

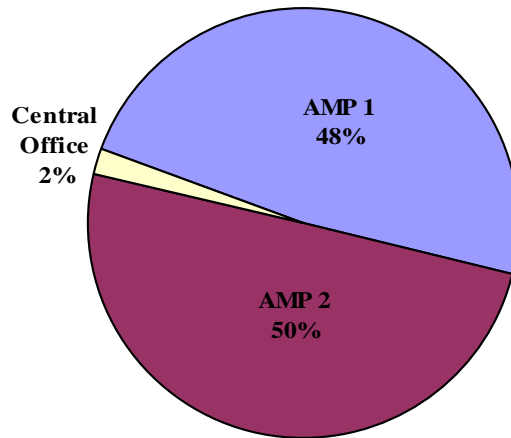
# ***PUBLIC HOUSING FUND***

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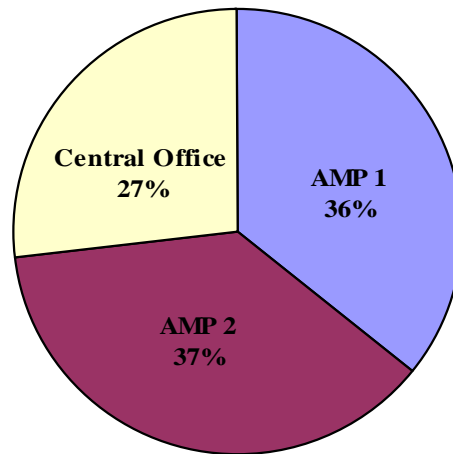
The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.

HUD's funding model changed significantly in 2007-08, dictating changes that preclude comparison with the historical model. Under the new funding formula, the Town's 13 public housing sites are separate into two Asset Management Projects (AMPs) and HUD's funding is allocated by AMP. Overhead costs are accounted for in the "Central Office Cost Center" and are funded through internal fees charged to the AMPs.

**Housing Revenues  
Net of Transfers**



**Housing Expenses  
(Net of Transfers)**



# ***DEPARTMENT OF HOUSING***

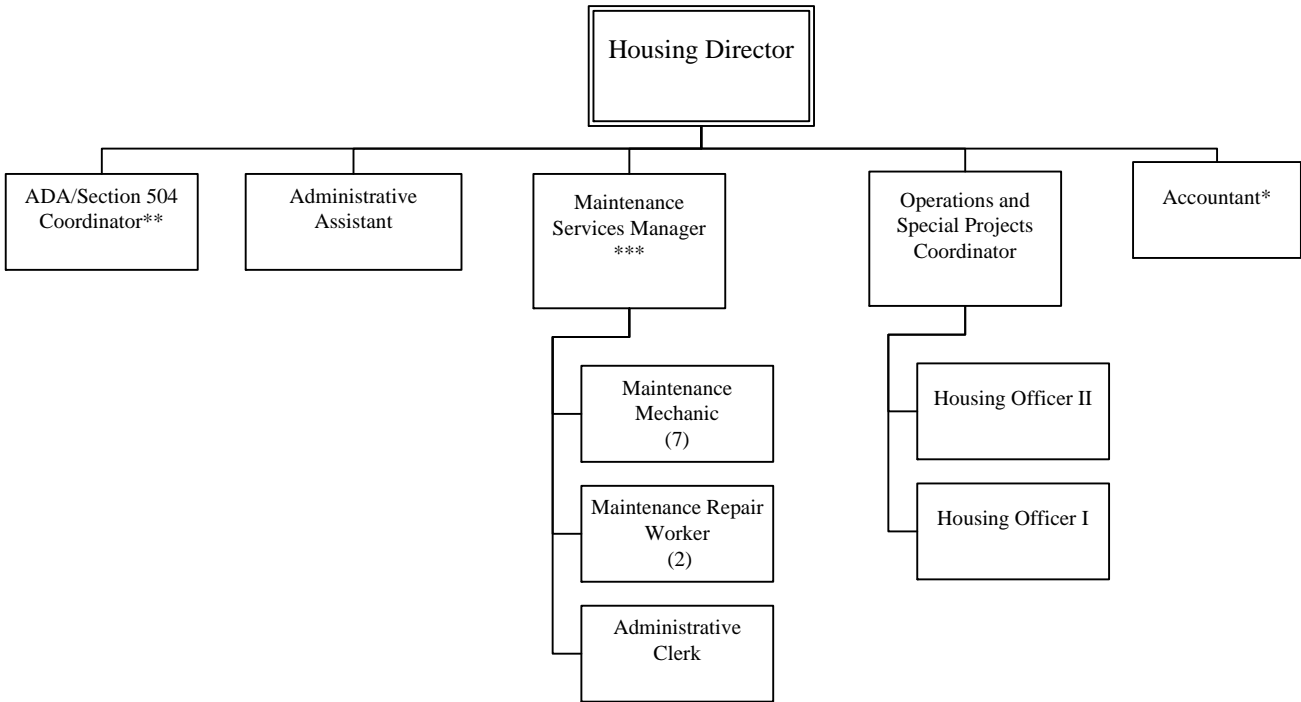
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**MISSION STATEMENT:** *The mission of the Department of Housing is to provide decent, safe, and affordable rental housing for Chapel Hill's public housing families and to provide programs and services to help public housing families improve basic life skills and achieve economic independence.*

