



Housing Authority

of the City of Clay Center
www.claycenterhousing.com



Equal Housing Opportunity
KS Relay Center TDD 800-766-3777

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2016 ANNUAL REPORT

CURRENT PROPERTIES MANAGED

APOLLO TOWERS

27 1-Bedroom/24 2-Bedroom Units



PARKVIEW PLAZA

50 1-Bedroom Units



TOLIN TERRACE
16 1-Bedroom/4 2-bedroom Units



DEMOGRAPHICS

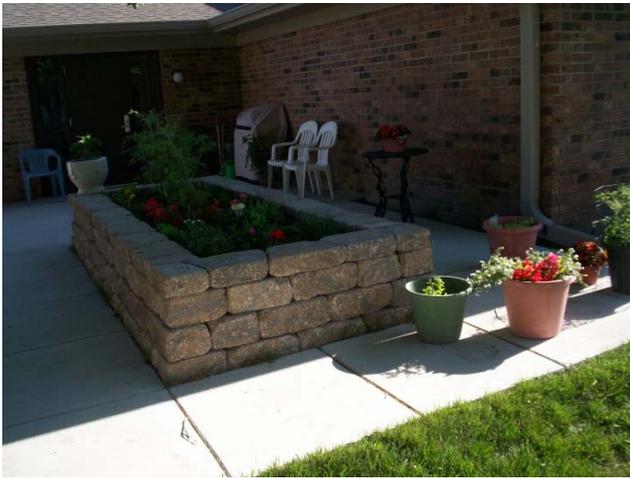
<u><i>Apollo Towers</i></u>	<i>2016</i>	<i>2006</i>	<u><i>Parkview Plaza</i></u>	<i>2016</i>	<i>2006</i>	<u><i>Tolin Terrace</i></u>	<i>2016</i>	<i>2006</i>
Age 0-18	6	0		0	0		0	0
Age 19-30	2	0		3	0		0	0
Age 31-45	10	3		1	3		2	0
Age 46-61	9	4		11	2		5	0
Age 62 and above	40	45		36	45		13	22
Native Hawaiian/ Other Pacific Island	0	0		0	0		0	0
Black	1	0		0	0		1	0
Hispanic	0	0		2	0		1	0
White	64	52		51	50		18	22
Disabled	18	11		17	10		5	0

As you can see from the numbers above, there were no families with children living in any of our properties in 2006. That is not unusual in small rural towns. Now we currently have 6 residents (4%) who are under age 18 and an increase from 21 to 40 disabled residents (29%). We now serve families with children. This has resulted in a 96.3% occupancy rate this year compared to 74% in 2006. We have not been below 93% occupancy since we completed the redevelopment of Apollo Towers in 2011. 18% of our current residents are employed. 28% are between age 31 and 61 (216% increase over 2006) and 64% are seniors (20% less than 2006). So, while we have experienced some significant changes in our resident demographics over the past decade, we have strengthened our occupancy level at the same time.

We currently serve 116 very low, low, and moderate income households consisting of 138 residents. Today the average household income at our properties is \$15,102. 88% of our tenant households are under 60% of area medium income and 27% are under 30% of area medium income. This meets one of our primary organizational objectives.

ACCOMPLISHMENTS SUMMARY

- Reorganized operations to increase productivity while reducing costs by reducing full-time staff from 8 to 4 and part-time staff from 4 to 3, eliminating the fee accountant and bringing all financial accounting in house, changing to more productive management software, and increasing staff productivity through improved hiring procedures, improved training, and improved performance monitoring.
- Relocated hazardous electric lines next to buildings to an underground duct bank enhancing health and safety.
- Significantly reduced energy costs through heating-on-demand water heating systems (\$432,000 savings over the 20 year life), installation of heat pump heating and cooling systems, purchasing new energy star appliances, upgrading to thermo windows at Tolin Terrace, replacing laundry room appliances to energy star and front load washers, and purchasing new energy star lighting throughout our properties.
- Contracted and partnered with Housing Solutions Alliance, LLC to build our capacity as a developer for the Apollo Towers Redevelopment and Parkview Plaza Renovation, and to successfully complete a RAD Conversion from the Public Housing Program to Project Based Vouchers adding financial stability to Apollo Towers and Parkview Plaza.
- Leveraged nearly \$7 million from Low Income Housing Tax Credits, FHLBank Topeka AHP funds, HUD Weatherization funds, USDA Rural Development PILOT Modernization Program, and debt to completely redevelop Apollo Towers, a 40-year old 8-story high rise with 51 units, major renovations to Tolin Terrace, a 30-year old, 20 unit complex, and needed improvements to Parkview Plaza, a 30-year old, 5-story high rise with 50 units.
- Survived the federal budget sequestration through a RAD conversion of our Public Housing Stock to Project Based Vouchers resulting in an initial increase of 15.1% in federal subsidy for 2015 and restoring our financial viability in the foreseeable future (3 to 5 years).
- An added bonus to the RAD conversion is access to additional capital through sources not available to Public Housing Properties such as HOME, Weatherization, FHA 221(d)(4), etc.
- Increased total operating reserves from \$205,823 in 2006 to \$733,357 in 2014.
- Partnered with North Central Flint Hills Area Agency on Aging, Big Lakes Development Center, 3 Rivers Residential Service, Inc., Pawnee Mental Health Services, Manhattan Rescue Mission, Clay Center Area Chamber of Commerce, HCCI, Inc., and Clay County Health Department to enable our residents to live fulfilling lives through homeless transition, job skills training, personal financial management training, raised gardens, social activities and more.
- Created new revenue sources in FY 2016 including \$5,663 from a new laundry lease/maintenance agreement (projects to \$9,467 in 2017), \$824 net from vending machines (projects to \$1,650 in 2017), \$1,048 from Advisory Services (no cap on future income), and \$1,407 cash back from paying more of our bills with the credit card.



