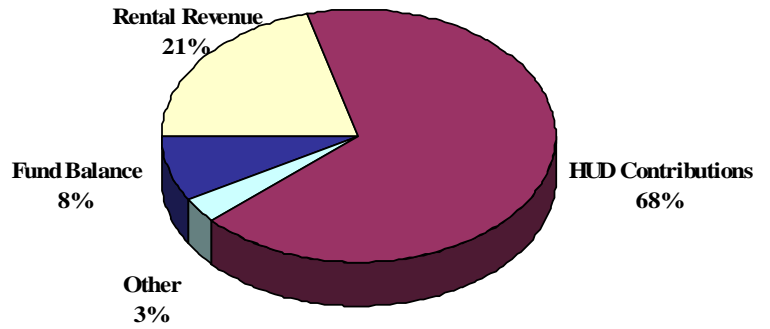


PUBLIC HOUSING FUND

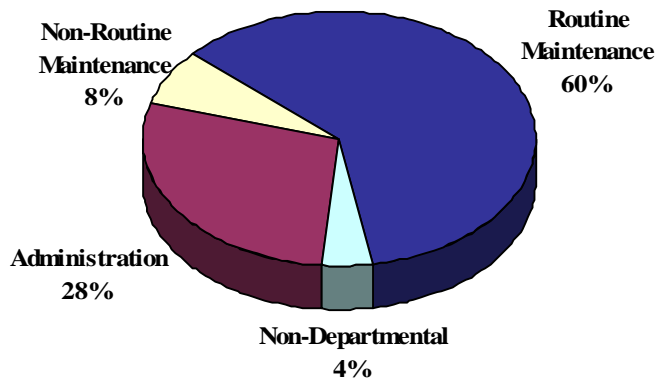
The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.

Housing Revenues



Total \$1,638,561

Housing Expenditures



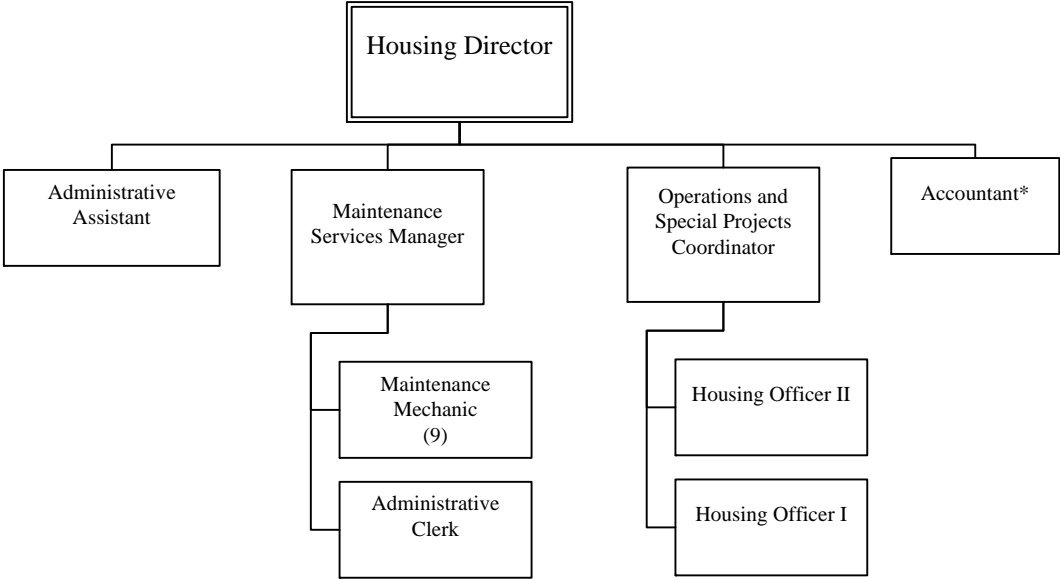
DEPARTMENT OF HOUSING

MISSION STATEMENT: *The primary mission of the Department of Housing is to provide safe and affordable rental housing for Chapel Hill's public housing families.*

The Department of Housing manages the Town's 336 public housing apartments and provides programs and services to help public housing families improve basic life skills in an effort to achieve economic independence. Services provided by the Department of Housing include:

- Management of Public Housing and Capital Fund Programs in accordance with the U.S. Department of Housing and Urban Development regulations
- Provision of low cost or no cost rental housing for low-income families
- Referral services for residents with alcohol or drug dependency problems
- Provision of home visits to determine eligibility or collect rental payments
- Comprehensive orientation for new residents
- Response to residents' requests for repairs, including 24-hour emergency repair service
- Provision of quarterly preventive maintenance and safety inspections
- Refurbishment of public housing apartments every five years

HOUSING



*Position is funded by the Housing Department and supervised by the Finance Department.

