

Fiscal Year 2021 Proposed Budget



INLIVIAN
HOUSING REDEFINED



400 East Blvd
Charlotte, North Carolina





INLIVIAN
HOUSING REDEFINED



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INLIVIAN
HOUSING REDEFINED



1.0 INTRODUCTION

TRANSMITTAL LETTER

October 2020

To the Chairman and the Board of Commissioners:

I am pleased to present INLIVIAN's Fiscal Year (FY) 2021 Budget. This is the first budget presented with our new name and incorporates the third 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.

INLIVIAN and its subsidiaries continue to provide property management and support 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 across all properties. 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. INLIVIAN continues to find ways to create opportunities for those we serve in order to live, work and thrive in our communities. We may no longer be the Housing Authority of the City of Charlotte, but our mission and vision remains unchanged.

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 INLIVIAN. 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 FY2021 Budget proposes to use \$211,776,157 for operating expenses, property improvements and development projects. 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)
- 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 show a budget with cash flow.

Budget Highlights

In the face of extraordinary challenges, INLIVIAN has stepped up over the last several months in response to the novel coronavirus (COVID-19) pandemic to continue providing critical services to keep our community safe and healthy. With historic unemployment rates and a new norm of stay-at-home orders, our organization has found innovative ways to ensure seamless delivery of our services in this virtual reality.

In response to the financial and economic impacts of COVID-19, Congress passed the Coronavirus Aid Relief, and Economic Security (CARES) Act. This provided additional Housing Choice Voucher and Public Housing Operating revenues to prevent, prepare for, and respond to COVID-19. With the announcement that the use of these funds is now extended into next year, the FY2021 Budget appropriates the balance of our CARES funding in order to take necessary actions during the program period. Specifically, part of the CARES funding is allocated for increased security measures to include more security officers and expanded monitoring at the sites.

Despite the challenges of this crisis, INLIVIAN pulled through many achievements this year, including an exciting launch of its rebranding campaign which was received with overwhelming positivity from the community. INLIVIAN also successfully took over as the sole managing owner of First Ward Place, LLC and has incorporated its operating plan into the FY2021 Budget.

In light of these economic uncertainties, the FY2021 Operating Budget reflects conservative estimates to maintain INLIVIAN's business continuity. With significant changes in delivering our services, this budget reprioritizes existing resources to maximize service potentials. Six (6) existing staff were transferred to the newly-created Customer Call Center, which will provide customer-centric support for the agency to enhance the customer's interaction and experience with INLIVIAN. Additionally, the Asset Management department was transferred to Horizon Development in order to align with long-term interest and oversight of the Horizon Development-owned properties. The FY2021 Budget also includes funding for a disparity study to assess current trends and strengthen our M/WBE and Section 3 Programs.

INLIVIAN maintains its mission to expand quality affordable housing opportunities through real estate development initiatives. Development and revitalization projects in the FY2021 Budget include funding for Dillehay Courts Redevelopment and other future developments involving public-private partnerships. The capital investments in the FY2021 Budget reaffirms INLIVIAN'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 INLIVIAN's mission and priorities mandated by the Board of Commissioners and the strategic plans articulated by the senior staff.

INLIVIAN 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 2021.

Respectfully submitted,

A. Fulton Meachem, Jr.
President/CEO

Board of Commissioners

INLIVIAN 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 Housing Authority of the City of Charlotte, now INLIVIAN, was incorporated in June 1939 and has been in continuous operation since that date. INLIVIAN'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



Leigh Ann Smith
Vice Chair



Linda Ashendorf



Lucy Brown



Sheila Jones



Ray McKinnon



Michael Kennerly

Commissioners serve staggered three-year terms and, as the governing body, set policies governing the operations of INLIVIAN and charting the direction of current and future programs. Commissioners ensure that INLIVIAN 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 their designee or other senior managers to implement policy and/or conduct business.

SENIOR MANAGEMENT & GENERAL COUNSEL

The Senior Management team of INLIVIAN consists of key executives who ensure that each of the agency'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 joined the agency in October 2012. He 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 INLIVIAN, 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 Charlotte Works Board of Directors, Charlotte 2040 Vision Steering Committee, Childress Klein Center Real Estate Advisory Board and All Income Counts Coalition. 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 agency in September 2001. She oversees all financial functions of INLIVIAN, including accounting, budgeting and procurement, as well as compliance. Prior to joining INLIVIAN, 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.



Kimberley Cole, EVP, Administrative Operations. Ms. Cole joined the agency in January 2020 to lead the Housing Choice Voucher, Policy and Government Affairs, and Public Relations functions of the agency. Her career spans over 25 years, with 20 of those spent in the affordable housing industry. Prior to joining the agency, she was the Director of Policy and Strategic Initiatives at the District of Columbia Housing Authority as lead for the development and implementation of major agency strategic initiatives. Ms. Cole has held several positions in local government in the DC area and established the LewisCole Group LLC in 2005 to provide management support and technical assistance to public housing authorities. She has a Bachelor's degree in Political Science from Hampton University and a Master's degree in Public Management/Public Policy from the University of Maryland at College Park.



Sandra Pizarro, EVP, Talent Operations. Ms. Pizarro joined the agency in January 2018. 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 INLIVIAN 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 INLIVIAN, Mr. Wood served as Chief Information Officer at the Philadelphia, Houston, New Orleans and the Southern Nevada Regional Housing Authorities. Mr. Wood has led 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 the agency in April 2014. Prior to joining INLIVIAN, 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 Claflin 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 INLIVIAN's legal matters. She represents INLIVIAN in court proceedings and litigation, as well as manages outside counsel contracts for the entire agency.



Tomico P. Evans, EVP, CORE. Mrs. Evans joined the agency in September 2007. In her current capacity as the Senior Vice President of CORE, she oversees all supportive services of INLIVIAN, 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. Prior to joining INLIVIAN, 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 INLIVIAN'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 the agency in April 2018. Prior to joining INLIVIAN, 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.



Cheryl Campbell, EVP, Blue Horizon. Ms. Campbell joined the agency in January 1992. She is responsible for management of the real estate portfolio. She has served the organization in many roles and has more than 30 years' experience in the affordable housing field, including past employment with developers and funding institutions. Her diverse background includes construction management, affordable property compliance, fiscal management and policy development. She has worked to ensure successful capital improvement projects, oversight of the operational division, successful lease-ups of new projects and coordination of FHA, HUD and conventional multifamily loans. Ms. Campbell is responsible for property management of the agency's assets including tax credit, project-based voucher and market rate apartments. She holds certifications in numerous affordable housing programs, leadership and management including the designation of CPM from the Institution of Real Estate Management and a C3P (Certified Credit Compliance Professional).

STRATEGIC BUSINESS AREAS

INLIVIAN 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 INLIVIAN's Real Estate Management Division. They are responsible for the daily management and maintenance of all housing units owned by INLIVIAN and its subsidiaries.

Corporate Services

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

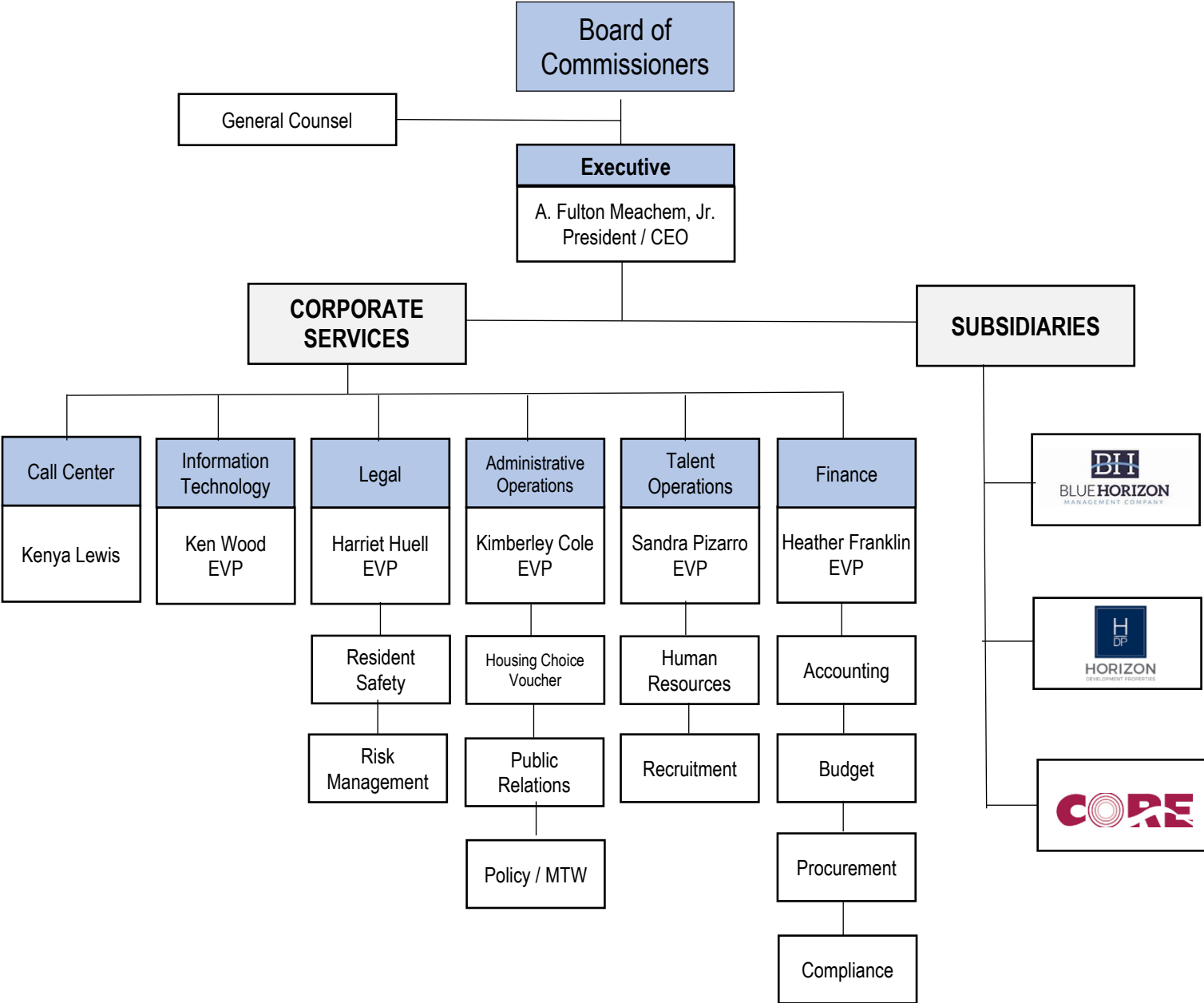
CORE provides client services to INLIVIAN residents, including youth development, Destination Home Ownership, and other services for our residents.

