

Knoxville's Community Development Corporation



**FY 2022 Proposed Operating Budgets
Capital Project Updates**

FY2022 Operating Budgets



Operating Budget

- Objectives:
 - Goal setting with emphasis on pressing needs
 - Planning tool
 - Engagement of staff at all levels
 - Analysis to establish baseline for analytics
 - Compliance to meet grantor requirements
- Challenges:
 - Unforeseen expenditures
 - Limited revenue streams
 - Timing misalignment
 - Data interpretation

Operating Budget

PROCESS

- Establish timeline for production of budget
 - Begins February with Board approval in May
- Communicate timeline and protocols to staff
- Train or provide update session for staff
- Generate data and enter information including relevant attached support in to budget tool
 - Custom budget tool currently integrated with Elite
- Cycle the tool through management approval protocol
- Present final budget to Board for approval (May)

Operating Budget

KEY POINTS

- Collaborative process between Accounting Division, Program Staff and Management
- Accounting Division: Fixed Costs and some Variable Costs
 - Example: Wages/Benefits, Fixed Contracts, Interest, Insurance, Utilities
- Program Staff: Variable Costs
 - Example: Administrative, Maintenance, Non-routine
- Asset Management Model
 - Project-based accounting and budgeting, fee-for-service model

Public Housing Operating Program



Public Housing Properties FYE 2022 (717 units)

- Western Heights ~ 440 units
- Northgate Terrace ~ 277 units (full yr. budget presented but move to MFH Nov or Dec 2021)

Public Housing Operating Subsidy Assumptions

- Subsidy is estimated at \$3,188,340
- Pro-ration was 96% for 2021 Formula
- Pro-ration estimate at 95% for 2022 Formula

Public Housing

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	5,189,510	5,166,590	22,920	<1%
Expenses	4,026,220	4,178,040	(151,820)	(3.6%)
Subtotal	1,163,290	988,550	174,740	17.7%
Capital/Non-Routine		(35,000)	(35,000)	NA
Net Income/(Loss)	1,163,290	953,550	209,740	22%

Section 8



Section 8

- Programs Include 4,198 units:
 - **Housing Choice Voucher (3,882 Authorized Units)**
 - **Project Based Housing Choice Vouchers (563 units included in above totals)**
 - **Mainstream Vouchers (240 Units)**
 - **Moderate Rehab Programs (76 units)**
- Housing Assistance Payment (HAP) to private landlords of approximately \$25M (pass-thru) is not included as part of this operating budget

Section 8

- Revenue includes:
 - **Earned Administrative Fees (3,769 units included in estimated funding; Proration of 82% estimated for Jul-Oct 2021 and 80% Nov 2021-June 2022)**

Section 8

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	2,368,580	2,312,790	55,790	2.4%
Expenses	2,258,480	2,125,930	132,550	6.2%
Subtotal	110,100	186,860	(76,760)	(41.1%)
Capital	0	0	0	NA
Net Income/(Loss)	110,100	186,860	(76,760)	(41.1%)

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**

COCC

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	3,738,380	3,785,430	(47,050)	(1.2%)
Expenses	5,061,270	4,652,070	386,200	8.3%
Subtotal	(1,322,890)	(866,640)	(456,250)	(52.7%)
Capital	-0-	(23,000)	(23,000)	NA
Net Income/(Loss)	(1,322,890)	(889,640)	(433,250)	(48.7%)
Operating Transfer In from MFH	1,322,890	866,640	456,250	52.7%
Net Income (Loss)	-0-	(23,000)	(23,000)	NA

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**
 - **Five Points Infill**

KHDC

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	920,370	870,560	49,810	5.7%
Expenses	910,890	783,810	127,080	16.2%
Net Income/(Loss)	9,480	86,750	(77,270)	(89.1%)

KHDC

NON-OPERATING/ CAPITAL RESERVES ACTIVITY	FY 2022	FY 2021	DIFF	%
June 30 Beginning Balance	(899,336)	11,695,242	(12,594,578)	(107.7%)
Transfers In MFH	300,000	-0-	300,000	100%
Transfer in Sub Corps (Fees, Cash Flow), Sales, Grants	6,953,549	5,679,282	1,274,267	22.4%
Transfers Out to Capital Contributions, Fees	(1,633,078)	(18,273,860)	16,640,782	91.1%
June 30 Ending Balance	4,721,135	(899,336)	5,620,471	378.5%