Fiscal Year 2016 Accomplishments

At the beginning of 2013 I really wondered how we were going to keep this organization alive beyond another decade. The U.S. Congress had just passed a sequestration bill and our subsidy had not increased since 2008. We had survived by cutting costs in every place we could find and had built up our reserves through the developer fees we received from the Apollo Towers project but there did not appear to be any other sources of operating funds or expense items that could be cut and I am convinced that, if we stayed in Public Housing, we would run out of funds to sustain the Towers within 10 years.

Now, four years later, after going through 18 months of administration nightmares and depleting nearly all of the replacement reserves we had diligently built up, we finally found a spring of flowing water. Not only did our operating funding increase by 15% in FY 2016, but we received a 2.2% COLA for FY 2016, 2.7% for FY 2017 and are eligible to receive an additional 2.0% increase for FY 2018. That has not happened at all in Public Housing since I began in January of 2006. So, how did we do it?

Our combined Net Operating Income before depreciation, capital expenditures, and reserve contributions was \$131,392 for FY 2016. We deposited \$83,124 in replacement reserves but capital expenditures of \$167,958 required us to use some of our replacement reserves resulting in a combined reserves balance of \$295,328, down \$15,578 from last year.

Despite ending the year with less replacement reserves, the FY 2016 Net Operating Income was the largest in our 51-year history and FY 2017 promises to be even better. We have been hesitant to pursue Low Income Housing Tax Credits (LIHTC) to completely upgrade Parkview Plaza Apartments because of the 60% of Area Median Income Ceiling that has been a problem at Apollo Towers since 2011. However, with the Housing Trust Fund (HTF) becoming available for the first time since its creation in 2008, and promising legislation to replace the current LIHTC household income ceiling with income averaging, The Board just passed a resolution to raise \$3 to \$4 million in capital over the next 2 to 3 years to preserve Parkview Plaza. This would also allow our replacement reserves to increase at a faster rate and provide much needed resources to address some pressing capital needs at Apollo Towers and Tolin Terrace.

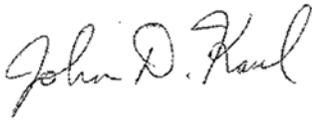


SUMMARIZATION

Since 2006, through careful study we were able to define problems, find alternative solutions and then formulate a plan to organize the human resources and leverage the financial resources by partnering with other consultants, organizations, and contractors to provide the capacity to modernize existing properties and purchase and develop new and existing properties necessary to continue the mission of providing accessible affordable housing to very low income working families, senior citizens, and persons with disabilities.

From January 2006 through 2011 Clay Center Housing Authority downsized our operations cutting our total annual budget by 10.6% while updating the operating policies and procedures, increasing productivity, and restoring the structural integrity and market viability of our 3 properties. We have now completed our second year after successfully converting our 2 Public Housing properties with 101 units to Section 8 Project Based Vouchers resulting in an immediate 15.1% increase in revenue and deregulation along with annual cost of living increases in contract rents. This addresses the current government funding shortages and stabilizes our financial viability for at least the next 3 to 5 years. An added bonus of leaving Public Housing is the opening of doors to other capital sources not available to Public Housing Projects. We have just begun utilizing that opportunity. We have also adapted our marketing strategy to bring more underserved households to Clay Center from other communities. Today Clay Center Housing Authority is serving a broader, more diverse population of very low income families in our community and is positioned to continue this for years to come.

Respectfully,



John D. Kaul