Administrative Operations includes Public Relations, the Housing Choice Voucher Program and administration of Moving to Work program. Responsibilities include ensuring communication with stakeholders, and management the Housing Choice Voucher program.

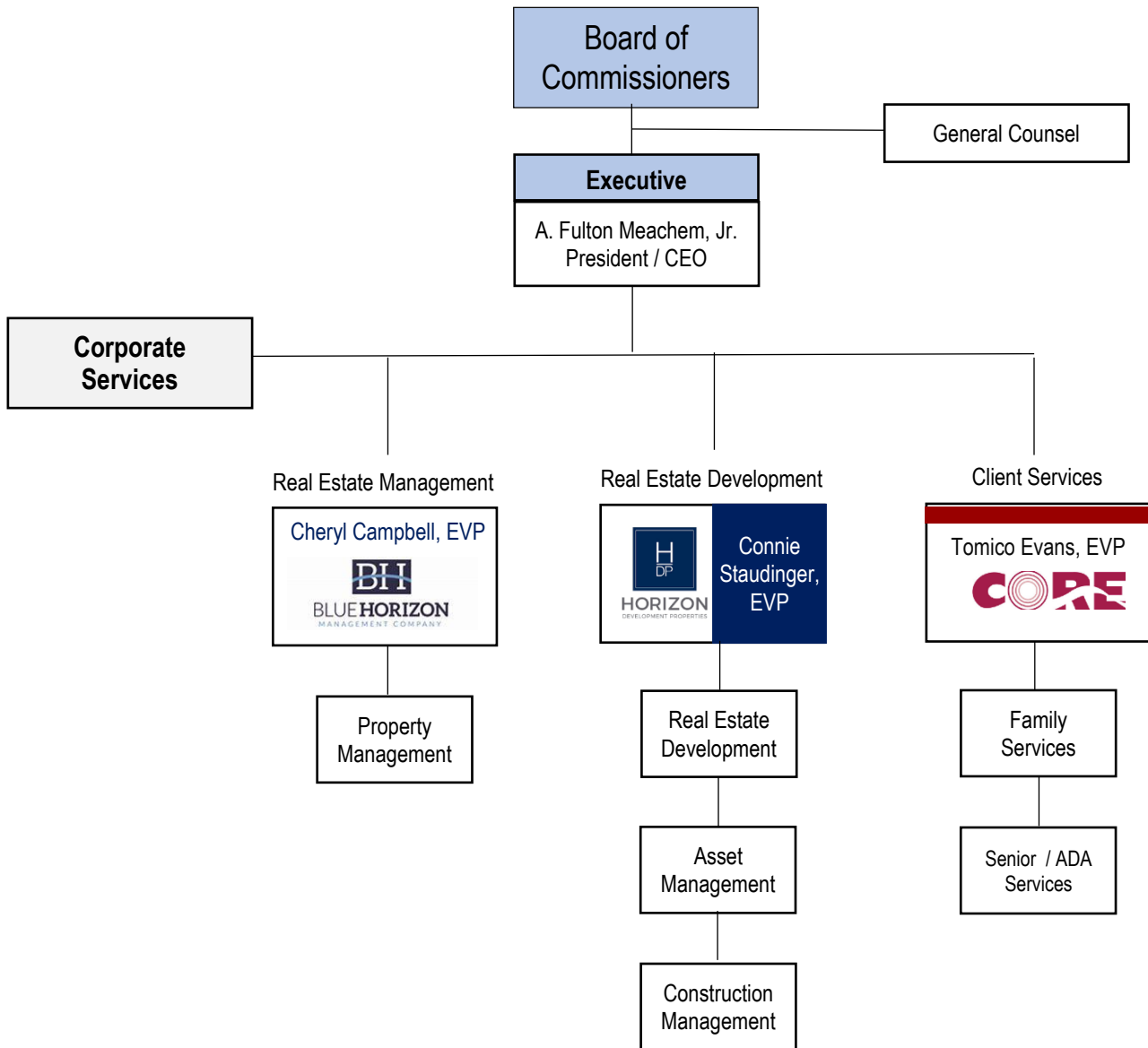
Horizon Development operates as the Real Estate Development Division of INLIVIAN and is responsible for providing construction management, asset management and development of new affordable housing units, partnering with the development community to leverage existing resources.



ORGANIZATION CHART



SUBSIDIARIES





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Housing Authority of the City of Charlotte
North Carolina**

For the Fiscal Year Beginning

January 1, 2020



Executive Director

Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Housing Authority of the City of Charlotte, North Carolina, for its Annual Budget for the fiscal year beginning January 1, 2020. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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 INLIVIAN's Mission.

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

Goal V:
Implement a communication strategy that educates the public on INLIVIAN's transformation and engages stakeholders in advocacy efforts that further INLIVIAN'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 INLIVIAN, 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)

INLIVIAN 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, INLIVIAN 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.”

INLIVIAN 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 INLIVIAN 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, INLIVIAN 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 INLIVIAN 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 agency’s 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 INLIVIAN's long-range vision and 5-year goals of The Blueprint. INLIVIAN'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 INLIVIAN 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 INLIVIAN's Mission.



4

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



5

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



6

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



2.4 INLIVIAN IS MOVING FORWARD

INLIVIAN is one of thirty-nine (39) agencies participating in the federal Moving to Work (MTW) Demonstration program. MTW has transformed the way housing authorities provide housing and services to low-income families. Using MTW flexibilities, INLIVIAN 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 INLIVIAN to develop and implement activities that improve the communities we serve in Charlotte.

MTW has been recognized as a vital tool in INLIVIAN's toolbox for providing affordable housing, and is locally branded as Moving Forward. It allows INLIVIAN 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 INLIVIAN students that enter the INLIVIAN Scholarship Fund;
- 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 through Project Based Vouchers (PBV).

RAD HISTORY

In December 2013, the Board adopted a resolution allowing INLIVIAN 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, INLIVIAN 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 INLIVIAN 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 2020. 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 INLIVIAN's potential conversion. There are no major impacts to our residents related to INLIVIAN'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 one property has converted to RAD. The remaining property is Dillehay Courts. This property is expected to be converted in two phases, beginning in 2021.



3.0 BUDGET SUMMARY

3.1 BUDGET OVERVIEW

The fiscal year budgets are presented as seven funds: Business Activities, COCC, MTW, CORE, Blue Horizon, Horizon Acquisition, and 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 INLIVIAN 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 INLIVIAN budget:

	Budget	Budget	Budget	\$ Variance	% Variance
Revenues	\$ 151,398,929	\$ 156,022,840	\$ 213,588,260	\$ 57,565,420	36.9%
Expenses	133,363,772	154,459,719	211,776,157	57,316,438	37.1%
Transfers In (Out)	(16,309,070)	-	-	-	0.0%
Net Income	\$ 1,726,087	\$ 1,563,121	\$ 1,812,103	\$ 248,982	15.9%

Budget Highlights

Revenues:

As in prior years, most of INLIVIAN's operating revenues come from federal financial assistance, which will fund \$98.5 million of the FY2021 Budget. Portable and Portable Administrative Fees are estimated at \$11.9 million. Operating Revenues from Tenant Rental Revenue and Fee Revenues are projected at \$42.1 million and \$12.1 million respectively. Also included in the FY2021 Budget is \$21.0 million in fund balance appropriations to support development projects and various one-time expenses intended to increase efficiencies in INLIVIAN's services and operations. Fund Balance appropriations included in the FY2021 Budget are as follow:

	Business Activities	Blue Horizon	COCC	CORE	Horizon Acquisition	Horizon Development	MTW	TOTALS
Development Projects	\$1,350,000					\$ 1,186,744	\$13,696,297	\$ 16,233,041
Dillehay Courts Redevelopment Project	770,200							770,200
Tall Oaks Phase 2	500,000							500,000
Autumn Place Renovations	1,993,669							1,993,669
Hall House Operating Expenses	189,821							189,821
400 East Site Improvements			82,325					82,325
Rebranding Campaign			37,000					37,000
Disparity Study			250,000					250,000
Grant Re-appropriations				930,000				930,000
TOTALS	\$ 4,803,690	\$ -	\$ 369,325	\$ 930,000	\$ -	\$ 1,186,744	\$ 13,696,297	\$ 20,986,056

The 37% increase in revenues is primarily due to an anticipated \$17 million receipt of additional earned HCV Operating Subsidies to support major Property Improvements in FY2021 (See Section 5.1). This is received in the MTW Fund then disbursed to the HDP Fund, thereby increasing the Other Revenues category for HDP and the Other Expenses category in MTW by the same amount. In addition to this, the Fund Balance Appropriated category increased by \$7.4 million in order to support Development Projects (See Section 5.2). Both of these major increases are for non-recurring capital property improvements and development efforts anticipated for FY2021.

Other non-recurring revenues in the FY2021 Budget includes: 1) \$1 million carryover balance of CARES federal funding in order to take necessary actions related to COVID-19 and 2) \$3.4 million in development and bond fees expected to close in FY2021.

In prior years, transfers between funds were recorded in the Operating Transfers In (Out) Category. In FY2021, these transfers are now reclassified as Other Revenues (revenue) and Other Uses (expenses) in the affected funds; hence the increase in both these categories and the decrease in Operating Transfers.

Expenses:

With the economic uncertainties caused by the COVID-19 pandemic, the FY2021 Budget reflects a conservative spend plan with only a slight net income increase over prior year. Generally, all expense categories increased over prior year due to the newly added First Ward Place, LLC property.

