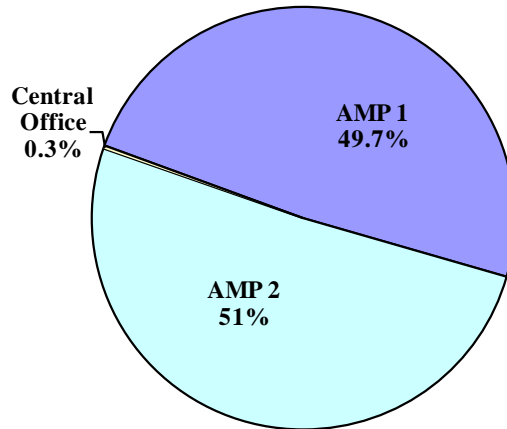


PUBLIC HOUSING FUND

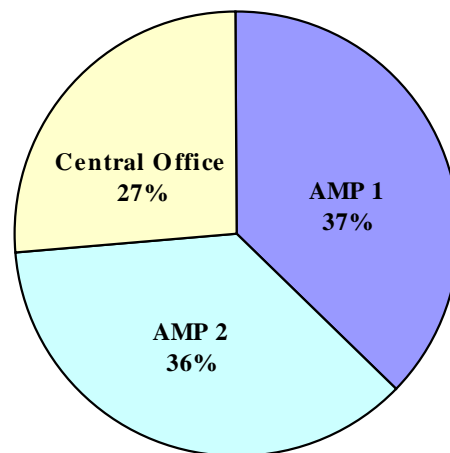
The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.

HUD's funding model changed significantly in 2007-08. Under the new funding formula, the Town's 13 public housing sites are separated 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)**



HOUSING DEPARTMENT

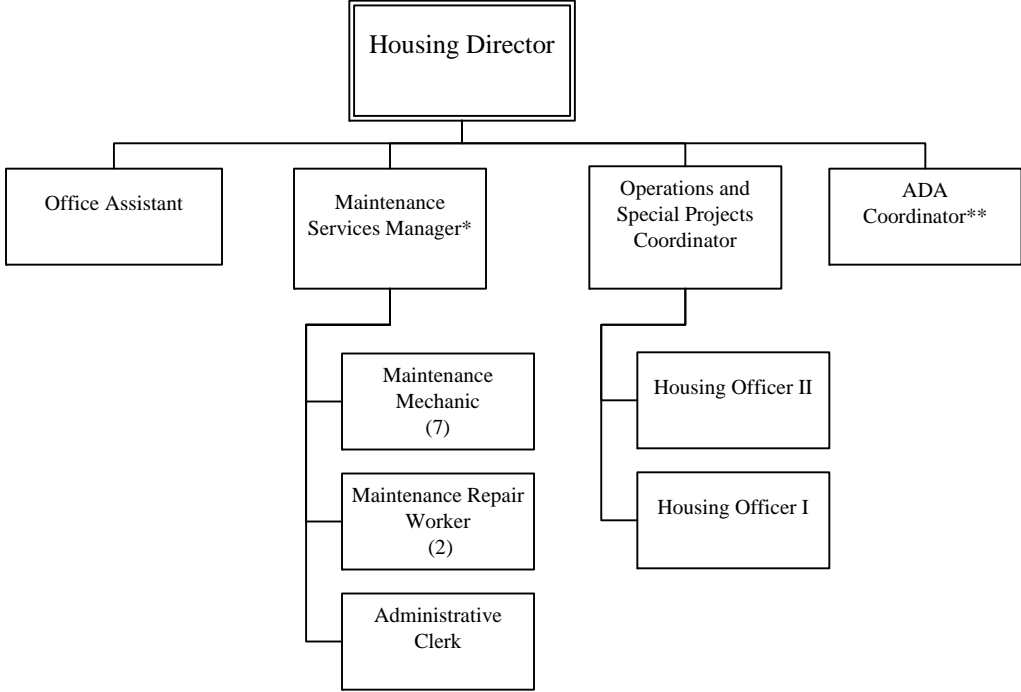
MISSION STATEMENT:

The mission of the Housing Department is to provide decent, safe and well maintained affordable rental housing for Chapel Hill's 336 public housing families. Our mission is also to provide programs and services to help public housing families improve basic life skills and achieve economic independence.

