,900)</u>	<u>(\$520,920)</u>	<u>(231%)</u>
Net Income/(Loss)	<u>(\$43,500)</u>	<u>\$471,698</u>	<u>(\$526,642)</u>	<u>(112%)</u>

Montgomery Village Corporation



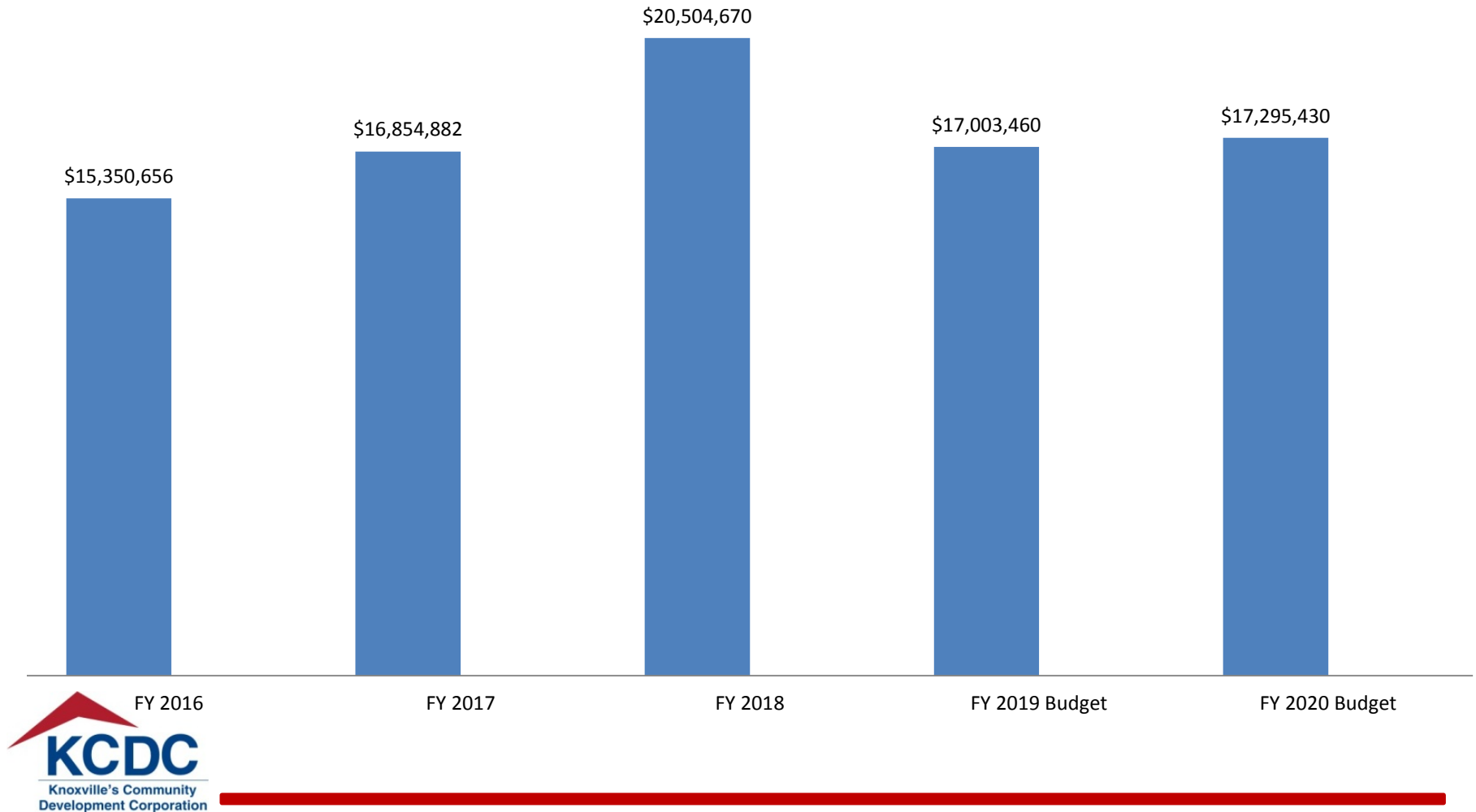
Montgomery Village Corporation

- First full year program set up as a single purpose entity (via HUD FHA 223F loan) with the move of 380 units 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**