The Department of Housing manages the Town's 336 public housing apartments located in 13 neighborhoods throughout Chapel Hill and Carrboro. Goals for 2008-09 include:

- Transition to a project-based and asset management public housing operation as required by the U.S. Department of Housing and Urban Development.
- Ensure safe and well maintained housing for all residents.
- Complete preventive maintenance and safety inspections and repairs in all 336 public housing apartments.
- Prepare vacant apartments for occupancy.
- Recertify residents' eligibility for public housing tenancy.

**HOUSING**



\*Position is funded by the Housing Department and supervised by the Business Management Department.

\*\*Grant-funded position.

\*\*\*Maintenance positions are funded by the Housing Department and supervised by the Public Works Department.

***PUBLIC HOUSING***  
***STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS***

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	<b>2006-07 ADOPTED</b>	<b>2007-08 ADOPTED</b>	<b>2008-09 ADOPTED</b>
<b>Administration</b>			
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	1.00	1.00	1.00
ADA/Section 504 Coordinator**	0.00	1.00	1.00
Division Totals	<u>4.00</u>	<u>5.00</u>	<u>5.00</u>
<b>Maintenance***</b>			
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	<u>11.00</u>	<u>11.00</u>	<u>11.00</u>
<b>Resident Services</b>			
Housing Officer II	1.00	1.00	1.00
Housing Officer I	1.00	1.00	1.00
Division Totals	<u>2.00</u>	<u>2.00</u>	<u>2.00</u>
Housing Department Totals	<u><u>17.00</u></u>	<u><u>18.00</u></u>	<u><u>18.00</u></u>

\*The Accountant position is supervised by the Business Management Department.

\*\*Grant-funded position.

\*\*\*Maintenance positions are supervised by the Public Works Department.

## ***PUBLIC HOUSING FUND***

### ***Major Revenue Sources - Descriptions and Estimates***

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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 operating grants from the Department of Housing and Urban Development (HUD). In the fall of 2005, HUD adopted a "new Operating Fund final rule" which prescribes a phased series of changes to public housing management and reporting requirements. As a first step of implementation, HUD determined to begin budgeting on a calendar year basis. Difficulty with the new online reporting model has delayed funding determination for calendar year 2008, which will be our only indicator of funding for fiscal year 2008-09. Our preliminary estimate of HUD's subsidy based on interim allocations for 2008 is \$1,161,069, a 7% increase over the FY07 subsidy of \$1,080,526.

The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at \$403,000, \$39,000 more than budgeted in 2007-08.

HUD's new funding formula allocates the subsidy to the two designated projects or "AMPs" that are comprised of the Town's public housing locations. All overhead costs are accounted for separately in the Central Office Cost Center, which charges fees to the AMPs for central administration, but the fees are capped. In order to continue the current level of funding for Housing administration, we are continuing to budget a transfer from the General Fund in the amount of \$176,000.