Summary of services provided in support of department's mission:

- Low cost or no cost rental housing for low-income families.
- Respond daily to residents' requests for repair services.
- Twenty-four hour emergency maintenance repair services 7 days a week.
- Education opportunities, job training, budgeting and life skills development services to help public housing families achieve economic independence.
- Referral services for residents experiencing alcohol or drug dependency problems.
- Conflict resolution services to help residents resolve disputes.
- Referral services for families needing financial assistance to pay rent.
- Read mail and other correspondence for residents who cannot read.
- Make home visits to complete redeterminations or eligibility or receive rent from elderly or disabled residents who can not come to the office.
- Information and referral services to public housing applicants and the general public about the public housing programs and other federal housing programs.

HOUSING



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

**ADA Coordinator position is grant-funded.

PUBLIC HOUSING
STAFFING COMPARISONS - IN FULL-TIME EQUIVALENTS

	2008-09	2009-10	2010-11
	ADOPTED	ADOPTED	ADOPTED
Administration			
Director-Housing	1.00	1.00	1.00
Operations and Special Projects Coordinator	1.00	1.00	1.00
Housing Budget Officer ¹	1.00	1.00	0.00
Office Assistant	1.00	1.00	1.00
ADA/Section 504 Coordinator ²	1.00	1.00	1.00
Division Totals	5.00	5.00	4.00
Maintenance³			
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
Division Totals	2.00	2.00	2.00
Housing Department Totals	18.00	18.00	17.00

¹ The Housing Budget Officer position was changed to "Accountant" and moved to Finance mid-year FY10.

² Grant-funded position.

³ Maintenance positions are supervised by the Public Works 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 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, and HUD has been funding housing agencies for a few months at a time since 2008.

Smaller housing agencies were temporarily allowed to opt out of Asset Management for 2008-09, and doing so provided additional funding from HUD for the Town. HUD has since continued to provide the exception to smaller units, one a year at a time. We have no indication that "opting out" will continue permanently, and so have prepared the budget under the Asset Management model to provide continuity until further HUD pronouncements.

At the time of printing this document, we have received notification of funding only through May 2010, so we do not know the full allocation from HUD for fiscal year 2010. Based on interim allocations, our estimate of HUD's subsidy for 2009-10 is \$1,413,158, a 3% increase over the FY09 subsidy of \$1,371,614. The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$363,000, about the same as budgeted in 2009-10.

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.

The transfers from the AMPs to the Central Office totaling \$258,594 are shown as revenue to the Central Office and an expense to the AMP's. The adopted budget for fiscal year 2010-11 net of the transfers remains at about \$1.67 million. The budget including the internal transfers to the Central Office Cost Center is about \$1.9 million.

Major Expenditures and Estimates

Major expenditure categories include about \$914,000 for salaries, \$141,000 for utilities, \$83,000 for liability and flood insurance and about \$300,000 for maintenance of the units. The personnel costs include a 13.9% increase in medical insurance and 32% increase in the Town's retirement contribution for employees. The budget is balanced by holding open a vacant maintenance position in FY11 and by reductions in fuel, unemployment, and other operating costs.

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	\$262,394
AMP 1	697,083
AMP 2	<u>714,263</u>
Total	<u>\$1,673,740</u>

PUBLIC HOUSING

BUDGET SUMMARY - NEW BUDGETING MODEL

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 in 2007-08. The new model requires the Central Office to be funded by fees charged to the projects or "AMPs", which have been supplemented in prior years by a transfer from the General Fund. HUD Contributions have been greater than anticipated in the first two years that the AMPs have been funded individually, and HUD has waived many Asset-based requirements for housing authorities of our size, so the budget for 2010-11 does not include the transfer from the General Fund.

