

# Knoxville's Community Development Corporation



**FY 2023 Proposed Operating Budgets  
Capital Project Updates**

# FY2023 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 2023 (196 units)

- Western Heights ~ 196 units after August/September 2022

# Public Housing Operating Subsidy Assumptions

- Subsidy is estimated at \$2,127,670
- Pro-ration was 95% for 2022 Formula
- Pro-ration estimate at 95% for 2023 Formula



# Public Housing

ACCOUNT CATEGORIES	FY 2023	FY 2022	DIFFERENCES	%
Revenues	2,358,820	5,189,510	(2,830,690)	(54.5%)
Expenses	1,930,080	4,026,220	(2,096,140)	(52.1%)
Subtotal	428,740	1,163,290	(734,550)	(63.1%)
Operating Transfer to MFH	(339,150)	-0-	(339,150)	NA
Net Income/(Loss)	89,590	1,163,290	(1,073,700)	(92.3%)

# Section 8



# Section 8

- Programs Include 4,286 units:
  - **Housing Choice Voucher (3,907 Authorized Units)**
  - **Project Based Housing Choice Vouchers (563 units included in above totals)**
  - **Mainstream Vouchers (240 Units)**
  - **Moderate Rehab Programs (76 units)**
  - **Emergency Housing Vouchers (63 units)**
- Housing Assistance Payment (HAP) to private landlords of approximately \$26M (pass-thru) is not included as part of this operating budget

# Section 8

- Revenue includes:
  - **Earned Administrative Fees (3,839 units included in estimated funding; Proration of 92% estimated for Jul-Dec 2022 and 88% Jan 2023-June 2023)**

# Section 8

ACCOUNT CATEGORIES	FY 2023	FY 2022	DIFFERENCES	%
Revenues	2,812,940	2,368,580	444,360	18.8%
Expenses	2,496,460	2,258,480	237,980	10.5%
Subtotal	316,480	110,100	206,380	187.4%
Capital	0	0	0	NA
Net Income/(Loss)	316,480	110,100	206,380	187.4%

# 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 2023	FY 2022	DIFFERENCES	%
Revenues	3,516,170	3,738,380	(222,210)	(5.9%)
Expenses	5,263,430	5,061,270	202,160	4.0%
Subtotal	(1,747,260)	(1,322,890)	(424,370)	32.1%
Capital	30,000	-0-	(30,000)	NA
Net Income/(Loss)	(1,777,260)	(1,322,890)	(454,370)	(34.3%)
Operating Transfer In from MFH/LP Mgt Co.	1,777,260	1,322,890	454,370	34.3%
Net Income (Loss)	-0-	-0-	-0-	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 Buildings (North Ridge Crossing and Western Heights)**
    - **Five Points Boys and Girls Club**
    - **22 Dwelling Units from Passport Homes LP**
    - **53 Clifton Road units**
  - **Austin Home land expenses (outside partnerships)**

# KHDC

ACCOUNT CATEGORIES	FY 2023	FY 2022	DIFFERENCES	%
Revenues	1,095,650	920,370	175,280	19.0%
Expenses (including RR/DS)	1,283,400	1,059,050	224,350	21.2%
Cash Flow From Operations	(187,750)	(138,680)	(49,070)	35.4%

# KHDC

NON-OPERATING/ CAPITAL RESERVES ACTIVITY	FY 2023	FY 2022	DIFF	%
June 30 Beginning Balance	3,005,297	563,852	2,441,445	433%
Transfers In Redevelopment/ MFH	470,150	300,000	170,150	56.7%
Transfer in Sub Corps (Fees, Cash Flow), Sales, Grants	14,599,165	9,016,495	5,582,670	61.9%
Transfers Out to Capital Contributions, Fees	(8,134,496)	(6,875,050)	(1,259,446)	18.3%
June 30 Ending Balance	9,940,116	3,005,297	6,934,819	230.8%

# Redevelopment



# Redevelopment

- Redevelopment agent for local government and public entities
- All direct local government projects are not part of this operating budget
- Revenue includes:
  - **Tax Increment Financing (TIF) fees from Knox County**
  - **Other Fees (i.e., PILOT, Developer fees)**
  - **Leased Parking Lot Revenue**