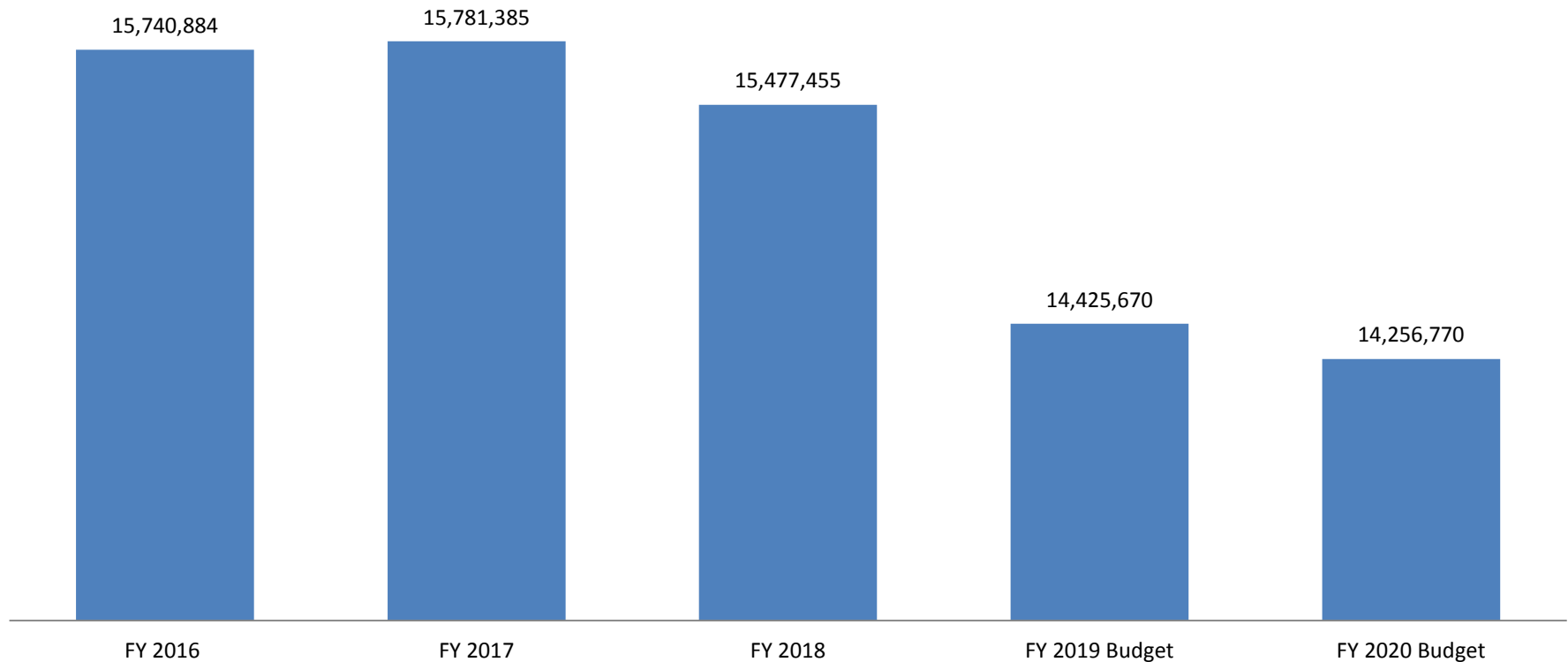
Montgomery Village Corporation

	FY 2020	FY 2019	Difference	%
Revenue	\$3,147,290	\$2,820,990	\$326,300	12%
Expenses	<u>\$1,904,500</u>	<u>\$1,810,400</u>	<u>\$94,100</u>	<u>5%</u>
Subtotal	\$1,242,790	\$1,010,590	\$232,200	23%
Interest on debt	(\$488,400)	\$-0-	(\$488,400)	0%
Net Income/(Loss)	<u>\$754,390</u>	<u>\$1,010,590</u>	<u>(\$256,200)</u>	<u>(25%)</u>

Property Portfolio Total Operating Revenue Trend Analysis



Property Portfolio Total Operating Expenses Trend Analysis



Total Agency Operating Programs

Revenue	\$25,413,280
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Expenses	\$22,908,760
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Net Income/(Loss)	\$2,504,520
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FYE 2020 Estimated Operating Reserves
\$39,196,540

FYE 2020 Replacement Reserves
(Property Level Capital Projects)
\$3,917,550

QUESTIONS