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
AMP 1					
HUD Contributions	\$ 661,217	\$ 510,000	\$ 652,544	\$ 589,195	15.5%
Rental Revenue	230,584	233,500	226,712	229,000	-1.9%
Other Revenues	50	250	150	150	-40.0%
Appropriated Fund Balance	58,331	-	-	-	N/A
Total AMP 1	\$ 950,182	\$ 743,750	\$ 879,406	\$ 818,345	10.0%
AMP 2					
HUD Contributions	\$ 710,397	\$ 588,770	\$ 760,614	\$ 697,845	18.5%
Rental Revenue	184,659	159,000	152,702	153,500	-3.5%
Other Revenues	275	250	837	250	0.0%
Appropriated Fund Balance	-	-	-	-	N/A
Total AMP 2	\$ 895,331	\$ 748,020	\$ 914,153	\$ 851,595	13.8%
Central Office Cost Center					
Interest Income	\$ 10,257	\$ 4,123	\$ 5,100	\$ 3,800	-7.8%
Transfer from General Fund	-	176,000	-	-	-100.0%
Internal Transfers	-	262,292	262,292	258,594	-1.4%
Appropriated Fund Balance	486,109	-	-	-	N/A
Total Central Office	\$ 496,366	\$ 442,415	\$ 267,392	\$ 262,394	-40.7%
Total Revenues	\$ 2,341,879	\$ 1,934,185	\$ 2,060,951	\$ 1,932,334	-0.1%

PUBLIC HOUSING

BUDGET SUMMARY - NEW BUDGETING MODEL

The adopted budget for FY11 includes increases for employee medical insurance and retirement, and is balanced by holding a maintenance position vacant. Revenues are expected to exceed expenditures, with the difference shown as "contribution to reserves" below in order to present a balanced budget. The reserve for all divisions is estimated at \$254,242 for FY10 and \$40,229 for FY11.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
AMP 1					
Division Budget	\$ 950,182	\$ 598,360	\$ 558,345	\$ 647,967	8.3%
Internal Transfers	-	122,129	122,129	121,262	-0.7%
Contribution to Reserves		23,261	198,932	49,116	111.2%
Total	\$ 950,182	\$ 743,750	\$ 879,406	\$ 818,345	10.0%
AMP 2					
Division Budget	\$ 830,370	\$ 607,857	\$ 591,503	\$ 626,471	3.1%
Internal Transfers		140,163	140,163	137,332	-2.0%
Contribution to Reserves	64,961	-	182,487	87,792	N/A
Total	\$ 895,331	\$ 748,020	\$ 914,153	\$ 851,595	13.8%
Central Office Cost Center					
Division Budget	\$ 496,366	\$ 442,415	\$ 394,569	\$ 359,073	-18.8%
Contribution to Reserves		-	(127,177)	(96,679)	N/A
Total	\$ 496,366	\$ 442,415	\$ 267,392	\$ 262,394	-40.7%
Total Expenses	\$ 2,341,879	\$ 1,934,185	\$ 2,060,951	\$ 1,932,334	-0.1%

PUBLIC HOUSING FUND

New Operating Fund Final Rule

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 were 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	Initially set for implementation in second year after project-based accounting

The 2007-08 budget was the first to be established under the new reporting model, and funding has been allocated to the Town based on asset management projects. Since the initial plan was issued, HUD has temporarily allowed public housing units with fewer than 400 units to “opt out” of asset management, combining all operations into one project. We have continued to present the budget in separate projects to maintain historical continuity when HUD eliminates that exemption.

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

PUBLIC HOUSING FUND

New Operating Fund Final Rule

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 \$50.29 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

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.

EXPENDITURES

	AMP Budget	Interfund Transfers	2010-11 Adopted Budget
Personnel	\$ 337,347	\$ -	\$ 337,347
Operating	310,620	-	310,620
Central Office Fees	-	121,262	121,262
Total	\$ 647,967	\$ 121,262	\$ 769,229

REVENUES

	AMP Budget	Interfund Transfers	2010-11 Adopted Budget
HUD Subsidy	\$ 589,195	\$ -	\$ 589,195
Rental Revenues	229,000	-	229,000
Other Income	150	-	150
Total	\$ 818,345	\$ -	\$ 818,345

NET PROFIT/(LOSS) \$ 170,378 \$ (121,262) \$ 49,116

PUBLIC HOUSING
AMP 2 Budget

AMP 2 consists of 175 rental units of public housing from properties at S. Estes, S. Roberson, Colony Woods, Eastwood, Oakwood and Rainbow Heights.