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**

REDEVELOPMENT

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	534,730	457,700	77,030	16.8%
Expenses	413,230	434,510	(21,280)	(4.9%)
Subtotal	121,500	23,190	98,310	423.9%
Excess Fees Transfer to KHDC	(111,500)	0	(111,500)	NA
Net Income/(Loss)	10,000	23,190	(13,190)	(56.9%)

The Manor



The Manor

- 30 + year old supportive living facility located in Northgate Terrace
- 41 available units to eligible residents
- Revenue includes:
 - **\$635 Maximum Service Fee (FY22 income-based at re-exam)**
 - Resident paid, some scholarships based upon need
 - Fee coverage includes wellness checks, meals, light housekeeping, laundry and personal response system
 - **Donations**

THE MANOR

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	296,620	288,170	8,450	2.9%
Expenses	303,130	290,100	13,030	4.5%
Subtotal	(6,510)	(1,930)	(4,580)	(237.3%)
Capital	0	0	0	NA
Net Income/(Loss)	(6,510)	(1,930)	(4,580)	(237.3%)

Multi-Family Housing



Multi-Family Housing Properties FYE 2022 (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

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	7,369,300	7,017,570	351,730	5%
Expenses	5,312,400	5,122,440	189,960	3.7%
Net Income/(Loss)	2,056,900	1,895,130	161,770	8.5%
Operating Transfer to KHDC	(300,000)	-0-	(300,000)	NA
Operating Transfer to COCC	(844,510)	(866,640)	22,130	2.5%
Net after Transfers	912,390	1,028,490	(116,100)	(11.3%)

Montgomery Village Corporation



MONTGOMERY VILLAGE CORPORATION (HUD 223 F Loan)

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	3,095,660	3,113,550	(17,890)	(1%)
Expenses	2,399,630	2,429,520	(29,890)	(1.2%)
Net Income/(Loss)	696,030	684,030	12,000	1.8%
Operating Transfer to COCC	(156,480)	-0-	(156,480)	NA
Net after Transfers	539,550	684,030	(144,480)	(21.1%)

Cagle Terrace Corporation



CAGLE TERRACE CORPORATION

(HUD 223 F Loan)

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	2,932,370	1,312,670	1,619,700	123.4%
Expenses	1,598,610	841,010	757,600	90.1%
Net Income/(Loss)	1,333,760	471,660	862,100	182.8%
Operating Transfer to COCC	(321,900)	-0-	(321,900)	NA
Net after transfers	1,011,860	471,660	540,200	114.5%

TOTAL AGENCY OPERATING PROGRAMS

ACCOUNT CATEGORIES	FY 2022	FY 2021	DIFFERENCES	%
Revenues	26,445,520	25,913,900	531,620	2.1%
Expenses	22,283,860	22,863,640	(579,780)	(2.5%)
Net Income/ (Loss)	4,161,660	3,050,260	1,111,400	36.4%

Capital Project Updates

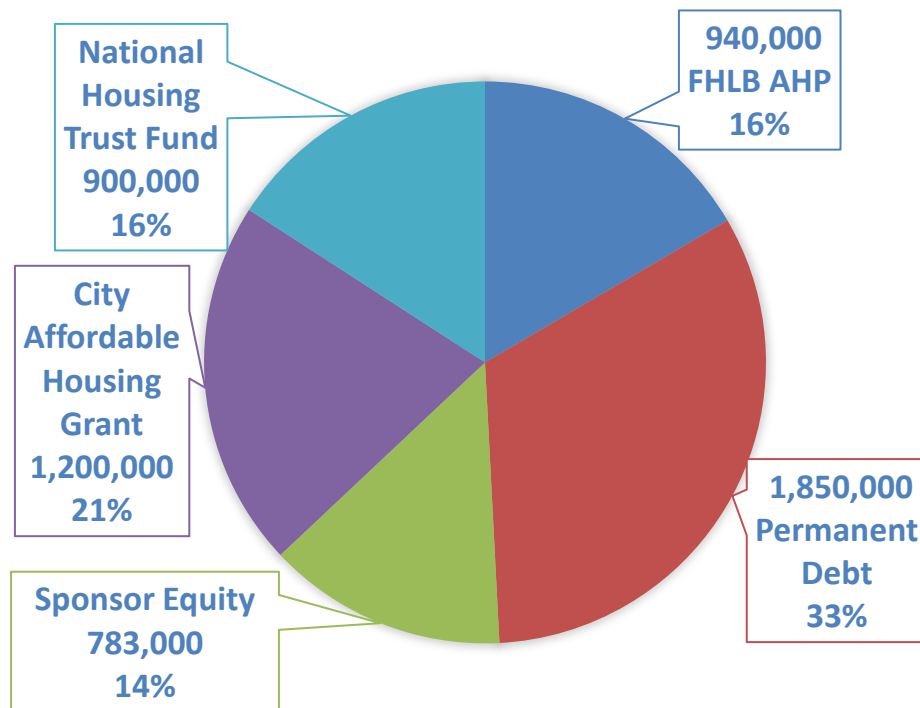
- Collaborative staff effort
 - New Construction: Development/Legal/Housing/Accounting Team
 - Rehab: Development/Housing/Legal/Accounting Team
 - Timeline based upon deadlines for:
 - » RAD conversion (Financing Plan, Closing)
 - » Tax Credit applications
 - » Other funding applications (loans, grants, etc.)

