

# CHARLOTTE HOUSING AUTHORITY NORTH CAROLINA

## Fiscal Year 2020 Adopted Budget



400 East Boulevard  
Charlotte, North Carolina

[www.cha-nc.org](http://www.cha-nc.org)



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# 1.0 INTRODUCTION

## TRANSMITTAL LETTER

November 2019

To the Chairman and the Board of Commissioners:

I am pleased to present Charlotte Housing Authority's Fiscal Year (FY) 2020 Budget, which incorporates the second year of initiatives and actions towards our five-year strategic plan, The Blueprint. Our five-year strategic plan serves as a guide to align our investments with our strategies to increase the supply of diverse price-point housing, maintain and increase the value of our assets, stabilize our target market, and improve the quality of life for our customers.

Charlotte Housing Authority (CHA) and its subsidiaries continue to provide property management services to residents using a private market platform, with a strong focus to help our families achieve economic self-sufficiency through the Moving Forward program by expanding services to all sites. Included in these services are case management services, childcare, job support, senior programs and youth development which are designed to improve the lives of our residents. CHA continues to find ways to create opportunities for those we serve in order to live, work and thrive in our communities.

Management and staff prepared the attached operating and development budgets based on: 1) the Blueprint, 2) the Moving Forward Annual Plan, and 3) the sustainability of CHA. The purpose of this document is to provide the Board, staff and other stakeholders with a comprehensive budget for the coming period.

### The Budget

The fiscal year budgets are presented as seven funds: Business Activities, Central Office Cost Center (COCC), Moving to Work (MTW), C.O.R.E. Programs Inc. (CORE), Blue Horizon Management Company (Blue Horizon), Horizon Acquisition Corp. (Horizon Acquisition), and Horizon Development Properties, Inc. (Horizon Development).

The budgets are balanced in accordance with North Carolina General Statutes for the Business Activities, COCC, MTW and CORE funds.

Blue Horizon, Horizon Acquisition and Horizon Development will follow Rental Assistance Demonstration (RAD) regulations as these properties will show a budget with cash flow.

### Budget Highlights

This year's budget process presented unique challenges as our portfolio and services expanded. We took this opportunity to strengthen our foundation, prioritizing our commitment to refine our core functions. Working within the confines of limited resources, we carefully examined the goals articulated in The Blueprint and developed the FY2020 Budget to advance those priorities.

This upcoming year will be the first full-year of operations for at least six new properties that transitioned from third-party property managers to Blue Horizon's portfolio. Blue Horizon's budget reflects a managed focus to elevate the baseline of standard operating procedures, to include advancing the preventive maintenance program and implementing a resident retention plan. In efforts to maintain cost effectiveness yet deliver services efficiently, Blue Horizon restructured its portfolio to utilize existing site staff to support the additional properties. By restructuring its portfolio, Blue Horizon was able to maintain service levels without significant changes in staffing.

In pursuit of strengthening our foundation, CHA realigned internal operations in key areas leveraging subject-matter expertise to address property management needs, meet program compliance and improve customer services. Specifically, waitlist and admissions responsibilities transitioned from Blue Horizon's management to the Housing Choice Voucher (HCV) program under Administrative Operations. To complement this action, the HCV Compliance team transitioned to the Finance Department to unify compliance and financial controls. These responsibility and structural changes will promote greater synergy and efficiency within the organization while allowing key areas to focus on their respective core missions.

To ensure adequate support for the expanded portfolio and transitions, CHA increased staffing in HCV, CORE and Corporate Services. With the growing number of new staff, the FY2020 Budget continues to promote leadership philosophy by investing in continued development of our employees through CHA-University and employee engagement.

CHA remains committed to finding opportunities in support of increasing affordable housing options. The FY2020 Budget provides funding for business marketing, outreach programs and incentives to landlords to encourage and expand new landlord participation in the Housing Choice Voucher program.

Additionally, CHA maintains its mission to expand quality affordable housing opportunities through real estate development initiatives. Development and revitalization projects in the FY2020 Budget include funding for Dillehay Courts Redevelopment and other future developments involving public-private partnerships. The capital investments in the FY2020 Budget reaffirms CHA's commitment to increase the supply of diverse price-point housing.

The attached budgets represent fiscal restraint and sustainability within our framework to meet the affordable housing demand. The budgets are based on CHA's mission and priorities mandated by the Board of Commissioners and the strategic plans articulated by the senior staff.

CHA and its subsidiaries wish to thank all its partners who contribute to the success of its mission. We look forward to discussions about the submitted budget for 2020.

Respectfully submitted,

A. Fulton Meachem, Jr.  
President/CEO

# Board of Commissioners

The Charlotte Housing Authority (CHA) is a public body and a body corporate and politic of the State of North Carolina created pursuant to the Housing Authorities Law (Article 1 of Chapter 157 of the General Statutes of North Carolina), as amended by a resolution of the City Council of the City of Charlotte, North Carolina adopted on December 7, 1938. The Charlotte Housing Authority was incorporated in June 1939 and has been in continuous operation since that date. CHA's powers are vested in seven commissioners; two (2) appointed directly by the Mayor, and five (5) appointed by Charlotte City Council. At least one (1) member must be a resident of assisted housing. The current commissioners are as follows:



Shirley L. Fulton, Chair  
*(Vice Chair to be identified)*



Lucy Brown



Leigh Ann Smith



Sheila Jones



Linda Ashendorf



Ray McKinnon



Michael Kennerly

Commissioners serve staggered three-year terms and, as the governing body, set policies governing the operations of CHA and charting the direction of current and future programs. Commissioners ensure that CHA operates within the North Carolina General Statutes and according to HUD regulation. Board action is affected by adoption of resolutions approving or authorizing the Chief Executive Officer or his designee or other senior managers to implement policy and/or conduct business.

## SENIOR MANAGEMENT & GENERAL COUNSEL

The Senior Management team of the Charlotte Housing Authority (CHA) consists of key executives who ensure that each of CHA's strategic business areas continue to focus on initiatives that center around the organization's strategic goals and management priorities.



A. Fulton Meachem, Jr., President/CEO. Mr. Meachem has worked in public housing for more than 20 years and has extensive experience in developing and executing workforce housing, resident services, and housing operations. As President and CEO of CHA, Mr. Meachem is responsible for the oversight and effective operation of one of the most progressive housing authorities in the nation. Due to an entrepreneurial nature, Mr. Meachem started two 501(c)(3) organizations to garner private dollars for public causes. He successfully led development efforts which resulted in the creation of over 1,600 mixed-income apartments using a myriad of sources such as HOPE VI funding, Low-Income Housing Tax Credits and Tax Exempt Bond Financing. Mr. Meachem serves on a number of boards and committees including the Centralina Council of Governments' Connect Our Future Consortium, Urban Land Institute (ULI) Steering Committee, and the Charlotte Mecklenburg Coalition on Housing. He is a member of the Council of Large Public Housing Authorities, National Association of Housing and Redevelopment Officials and the Public Housing Authorities Directors Association. Mr. Meachem is a graduate of North Carolina Central University, with a Bachelor's of Arts degree in Business Administration.



Heather R. Franklin, CPA, EVP, Finance. Ms. Franklin joined the Authority in September 2001 to manage the Accounting Department. She oversees all financial functions of CHA, including accounting, budgeting and procurement. Prior to joining CHA, Ms. Franklin worked for Virginia Tech Foundation, a 501(c)(3) organization, in its Accounting Department. She is a member of the North Carolina Association of Certified Public Accountants, and the American Institute of Certified Public Accountants. She has both a Bachelor's and Master's degree in Accounting, each from Virginia Polytechnic Institute and State University (Virginia Tech), in Blacksburg, Virginia. Ms. Franklin has been a licensed CPA in the state of North Carolina since 2004.

VACANT, EVP of Administrative Operations





**Sandra Pizarro**, EVP, Talent Operations. For over 15 years, Ms. Pizarro has been dedicated to effectively leading all functions of human capital and ensuring organizational capacity to meet challenging business needs and maintain a leadership position in the community. She works collaboratively to provide guidance on infrastructure and revitalization, benefits and compensation, performance management and strategic workforce planning. Ms. Pizarro earned her B.S. Magna cum Laude in Business Administration at the City University of New York and her MBA at St. John's University, along with several professional certifications in the discipline of Human Resources.



**Ken Wood**, EVP, Information Technology. Mr. Wood joined CHA in August 2015 to manage the Information Technology department. He oversees all technological areas from software systems, software development, networks, servers, desktops and communication equipment. Mr. Wood has over 30 years of experience with 22 years in the public sector. Prior to joining CHA, Mr. Wood served as Chief Information Officer at the Philadelphia, Houston, New Orleans and the Southern Nevada Regional Housing Authorities. Mr. Wood has lead the implementation of various Enterprise Resource Planning systems including PeopleSoft, J.D. Edwards, ECS Elite and Yardi Housing Systems. Mr. Wood's expertise is building systems and processes that allow businesses to maximize the use of Technology and create business efficiencies.



**Harriet L. Huell, Esq.**, EVP, Legal. Ms. Huell joined CHA in April 2014. Prior to joining CHA, she gained five years of experience working with a private boutique law firm in Durham, NC, that specializes in representing public housing authorities throughout the Carolinas. Licensed to practice law in North and South Carolina, she specializes in both employment and housing law and has extensive litigation experience. Ms. Huell holds an undergraduate degree in Mass Communications from Claffin University, a Master's Degree in Media Studies from The Pennsylvania State University, and a Juris Doctorate from the University of North Carolina at Chapel Hill. Ms. Huell is responsible for all of CHA's legal matters. She represents CHA in court proceedings and litigation, as well as manages outside counsel contracts for the entire agency.



**Tomico P. Evans**, EVP, CORE. Mrs. Evans joined CHA in September 2007. In her current capacity as the Senior Vice President of CORE, she oversees all supportive services of CHA, including services for families, children, senior, disabled, and homeownership. Mrs. Evans has a Bachelor's Degree in Psychology from Johnson C. Smith University and a Master's in Social Work from Clark Atlanta University in Atlanta, Georgia. She has more than 15 years of experience as a program director and supervisor, including eleven years at CHA. Prior to joining CHA, Mrs. Evans worked for a local 501 (c)(3) organization as a Program Director overseeing programs for homeless individuals and families. In her current role, she oversees the provision of supportive services to approximately 3,000 households across the City of Charlotte. In addition, she coordinates CHA's relationships with 20 plus community service providers, working to leverage program and services designed to enhance and enrich the lives of our residents and assist them to achieve financial independence, social empowerment and academic success.



**Connie Staudinger**; EVP, Horizon Development Properties, Inc. (Horizon Development). Ms. Staudinger joined CHA in April 2018. Prior to joining CHA, she was the Chief Operating Officer of the affiliate development corporation, Virginia Housing Development, LLC of Alexandria Redevelopment & Housing Authority (ARHA). She was responsible for the acquisition, planning, design and implementation of all affordable housing development projects. Prior to her employment at ARHA, Ms. Staudinger worked for various architectural firms and private developers in positions related to preserving and building new affordable housing projects. Ms. Staudinger is certified by the National Council of Architectural Registration Boards. She earned an MBA and has completed all coursework for a doctoral degree in International Business with a Finance Specialty. She holds a Class A General Contractor's license and is certified as a Housing Finance Development Professional.



VACANT, EVP of Blue Horizon



**Sherrod Banks**, The Banks Law Firm, serves as the General Counsel to the Charlotte Housing Authority. Mr. Banks received his Juris Doctor Degree from the University of North Carolina School of Law. Since his induction into the state bar, he has practiced law in the areas of affordable housing and community economic development, corporations, partnerships, commercial and residential real estate, business litigation, private placement stock offerings, labor and employment law, municipal law and civil litigation. He has represented CHA for more than 10 years.



# STRATEGIC BUSINESS AREAS

The Charlotte Housing Authority (CHA) has six strategic business areas: Executive, Corporate Services, Administrative Operations, Blue Horizon Management Company (Blue Horizon), C.O.R.E. Programs Inc. (CORE), and Horizon Development Properties, Inc. (Horizon Development).

The **Executive Division** provides leadership and oversight of the organization by working with the Board of Commissioners and senior management team to establish and implement long-term goals, strategic plans for program development and policies to support operations.

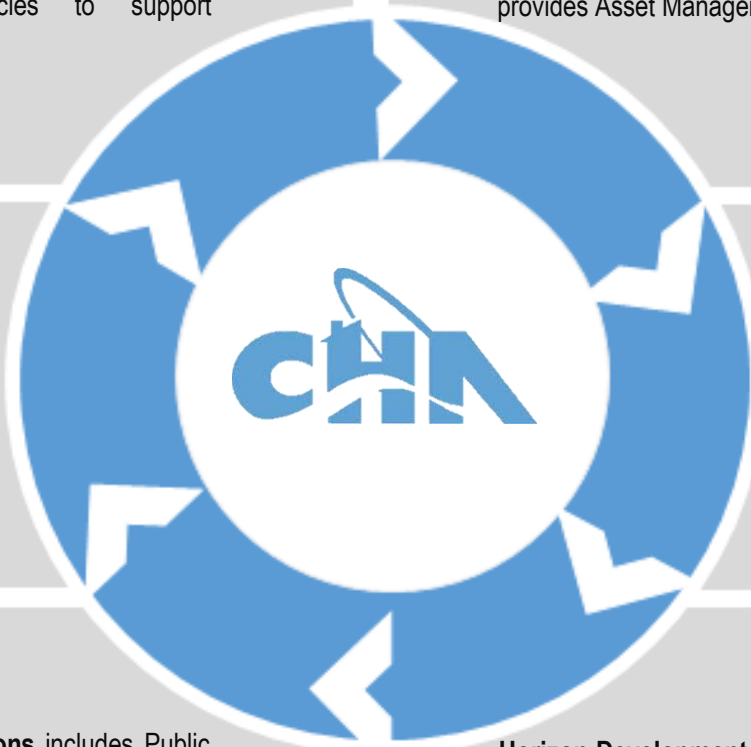
**Blue Horizon** operates as CHA's Real Estate Management Division. They are responsible for the daily management and maintenance of all housing units owned by CHA and its subsidiaries. In addition to property management services, Blue Horizon also provides Asset Management services.

**Corporate Services** include Finance, Talent Operations, Information Technology, Legal and Resident Safety. They enable employees and other divisions to achieve the mission of CHA.

**CORE** provides client services to CHA residents, including MAX Program youth development, Destination Home Ownership, and other services for our residents.

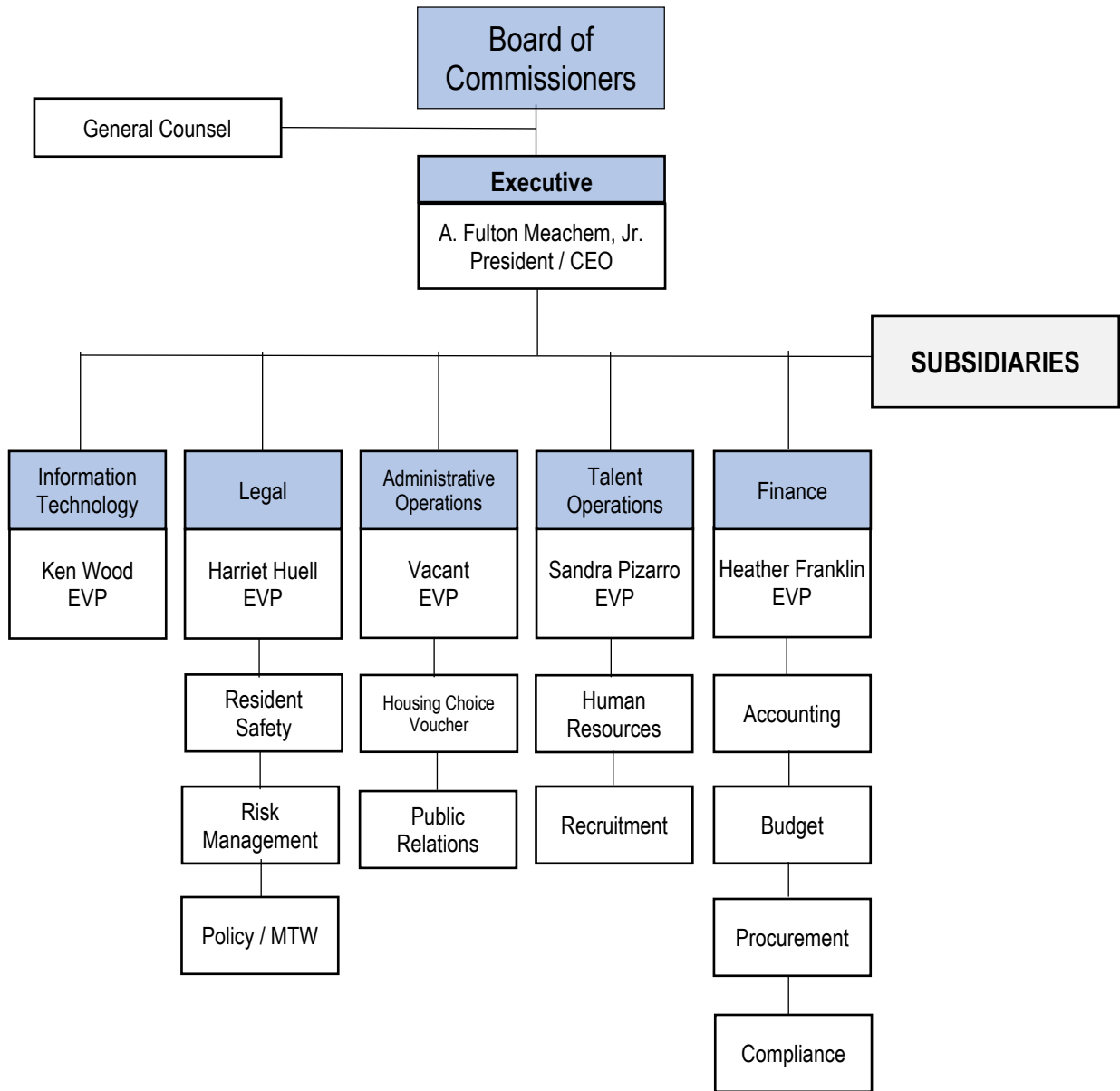
**Administrative Operations** includes Public Relations and the Housing Choice Voucher Program. Responsibilities include ensuring communication with stakeholders, and management the Housing Choice Voucher program.

**Horizon Development** operates as the Real Estate Development Division of CHA and is responsible for providing relocation services, construction management, and development of new affordable housing units, partnering with the development community to leverage existing resources.



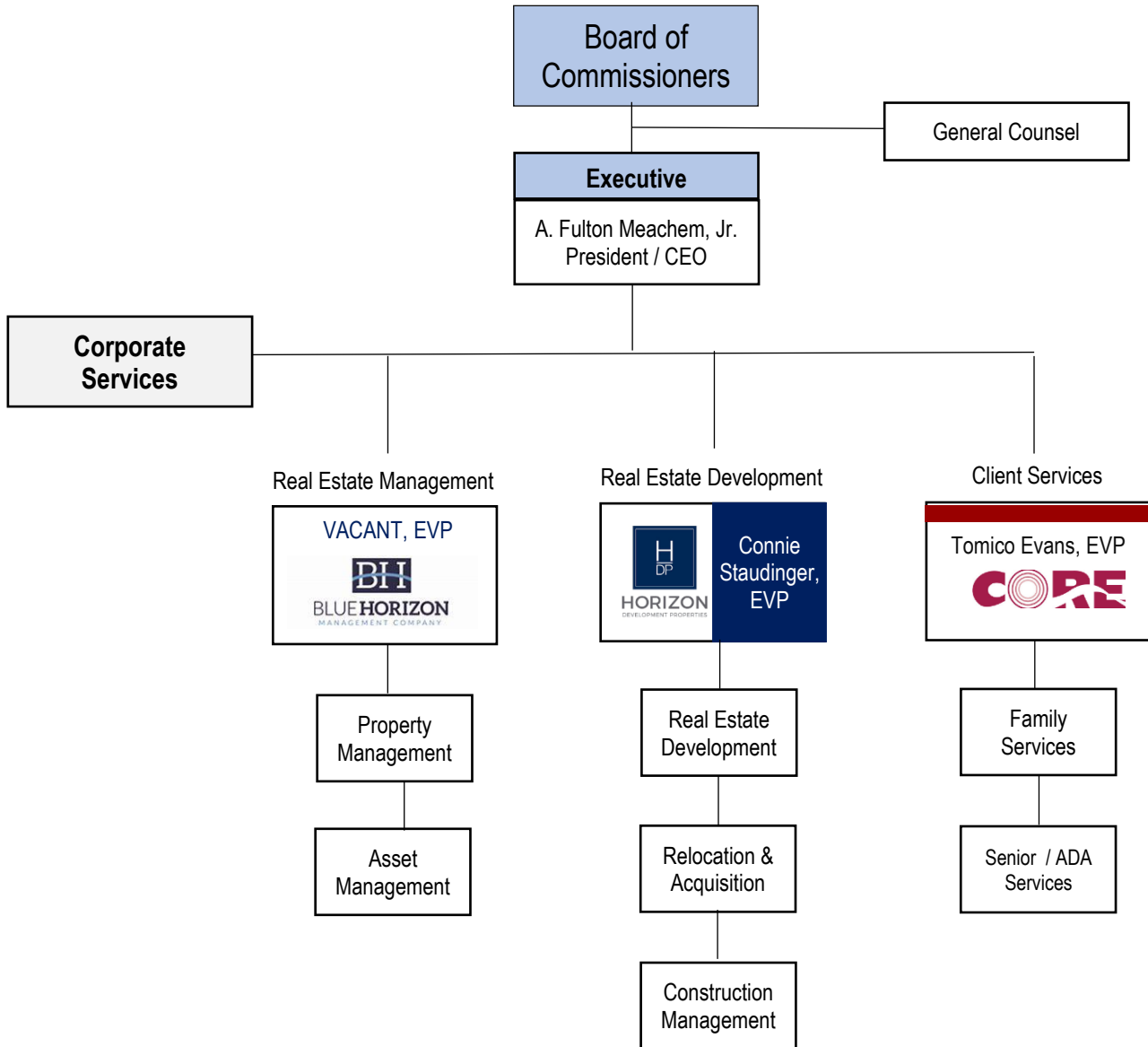


# ORGANIZATION CHART





# SUBSIDIARIES





## 2.0 STRATEGIC DIRECTION

### 2.1 VISION AND MISSION

#### OUR VISION

**Creating Community,  
Empowering Families, and Building Partnerships.**

#### OUR MISSION

To create innovative housing solutions in desirable communities for residents of diverse incomes and facilitate access to services to help them succeed.