EXPENDITURES

	AMP 2 Budget	Interfund Transfers	2010-11 Adopted Budget
Personnel	\$ 338,814		\$ 338,814
Operating	287,657		287,657
Central Office Fees		137,332	137,332
Total	\$ 626,471	\$ 137,332	\$ 763,803

REVENUES

	AMP 2 Budget	Interfund Transfers	2010-11 Adopted Budget
HUD Subsidy	\$ 697,845	\$ -	\$ 697,845
Rental Revenues	153,500	-	153,500
Other Income	250	-	250
Total	\$ 851,595	\$ -	\$ 851,595

NET PROFIT/(LOSS) \$ 225,124 \$ (137,332) \$ 87,792

PUBLIC HOUSING
Central Office Cost Center Budget

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 funded by fees charged to the AMPs as established by HUD's Asset Based Management, supplemented by \$96,000 from fund balance.

EXPENDITURES

	Central Office Budget	Interfund Transfers	2010-11 Adopted Budget
Personnel	\$ 238,153	\$ -	\$ 238,153
Operating	120,920	-	120,920
Central Office Fees	-	-	-
Total	\$ 359,073	\$ -	\$ 359,073

REVENUES

	Central Office Budget	Interfund Transfers	2010-11 Adopted Budget
Interfund Transfers	\$ -	\$ 258,594	\$ 258,594
Transfer from the General Fund	-	-	-
Interest Income	3,800	-	3,800
Total	\$ 3,800	\$ 258,594	\$ 262,394

NET PROFIT/(LOSS) \$ (355,273) \$ 258,594 \$ (96,679)

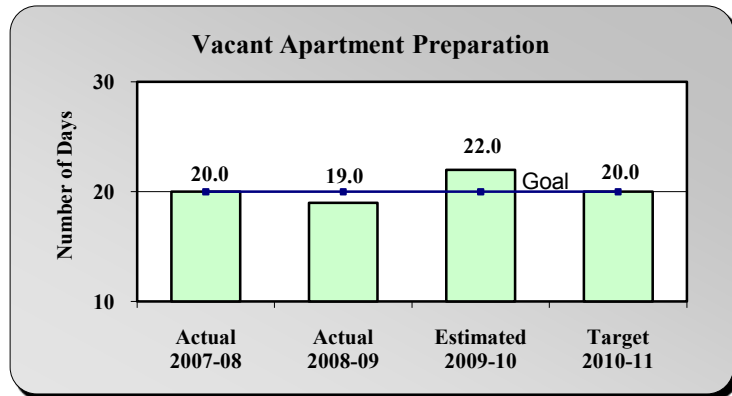
HOUSING TRENDS

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

GOAL : Maximize livable housing stock.

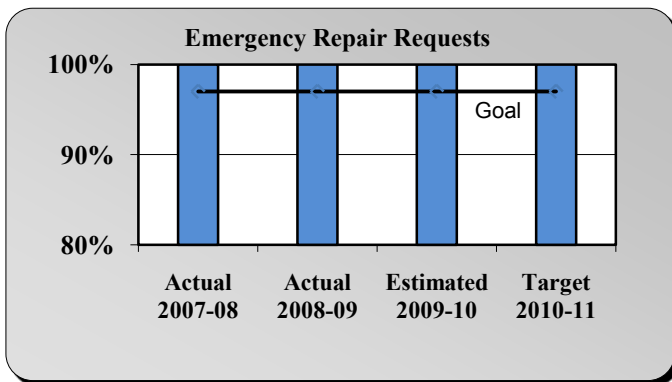
OBJECTIVE : Prepare vacant apartments for occupancy within 20 days.

In fiscal year 2009-10, the Housing Department exceeded this goal, improving on the prior year's performance. The Housing Department will strive to achieve this goal again in fiscal year 2010-11.



GOAL : Maximize livable housing stock.