Capital Projects

FY 2021 Completions to Date

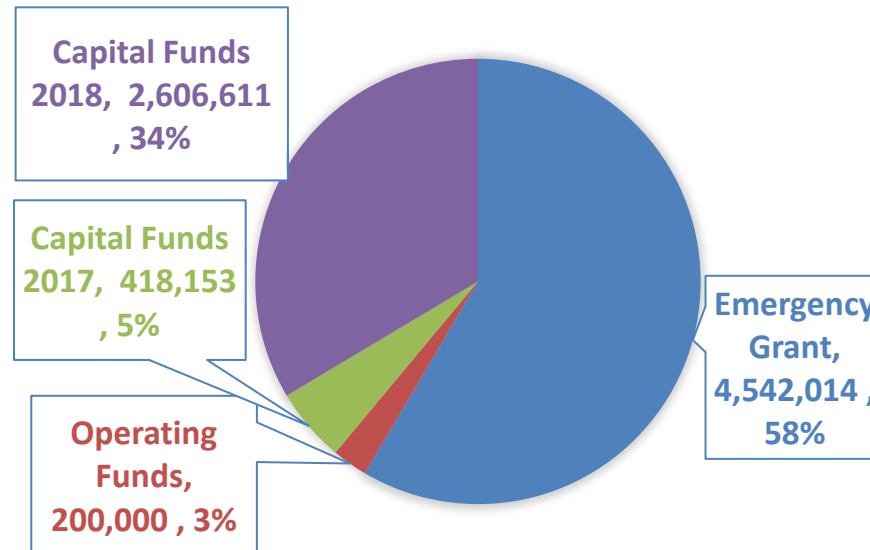
- Clifton Road
- Western Heights Emergency Rehab
- Eastport School Rehab
- Five Points 4 LP
- Montgomery Village Rehab