# REDEVELOPMENT

ACCOUNT CATEGORIES	FY 2023	FY 2022	DIFFERENCES	%
Revenues	1,003,610	534,730	468,880	87.7%
Expenses	523,460	413,230	110,230	26.7%
Subtotal	480,150	121,500	358,650	295.2%
Excess Fees Transfer to KHDC	(470,150)	(111,500)	(358,650)	321.7%
Net Income/(Loss)	10,000	10,000	-0-	NA

# 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 (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 2023	FY 2022	DIFFERENCES	%
Revenues	281,710	296,620	(14,910)	(5%)
Expenses	286,390	303,130	(16,740)	(5.5%)
Subtotal	(4,680)	(6,510)	1,830	(28.1%)
Capital	0	0	0	NA
Net Income/(Loss)	(4,680)	(6,510)	1,830	(28.1%)

# Multi-Family Housing



# Multi-Family Housing Properties FYE 2023 (1,216 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
- Northgate Terrace ~ 273 units

# MULTI-FAMILY HOUSING

ACCOUNT CATEGORIES	FY 2023	FY 2022	DIFFERENCES	%
Revenues	8,729,570	9,336,260	(606,690)	(6.5%)
Expenses (including RR/DS)	7,701,200	7,314,430	386,770	5.3%
Cash Flow from Operations	1,028,370	2,021,830	(993,460)	(49.1%)
Operating Transfer from PH	339,150	0	339,150	NA
Operating Transfer to COCC	(1,461,500)	(861,160)	(600,340)	69.7%
Net after Transfers	(93,980)	1,160,670	(1,254,650)	(108%)



# Montgomery Village Corporation



# MONTGOMERY VILLAGE CORPORATION (HUD 223 F Loan)

ACCOUNT CATEGORIES	FY 2023	FY 2022	DIFFERENCES	%
Revenues	3,493,460	3,095,660	397,800	12.9%
Expenses (including RR/DS)	2,805,230	2,764,740	40,490	1.5%
Cash Flow from Operations	688,230	330,920	357,310	108%
Operating Transfer to COCC	-0-	(156,480)	(156,480)	(100%)
Net after Transfers	688,230	174,440	513,790	294.5%

# Cagle Terrace Corporation





# CAGLE TERRACE CORPORATION

## (HUD 223 F Loan)

ACCOUNT CATEGORIES	FY 2023	FY 2022	DIFFERENCES	%
Revenues	2,594,040	2,932,370	(338,330)	(11.5%)
Expenses (including RR/DS)	2,010,780	2,037,140	(26,360)	(1%)
Cash Flow from Operations	583,260	895,230	(311,970)	(34.8%)
Operating Transfer to COCC	-0-	(321,900)	(321,900)	(100%)
Net after transfers	583,260	573,330	9,930	1.7%

# TOTAL AGENCY OPERATING PROGRAMS

ACCOUNT CATEGORIES	FY 2023	FY 2022	DIFFERENCES	%
Revenues	25,885,970	26,445,520	(559,550)	(2.1%)
Expenses (includes RR/DS)	24,639,580	22,283,860	2,355,720	10.6%
Net Income/ (Loss) or Cash Flow From Operations	1,246,390	4,161,660	(2,915,270)	(70.1%)