The transfers from the AMPs to the Central Office totaling \$236,285 are shown as revenue to the Central Office and an expense to the AMP's. The total budget for fiscal year 2008-09 net of the transfers is about \$1.6 million. The adopted budget including the internal transfers to the Central Office Cost Center is about \$1.8 million.

## ***Major Expenditures and Estimates***

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Major expenditure categories include about \$1 million for salaries, \$127,000 for utilities, \$52,000 for liability insurance and \$282,000 for maintenance of the units. The new reporting rules require that we separate expenses of the AMPs from those of the Central Office Cost Center.

Net of the transfer to the central office, expenses are allocated as follows:

Central Office	442,285
AMP 1	586,982
AMP 2	<u>611,362</u>
Total	<u>1,640,629</u>

Budgeted expenditures include a 3% pay adjustment effective October 2008 and about \$12,000 for increases in medical insurance coverage and workers compensation. There were no other significant changes in overall expenditure levels.

## ***PUBLIC HOUSING***

### ***BUDGET SUMMARY - NEW BUDGETING MODEL***

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*The Town's 336 public housing units are funded primarily through federal grants from the U.S. Department of Housing and Urban Development and rents paid by residents. HUD's funding formula changed to implement Asset Based Budgeting and 2007-08 was the first year of the new budgeting model. The new model requires the Central Office to be funded by fees charged to the projects or "AMPs", requiring a Transfer from the General Fund in order to maintain current operations. For 2007-08, the AMPs began to be funded by HUD on a calendar-year basis, and in 2008-09, the AMPs will be funded individually by HUD.*

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### **REVENUES**

	<b>2007-08 Adopted Budget</b>	<b>2007-08 Estimated</b>	<b>2008-09 Adopted Budget</b>	<b>% Change from 2007-08</b>
<b>AMP 1</b>				
HUD Contributions	480,348	577,342	480,348	0.0%
Rental Revenue	175,800	240,000	219,000	24.6%
Other Revenues	11,616	12,040	9,000	-22.5%
<b>Total AMP 1</b>	<b>667,764</b>	<b>829,382</b>	<b>708,348</b>	<b>6.1%</b>
<b>AMP 2</b>				
HUD Contributions	520,376	583,727	520,376	0.0%
Rental Revenue	188,200	200,000	184,000	-2.2%
Other Revenues	12,584	15,460	19,000	51.0%
Appropriated Fund Balance	-	-	2,905	N/A
<b>Total AMP 2</b>	<b>721,160</b>	<b>799,187</b>	<b>726,281</b>	<b>0.7%</b>
<b>Central Office Cost Center</b>				
Interest Income	39,000	39,000	30,000	-23.1%
Other Income	-	735	-	N/A
Transfer from General Fund	176,000	176,000	176,000	0.0%
Internal Transfers	229,089	257,285	236,285	3.1%
Appropriated Fund Balance	-	600	-	N/A
<b>Total Central Office</b>	<b>444,089</b>	<b>473,620</b>	<b>442,285</b>	<b>-0.4%</b>
<b>Total Revenues</b>	<b>1,833,013</b>	<b>2,102,189</b>	<b>1,876,914</b>	<b>2.4%</b>

***PUBLIC HOUSING***  
***BUDGET SUMMARY - NEW BUDGETING MODEL***

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*Lapsed salaries and conservative estimates in the first year of the new model are expected to bring 2007-08 expenses for the AMPS within budget. Increases for 2008-09 include the full year cost of prior year raises, increased fuel and utility costs, increased property, liability and workers compensation insurance, a 10% increase in medical insurance, and employee pay adjustments.*