The increase in the Administrative Category is due primarily to the following: 1) \$250,000 fund balance appropriation for a disparity study to assess the M/WBE and Section 3 Programs and to provide strategies to strengthen the program, 2) \$650,000 fees from Blue Horizon to the COCC were reclassified as an administrative expense (was previously an Operating Transfer), and 3) \$514,000 cost-allocated fees for the Call Center.

The Ordinary Maintenance and Protective Services Categories include funding for enhanced security measures such as additional officers and increased monitoring. These enhanced services are funded with MTW.

The FY2021 Budget includes \$73.8 million in Housing Assistance Payments (HAP) to Section 8 Housing Choice Voucher (HCV) landlords, of which \$11.4 million are Portables.

With the new construction manager at risk onboard at Horizon Development, the FY2021 Budget includes an aggressive \$23.5 million plan for Property Improvements at the various sites. Since Reserve Draw balances are limited at many of the sites, the MTW fund will be used towards the majority of these property improvements through a new MTW initiative. Additionally, \$13.7 million of MTW fund balance is appropriated to support Development Projects.

The Other Uses expense category represents the restricted donations from the MTW and Business Activities funds to the Horizon Development fund, which includes the Property Improvements and Development Projects.

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

Strategic Business Area	FY2019	FY2020	FY2021	FY2020 vs FY2021
CORE / Client Services	32.86	41.86	41.50	(0.36)
HDP / Real Estate Development	11.00	8.00	10.00	2.00
Blue Horizon / Real Estate Mgmt	101.30	101.65	97.00	(4.65)
Administrative Operations	51.00	55.00	54.00	(1.00)
Corporate Services	35.00	40.00	45.50	5.50
TOTALS	231.16	246.51	248.00	1.49

Fund Equity (or Net Position)

The INLIVIAN budget consists exclusively of enterprise funds and presents its activities as a single enterprise proprietary 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 INLIVIAN'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 show a budget with cash flow, which will increase (or decrease) the Net Position.

FUND EQUITY CHANGES (dollars in millions)	
FY2019 Year-End Fund Equity Balance	\$ 333.4
FY2020 Budgeted Revenues	156.0
FY2020 Budgeted Expenses	154.5
FY2020 Budgeted Transfers In (Out)	<u>0.0</u>
FY2020 Budgeted Net Income	<u>1.5</u>
FY2020 Budgeted Year-End Fund Equity Balance	<u>334.9</u>
FY2021 Proposed Revenues	213.6
FY2021 Proposed Expenses	211.8
FY2021 Proposed Transfers In (Out)	<u>0.0</u>
FY2021 Proposed Net Income	<u>1.8</u>
FY2021 Proposed Year-End Fund Equity Balance	<u>336.7</u>
FY2021 Proposed Fund Equity Changes	\$ 1.8
Percent Change in Fund Equity	0.5%
FY2020 vs FY2021	

3.2 CONSOLIDATED BUDGET

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Tenant Rental Revenues	\$ 39,239,494	\$ 39,394,686	\$ 42,140,004	\$ 2,745,318	7.0%
Public Housing Operating Subsidies	1,262,492	1,262,492	2,094,488	831,996	65.9%
HCV Operating Subsidies	65,849,356	68,297,476	88,832,465	20,534,989	30.1%
HCV Administrative Fees	4,159,885	4,259,019	4,467,490	208,471	4.9%
Capital Fund	4,621,960	4,621,960	3,121,960	(1,500,000)	-32.5%
Portable HAP Revenue	9,447,941	10,048,379	11,390,844	1,342,465	13.4%
Portable HAP Administrative Fees	475,407	495,030	499,951	4,921	1.0%
Fee Revenue	7,456,147	8,921,920	12,059,949	3,138,029	35.2%
Other Revenues	4,096,423	4,293,556	27,985,052	23,691,496	551.8%
Fund Balance Appropriated	13,927,900	13,632,838	20,986,056	7,353,218	53.9%
Other Sources	861,924	795,484	10,000	(785,484)	-98.7%
REVENUE TOTAL	151,398,929	156,022,840	213,588,260	57,565,420	36.9%
EXPENSES					
Administrative	27,476,041	28,984,986	32,461,219	3,476,233	12.0%
Tenant & Social Services	5,145,225	6,624,873	6,817,814	192,941	2.9%
Utilities	5,712,873	6,014,261	6,213,330	199,069	3.3%
Ordinary Maintenance & Operations	12,948,139	13,826,727	14,713,139	886,412	6.4%
Protective Services	513,521	551,217	1,048,572	497,355	90.2%
General Expenses	2,171,925	2,358,510	2,608,702	250,192	10.6%
Reserve Deposits	1,619,854	1,836,296	1,939,891	103,595	5.6%
Reserve Draws	(9,127,085)	(13,823,141)	(3,992,939)	9,830,202	-71.1%
Debt Service	5,089,700	5,056,888	5,593,514	536,626	10.6%
Housing Assistance Payments (HAP)	59,296,534	60,425,744	62,388,545	1,962,801	3.2%
HAP Expense - Portables	9,447,941	10,048,379	11,390,844	1,342,465	13.4%
Other Uses	183,765	15,325,518	45,545,510	30,219,992	197.2%
Future Year's Appropriations	1,965,356	1,111,461	1,513,225	401,764	36.1%
Property Improvements	10,919,983	16,118,000	23,534,790	7,416,790	46.0%
EXPENSE TOTAL	133,363,772	154,459,719	211,776,157	57,316,438	37.1%
OPERATING TRANSFERS					
Operating Transfers In	64,727,993	67,360,099	61,707,510	(5,652,589)	-8.4%
Operating Transfers Out	81,037,063	67,360,099	61,707,510	(5,652,589)	-8.4%
TRANSFERS IN (OUT) TOTAL	(16,309,070)	-	-	-	0.0%
NET INCOME	\$ 1,726,087	\$ 1,563,121	\$ 1,812,103	\$ 248,982	15.9%

3.3 COMPARATIVE FY2020 BUDGET BY FUND

	Business Activities	Blue Horizon	COCC	CORE	Horizon Acquisition	Horizon Development	MTW	TOTAL
REVENUES								
Tenant Rental Revenues	\$ 2,426,715	\$ -	\$ -	\$ -	\$ 5,345,751	\$ 34,098,339	\$ 269,199	\$ 42,140,004
Public Housing Operating Subsidies	-	-	-	-	-	-	2,094,488	2,094,488
HCV Operating Subsidies	-	-	-	-	-	-	88,832,465	88,832,465
HCV Administrative Fees	-	-	-	-	-	-	4,467,490	4,467,490
Capital Fund	-	-	-	-	-	-	3,121,960	3,121,960
Portable HAP Revenue	-	-	-	-	-	-	11,390,844	11,390,844
Portable HAP Administrative Fees	-	-	-	-	-	-	499,951	499,951
Fee Revenue	-	2,183,927	4,013,573	1,339,824	-	4,522,625	-	12,059,949
Other Revenues	1,418,548	-	2,152,011	4,275,064	320,038	19,661,245	158,146	27,985,052
Fund Balance Appropriated	4,803,690	-	369,325	930,000	-	1,186,744	13,696,297	20,986,056
Other Sources	-	-	10,000	-	-	-	-	10,000
REVENUE TOTAL	8,648,953	2,183,927	6,544,909	6,544,888	5,665,789	59,468,953	124,530,840	213,588,260
EXPENSES								
Administrative	1,027,596	2,057,689	5,784,472	1,477,269	1,558,074	10,551,028	10,005,091	32,461,219
Tenant & Social Services	217,354	-	216	4,977,928	226,760	1,291,050	104,506	6,817,814
Utilities	311,322	-	95,550	-	582,616	4,834,274	389,568	6,213,330
Ordinary Maintenance & Operations	725,009	23,826	366,505	75,691	1,624,790	10,678,385	1,218,933	14,713,139
Protective Services	-	-	216,459	-	10,628	188,618	632,867	1,048,572
General Expenses	104,277	11,522	42,707	14,000	474,860	1,826,120	135,216	2,608,702
Reserve Deposits	87,096	-	-	-	211,253	1,641,542	-	1,939,891
Reserve Draws	(70,000)	-	-	-	(88,779)	(3,834,160)	-	(3,992,939)
Debt Service	583,374	-	-	-	601,516	4,408,624	-	5,593,514
Housing Assistance Payments (HAP)	-	-	-	-	-	-	62,388,545	62,388,545
HAP Expense - Portables	-	-	-	-	-	-	11,390,844	11,390,844
Other Uses	4,803,690	-	-	-	-	3,000,000	37,741,820	45,545,510
Future Year's Appropriations	649,775	-	-	-	25,000	315,000	523,450	1,513,225
Property Improvements	209,460	-	39,000	-	88,779	23,197,551	-	23,534,790
EXPENSE TOTAL	8,648,953	2,093,037	6,544,909	6,544,888	5,315,497	58,098,032	124,530,840	211,776,157
OPERATING TRANSFERS								
Operating Transfers In	201,949	-	-	-	-	-	61,505,561	61,707,510
Operating Transfers Out	201,949	-	-	-	-	-	61,505,561	61,707,510
TRANSFERS IN (OUT) TOTAL	-	-	-	-	-	-	-	-
NET INCOME	\$ -	\$ 90,890	\$ -	\$ -	\$ 350,292	\$ 1,370,921	\$ -	\$ 1,812,103

3.4 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 (HAP)

This category represents the HAP to landlords in the Housing Choice Voucher program. This includes HAP payments for all of the INLIVIAN tenant choice and Project-Based Voucher programs, as well as the HAP payments for the Portable vouchers administered by INLIVIAN.

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 and rehabilitation of the properties.

Operating Transfer In/Out

This category includes the transfer in or out of funds.



4.0 FUND FINANCIAL SUMMARY

The fiscal year budgets are presented as seven funds: Business Activities, Central Office Cost Center (COCC), MTW, CORE, Blue Horizon, Horizon Acquisition, and Horizon Development.

FLOW OF FUNDS

INLIVIAN receives funding from the HUD for the HCV Program. INLIVIAN also receives Public Housing Operating Subsidy and Capital Funds for the property that has not yet converted through the RAD program. These funds collectively are received into the MTW Fund.