Clifton Road



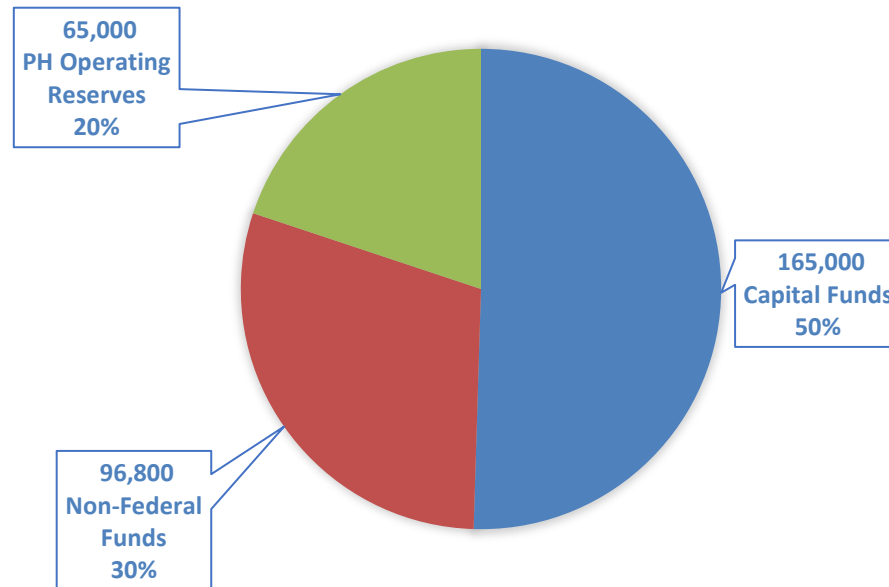
TOTAL EXPENDITURES: \$5,673,000

Western Heights Emergency Rehab



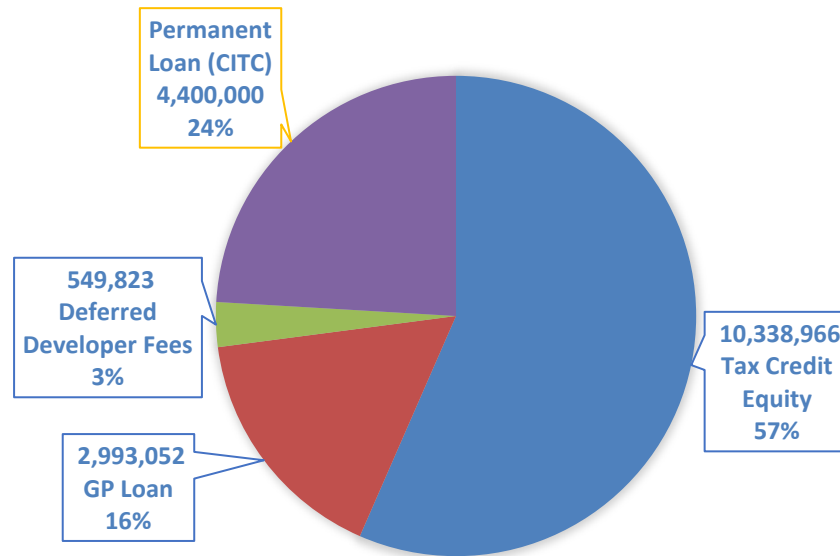
TOTAL EXPENDITURES: \$7,766,788

Eastport School Rehab



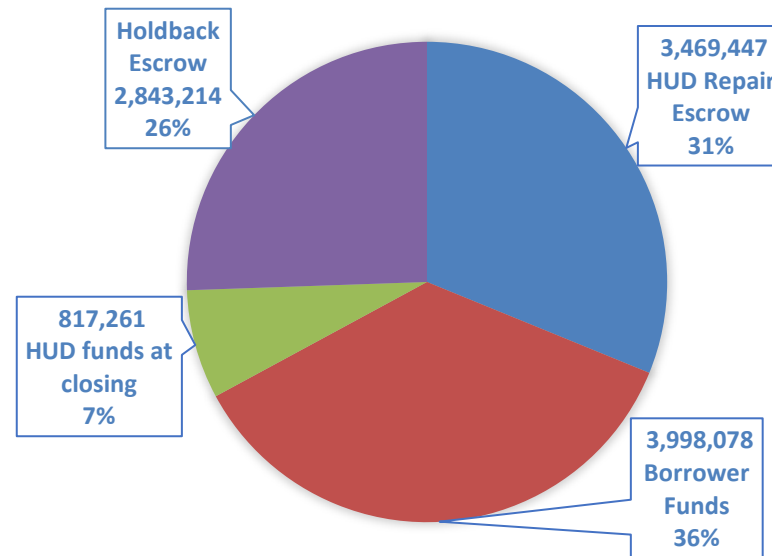
326,800 Budget
238,000 Expenditures
100% Complete

Five Points Phase 4



18,281,841 Expenditures
100% Complete

Montgomery Village Rehab (Section 223F Loan)