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**EXPENDITURES**

	<b>2007-08 Adopted Budget</b>	<b>2007-08 Estimated</b>	<b>2008-09 Adopted Budget</b>	<b>% Change from 2007-08</b>
AMP 1				
Division Budget	569,583	509,093	586,982	3.1%
Internal Transfers	98,181	121,366	121,366	23.6%
Total	667,764	630,459	708,348	6.1%
AMP 2				
Division Budget	590,252	526,769	611,362	3.6%
Internal Transfers	130,908	135,919	114,919	-12.2%
Total	721,160	662,688	726,281	0.7%
Central Office Cost Center	444,089	444,089	442,285	-0.4%
<b>Total Expenses</b>	<b>1,833,013</b>	<b>1,737,236</b>	<b>1,876,914</b>	<b>2.4%</b>

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# ***PUBLIC HOUSING FUND***

## ***New Operating Fund Final Rule***

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In the fall of 2005, HUD adopted a “new Operating Fund final rule” which prescribes a phased series of changes to public housing management and reporting requirements. There are five elements of the new reporting and operating model:

<u>Element</u>	<u>Implementation Date</u>
Project-based funding	Implemented at agency level for calendar year 2007, at AMP level for calendar year 2008
Project-based budgeting	Required for fiscal year 2007-08
Project-based accounting	Required for fiscal year 2007-08
Project-based management	Required for fiscal year 2007-08
Project-based performance assessment	Under review, initially set for implementation in second year after project-based accounting

The first phase of project-based funding is complete, with the 2007 calendar year funding established at agency level on a project-based format. The 2007-08 budget is the first to be established under the new reporting model.

### **Asset Management Projects**

Under project-based budgeting and accounting, housing agencies are encouraged to operate as much as possible like for-profit property management firms. The funding stream and expenditure tracking are focused on the properties rather than on the agency as a whole. The Town was required last year to identify Asset Management Projects (AMPs) that would be reported under the new asset management rules, and the Town’s public housing locations were split as follows:

#### AMP 1 Locations

Lindsay  
 Craig Gomains  
 Trinity  
 Pritchard Park  
 Church/Caldwell  
 N. Columbia St.

#### AMP 2 Locations

S. Estes  
 S. Roberson  
 Colony Wood  
 Eastwood  
 Oakwood  
 Rainbow Heights

Each AMP is expected to operate as a functional unit, with each AMP calculating its profit or loss separately.

# ***PUBLIC HOUSING FUND***

## ***New Operating Fund Final Rule***

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### **Central Office Cost Center**

The Central Office Cost Center is funded through fees charged to the AMPs for project management and oversight functions. The fees are calculated as follows:

Property Management Fees – Can be calculated with an independent survey of property management fees charged by the for-profit industry in your area, or you can use the fee schedule established by HUD by geographical area. The fee is calculated per unit per month for all occupied units or HUD-approved vacancies. For our area, the schedule allots \$47.99 per unit per month.

Bookkeeping Fees – Calculated at \$7.50 per unit per month for all occupied units and approved vacancies.

Asset Management Fees – Calculated at \$10 per unit per month, but restricted to AMPs that have excess cash. The other fees may be accrued and paid when cash becomes available, but the asset management fee cannot be assessed to a unit that is not showing a profit.

Among the expenses required by HUD to be allocated to the Central Office are management salaries, human resource costs, legal fees, accounting services, centralized servers, software maintenance and support, risk management, centralized procurement and inventory management.

# ***PUBLIC HOUSING***

## ***AMP 1 Budget***

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*AMP 1 consists of 161 rental units of public housing from properties at Lindsay Street, Craig Gomains, Trinity, Pritchard Park, Church/Caldwell, Airport Road and N. Columbia Street. The units at N. Columbia Street are currently undergoing renovation and are expected to return to service around the end of 2008.*

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### **EXPENDITURES**

	<b>AMP Budget</b>	<b>Interfund Transfers</b>	<b>2008-09 Adopted Budget</b>
Personnel	323,117		323,117
Operating	263,865		263,865
Central Office Fees		121,366	121,366
<b>Total</b>	<b>586,982</b>	<b>121,366</b>	<b>708,348</b>

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### **REVENUES**

	<b>AMP Budget</b>	<b>Interfund Transfers</b>	<b>2008-09 Adopted Budget</b>
HUD Subsidy	480,348	-	480,348
Rental Revenues	219,000	-	219,000
Other Income	9,000	-	9,000
<b>Total</b>	<b>708,348</b>	<b>-</b>	<b>708,348</b>