# Capital Project Updates

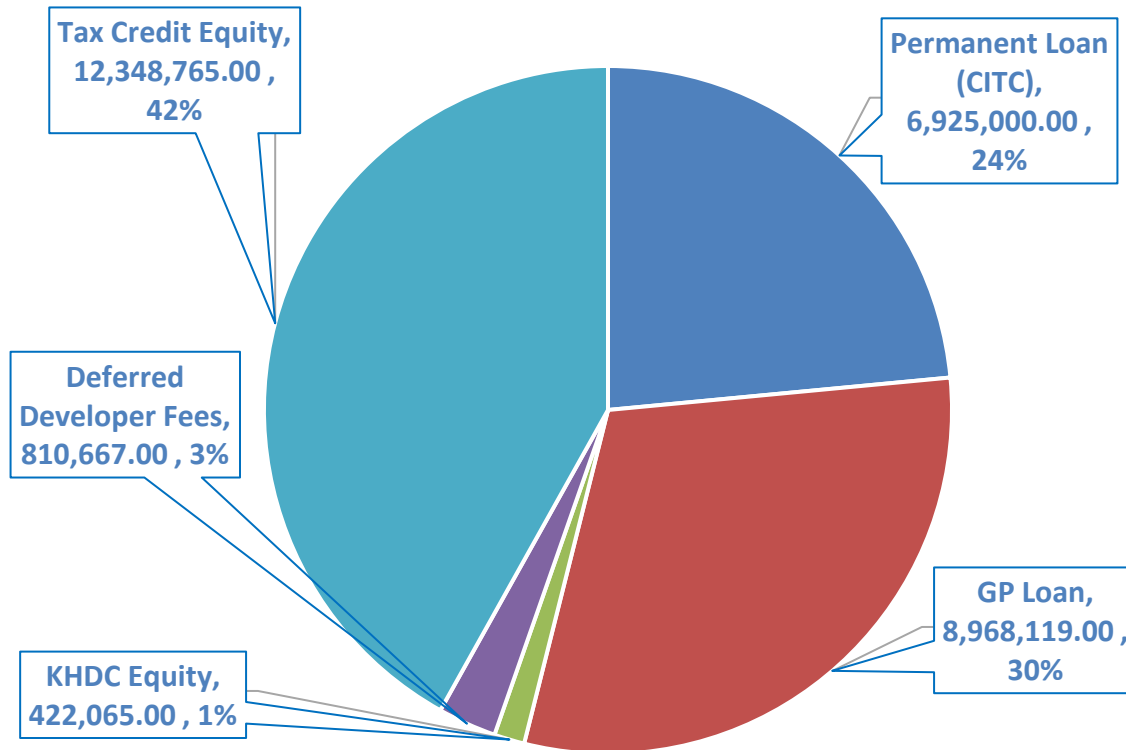
- Collaborative staff effort
  - New Construction: Development/Legal/Housing/Accounting Team
  - Rehab: Development/Housing/Legal/Accounting Team
  - Timeline based upon deadlines for:
    - » RAD conversion (Financing Plan, Closing)
    - » Tax Credit applications
    - » Other funding applications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

# Capital Projects

## FY 2022 Completions to Date

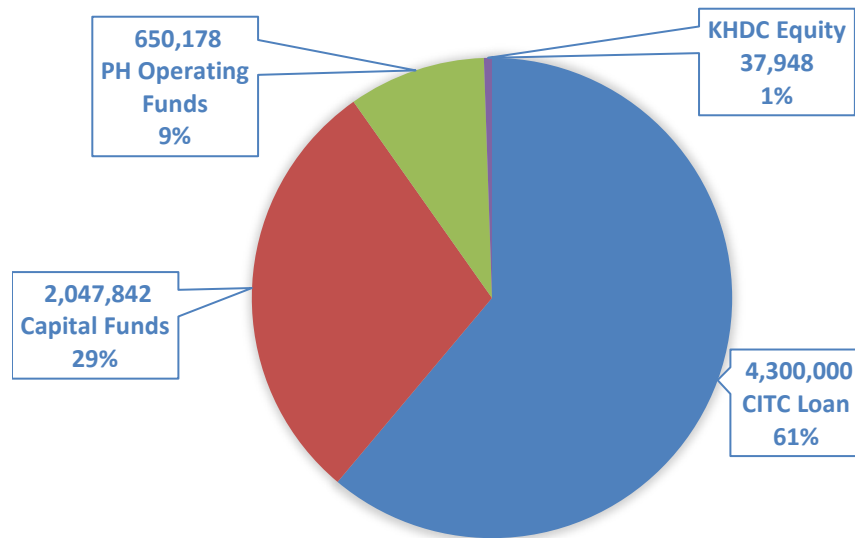
- Austin Phase 1A (Bell Street)
- Love Towers Rehab

