

# Knoxville's Community Development Corporation



FY 2021 Proposed Operating Budgets

# FY2021 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 2021 (991 units)

- Western Heights ~ 440 units
- Cagle Terrace ~ 274 units (full yr. budget presented but move to MFH fall 2020)
- Northgate Terrace ~ 277 units



# Public Housing Operating Subsidy Assumptions

- Subsidy is estimated at \$4,307,600
- Pro-ration was 96.64% for 2020 Formula
- Pro-ration estimate at 95% for 2021 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 2021	FY 2020	Difference	%
Revenue	\$ 7,201,490	\$ 6,573,210	\$628,280	10%
Expenses	\$ <u>5,585,470</u>	\$ <u>5,544,630</u>	\$ <u>40,840</u>	<u>1%</u>
Subtotal	<u>\$1,616,020</u>	<u>\$1,028,580</u>	<u>\$587,440</u>	<u>57%</u>
Capital/Non-Routine	(\$55,000)	(\$-0-)	\$(55,000)	NA
Transfers: RAD conversions (not included)	<u>(\$-0-)</u>	<u>(\$-0-)</u>	<u>\$-0-</u>	<u>0%</u>
Net Income/(Loss)	<u>\$1,561,020</u>	<u>\$ 1,028,580</u>	<u>\$532,440</u>	<u>52%</u>

FYE 2019 Reserves: \$9,476,515

FYE 2020 Reserves (estimated): \$10,464,752

# Section 8





# Section 8

- Programs Include 4,146 units:
  - **Housing Choice Voucher (3,876 Authorized Units)**
  - **Project Based Housing Choice Vouchers (465 units included in above totals)**
  - **Mainstream Vouchers (188 Units)**
  - **Moderate Rehab Programs (82 units)**
- Housing Assistance Payment (HAP) to private landlords of approximately \$22.8M (pass-thru) is not included as part of this operating budget

# Section 8

- Revenue includes:
  - **Earned Administrative Fees (3,757 units included in estimated funding; Proration of 81% estimated for Jul-Oct 2020 and 80% Nov 2020-June 2021)**
  - **Fraud Recovery**
  - **Grants (Family Self-Sufficiency)**
  - **Investment Income**
  - **Other**
- Expenses include:
  - **Administrative**
  - **Resident Services**
  - **Maintenance**
  - **Insurance/Other**

# Section 8

	FY 2021	FY 2020	Difference	%
Revenue	\$2,312,790	\$2,252,970	\$ 59,820	3%
Expenses	<u>\$2,125,930</u>	<u>\$2,109,460</u>	<u>\$16,470</u>	<u>1%</u>
Net Income/(Loss)	<u>\$186,860</u>	<u>\$143,510</u>	<u>\$ 43,350</u>	<u>30%</u>

FYE 2019 Reserves: \$1,190,236

FYE 2020 Reserves (estimated): \$1,418,109

# 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



# 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 2021	FY 2020	Difference	%
Revenue	\$ 3,785,430	\$4,169,640	(\$384,210)	(9%)
Expenses	\$ <u>4,652,070</u>	<u>\$4,916,460</u>	<u>(\$264,390)</u>	<u>(5%)</u>
Subtotal	<u>(\$866,640)</u>	<u>\$ (746,820)</u>	<u>(\$119,820)</u>	<u>16%</u>
Capital Expenses	(\$23,000)	(\$-0-)	\$ (23,000)	NA
Transfers In: MFH	\$866,640	\$746,820	(\$119,820)	16%
Net Income/(Loss)	<u>\$ (23,000)</u>	<u>\$ -0-</u>	<u>\$ (23,000)</u>	NA

