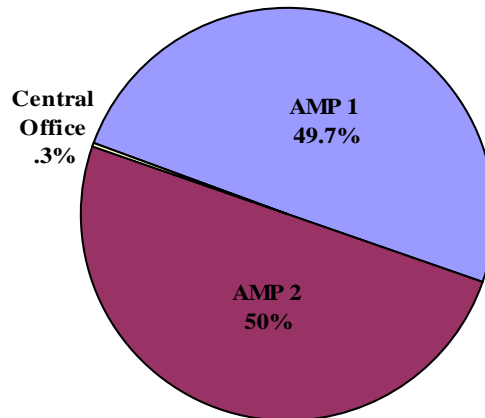


PUBLIC HOUSING FUND

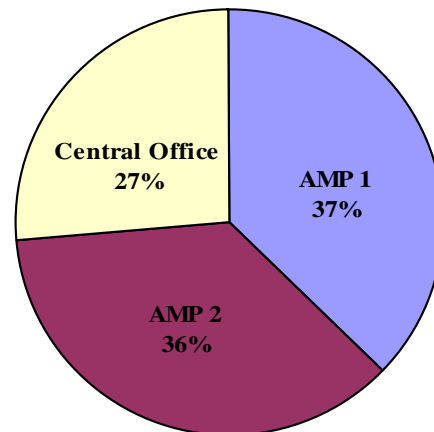
The Public Housing Fund is used to account for federal grants restricted for the Town's public housing programs.

HUD's funding model changed significantly in 2007-08, 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)**



HOUSING DEPARTMENT

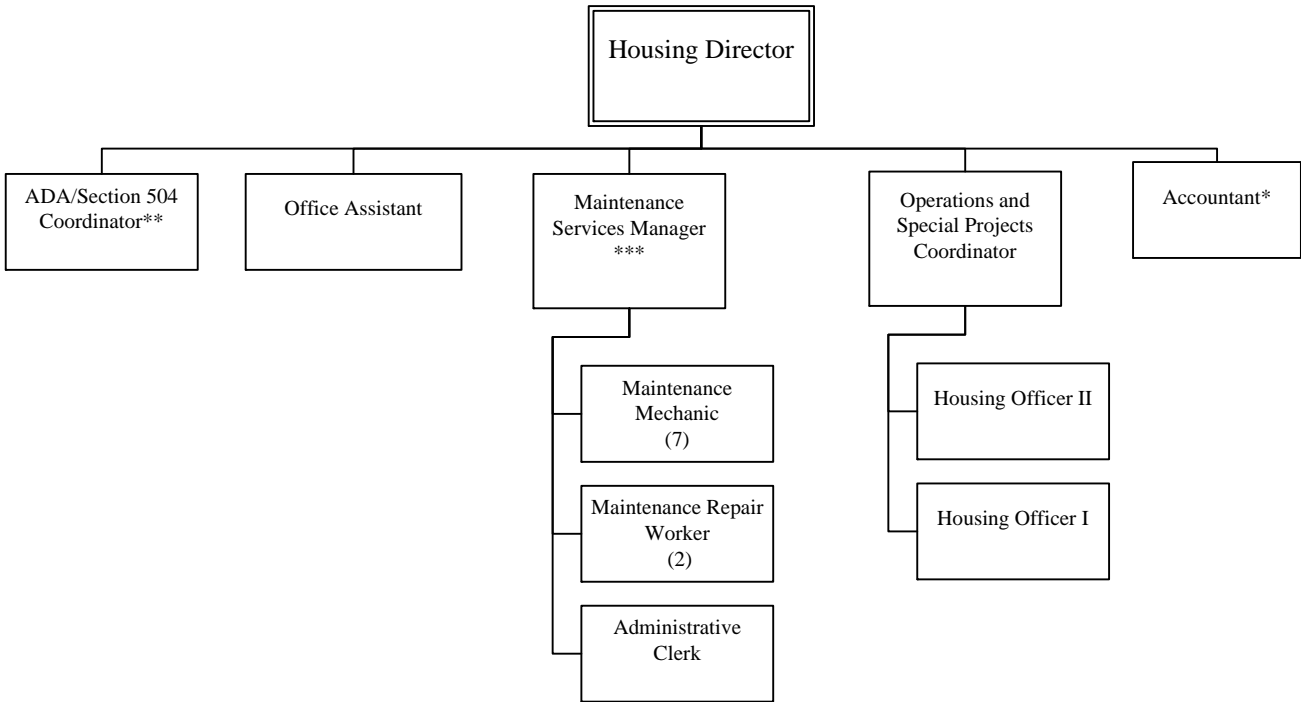
MISSION STATEMENT:

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



*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

	2007-08 ADOPTED	2008-09 ADOPTED	2009-10 RECOMMENDED
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	1.00	1.00	1.00
ADA/Section 504 Coordinator**	0.00	1.00	1.00
Division Totals	4.00	5.00	5.00
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
Division Totals	2.00	2.00	2.00
Housing Department Totals	17.00	18.00	18.00

*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

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 allowed to opt out of Asset Management funding for 2008-09, and doing so provided additional funding from HUD. We have no indication that "opting out" will continue, and have prepared the budget under the Asset Management model accordingly.

Our estimate of HUD's subsidy based on interim allocations for 2009-10 is \$1,098,770, a 9% increase over the FY08 budgeted subsidy of \$1,000,724. The Housing Department estimates dwelling rents, the second largest revenue for the Public Housing Fund, at about \$392,000, \$38,000 less than budgeted in 2008-09.

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 \$262,292 are shown as revenue to the Central Office and an expense to the AMP's. The recommended budget for fiscal year 2009-10 net of the transfers is about \$1.6 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 \$982,000 for salaries, \$128,000 for utilities, \$83,000 for liability and flood insurance and \$248,000 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	442,415
AMP 1	621,621
AMP 2	<u>607,857</u>
Total	<u>1,671,893</u>

The budget is balanced by holding open a vacant maintenance for FY2009-10. The overall budget increase of 1.9% (net of interfund transfers) is largely comprised of a 17.4% increase in medical insurance cost and increases for telephone maintenance, vehicle fuel and flood insurance.

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 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. HUD Contributions have been greater than anticipated in 2008-09, the first year the AMPs have been funded individually.

REVENUES

	2008-09 Adopted Budget	2008-09 Estimated	2009-10 Recommended Budget	% Change from 2007-08
AMP 1				
HUD Contributions	480,348	582,000	510,000	6.2%
Rental Revenue	227,500	227,617	233,500	2.6%
Other Revenues	500	300	250	-50.0%
Appropriated Fund Balance	-	-	-	N/A
Total AMP 1	708,348	809,917	743,750	5.0%
AMP 2				
HUD Contributions	520,376	605,000	588,770	13.1%
Rental Revenue	203,000	175,365	159,000	-21.7%
Other Revenues	-	350	250	N/A
Appropriated Fund Balance	2,905	-	-	-100.0%
Total AMP 2	726,281	780,715	748,020	3.0%
Central Office Cost Center				
Interest Income	30,000	9,200	4,123	-86.3%
Other Income	-	-	-	N/A
Transfer from General Fund	176,000	-	176,000	0.0%
Internal Transfers	236,285	260,609	262,292	11.0%
Appropriated Fund Balance	-	-	-	N/A
Total Central Office	442,285	269,809	442,415	0.0%
Total Revenues	1,876,914	1,860,441	1,934,185	3.1%

PUBLIC HOUSING

BUDGET SUMMARY - NEW BUDGETING MODEL

In the current fiscal year, we expect revenue in excess of expenditures, shown as "contribution to reserves" below to present a balanced budget. The excess amounts to \$209,711 for all divisions. AMP 1 is expected to show a profit in 2009-10 as well. 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.