Through INLIVIAN's MTW Agreement, HUD subsidies received are treated as a single fund and spent based on approved, eligible purposes through the annual MTW plan. Expenses include:

- Funds transferred to the HCV program for voucher payments and MTW program costs. Voucher payments include payments to individual landlords for both tenant based vouchers and project based landlords (including Horizon Development).
- Fees paid to the COCC Fund for administration of the HCV Program.
- Expense reimbursement paid to the CORE Fund to support client service programs.
- Expense reimbursement through a restricted donation to Horizon Development to support real estate development and capital projects.

The COCC receives an administrative fee from each of the major funds to cover the cost corporate services provided to the entire agency.

Horizon Development receives HAP payments from MTW, rental revenue from tenants, and fees earned from development deals. A fee is paid to the COCC, and operating expenses are paid to maintain the apartment communities.

Horizon Acquisition receives HAP payments from MTW, rental revenue from tenants, and fees earned from development deals. A fee is paid to the COCC, and operating expenses are paid to maintain the apartment communities.

CORE receives expense reimbursements from MTW, grant funds, and fees from Horizon Development-owned properties for case management services provided.

Blue Horizon collects fees from Business Activities (Hoefener), Horizon Acquisition and Horizon Development for services rendered; then shares a portion of the fee with the COCC for its services.

Fund Matrix

CORPORATE SERVICES

SUBSIDIARIES

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
First Ward Place	Finance, Procurement & Section 3	Public Housing
	Information Technology	Compliance
	Talent Operations	
	Administrative Operations	
	Call Center	

CORE	Blue Horizon	Horizon Acquisition	Horizon Development
Client Services	Blue Horizon Executive	Strawn Parktowne Little Rock	Horizon Development-owned Properties
Destination Homeownership	Property Management Services		Real Estate Development
Case Management			Asset Management
Youth Development			Construction Management



4.1 BUSINESS ACTIVITIES

Fund Overview

Business Activities consists of First Ward Case Management, Carole Hoefener Center, the Scholars Program, program income, and First Ward Place LLC, which was added to the fund in 2021.

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 payments from HOPE VI loans, grant funding and rents collections at the Carole Hoefener Center and First Ward Place.

The Fund Balance Appropriated category represents funding mainly for predevelopment for Dillehay, re-appropriated funding for Tall Oaks Phase II from program income, and appropriation of land sale proceeds to fund capital and development projects in Horizon Development. The offsetting expenses are represented as a restricted donation in the Other Uses expense category.

Expenses are composed mainly of the cost to run the Carole Hoefener Center, the cost of the First Ward Case Manager Program and the operating cost for First Ward Place.

Future Year's Appropriation represents unallocated expenditures from the Arbor Glen, Seigle Point, First Ward, and the Park at Oaklawn HOPE VI program income received.

FY2021 Objectives

Blueprint Goal #3:

- Develop Hoefener Center Business Plan

Business Activities – Budget by Category

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Tenant Rental Revenues	\$ -	\$ -	\$ 2,426,715	\$ 2,426,715	100.0%
Other Revenues	1,541,470	1,599,734	1,418,548	(181,186)	-11.3%
Fund Balance Appropriated	1,829,246	1,942,973	4,803,690	2,860,717	147.2%
Other Sources	-	-	-	-	0.0%
REVENUE TOTAL	3,370,716	3,542,707	8,648,953	5,106,246	144.1%
EXPENSES					
Administrative	377,055	402,022	1,027,596	625,574	155.6%
Tenant & Social Services	232,262	193,892	217,354	23,462	12.1%
Utilities	28,483	40,098	311,322	271,224	676.4%
Ordinary Maintenance & Operations	284,550	286,343	725,009	438,666	153.2%
Protective Services	-	-	-	-	0.0%
General Expenses	15,274	22,897	104,277	81,380	355.4%
Reserve Deposits	-	16,596	87,096	70,500	424.8%
Reserve Draws	-	-	(70,000)	(70,000)	-100.0%
Debt Service	-	10,000	583,374	573,374	5733.7%
Housing Assistance Payments (HAP)	-	-	-	-	0.0%
HAP Expense - Portables	-	-	-	-	0.0%
Other Uses	-	1,500,000	4,803,690	3,303,690	220.2%
Future Year's Appropriations	433,845	486,461	649,775	163,314	33.6%
Property Improvements	50,000	600,000	209,460	(390,540)	-65.1%
EXPENSE TOTAL	1,421,469	3,558,309	8,648,953	5,090,644	143.1%
OPERATING TRANSFERS					
Operating Transfers In	-	494,489	201,949	(292,540)	-59.2%
Operating Transfers Out	1,949,246	478,887	201,949	(276,938)	-57.8%
TRANSFERS IN (OUT) TOTAL	(1,949,246)	15,602	-	(15,602)	-100.0%
NET INCOME	\$ -	\$ -	\$ -	\$ -	0.0%



4.2 CENTRAL OFFICE COST CENTER

Fund Overview

The 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 INLIVIAN, culminating in accurate and dependable timely information for INLIVIAN staff and the Board of Commissioners. Finance includes the oversight of the Accounting, Budget, Procurement, Section 3 and Compliance functions.
- Administrative Operations is responsible for oversight of the HCV Program Public Relations, policy/advocacy and the MTW program.
- 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, and Resident Safety.
- Executive Office is responsible for the overall management and direction of INLIVIAN.
- New for 2021 is the Call Center. This department was created during the pandemic to provide a way for residents, participants and stakeholders to be able to connect easier with staff, and to schedule any necessary appointments.

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 28% of the projected cost of Horizon Development, First Ward Case Managers and CORE as a fee.

FY2021 Objectives

Blueprint Goal #1:

- Accounts Payable Efficiency by Adding P-Card Module to the APIS System
- Implement Electronic Bidding
- Install Kiosk system for HCV and BHMC
- Upgrade Mobile Devices and Business Intelligence Systems

Blueprint Goal #6:

- Continue Learning Management System
- Continue Leadership Academy curriculum

Central Office Cost Center – Budget by Category

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Fee Revenue	\$ 2,731,392	\$ 3,068,747	\$ 4,013,573	\$ 944,826	30.8%
Other Revenues	1,668,393	1,628,088	2,152,011	523,923	32.2%
Fund Balance Appropriated	712,472	597,180	369,325	(227,855)	-38.2%
Other Sources	-	10,000	10,000	-	0.0%
REVENUE TOTAL	5,112,257	5,304,015	6,544,909	1,240,894	23.4%
EXPENSES					
Administrative	4,911,298	4,968,107	5,784,472	816,365	16.4%
Tenant & Social Services	397	-	216	216	100.0%
Utilities	96,892	96,450	95,550	(900)	-0.9%
Ordinary Maintenance & Operations	226,888	224,997	366,505	141,508	62.9%
Protective Services	290,845	300,112	216,459	(83,653)	-27.9%
General Expenses	45,823	41,673	42,707	1,034	2.5%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	-	-	-	-	0.0%
Property Improvements	154,158	152,180	39,000	(113,180)	-74.4%
EXPENSE TOTAL	5,726,301	5,783,519	6,544,909	761,390	13.2%
OPERATING TRANSFERS					
Operating Transfers In	614,041	824,504	-	(824,504)	-100.0%
Operating Transfers Out	-	345,000	-	(345,000)	-100.0%
TRANSFERS IN (OUT) TOTAL	614,041	479,504	-	(479,504)	-100.0%
NET INCOME	\$ -	\$ -	\$ -	\$ -	0.0%

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
400 East Boulevard Administration	\$ 215,480	\$ 315,329	\$ 267,075	\$ (48,254)	-15.3%
400 East Building Management	534,919	466,661	410,415	(56,246)	-12.1%
Accounting	936,059	998,777	1,041,571	42,794	4.3%
Administration	95,877	100,096	102,354	2,258	2.3%
Call Center	-	-	514,109	514,109	100.0%
Executive	562,653	620,507	695,744	75,237	12.1%
Finance	476,768	458,112	547,468	89,356	19.5%
Talent Operations	578,931	625,839	620,490	(5,349)	-0.9%
Information Technology	602,443	655,703	612,039	(43,664)	-6.7%
Legal	643,763	711,367	722,585	11,218	1.6%
General Funds	19,771	-	-	-	0.0%
Procurement	357,504	365,663	636,163	270,500	74.0%
Public Relations	475,562	233,137	146,741	(86,396)	-37.1%
Resident Safety	226,571	232,328	228,155	(4,173)	-1.8%
EXPENSE TOTALS	\$ 5,726,301	\$ 5,783,519	\$ 6,544,909	\$ 761,390	13.2%



4.3 MOVING TO WORK

Fund Overview

The MTW Fund Budget is comprised of one remaining public housing property, the HCV program, and the MTW program.

Major revenue sources for this fund are HCV subsidies, Public Housing Operating Subsidies, Capital Funds, and Portable Housing Assistance Payments (HAP) revenue. The Other Revenue Category represents revenues collected from fraud recovery. Fund Balance Appropriated consists of funds for real estate development and capital projects.

The \$88.8 million HCV Operating Subsidies is based on an estimated 2.5% inflation factor and 99.0% proration and also includes \$17 million of HUD-held reserves to be used towards various property improvements and renovations. 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 an estimated 79% proration factor to total \$4.5 million in FY2021.

The \$13.7 million Fund Balance appropriation will be used towards HDP Development Projects (see Section 5.2). The offsetting expense is a restricted donation in the Other Uses expense category.

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 FY2021 Budget reflects changes to the redevelopment schedule, to include anticipated vacancies as this property is planned for RAD conversion.

The 5.2% increase in the Administrative expense category represents funding for expanded landlord incentives and a cost allocation for the newly created Call Center.

The Ordinary Maintenance and Protective Services expense categories include funding for enhanced security measures such as additional officers and increased monitoring.

The FY2021 Budget includes \$73.8 million in Housing Assistance Payments (HAP) to HCV Housing Providers/landlords, of which \$11.4 million are Portable vouchers.