FYE 2019 Reserves: \$5,133,641

FYE 2020 Reserves (estimated): \$5,133,641

# 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**
    - **Five Points Boys and Girls Club**
    - **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 2021	FY 2020	Difference	%
Revenue	\$870,560	\$879,940	(\$9,380)	1%
Expenses	<u>\$783,910</u>	<u>\$695,470</u>	<u>\$88,440</u>	<u>13%</u>
Use of Reserves (Planning Funds)	(\$250,000)	\$-0-	(\$250,000)	NA
Net Income/(Loss)	<u>(\$163,350)</u>	<u>\$184,470</u>	<u>(\$347,820)</u>	<u>(189%)</u>

FYE 2019 Reserves: \$8,688,400

FYE 2020 Reserves (estimated): \$3,243,768

# 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., billable direct revenue, PILOT, Developer fees)**
  - **Billable Overhead**
  - **Leased Parking Lot Revenue**
  - **Investment Income**
- Expenses include:
  - **Administration**
  - **Maintenance**
  - **Utilities**
  - **Insurance**



# Redevelopment

	FY 2021	FY 2020	Difference	%
Revenue	\$457,700	\$370,510	\$87,190	24%
Expenses	<u>\$434,510</u>	<u>\$278,410</u>	<u>\$156,100</u>	<u>56%</u>
Net Income/(Loss)	<u>\$23,190</u>	<u>\$92,100</u>	<u>(\$ 68,910)</u>	<u>(75%)</u>

FYE 2019 Reserves: \$1,651,694

FYE 2020 Reserves (estimated): \$2,079,759

# 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 2021	FY 2020	Difference	%
Revenue	\$288,170	\$277,080	\$11,090	4%
Expenses	<u>\$290,100</u>	<u>\$288,500</u>	<u>\$1,600</u>	<u>1%</u>
Net Income/(Loss)	<u>(\$1,930)</u>	<u>(\$11,420)</u>	<u>\$9,490</u>	<u>(83%)</u>

FYE 2019 Reserves: \$85,400

FYE 2020 Reserves (estimated): \$79,585



# Multi-Family Housing



# Multi-Family Housing Properties FYE 2021 (943 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
- Love Towers ~ 249 units
- Isabella Towers ~ 236 units
- Eastport School ~ 25 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 2021	FY 2020	Difference	%
Revenue	\$7,017,570	\$5,629,710	\$1,387,860	25%
Expenses	<u>\$5,122,490</u>	<u>\$4,999,210</u>	<u>\$123,280</u>	<u>2%</u>
Subtotal	<u>\$1,895,080</u>	<u>\$630,500</u>	<u>\$1,264,580</u>	<u>200%</u>
Transfers To: COCC	<u>(\$866,640)</u>	<u>(\$746,820)</u>	<u>\$119,820</u>	<u>16%</u>
Net Income/(Loss)	<u>\$1,028,440</u>	<u>(\$116,320)</u>	<u>\$1,144,760</u>	<u>984%</u>

FYE 2019 Reserves: \$2,010,873

FYE 2020 Reserves (estimated): \$3,842,223

# 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 2021	FY 2020	Difference	%
Revenue	\$3,113,550	\$3,147,290	(\$33,740)	(1%)
Expenses	<u>\$1,980,720</u>	<u>\$1,904,500</u>	<u>\$76,220</u>	<u>4%</u>
Subtotal	\$1,132,830	\$1,242,790	(\$109,960)	(9%)
Interest on debt	<u>(\$448,800)</u>	<u>(\$488,400)</u>	<u>(\$39,600)</u>	<u>(8%)</u>
Net Income/(Loss)	<u>\$684,030</u>	<u>\$ 754,390</u>	<u>(\$70,360)</u>	<u>(9%)</u>

FYE 2019 Reserves: \$-9,769

FYE 2020 Reserves (estimated): \$737,594

# Total Agency Operating Programs

Revenue	\$25,913,900
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Expenses	\$22,863,640
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Net Income/(Loss)	\$3,050,260
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FYE 2021 Replacement Reserves  
(Property Level Capital Projects)  
\$4,965,400

(FYE 2020 Replacement Reserves: \$3,917,550)



# QUESTIONS