11,128,000 Budget

6,311,626 Expenditures

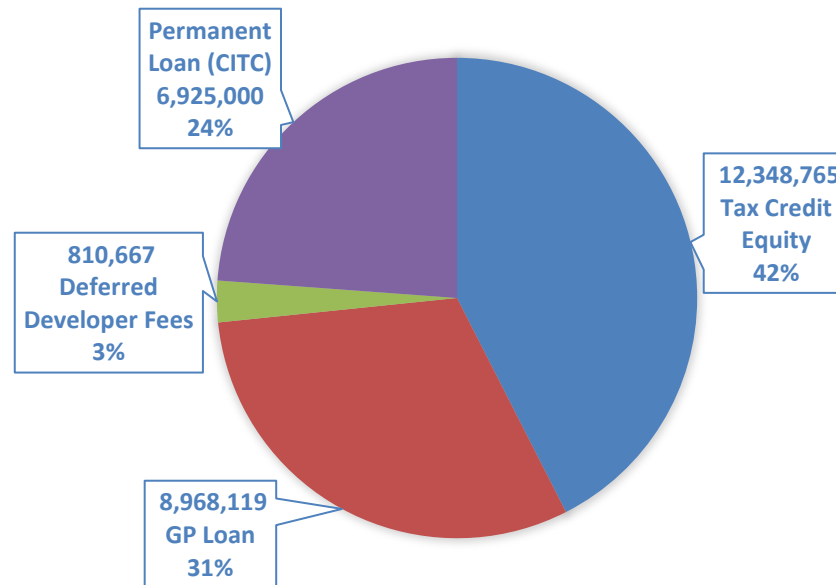
8,284,786 Available Funds

100% Complete

Ongoing Capital Projects

- **Austin Phase 1A (Bell Street)**
- **Pre-Development:**
 - **Austin Phase 1B and 2A**
- **Five Points Infill**
- **Love Towers Rehab**
- **Isabella Towers Rehab**
- **Cagle Terrace Rehab**

Austin Homes Phase 1A (Bell Street)



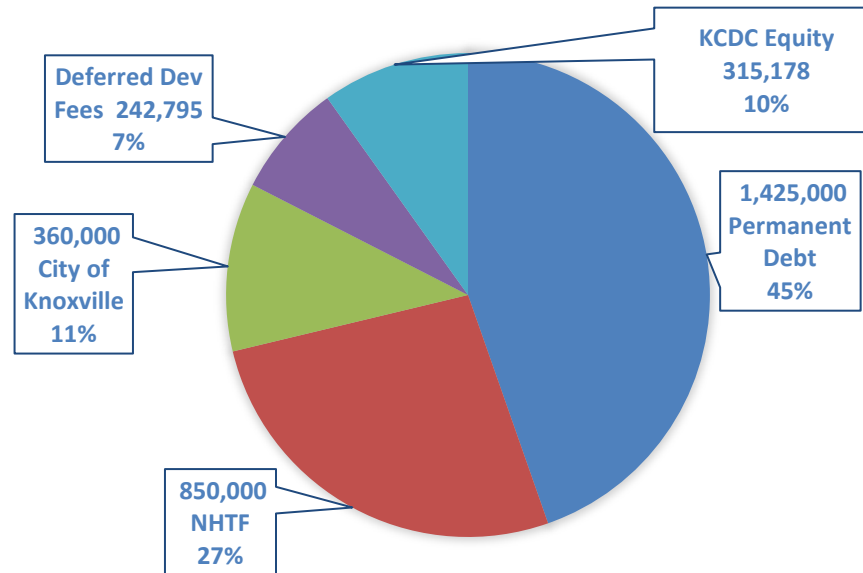
29,052,551 Budget
8,704,981 Expenditures
30% Budget Complete

Other Austin Homes Phases (Pre-Development)