FY2021 Objectives

Blueprint Goal #1:

- Improve and Reduce Outstanding Portable Collections

Blueprint Goal #2:

- Increase Housing Providers
- Increase the Number of Opportunity Housing Units

Blueprint Goal #5:

- Strengthen INLIVIAN's Position as a Thought Leader in the industry

Blueprint Goal #6:

- Organizational Realignment of Key Positions

Housing Choice Voucher (HCV) Program

The 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 rental 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.

INLIVIAN manages various types of vouchers:

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 INLIVIAN decrease the concentration of poverty in the county.

Under the HCV, INLIVIAN administers contracts with independent Housing Providers/landlords who own residential property for rent by program participants. INLIVIAN subsidizes the voucher holder's rent through a HAP contract with the Housing Provider/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 INLIVIAN to administer the program and provide rental assistance to eligible families. The rental assistance allows the family to identify and select their own 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.

Special Purpose Vouchers (Tenant-Based Vouchers)

INLIVIAN 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 (Tenant-Based Vouchers)

A participant can port (move) to an area from another area based on the rules and regulations established by HUD and the associated PHA's. 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 PHA which they will determine based on their budget and/or voucher utilization.

Project-Based Vouchers (Traditional and RAD)

Project-Based Vouchers (PBV) are a component of INLIVIAN's HCV 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.

Under the RAD Program, INLIVIAN has converted its public housing units to RAD PBV's.

Community Based Rental Assistance Program (CBRA)

INLIVIAN's CBRA program encompasses traditional PBV units, special needs units (elderly, disabled, supportive housing, supportive service and homeless), and pilot local rental subsidy programs. INLIVIAN 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.

INLIVIAN'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 INLIVIAN Family Self-Sufficiency Program.

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 for HAP contracts of all voucher types. MTW funds are identified as an Operating Transfer In.

Moving to Work – Budget by Category

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Tenant Rental Revenues	\$ 220,541	\$ 295,900	\$ 269,199	\$ (26,701)	-9.0%
Public Housing Operating Subsidies	1,262,492	1,262,492	2,094,488	831,996	65.9%
HCV Operating Subsidies	65,849,356	68,297,476	88,832,465	20,534,989	30.1%
HCV Administrative Fees	4,159,885	4,259,019	4,467,490	208,471	4.9%
Capital Fund	4,621,960	4,621,960	3,121,960	(1,500,000)	-32.5%
Portable HAP Revenue	9,447,941	10,048,379	11,390,844	1,342,465	13.4%
Portable HAP Administrative Fees	475,407	495,030	499,951	4,921	1.0%
Fee Revenue	-	-	-	-	0.0%
Other Revenues	100,000	218,526	158,146	(60,380)	-27.6%
Fund Balance Appropriated	10,417,110	9,803,558	13,696,297	3,892,739	39.7%
Other Sources	-	-	-	-	0.0%
REVENUE TOTAL	96,554,692	99,302,340	124,530,840	25,228,500	25.4%
EXPENSES					
Administrative	8,473,118	9,515,038	10,005,091	490,053	5.2%
Tenant & Social Services	-	118,526	104,506	(14,020)	-11.8%
Utilities	432,391	429,988	389,568	(40,420)	-9.4%
Ordinary Maintenance & Operations	734,454	666,894	1,218,933	552,039	82.8%
Protective Services	12,041	13,185	632,867	619,682	4699.9%
General Expenses	112,714	133,558	135,216	1,658	1.2%
Housing Assistance Payments (HAP)	59,296,534	60,425,744	62,388,545	1,962,801	3.2%
HAP Expense - Portables	9,447,941	10,048,379	11,390,844	1,342,465	13.4%
Other Uses	182,529	13,825,518	37,741,820	23,916,302	173.0%
Future Year's Appropriations	-	-	523,450	523,450	0.0%
Property Improvements	187,105	600,000	-	(600,000)	-100.0%
EXPENSE TOTAL	78,878,827	95,776,830	124,530,840	28,754,010	30.0%
OPERATING TRANSFERS					
Operating Transfers In	60,797,912	62,186,198	61,505,561	(680,637)	-1.1%
Operating Transfers Out	78,473,776	65,711,708	61,505,561	(4,206,147)	-6.4%
TRANSFERS IN (OUT) TOTAL	(17,675,864)	(3,525,510)	-	3,525,510	-100.0%
NET INCOME	\$ -	\$ -	\$ -	\$ -	0.0%



4.4 CORE



Fund Overview

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 INLIVIAN. It has no employees. All functions are provided by employees of INLIVIAN and then recorded in the appropriate entity. INLIVIAN'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 INLIVIAN youth and quality of life and aging in place for senior and disabled residents per the approved INLIVIAN strategic plan, and CORE business plan.

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

The FY2021 Budget for CORE reflects Fund Balance reappropriation of the Renaissance West Community Initiative (RWCI) endowment and other ongoing grants. The offsetting expenses for these grants are primarily in the Tenant and Social Services category.

FY2021 Objectives

Blueprint Goal #1:

- Redesign HCV supportive services methodology (3-tiered approach)

Blueprint Goal #3:

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

Blueprint Goal #4:

- Develop strategic partnerships with specific focus on professional franchise organizations

Blueprint Goal #5:

- Enhance marketing and communication strategies of CORE

Blueprint Goal #6:

- Enhance staff expertise by increasing training certifications

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 and fees collected from the properties. 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 the With Every Heartbeat is Life program, Getting Ahead program training, employment programming, and program funds for the services provided to the elderly and disabled.

CORE provides case management services for minimum renters in the HCV 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 CORE are consistent with assisting INLIVIAN in meeting its strategic goals.

Destination HomeOwnership

The Destination Homeownership program provides HCV holders the opportunity to purchase a home. The HAP 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 HCV 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. HUD authorizes tenant-based assistance to eligible families.

CORE – Budget by Category

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Fee Revenue	\$ 1,288,317	\$ 1,304,595	\$ 1,339,824	\$ 35,229	2.7%
Other Revenues	212,382	220,000	4,275,064	4,055,064	1843.2%
Fund Balance Appropriated	18,000	984,395	930,000	(54,395)	-5.5%
Other Sources	-	-	-	-	0.0%
REVENUE TOTAL	1,518,699	2,508,990	6,544,888	4,035,898	160.9%
EXPENSES					
Administrative	837,172	1,139,133	1,477,269	338,136	29.7%
Tenant & Social Services	3,643,930	4,822,559	4,977,928	155,369	3.2%
Ordinary Maintenance & Operations	42,096	58,944	75,691	16,747	28.4%
General Expenses	10,500	13,864	14,000	136	1.0%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	1,949	-	-	-	0.0%
Property Improvements	-	-	-	-	0.0%
EXPENSE TOTAL	4,535,647	6,034,500	6,544,888	510,388	8.5%
OPERATING TRANSFERS					
Operating Transfers In	3,016,946	3,525,510	-	(3,525,510)	-100.0%
Operating Transfers Out	-	-	-	-	0.0%
TRANSFERS IN (OUT) TOTAL	3,016,946	3,525,510	-	(3,525,510)	-100.0%
NET INCOME	\$ -	\$ -	\$ -	\$ -	0.0%





4.5 BLUE HORIZON



Fund Overview

Blue Horizon was created to carry out property management activities for all INLIVIAN and Horizon Development-owned properties, as well as establish third-party property management opportunities. Blue Horizon is the “Doing Business As” name for Horizon Development’s property management division. The mission of the organization is to manage sustainable and economically diverse communities and promoting high quality standards for our residents and owners. Keeping property management in-house reduces expenses and increases revenue streams.

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

In FY2021, the Asset Management department moved from Blue Horizon to Horizon Development. Therefore, the overall revenues and expenses have decreased accordingly.

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 as a fee expense in the Administrative Expense category. In prior years, this was represented as an Operating Transfer.

Expenses reflect the operating costs for executive and administrative oversight for Blue Horizon. In FY2021, a new District Manager of Maintenance position was added to assist with general management of the maintenance program. Also, a second Floating Senior Property Manager was added with the cost allocated to the various sites.

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.

FY2021 Objectives

Blueprint Goal #1:

- Implement Tax Credit Module for LIHTC managed units

Blueprint Goal #4:

- Increase BHMC’s industry recognition by participating in various industry associations

Blueprint Goal #6:

- Continue obtaining industry training and certifications

Blue Horizon – Budget by Category

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Fee Revenue	\$ 2,303,128	\$ 2,591,618	\$ 2,183,927	\$ (407,691)	-15.7%
Other Revenues	-	-	-	-	0.0%
Fund Balance Appropriated	-	-	-	-	0.0%
Other Sources	-	-	-	-	0.0%
REVENUE TOTAL	2,303,128	2,591,618	2,183,927	(407,691)	-15.7%
EXPENSES					
Administrative	1,579,792	1,650,809	2,057,689	406,880	24.6%
Ordinary Maintenance & Operations	-	15,900	23,826	7,926	49.8%
General Expenses	4,020	8,652	11,522	2,870	33.2%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	-	-	-	-	0.0%
EXPENSE TOTAL	1,583,812	1,675,361	2,093,037	417,676	24.9%
OPERATING TRANSFERS					
Operating Transfers In	-	-	-	-	0.0%
Operating Transfers Out	614,041	824,504	-	(824,504)	-100.0%
TRANSFERS IN (OUT) TOTAL	(614,041)	(824,504)	-	824,504	-100.0%
NET INCOME	\$ 105,275	\$ 91,753	\$ 90,890	\$ (863)	-0.9%



4.6 HORIZON ACQUISITION

Fund Overview

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. It has no employees and all functions are provided by employees of INLIVIAN and then recorded in the appropriate entity. INLIVIAN'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 in 2011 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 INLIVIAN to preserve 333 apartment homes for seniors at Strawn Towers and Parktowne Terrace, but it allowed INLIVIAN to modernize and upgrade these units at that time.

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.