# Austin Homes Phase 1A (Bell Street)



**29,474,616 Budget**  
**29,474,616 Expenditures**  
**100% Budget Complete**

# Love Towers Rehab



**7,035,968 Budget**  
**7,035,968 Expenditures**  
**100% Budget Complete**

# Ongoing Capital Projects

- **Pre-Development:**
  - **Austin Phase 2A**
- **Austin Homes Phase 1B**
- **Five Points Infill**
- **Isabella Towers Rehab**
- **Cagle Terrace Rehab**
- **Northgate Terrace Rehab**
- **Western Heights Head Start**

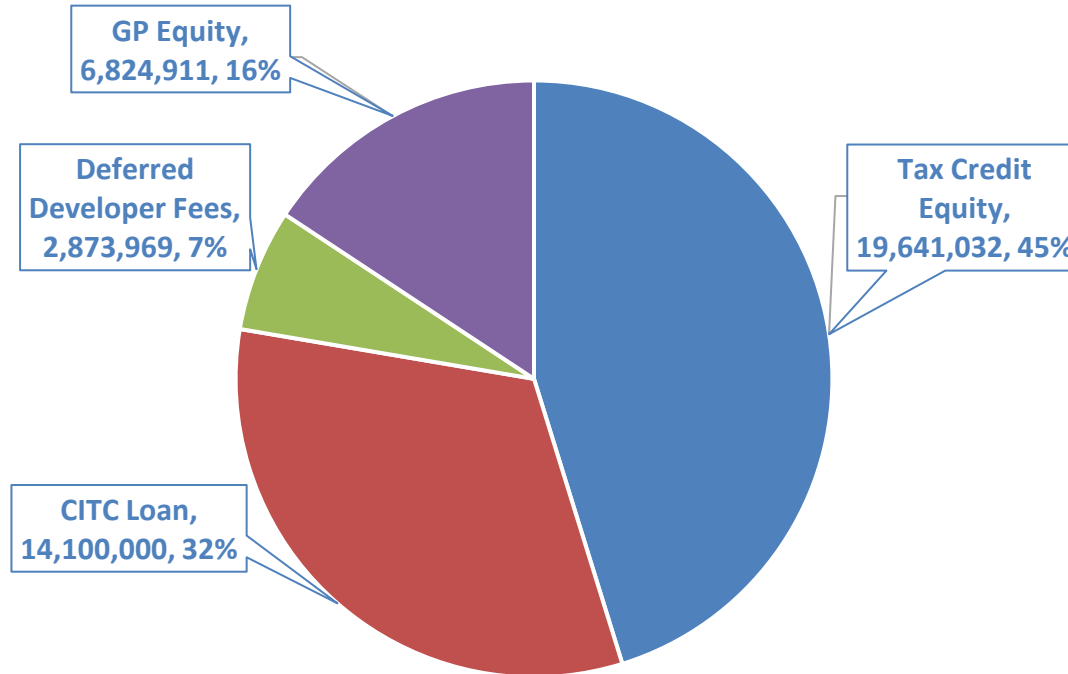
# Other Austin Homes Phases (Pre-Development)