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<b>NET PROFIT/LOSS</b>	121,366	(121,366)	-
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***PUBLIC HOUSING***  
***AMP 2 Budget***

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*AMP 2 consists of 175 rental units of public housing from properties at S. Estes, S. Roberson, Colony Woods, Eastwood, Oakwood and Rainbow Heights. This unit is shown as breaking even, but is not contributing \$21,000 in asset management fees towards the Central Office Cost Center because of a lack of excess cash.*

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**EXPENDITURES**

	<b>AMP 2 Budget</b>	<b>Interfund Transfers</b>	<b>2008-09 Adopted Budget</b>
Personnel	340,628		340,628
Operating	270,734		270,734
Central Office Fees		114,919	114,919
<b>Total</b>	<b>611,362</b>	<b>114,919</b>	<b>726,281</b>

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**REVENUES**

	<b>AMP 2 Budget</b>	<b>Interfund Transfers</b>	<b>2008-09 Adopted Budget</b>
HUD Subsidy	520,376	-	520,376
Rental Revenues	184,000	-	184,000
Other Income	19,000	-	19,000
Appropriated Fund Balance	2,905	-	2,905
<b>Total</b>	<b>726,281</b>	<b>-</b>	<b>726,281</b>

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<b>NET PROFIT/LOSS</b>	114,919	(114,919)	-
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***PUBLIC HOUSING***  
***Central Office Cost Center Budget***

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*The Central Office Cost Center consists of all overhead and administrative cost as defined by HUD to include management, central warehouse, computer and telephone systems maintenance, legal fees and retiree health liability. The Central Office budget is balanced with a transfer from the General Fund to supplement fees charged to the AMPs as established by HUD's Asset Based Management.*

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**EXPENDITURES**

	<b>Central Office Budget</b>	<b>Interfund Transfers</b>	<b>2008-09 Adopted Budget</b>
Personnel	335,215	-	335,215
Operating	107,070	-	107,070
Central Office Fees	-	-	-
<b>Total</b>	<b>442,285</b>	<b>-</b>	<b>442,285</b>

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**REVENUES**

	<b>Central Office Budget</b>	<b>Interfund Transfers</b>	<b>2008-09 Adopted Budget</b>
Interfund Transfers	-	236,285	236,285
Transfer from the General Fund	176,000	-	176,000
Interest Income	30,000	-	30,000
<b>Total</b>	<b>206,000</b>	<b>236,285</b>	<b>442,285</b>

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<b>NET PROFIT/LOSS</b>	(236,285)	236,285	-
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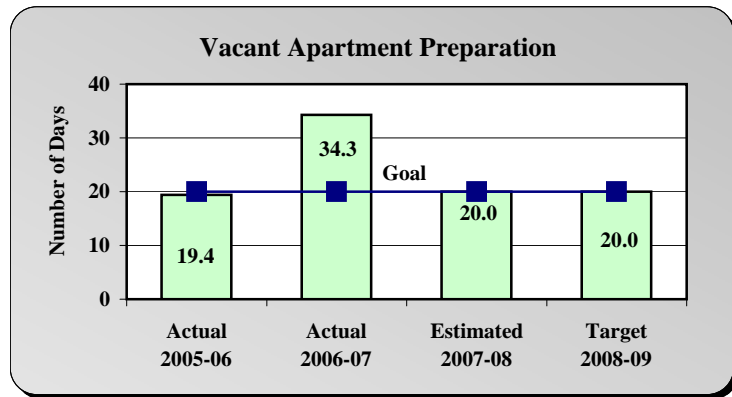
# HOUSING TRENDS