FY2021 Objectives

Blueprint Goal #1:

- Continue building on the Strawn Master Plan

Horizon Acquisition – Budget by Category

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Tenant Rental Revenues	\$ 5,231,031	\$ 5,211,174	\$ 5,345,751	\$ 134,577	2.6%
Fee Revenue	-	-	-	-	0.0%
Other Revenues	324,350	320,849	320,038	(811)	-0.3%
Fund Balance Appropriated	-	-	-	-	0.0%
Other Sources	95,264	95,264	-	(95,264)	-100.0%
REVENUE TOTAL	5,650,645	5,627,287	5,665,789	38,502	0.7%
EXPENSES					
Administrative	1,505,773	1,552,079	1,558,074	5,995	0.4%
Tenant & Social Services	207,198	219,621	226,760	7,139	3.3%
Utilities	545,198	607,872	582,616	(25,256)	-4.2%
Ordinary Maintenance & Operations	1,616,542	1,752,401	1,624,790	(127,611)	-7.3%
Protective Services	29,484	30,760	10,628	(20,132)	-65.4%
General Expenses	420,590	440,959	474,860	33,901	7.7%
Reserve Deposits	210,526	212,900	211,253	(1,647)	-0.8%
Reserve Draws	(90,726)	(1,282,051)	(88,779)	1,193,272	-93.1%
Debt Service	666,000	599,034	601,516	2,482	0.4%
Other Uses	-	-	-	-	0.0%
Future Year's Appropriations	-	-	25,000	25,000	100.0%
Property Improvements	185,990	1,387,315	88,779	(1,298,536)	-93.6%
EXPENSE TOTAL	5,296,575	5,520,890	5,315,497	(205,393)	-3.7%
OPERATING TRANSFERS					
Operating Transfers In	-	-	-	-	0.0%
Operating Transfers Out	-	-	-	-	0.0%
TRANSFERS IN (OUT) TOTAL	-	-	-	-	0.0%
NET INCOME	\$ 354,070	\$ 106,397	\$ 350,292	\$ 243,895	229.2%



4.7 HORIZON DEVELOPMENT

Fund Overview

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 INLIVIAN. It has no employees and all functions are provided by employees of INLIVIAN and then recorded in the appropriate fund budget. INLIVIAN'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 INLIVIAN 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 Horizon Development-owned properties as well as the budget for the Real Estate Development, Asset Management, and Construction Management departments. The Asset Management department was previously under Blue Horizon and was added to Horizon Development this year.

Property management services are provided by 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 replacement reserve accounts to meet the needs of the property and accomplish their long-term capital needs.

During the FY2021 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. This includes adjustments for higher than normal vacancies due to the COVID-19 pandemic, in the event these vacancies continue into 2021.

The increase in Fee Revenues is primarily due to anticipated bond and developer fees and the increase in Other Revenues represent the restricted donation from MTW to fund the anticipated Property Improvements and Development Projects. The Fund Balance appropriation will fund the Hall House development project.



HORIZON
DEVELOPMENT PROPERTIES

FY2021 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, Asset Management, and Construction Management. For FY2021, 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;
- Execute on a redevelopment strategy at Dillehay Court for Phase I and Phase II;
- Begin redevelopment activities at Hall House;
- Conduct major rehabilitation at Autumn Place, Oak Valley, Valley View and Grove 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 third party affordable housing developers; and
- Continue to pursue other opportunities that may exist.

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

Development Projects

Document Legend

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

1. Strawn Master Plan

Strawn, now known as Centre South, will break ground in 2021 with the construction of the 330,000 +/- mid-rise 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 Tower building to relocate to the back in favor of a “pull through/drop off” at the front of the building. A 2nd 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. This project is behind schedule due to a market shift for office space related to COVID-19.

2. Hall House

HUD has approved the Release of the Declaration of Trust on this project and approved a new covenant that requires Horizon Development to develop the parcel with not less than 100 affordable housing units. HUD has also approved the demolition of the improvements. Horizon Development has entered into a Term Sheet with a private developer, Urban-Atlantic, to develop the multi-family component. The current concept demolishes Hall House and constructs a new multi-family rental project with approximately 370 total units. The unit mix will follow a concept of 70/30/30. Meaning, of the total units, 70% will be market rate and 30% will be affordable to households earning up to 80% AMI. Of the 30% affordable units, 30% will be available to households earning 30% of the AMI.

3. 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.

4. Dillehay Courts Redevelopment, Phase I

Dillehay Courts is INLIVIAN’s last public housing project. 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 Low-Income Housing Tax Credits (LIHTC). The site would be redeveloped by Horizon Development.

Dillehay Courts 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 were transferred 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 144 residential units in one 4 -story elevator building with surface parking. The units will be available to households that earn 30% to 80% of the AMI. Horizon Development is currently working to convert the public housing operating subsidies to RAD. Early demolition approval has been received from HUD. Due to safety concerns, the remaining Phase II (100 units) are currently being converted under a Section 18 application and an expedited demolition request is being submitted in order to vacate these buildings and demolish them. There are currently approximately 85 occupied units on Phase II. The concept for Phase II will be determined through a planning and re-zoning process after such time that we see the absorption rate on Phase I.

5. First Ward Place, Phase I

Horizon Development will recapitalize First Ward Place by submitting multiple 9% LIHTC Applications to the North Carolina Housing Finance Agency (NCHFA) for the financing, acquisition, and rehabilitation of the community. 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 9th and East 10th 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. Horizon Development has engaged the original architects, FMK Architects, to prepare a LIHTC Application. The Preliminary Application will be submitted in January, 2021 and the Final Application May 10, 2021.

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. Horizon Development intends to execute the work with a Construction Manager-at-Risk who is under contract. 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 a Preliminary Tax Credit Application submitted to NCHFA in 2019. The scope was increased by NCHFA staff during a site visit on March 12, 2019. The 2019 Application was

not successful due to a lack of site control. INLIVIAN was successful in Quarter 1 of 2020 in extracting the initial investor partner and is therefore now able to advance this effort.

The operating proforma was modeled based on the current rents reflected in the rent roll and expenses based on the current approved budget. The existing Phase I 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 1st Mortgage; assumption of the existing INLIVIAN and CMHP loans and a new Horizon Development loan for the gap financing, if necessary.

6. Abbington On Mt. Holly



In 2019, Horizon Development 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 Horizon Development purchase the parcel of land where 102 Low Income Housing Tax Credit rental units are to be built. Pursuant to the JV terms, this option to purchase was transferred to Horizon Development and according to the purchase and sale agreement, Horizon Development exercised the option to purchase the Property in 2019. There is a 4% LIHTC allocation application with bond volume cap that has been accepted by NCHFA and the project has been awarded HTF and CHOIF funds. HDP will act as co-developer (20%) and as the majority managing member. RVG is serving as the lead (80%) developer and is providing all guarantees with the exception of the lease-up and tax credit guarantees. The property will be 3rd party managed. HDP will have the Right Of First Refusal (ROFR) to purchase the property as well as the interest of all of the members at the end of the initial (15-year) compliance period.

This Project is a new construction, 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, income averaged to 60% AMI. Bedroom sizes will be available from one to three bedrooms.

7. Archdale Flats Family and Archdale Flats Seniors, Coming Summer of 2021

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 was subdivided to create two separate projects. Each will be located on its own subdivided parcel with financing supported with separate collateral. 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”).

Horizon Development is partnering with Elmington Capital Group (ECG) (HDP 25%/ECG 75%) and Horizon Development will serve as the majority managing member in both owner entities. Preliminary Applications for both were submitted in January 2019; the financing closed in December 2019 and both are under construction. INLIVIAN issued the bonds. Leasing is expected to begin Summer 2021.



The site is located on Archdale Drive in the Montclair 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 Arrowood (P3 with Crosland South)

Evoke Living at Arrowood will be a 168-unit multifamily housing located at 325 W. Arrowood Road. HDP is co-developing this Project in a P3 with Crosland Southeast. This is in furtherance, specifically of HDP'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. The financing for this project is targeted to close in March of 2021.

The property will be comprised of 36 1-bedroom units, 108 2-bedroom units, and 24 3-bedroom units. All units will be rent restricted for families making 30% to 80% of Area Median Income. The development will consist of 8 3-story walk-up garden style residential apartment buildings plus a separate clubhouse.

The project provides good transportation access with convenient access to I-77 and I-485 (approx. 1 mile West), the Arrowood light rail station (approx. 1.3 mile East), and downtown Charlotte (approx. 15 minutes by car). The Arrowood bus route has a covered bus stop just south of the property on W. Hebron street, and provides easy access to the Arrowood light rail station, the Whitehall Commons shopping center (Walmart, Publix, Lowes, etc.), and connection to other bus routes.

The development is convenient to shopping and other amenities as listed in the Amenities section below. In addition, the Harper Campus of Central Piedmont Community College (CPC) is across Hebron Street from the site. CPC will provide significant educational opportunities to the adult and teenage tenants through their many programs, including early college classes for high school students.

9. Evoke Living at Westerly Hills

Evoke Living at Westerly Hills is a 156-unit multi-family housing community located at 2503 Westerly Hills Drive. Horizon Development is co-developing this project. Horizon Development will act as the majority managing member and will have the ROFR to purchase the units and the interest of all members at the end of the compliance period.

Westerly Hills will be comprised of 36 1-bedroom units, 96 2-bedroom units, and 24 3-bedroom units. All units will be rent restricted for families making 80% of Area Median Income or below. The project will consist of 7 3-story walk-up garden style residential buildings plus a separate clubhouse.



The location provides good transportation access. Wilkinson Boulevard, which is 1 block south of the property, is the primary connector between downtown Charlotte (approx. 3 miles to the east) and the airport (approx. 3 miles to the west). I-77 and I-85 are both easily accessible from the property. Residents will be able to get on the Airport bus route on Wilkinson Boulevard which provides easy access to downtown or the airport, including a stop at the main transportation center downtown where residents can transfer to other bus routes. Residents will also be able to get on the Jackson Park bus route on Wilkson Boulevard which provides access to various locations and amenities in the local area (e.g., Central Piedmont Community College, shopping, etc.). Finally, the City of Charlotte has announced for the construction of a light rail line between downtown and the airport along Wilkinson Boulevard.

The west side of downtown Charlotte is rapidly gentrifying, resulting in higher real estate values and rents.

The project is convenient to shopping and other amenities, as it is right behind a retail center that includes a Walmart Superstore. Access to shopping and amenities is expected to increase as gentrification occurs in the area. See site score analysis below. This project closed May 2020 and lease up is expected to begin Summer 2021.