EXPENDITURES

	2008-09 Adopted Budget	2008-09 Estimated	2009-10 Recommended Budget	% Change from 2007-08
AMP 1				
Division Budget	578,219	586,119	598,360	3.5%
Internal Transfers	121,366	122,929	122,129	0.6%
Contribution to Reserves	8,763	100,869	23,261	165.4%
Total	708,348	809,917	743,750	5.0%
AMP 2				
Division Budget	611,362	566,601	607,857	-0.6%
Internal Transfers	114,919	137,680	140,163	22.0%
Contribution to Reserves	-	76,434	-	N/A
Total	726,281	780,715	748,020	3.0%
Central Office Cost Center				
Division Budget	432,067	427,711	442,415	2.4%
Contribution to Reserves	10,218	(157,902)	-	-100.0%
Total	442,285	269,809	442,415	0.0%
Total Expenses	1,876,914	1,860,441	1,934,185	3.1%

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	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 was 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

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. Renovation of the units at N. Columbia Street have been completed in FY09 and the units are expected to return to service during 2010.

EXPENDITURES

	AMP Budget	Interfund Transfers	2009-10 Adopted Budget
Personnel	325,745	-	325,745
Operating	295,876	-	295,876
Central Office Fees	-	122,129	122,129
Total	621,621	122,129	743,750

REVENUES

	AMP Budget	Interfund Transfers	2009-10 Adopted Budget
HUD Subsidy	510,000	-	510,000
Rental Revenues	233,500	-	233,500
Other Income	250	-	250
Total	743,750	-	743,750

NET PROFIT/LOSS	122,129	(122,129)	-
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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	2009-19 Adopted Budget
Personnel	332,986	-	332,986
Operating	274,871	-	274,871
Central Office Fees	-	140,163	140,163
Total	607,857	140,163	748,020

REVENUES

	AMP 2 Budget	Interfund Transfers	2009-10 Adopted Budget
HUD Subsidy	588,770	-	588,770
Rental Revenues	159,000	-	159,000
Other Income	250	-	250
Total	748,020	-	748,020

NET PROFIT/LOSS	140,163	(140,163)	-
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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 balanced with a transfer from the General Fund to supplement fees charged to the AMPs as established by HUD's Asset Based Management.

EXPENDITURES

	Central Office Budget	Interfund Transfers	2009-10 Adopted Budget
Personnel	323,370	-	323,370
Operating	119,045	-	119,045
Central Office Fees	-	-	-
Total	442,415	-	442,415

REVENUES

	Central Office Budget	Interfund Transfers	2009-10 Adopted Budget
Interfund Transfers	-	262,292	262,292
Transfer from the General Fund	176,000	-	176,000
Interest Income	4,123	-	4,123
Total	180,123	262,292	442,415

NET PROFIT/LOSS	(262,292)	262,292	-
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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 2008-09 was set to exhaust the remaining funds available for existing programs for mortgage assistance and the Town's share of matching funds for the HOME program administered by Orange County. Expenses in 2008-09 are estimated to leave \$66,260 available to appropriate for the FY2009-10 fiscal year.

EXPENDITURES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Recommended Budget	% Change from 2008-09
Other Expenses	1,155	1,260	1,260	1,260	1,260	0.0%
Grants/Deferred Loans	145,747	138,726	138,726	14,638	-	-100.0%
Interest	-	-	-	-	-	N/A
Contributions to Agencies:						
HOME Program Match	122,396	61,400	61,400	61,400	65,000	5.9%
Total	269,298	201,386	201,386	77,298	66,260	-67.1%

REVENUES

	2007-08 Actual	2008-09 Original Budget	2008-09 Revised Budget	2008-09 Estimated	2009-10 Recommended Budget	% Change from 2008-09
Interest Income	6,184	4,000	4,000	750	750	-81.3%
Program Income	99,605	-	-	-	-	N/A
2nd Mortgage Payoff	85,040	-	-	-	-	N/A
Appropriated Fund Balance	-	197,386	197,386	76,548	65,510	-66.8%
Total	190,829	201,386	201,386	77,298	66,260	-67.1%

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.

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 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.