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

**GOAL :** Maximize livable housing stock.

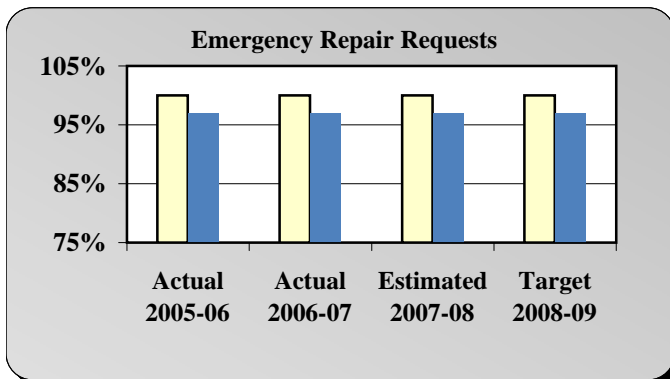
**OBJECTIVE :** Prepare vacant apartments for occupancy within 20 days.

In fiscal year 2007-08, the Housing Department met this goal, improving greatly on the prior year's performance. The Housing Department will strive to achieve this goal again in fiscal year 2008-09.



**GOAL :** Maximize livable housing stock.

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



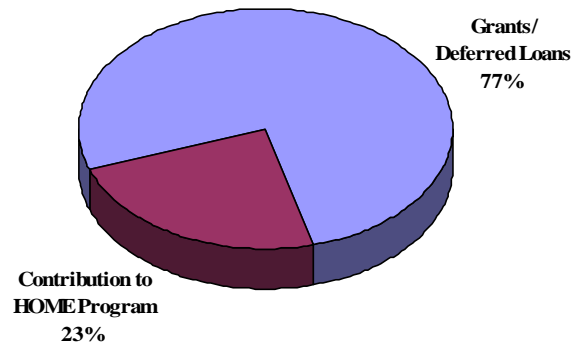
In fiscal year 2007-08, the Housing Department completed or abated 100% of its 162 emergency repairs within 24 hours, following standards set forth by the Department of Housing and Urban Development.

# ***HOUSING LOAN TRUST FUND***

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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***

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*The Housing Loan Trust Fund is exhausting its fund balance in the 2008-09 budget to reflect a continuation of existing programs for mortgage assistance and the Town's share of matching funds for the HOME program administered by Orange County. **Program income or other sources of funding will be required to continue the programs in future years.***

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### **EXPENDITURES**

	<b>2006-07 Actual</b>	<b>2007-08 Original Budget</b>	<b>2007-08 Revised Budget</b>	<b>2007-08 Estimated</b>	<b>2008-09 Adopted Budget</b>	<b>% Change from 2007-08</b>
Other Expenses	998	180	180	1,260	1,260	600.0%
Grants/Deferred Loans	20,804	40,000	159,250	159,250	138,726	246.8%
Interest	316	4,600	4,600	-	-	-100.0%
Contributions to Agencies:						
HOME Program Match	133,485	61,400	122,798	122,396	61,400	0.0%
<b>Total</b>	<b>155,603</b>	<b>106,180</b>	<b>286,828</b>	<b>282,906</b>	<b>201,386</b>	<b>89.7%</b>

### **REVENUES**

	<b>2006-07 Actual</b>	<b>2007-08 Original Budget</b>	<b>2007-08 Revised Budget</b>	<b>2007-08 Estimated</b>	<b>2008-09 Adopted Budget</b>	<b>% Change from 2007-08</b>
Interest Income	11,231	4,000	4,000	4,100	4,000	0.0%
Program Income	-	-	54,250	54,250	-	N/A
2nd Mortgage Payoff	60,600	-	41,600	85,040	-	N/A
Appropriated Fund Balance	83,772	102,180	186,978	139,516	197,386	93.2%
<b>Total</b>	<b>155,603</b>	<b>106,180</b>	<b>286,828</b>	<b>282,906</b>	<b>201,386</b>	<b>89.7%</b>



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

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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.

The 2006 project ordinance budgets a \$598,310 grant for rehabilitation of public housing, acquisition of property in the Northside and Pine Knolls neighborhoods, and community services.

The 2007 project ordinance budgets \$596,282 grant for rehabilitation of public housing, homeownership assistance, a comprehensive housing rehabilitation program for the Northside and Pine Knolls neighborhoods, neighborhood revitalization activities, and community services.