Phase 1B (Bell Street 3): 1,247,328

Phase 2A (Bell Street 2): 54,381

Five Points Infill

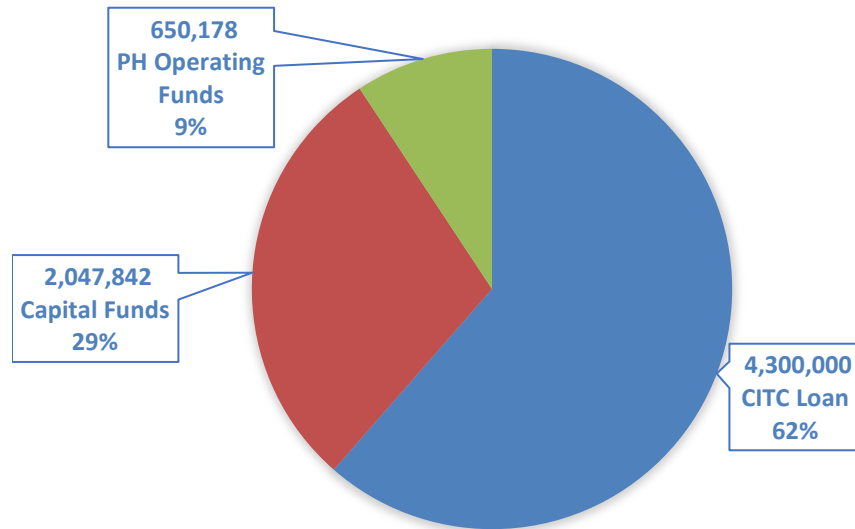


3,192,973 Budget

14,060 Pre-Dev Expenditures

<1% Budget Complete

Love Towers Rehab

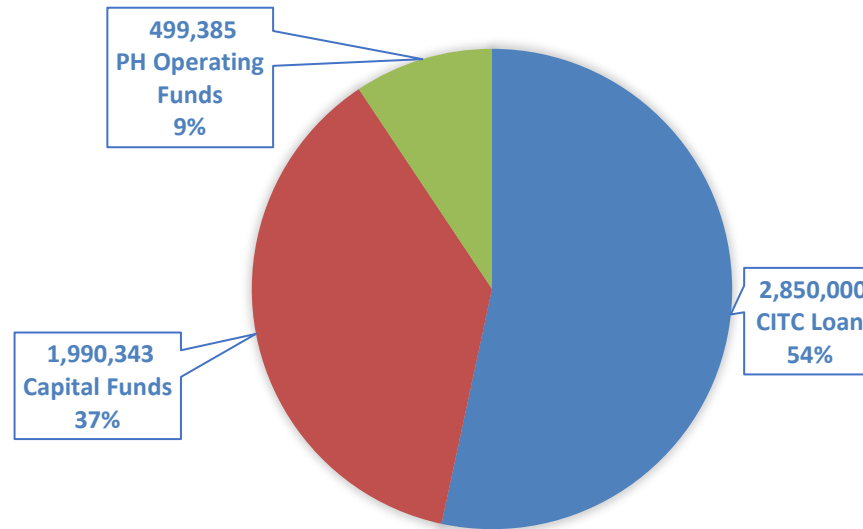


6,998,020 Budget

1,874,588 Expenditures

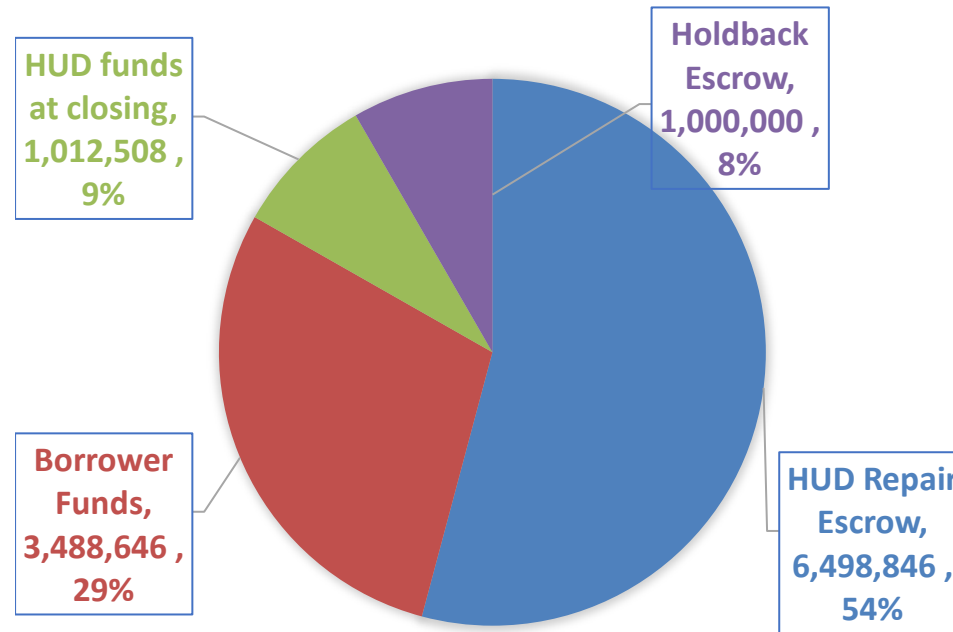
27% Budget Complete

Isabella Towers Rehab



5,339,728 Budget
331,915 Expenditures
6% Budget Complete

Cagle Terrace Rehab (Section 223F Loan)



12,000,000 Budget
740,136 Expenditures

11,000,000 Available Funds
7% Budget Complete

QUESTIONS