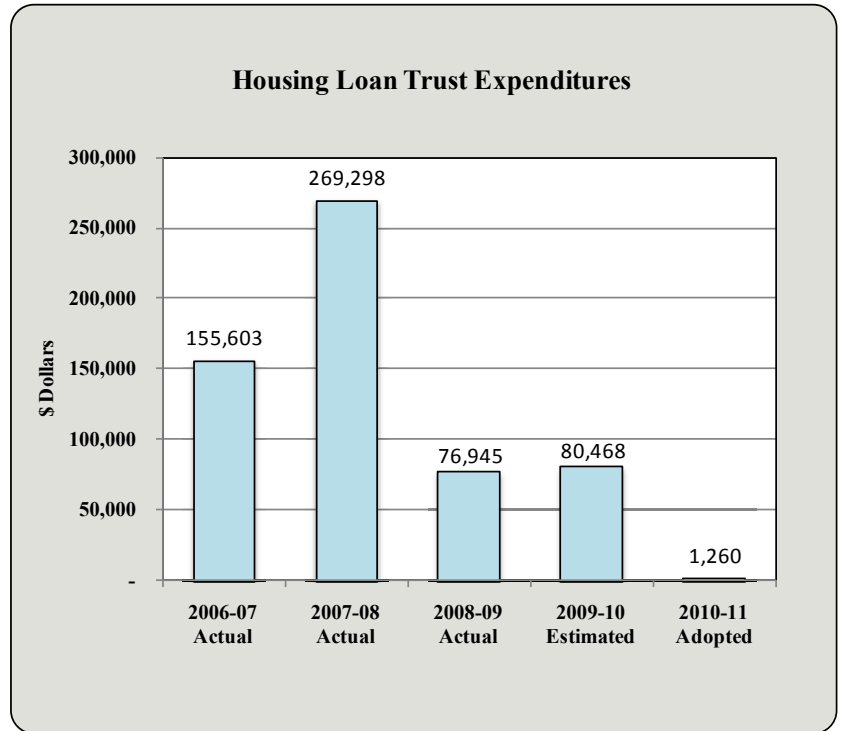
OBJECTIVE : Complete or abate 97% of emergency repairs within 24 hours.



In fiscal year 2009-10, the Housing Department completed or abated 100% of its 123 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 FUND BUDGET SUMMARY

The Housing Loan Trust Fund budget for 2009-10 was set to exhaust the remaining funds available for mortgage assistance programs and the Town's share of matching funds for the HOME program administered by Orange County. Activity in 2009-10 is estimated to leave a small balance available to appropriate for the FY2010-11 fiscal year.

EXPENDITURES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Other Expenses	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	\$ 1,260	0.0%
Grants/Deferred Loans	14,638	-	53,208	11,208	-	N/A
Interest	-	-	-	-	-	N/A
Contributions to Agencies:						
HOME Program Match	61,047	65,000	65,000	68,000	-	-100.0%
Total	\$ 76,945	\$ 66,260	\$ 119,468	\$ 80,468	\$ 1,260	-98.1%

REVENUES

	2008-09 Actual	2009-10 Original Budget	2009-10 Revised Budget	2009-10 Estimated	2010-11 Adopted Budget	% Change from 2009-10
Interest Income	\$ 731	\$ 750	\$ 750	\$ 300	\$ 300	-60.0%
Program Income	-	-	42,000	42,000	-	N/A
2nd Mortgage Payoff	-	-	-	-	-	N/A
Transfer from General Fund	(78,242)	-	-	-	-	N/A
Appropriated Fund Balance	154,456	65,510	76,718	38,168	960	-98.5%
Total	\$ 76,945	\$ 66,260	\$ 119,468	\$ 80,468	\$ 1,260	-98.1%

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. Community Development grants awarded by Housing and Urban Development are implemented pursuant to grant project ordinances authorized by General Statute 159-13.12. Budgets are adopted throughout the year as the grant awards are received.

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 a \$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.

The 2008 project ordinance budgets a \$574,804 grant for rehabilitation of public housing, homeownership assistance, neighborhood revitalization activities, rehabilitation of rental units for individuals with disabilities and at risk of homelessness, and community services.

The 2009 project ordinance budgets a \$584,379 grant and \$7,338 of program income for rehabilitation of public housing, predevelopment costs for the development of a residential facility for homeless men, infrastructure development, homeownership assistance and community services.

The project ordinance for the 2009 American Reinvestment Recovery Act grant of \$156,110 budgets funds for public housing renovations and infrastructure development at Habitat for Humanity's Phoenix Place subdivision.

