

Community Roots Housing - 2026 Budget

DRAFT as of January 6, 2026

Modified Cash-Basis Statement

	2025 Forecast	2026 Budget	Change	Discontinued Operations	Net Change	Net Change
Residential Tenant Revenue						
Residential Tenant Revenue	13,017,525	9,835,863	-3,181,662	3,031,136	-150,526	-1.51% 1
Parking, Laundry & Other	167,025	175,127	8,102	2,061	10,163	6.16%
Residential Vacancy & Concessions	-2,292,397	-942,056	1,350,340	-383,285	967,055	-50.65% 2
Net Residential Revenue	10,892,153	9,068,934	-1,823,219	2,649,911	826,692	10.03%
Commercial Tenant Revenue						
Commercial Rent Revenue	1,400,661	1,414,524	13,864	0	13,864	0.99%
Triple Net Revenue	356,356	321,993	-34,363	0	-34,363	-9.64%
Commercial Vacancy & Concessions	-770	-47,713	-46,943	0	-46,943	6,100.34% 3
Net Commercial Revenue	1,756,247	1,688,805	-67,442	0	-67,442	-3.84%
Bad Debt & Collection Loss	-1,192,125	-1,108,434	83,691	-235,137	-151,447	15.83% 4
Total Tenant Revenue	11,456,276	9,649,305	-1,806,971	2,414,774	607,803	6.72%
Other Operating Revenue						
Grants & Donations, net	1,488,220	2,601,976	1,113,756	0	1,113,756	74.84% 5
Accounting & Compliance Fees	1,766,403	1,652,972	-113,431	0	-113,431	-6.42% 6
Developer Fees	1,204,280	1,648,223	443,943	0	443,943	36.86% 7
Cash Distribution from Affiliate	265,621	150,000	-115,621	0	-115,621	-43.53% 8
Partnership Management Fees	36,067	0	-36,067	0	-36,067	-100.00% 9
Property Management Fees	1,714,153	1,481,309	-232,845	0	-232,845	-13.58% 10
Interest Income	13,988	78,000	64,012	0	64,012	457.64%
Other Income	280,933	10,000	-270,933	0	-270,933	-96.44% 11
Total Other Operating Revenue	6,769,665	7,622,480	852,815	0	852,815	12.60%
Operating Revenue	18,225,941	17,271,785	-954,156	2,414,774	1,460,617	9.24%
Operating Expenses						
Administrative	2,022,545	2,038,192	15,647	192,274	207,921	11.36% 12
Cash Distribution to CRH	484,426	140,000	-344,426	471,949	127,523	1,022.09% 13
Compliance, Taxes & License	406,119	369,854	-36,265	23,774	-12,490	-3.27%
Consulting	251,731	329,084	77,353	0	77,353	30.73% 14
Debt Service	2,424,983	1,920,007	-504,976	648,930	143,954	8.11% 15
Insurance	977,145	777,986	-199,159	148,634	-50,525	-6.10% 16
Leasing & Compliance Expense	641,016	423,339	-217,677	48,348	-169,329	-28.57% 17
Other & Misc	26,157	5,100	-21,057	0	-21,057	-80.50%
Management Fees Expense	997,848	709,573	-288,275	128,386	-159,889	-18.39% 18
Payroll, Taxes & Benefits	9,249,415	10,234,151	984,736	255,430	1,240,165	13.79% 19
Repairs & Maintenance	3,528,541	1,912,829	-1,615,712	908,663	-707,049	-26.99% 20
Resident Activities	13,184	24,185	11,001	8	11,010	83.57%
Utilities	1,726,453	1,495,535	-230,919	273,504	42,586	2.93%
Operating Expenses	22,749,564	20,379,835	-2,369,728	3,099,901	730,173	3.72%

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Operating Surplus (Deficit)	-4,523,622	-3,108,050	1,415,572	-685,127	730,445	-19.03%
Reserve Uses (Contributions)	-482,953	-346,168	136,785	-110,300	26,484	-7.11% 21
Transactional Activities, net	2,666,036	4,000,000	1,333,964	0	1,333,964	50.04% 22
Intercompany, net	-1,200,000	-447,770	752,230	0	752,230	-62.69% 23
Adjusted Operating Surplus (Deficit)	-3,540,540	98,011	3,638,551	-795,428	2,843,123	-103.57%

Footnotes:

0 Overview. Portfolio changes significantly impact year-over-year comparisons. To improve comparability, we show the amount due to portfolio changes as "discontinued operations" and calculate the net change due to continuing operations. "Discontinued operations" includes HUD-sale properties and the Heartwood. "Net change" is the year-over-year change for all other blended entities. "2025 Forecast" includes blended actuals through November, with an estimate for December. "2026 Budget" includes blended entities, which are CRH departments plus the blended portfolio. "Change" is the 2026 budget minus the 2025 forecast. "Discontinued operations" are the total 2025 forecasts for disposed buildings that are not included in the 2026 budget. "Net change" is the change plus discontinued operations.