#### OUR GOALS

Goal I:  
Elevate the customer experience by providing a culture of service excellence.

Goal II:  
Acquire, develop, and preserve diverse price point housing.

Goal III:  
Create and enhance diverse income streams to support CHA's Mission.

Goal IV:  
Develop and maintain mutually beneficial external partnerships that further CHA's mission.

Goal V:  
Implement a communication strategy that educates the public on CHA's transformation and engages stakeholders in advocacy efforts that further CHA's Mission.

Goal VI:  
Acquire, Retain and Develop Top Talent to ensure the successful execution of our strategic plan.

#### OUR CORE PRINCIPLES

Best In Class  
Our commitment is to the highest standards of excellence and we strive to always exceed customer expectations and be the best in the industry

We Are Our Word  
Honesty and Integrity are the foundation upon which we build all relationships.

We Encourage Creative Thinking  
Scarce resources, great needs and change-driven environment challenges the status quo and demands an entrepreneurial spirit. We encourage creative thinking and are consistently searching for better ways to accomplish our goals.

Children Are Our Future  
It's better to build strong boys and girls than to repair broken men and women.

Accountability Ties Commitment to Results  
We are accountable to CHA, and to our customers, investors, partners, community and each other for the work we produce and actions we take. We take ownership of our ideas, our creation and our impact.

## 2.2 THE BLUEPRINT (5-Year Plan)

CHA is guided by its five-year strategic plan named “The Blueprint”. Spurred on by the uncertainty of federal funding and increasing demand for affordable housing, CHA devised a plan that would monetize its 20+ years of experience in Real Estate Development, Property Management, and Supportive Services to take action on the immortal words of Abraham Lincoln, “the best way to predict the future is to create it yourself.”

CHA now has a fully functional “Family of Companies” that together can increase the supply of diverse price-point housing, maintain and increase the value of our assets, stabilize our target market and produce cash flow that we can reinvest back into our mission.

Horizon Development Properties, Inc. (Horizon Development), Blue Horizon Management Company (Blue Horizon), and C.O.R.E. Programs, Inc. (CORE) have created 706 apartments and graduated 49% of our participants in the Family-Self-Sufficiency Program (national average is 39%).

Using this strategic plan as a guide, we believe CHA can increase the supply of diverse price-point housing and improve the quality of life for our customers. Key elements of this strategy will be the continued expansion of our “Family of Companies” and analyzing our entrepreneurial efforts to ensure the generation of new revenue that will supplement the loss of federal funds. Moving forward, CHA knows it will take collaboration to meet this critical need for housing, so we will pursue partnerships that are alike in mission and bring a high return on investment to CHA and its residents.

Our strategic plan represents “The Blueprint” for the coming years that we will continue to refine as the needs of our community change.



## 2.3 ANNUAL OBJECTIVES

The Charlotte Housing Authority (CHA) fiscal year is from January 1 through December 31. Annual objectives are developed by strategic business areas, which are linked to goals established in The Blueprint. These annual objectives are identified in Section 4.0 Fund Financial Summary.

The annual budget process is designed to support CHA's long-range vision and 5-year goals of The Blueprint. CHA's senior management meets to review goals achieved and set objectives for the upcoming year. Decisions on initiatives or realignment of priorities are identified and are set forth as the foundation upon which CHA establishes its annual objectives. Staff plans out the milestones and required resources as part of the budget development process to meet those objectives. Additional information about the budget process is provided in Section 7.0 Supplemental Information.



## Six Goals of The Blueprint

1

Elevate the customer experience by providing a culture of service excellence.



2

Acquire, develop, and preserve diverse price point housing.



3

Create and enhance diverse income streams to support CHA's Mission.



4

Develop and maintain mutually beneficial external partnerships that further CHA's mission.



5

Implement a communication strategy that educates the public on CHA's transformation and engages stakeholders in advocacy efforts that further CHA's Mission.



6

Acquire, Retain and Develop Top Talent to ensure the successful execution of our strategic plan.



## 2.4 CHA IS MOVING FORWARD

CHA is one of thirty-nine (39) agencies participating in the federal Moving to Work (MTW) Demonstration program. Moving to Work has transformed the way housing authorities provide housing and services to low-income families. Using MTW flexibilities, CHA has created alternative methods to:

- Reduce cost and achieve greater cost effectiveness in federal expenditures;
- Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and
- Increase housing choices for low-income families.

The authorization to waive certain statutes and HUD regulations and combine federal funds has enabled CHA to develop and implement activities that improve the communities we serve in Charlotte.

Moving to Work has been recognized as a vital tool in CHA's toolbox for providing affordable housing. It allows CHA to implement activities that positively impact the following:

- Employment rate for able-bodied heads of households and other family members;
- Number of family members in training and/or education programs;
- Average and median income of families (all sources and earned income) (excluding seniors and disabled families);
- Amount of funds leveraged in the community for production of affordable housing and the provision of supportive services;
- Number of children who enter post-secondary education;
- Percent increase in the number of CHA students that enter the CHA Scholarship Fund (CHASF);
- Number of housing units in mixed-income environments; and
- Distribution of housing units and housing opportunities for Section 9 and project-based Section 8.

Key MTW activities implemented:

1. Rent Reform (modified rent calculation with escrow and biennial reexaminations);
2. Case Management and enhanced services;
3. Supportive Housing Partnerships (partnering with supportive housing providers to provide gap financing and housing subsidies): Supportive Housing Communities, YWCA Families Together, The Salvation Army, Urban Ministry Center, Charlotte Family Housing, HUD Veteran Affairs Supportive Housing (VASH) Vouchers, HUD Family Unification Program (FUP) Vouchers, Everett House, and A Child's Place;
4. Resident Safety activities;
5. Construction of additional affordable units; and
6. Implementation of policies that simplify the administration of public housing and housing choice voucher programs.

## **2.5 RENTAL ASSISTANCE DEMONSTRATION PROGRAM (RAD)**

RAD is a central part of the United States Department of Housing and Urban Development (HUD) rental housing preservation strategy, which works to preserve the nation's stock of affordable rental housing, promote efficiency within and among HUD programs, and build strong, stable communities. RAD allows public housing properties to convert to 15-year long-term Housing Choice Voucher (HCV) rental assistance contracts.

### **RAD HISTORY**

In December 2013, the Board adopted a resolution allowing CHA to submit a RAD application. A strategy of grouping the properties into phases was developed to submit multiple portfolios to convert public housing units to a single platform within the HCV Program. A strategy was also developed to dismantle the Capital Fund Financing Program Bond transaction, through defeasance, to further redevelop the portfolio. Due to declining capital funds and the dual bond covenant tests, CHA was limited on the number of units that could be removed from inventory, thus affecting the redevelopment of projects such as Strawn, Hall House, and Dillehay Courts. This made defeasance necessary for RAD to be successful.

A Board retreat was held in June 2016 to outline the RAD conversion plan and Board approval was later given to the CEO to execute the necessary items and agreements to allow CHA to implement the RAD program. The financing plans were submitted for converting projects on June 30, 2016.

Closing for all converting properties began in September 2016 and continued through 2018. The RAD approach is directly tied to the goals of the adopted previous five-year strategic plan ("the 2013 Plan") and promotes organizational sustainability due in part to more stable financing. The financial goals for RAD are as follows:

- Long-term financially stable properties;
- Ensure long-term viability of client services and community safety programs through optimization of costs paid by the properties; and
- Provide a commitment of annual funding within the MTW program for future growth through development projects.

Resident meetings were held to educate, answer questions and receive feedback and comments concerning RAD and CHA's potential conversion. There are no major impacts to our residents related to CHA's conversion to RAD.

### **POST RAD CONVERSION**

Whether residents live in traditional or non-traditional housing, listed below are some regulations that are the same for each housing segment in the RAD environment.

- If you had an apartment; then you can stay in your apartment.
- Rent/utility is no more than 30% of your adjusted gross income.
- Possible Mobility Voucher wait list opportunity in 1-2 years.
- 10-day lease termination for non-payment of rent.
- Work requirement with supportive services in place in some locations (excluding seniors and disabled) expanding to all locations and HCV.

To date, all but two properties have converted to RAD. The two remaining properties, including the first phase of Dillehay Courts, are expected to close in 2020.





### 3.0 BUDGET SUMMARY

#### 3.1 BUDGET OVERVIEW

The fiscal year budgets are presented as seven funds: Business Activities, Central Office Cost Center (COCC), Moving to Work (MTW), C.O.R.E. Programs Inc. (CORE), Blue Horizon Management Company (Blue Horizon), Horizon Acquisition Corp. (Horizon Acquisition), and Horizon Development Properties, Inc. (Horizon Development).

Further details for each fund budget are provided separately in Section 4.0 Fund Financial Summary. All budgets are combined in this Budget Summary presentation to show a comprehensive view of Charlotte Housing Authority (CHA) for the upcoming year. The annual operating budget reflects the day-to-day operations, while the capital budget represents capital investments.

Below is a summary of the combined CHA budget:

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
Revenues	146,724,531	151,398,929	156,022,840	4,623,911	3.1%
Expenses	137,266,981	133,363,772	154,459,719	21,095,947	15.8%
Transfers In (Out)	(5,420,874)	(16,309,070)	-	(16,309,070)	100.0%
Net Income	\$ 4,036,676	\$ 1,726,087	\$ 1,563,121	\$ (162,966)	-9.4%

#### Budget Highlights

##### Revenues:

As in prior years, most of CHA’s operating revenues come from federal financial assistance, which will fund \$78.4 million of the FY2020 Budget. Portable and Portable Administrative Fees are estimated at \$10.5 million. Operating Revenues from Tenant Rental Revenue and Fee Revenues are projected at \$39.4 million and \$8.9 million respectively. Also included in the FY2020 Budget is \$13.6 million in fund balance appropriations to support development projects and various one-time expenses intended to increase efficiencies in CHA’s services and operations. Fund Balance appropriations included in the FY2020 Budget are as follow:

	Business Activities	Blue Horizon	COCC	CORE	Horizon Acquisition	Horizon Development	MTW	TOTALS
Development Projects							9,203,558	9,203,558
Dillehay Courts Redevelopment Project	1,000,000						600,000	1,600,000
Tall Oaks Phase 2	500,000							500,000
Hoefener Center Roof Replacement	255,000		345,000					600,000
Hall House Operating Expenses	187,973							187,973
Security Cameras at Headquarters			152,180					152,180
Rebranding Campaign			100,000					100,000
Grant Re-appropriations				984,395				984,395
Real Estate Development Operations						304,732		304,732
<b>TOTALS</b>	<b>1,942,973</b>	<b>-</b>	<b>597,180</b>	<b>984,395</b>	<b>-</b>	<b>304,732</b>	<b>9,803,558</b>	<b>13,632,838</b>



Expenses:

The FY2020 Budget includes \$70.5 million in Housing Assistance Payments (HAP) to Section 8 Housing Choice Voucher (HCV) landlords, of which \$10.0 million are Portables.

The decrease in overall Net Income from FY2019 to FY2020 is primarily due to the increase in operating expenses. In property management, the rising cost to perform routine maintenance has increased about 7% while utilities increased over 5% in FY2020. In addition to cost inflation factors, recent property takeovers also impacted the increased expense budget. Blue Horizon will manage the first full year of operations for at least six new properties that transitioned from third-party management companies. The FY2020 Budget includes higher administrative and maintenance budgets to ensure proper services are performed and the communities are being adequately maintained.

As a result of the property takeovers, CORE and Corporate Services expanded its staffing resources in order to provide supportive services to the new properties. To assist with funding these increased costs, CORE's FY2020 Budget includes grants, such as the Parent Child+ Grant, and increased funding from the Moving To Work fund.

With the Blue Horizon portfolio expansion and the need for streamlined services, core functions were examined in depth by CHA. From this effort, key responsibilities were realigned to leverage subject-matter expertise. In FY2020, the administration of waiting lists, new admissions and transfers of program participants will transition from Blue Horizon's management to the management of Administrative Operations. As a result, new staffing resources were added to Administrative Operations to focus on managing these key responsibilities. This realignment of duties will promote a higher level of administrative coordination and allow strategic business areas to focus on their respective core functions.

The cost impact of these new positions, combined with merit and benefit cost increases, resulted in higher operating expenses.

Below is a summary of the staffing changes. Additional details are provided in Section 6.0 Staffing Summary.

<b>Strategic Business Area</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2019 vs</b>
Administrative Operations	49.00	51.00	55.00	4.00
HDP / Real Estate Development	13.00	11.00	8.00	(3.00)
Blue Horizon / Real Estate Mgmt	80.80	101.30	101.65	0.35
CORE / Client Services	31.36	32.86	41.86	9.00
Corporate Services	34.58	35.00	40.00	5.00
<b>TOTALS</b>	<b>208.74</b>	<b>231.16</b>	<b>246.51</b>	<b>15.35</b>

Transfers In (Out)

In prior years, funding for development/capital projects were classified as Operating Transfers Out from the MTW fund. In the FY2020 Budget, those funds are now reclassified as Restricted Donations (Other Uses Expense Category). As a result, the Operating Transfers Category is now balanced (net zero) and funding for development/capital projects are now represented in the Other Uses Expense Category, which is a significant factor driving the increase in Expenses over the prior year. In FY2020, a total of \$15.3 million will fund development/capital projects. For more details, refer to Section 5.0 Capital Projects.



**Property Improvements**

The FY2020 Budget includes carryover appropriations for property improvements in progress as well as appropriations for new projects anticipated for the upcoming year. The total amount appropriated for Property Improvements is \$16.1 million. The scheduled projects include roof replacements, system upgrades, unit renovations and various other property improvements.

In review of the projects identified in the Physical Needs Assessment (PNA) and in consideration of existing resources, Horizon Development will outsource the management and administration of capital projects to improve capital outcomes and efficiencies. The cost of contracted services will be offset by the reduction of staffing in the Horizon Development strategic business area. In collaboration with the external construction management partner, Horizon Development will review projects to realign them with strategic priorities to meet current operational needs and the established PNA.

Based on the PNA, reserves are set aside at each property and monthly replacement reserve payments are made to ensure the forecasted needs are funded. The FY2020 Budget Reserve Draws are estimated at \$13.8 million. Other sources of revenue to fund the Property Improvements include fund balance, surplus cash from prior years, and projected cashflow.

**Fund Equity (or Net Position)**

The CHA budget consists exclusively of enterprise funds and presents its activities as a single enterprise propriety fund. The budgets are prepared on the modified accrual basis of accounting. Fund Equity (or Net Position) represents the difference between the assets and liabilities. Net Position for CHA’s programs consist mainly of fixed assets.

The budgets are balanced in accordance with North Carolina General Statutes for the MTW, COCC, Business Activities and CORE funds. Therefore, Fund Equity is not expected to change for these funds. Horizon Development, Blue Horizon, and Horizon Acquisition will follow RAD regulations regarding use of these funds as these properties will show a budget with cash flow, which will increase (or decrease) the Net Position.

FUND EQUITY CHANGES (dollars in millions)		
FY2018 Year-End Fund Equity Balance	\$	329.4
FY2019 Budgeted Revenues		151.4
FY2019 Budgeted Expenses		133.4
FY2019 Budgeted Transfers In (Out)		(16.3)
FY2019 Budgeted Net Income		<u>1.7</u>
FY2019 Budgeted Year-End Fund Equity Balance		<u>331.1</u>
FY2020 Proposed Revenues		155.1
FY2020 Proposed Expenses		139.2
FY2020 Proposed Transfers In (Out)		(14.4)
FY2020 Proposed Net Income		<u>1.5</u>
FY2020 Proposed Year-End Fund Equity Balance		<u>332.6</u>
FY2020 Proposed Fund Equity Changes	\$	1.5
Percent Change in Fund Equity		0.5%
FY2019 vs FY2020		



### 3.2 CONSOLIDATED BUDGET

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
<b>REVENUES</b>					
Tenant Rental Revenues	\$ 38,328,134	\$ 39,239,494	\$ 39,394,686	\$ 155,192	0.4%
Public Housing Operating Subsidies	1,130,605	1,262,492	1,262,492	-	0.0%
HCV Operating Subsidies	65,159,815	65,849,356	68,297,476	2,448,120	3.7%
HCV Administrative Fees	4,299,773	4,159,885	4,259,019	99,134	2.4%
Capital Fund	4,230,146	4,621,960	4,621,960	-	0.0%
Portable HAP Revenue	10,886,995	9,447,941	10,048,379	600,438	6.4%
Portable HAP Administrative Fees	498,584	475,407	495,030	19,623	4.1%
Fee Revenue	7,975,790	7,456,147	8,921,920	1,465,773	19.7%
Other Revenues	2,701,053	4,096,423	4,293,556	197,133	4.8%
Fund Balance Appropriated	11,513,636	13,927,900	13,632,838	(295,062)	-2.1%
Other Sources	-	861,924	795,484	(66,440)	-7.7%
<b>REVENUE TOTAL</b>	<b>146,724,531</b>	<b>151,398,929</b>	<b>156,022,840</b>	<b>4,623,911</b>	<b>3.1%</b>
<b>EXPENSES</b>					
Administrative	26,837,047	27,476,041	28,984,986	1,508,945	5.5%
Tenant & Social Services	5,461,559	5,145,225	6,624,873	1,479,648	28.8%
Utilities	5,369,787	5,712,873	6,014,261	301,388	5.3%
Ordinary Maintenance & Operations	11,495,842	12,948,139	13,826,727	878,588	6.8%
Protective Services	659,316	513,521	551,217	37,696	7.3%
General Expenses	2,101,600	2,171,925	2,358,510	186,585	8.6%
Reserve Deposits	1,768,899	1,619,854	1,836,296	216,442	13.4%
Reserve Draws	(11,119,696)	(9,127,085)	(13,823,141)	(4,696,056)	51.5%
Debt Service	5,255,173	5,089,700	5,056,888	(32,812)	-0.6%
Housing Assistance Payments (HAP)	62,076,532	59,296,534	60,425,744	1,129,210	1.9%
HAP Expense - Portables	10,886,995	9,447,941	10,048,379	600,438	6.4%
Other Uses	5,962,310	183,765	15,325,518	15,141,753	8239.7%
Future Year's Appropriations	436,987	1,965,356	1,111,461	(853,895)	-43.4%
Property Improvements	10,074,630	10,919,983	16,118,000	5,198,017	47.6%
<b>EXPENSE TOTAL</b>	<b>137,266,981</b>	<b>133,363,772</b>	<b>154,459,719</b>	<b>21,095,947</b>	<b>15.8%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	75,610,721	64,727,993	67,360,099	2,632,106	4.1%
Operating Transfers Out	81,031,595	81,037,063	67,360,099	(13,676,964)	-16.9%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>(5,420,874)</b>	<b>(16,309,070)</b>	<b>-</b>	<b>(16,309,070)</b>	<b>100.0%</b>
<b>NET INCOME</b>	<b>\$ 4,036,676</b>	<b>\$ 1,726,087</b>	<b>\$ 1,563,121</b>	<b>\$ (162,966)</b>	<b>-9.4%</b>