Phase 3 (Bell Street 2):1,208,993

Includes A&E fees, survey work, market study, appraisal, financing fees

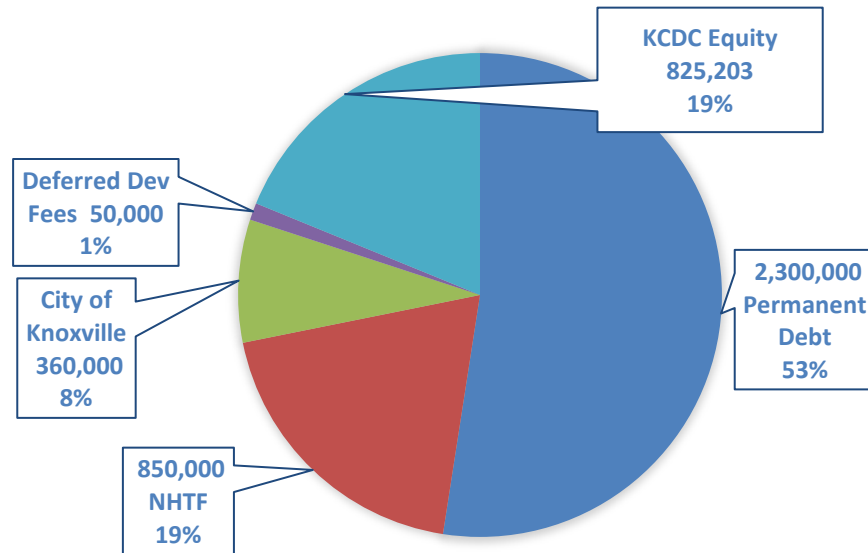


# Austin Homes Phase 1B (Bell Street 3 LP)



**43,439,912 Budget**  
**11,845,505 Expenditures**  
**27% Budget Complete**

# Five Points Infill

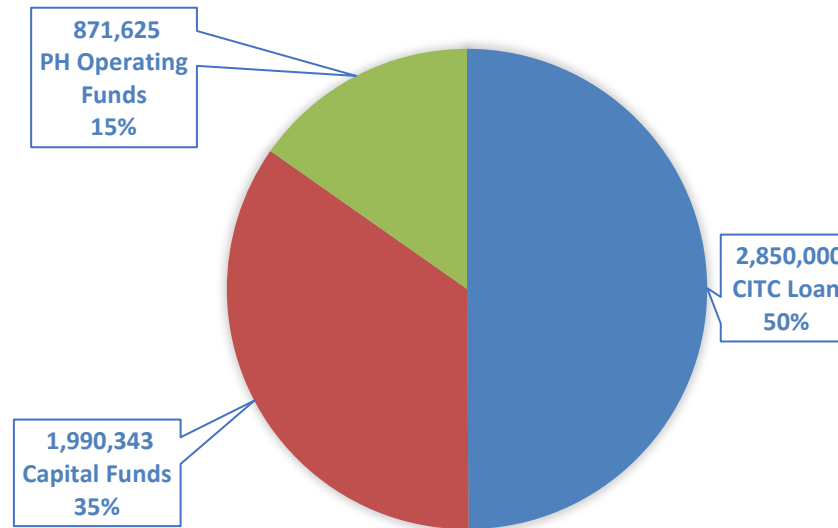


**4,385,203 Budget**

**56,261 Pre-Dev Expenditures**

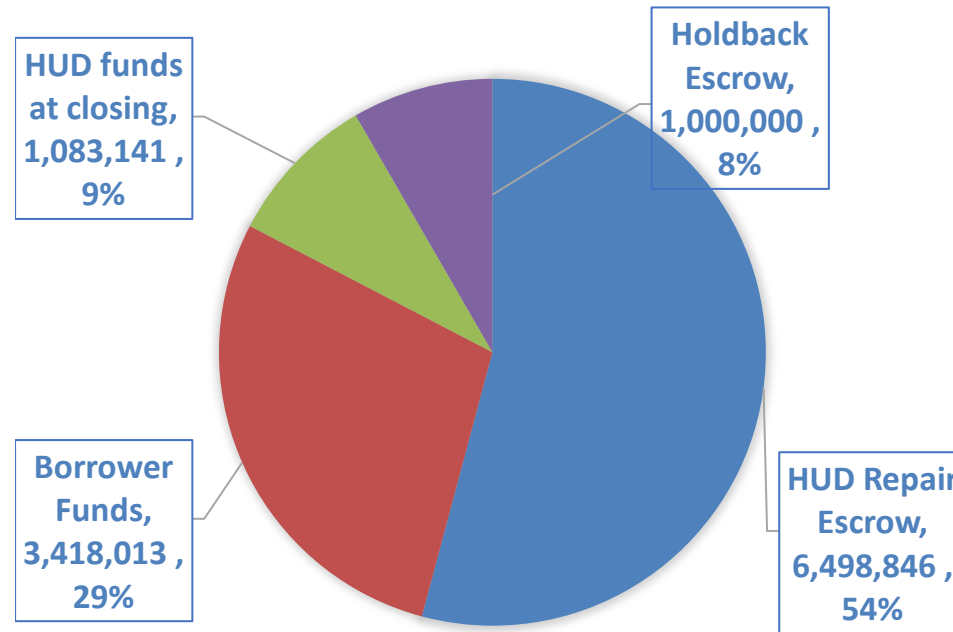