10. Freedom Flats

Horizon Development is partnering with Elmington Capital Group (ECG) with Horizon Development serving as the majority managing member in the owner entities. A LIHTC/bond Preliminary Application was submitted in January 2020; the financing is targeted to close in early October 2020 with occupancy beginning Winter 2022. INLIVIAN will issue the bonds.

The subject property is located at 4925 Freedom Dr Charlotte, NC 28208. This development will be the first phase of a mixed income, mixed-use development that will include single family homes, town-homes, and retail development along with the affordable multifamily project being developed by special purpose entities. The ownership and involvement in the development will be strictly limited to the multifamily portion of the master development. The entire site is approximately 60 acres, of which 10 acres will be developed for the affordable housing piece. The site boasts an excellent location with high visibility on Freedom Dr. and a straight 4-mile drive down Freedom to Uptown Charlotte. The site offers easy access to retail, services, and employment. There is already a bus stop on site, and CATS is planning to implement “enhanced bus service” along Freedom. These features will connect the residents with even more access to service, shopping, and employment opportunities.



The site is less than two miles from a Food Lion and other shopping, parks, services and healthcare facilities. Furthermore, the site is walking distance from two elementary schools- Thomasboro Elementary School and Allenbrook Elementary School, which will greatly benefit the families with students at our development.

11. Ashley Flats

Horizon Development is partnering with Elmington Capital Group (ECG) with Horizon Development serving as the majority managing member in the owner entities. A LIHTC/bond Preliminary Application was submitted in September 2020; the financing is targeted to close in April 2021. INLIVIAN will issue the bonds.

This will be a 150-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. 95% of the units will be available to households earning up to 60% AMI and 5% will be available to households earning 30% AMI. The property will consist of 6 garden style residential buildings spanning about 5.8 acres. The entire development will be targeted towards families.

The subject property is located at 2104 Ashley Rd. Charlotte, NC 28208. It has an excellent location that is centrally located in Charlotte, NC, as it is less than 2 miles from uptown Charlotte, and it is less than a mile from both the Freedom Drive corridor and the Wilkinson Blvd corridor. As a result, it enjoys close proximity to retail, services, education, healthcare, places of worship, and employment. Additionally, the project will benefit from having two bus transit stops, one at each end of the property on Ashley Rd., via the Ashley Park/ Scaleybark Bus Route. The proximity to public transit along with the close proximity to employment, services, amenities, education, places of worship, etc., will provide walk-ability and transportation options to the tenants that reduces the need for automobile usage. Additionally, the city has plans to install a future LYNX Silver Line Transit Stop at Ashley Rd and Wilkinson Blvd, less than 1 mile from the development.

This site is located in an extremely lively area benefiting from a lot of private investment and private development. The site is located one mile from a Walmart Super center and less than one mile from other shopping, services, medical facilities, parks, and schools. The site is also less than one mile from Harding University High, which would greatly benefit families living at this proposed development.



Horizon Development Property Listing

Property Listing and Dwelling Unit Composition As of December 31, 2019

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	-	-	10	40	-	50
GROVE PLACE	WT HARRIS BOULEVARD	-	-	-	36	-	36
HAMPTON CRESTE	NORTH WENDOVER ROAD	-	-	60	153	-	213
LEAFCREST	LEAFCREST LANE	-	-	48	-	-	48
MALLARD RIDGE	AXMINISTER COURT	-	-	35	-	-	35
M CALPINE TERRACE	PINEBURR ROAD	-	-	26	87	-	113
MCMULLEN WOOD	WALSH BLVD	34	-	21	-	-	55
MEADOW OAKS	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	McRAE 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
Totals		473	203	1,984	791	3	3,454

The above list only includes properties owned by HDP. Other properties managed (such as public housing) are not listed.

Horizon Development – Budget by Category

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Tenant Rental Revenues	\$ 33,787,922	\$ 33,887,612	\$ 34,098,339	\$ 210,727	0.6%
Fee Revenue	1,133,310	1,956,960	4,522,625	2,565,665	131.1%
Other Revenues	249,828	306,359	19,661,245	19,354,886	6317.7%
Fund Balance Appropriated	951,072	304,732	1,186,744	882,012	289.4%
Other Sources	766,660	690,220	-	(690,220)	-100.0%
REVENUE TOTAL	36,888,792	37,145,883	59,468,953	22,323,070	60.1%
EXPENSES					
Administrative	9,791,833	9,757,798	10,551,028	793,230	8.1%
Tenant & Social Services	1,061,438	1,270,275	1,291,050	20,775	1.6%
Utilities	4,609,909	4,839,853	4,834,274	(5,579)	-0.1%
Ordinary Maintenance & Operations	10,043,609	10,821,248	10,678,385	(142,863)	-1.3%
Protective Services	181,151	207,160	188,618	(18,542)	-9.0%
General Expenses	1,563,004	1,696,907	1,826,120	129,213	7.6%
Reserve Deposits	1,409,328	1,606,800	1,641,542	34,742	2.2%
Reserve Draws	(9,036,359)	(12,541,090)	(3,834,160)	8,706,930	-69.4%
Debt Service	4,423,700	4,447,854	4,408,624	(39,230)	-0.9%
Housing Assistance Payments (HAP)	-	-	-	-	0.0%
HAP Expense - Portables	-	-	-	-	0.0%
Other Uses	1,236	-	3,000,000	3,000,000	100.0%
Future Year's Appropriations	1,529,562	625,000	315,000	(310,000)	-49.6%
Property Improvements	10,342,730	13,378,505	23,197,551	9,819,046	73.4%
EXPENSE TOTAL	35,921,141	36,110,310	58,098,032	21,987,722	60.9%
OPERATING TRANSFERS					
Operating Transfers In	299,094	329,398	-	(329,398)	-100.0%
Operating Transfers Out	-	-	-	-	0.0%
TRANSFERS IN (OUT) TOTAL	299,094	329,398	-	(329,398)	-100.0%
NET INCOME	\$ 1,266,745	\$ 1,364,971	\$ 1,370,921	\$ 5,950	0.4%

Real Estate Development – Budget by Category

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
REVENUES					
Fee Revenue					
Asset Management Fees	\$ -	\$ -	\$ 344,024	\$ 344,024	100.0%
Bond Application Fees	-	-	5,000	5,000	100.0%
Bond Issuance Fees	-	412,500	1,625,663	1,213,163	294.1%
Bond Monitoring Fees	-	-	393,556	393,556	100.0%
Construction Management Fees	199,028	237,080	281,627	44,547	18.8%
Developer Fees	693,750	1,160,205	1,775,492	615,287	53.0%
Other Fee Revenue	211,588	96,365	-	(96,365)	-100.0%
Other Revenues	-	-	154,407	154,407	100.0%
Fund Balance Appropriated	936,072	304,732	1,186,744	882,012	289.4%
Other Sources	-	-	-	-	0.0%
REVENUE TOTAL	2,040,438	2,210,882	5,766,513	3,555,631	160.8%
EXPENSES					
Administrative	2,006,808	2,180,630	2,700,331	519,701	23.8%
Ordinary Maintenance & Operations	22,232	19,800	57,582	37,782	190.8%
General Expenses	11,400	10,452	8,600	(1,852)	-17.7%
Other Uses	-	-	3,000,000	3,000,000	100.0%
EXPENSE TOTAL	2,040,440	2,210,882	5,766,513	3,555,631	160.8%
OPERATING TRANSFERS					
Operating Transfers In	-	-	-	-	0.0%
Operating Transfers Out	-	-	-	-	0.0%
TRANSFERS IN (OUT) TOTAL	-	-	-	-	0.0%
NET INCOME	\$ -	\$ -	\$ -	\$ -	0.0%

Real Estate Development – Expense Budget by Section

	FY2019	FY2020	FY2021	FY2020 vs FY2021	
	Budget	Budget	Budget	\$ Variance	% Variance
EXPENSES					
Asset Management	-	-	455,403	455,403	100.0%
Construction Management	552,108	288,024	186,279	(101,745)	-35.3%
Real Estate Development	1,276,624	1,711,578	5,124,831	3,413,253	199.4%
Relocation	211,708	211,280	-	(211,280)	-100.0%
EXPENSE TOTAL	2,040,440	2,210,882	5,311,110	3,100,228	140.2%

Horizon Development – Budget by Properties

	940 Brevard	Grove Place	Oak Valley	Valleyview	Arbor Glen 50	Arbor Glen I	Arbor Glen II	Arbor Glen III
REVENUES								
Tenant Rental Revenues	\$ 595,765	\$ 289,218	\$ 414,638	\$ 441,611	\$ 363,459	\$1,085,474	\$ 705,784	\$ 174,689
Fee Revenue	-	-	-	-	-	-	-	-
Other Revenues	5,300	2,279,772	3,166,350	3,166,350	600	-	1,500	350
Other Sources	-	-	-	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-	-	-	-
REVENUE TOTAL	601,065	2,568,990	3,580,988	3,607,961	364,059	1,085,474	707,284	175,039
EXPENSES								
Administrative	214,885	81,259	101,103	105,259	104,926	303,381	207,738	62,192
Tenant & Social Services	22,600	2,000	2,500	2,750	1,400	53,000	37,000	6,380
Utilities	45,182	32,234	55,712	44,394	68,388	115,316	97,856	25,802
Ordinary Maintenance & Operations	220,802	195,417	233,212	253,352	142,204	391,788	272,358	34,267
Protective Services	3,300	-	-	-	3,260	10,889	5,934	-
General Expenses	46,723	15,101	21,795	15,117	22,392	41,308	33,086	14,663
Reserve Deposits	39,264	-	-	-	20,158	40,518	35,413	8,711
Reserve Draws	(130,707)	(55,000)	-	-	(31,917)	(16,972)	(82,072)	(4,560)
Debt Service	1,000	-	-	-	-	1,000	1,000	22,759
Future Year's Appropriations	-	-	-	-	-	80,000	-	-
Property Improvements	130,707	2,279,772	3,166,350	3,166,350	31,917	16,972	82,072	4,560
EXPENSE TOTAL	593,756	2,550,783	3,580,672	3,587,222	362,728	1,037,200	690,385	174,774
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TRANSFERS IN (OUT) TOTAL	-	-	-	-	-	-	-	-
NET INCOME	\$ 7,309	\$ 18,207	\$ 316	\$ 20,739	\$ 1,331	\$ 48,274	\$ 16,899	\$ 265