### 3.3 COMPARATIVE FY2020 BUDGET BY FUND

	Business Activities	Blue Horizon	COCC	CORE	Horizon Acquisition	Horizon Development	MTW	TOTAL
<b>REVENUES</b>								
Tenant Rental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 5,211,174	\$ 33,887,612	\$ 295,900	\$ 39,394,686
Public Housing Operating Subsidies	-	-	-	-	-	-	1,262,492	1,262,492
HCV Operating Subsidies	-	-	-	-	-	-	68,297,476	68,297,476
HCV Administrative Fees	-	-	-	-	-	-	4,259,019	4,259,019
Capital Fund	-	-	-	-	-	-	4,621,960	4,621,960
Portable HAP Revenue	-	-	-	-	-	-	10,048,379	10,048,379
Portable HAP Administrative Fees	-	-	-	-	-	-	495,030	495,030
Fee Revenue	-	2,591,618	3,068,747	1,304,595	-	1,956,960	-	8,921,920
Other Revenues	1,599,734	-	1,628,088	220,000	320,849	306,359	218,526	4,293,556
Fund Balance Appropriated	1,942,973	-	597,180	984,395	-	304,732	9,803,558	13,632,838
Other Sources	-	-	10,000	-	95,264	690,220	-	795,484
<b>REVENUE TOTAL</b>	<b>3,542,707</b>	<b>2,591,618</b>	<b>5,304,015</b>	<b>2,508,990</b>	<b>5,627,287</b>	<b>37,145,883</b>	<b>99,302,340</b>	<b>156,022,840</b>
<b>EXPENSES</b>								
Administrative	402,022	1,650,809	4,968,107	1,139,133	1,552,079	9,757,798	9,515,038	28,984,986
Tenant & Social Services	193,892	-	-	4,822,559	219,621	1,270,275	118,526	6,624,873
Utilities	40,098	-	96,450	-	607,872	4,839,853	429,988	6,014,261
Ordinary Maintenance & Operations	286,343	15,900	224,997	58,944	1,752,401	10,821,248	666,894	13,826,727
Protective Services	-	-	300,112	-	30,760	207,160	13,185	551,217
General Expenses	22,897	8,652	41,673	13,864	440,959	1,696,907	133,558	2,358,510
Reserve Deposits	16,596	-	-	-	212,900	1,606,800	-	1,836,296
Reserve Draws	-	-	-	-	(1,282,051)	(12,541,090)	-	(13,823,141)
Debt Service	10,000	-	-	-	599,034	4,447,854	-	5,056,888
Housing Assistance Payments (HAP)	-	-	-	-	-	-	60,425,744	60,425,744
HAP Expense - Portables	-	-	-	-	-	-	10,048,379	10,048,379
Other Uses	1,500,000	-	-	-	-	-	13,825,518	15,325,518
Future Year's Appropriations	486,461	-	-	-	-	625,000	-	1,111,461
Property Improvements	600,000	-	152,180	-	1,387,315	13,378,505	600,000	16,118,000
<b>EXPENSE TOTAL</b>	<b>3,558,309</b>	<b>1,675,361</b>	<b>5,783,519</b>	<b>6,034,500</b>	<b>5,520,890</b>	<b>36,110,310</b>	<b>95,776,830</b>	<b>154,459,719</b>
<b>OPERATING TRANSFERS</b>								
Operating Transfers In	494,489	-	824,504	3,525,510	-	329,398	62,186,198	67,360,099
Operating Transfers Out	478,887	824,504	345,000	-	-	-	65,711,708	67,360,099
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>15,602</b>	<b>(824,504)</b>	<b>479,504</b>	<b>3,525,510</b>	<b>-</b>	<b>329,398</b>	<b>(3,525,510)</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ -</b>	<b>\$ 91,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 106,397</b>	<b>\$ 1,364,971</b>	<b>\$ -</b>	<b>\$ 1,563,121</b>





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## 4.0 FUND FINANCIAL SUMMARY

The fiscal year budgets are presented as seven funds: Business Activities, Central Office Cost Center (COCC), Moving to Work (MTW), C.O.R.E. Programs Inc. (CORE), Blue Horizon Management Company (Blue Horizon), Horizon Acquisition Corp. (Horizon Acquisition), and Horizon Development Properties, Inc. (Horizon Development).

### **FLOW OF FUNDS**

Charlotte Housing Authority (CHA) receives funding from the United States Department of Housing and Urban Development (HUD) for the Housing Choice Voucher (HCV) Program, which is the primary source of funding for CHA and its affiliates. CHA also receives Public Housing subsidy and Capital Funds for properties that have not yet converted to the Rental Assistance Demonstration (RAD).

All HUD subsidies are received in the MTW fund. Within the MTW Fund, money is transferred to the HCV program for voucher payments and MTW program costs. MTW funds are transferred to the COCC Fund as fee revenue for administration of the HCV Program, restricted to the allowable \$2 per unit MTW fee. MTW Funds are also transferred to the CORE Fund and to the Capital Fund to support client service programs and real estate development projects respectively.

CORE, Horizon Development and Business Activities (First Ward Case Manager) transfers an administrative fee to the COCC.

Blue Horizon collects property management, asset management, and bookkeeping fees from Business Activities (Hoefener), Horizon Acquisition and Horizon Development; then transfers a certain amount to COCC.



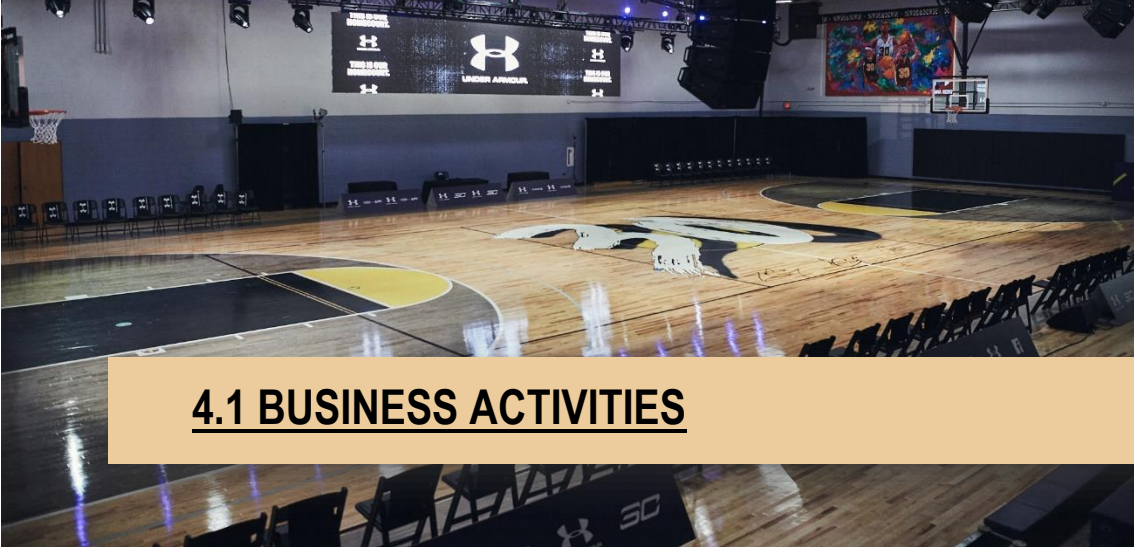
## Fund Matrix

<b>CORPORATE SERVICES</b>
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<b>SUBSIDIARIES</b>
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Business Activities	Central Office Cost Center (COCC)	Moving to Work (MTW)
Hoefener Center	Executive	Housing Choice Voucher (HCV)
Program Income	Legal & Resident Safety	Policy / MTW Planning
	Finance, Procurement & Section 3	Public Relations
	Information Technology	Compliance / Inspections
	Talent Operations	
	Administrative Operations	

CORE	Blue Horizon	Horizon Acquisition	Horizon Development
Client Services	Blue Horizon Executive	Strawn Parktowne Little Rock	HDP-owned Properties
Destination Homeownership	Property Management Services		Real Estate Development
Max Program	Asset Management		Relocation
			Construction Management



## **4.1 BUSINESS ACTIVITIES**

### Fund Overview

Business Activities consists of First Ward Case Management, Carole Hoefener Center, the North Carolina Coalition Against Domestic Violence grant, the Scholars Program, and program income.

The North Carolina Coalition Against Domestic Violence grant addresses domestic and other violent behavior within the affordable housing communities. The Scholars Program provides summer break and winter learning opportunities for students of the Charlotte Mecklenburg school system that live in the West Corridor community.

Revenue in this fund is primarily from Interest Income from HOPE VI loans in the Arbor Glen, Seigle Point, First Ward and Park at Oaklawn communities, grant funding and rents collections at the Carole Hoefener Center. The Fund Balance Appropriated category represents funding mainly for predevelopment for Dillehay, and re-appropriated funding for Tall Oaks Phase II. The offsetting expense is represented as Other Sources, which was previously classified as Operating Transfers Out.

Expenses are composed mainly of the cost to run the Carole Hoefener Center and the cost of the First Ward Case Manager Program. Future Year's Appropriation represents unallocated expenditures from the Arbor Glen, Seigle Point, First Ward, and the Park at Oaklawn program income properties.

### **FY2020 Objectives**

#### Blueprint Goal #3:

- Develop Hoefener Center Business Plan



### Business Activities – Budget by Category

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
<b>REVENUES</b>					
Other Revenues	\$ 1,468,069	\$ 1,541,470	\$ 1,599,734	\$ 58,264	3.8%
Fund Balance Appropriated	1,642,583	1,829,246	1,942,973	113,727	6.2%
Other Sources	-	-	-	-	0.0%
<b>REVENUE TOTAL</b>	<b>3,110,652</b>	<b>3,370,716</b>	<b>3,542,707</b>	<b>171,991</b>	<b>5.1%</b>
<b>EXPENSES</b>					
Administrative	391,847	377,055	402,022	24,967	6.6%
Tenant & Social Services	216,221	232,262	193,892	(38,370)	-16.5%
Utilities	27,932	28,483	40,098	11,615	40.8%
Ordinary Maintenance & Operations	189,163	284,550	286,343	1,793	0.6%
General Expenses	21,547	15,274	22,897	7,623	49.9%
Reserve Deposits	16,595	-	16,596	16,596	100.0%
Reserve Draws	-	-	-	-	0.0%
Debt Service	-	-	10,000	10,000	100.0%
Other Uses	500,000	-	1,500,000	1,500,000	100.0%
Future Year's Appropriations	399,756	433,845	486,461	52,616	12.1%
Property Improvements	85,000	50,000	600,000	550,000	1100.0%
<b>EXPENSE TOTAL</b>	<b>1,848,061</b>	<b>1,421,469</b>	<b>3,558,309</b>	<b>2,136,840</b>	<b>150.3%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	-	-	494,489	494,489	100.0%
Operating Transfers Out	1,262,583	1,949,246	478,887	(1,470,359)	-75.4%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>(1,262,583)</b>	<b>(1,949,246)</b>	<b>15,602</b>	<b>1,964,848</b>	
<b>NET INCOME</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>



## **4.2 CENTRAL OFFICE COST CENTER**

### Fund Overview

The Central Office Cost Center (COCC) is composed of departments that have oversight of the organization. The following areas make up the COCC:

- Finance is responsible for transacting and recording all financial aspects of CHA, culminating in accurate and dependable timely information for CHA staff and the Board of Commissioners. Finance includes the Accounting, Budget, Procurement, Section 3 and Compliance functions.
- Administrative Operations is responsible for oversight of the Housing Choice Voucher (HCV) Program and Public Relations.
- Talent Operations (Human Resources) is dedicated to working with all areas of the organization to maximize the potential of our greatest asset—our human capital.
- Information Technology works to connect staff processes and data content through the effective use of reliable information, computing, telecommunications and technology consulting services.
- Legal provides all aspects of legal services, risk management, Resident Safety and administers the development of the annual MTW plan.
- Executive Office is responsible for the overall management and direction of CHA.

The COCC generates revenue by charging internal fees for management services per HUD regulations. The major revenue sources in the COCC consist of the sharing of Property Management, Bookkeeping/IT and Asset Management fees. The COCC also collects 18% of the projected cost of Horizon Development, First Ward Case Managers and CORE as a fee.

### FY2020 Objectives

#### Blueprint Goal #1:

- Launch screening assessment & mystery shopping
- Enhance Vendor Management
- Execute Rebranding Campaign
- Implement Emergency Notification System

#### Blueprint Goal #6:

- Implement Learning Management System
- Continue Leadership Academy curriculum
- Develop Career Ladders & Succession Plans



Central Office Cost Center – Budget by Category

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
<b>REVENUES</b>					
Fee Revenue	\$ 4,003,685	\$ 2,731,392	\$ 3,068,747	\$ 337,355	12.4%
Other Revenues	281,387	1,668,393	1,628,088	(40,305)	-2.4%
Fund Balance Appropriated	746,225	712,472	597,180	(115,292)	-16.2%
Other Sources	-	-	10,000	10,000	100.0%
<b>REVENUE TOTAL</b>	<b>5,031,297</b>	<b>5,112,257</b>	<b>5,304,015</b>	<b>191,758</b>	<b>3.8%</b>
<b>EXPENSES</b>					
Administrative	4,890,020	4,911,298	4,968,107	56,809	1.2%
Tenant & Social Services	-	397	-	(397)	-100.0%
Utilities	95,870	96,892	96,450	(442)	-0.5%
Ordinary Maintenance & Operations	267,551	226,888	224,997	(1,891)	-0.8%
Protective Services	365,550	290,845	300,112	9,267	3.2%
General Expenses	74,910	45,823	41,673	(4,150)	-9.1%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	37,231	-	-	-	0.0%
Property Improvements	-	154,158	152,180	(1,978)	-1.3%
<b>EXPENSE TOTAL</b>	<b>5,731,132</b>	<b>5,726,301</b>	<b>5,783,519</b>	<b>57,218</b>	<b>1.0%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	699,919	614,041	824,504	210,463	34.3%
Operating Transfers Out	-	-	345,000	345,000	100.0%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>699,919</b>	<b>614,041</b>	<b>479,504</b>	<b>(134,537)</b>	
<b>NET INCOME</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
400 East Boulevard Administration	\$ 238,101	\$ 215,480	\$ 315,329	\$ 99,849	46.3%
400 East Building Management	375,349	534,919	466,661	(68,258)	-12.8%
Accounting	894,718	936,059	998,777	62,718	6.7%
Administration	90,965	95,877	100,096	4,219	4.4%
Executive	508,210	562,653	620,507	57,854	10.3%
Finance	558,731	476,768	458,112	(18,656)	-3.9%
Talent Operations	612,670	578,931	625,839	46,908	8.1%
Information Technology	502,641	602,443	655,703	53,260	8.8%
Legal	630,596	643,763	711,367	67,604	10.5%
General Funds	-	19,771	-	(19,771)	-100.0%
Procurement	418,166	357,504	365,663	8,159	2.3%
Public Relations	606,321	475,562	233,137	(242,425)	-51.0%
Resident Safety	294,664	226,571	232,328	5,757	2.5%
<b>EXPENSE TOTALS</b>	<b>\$ 5,731,132</b>	<b>\$ 5,726,301</b>	<b>\$ 5,783,519</b>	<b>\$ 57,218</b>	<b>1.0%</b>





## **4.3 MOVING TO WORK**

### Fund Overview

The Moving to Work (MTW) Fund Budget is comprised of asset management projects not yet converted to Rental Assistance Demonstration (RAD), the Housing Choice Voucher (HCV) program, and the MTW program.

Major revenue sources for this fund are HCV subsidies and Portable Housing Assistance Payments (HAP) revenue. The Other Revenue Category represents revenues collected from fraud recovery. Fund Balance Appropriated consists of funds for the Real Estate Development capital projects.

The \$68.3 million HCV Operating Subsidies is based on a 2% inflation factor and 98.5% proration. MTW eligibility is based on the number of units in the initial year (2008) calculations and units subsequently added are calculated separately. The HCV Administrative Fee revenue is based on a 78% proration factor to total \$4.3 million in FY2020.

With redevelopment of the site underway, Tenant Rent Revenue and associated operating expenses for Dillehay Courts were budgeted for only a partial year previously. The FY2020 Budget reflects changes to the redevelopment schedule, to include anticipated vacancies as this property is planned for RAD conversion. Property Improvements for Dillehay include cost for demolition work (36 units only) and ongoing improvements during the redevelopment process.

The increase in Other Revenues and offsetting increase in Tenant and Social Services expenses reflect a reclassification of the ROSS Grant, which was classified in the CORE fund last year.

The 12.3% increase in the Administrative expense category represents funding for 9.00 new FTEs and expanded landlord incentives.

Funding for development projects are reclassified from the Operating Transfers Out category to the Other Uses expense category, resulting in the variance over prior years. Development projects planned with MTW funding are listed in Section 5.0 Capital Projects.

Operating Transfers include the transfer out to fund CORE programs and the net transfer of funds within the MTW Fund.

### FY2020 Objectives

#### Blueprint Goal #1:

- Transition Waitlist Management from Blue Horizon to Administrative Operations
- Maintain 100% Compliance Audit on Site Files

#### Blueprint Goal #2:

- Increase Housing Provider Recruitment and Incentives

#### Blueprint Goal #5:

- Strengthen engagement at local, state and national levels



## Housing Choice Voucher Program

The Housing Choice Voucher (HCV) program is the federal government's major program for assisting extremely low and very low-income families, the elderly, and the disabled to afford decent and safe housing in the private market. Since housing assistance is provided on behalf of the participant, families may choose their own housing, including single-family homes, townhouses or apartments. The participant is free to occupy any housing that meets the requirements of the program.

CHA manages various types of vouchers:

### **Project-Based Vouchers** (Traditional and Rental Assistance Demonstration)

Project-Based Vouchers (PBV) are a component of CHA's Housing Choice Voucher program where the voucher subsidy is designated for specific developments/units rather than with a person. A Public Housing Authority (PHA) can attach up to twenty percent (20%) of its voucher assistance to specific housing units if the owner agrees to either rehabilitate or construct the units. Where applicable, the 20% restriction can be waived if the PHA attaches services to a PBV project.

By the end of FY2020, CHA will have converted Dillehay Courts to RAD Project-Based Vouchers through HUD's Rental Assistance Demonstration program (RAD).

### **Tenant-Based Vouchers**

Tenant-Based Vouchers provide voucher holders the opportunity to go into the private rental market and select their own housing. This increases affordable housing choices for extremely low-income families and helps CHA decrease the concentration of poverty in the county.

Under the Housing Choice Voucher Program, CHA administers contracts with independent landlords who own the property. CHA subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord on behalf of the participant. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides annual contributions funding to enable CHA to administer the program and provide rental assistance to eligible families. The rental assistance allows the family to identify and select their affordable housing options. Under this program, a family's tenant rent is equal to 30% and may go up to 40% of the households' annual adjusted gross income.

CHA's overall plan for the HCV Program is designed to achieve three major objectives:

1. Provide affordable housing opportunities to eligible participants in diverse communities who would otherwise not have the opportunity to reside in a de-concentrated or minority impacted community.
2. Provide improved living conditions for low-income families while maintaining their rent payments at an affordable level.
3. Encourage families to participate in the CHA Family Self-Sufficiency Program.

### **Community Based Rental Assistance Program (CBRA)**

CHA's Community Based Rental Assistance program encompasses traditional Project-Based Voucher units, special needs units (elderly, disabled, supportive housing, supportive service and homeless), and pilot local rental subsidy programs. CHA determines the percentage of tenant-based assistance that it sets aside under the CBRA program based on organizational strategic goals and/or City/County revitalization efforts. The CBRA Policy is also applicable to units converted to PBVs under the RAD program.



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### **Special Purpose Vouchers** (tenant-based vouchers)

CHA has four types of Special Purpose Vouchers, where the voucher can only be issued to a specific sub-set of those needing affordable housing.

1. The Family Unification Program (FUP) receives referrals from the Mecklenburg County Department of Social Services, Youth and Family Services Division. Eligible families are those for whom the lack of adequate housing is a primary factor in the imminent placement of the family's child or children in out-of-home care (e.g. foster care) or the delay in the discharge of the child or children to the family from out-of-home care. Additionally, the program assists youths, who have exceeded the age requirement to remain in foster care, receive adequate housing for up to 18 months.
2. The Veterans Administration Supportive Housing (VASH) Program is a program which receives referrals from the local Veterans Administration Medical Center for eligible homeless veterans and their families to provide rental assistance subsidy in conjunction with case management services in order to obtain and sustain permanent housing.
3. The Non-Elderly Disabled (NED) program provides assistance to non-elderly persons with disabilities.
4. The Mainstream Voucher Program provides vouchers for low-income families that include a person(s) with disabilities between the ages of 18 and 61 years old.

### **Portables**

A participant can port (move) to an area from another area based on the rules and regulations established by HUD and the associated Public Housing Authorities. Eligible participants use portability to relocate to other cities which may offer employment and educational opportunities to meet their specific needs. However, it is at the discretion of the receiving Public Housing Authority to determine whether they will absorb or bill the initial Public Housing Authority which they will determine based on their budget and/or voucher utilization.

### **Housing Choice Voucher Program (HCV)**

The HCV program is a major part of the MTW fund. This budget also includes costs for the administration and other services of the program. Those services include Compliance, Resident Safety, and Accounting.

MTW funds are utilized to pay for operating costs of the program since the administrative fees do not cover the full cost of the program. MTW Funds are also utilized for payments to landlords which includes those payments for regular vouchers (HCV), Project-Based Vouchers, FUP Vouchers and VASH Vouchers. MTW funds are identified as an Operating Transfer In.