PUBLIC HOUSING
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

| | 2004-05 ADOPTED | 2005-06 ADOPTED | 2006-07 ADOPTED |
|--|----------------------------|----------------------------|----------------------------|
| Administration | | | |
| Director-Housing | 1.00 | 1.00 | 1.00 |
| Operations and Special Projects Coordinator | 1.00 | 1.00 | 1.00 |
| Accountant - Housing* | 1.00 | 1.00 | 1.00 |
| Office Assistant | 0.00 | 1.00 | 1.00 |
| Administrative Assistant | 1.00 | 0.00 | 0.00 |
| Division Totals | 4.00 | 4.00 | 4.00 |
| Maintenance | | | |
| Maintenance Services Manager | 1.00 | 1.00 | 1.00 |
| Maintenance Mechanic (Repair Worker, I, II, III) | 9.00 | 9.00 | 9.00 |
| Administrative Clerk | 1.00 | 1.00 | 1.00 |
| Division Totals | 11.00 | 11.00 | 11.00 |
| Resident Services | | | |
| Housing Officer II | 1.00 | 1.00 | 1.00 |
| Housing Officer I | 1.00 | 1.00 | 1.00 |
| Resident Services Officer | 1.00 | 0.00 | 0.00 |
| Division Totals | 3.00 | 2.00 | 2.00 |
| Housing Department Totals | 18.00 | 17.00 | 17.00 |

*The Accountant position is supervised by the Finance Department.

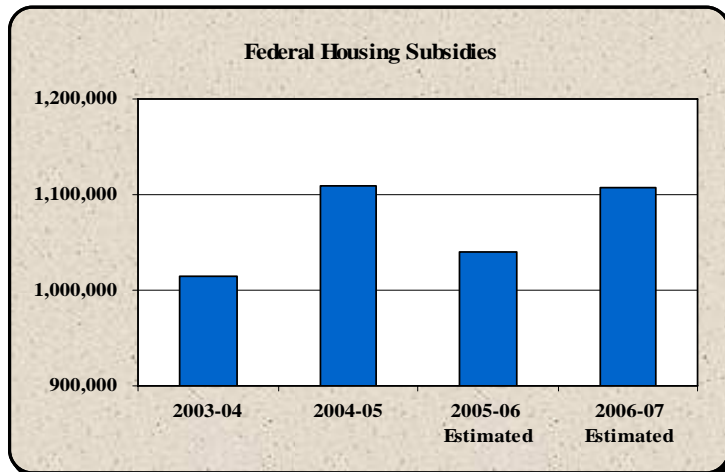
PUBLIC HOUSING FUND

Major Revenue Sources - Descriptions and Estimates

The Town's Public Housing program provides for the administration and operation of the Town's 336 public housing units, and is funded primarily through federal grants and rents paid by residents.

In 1987, the Chapel Hill Public Housing Authority was abolished by the Chapel Hill Town Council. Since then, the Town's public housing program has been operated as a Town Department administered by Town staff and a Public Housing Director.

Primary revenue sources include dwelling rents paid by residents and an operating grant from the Department of Housing and Urban Development (HUD). The Town has not yet received notice from HUD for the second half of this year's funding. The department's budget totals \$1,639,000 for fiscal year 2006-07, including a federal subsidy amount of



\$1.1 million, slightly higher than originally budgeted in 2005-06. The budget is based primarily on preliminary information from HUD, but may need to return to the Council if an amendment is necessary. Because HUD has begun budgeting on a calendar year basis, the Housing Department will not have a final budget for the federal subsidy, the largest revenue for the Public Housing Fund, until late 2006-07.

The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at \$340,000, \$37,000 less than budgeted in 2005-06. The total budget for fiscal year 2006-07 is about \$1.6 million.