1 Residential Tenant Revenue net change is primarily due to subsidy billing differences. This is offset by a modest rent increase of 4%, assumed to take effect in Q3. Rents are controlled by regulatory agreements, capping rents and limiting changes. Seattle Office of Housing usually publishes updates in May.

2 Residential Vacancy & Concessions will be reviewed in detail at the Board meeting. A new method will be introduced, which evaluates vacancy by building and unit. The budget assumes a 20% baseline turnover, and adds the number of households with >\$5k in past due rent, who are most at-risk of moving out in 2026. It also assumes that units are vacant for 120 days. In total, the new method results in a portfolio-wide physical vacancy rate of 8.7%. Note: the portfolio-wide rate includes both blended and discrete entities; however, this budget statement only includes blended entities.

3 Commercial Vacancy & Concessions is one vacancy at 12AA.

4 Bad Debt & Collection Loss will be reviewed in detail at the Board meeting. This follows the same logic of the vacancy rate method, i.e., a building and unit evaluation. The budget assumes that the at-risk households move-out with a past due balance, plus a gross up of 25% to account for timing. In total, the method results in a portfolio-wide bad debt rate of 8.06%. The same note above applies here: the portfolio-wide rate includes both blended and discrete entities; however, this budget statement only includes blended entities. This also does not include rental assistance, which we continue to pursue.

5 Grants & Donations net change is due to anticipated additional grants from new opportunities, like the Seattle Office of Housing stabilization and preservation funds, which alone will likely more than cover the change shown here. Other general operating and restricted funding sources are being actively developed.

6 Accounting & Compliance Fees net change is due to portfolio changes. With fewer buildings, we have less management fee revenue.

7 Developer Fees are cash fees we receive during the development period of new projects. Cash fees are expected from 4 projects: Devonshire, Africatown Plaza, Canopy/White Center HUD, and 13th & Fir.

8 Cash Distribution from Affiliate is an intercompany transaction, offset by expense.

9 Partnership Management Fees are cash flow contingent, so usually not budgeted.

10 Property Management Fees net change is due to portfolio changes. With fewer buildings, we have less management fee revenue.

11 Other Income net change is primarily due to actuals including insurance claim proceeds, which offsets repair expense.

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12 **Administrative** net change is a decrease in legal, and increases in training and technology. Legal is higher in 2025 due to the Heartwood and CEO recruitment. Training most often ends up less than budget, and in 2025, paid or external trainings didn't come to fruition (this is expected). Technology is offset in part by grant awards, and includes necessary building infrastructure investments for security cameras and door access systems.

13 **Cash Distribution to CRH** is an intercompany transaction, offset by revenue.

14 **Consulting** net change is primarily the portfolio assessment we intend to conduct this year.

15 **Debt Service** net change is primarily due to restarting loan payments to Dept of Commerce, which have been deferred since 2020.

16 **Insurance** net change is primarily due to cost-savings related to switching insurance carriers.

17 **Leasing & Compliance Expense** net change is due to 2025 billing errors. The 2026 budget corrects this.

18 **Management Fees Expense** net change is primarily due to reclassifying the Jefferson, from discrete to blended. Most often, this type of change occurs when properties reach the end of their initial 15-year compliance period, at which point investors exit.

19 **Payroll, Taxes & Benefits net change includes** 9 new positions, adjusted for timing. Five start in March: Assistant Property Managers (2), Area Management Specialist (1), Maintenance Techs (2). Four start in June: Business Revenue Manager (1), Business Systems Analyst (1), Data Analyst (1), Accountant (1). Three other new positions are being considered, but are grant contingent, so excluded from the budget. The budget also assumes a base change of 4% across existing positions, and a 2% structural vacancy rate to capture cost savings due to turnover. Certain positions assume a higher change to address persistent turnover issues.

20 **Repairs & Maintenance** net change is primarily insurance related in the forecast. The new contingent interest reserve will offset variances in 2026.

21 **Reserve Uses (Contributions)** net change is primarily due to reclassifying the Jefferson, from discrete to blended.

22 **Transactional Activities** is an estimate of proceeds from the remaining HUD sale properties, net of funding Board designated and general reserves.

23 **Intercompany, net** will be reviewed in detail at the Board meeting. This is the discrete portion of property feed. The blended portion is already incorporated above.