Moving to Work – Budget by Category

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
<b>REVENUES</b>					
Tenant Rental Revenues	\$ 247,954	\$ 220,541	\$ 295,900	\$ 75,359	34.2%
Public Housing Operating Subsidies	1,130,605	1,262,492	1,262,492	-	0.0%
HCV Operating Subsidies	65,159,815	65,849,356	68,297,476	2,448,120	3.7%
HCV Administrative Fees	4,299,773	4,159,885	4,259,019	99,134	2.4%
Capital Fund	4,230,146	4,621,960	4,621,960	-	0.0%
Portable HAP Revenue	10,886,995	9,447,941	10,048,379	600,438	6.4%
Portable HAP Administrative Fees	498,584	475,407	495,030	19,623	4.1%
Fee Revenue	1,197,469	-	-	-	0.0%
Other Revenues	238,913	100,000	218,526	118,526	118.5%
Fund Balance Appropriated	8,926,829	10,417,110	9,803,558	(613,552)	-5.9%
Other Sources	-	-	-	-	0.0%
<b>REVENUE TOTAL</b>	<b>96,817,083</b>	<b>96,554,692</b>	<b>99,302,340</b>	<b>2,747,648</b>	<b>2.8%</b>
<b>EXPENSES</b>					
Administrative	8,811,908	8,473,118	9,515,038	1,041,920	12.3%
Tenant & Social Services	3,863,069	-	118,526	118,526	100.0%
Utilities	261,000	432,391	429,988	(2,403)	-0.6%
Ordinary Maintenance & Operations	598,349	734,454	666,894	(67,560)	-9.2%
Protective Services	14,625	12,041	13,185	1,144	9.5%
General Expenses	64,987	112,714	133,558	20,844	18.5%
Housing Assistance Payments (HAP)	62,076,532	59,296,534	60,425,744	1,129,210	1.9%
HAP Expense - Portables	10,886,995	9,447,941	10,048,379	600,438	6.4%
Other Uses	5,462,310	182,529	13,825,518	13,642,989	7474.4%
Future Year's Appropriations	-	-	-	-	0.0%
Property Improvements	356,434	187,105	600,000	412,895	220.7%
<b>EXPENSE TOTAL</b>	<b>92,396,209</b>	<b>78,878,827</b>	<b>95,776,830</b>	<b>16,898,003</b>	<b>21.4%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	72,648,219	60,797,912	62,186,198	1,388,286	2.3%
Operating Transfers Out	77,069,093	78,473,776	65,711,708	(12,762,068)	-16.3%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>(4,420,874)</b>	<b>(17,675,864)</b>	<b>(3,525,510)</b>	<b>14,150,354</b>	
<b>NET INCOME</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>



## 4.4 CORE



### Fund Overview

C.O.R.E. Programs, Inc. (CORE) is a non-profit, tax exempt 501(c)(3) subsidiary and stands for *Creating Opportunity for Resident Empowerment*. The entity was formerly named Gateway Supportive Services, Inc. and was organized in December 2001. CORE is a wholly owned entity of CHA. It has no employees. All functions are provided by employees of CHA and then recorded in the appropriate entity. CHA's Board of Commissioners also serves as the Board for CORE.

CORE consists of the Client Services Department, which is responsible for delivering supportive services to able-bodied residents, elderly residents and disabled residents that are intended to increase the resident's quality of life. Overall goals of CORE include addressing employment barriers for able-bodied residents, addressing academic achievement and providing educational opportunities to CHA youth and quality of life and aging in place for senior and disabled residents per the approved CHA strategic plan.

CORE's business strategy is ***to deliver supportive services to CHA residents that move along a continuum of steps to self-sufficiency and independence.***

The FY2020 Budget for CORE reflects Fund Balance reappropriation of the Renaissance West Community Initiative (RWCI) endowment and other ongoing grants. One new grant, the ParentChild+ grant is included as Other Revenues, which funds 3.00 new FTEs in the FY2020 Budget. The offsetting expenses for these grants are primarily in the Tenant and Social Services category.

Other increases in CORE expenses were due to the expanded services and the cost for administrative fees collected by the COCC. To support the six new properties that transitioned to Blue Horizon's management, CORE added 4.00 new FTEs. Additionally, contracted services for other properties were terminated and the services were brought in-house, adding another 2.00 new FTEs. In FY2020, a total of 9.00 new FTEs was added to the CORE Program.

### FY2020 Objectives

#### Blueprint Goal #1:

- Increase number of services and residents engaged in programs

#### Blueprint Goal #3:

- Increase funds from other resources to support CORE's mission

#### Blueprint Goal #4:

- Develop new partnerships who bring expertise, resources and value

#### Blueprint Goal #5:

- Implement marketing plan to educate internal and external customers on the mission and goals of CORE

#### Blueprint Goal #6:

- Align personnel resources to strategic priorities and invest in staff training



## **CORE Strategic Goals**

1. **RESIDENTS:** Strengthen infrastructure to include tailored, longer-term services to residents.  
Increase number of residents enrolled in Life Coaching and involved in resident programs.
2. **PARTNERSHIPS:** Design a new Community Partnership Initiative to offer on-site opportunities and referrals.  
Develop new partnerships that bring expertise, resources and value.
3. **CULTURE:** Encourage residents to build healthy safe communities where residents value each other.  
Increase the rates of resident satisfaction, pride, and volunteerism.
4. **RESOURCES:** Align resources to strategic priorities, invest in staff expertise, and demonstrate social impact.  
Secure gifts/grants from philanthropic and other sources.

Revenues for CORE are funded from the MTW fund. The Fund Balance Appropriated category include funds from unspent grants from Fifth Third Bank, Wells Fargo Bank and the RWCI endowment. Jobs Plus and MAX Program funding are also from MTW funds.

The expenses for CORE are primarily in the Tenant and Social Services category. CORE will continue providing tenant transportation resources, childcare subsidy, funding for With Every Heartbeat is Life, Getting Ahead training, employment programming, and program funds for the services provided to the elderly and disabled.

CORE will provide supportive services for 700 minimum renters in the Housing Choice Voucher program. The goal is to offer services to this population that will support work activities and increase the number of participants who work.

All proposed initiatives by the CORE are consistent with assisting CHA in meeting its strategic goals.

### **Maximize Your Potential Academic Enhancement Program (M.A.X)**

The Maximize Your Potential Academic Enrichment Program (MAX) pilot strives to accommodate the academic needs of CHA students. MAX spends an increased amount of time focusing on student progression towards academic achievement via student/parent advocacy. The MAX staff strides in establishing relationships with Charlotte Mecklenburg School (CMS) staff and instructors. Thus, many hours are spent corresponding in regard to various academic issues and concerns of the students. MAX staff establishes mutually beneficial relationships with school instructors and staff.

The MAX initiative believes that positive impressions of educational opportunities create lasting memories in hopes of students striving for optimal academic success.

### **Destination HomeOwnership**

The Destination Homeownership program provides Housing Choice Voucher holders the opportunity to purchase a home. The Housing Assistance Payment is paid to the lender in satisfaction of the mortgage payment on behalf of an assisted buyer. If a participant is able-bodied and in good standing with their property provider and the Housing Choice Voucher program, they may qualify for 15 years of monthly financial assistance out of a 30-year fixed term mortgage. If they are a senior or disabled, they may qualify for 30 years of monthly assistance out of a 30-year fixed term mortgage. The United States Department of Housing and Urban Development authorizes tenant-based assistance to eligible families.



### CORE – Budget by Category

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
<b>REVENUES</b>					
Fee Revenue	\$ -	\$ 1,288,317	\$ 1,304,595	\$ 16,278	1.3%
Other Revenues	143,717	212,382	220,000	7,618	3.6%
Fund Balance Appropriated	53,000	18,000	984,395	966,395	5368.9%
Other Sources	-	-	-	-	0.0%
<b>REVENUE TOTAL</b>	<b>196,717</b>	<b>1,518,699</b>	<b>2,508,990</b>	<b>990,291</b>	<b>65.2%</b>
<b>EXPENSES</b>					
Administrative	-	837,172	1,139,133	301,961	36.1%
Tenant & Social Services	191,711	3,643,930	4,822,559	1,178,629	32.3%
Ordinary Maintenance & Operations	5,000	42,096	58,944	16,848	40.0%
General Expenses	-	10,500	13,864	3,364	32.0%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	-	1,949	-	(1,949)	-100.0%
Property Improvements	-	-	-	-	0.0%
<b>EXPENSE TOTAL</b>	<b>196,711</b>	<b>4,535,647</b>	<b>6,034,500</b>	<b>1,498,853</b>	<b>33.0%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	-	3,016,946	3,525,510	508,564	16.9%
Operating Transfers Out	-	-	-	-	0.0%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>-</b>	<b>3,016,946</b>	<b>3,525,510</b>	<b>508,564</b>	
<b>NET INCOME</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>







## **4.5 BLUE HORIZON**



**BLUE HORIZON**  
MANAGEMENT COMPANY

### Fund Overview

CHA created Blue Horizon Property Management Company (Blue Horizon), to carry out property and asset management activities for all CHA and HDP-owned properties, as well as establish third-party property management opportunities. Blue Horizon is a non-profit organization that is a wholly owned subsidiary of CHA and is governed by a Board of Directors composed of the CHA Board of Commissioners. By employing this Board structure, it ensures that Blue Horizon activities are fully in line with CHA's mission.

Under this structure, Blue Horizon will have the ability to reach other jurisdictions to provide consulting and property management services not available to CHA. Furthermore, Blue Horizon is anticipated to receive grant funding and other funding opportunities that CHA would otherwise not be able to obtain.

Blue Horizon has three business units: Executive, Asset Management and Property Management. They provide essential and specialized services that support property management services.

Last year, Blue Horizon assumed property management of six new properties previously managed by third-party vendors. In efforts to maintain cost effectiveness yet deliver services efficiently, Blue Horizon restructured its portfolio to leverage existing expertise at current sites to support the addition of these new sites. As such, the total Blue Horizon staffing only increased by 0.35 FTE (see Section 6.0 Staffing Summary for more details). Staffing cost for site management are reflected in the Horizon Acquisition and Horizon Development Funds.

Revenue for Blue Horizon is comprised of fees paid by the properties for management services. Blue Horizon shares these fees with the COCC for services rendered, which is represented by the Operating Transfers Out. Increased fees are a direct result of the transition of new properties under Blue Horizon's management.

Expenses in the Blue Horizon fund reflect the operating costs for Executive, Asset Management and Property Management. Costs for site-specific property management and maintenance, including site staffing, are expensed at the property account level in the Horizon Acquisition and Horizon Development Funds.

### FY2020 Objectives

#### Blueprint Goal #1:

- Implement resident retention plan
- Update Blue Horizon Business Plan

#### Blueprint Goal #2:

- Advance the Preventive Maintenance Program

#### Blueprint Goal #6:

- Increase staff professional development opportunities to obtain industry standard certifications



Blue Horizon – Budget by Category

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
<b>REVENUES</b>					
Fee Revenue	\$ 2,065,501	\$ 2,303,128	\$ 2,591,618	\$ 288,490	12.5%
Other Revenues	-	-	-	-	0.0%
Fund Balance Appropriated	-	-	-	-	0.0%
Other Sources	-	-	-	-	0.0%
<b>REVENUE TOTAL</b>	<b>2,065,501</b>	<b>2,303,128</b>	<b>2,591,618</b>	<b>288,490</b>	<b>12.5%</b>
<b>EXPENSES</b>					
Administrative	1,301,050	1,579,792	1,650,809	71,017	4.5%
Ordinary Maintenance & Operations	32,331	-	15,900	15,900	100.0%
General Expenses	2,955	4,020	8,652	4,632	115.2%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	-	-	-	-	0.0%
<b>EXPENSE TOTAL</b>	<b>1,336,336</b>	<b>1,583,812</b>	<b>1,675,361</b>	<b>91,549</b>	<b>5.8%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	-	-	-	-	0.0%
Operating Transfers Out	699,919	614,041	824,504	210,463	34.3%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>(699,919)</b>	<b>(614,041)</b>	<b>(824,504)</b>	<b>(210,463)</b>	
<b>NET INCOME</b>	<b>\$ 29,246</b>	<b>\$ 105,275</b>	<b>\$ 91,753</b>	<b>\$ (13,522)</b>	<b>-12.8%</b>



## **4.6 HORIZON ACQUISITION**

### Fund Overview

Horizon Acquisition Corporation (Horizon Acquisition) is a for-profit corporation created to acquire, construct, develop, operate and/or hold title to affordable housing properties. Horizon Acquisition is a wholly owned entity of Horizon Development Properties, Inc. It has no employees and all functions are provided by employees of CHA and then recorded in the appropriate entity. CHA's Board of Commissioners also serves as the Board for Horizon Acquisition.

Horizon Acquisition includes Strawn Parktowne, LLC and Little Rock Charlotte, LP.

Strawn Parktowne, LLC was formed to provide for the complete rehabilitation of two aging towers. These towers provide desperately needed affordable housing for our seniors. The tax credit/bond deal not only allowed CHA to preserve 333 apartment homes for seniors, but it allowed CHA to modernize and upgrade these units.

Little Rock Apartments is a 242-unit multi-family HUD-administered Section 8 development located adjacent to The Renaissance. Horizon Acquisition purchased a general partner interest in Little Rock in June 2011.

During the FY2020 budget development process, staff analyzed several areas where variances were high and refined those estimates to better align with actual experiences. This analysis resulted in a decrease in tenant rent revenue and an increase in several expense categories.

### FY2020 Objectives

#### Blueprint Goal #1:

- Continue building on the Strawn Master Plan



### Horizon Acquisition – Budget by Category

	FY2018	FY2019	FY2020	FY2019 vs FY2020	
	Budget	Budget	Budget	\$ Variance	% Variance
<b>REVENUES</b>					
Tenant Rental Revenues	\$ 5,076,579	\$ 5,231,031	\$ 5,211,174	\$ (19,857)	-0.4%
Fee Revenue	-	-	-	-	0.0%
Other Revenues	323,501	324,350	320,849	(3,501)	-1.1%
Fund Balance Appropriated	-	-	-	-	0.0%
Other Sources	-	95,264	95,264	-	0.0%
<b>REVENUE TOTAL</b>	<b>5,400,080</b>	<b>5,650,645</b>	<b>5,627,287</b>	<b>(23,358)</b>	<b>-0.4%</b>
<b>EXPENSES</b>					
Administrative	1,385,930	1,505,773	1,552,079	46,306	3.1%
Tenant & Social Services	206,922	207,198	219,621	12,423	6.0%
Utilities	558,324	545,198	607,872	62,674	11.5%
Ordinary Maintenance & Operations	1,545,574	1,616,542	1,752,401	135,859	8.4%
Protective Services	35,809	29,484	30,760	1,276	4.3%
General Expenses	397,385	420,590	440,959	20,369	4.8%
Reserve Deposits	201,404	210,526	212,900	2,374	1.1%
Reserve Draws	(125,809)	(90,726)	(1,282,051)	(1,191,325)	1313.1%
Debt Service	674,188	666,000	599,034	(66,966)	-10.1%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	-	-	-	-	0.0%
Property Improvements	125,809	185,990	1,387,315	1,201,325	645.9%
<b>EXPENSE TOTAL</b>	<b>5,005,536</b>	<b>5,296,575</b>	<b>5,520,890</b>	<b>224,315</b>	<b>4.2%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	-	-	-	-	0.0%
Operating Transfers Out	-	-	-	-	0.0%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 394,544</b>	<b>\$ 354,070</b>	<b>\$ 106,397</b>	<b>\$ (247,673)</b>	<b>-70.0%</b>



## **4.7 HORIZON DEVELOPMENT**

### Fund Overview

Horizon Development Properties, Inc. (Horizon Development) is a non-profit, tax exempt 501(c)(3) subsidiary organized in March 2001. Horizon Development was created to provide affordable housing to qualified individuals. Horizon Development is a wholly owned subsidiary of CHA. It has no employees and all functions are provided by employees of CHA and then recorded in the appropriate fund budget. The CHA's Board of Commissioners also serves as the Board for Horizon Development.

With the conversion to RAD, public housing units were converted to Project-Based Vouchers. Ownership of these units was transferred from CHA to individual special purpose entities whose sole member is Horizon Development. This change of ownership also changed the regulations under which the properties are operated. Management moved from a public housing environment (HUD asset management regulations) to a private management platform.

The Horizon Development fund includes the operations of the HDP-owned properties and includes the budget for the Real Estate Development, Relocation & Acquisition, and Construction Management divisions.

Property management services are provided by Blue Horizon Management Company (Blue Horizon). Although services are rendered and managed by Blue Horizon, the cost of labor, materials, maintenance and other operational needs are expensed in the Horizon Development Fund for each property.

All properties have established cash flow and replacement reserve accounts to meet the needs of the property and accomplish their long-term capital needs.

During the FY2020 budget development process, staff analyzed several areas where variances were high and refined those estimates to better align with actual experiences. This analysis resulted in a slight increase in tenant rent revenue and adjustments in several expense categories.

The increase in Fee Revenues is primarily due to anticipated bond and developer fees. As staffing in the Construction Management division was reduced, less Fund Balance appropriation is projected in FY2020.

The increases in the expense categories include the incorporation of six new properties under Blue Horizon's management and accounts for cost inflation for routine expenses.



**HORIZON**  
DEVELOPMENT PROPERTIES

### FY2020 Objectives

#### Blueprint Goal # 1 & 2:

- Implement redevelopment of Dillehay Courts, creating a vibrant mixed-income community

#### Blueprint Goal # 3 & 4:

- Continue focus with Public-Private-Partnerships (P3s) to cultivate relationships for P3 opportunities
- Implement redevelopment plans for potential sites



The Real Estate Development (RED) Division budget is included in the overall Horizon Development budget. The RED Division has three sections: Real Estate Development, Relocation & Acquisition, and Construction Management. For FY2020, RED plans to continue focusing on existing projects that are in various stages of development and start on projects that will carry over to the next fiscal year. Specifically, RED will:

- Continue Strawn redevelopment activities;
- Create a redevelopment strategy at Dillehay Court;
- Begin redevelopment activities at Hall House;
- Conduct major rehabilitation at Seneca Woods and Gladedale;
- Preserve affordable housing by the buyout of the current limited investor member and recapitalization of First Ward Place
- Preserve affordable housing by the buyout of the current limited investor member and recapitalization of Little Rock
- Continue with workforce housing plans at Baxter Street;
- Facilitate the issuance of Bonds for 3rd party affordable housing developers;
- Continue a partnership with Sanford Housing Authority to structure a RAD Conversion/Acquisition Rehab LIHTC project; and
- Continue to pursue other opportunities that may exist.

Revenue for the RED division is from developer fees earned, bond issuance fees, and fund balance. The Administrative expense section represents cost for salaries, benefits, pursuit cost and professional services.

## Development Projects

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### Document Legend

<b>AMI</b>	Area Media Income
<b>CHOIF</b>	Charlotte Housing Opportunity Investment Funds
<b>HDP</b>	Horizon Development Properties, Inc. a development affiliate wholly-owned by CHA
<b>HTF</b>	Housing Trust Funds awarded competitively by the City of Charlotte
<b>LIHTC</b>	Low Income Housing Tax Credits
<b>NCHFA</b>	North Carolina Housing Finance Agency
<b>P3</b>	Public Private Partnership
<b>TOA</b>	Transfer of Assistance
<b>TPV</b>	Tenant Protection Voucher
<b>RAD</b>	Rental Assistance Demonstration

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### 1. Strawn Master Plan

This project will break ground late December 2019/early January 2020 with the construction of a small retail/office building that fronts on South Boulevard and the main roadway into the redevelopment site. This will cause the parking at the front of the Strawn Towers to relocate to the back in favor of a “pull through/drop off” at the front of the building. A 2<sup>nd</sup> lobby added at the rear lower level will provide an accessible entrance to the senior population that resides there. Design and construction work will be required to accommodate this modification. These funds are included in the “Pursuit” budget line item.

### 2. Tall Oaks Phase II



The rezoning that kicked off in 2015 has been deferred at this time while we work to build on our current presence as a good neighbor in the Cherry community. We will work to strengthen our relationships with the community leaders and move forward at the appropriate time.

### 3. Dillehay Predevelopment



Dillehay Courts is the last CHA public housing project to convert its rental subsidy program to RAD. The initial concept was to rehabilitate the units as we transitioned them into the RAD program, but in 2018 we shifted the strategy to demolish the existing structures and redevelop using LIHTC (the “Project”). The site would be redeveloped by HDP.

The Project was originally built in the early-1970s and is outmoded. Rehabilitation would not result in an effectively modernized development. The bedroom sizes are small and there is no air conditioning, washer/dryer or dishwasher. These amenities cannot be added to the current structures. The site is large at 17.97 acres and is underutilized in its current improved condition of 136 total units. The strategy is to redevelop in Phases. The existing families on the Phase I parcel will be relocated to vacant units in Phase II by the end of October 2019.