Major Expenditures and Estimates

Expenditures for the housing program are primarily for the operation and maintenance of the 336 public housing units. Major expenditure categories include about \$1,116,000 for the routine and non-routine maintenance of the units, \$456,000 for administration and \$67,000 for non-departmental operations.

PUBLIC HOUSING

BUDGET SUMMARY

Public Housing functions include administration of the Housing program, routine and non-routine maintenance and non-departmental operations for the Town's 336 public housing units, funded primarily through federal grants from the U.S. Department of Housing and Urban Development and rents paid by residents. The 2006-07 adopted budget includes a decrease in rental revenue based on the established HUD occupancy formula and an increase in the use of appropriated fund balance.

EXPENDITURES

| | 2004-05 Actual | 2005-06 Original Budget | 2005-06 Revised Budget | 2005-06 Estimated | 2006-07 Adopted Budget | % Change from 2005-06 |
|-------------------------|---------------------------|--|---------------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Administration | 469,027 | 476,805 | 480,122 | 472,468 | 459,708 | -3.6% |
| Routine Maintenance | 861,981 | 956,148 | 963,507 | 963,078 | 990,001 | 3.5% |
| Non-Routine Maintenance | 61,711 | 101,966 | 121,909 | 120,453 | 122,266 | 19.9% |
| Non-Departmental | 47,640 | 65,831 | 66,797 | 66,797 | 66,586 | 1.1% |
| Total | 1,440,359 | 1,600,750 | 1,632,335 | 1,622,796 | 1,638,561 | 2.4% |

REVENUES

| | 2004-05 Actual | 2005-06 Original Budget | 2005-06 Revised Budget | 2005-06 Estimated | 2006-07 Adopted Budget | % Change from 2005-06 |
|------------------------------|---------------------------|--|---------------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Rental Revenue | 332,327 | 396,734 | 396,734 | 396,734 | 339,971 | -14.3% |
| HUD Contributions | 1,109,767 | 1,077,089 | 1,040,017 | 1,040,017 | 1,107,020 | 2.8% |
| Other Revenues | 23,024 | 24,072 | 24,072 | 28,073 | 28,269 | 17.4% |
| Interest Income | 11,601 | 10,364 | 10,364 | 18,152 | 25,500 | |
| Appropriated Fund Balance | (36,360) | 92,491 | 161,148 | 139,820 | 137,801 | 49.0% |
| Total | 1,440,359 | 1,600,750 | 1,632,335 | 1,622,796 | 1,638,561 | 2.4% |

PUBLIC HOUSING - Administration
BUDGET SUMMARY

The adopted budget for the Administration division reflects an 8.8% decrease in personnel costs following the elimination of the Resident Services position in 2005-06. Operating expenses are budgeted to increase 18.5% to account for fuel cost increases, contract custodial services, an energy audit required by HUD, and legal fees.

EXPENDITURES

| | 2004-05 Actual | 2005-06 Original Budget | 2005-06 Revised Budget | 2005-06 Estimated | 2006-07 Adopted Budget | % Change from 2005-06 |
|-----------------|---------------------------|--|---------------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Personnel | 387,849 | 385,845 | 385,845 | 377,422 | 351,894 | -8.8% |
| Operating Costs | 81,178 | 90,960 | 94,277 | 95,046 | 107,814 | 18.5% |
| Capital Outlay | - | - | - | - | - | N/A |
| Total | 469,027 | 476,805 | 480,122 | 472,468 | 459,708 | -3.6% |

PUBLIC HOUSING - Non-Departmental BUDGET SUMMARY

The adopted budget for Non-Departmental operations remains largely unchanged from last year.

EXPENDITURES

| | 2004-05 Actual | 2005-06 Original Budget | 2005-06 Revised Budget | 2005-06 Estimated | 2006-07 Adopted Budget | % Change from 2005-06 |
|-----------------|---------------------------|--|---------------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Personnel | - | - | - | - | - | N/A |
| Operating Costs | 47,640 | 65,831 | 66,797 | 66,797 | 66,586 | 1.1% |
| Capital Outlay | - | - | - | - | - | N/A |
| Total | 47,640 | 65,831 | 66,797 | 66,797 | 66,586 | 1.1% |

PUBLIC HOUSING - Routine Maintenance
BUDGET SUMMARY

The adopted budget for routine maintenance projects a decrease of 0.9% in personnel costs for reductions in medical insurance and workers' compensation costs. An increase of 8.5% in operating costs includes increases in utilities, uniform rentals and stormwater management fees in addition to dumpster fees, gutter and roof cleaning, and repair and maintenance of vacant units.