**1% Budget Complete**

# Isabella Towers Rehab



**5,711,968 Budget**  
**3,893,262 Expenditures**  
**68% Budget Complete**

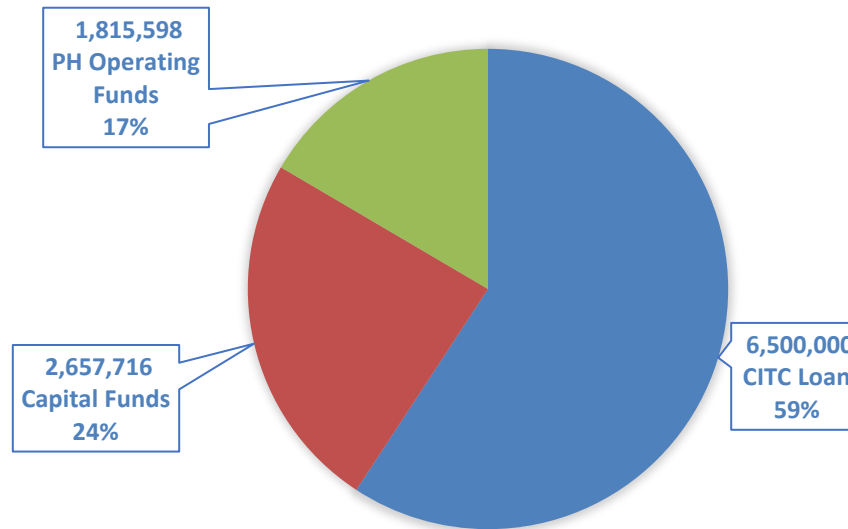
# Cagle Terrace Rehab (Section 223F Loan)



**12,000,000 Budget**  
**2,591,171 Expenditures**

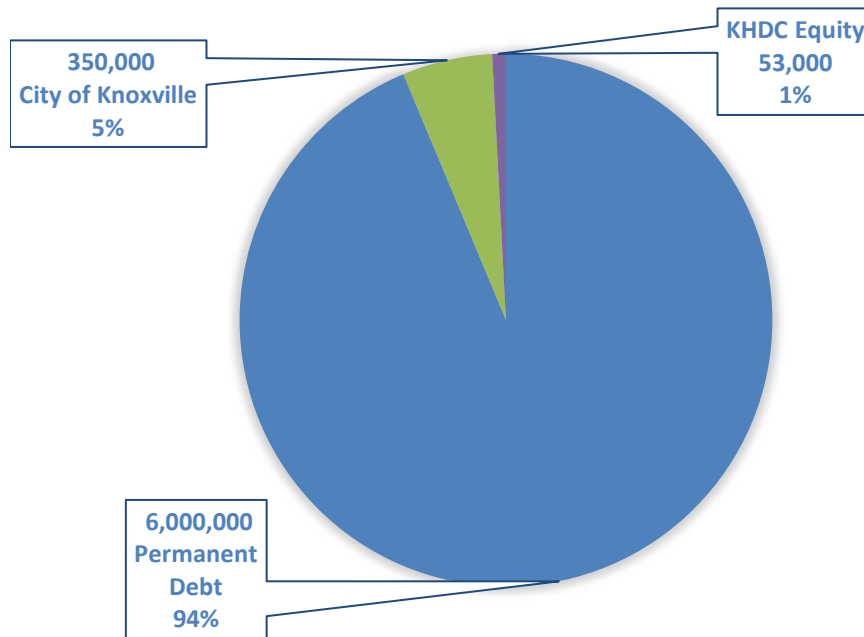
**11,000,000 Available Funds**  
**24% Budget Complete**

# Northgate Terrace Rehab



**10,973,314 Budget**  
**297,789 Expenditures**  
**3% Budget Complete**

# Western Heights Head Start



**6,403,000 Budget**  
**3,444,326 Expenditures**  
**54% Budget Complete**

# QUESTIONS