Phase I consists of 36 units on a 4.34-acre parcel. Redevelopment will result in 140 residential units in one 3/4 -story building with surface parking. The units will be available to households that earn 30% to 80% of the AMI. HDP is currently working to convert the PH operating subsidies to RAD under a PHA conversion notice in which a PHA that has 250 or less ACC units left in Section 9 can “leave” public housing and receive TPV. This will be more advantageous to CHA because:

- We can get all 136 units out now and be totally out of public housing;
- The process/application is more streamlined than RAD (it is administered by PIH);
- TPVs often have higher rents than RAD rents (might be more appealing to Archdale/Abingdon Owners);
- You can place the TPVs whenever you need to (allows basically for Transfer of Assistance) to our newly developed, mixed-income communities.



#### 4. Hall House

HUD has approved the Release of the Declaration of Trust on this project and approved a new covenant that requires HDP to develop the excess land with some number of affordable housing units. HDP has entered into a Term Sheet with a private developer, Urban-Atlantic, to develop the multi-family component and is negotiating with hotel developers to restore the Hall House Apartments back to its original use as a hotel. The hotel will be a historic boutique hotel. It is estimated that HDPs share of the predevelopment costs for this effort will be \$5MM. This budget figure is included in the overall "Pursuit" budget line item until such time that the HDP-UA Joint Venture enters into an exclusive agreement with a Master Developer for the overall 7<sup>th</sup> & Tryon Master Planned site being undertaken by the Library, County, City and Bank of America.

#### 5. First Ward Place, Phase I

HDP will recapitalize First Ward Place by submitting multiple 9% LIHTC Applications to NCHFA for the financing, acquisition, and rehabilitation of the community (the "Project"). The Project will require execution in multiple phases to capitalize the existing units and to increase the total number of units in the community to right-size the overall percentage of 30% AMI units. The parcels, bounded by North Caldwell Street, North Davidson Street, East 9<sup>th</sup> and East 10<sup>th</sup> Street, have a combined unit count of 109 apartments. Phase I of the Project is as follows:

The Phase I buildings were built out as Phase II when the Project was developed in the late 1990's. They will become Phase I in this overall Project. HDP has engaged the original architects, FMK Architects, to prepare a LIHTC Application. The Preliminary Application was submitted in January, 2019 and the Final Application was due May 10, 2019. HDP was not able to obtain site control for the Project so the Final Application ultimately was not submitted.

Due to the current age and condition of the units, all interior finishes from the floor plane to the ceiling plane need to be replaced, including all furnishings, fixtures, and equipment. Exterior work will include replacement of windows, roofing (including gutters and downspouts), and siding. The rehabilitation work will also bring the buildings into compliance with current codes.

FMK Architects will be the Architect of Record. FMK was the original architect in the early 90's. HDP intends to execute the work as a design/bid/build project. The scope of work for this Phase I was developed along with FMK, as a result of on-site inspection, and a market study to inform the amenities required by the upper limits of the rent scale (80% AMI). The rehabilitation scope was included in the Preliminary Tax Credit Application submitted to NCHFA. The scope was increased by NCHFA staff during a site visit on March 12, 2019.

The operating proforma was modeled based on the current rents reflected in the rent roll and expenses based on the current approved budget, modified to reflect CHA's affiliate management company, Blue Horizon Property Management, managing the community. The 1<sup>st</sup> Mortgage in the Development Proforma is sized based on the achievable rents. The mix is: 48 RAD units, 21 LIHTC, and 37 market-rate but the current market rate rents are significantly lower than market.

The Sources for Phase I include: 9% LIHTC equity (adjusted to remove the market-rate unit square footage from basis); a new 1<sup>st</sup> Mortgage; assumption of the existing CHA and CMHP loans and a new HDP loan for the gap financing.

## 6. Abbington On Mt. Holly (P3 with Rea Ventures Group)



In 2019, HDP and Rea Ventures Group (RVG) entered into a Joint Venture Agreement (the “JV”) to develop a site located at 3230 Mt. Holly Huntersville Rd. The JV agreement provided that HDP purchase the parcel of land where 102 Low Income Housing Tax Credit rental units are to be built (the “Project”). Pursuant to the JV terms, this option to purchase was transferred to HDP and according to the purchase and sale agreement, HDP exercised the option to purchase the Property in 2019. There is a 4% LIHTC allocation application with bond volume cap pending with NCHFA and the Project has been awarded HTF and CHOIF funds. HDP will act as co-developer (20%) and as the majority managing member and will have the ROFR to purchase the units at the end of the compliance period. RVG is serving as the lead (80%) developer and is providing all guarantees with the exception of the lease-up and tax credit guarantees. Blue Horizon Management Company will lease up and manage the Project. HDP will have the ROFR to purchase the units at the end of the initial (15-year) compliance period.

This Project is a new construction, 102-unit family development on 8.57 acres, improved with garden-style walk-up, 3-story buildings with amenities in a stand-alone clubhouse. The setting is highly practical in that it will enjoy superb centrality for highways and shopping in the growing north side of Charlotte and be located directly off a major thoroughfare (Mt. Holly-Huntersville Road and Brookshire Boulevard) that leads directly to an interchange with Interstate 485 within a half mile. It is in walking distance to multiple shopping centers containing grocery stores, retail, pharmacies, banks, healthcare, and multiple restaurants and the site also provides sidewalk access to a bus stop and numerous commercial and health service providers along Mt. Holly- Huntersville Road, which also has paved sidewalks on both sides of the road.

The Project is also located approximately 0.5 miles from the site selected by Corning Optical to construct its new \$38 million headquarters facility. This site is projected to create 650 jobs. While the Project is already located in a thriving commercial corridor, the addition of this new employment center will create further demand for affordable housing in the area.

This Project is expected to close in the Fall of 2020. These new apartments would be available for lease in the first quarter of 2022 to households earning 30% to 70% of the AMI. Bedroom sizes will be available from one to three bedrooms.

## 7. Archdale Flats Family and Archdale Flats Seniors



This development is the result of two separate LIHTC and bond applications. The 11.32-acre site is located at 330 Archdale Drive in Charlotte, North Carolina. The site will be subdivided to create the two separate Project(s). Each will be located on its own subdivided parcel with financing supported with separate collateral, (collectively, the “Projects”). These are two distinct communities. The first is Archdale Flats Senior which is a 131-unit project with 1-bedroom units only, 100% of which will be age restricted to seniors (55 and older) and 100% of which will be subject to income and rent restrictions (the “Seniors Development”). The second is Archdale Flats Family; a 202-unit family project with a mix of 1BR, 2BR, and 3BR units, 100% of which will be designated for families and subject to income and rent restrictions (the “Family Development”).

HDP is partnering with Elmington Capital Group (ECG) (HDP 25%/ECG 75%) and HDP will serve as the majority managing member in both owner entities. Preliminary Applications for both were submitted in January 2019. CHA will issue the bonds.

The Seniors Development is a proposed 131-unit development, which will be age restricted to persons above the age of 55. The Family Development is a proposed 202-unit development for families. The new construction Projects will be built concurrently. The site is located in close proximity to amenities, services, employment, and transportation.

The site is located on Archdale Drive in the Montclaire South neighborhood of Charlotte and abuts a High Opportunity Area. It is located in close proximity to South Blvd and is less than a quarter mile from I-77. The site will enjoy the benefit of two bus stops situated at the site, and sits within a mile of the Lynx Blue Line Archdale Station, enabling residents to take the bus directly from the site to the Lynx Blue Line for access to much of the City. By virtue of the public transportation at the site, the site has access to an abundance of amenities. Residents will enjoy easy access to employment, as well as excellent options for grocers, dining, and retail.

Along with proximity to city-wide amenities, services, jobs, and transportation, the Family Development is less than a mile from the new Waddell Language Academy, which will serve students from kindergarten through eighth grade, and

will offer Chinese, French, German, and Japanese language immersion. When complete, it will enroll about 1,300 students and serve the southern portion of Mecklenburg County. The new Waddell Language Academy is scheduled to be complete by 2021. The Senior Development will enjoy the same proximity to amenities, services, jobs, and transportation, and will also benefit from being 2.5 miles from the Tyvola Senior Center. Both Projects are in close proximity to medical services.

The Projects will consist of buildings sitting on concrete pads constructed using stick frames, and brick and James Hardie Board facades. Buildings will be 3 or 4 stories; the buildings in the Senior Development will have indoor corridors and elevators; the buildings in the Family Development will have breezeways. Amenities will include a Community/Leasing Building with a community room, computer room, laundry room, and fitness room that will be shared by the Developments. Additionally, the Family Development will include a playground, a tot-lot, covered picnic area, and abundant green space and trees. The Senior Development will include indoor and outdoor sitting areas, resident storage, and covered picnic and meeting areas. Unit amenities will include large square footages, granite counter tops, energy star appliances, W/D hookups, and patios/balconies.

With the strong employment opportunities, the close proximity to retail and services, and the convenience of two bus stops at the property and the Lynx Blue Line, both Projects will provide much needed affordable housing that will be quickly absorbed by the Charlotte market.

#### **8. Evoke Living at Westerly Hills (P3 with Crosland South)**



Evoke Living at Westerly Hills will be a 156-unit multifamily housing located at 2503 Westerly Hills Drive (the "Project"). HDP is co-developing this Project in a P3 with Crosland Southeast. This is in furtherance, specifically of CHA's goal to develop and maintain mutually beneficial external partnerships. HDP will act as the majority managing member and will have the ROFR to purchase the units at the end of the compliance period.



Horizon Development Property Listing

*Property Listing and Dwelling Unit Composition  
As of December 31, 2018*

Development	Address	Breakdown of Units					Totals
		Tax Credits	PB Section 8	RAD PB Section 8	Affordable/Market Rate	Off-Line	
940 BREVARD	BREVARD STREET	-	60	40	-	-	100
ARBOR GLEN 50	CLANTON ROAD	-	-	25	25	-	50
ARBOR GLEN I	SPRING FOREST DRIVE	84	-	60	-	-	144
ARBOR GLEN II	CLANTON DRIVE	51	-	40	-	-	91
ARBOR GLEN III	CARONIA STREET	11	-	12	-	-	23
AUTUMN PLACE	NORTH DAVIDSON STREET	-	-	68	-	-	68
CEDAR KNOLL	GREEN NEEDLES COURT	-	-	49	-	-	49
CHARLOTTETOWN TERRACE	BAXTER STREET	-	-	161	-	-	161
CLAREMONT	COLISEUM DRIVE	-	-	50	-	-	50
EDWIN TOWERS	WEST 10TH STREET	-	-	176	-	-	176
FAIRMARKET SQUARE	FAIRMARKET PLACE	-	-	16	44	-	60
GLADEDALE	OLDE PROVIDENCE ROAD	-	-	49	-	-	49
GLEN COVE	PINEBURR ROAD	40	-	10	-	-	50
GROVE PLACE	WT HARRIS BOULEVARD	-	-	-	36	-	36
HAMPTON CRESTE	NORTH WENDOVER ROAD	-	-	60	153	-	213
LEAFCREST	LEAFCREST LANE	-	-	48	-	-	48
MALLARD RIDGE	AXMINSTER COURT	-	-	35	-	-	35
MICALPINE TERRACE	PINEBURR ROAD	87	-	26	-	-	113
MCMULLEN WOOD	WALSH BLVD	34	-	21	-	-	55
MEADOWOAKS	FLORENCE AVENUE	-	-	32	-	-	32
MILL POND	LAUREL MILL ROAD	-	51	-	117	-	168
MONTGOMERY GARDENS	MONTGOMERY GARDENS DRIVE	56	-	20	-	-	76
NIA POINT	MAYFIELD TERRACE DRIVE	52	-	29	-	-	81
OAK VALLEY	M CRAE STREET	-	-	-	50	-	50
PARK AT OAKLAWN	STROUD PARK COURT	89	-	89	-	-	178
ROBINSDALE	MARGIE ANN DRIVE	-	-	30	-	-	30
SAVANNA WOODS	LEASIDE LANE	-	-	49	-	-	49
SENECA WOODS	SENECA PLACE	32	-	17	-	1	50
SOUTHSIDE HOMES	GRIFFITH STREET	-	-	392	-	-	392
SPRINGFIELD GARDENS	SPRINGFIELD GARDEN DRIVE	64	-	22	-	-	86
SUNRIDGE	SUNRIDGE LANE	-	-	44	-	-	44
TARLTON HILLS	FRAZIER AVENUE	-	-	50	-	-	50
THE LANDING AT PARK ROAD	MARSH AVENUE	-	92	-	-	-	92
THE OAKS AT CHERRY	LUTHER STREET	-	-	81	-	-	81
VALLEY VIEW	HICKORY VALLEY COURT	-	-	-	49	1	50
VICTORIA SQUARE	CLARKSON STREET	-	-	31	-	1	32
VISTAS AT 707	SEIGLE AVENUE	-	-	-	190	-	190
WALLACE WOODS	WALLACE WOOD	-	-	48	-	-	48
WOODLAWN HOUSE	E WOODLAWN ROAD	-	-	104	-	-	104
<b>Totals</b>		<b>600</b>	<b>203</b>	<b>1,984</b>	<b>664</b>	<b>3</b>	<b>3,454</b>



### Horizon Development – Budget by Category

	FY2018 Budget	FY2019 Budget	FY2020 Budget	FY2019 vs FY2020	
				\$ Variance	% Variance
<b>REVENUES</b>					
Tenant Rental Revenues	\$ 33,003,601	\$ 33,787,922	\$ 33,887,612	\$ 99,690	0.3%
Fee Revenue	709,135	1,133,310	1,956,960	823,650	72.7%
Other Revenues	245,466	249,828	306,359	56,531	22.6%
Fund Balance Appropriated	144,999	951,072	304,732	(646,340)	-68.0%
Other Sources	-	766,660	690,220	(76,440)	-10.0%
<b>REVENUE TOTAL</b>	<b>34,103,201</b>	<b>36,888,792</b>	<b>37,145,883</b>	<b>257,091</b>	<b>0.7%</b>
<b>EXPENSES</b>					
Administrative	10,056,292	9,791,833	9,757,798	(34,035)	-0.3%
Tenant & Social Services	983,636	1,061,438	1,270,275	208,837	19.7%
Utilities	4,426,661	4,609,909	4,839,853	229,944	5.0%
Ordinary Maintenance & Operations	8,857,874	10,043,609	10,821,248	777,639	7.7%
Protective Services	243,332	181,151	207,160	26,009	14.4%
General Expenses	1,539,816	1,563,004	1,696,907	133,903	8.6%
Reserve Deposits	1,550,900	1,409,328	1,606,800	197,472	14.0%
Reserve Draws	(10,993,887)	(9,036,359)	(12,541,090)	(3,504,731)	38.8%
Debt Service	4,580,985	4,423,700	4,447,854	24,154	0.5%
Other Uses	-	1,236	-	(1,236)	-100.0%
Future Year's Appropriations	-	1,529,562	625,000	(904,562)	-59.1%
Property Improvements	9,507,387	10,342,730	13,378,505	3,035,775	29.4%
<b>EXPENSE TOTAL</b>	<b>30,752,996</b>	<b>35,921,141</b>	<b>36,110,310</b>	<b>189,169</b>	<b>0.5%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	2,262,583	299,094	329,398	30,304	10.1%
Operating Transfers Out	2,000,000	-	-	-	0.0%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>262,583</b>	<b>299,094</b>	<b>329,398</b>	<b>30,304</b>	
<b>NET INCOME</b>	<b>\$ 3,612,788</b>	<b>\$ 1,266,745</b>	<b>\$ 1,364,971</b>	<b>\$ 98,226</b>	<b>7.8%</b>



### Real Estate Development – Budget by Category

	FY2018 Budget	FY2019 Budget	FY2020 Budget	FY2019 vs FY2020	
				\$ Variance	% Variance
<b>REVENUES</b>					
Fee Revenue					
Bond Application Fees	\$ -	\$ -	\$ -	\$ -	0.0%
Bond Issuance Fees	-	-	412,500	412,500	100.0%
Construction Management Fees	354,135	199,028	237,080	38,052	19.1%
Developer Fees	355,000	693,750	1,160,205	466,455	67.2%
Other Fee Revenue	-	211,588	96,365	(115,223)	-54.5%
Other Revenues	32,771	-	-	-	0.0%
Fund Balance Appropriated	24,999	936,072	304,732	(631,340)	-67.4%
Other Sources	-	-	-	-	0.0%
<b>REVENUE TOTAL</b>	<b>766,905</b>	<b>2,040,438</b>	<b>2,210,882</b>	<b>170,444</b>	<b>8.4%</b>
<b>EXPENSES</b>					
Administrative	2,655,107	2,006,808	2,180,630	173,822	8.7%
Ordinary Maintenance & Operations	97,698	22,232	19,800	(2,432)	-10.9%
General Expenses	14,100	11,400	10,452	(948)	-8.3%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	-	-	-	-	0.0%
<b>EXPENSE TOTAL</b>	<b>2,766,905</b>	<b>2,040,440</b>	<b>2,210,882</b>	<b>170,442</b>	<b>8.4%</b>
<b>OPERATING TRANSFERS</b>					
Operating Transfers In	2,000,000	-	-	-	0.0%
Operating Transfers Out	-	-	-	-	0.0%
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>2,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>

### Real Estate Development – Expense Budget by Section

	FY2018 Budget	FY2019 Budget	FY2020 Budget	FY2019 vs FY2020	
				\$ Variance	% Variance
Construction Management	\$ 780,653	\$ 552,108	\$ 288,024	\$ (264,084)	-47.8%
Real Estate Development	1,514,800	1,276,624	1,711,578	434,954	34.1%
Relocation	471,452	211,708	211,280	(428)	-0.2%
<b>EXPENSE TOTALS</b>	<b>\$ 2,766,905</b>	<b>\$ 2,040,440</b>	<b>\$ 2,210,882</b>	<b>\$ 170,442</b>	<b>8.4%</b>



## Horizon Development – Budget by Properties

	940brevd	afgrvp85	afoakv86	afvalv87	arbor50	arbori	arborii
	940 Brevard	Grove Place	Oak Valley	Valleyview	Arbor Glen 50	Arbor Glen I	Arbor Glen II
<b>REVENUES</b>							
Tenant Rental Revenues	\$ 596,989	\$ 321,904	\$ 415,557	\$ 430,572	\$ 366,545	\$ 1,073,081	\$ 694,556
Fee Revenue	-	-	-	-	1,055	-	-
Other Revenues	4,200	-	-	-	848	754	1,590
Other Sources	-	-	-	-	-	128,948	-
Fund Balance Appropriated	-	-	-	-	-	-	-
<b>REVENUE TOTAL</b>	<b>601,189</b>	<b>321,904</b>	<b>415,557</b>	<b>430,572</b>	<b>368,448</b>	<b>1,202,783</b>	<b>696,146</b>
<b>EXPENSES</b>							
Administrative	211,338	73,052	91,281	96,352	95,410	323,356	189,441
Tenant & Social Services	22,800	1,500	2,000	2,750	400	52,100	38,000
Utilities	40,908	33,932	56,952	46,299	73,080	177,989	111,080
Ordinary Maintenance & Operations	195,289	172,427	225,276	236,600	132,146	359,433	268,453
Protective Services	3,000	-	-	-	2,250	4,500	2,250
General Expenses	43,316	14,027	15,093	22,862	14,695	38,805	23,775
Reserve Deposits	38,118	-	-	-	20,160	37,080	34,397
Reserve Draws	-	(55,000)	-	-	(251,769)	(96,585)	(31,457)
Debt Service	1,000	-	-	-	-	1,000	1,000
Future Year's Appropriations	-	-	-	-	-	-	-
Property Improvements	-	55,000	-	-	251,769	225,533	31,457
<b>EXPENSE TOTAL</b>	<b>555,769</b>	<b>294,938</b>	<b>390,602</b>	<b>404,863</b>	<b>338,141</b>	<b>1,123,211</b>	<b>668,396</b>
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 45,420</b>	<b>\$ 26,966</b>	<b>\$ 24,955</b>	<b>\$ 25,709</b>	<b>\$ 30,307</b>	<b>\$ 79,572</b>	<b>\$ 27,750</b>