EXPENDITURES

| | 2004-05 Actual | 2005-06 Original Budget | 2005-06 Revised Budget | 2005-06 Estimated | 2006-07 Adopted Budget | % Change from 2005-06 |
|-----------------|---------------------------|--|---------------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Personnel | 540,743 | 619,073 | 619,073 | 616,404 | 624,424 | 0.9% |
| Operating Costs | 321,238 | 337,075 | 344,434 | 346,674 | 365,577 | 8.5% |
| Capital Outlay | - | - | - | - | - | N/A |
| Total | 861,981 | 956,148 | 963,507 | 963,078 | 990,001 | 3.5% |

PUBLIC HOUSING - Non-Routine Maintenance
BUDGET SUMMARY

The adopted budget for Non-Routine Maintenance includes a 21% increase in operating costs. Software licensing and the purchase of replacement equipment and furnaces account for the \$18,300 increase. The 13.3% increase in capital outlay is the result of anticipated expenditures for motor vehicles in accordance with the established vehicle replacement schedule.

EXPENDITURES

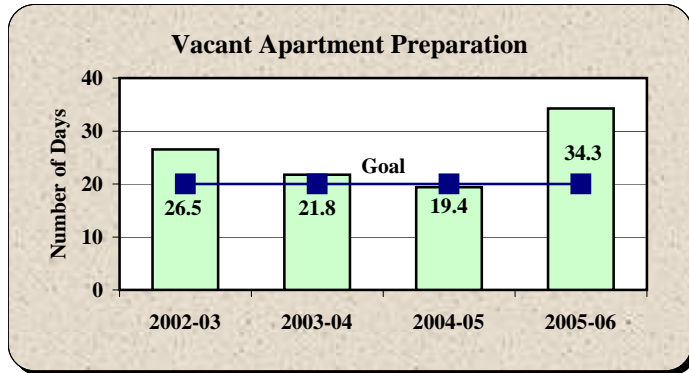
| | 2004-05 Actual | 2005-06 Original Budget | 2005-06 Revised Budget | 2005-06 Estimated | 2006-07 Adopted Budget | % Change from 2005-06 |
|-----------------|---------------------------|--|---------------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Personnel | - | - | 954 | - | - | N/A |
| Operating Costs | 39,680 | 86,966 | 87,589 | 87,589 | 105,266 | 21.0% |
| Capital Outlay | 22,031 | 15,000 | 33,366 | 32,864 | 17,000 | 13.3% |
| Total | 61,711 | 101,966 | 121,909 | 120,453 | 122,266 | 19.9% |

HOUSING TRENDS

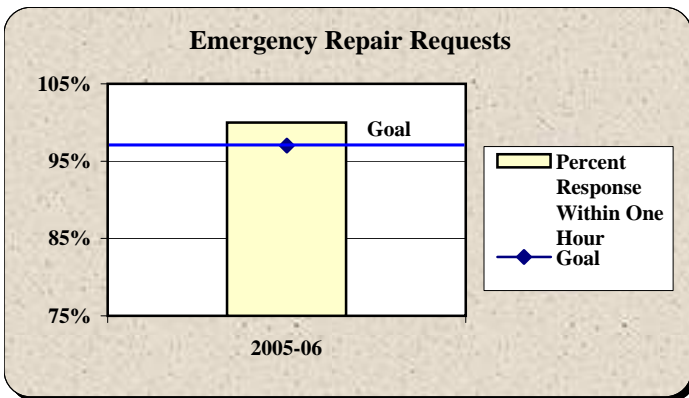
COUNCIL SERVICE GOALS: Offer secure, reliable and affordable services. Maintain safe and attractive public facilities.

GOAL : Prepare vacant apartments for occupancy within 20 days.

In fiscal year 2005-06, the Housing Department fell short of its goal. Major renovations were done to the Airport Garden Apartments, which caused vacancies for several months. The Housing Department will strive to achieve its goal in fiscal year 2006-07.



GOAL : Complete 97% of emergency repairs within 24 hours. (Note: This goal was established in fiscal year 2005-06.)

