

Housing Commission
AFFORDABLE HOUSING BUSINESS UNIT

PRIMARY SERVICES

- Manage housing under the RAD program
- Manage housing under other subsidized programs
- Tenant leasing & income certifications
- Compliance with LIHTC, FHLB, RAD & PBV regulations

FINANCIAL SUMMARY

	Actual			Projected				
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)	(\$ 000s)
<u>AFFORDABLE HOUSING</u>								
<i>Revenue:</i>								
Tenant Rent	\$ -	\$ -	\$ -	\$ 324	\$ 776	\$ 809	\$ 809	\$ 1,192
Rent Subsidies	-	-	-	819	1,712	1,910	1,910	2,455
Other Revenue	-	-	-	213	-	1	1	1
Total Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356</u>	<u>\$ 2,488</u>	<u>\$ 2,720</u>	<u>\$ 2,720</u>	<u>\$ 3,648</u>
<i>Expense:</i>								
Salaries/Benefits	\$ -	\$ -	\$ -	\$ 432	\$ 400	\$ 435	\$ 435	\$ 628
Admin Other	-	-	-	76	308	302	302	405
Tenant (Human) Services	-	-	-	17	16	8	8	8
Utilities	-	-	-	210	272	379	379	516
Maintenance Salaries/Benefits	-	-	-	279	362	431	431	518
Maintenance Buildings	-	-	-	315	570	429	429	508
Insurance	-	-	-	-	100	135	135	163
All Other	-	-	-	27	26	-	-	-
Sub-total Operating Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356</u>	<u>\$ 2,054</u>	<u>\$ 2,119</u>	<u>\$ 2,119</u>	<u>\$ 2,746</u>
Debt Service and Replacement Reserve	-	-	-	-	242	438	438	637
Total Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356</u>	<u>\$ 2,296</u>	<u>\$ 2,557</u>	<u>\$ 2,557</u>	<u>\$ 3,383</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ 163</u>	<u>\$ 163</u>	<u>\$ 265</u>
<i>Memo:</i>								
Number of Units	-	-	-	251	332	332	332	412
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192</u>	<u>\$ 656</u>	<u>\$ 1,120</u>	<u>\$ 1,686</u>

OBSERVATIONS ABOUT ABOVE FINANCIALS:

- All Public Housing units assumed converted to Affordable Housing by FY19.
- Affordable Housing Business Units are designed to be financially self-sustaining, incl maintenance & reserves
- Mortgage debt is included in the RAD financing and is supported by the operating revenues.
- Fund Balance includes restricted reserves that cant be spent until after 5 years of stabilized operations
- Tax Credit properties are audited on calendar year. Prior years are unaudited expenses during same time period to match city fiscal year
- FY16 includes some development revenues and expenses for Phase 3 of RAD conversion which is not a tax credit project
- Must maintain debt coverage ratio of 1.25% for loans

CHALLENGES/OPPORTUNITIES IN OPERATING THIS BUSINESS

- RAD conversion in process through FY19. The transition period will strain existing resources.
- Affordable Housing Business Unit will have more complex regulatory reporting and compliance requirements than under traditional Public Housing because of multiple funders and homeless & special needs tenants
- AAHC is reserving 25% of units for formerly homeless households. To insure housing stability, AAHC is seeking funding for tenant services, which cannot be paid for with operating revenue per funder requirements
tenant services costs listed here are related to resident council expenses

FUND BALANCE (Net Assets)

	<u>FY2016</u>
	(\$ 000s)
6/30/16 - Total Fund Balance (Net Assets)	\$ 462
Less:	
Restricted - Annual Oper FB per contract with LIHTC investor	(192)
Restricted - Replacement Reserves received as of June 2018	(270)
Subtotal Available Fund Balance	\$ -

Known Risks

- Low Income Housing Tax Credit market has dropped about 15% in pricing, which means that when the the final RAD phase is awarded tax credits, the AAHC will get about \$1.7 million less in funding from investors than originally projected. Market for tax credits has dropped due to investors projecting significant business tax cuts by Trump Administration