	arboriii	autumn	cedar	charltn	claremnt	edwin	Fairmark
	Arbor Glen III	Autumn Place	Cedar Knoll	Charlottetown	Claremont	Edwin	Fairmarket Square
<b>REVENUES</b>							
Tenant Rental Revenues	\$ 166,320	\$ 741,463	\$ 539,483	\$ 1,668,973	\$ 561,085	\$ 1,869,554	\$ 482,947
Fee Revenue	-	-	-	-	-	-	-
Other Revenues	371	500	65	8,220	-	4,250	1,600
Other Sources	-	-	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-	-	-
<b>REVENUE TOTAL</b>	<b>166,691</b>	<b>741,963</b>	<b>539,548</b>	<b>1,677,193</b>	<b>561,085</b>	<b>1,873,804</b>	<b>484,547</b>
<b>EXPENSES</b>							
Administrative	36,801	178,067	116,347	323,290	111,435	348,035	140,264
Tenant & Social Services	6,325	47,760	27,665	37,210	27,010	38,719	20,353
Utilities	26,031	130,124	147,650	189,028	139,482	194,966	57,333
Ordinary Maintenance & Operations	36,817	271,621	189,162	514,456	178,072	613,230	189,633
Protective Services	1,035	6,263	4,513	14,828	4,605	16,230	1,800
General Expenses	7,599	35,889	24,508	79,085	25,745	87,897	28,670
Reserve Deposits	8,442	37,153	26,772	80,501	27,314	88,001	33,745
Reserve Draws	(16,000)	(2,647,431)	(77,250)	(686,837)	(11,080)	(539,030)	(1,146,297)
Debt Service	23,391	-	-	416,976	-	455,824	-
Future Year's Appropriations	-	-	-	-	-	-	-
Property Improvements	16,000	2,647,431	77,250	686,837	11,080	539,030	1,146,297
<b>EXPENSE TOTAL</b>	<b>146,441</b>	<b>706,877</b>	<b>536,617</b>	<b>1,655,374</b>	<b>513,663</b>	<b>1,842,902</b>	<b>471,798</b>
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 20,250</b>	<b>\$ 35,086</b>	<b>\$ 2,931</b>	<b>\$ 21,819</b>	<b>\$ 47,422</b>	<b>\$ 30,902</b>	<b>\$ 12,749</b>





	gladedal	glencov	Hallhouse	hamptn	leafcrst	llpkmp	mallard
	Gladedale	Glen Cove	Hall House	Hampton Creste	Leafcrest	The Landings	Mallard Ridge
<b>REVENUES</b>							
Tenant Rental Revenues	\$ 578,697	\$ 462,030	\$ -	\$ 2,056,869	\$ 525,456	\$ 773,812	\$ 443,587
Fee Revenue	-	-	-	-	-	-	-
Other Revenues	-	-	-	5,278	-	11,040	-
Other Sources	-	-	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-	-	-
<b>REVENUE TOTAL</b>	<b>578,697</b>	<b>462,030</b>	<b>-</b>	<b>2,062,147</b>	<b>525,456</b>	<b>784,852</b>	<b>443,587</b>
<b>EXPENSES</b>							
Administrative	119,833	119,559	761	437,912	124,233	216,099	105,981
Tenant & Social Services	28,560	13,380	-	5,500	25,387	28,775	37,119
Utilities	132,000	44,417	50,594	220,804	102,792	35,320	80,272
Ordinary Maintenance & Operations	220,238	187,329	79,016	738,545	220,694	277,372	171,792
Protective Services	4,513	4,605	-	19,618	2,730	8,473	3,223
General Expenses	26,927	24,533	57,602	74,768	23,135	39,946	21,791
Reserve Deposits	26,776	29,504	-	232,751	26,225	25,873	19,118
Reserve Draws	(1,189,179)	(752,550)	-	(393,894)	(104,556)	-	(63,228)
Debt Service	-	13,354	-	292,939	-	63,337	-
Future Year's Appropriations	-	-	-	-	-	40,000	-
Property Improvements	1,189,179	752,550	-	393,894	104,556	-	63,228
<b>EXPENSE TOTAL</b>	<b>558,847</b>	<b>436,681</b>	<b>187,973</b>	<b>2,022,837</b>	<b>525,196</b>	<b>735,195</b>	<b>439,296</b>
Operating Transfers In	-	-	187,973	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>-</b>	<b>-</b>	<b>187,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 19,850</b>	<b>\$ 25,349</b>	<b>\$ -</b>	<b>\$ 39,310</b>	<b>\$ 260</b>	<b>\$ 49,657</b>	<b>\$ 4,291</b>

	mcalpne	mcmullen	meadow	Millpond	Montgard	niapnt	Oakscher
	McAlpine	McMullen Wood	Meadow Oaks	Mill Pond	Montgomery Gardens	Nia Point	Oaks at Cherry
<b>REVENUES</b>							
Tenant Rental Revenues	\$ 896,069	\$ 381,118	\$ 356,486	\$ 1,957,736	\$ 596,961	\$ 646,663	\$ 779,611
Fee Revenue	-	-	-	10,325	140	-	-
Other Revenues	2,500	-	-	53,042	800	-	-
Other Sources	-	-	-	73,725	72,354	87,251	-
Fund Balance Appropriated	-	-	-	-	-	-	-
<b>REVENUE TOTAL</b>	<b>898,569</b>	<b>381,118</b>	<b>356,486</b>	<b>2,094,828</b>	<b>670,255</b>	<b>733,914</b>	<b>779,611</b>
<b>EXPENSES</b>							
Administrative	233,239	107,050	104,531	347,115	154,954	163,569	210,559
Tenant & Social Services	73,066	29,757	17,849	-	34,301	34,443	42,761
Utilities	114,961	43,120	72,328	135,466	83,305	81,619	100,316
Ordinary Maintenance & Operations	301,984	131,913	109,573	399,584	164,396	194,961	232,897
Protective Services	10,451	5,066	2,947	-	2,250	2,250	3,000
General Expenses	28,710	18,257	19,304	82,828	17,285	19,194	47,989
Reserve Deposits	49,391	30,050	17,492	50,400	27,902	28,872	33,588
Reserve Draws	(719,116)	(71,920)	(75,084)	-	(47,200)	(55,809)	-
Debt Service	86,412	9,180	-	449,520	96,293	112,305	67,249
Future Year's Appropriations	-	-	-	350,000	-	-	-
Property Improvements	719,116	71,920	75,084	163,489	119,554	143,060	-
<b>EXPENSE TOTAL</b>	<b>898,214</b>	<b>374,393</b>	<b>344,024</b>	<b>1,978,402</b>	<b>653,040</b>	<b>724,464</b>	<b>738,359</b>
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 355</b>	<b>\$ 6,725</b>	<b>\$ 12,462</b>	<b>\$ 116,426</b>	<b>\$ 17,215</b>	<b>\$ 9,450</b>	<b>\$ 41,252</b>



	prkoakin	robinsdl	savanna	senecawd	southsde	springfld	sunridge
	Park at Oaklawn	Robinsdale	Savanna Woods	Seneca Woods	Southside	Springfield Gardens	Sunridge
<b>REVENUES</b>							
Tenant Rental Revenues	\$ 1,409,784	\$ 344,813	\$ 590,558	\$ 446,149	\$ 4,632,764	\$ 698,937	\$ 444,171
Fee Revenue	-	-	-	-	-	140	-
Other Revenues	8,169	-	16,812	-	-	800	400
Other Sources	128,796	-	-	-	-	46,063	-
Fund Balance Appropriated	-	-	-	-	-	-	-
<b>REVENUE TOTAL</b>	<b>1,546,749</b>	<b>344,813</b>	<b>607,370</b>	<b>446,149</b>	<b>4,632,764</b>	<b>745,940</b>	<b>444,571</b>
<b>EXPENSES</b>							
Administrative	351,055	84,330	124,108	114,199	722,679	172,744	107,426
Tenant & Social Services	2,825	16,526	27,980	26,310	195,254	34,057	23,414
Utilities	197,183	78,200	144,204	49,664	902,527	63,272	113,755
Ordinary Maintenance & Operations	529,437	115,183	188,611	184,954	1,056,286	277,771	123,993
Protective Services	2,250	2,763	4,605	4,513	36,288	2,250	4,052
General Expenses	47,543	17,839	24,078	24,311	219,037	31,249	20,168
Reserve Deposits	45,835	16,391	26,000	26,772	196,000	30,618	19,232
Reserve Draws	(188,823)	(23,671)	(90,859)	(1,826,925)	(764,805)	(30,000)	(90,185)
Debt Service	96,991	-	-	7,500	1,191,530	79,387	-
Future Year's Appropriations	-	-	10,000	-	75,000	-	-
Property Improvements	317,619	23,671	90,859	1,826,925	764,805	76,063	90,185
<b>EXPENSE TOTAL</b>	<b>1,401,915</b>	<b>331,232</b>	<b>549,586</b>	<b>438,223</b>	<b>4,594,601</b>	<b>737,411</b>	<b>412,040</b>
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 144,834</b>	<b>\$ 13,581</b>	<b>\$ 57,784</b>	<b>\$ 7,926</b>	<b>\$ 38,163</b>	<b>\$ 8,529</b>	<b>\$ 32,531</b>

	tarlton	victoria	Vistas at 707	wallace	woodlawn
	Tarlton Hills	Victoria Square	Vistas at 707	Wallace Woods	Woodlawn House
<b>REVENUES</b>					
Tenant Rental Revenues	\$ 557,712	\$ 411,956	\$ 2,323,167	\$ 523,848	\$ 1,116,029
Fee Revenue	-	-	9,150	-	-
Other Revenues	-	5,725	15,000	-	2,200
Other Sources	-	-	153,083	-	-
Fund Balance Appropriated	-	-	-	-	-
<b>REVENUE TOTAL</b>	<b>557,712</b>	<b>417,681</b>	<b>2,500,400</b>	<b>523,848</b>	<b>1,118,229</b>
<b>EXPENSES</b>					
Administrative	115,256	100,535	366,951	134,362	220,659
Tenant & Social Services	27,210	16,451	-	25,187	79,376
Utilities	141,922	66,348	115,794	99,911	132,669
Ordinary Maintenance & Operations	185,217	163,549	264,107	212,479	483,452
Protective Services	4,605	2,855	-	3,000	9,579
General Expenses	27,613	19,673	182,963	22,062	49,684
Reserve Deposits	27,319	17,479	88,422	26,225	56,882
Reserve Draws	(40,023)	(82,680)	-	(49,872)	(321,975)
Debt Service	-	-	967,516	-	15,150
Future Year's Appropriations	-	-	100,000	-	50,000
Property Improvements	40,023	82,680	210,514	49,872	321,975
<b>EXPENSE TOTAL</b>	<b>529,142</b>	<b>386,890</b>	<b>2,296,267</b>	<b>523,226</b>	<b>1,097,451</b>
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
<b>TRANSFERS IN (OUT) TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>\$ 28,570</b>	<b>\$ 30,791</b>	<b>\$ 204,133</b>	<b>\$ 622</b>	<b>\$ 20,778</b>

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## 5.0 CAPITAL PROJECTS

### 5.1 PROPERTY IMPROVEMENTS

In order to keep assets in good operating condition and marketable, property improvements will be accomplished that contribute to the preservation of affordable housing units. Property Improvements include major repairs, renovations, replacements and capital expenditures. The FY2020 Budget includes major work such as roof replacements, interior and exterior renovations, system replacements, and other major improvements to maintain the sustainability and viability of each asset.

Nonrecurring capital expenditures in this FY2020 Budget will impact future operating budgets to include lower long-term maintenance cost. Such nonrecurring capital expenditures include roof replacements at the Arbor Glens, Southside Homes and the Carole Hoefener Center. With innovative designs and more recent approaches, a new roof is estimated to reduce utility cost as well as decrease routine maintenance expenses in future operating budgets.

One of the requirements of the Rental Assistance Demonstration (RAD) involved an independent third-party assessment of the physical needs required for the upkeep of each property over a twenty-year period. From this effort, a Physical Needs Assessment (PNA) was created and is used as a long-term planning tool for property improvements.

Based on the PNA, reserves have been set aside at each property and monthly replacement reserve payments are made in order to ensure the planned needs can be funded. The FY2020 Budget includes carryover appropriations for property improvements in progress as well as new projects anticipated for the upcoming year.



### FY2020 Property Improvements Budget

Property	FY2019	FY2020	FY2020
	Carryover Projects	New Projects	Total Appropriations
400 East Boulevard Administration	-	39,000	39,000
400 East Building Management	-	113,180	113,180
940 Brevard	-	-	-
Grove Place	55,000	-	55,000
Arbor Glen 50	212,010	39,759	251,769
Arbor Glen I	128,948	96,585	225,533
Arbor Glen II	-	31,457	31,457
Arbor Glen III	-	16,000	16,000
Autumn Place	2,539,046	108,385	2,647,431
Cedar Knoll	77,250	-	77,250
Charlottetown	624,497	62,340	686,837
Claremont	-	11,080	11,080
Edwin	306,108	232,922	539,030
Fairmarket Square	695,388	450,909	1,146,297
Gladedale	1,187,106	2,073	1,189,179
Glen Cove	653,964	98,586	752,550
Hampton Creste	300,699	93,195	393,894
Carole Hoefener Center	600,000	-	600,000
Leafcrest	53,389	51,167	104,556
Little Rock Apartments	162,990	70,864	233,854
The Landings	-	-	-
Mallard Ridge	1,980	61,248	63,228
McAlpine	302,712	416,404	719,116
McMullen Wood	11,777	60,143	71,920
Meadow Oaks	29,888	45,196	75,084
Mill Pond	73,725	89,764	163,489
Montgomery Gardens	72,354	47,200	119,554
Nia Point	87,251	55,809	143,060
Oaks at Cherry	-	-	-
Parktowne	340,301	-	340,301
Dillehay	-	600,000	600,000
Park at Oaklawn	128,796	188,823	317,619
Robinsdale	22,023	1,648	23,671
Savanna Woods	68,359	22,500	90,859
Seneca Woods	1,445,500	381,425	1,826,925
Southside	458,398	306,407	764,805
Springfield Gardens	46,063	30,000	76,063
Strawn	748,051	65,109	813,160
Sunridge	67,161	23,024	90,185
Tarlton Hills	34,710	5,313	40,023
Victoria Square	53,507	29,173	82,680
Vistas at 707	153,083	57,431	210,514
Wallace Woods	30,977	18,895	49,872
Woodlawn House	256,975	65,000	321,975
<b>TOTAL</b>	<b>12,029,986</b>	<b>4,088,014</b>	<b>16,118,000</b>



## 5.2 REAL ESTATE DEVELOPMENTS

Horizon Development Properties, Inc (HDP) is a real estate development firm aggressively seeking innovative ways to expand and preserve the supply of affordable housing in the City of Charlotte. Development projects are primarily composed of the following initiatives:

Project	USES		SOURCES		
	Total Budget	FY2020 Reappropriations	MTW	Program Income	FY2020 Total
Strawn Master Plan	\$ 1,958,526	\$ 166,933	\$ 166,933	\$ -	\$ 166,933
Renaissance	7,000,000	200,000	200,000	0	200,000
JT Crawford Renaissance Center	2,000,000	1,707,781	1,707,781	0	1,707,781
Tall Oaks Redevelopment Phase 2	500,000	500,000	-	500,000	500,000
Dillehay Predevelopment	1,600,000	1,515,866	515,866	1,000,000	1,515,866
Hall House Predevelopment	425,000	394,800	394,800	0	394,800
Abbingdon on Mt. Holly	1,500,000	40,138	40,138	0	40,138
Future Projects (pursuit)	10,800,000	10,800,000	10,800,000	0	10,800,000
<b>TOTALS</b>	<b>\$ 25,783,526</b>	<b>\$ 15,325,518</b>	<b>\$ 13,825,518</b>	<b>\$ 1,500,000</b>	<b>\$ 15,325,518</b>





## 6.0 STAFFING SUMMARY

Staffing is measured using Full-Time Equivalents (FTE). An FTE is the number of hours worked by an employee on a full-time basis, assuming 40-hours per week is full-time. This concept is used to convert the hours worked by part-time employees into the hours worked by full-time employees.

In FY2020, there is a net increase of 15.35 FTE over the prior year, for a new total of **246.51** FTEs.

Strategic Business Area	FY2018			FY2019			FY2020			Total Change
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
<b>CORE / Client Services</b>										
Client Services	28.00	3.36	31.36	29.00	3.86	32.86	37.00	4.86	41.86	9.00
<b>Subtotal - CORE</b>	<b>28.00</b>	<b>3.36</b>	<b>31.36</b>	<b>29.00</b>	<b>3.86</b>	<b>32.86</b>	<b>37.00</b>	<b>4.86</b>	<b>41.86</b>	<b>9.00</b>
<b>HDP / Real Estate Development</b>										
Administration / Development	4.00		4.00	4.00		4.00	4.00		4.00	-
Construction Management	5.00		5.00	4.00		4.00	1.00		1.00	(3.00)
Relocation	4.00		4.00	3.00		3.00	3.00		3.00	-
<b>Subtotal - HDP</b>	<b>13.00</b>	<b>-</b>	<b>13.00</b>	<b>11.00</b>	<b>-</b>	<b>11.00</b>	<b>8.00</b>	<b>-</b>	<b>8.00</b>	<b>(3.00)</b>
<b>Blue Horizon / Real Estate Mgmt</b>										
Administration	2.00		2.00	2.00		2.00	2.00		2.00	-
Asset Management	4.00		4.00	4.00		4.00	4.00		4.00	-
Property Management - Admin	1.00		1.00	5.00		5.00	5.00		5.00	-
Property Management - Sites	72.00	1.80	73.80	89.00	1.30	90.30	90.00	0.65	90.65	0.35
<b>Subtotal - Blue Horizon</b>	<b>79.00</b>	<b>1.80</b>	<b>80.80</b>	<b>100.00</b>	<b>1.30</b>	<b>101.30</b>	<b>101.00</b>	<b>0.65</b>	<b>101.65</b>	<b>0.35</b>
<b>Administrative Operations</b>										
Administration	4.00		4.00	4.00		4.00	2.00		2.00	(2.00)
Housing Choice Voucher Program	43.00		43.00	45.00		45.00	51.00		51.00	6.00
Public Relations	2.00		2.00	2.00		2.00	2.00		2.00	-
<b>Subtotal - Administrative Op</b>	<b>49.00</b>	<b>-</b>	<b>49.00</b>	<b>51.00</b>	<b>-</b>	<b>51.00</b>	<b>55.00</b>	<b>-</b>	<b>55.00</b>	<b>4.00</b>
<b>Corporate Services</b>										
Executive	2.00		2.00	2.00		2.00	3.00		3.00	1.00
Finance	18.50		18.50	17.00		17.00	21.00		21.00	4.00
Information Technology	3.00	1.33	4.33	4.00	3.00	7.00	4.00	1.00	5.00	(2.00)
Legal & Resident Safety	7.00		7.00	6.00		6.00	7.00		7.00	1.00
Talent Operations	2.75		2.75	3.00		3.00	3.00	1.00	4.00	1.00
<b>Subtotal - Corporate Services</b>	<b>33.25</b>	<b>1.33</b>	<b>34.58</b>	<b>32.00</b>	<b>3.00</b>	<b>35.00</b>	<b>38.00</b>	<b>2.00</b>	<b>40.00</b>	<b>5.00</b>
<b>GRAND TOTAL</b>	<b>202.25</b>	<b>6.49</b>	<b>208.74</b>	<b>223.00</b>	<b>8.16</b>	<b>231.16</b>	<b>239.00</b>	<b>7.51</b>	<b>246.51</b>	<b>15.35</b>

**C.O.R.E. Programs, Inc** ("CORE") added 2.00 FTEs in response to the contracted services terminated at McAden Park and Seigle Point. Three additional FTEs were added as part of the new ParentChild+ grant received. As a result of the several property takeovers this year, another 4.00 FTEs were added to provide services at the newly acquired properties. CORE's total staffing for FY2020 is 41.86 FTEs.

**Horizon Development Properties, Inc** ("HDP" or "Horizon Development") reorganized its construction management section from in-house staffing to contract services, thereby reducing 3.00 FTEs. The FY2020 Budget staffing level for Horizon Development is a total of 8.00 FTEs.



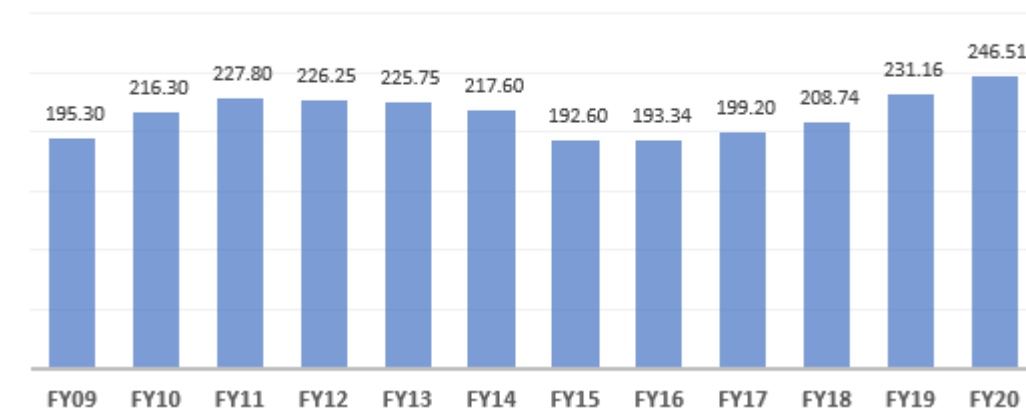
**Blue Horizon Management Company** (“Blue Horizon”) restructured its portfolio as part of the takeover of several third-party managed properties. A total of 6.65 FTEs was eliminated, and 7.00 FTEs added as follow:

101.30 Beginning # of FTEs	Property
(1.00) Asst Property Mgr	Mallard / Leafcrest
(1.00) Asst Property Mgr	Victoria / Claremont
(1.00) Asst Property Mgr	Tarlton / Cedar
(1.00) Maintenance Apprentice	Arbor Glens
(1.00) Leasing Agent	Park at Oaklawn
(1.00) Leasing Agent	Hampton Creste
(0.65) Leasing Agent	Hoefener Center
<b>(6.65) Eliminated FTEs</b>	
1.00 Asst Property Mgr	Montgomery / Nia Point / Robinsdale
1.00 Asst Property Mgr	Meadow / Wallace / Springfield
1.00 Asst Property Mgr	940 Brevard / Fairmarket / Sunridge
1.00 Maintenance Supervisor	Montgomery / Nia Point / Robinsdale
1.00 Property Manager	Oaks at Cherry
1.00 Maintenance Lead	Oaks at Cherry
1.00 Maintenance Apprentice	Gladedale
<b>7.00 New FTEs Added</b>	
<b>101.65 Ending # of FTEs</b>	

**Administrative Operations** increased by 4.00 FTEs. The Compliance staff (3.00 FTEs) moved to Finance, one MTW Analyst to Legal, and one Administrative Assistant to Executive. To streamline the Housing Choice Voucher Program processes, a total of 9.00 FTEs was added to assist with administration of waiting lists, new admissions and transfers of program participants. With these net changes, Administrative Operation’s total staffing for FY2020 is now 55.00 FTEs.