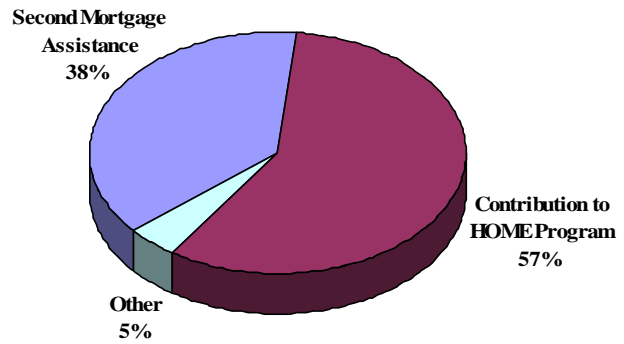


In fiscal year 2005-06, the Housing Department completed 100% of its 193 emergency repairs within 24 hours, following standards set forth by the Department of Housing and Urban Development.

HOUSING LOAN TRUST FUND

The Housing Loan Trust Fund accounts for the Town's loan programs for the purchase and renovation of homes for lower income families.

Housing Loan Trust Expenditures



HOUSING LOAN TRUST FUND

BUDGET SUMMARY

The Housing Loan Trust Fund reflects a continuation of existing programs for mortgage assistance in 2006-07 and includes funding for the Town's share of matching funds for the HOME program administered by Orange County.

EXPENDITURES

| | 2004-05 Actual | 2005-06 Original Budget | 2005-06 Revised Budget | 2005-06 Estimated | 2006-07 Adopted Budget | % Change from 2005-06 |
|----------------------------|---------------------------|--|---------------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Other Expenses | 2,304 | 180 | 172 | 172 | 180 | 0.0% |
| 2nd Mortgage Assistance | 16,000 | 20,000 | 20,000 | 20,000 | 40,000 | 100.0% |
| Interest | 19 | 4,600 | 4,600 | 4,600 | 4,600 | 0.0% |
| Contributions to Agencies: | | | | | | |
| HOME Program Match | 112,599 | 65,300 | 133,485 | 133,485 | 61,398 | -6.0% |
| Habitat for Humanity | 6,587 | - | 30,000 | 30,000 | - | N/A |
| Total | 137,509 | 90,080 | 188,257 | 188,257 | 106,178 | 17.9% |

REVENUES

| | 2004-05 Actual | 2005-06 Original Budget | 2005-06 Revised Budget | 2005-06 Estimated | 2006-07 Adopted Budget | % Change from 2005-06 |
|------------------------------|---------------------------|--|---------------------------------------|------------------------------|---------------------------------------|--------------------------------------|
| Interest Income | 6,689 | 900 | 900 | 9,000 | 4,000 | 344.4% |
| Program Income | 7,854 | - | - | - | - | N/A |
| 2nd Mortgage Payoff | 46,197 | - | - | - | - | N/A |
| Appropriated Fund Balance | 76,769 | 89,180 | 187,357 | 179,257 | 102,178 | 14.6% |
| Total | 137,509 | 90,080 | 188,257 | 188,257 | 106,178 | 17.9% |

COMMUNITY DEVELOPMENT PROJECT ORDINANCES
U.S. Department of Housing and Urban Development
Community Development Program
Summary of Activities

The Town became an "entitlement" Community Development city in 1984, which means that the Town is entitled to receive Community Development grant funds annually upon submission of a final statement.

The 2001 project ordinance budgets a \$441,000 grant and \$35,000 of program income for rehabilitation of public housing, Meadowmont Affordable Townhomes, neighborhood revitalization, property acquisition for a Habitat for Humanity subdivision, and community services.

The 2002 project ordinance budgets a \$445,000 grant and \$16,000 of program income for rehabilitation of public housing, neighborhood revitalization, community services, and acquisition of property for a Habitat for Humanity subdivision.

The 2003 project ordinance budgets a \$723,000 grant and \$5,250 of reallocated funds for rehabilitation of public housing, neighborhood revitalization, a comprehensive rehabilitation program, and community services.

The 2004 project ordinance budgets a \$711,000 grant and \$91,318 of program income for rehabilitation of public housing, neighborhood revitalization, homeownership assistance, and community services.

The 2005 project ordinance budgets a 666,392 grant and \$17,475 of program income for rehabilitation of public housing, acquisition of property in the Northside neighborhood, start-up costs for a new men's homeless shelter, sewer connection assistance, and community services.