**Corporate Services** increased primarily due to the transfer of 5.00 FTEs from Administrative Operations, the addition of 1.00 FTE to support the Compliance Section in Finance and 1 new FTE in Talent Operations. Information Technology’s staff count was corrected from 7.00 FTE to 5.00 FTE due to the reclassification of two seasonal internships. The total staffing level for Corporate Services in the FY2020 Budget is 40.00 FTEs.

### Historical Budgeted Positions







## **7.0 SUPPLEMENTAL INFORMATION**

### **7.1 OVERVIEW OF THE CHARLOTTE COMMUNITY**

Charlotte is one of the top three fastest growing big cities in the country with a 1.8 percent growth rate, while remaining the 17<sup>th</sup> largest U.S. city with a population of nearly 860,000 people as of July 2017 and is the fourth-fastest growing large city in the country. Charlotte-Mecklenburg is consistently ranked among the top moving destinations in the United States.

Located in the Piedmont region of North Carolina, Charlotte is two hours east of the Appalachian Mountains and three hours west of the Atlantic Ocean. Charlotte's strategic location makes the area only a two-hour plane ride from more than 50 percent of the U.S. population.

Charlotte, located in Mecklenburg County, is now home to 15 of the nation's 1,000 largest publicly traded companies. Distribution and banking continue to be the two major industries contributing to Charlotte's economic growth and business development. Charlotte is recognized as a financial, distribution and transportation center for the urban region. Charlotte is the 2<sup>nd</sup> largest financial center in the country, with more than 70,000 employed in Mecklenburg County.

The Equality of Opportunity Project, released by Harvard economist Raj Chetty and Nathaniel Hendren, analyzed the earnings of millions of American families. They then ranked counties based on the degree to which people's financial prospects depend on where they happen to grow up. Of the 100 largest counties, Mecklenburg County ranked 99<sup>th</sup>, which fell behind Chicago, Detroit, the Bronx, Atlanta, and Los Angeles, among many others. Of the 2,478 counties analyzed, Mecklenburg ranked 2,408<sup>th</sup>. The study ranked Charlotte last among the country's 50 largest cities for upward mobility, meaning it is harder to climb out of poverty here than in any other major U.S. metro area. According to this research, the odds of moving up in Charlotte were just 4.4%.

Charlotte continues to be one of the nation's most affordable metros with a cost of living index of only 96.2 percent of the national average, making it the 10<sup>th</sup> least expensive city among the largest 40 metro areas. However, wages are not keeping up the cost of living, in particularly housing costs. New apartments continue to be built in the city, but the rent focus is more on the higher end of the rent spectrum, resulting in a widening need of affordable housing. This is being translated into an affordable housing crisis. The City and its partners, including CHA, are currently trying to assess the issue and come up with possible strategies to mitigate this growing crisis.

### **7.2 CHARLOTTE HOUSING AUTHORITY – OUR HISTORY**

Established in December 1938 and incorporated in June 1939, the Charlotte Housing Authority (CHA) is a non-profit real estate holding company with a public purpose. That public purpose is to provide decent, safe and affordable housing to low and moderate-income families while supporting their efforts to achieve self-sufficiency. CHA's mission is to create innovative housing solutions in desirable communities for residents of diverse incomes and facilitate access to services to help them succeed.



CHA provides housing subsidies to families in the City of Charlotte (the “City”) and Mecklenburg County. CHA’s portfolio is comprised of public housing, Housing Choice Vouchers (“HCV”), Project-Based Section 8 Vouchers (“PBV”), tax credit, affordable and market rate units.

As one of North Carolina’s leaders in affordable housing, CHA has a noble legacy of providing affordable housing for nearly 80 years to those most vulnerable in our community. The families we serve are at the heart of everything we do and as a result, CHA has propelled the development and services of our region’s poor and working families. Guided by our mission, CHA seeks to help families become self-sufficient, ensure that seniors can age in place with dignity and enable the homeless in our community to find a safe harbor. While keeping this mission at the forefront, we are also a proud member of the Charlotte business community and play a significant role as an economic driver.

CHA continues to be an innovative industry leader in the national affordable housing arena. In an effort to sustain and preserve affordable housing in Charlotte, CHA entered HUD’s Rental Assistance Demonstration Program (RAD). This program allows CHA to convert public housing units into PBV units. The RAD conversion allows for a more stable stream of income, thus enabling us to preserve the long-term affordability of its units without increasing the rental cost to the residents.

As CHA continues to evolve, the need to be efficient is essential. CHA has adapted an entrepreneurial approach and created its own development and property management companies. The creation of these entities enables CHA to perform akin to the private market, thus creating cash flow for the preservation of affordable housing.

In order to carry out the mission, CHA operates four legally separate, locally incorporated entities:

Horizon Development Properties, Inc. (“Horizon Development” or “HDP”) is a non-profit, tax exempt 501 (c)(3) subsidiary that was organized in March 2001, guided by a mission to develop, operate, and provide housing in sustainable communities of choice for residents of diverse incomes. Horizon Development’s most recently developed communities include The Landing at Park Road and the redevelopment of Tall Oaks into The Oaks at Cherry.

Horizon Acquisition Corporation is a for-profit subsidiary that was organized in March 2001. Horizon Development has 100% stock ownership. The mission of this organization is to acquire, construct, develop, operation and/or hold title to affordable housing property, interests in property, and interests in entities that own and operate affordable housing property.

C.O.R.E. Programs, Inc. (CORE) is a non-profit, tax exempt 501 (c)(3) subsidiary. The entity was formerly named Gateway Supportive Services, Inc. and was organized in December 2001. The mission of the organization is to assist affordable (low income) housing residents in achieving economic independence through educational and other support services.

Blue Horizon Management Company (Blue Horizon) is a non-profit subsidiary that was organized in August 2016. The mission of the organization is to manage sustainable and economically diverse communities, promoting high quality standards for our residents and owners. Keeping property management in-house reduces expenses and increases revenue streams.

CHA’s oversight is provided by a seven-member Board of Commissioners comprised of a resident from CHA’s low-income portfolio, and persons from community organizations and business entities in the Charlotte-Mecklenburg community. The Commissioners are selected by the City’s Mayor and Council. Commissioners may serve two terms, with each term lasting three years. The day to day operations are directed by the Chief Executive Officer, and carried out by staff.

## 7.3 BUDGET ADOPTION PROCESS

### Creating the Budget

The budget process begins with the preparation of the budget calendar then followed by the issuance of the Budget Manual, which gives general instructions for the operating budget to be developed for the next budget year. The calendar lists due dates to ensure that the budget is approved by the end of the fiscal year. If the budget is not approved by the first business day of the new fiscal year, all CHA spending would be suspended on that day.

Each property manager/department is charged with the responsibility of preparing a budget for the upcoming budget year. Staff is invited to attend training and budget work sessions with the Budget staff. Based on the calendar, a date is set when all budget information must be entered into the Budget System. The Budget staff analyzes and prepares data for submission to the CHA senior leadership team for review and comments. The budget is also reviewed with the Chief Executive Officer (CEO) and prepared for adoption by the Board of Commissioners. The budget is ready for staff on the first day of the new fiscal year after approval by the Board.

### Budgetary Control

The Budget Office is responsible for monitoring budgeted resources for CHA during the fiscal year, approving transfers between budget lines within a department or division, and monitoring budgets on an on-going basis to ensure that the departments are operating within budgeted levels. Budget changes can be done after the budget has been adopted by the Board of Commissioners, beginning the first day of the new fiscal year.

### Board Amendments

The Budget Office is responsible for preparing budget amendments that affect all budgets in CHA. Generally, any movement of funds between budget categories over \$100,000 for grant and operating budgets (e.g. Administration to Property Improvements or an increase/decrease in one of the budgets mentioned above) constitutes the necessity of a budget amendment.

### Preparing Reports

The Budget Office is responsible for preparing quarterly Budget-to-Actual reports (BAR) to the Board of Commissioners as well as monthly internal financial reports.

### Budget Adoption Process

CHA maintains budgetary control over all funds, as required by the North Carolina General Statutes. An annual operating budget is produced by staff and then adopted by the Board of Commissioners. A public notice is issued in which interested parties can review the budget document and speak at the public hearing before the budget is adopted. A certification of the adoption of the budget is forwarded to the Greensboro, North Carolina HUD field office and the adopted budgets are included in the MTW Annual Plan. Expenses may not exceed appropriations at the category level for the annual budget. The management of CHA may not increase the amount of any annual budgets without the approval of the Board of Commissioners.



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FY2020 Budget Calendar

02/05/2019	Budget Calendar submitted to CHA Senior Management Team
02/20/2019	Distribution of Budget Manual for development of the FY2020 Budget
04/15/2019	Internal Fees due to Budget Office
05/01/2019	Budget System Open to Users
05/01/2019- 07/24/2019	Budget Trainings every Wednesdays
07/26/2019	FY2020 Budgets Due in Budget System; both Operating and Capital Budgets
08/15/2019- 08/30/2019	Budget Review and Discussions with Departments
Sept/Oct 2019	CHA Senior Management Team review of Draft Budget
10/25/2019- 11/07/2019	Submit FY2020 Proposed Budget to Finance & Audit Committee
11/07/2019	Finance & Audit Committee Meeting
11/08/2019- 11/19/2019	Public Review Period
11/19/2019	Public Hearing on Budget
12/17/2019	Board Adoption of Budget



## 7.4 BUDGET CATEGORIES

The categories included in the budget align with the categories reported annually as a part of the Comprehensive Annual Financial Report. In order to provide additional information regarding the types of expenses within each category, we have included definitions below.

### Administrative

This category represents those costs that are administrative in nature. These include salaries/benefits for central office, property managers and HCV staff, professional and administrative services, and other sundry expenses such as office supplies, telephones, travel/training and computer maintenance. Also included are property management, asset management, and bookkeeping fees.

### Tenant and Social Services

This category represents those costs that are related to client services. These include salaries/benefits and other related expenses for in-house case management staff and contract managers, contracted case management services, resident participation funding, initiatives for tenant education, dependent care and client services fees.

### Ordinary Maintenance and Operation

This category represents all maintenance costs for the properties. These include salaries/benefits for the maintenance personnel, all maintenance materials (e.g. appliances, electrical materials, paint materials, etc.) and all contract costs (e.g. pest control, landscaping contracts, vacancy preparation costs, etc.).

### Protective Services

This category represents those costs related to protection of the residents. These include salaries/benefits and related costs for the resident safety staff, as well as funding for security contracts.

### Utilities

This category represents all utility costs related to the properties. These include electricity, gas, water, storm water and sewer.

### General Expenses

This category represents other general expenses. These include costs for insurance – auto, property and workers compensation.

### Reserve Deposits

This category represents deposit of funds to reserves.

### Reserve Draws

This category represents withdrawal of funds from reserves set aside for a specific purpose. An example is funds set aside in replacement reserve accounts for capital projects at the sites or funds set aside in an escrow account for client service fees.

### Debt Service

This category represents debt service expenses including principle payments and interest expense.

### Housing Assistance Payments

This category represents the Housing Assistance Payments (HAP) to landlords in the Housing Choice Voucher program. This includes HAP payments for all of the CHA Housing Choice Voucher and Project-Based Voucher programs, as well as the HAP payments for the Portable vouchers administered by CHA.



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#### Other Uses

This category represents other expenses not categorized above, including restricted donations and public housing subsidy transfers.

#### Future Appropriations

This category represents costs that are not currently allocated to another line item. Revenues are anticipated to be higher than current anticipated expenses. Until the revenues are confirmed and the expenses are needed, the amounts in this category remains unallocated.

#### Property Improvements

This category represents the following two items: 1) costs for capitalized items (fixed assets) that have an individual value of \$3,000 or greater, and 2) cost for non-operating property improvements of the properties. Property Improvements include those maintenance and capital projects identified in the Physical Needs Assessment.

#### Operating Transfer In/Out

This category includes the transfer in or out of funds, properties or projects (e.g. capital projects).



## **7.5 FINANCIAL MANAGEMENT**

The Charlotte Housing Authority (CHA) accounts are organized based on funds, each of which are considered a separate accounting entity and has a separate set of self-balancing accounts comprised of its assets, liabilities, net assets, revenues and expenses. The financial statements of CHA are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. CHA's budgets are adopted on a modified accrual basis. Annual appropriated budgets are adopted and all annual appropriations lapse at CHA's year-end.

CHA has developed an internal control structure to ensure that CHA's assets are managed honestly and efficiently. Internal controls are subject to periodic evaluation by management and independent auditors. In addition to management, budgetary, debt, cash management and risk management controls are in place. CHA's automated systems provide allowances for purchase orders based on budgets and accounts. CHA has received the Government Finance Officers Association of the United States and Canada's Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the last twelve consecutive years. CHA has a debt policy in place which specifies that debt will not be used to finance current operations. CHA also manages cash through strict policies and risk through control standards.

CHA receives funding from the Housing Choice Voucher Program (housing assistance payments made to landlords on behalf of eligible low income residents).

In 1996, Congress passed legislation establishing the Moving to Work Demonstration (MTW) program, under which the United States Department of Housing and Urban Development (HUD) was authorized to select a small number of Public Housing Authorities (PHAs) to participate in a demonstration that permits PHAs to combine certain HUD funds and to use those funds more flexibly by authorizing waivers of most provisions of the 1937 Act. CHA's participation in MTW was authorized in 1999, and CHA executed an interim agreement with HUD in December 2006, an original MTW Agreement in December 2007, and a Standard MTW Agreement with HUD in 2008, which extended CHA's participation in MTW until the end of its 2018 fiscal year (the "MTW Agreement"), which describes the terms under which CHA may exercise MTW authority. In 2016 the MTW agreement was extended 10 years. The agreement has now been extended to 2028. Among these is the authority to use certain HUD funds more flexibly and to operate annually under a MTW Plan. CHA is one of approximately 39 housing authorities nationwide selected for participation in the MTW Demonstration Program. During CHA's MTW term, CHA is required to develop and submit to HUD the MTW Annual Plans that articulate CHA's key policies, objectives and strategies for administration of its federal housing programs to most effectively address local needs, in accordance with the terms of the CHA's MTW Agreement.

### **INVESTMENT POLICY OVERVIEW**

#### **PURPOSE:**

This procedure outlines the portfolio management program and is intended for use by staff, investment institutions that inquire about it and external auditors, as applicable.

The Chief Financial Officer, or his/her designee, shall maintain a daily analysis of the CHA's cash balance to determine whether there are available funds on hand for investment. They shall also determine any cash need requiring any investment liquidation. It is the responsibility of the Finance Department to ensure CHA funds are invested at the highest rate of return possible within the guidelines established.



PHILOSOPHY:

The investment of idle CHA funds shall be made, keeping in mind that the investment security purchased by the Chief Financial Officer or his/her designee shall be made under the following guidelines:

1. The investment must be “safe”.
2. The preservation of principal is paramount.
3. The investment shall be liquid.
4. The rate of return shall be the highest possible, keeping in mind the preceding restrictions.
5. The amounts deposited or invested are restricted as follows:
  - a. Maximums in any one investment or any one institution plus current accrued interest shall be as follows:
    - i. Commercial bank account – unlimited if adequately collateralized.
    - ii. Commercial paper – no more than 25% of portfolio and no more than \$5 million in one issuer.
    - iii. Bankers Acceptances – no more than 25% of portfolio and no more than \$5 million in one issuer.
    - iv. North Carolina Capital Management Trust – no more than 50% of portfolio.
    - v. Agencies – unlimited on fixed security with no more than 20% of portfolio in a single agency (\$5 million if portfolio under \$25 million) – no more than 20% in non-fixed securities.
    - vi. Treasuries – unlimited with no more than 20% of portfolio in a single maturity issue (\$5 million if portfolio under \$25 million).
    - vii. No more than 50% of the portfolio may be in ii, iii, and iv at any one time combined.
  - b. Deposits must be collateralized as required by North Carolina General Statutes 159-31 and investments held at the highest level of custody attainable
  - c. No deposit or investment may have a maturity date of greater than seven (7) years.

SCOPE:

This policy shall apply to all funds invested by the CHA.

REFERENCES:

North Carolina General Statutes 159-30 and 159-31.

**CAPITALIZATION POLICY**

CHA will record fixed assets at cost or, if cost is not practicably determined, at established cost. Donated fixed assets shall be recorded at their estimated fair value at the time received. In general, any expenditure which provides service potential with an estimated useful life of more than one (1) year shall be capitalized. Costs related to maintenance, cleaning, or minor repairs will be expensed in the current period and not capitalized.

Building costs to be capitalized will include cost of the structure plus the cost of all permanent equipment and fixtures necessary for the intended use of the structure. All cost necessary to obtain the building and get it into condition for its intended use shall be included in the total cost to be capitalized. Interest expense incurred during the construction period of a building shall be included as part of the cost of the asset.





On the basis of materiality, the CHA will capitalize assets, including improvements, based on the preceding criteria in excess of \$3,000. This amount will apply to asset acquisitions in the following classifications:

- Land
- Buildings
- Building Improvements
- Dwelling furniture and fixtures
- Administrative furniture and fixtures
- Dwelling equipment
- Administrative and Maintenance equipment

Acquisitions of assets in excess of \$3,000 will be recorded on CHA's financial statements as capital fixed assets and will be depreciated based on GAAP. CHA will establish a custodial inventory system for items with a dollar value between \$50 and \$3,000 and for all appliances. The items in the custodial inventory system will be capitalized and fully depreciated in the year of purchase. The intent of the custodial inventory system is to track and monitor purchases.

### **DEPRECIATION POLICY**

CHA will depreciate capital fixed assets over their estimated useful lives. Factors considered in estimated useful life will include normal wear and tear and potential usefulness to CHA, as well as economic factors such as obsolescence, inadequacy, and economic changes.

Depreciation will not apply to land or permanent land improvements as its usefulness does not diminish with time. Proposed useful lives to be applied are as follows:

- Buildings:
  - HDP Housing: 30 years
  - Central Office: 30 years
- Building Improvements: 10 years
- Building Furniture and Equipment: 5 years
- Maintenance/Administrative Equipment: 5 years
- Vehicles: 5 years

These periods may be adjusted in the future based on CHA's experience and realistic assessment of the expected life of the item.

### **PURCHASING CARD**

Purchasing Cards (P-Card) are assigned to individual employees and cannot be transferred to, assigned to, or used by anyone other than the designated employee. The P-Card is not a personal expense account and the use for personal purchases is strictly prohibited. The P-Card cannot be used as payment for certain restricted items. Fraudulent use and/or misuse of the P-Card is grounds for revoking the card privileges and may lead to disciplinary action, up to and including termination of employment. Temporary employees are not eligible for P-Cards.

Purchases made on the P-Card will be managed via the Yardi Purchase Order system and Fifth Third Bank. All purchases made with the Fifth Third Bank P-Card must be documented and approved on a Yardi Purchase Order prior to any expense of funds. Cardholders, department heads and / or managers will be able to view charges on-line to review all purchases. The Fifth Third Bank card site will typically list all charges made on the P-Card within two to three days of the actual purchase.



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### **ACCOUNTS RECEIVABLE**

All payments received and processed during the day are deposited into the bank account the following morning per state regulations.

### **ACCOUNTS PAYABLE**

Payments to vendors are processed on a weekly basis. CHA payment terms are net 30 days.

### **FISCAL YEAR**

The fiscal year for CHA begins on January 1 of each year and ends on December 31 of that year.

### **BALANCED BUDGET POLICY**

The CHA operating budget will be balanced with current revenues and fund balances available for the program. The Board of Commissioners, CHA's governing body, adopts the annual budget by Resolution. Horizon Development Properties, Inc. (Horizon Development), Blue Horizon Management Company (Blue Horizon) and Horizon Acquisition Corp. (Horizon Acquisition) fund budgets will have cash flows based on Rental Assistance Demonstration (RAD) regulations.

### **AUDIT POLICY**

CHA participates in an audit of its financial statements each fiscal year. This audit is conducted by an auditor independent of CHA. The independent auditor is chosen by the Board of Commissioners and reports to the Finance and Audit Committee, a committee of the Board of Commissioners.

### **WRITE OFF POLICY**

According to GAAP, organizations must periodically review outstanding receivables. Any receivables found uncollectible must be written off. Quarterly, the tenant accounts receivable for residents who have vacated during the previous quarter are assessed and written off. Writing-off uncollectible tenant accounts receivable from CHA's accounting records does not affect the tenant's liability to CHA or CHA's efforts to collect the liability.

### **OPERATING RESERVE AND SPENDING POLICY**

#### **PURPOSE**

To provide the foundation for fiscal management of CHA resources, guiding the Board of Commissioners and staff in making sound financial decisions and in maintaining the fiscal stability of CHA.

#### **OBJECTIVE**

1. To maintain good internal controls in the financial management of CHA.
2. To ensure that adopted policies are implemented in an efficient and cost-conscious manner, while continuing to ensure compliance with contractual, regulatory and statutory requirements.
3. To align CHA's long-term financial planning with short-term daily operations.
4. To maintain CHA's stable financial position.
5. To encourage an organizational culture that creates safe, healthy and risk-free work and operational environments.
6. To protect CHA from emergency fiscal crisis by ensuring the continuance of service even in the event of an unforeseen occurrence.

#### **OPERATING RESERVE**

CHA will maintain an uncommitted reserve (fund) balance in operating funds. These funds will be used to avoid cash-flow interruptions, generate interest income, eliminate the need for short-term borrowing, provide funding flexibility for unanticipated needs and opportunities and sustain operations during unanticipated emergencies and disasters.



1. Any utilization of reserves must be approved by the Board.
2. Funds not appropriated for expenses in a fiscal year are part of the fund balance (reserves). Such funds will be invested in accordance with CHA's 'Investment Policy' adopted by the Board.
3. CHA will strive to maintain a minimum reserve level of four months of prior year expenditures in each operating fund.

### **SPENDING**

CHA shall ensure that all funds are properly budgeted and accounted for. These funds shall be spent in accordance with the MTW Plan and/or the Strategic Plan.

CHA will establish and maintain its accounting systems to, at a minimum, satisfy such requirements as may be prescribed by federal and/or state laws, regulations, or guidelines.

1. CHA will maintain annual operating budgets, which will be prepared in accordance with federal regulations and guidelines, and North Carolina General Statutes.
2. CHA shall maximize the use of all monies in the best interest of CHA.
3. CHA will retain monies for investment for the longest appropriate period of time.

### **BASIS OF ACCOUNTING AND BUDGETING**

CHA accounts are organized and operated on a fund basis. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts recording its assets deferred outflows of resources, liabilities, deferred inflows on resources, net position, revenues and expenses.

CHA reports as a special purpose government engaged only in business-type activities (enterprise funds). Enterprise funds are accounted for on the flow on economic resources measurement focus and the accrual basis of accounting. In this type of fund, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place.

All funds of CHA are maintained on the modified accrual basis during the year. The basis of budgeting is modified accrual. The financial statements for CHA are reported on the accrual basis. Under this basis, revenue is recorded when earned and expenses are recorded when incurred. In converting from the modified accrual basis to the full accrual basis, the changes required may include adjustments for unpaid interest, depreciation, prepaid tenant rents, payment of principal on outstanding debt and capital outlay.

### **BUDGETARY COMPLIANCE**

CHA maintains budgetary controls over all funds, as required by North Carolina General Statutes and the terms of CHA's Annual Contributions Contract ("ACC") with HUD. An annual budget is adopted for all enterprise funds, except for capital projects, development projects, and the HOPE VI Grant, which are multi-year capital projects, and the Jobs Plus Pilot Grant, which is a multi-year grant. A multi-year budget is adopted separately for these funds. Expenditures may not exceed appropriations at the functional level for the annual budget or at the HUD Budget Line Item ("BLI") level for the capital projects, development projects and other grant funds. The management of CHA may transfer appropriations within a fund up to \$100,000 without Board approval.



## 7.6 FEDERAL FINANCIAL ASSISTANCE

Fiscal Year	Low Rent Housing Program	Housing Choice Vouchers	Housing Choice Voucher Cluster	Section 8 Housing Assistance Program Cluster	Comp / Capital Fund Program	HOPE VI Program	ROSS Grants	Misc Federal Grants	Total
3/31/2009	10,869,389	38,851,291	-	217,516	7,095,818	13,505,902	296,557	-	70,836,473
3/31/2010	11,738,706	43,763,709	-	220,727	16,463,516	2,249,443	306,065	55,909	74,798,075
3/31/2011	12,425,991	44,974,706	1,374,506	222,048	12,640,138	1,045,575	395,250	-	73,078,214
3/31/2012	13,129,796	43,386,168	1,514,690	106,941	9,132,699	1,677,570	385,915	-	69,333,779
3/31/2013	10,277,011	44,301,889	1,920,547	-	4,705,647	2,857,816	288,165	-	64,351,075
3/31/2014	10,046,259	46,853,002	1,818,065	-	1,897,931	5,080,438	290,533	-	65,986,228
3/31/2015	10,828,668	45,979,266	2,955,244	-	3,121,076	1,791,654	373,391	-	65,049,299
12/31/2016 (1)	19,002,491	79,175,447	5,265,467	-	13,002,644	8,446,947	444,326	1,774,617	127,111,939
12/31/2017	6,501,084	69,354,920	3,198,911	-	267,110	-	1,658	2,652,512	81,976,195
<b>12/31/2018</b>	<b>1,280,914</b>	<b>67,028,858</b>	<b>3,237,533</b>	<b>-</b>	<b>66,375</b>	<b>-</b>	<b>-</b>	<b>477,280</b>	<b>72,090,960</b>

Source: Housing Authority of the City of Charlotte records.

(1) 12/31/2016 is a 21-month transition fiscal year

## 7.7 OPERATING REVENUES BY SOURCE

Fiscal Year	Tenant Revenue		Other Revenue		HUD Operating Grants and Subsidies		Total Operating Revenue	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
3/31/2009	7,362,313	10%	9,611,247	13%	56,201,189	77%	73,174,749	100%
3/31/2010	8,209,837	9%	7,065,224	8%	72,932,414	83%	88,207,475	100%
3/31/2011	9,756,648	11%	6,360,979	8%	67,731,795	81%	83,849,422	100%
3/31/2012	9,255,449	11%	12,186,881	14%	63,490,575	75%	84,932,905	100%
3/31/2013	10,118,584	12%	13,560,515	15%	62,449,902	73%	86,129,001	100%
3/31/2014	11,777,047	14%	13,136,313	15%	62,214,353	71%	87,127,713	100%
3/31/2015	12,562,858	14%	14,719,825	15%	62,375,245	71%	89,658,928	100%
12/31/2016 (1)	20,860,529	13%	24,945,092	16%	113,973,292	71%	159,778,913	100%
12/31/2017	18,838,608	21%	13,574,960	13%	72,370,326	69%	104,783,894	100%
<b>12/31/2018</b>	<b>15,397,915</b>	<b>17%</b>	<b>11,092,894</b>	<b>12%</b>	<b>66,486,060</b>	<b>72%</b>	<b>92,976,869</b>	<b>101%</b>

Source: Housing Authority of the City of Charlotte records.

(1) 12/31/2016 is a 21-month transition fiscal year



## 7.8 DEBT SERVICES

### Debt Outstanding and Debt Service Coverage (last ten fiscal years)

Business-Type Activities	3/31/2009	3/31/2010	3/31/2011	3/31/2012	3/31/2013	3/31/2014	3/31/2015	12/31/2016 (1)	12/31/2017	12/31/2018
Mortgages	\$ 4,926,482	\$26,152,518	\$ 23,480,697	\$ 14,323,047	\$24,851,788	\$ 30,964,476	\$ 38,400,130	\$ 47,855,225	\$ 104,517,081	\$ 105,743,162
Notes	1,093,734	924,545	747,000	447,672	246,908	36,363	-	-	-	-
Bonds	-	-	-	19,950,001	19,970,000	18,085,000	17,190,000	15,335,000	-	-
<b>Total</b>	<b>\$ 6,020,216</b>	<b>\$27,077,063</b>	<b>\$ 24,227,697</b>	<b>\$ 34,720,720</b>	<b>\$45,068,696</b>	<b>\$ 49,085,839</b>	<b>\$ 55,590,130</b>	<b>\$ 63,190,225</b>	<b>\$ 104,517,081</b>	<b>\$ 105,743,162</b>
Debt service requirements:										
Principal	\$ 1,591,599	\$ 14,822,127	\$ 9,920,620	\$ 1,301,020	\$ 2,362,501	\$ 5,284,868	\$ 1,337,144	\$ 4,573,039	\$ 4,005,436	\$ 5,679,763
Interest	65,131	464,522	462,122	894,954	1,273,735	1,379,476	1,443,220	1,746,759	3,643,679	3,723,565
<b>Total</b>	<b>\$ 1,656,730</b>	<b>\$ 15,286,649</b>	<b>\$ 10,382,742</b>	<b>\$ 2,195,974</b>	<b>\$ 3,636,236</b>	<b>\$ 6,664,344</b>	<b>\$ 2,780,364</b>	<b>\$ 6,319,798</b>	<b>\$ 7,649,115</b>	<b>\$ 9,403,328</b>
Debt service coverage	3.63	1.77	2.33	15.81	12.39	7.37	19.99	10.00	13.66	11.25

Source: Housing Authority of the City of Charlotte records.

(1) 12/31/2016 is a 21-month transition fiscal year

### Debt Ratios (last ten fiscal years)

Fiscal Year	Total Debt	Capital Assets	Debt to Capital Asset Ratio	Total Units	Debt to Unit
3/31/2009	2,020,216	89,814,445	2.25%	3,023	668.28
3/31/2010	27,077,063	112,945,414	23.97%	3,591	7,540.26
3/31/2011	24,227,697	124,250,090	19.50%	3,245	7,466.16
3/31/2012	34,720,720	122,533,348	28.34%	3,157	10,998.01
3/31/2013	45,068,696	166,394,556	27.09%	3,181	14,168.09
3/31/2014	49,085,839	176,574,245	27.80%	3,171	15,479.61
3/31/2015	55,590,130	183,778,237	30.25%	3,171	17,530.79
12/31/2016 (1)	63,210,225	191,044,683	30.25%	3,277	19,289.05
12/31/2017	104,517,081	254,312,950	41.10%	3,454	30,259.72
<b>12/31/2018</b>	<b>105,743,162</b>	<b>248,610,225</b>	<b>42.53%</b>	<b>3,454</b>	<b>30,614.70</b>

Source: Housing Authority of the City of Charlotte records.

(1) 12/31/2016 is a 21-month transition fiscal year



## 7.9 DEMOGRAPHIC AND ECONOMIC TABLES

### Demographic Statistics for Mecklenburg County, North Carolina

#### Last Ten Years

Year	Population	Total Personal Income	Per Capita Income	Unemployment Rate
2009	893,892	22,365,015,000	25,020	11.5%
2010	919,628	23,046,007,500	25,060	11.2%
2011	938,020	23,109,445,000	24,636	11.1%
2012	966,160	22,605,735,000	23,398	9.9%
2013	999,060	22,270,607,500	22,292	9.4%
2014	1,027,034	23,708,977,500	23,085	6.8%
2015	1,055,791	26,268,690,000	24,881	5.7%
2016	1,085,353	27,738,165,000	24,881	4.8%
2017	1,077,874	N/A	N/A	4.0%
2018	1,099,382	N/A	N/A	4.0%

Source: Mecklenburg County CAFR, FY 06/30/18

Note: N/A= Data not available per CAFR

### Principal Employers for Mecklenburg County, North Carolina

#### Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Atrium (formerly Carolinas HealthCare)	35,700	1	6.01 %	26,283	1	6.01 %
Wells Fargo	23,500	2	3.96	20,000	2	4.57
Charlotte-Mecklenburg Schools	18,495	3	3.11	19,845	3	4.46
Bank of America Corporation	15,000	4	2.53	13,960	4	3.19
Novant Health	11,698	5	1.97	9,000	6	2.06
American Airlines	11,000	6	1.85	5,955	10	1.36
Harris Teeter	8,239	7	1.39	-	-	-
Duke Energy Corporation	7,800	8	1.31	7,757	8	1.77
State of North Carolina	7,600	9	1.28	7,479	9	1.71
City of Charlotte	6,800	10	1.14	-	-	-
Wal-Mart Stores, Inc.	-	-	-	13,192	5	3.02
Delhaize American Inc/Food Lion	-	-	-	8,658	7	0.98

Source: Mecklenburg County CAFR, FY 06/30/18



## 8.0 GLOSSARY OF TERMS AND ACRONYMS

**Accrual Basis** - The basis whereby transactions and events are recognized when they occur, regardless of when cash is received or paid.

**Allocation** - Distribution of expenses or revenues according to an approved formula.

**Annual Contributions Contract** - Agreement between a local housing authority and HUD, under the provisions of which the federal government guarantees permanent financing of public housing or certain Section 8 projects, as well as to make up the difference between project revenues and debt service on bonded indebtedness through an annual contribution of subsidy paid to the housing authority. The authority guarantees that it will maintain the low-rent character of the project.

**Appropriation** - An authorization made by CHA Board of Commissioners, which permits the CHA to incur obligations and to make expenditures of resources. An appropriation is a specified sum of money from a specified fund for a specific purpose.

**Asset** - Resources owned or held by an entity that has monetary value.

**Balanced Budget** – A budget in which revenues are equal to expenditures. Thus, neither a budget deficit nor a budget surplus exists.

**Bond** - A long-term IOU or promise to pay. It is a promise to repay a specific amount of money (the face value of the bond) on a particular future date (the maturity date). Bonds are generally used to finance capital projects.

**Budget** - A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of funding/financing them.

**Budget Calendar** - The schedule of key dates or milestones, which CHA follows in the preparation, adoption, and administration of the budget. The calendar begins with the issuance of the Budget Manual and ends with adoption by Resolution of the Budget by the CHA Board of Commissioners.

**Budget Document** - The instrument used by CHA to present a comprehensive financial program.

**Budgetary Control** - The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of authorized appropriations and available revenues.

**Capital Budget** - A plan of proposed expenditures that result in the acquisition of or addition to fixed assets, and the means for financing these expenditures.

**Capital Fund Program** - The Federal program provided by HUD to provide funds for Capital Improvement, to the Low Rent Housing Program.

**Capital Improvements Program** - A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a fixed period of several future years.

**Capital Outlays (or “Capitalized Items”)** - Expenditures which result in the acquisition of or addition to fixed assets.



Capitalized - Term used to describe the process of accounting for an outflow of funds as a fixed asset rather than an expense. The item is expensed over a period of time as depreciation is recorded.

CHA - Refers to the Housing Authority of the City of Charlotte, North Carolina.

CHA Board - Refers to the Board of Commissioners of the Housing Authority of the City of Charlotte.

Charges for Services (or "Fees for Services") - A term used by an internal service fund for the income they receive for providing services to other funds.

Debt Service - the cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

Department (or "Division" or "Strategic Business Area" or "Section") - An administrative area of CHA which indicates overall management responsibility for a group of related operations within a functional area.

Depreciation - The process of allocating the total cost of fixed assets over each period of their usefulness to the entity.

Encumbrance - The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Estimated Revenue - The amount of projected revenue to be collected during the fiscal year.

Expenditure/Expense - This term refers to the outflow of funds paid for an asset obtained or goods and services obtained.

Family Self Sufficiency - A HUD program that utilizes rental assistance and public housing funds with public and private resources to provide supportive services, allowing Charlotte Housing Authority residents to achieve economic independence and self-sufficiency.

Federal Financial Assistance - Money received from the federal government, primarily the Department of Housing and Urban Development, to fund program costs.

Fiduciary Responsibility - The legal duty of an agent to act in the best interests of the beneficiary.

Fiscal Year - The time period designated by CHA signifying the beginning and ending period for recording financial transactions. CHA have specified January 1 to December 31 as their fiscal year.

Fixed Assets - Assets of long-term character which are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

Fund - A fiscal and accounting entity consisting of a balanced set of accounts in which cash and other assets, related liabilities, residual business, and changes therein are recorded and segregated.

Grant - A contribution by a government or other organization to support a particular function. Grants may be classified as either categorical or block depending upon the amount of discretion allowed the grantee.

Housing Choice Voucher (HCV)- Combines and replaces the Section 8 Certificate Program and the Section 8 Voucher Program.



Interfund Transfer (or “Operating Transfers”) - Amounts transferred from one fund to another.

Internal Controls - A system of accounting procedures that establishes a method for initiating, recording and summarizing business transactions and provides for separation of duties and accountability for assets.

Investment Policy - A policy approved by the Board of Commissioners that states the investment goals and objectives of CHA and provides for maximizing interest income while maintaining the liquidity and safety of assets.

Line Item Budget - A budget that lists each category (Administrative, Utilities, etc.) separately, along with the dollar amount budgeted for each specified category.

Long Term Debt - Debt with a maturity of more than one year after the date of issuance.

Low Rent Housing Program - This program is the conventional public housing program whereby the Federal Government provides the funds to acquire or build housing for low-income people.

Management Fees - A fee paid to for managing their properties.

Managing Agent - The person or entity that makes decisions on behalf of a partnership.

Mixed Income Development - Housing developments that are comprised of market rate and low-income units.

Modernization - For capital purposes it means to update the appearance or function of a building.

Net Income (or “Net Revenues/(Expenditures)”) - The excess/ (deficiency) of revenues over the total of expenses.

Non-Dwelling Rent Income - Income generated from renting units or property for commercial use.

Non-Routine Expense (or “Non-recurring” Expense) - expense for repairs and services, which are not performed on a regular basis such as roof repair, tree removal and other unusual items. This category has the same character as ‘extra-ordinary’ maintenance.

Notice of Funding Availability - A notice that HUD issues when grants are available for specific HUD programs.

Operating Budget - The portion of the budget that pertains to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personnel, supplies, utilities, materials, travel and other routine and non-routine expenditures.

Operating Expenses - Fund expenses which are directly related to the fund's primary service activities.

Operating Revenue - Fund revenues which are directly related to the fund's primary service activities.

Operating Subsidy - Subsidy paid by the federal government to a local housing authority to compensate for the limitation on rent of 30 percent of a tenant’s adjusted monthly income, as a result of funds the amount of the deficit between rents and expenses up to the difference between the annual contributions paid to the authority by the federal government.



Portables - A Housing Choice Voucher Program participant can port (move) to an area from another area based on the rules and regulations established by HUD and the associated Public Housing Authorities. Eligible participants use portability to relocate to other cities which may offer employment and educational opportunities to meet their specific needs. However, it is at the discretion of the receiving Public Housing Authority to determine whether they will absorb or bill the initial Public Housing Authority which they will determine based on their budget and/or voucher utilization

Protective Services (or “Resident Safety”) - Security services to ensure the safety and welfare of staff and residents.

Public Housing Assessment System (PHAS) - This rating system was established by HUD to replace Public Housing Management Assessment Program.

Revenue - Funds that the government receives as income. It includes such items as fees from specific services, tenant rent, receipts from other governments, fines, forfeitures, grants, shared revenues and interest income.

Reserve - An account used to indicate that a portion of a fund's assets are restricted for a specific purpose and is, therefore, not available for general appropriation.

Risk Management - An organized attempt to protect a government's assets against accidental loss in the most economical method.

Section 3 Clause - A section of the HUD Act of 1968 whereby Housing Authorities are required to provide training and employment opportunities to public housing residents and to make efforts to ensure that individuals or firms located in or owned in substantial part by persons residing in the area of a Housing Authority project are awarded contracts when possible.

Section 8 Housing Assistance Payment (HAP) Program -Originally known as Section 23 leased housing when it was established by the 1965 housing act. Section 8 was established by Section 201 of the Housing and Community Development Act of 1974, under Title II Assisted Housing. The program is essentially the same as Section 23; however, the 1974 act enables HUD to enter into contracts directly with owners of eligible housing and to perform certain functions otherwise assigned to a local housing authority in areas where a public housing agency is unable to implement the program. Eligible sponsors (or owners) of Section 8 housing include private builder-developers, cooperatives, and public agencies. Owners of Section 8 housing assume all ownership, management, tenant selection, and maintenance responsibilities which functions may be contracted to any entity (including a local housing authority) approved by HUD. Section 8 Housing Assistance Payment Contracts, also known as a “HAP payment”. This is a written contract between a public housing authority and an owner of Section 8 housing, to provide housing assistance payments on behalf of a family eligible to receive the HAP subsidy.

Section 8 Housing Vouchers - One of the types of assistance to low-income individuals provided in the Section 8 Program.

Section 8 Program - A housing program which CHA administers. The qualified low-income person/family rents a unit from a private landlord. CHA subsidizes the rent based on a Fair Market Rent (FMR) established by HUD. The client is obligated to pay rent to the landlord based on the client's income.

Source of Revenue - Revenues are classified according to their source or point of origin.