	Autumn Place	Cedar Knoll	Charlottetown Terrace	Claremont	Edwin Towers	Fairmarket Square	Gladedale	Glen Cove
REVENUES								
Tenant Rental Revenues	\$ 759,532	\$ 553,244	\$ 1,696,315	\$ 583,297	\$1,906,672	\$ 501,763	\$ 591,252	\$ 432,090
Fee Revenue	-	-	-	-	-	-	-	-
Other Revenues	1,993,669	107	8,220	-	6,200	1,599,793	-	1,800
Other Sources	-	-	-	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-	-	-	-
REVENUE TOTAL	2,753,201	553,351	1,704,535	583,297	1,912,872	2,101,556	591,252	433,890
EXPENSES								
Administrative	195,054	132,231	347,125	118,834	372,247	136,063	125,455	126,104
Tenant & Social Services	49,120	28,445	37,212	27,845	38,819	21,296	29,720	14,050
Utilities	107,706	123,362	195,024	124,225	206,150	89,538	130,600	45,368
Ordinary Maintenance & Operations	237,061	183,394	513,432	185,888	585,257	187,356	219,419	173,122
Protective Services	4,434	3,195	10,497	3,260	11,475	1,800	3,195	3,260
General Expenses	41,620	24,817	95,503	29,239	111,017	31,033	30,374	27,629
Reserve Deposits	38,267	27,575	80,500	27,314	88,000	35,095	27,579	30,389
Reserve Draws	-	-	-	(89,671)	-	-	-	(1,511,966)
Debt Service	-	-	418,252	-	455,823	-	-	13,354
Future Year's Appropriations	50,000	-	-	25,000	-	-	-	-
Property Improvements	1,993,669	-	-	89,671	-	1,599,193	2,073	1,511,966
EXPENSE TOTAL	2,716,931	523,019	1,697,545	541,605	1,868,788	2,101,374	568,415	433,276
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TRANSFERS IN (OUT) TOTAL	-	-	-	-	-	-	-	-
NET INCOME	\$ 36,270	\$ 30,332	\$ 6,990	\$ 41,692	\$ 44,084	\$ 182	\$ 22,837	\$ 614

	Hall House	Hampton Creste	Leafcrest	The Landings	Mallard Ridge	McAlpine	McMullen Wood	Meadow Oaks
REVENUES								
Tenant Rental Revenues	\$ -	\$2,041,661	\$ 539,623	\$ 846,902	\$ 434,561	\$ 873,006	\$ 393,271	\$ 363,852
Fee Revenue	-	-	-	-	-	-	-	-
Other Revenues	189,821	3,992	-	5,000	-	5,466,191	-	-
Other Sources	-	-	-	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-	-	-	-
REVENUE TOTAL	189,821	2,045,653	539,623	851,902	434,561	6,339,197	393,271	363,852
EXPENSES								
Administrative	1,045	458,079	115,365	245,812	102,711	243,585	133,822	103,382
Tenant & Social Services	-	5,000	25,809	29,930	19,855	75,938	32,017	19,343
Utilities	44,694	226,363	119,300	37,760	92,146	103,870	43,220	64,530
Ordinary Maintenance & Operations	77,736	733,440	211,851	300,706	167,575	342,763	119,131	106,156
Protective Services	-	13,888	3,130	8,727	2,282	7,368	3,586	2,087
General Expenses	66,346	77,411	25,172	45,890	23,097	43,564	21,302	20,694
Reserve Deposits	-	239,733	27,012	26,908	19,692	50,873	30,951	18,017
Reserve Draws	-	(88,217)	(39,198)	-	(8,303)	-	(33,989)	(32,423)
Debt Service	-	291,324	-	77,136	-	7,201	9,180	-
Future Year's Appropriations	-	-	-	10,000	-	-	-	-
Property Improvements	-	88,217	39,198	21,245	8,303	5,463,641	33,989	32,423
EXPENSE TOTAL	189,821	2,045,238	527,639	804,114	427,358	6,338,803	393,209	334,209
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TRANSFERS IN (OUT) TOTAL	-	-	-	-	-	-	-	-
NET INCOME	\$ -	\$ 415	\$ 11,984	\$ 47,788	\$ 7,203	\$ 394	\$ 62	\$ 29,643

	Mill Pond	Montgomery Gardens	Nia Point	Oaks at Cherry	Park at Oaklawn	Robinsdale	Savanna Woods	Seneca Woods
REVENUES								
Tenant Rental Revenues	\$1,906,458	\$ 604,484	\$ 631,348	\$ 763,898	\$1,405,770	\$ 345,264	\$ 602,208	\$ 397,036
Fee Revenue	10,865	-	47,045	-	-	-	-	-
Other Revenues	55,107	-	-	-	4,000	-	2,328	-
Other Sources	-	-	-	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-	-	-	-
REVENUE TOTAL	1,972,430	604,484	678,393	763,898	1,409,770	345,264	604,536	397,036
EXPENSES								
Administrative	274,753	165,315	179,182	221,333	394,063	89,316	144,414	117,371
Tenant & Social Services	-	36,157	37,301	44,867	3,425	16,982	29,190	26,220
Utilities	138,895	96,283	103,500	96,000	206,521	73,570	132,768	54,192
Ordinary Maintenance & Operations	300,322	158,579	189,313	222,365	499,239	108,639	229,782	126,898
Protective Services	-	4,956	5,283	5,282	2,250	1,956	4,744	4,315
General Expenses	90,381	20,447	22,712	50,456	48,570	18,455	26,535	26,540
Reserve Deposits	50,400	26,344	28,919	34,286	47,835	16,391	27,579	27,575
Reserve Draws	-	(155,106)	(99,170)	-	-	-	-	-
Debt Service	449,510	96,403	110,657	67,249	96,996	-	-	7,500
Future Year's Appropriations	-	-	-	-	25,000	-	-	-
Property Improvements	139,377	155,106	99,170	-	59,000	-	-	-
EXPENSE TOTAL	1,443,638	604,484	676,867	741,838	1,382,899	325,309	595,012	390,611
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TRANSFERS IN (OUT) TOTAL	-	-	-	-	-	-	-	-
NET INCOME	\$ 528,792	\$ -	\$ 1,526	\$ 22,060	\$ 26,871	\$ 19,955	\$ 9,524	\$ 6,425

	Southside	Springfield Gardens	Sunridge	Tarlton Hills	Victoria Square	Vistas at 707	Wallace Woods	Woodlawn House
REVENUES								
Tenant Rental Revenues	\$4,624,461	\$ 741,257	\$ 449,640	\$ 560,405	\$ 421,605	\$2,380,696	\$ 533,750	\$1,142,380
Fee Revenue	-	-	-	-	-	9,353	-	-
Other Revenues	-	-	1,393,594	1,449	-	2,400	-	2,750
Other Sources	-	-	-	-	-	-	-	-
Fund Balance Appropriated	-	-	-	-	-	-	-	-
REVENUE TOTAL	4,624,461	741,257	1,843,234	561,854	421,605	2,392,449	533,750	1,145,130
EXPENSES								
Administrative	793,358	194,551	111,312	126,269	108,473	386,227	138,780	224,323
Tenant & Social Services	197,224	35,597	25,273	28,170	17,707	-	28,809	81,904
Utilities	902,076	106,957	113,405	142,087	70,200	116,854	102,927	139,299
Ordinary Maintenance & Operations	1,069,454	220,144	144,202	174,218	164,073	293,525	192,859	439,504
Protective Services	37,376	5,608	2,869	3,260	2,022	-	3,130	-
General Expenses	176,118	36,153	22,782	31,222	21,116	185,016	24,164	55,960
Reserve Deposits	196,000	35,114	19,809	28,138	18,004	88,428	26,225	58,526
Reserve Draws	(296,370)	(90,794)	-	(79,159)	(111,051)	-	(15,198)	(862,317)
Debt Service	1,191,530	107,133	-	-	-	968,316	-	15,301
Future Year's Appropriations	25,000	-	-	-	-	-	-	100,000
Property Improvements	296,370	90,794	1,393,194	79,159	111,051	134,527	15,198	862,317
EXPENSE TOTAL	4,588,136	741,257	1,832,846	533,364	401,595	2,172,893	516,894	1,114,817
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TRANSFERS IN (OUT) TOTAL	-	-	-	-	-	-	-	-
NET INCOME	\$ 36,325	\$ -	\$ 10,388	\$ 28,490	\$ 20,010	\$ 219,556	\$ 16,856	\$ 30,313



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 general capital expenditures. The FY2021 Budget includes major work such as interior and exterior renovations, system replacements, and other major improvements to maintain the sustainability and viability of each asset.

Nonrecurring capital expenditures in this FY2021 Budget are anticipated to impact future operating budgets to include lower long-term maintenance cost. With innovative designs and more recent approaches, renovations at the various sites are estimated to reduce routine maintenance expenses in future operating budgets.

One of the requirements of the RAD program 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 general planning tool for property improvements.

In FY2020, a construction manager was retained by Horizon Development to oversee and administer the property improvements. After careful site visits and reviews, it was recommended that certain properties needed major renovations. To achieve economies of scale, minimize disruption to residents, and minimize mobilization efforts, these projects will be completed in their entirety, versus stretching over multiple years. To accomplish this, MTW funds are being utilized in the FY2021 Budget to fund the majority of the anticipated property improvements.

Schedule of Property Improvements

Property	Work Performed by		FY2021 Budget
	Site Staff	Construction Manager	
400 East Boulevard Administration	39,000	-	39,000
400 East Building Management	-	-	-
940 Brevard	-	130,707	130,707
Grove Place	-	2,279,772	2,279,772
Oak Valley	-	3,166,350	3,166,350
Valley View	-	3,166,350	3,166,350
Arbor Glen 50	-	31,917	31,917
Arbor Glen I	-	16,972	16,972
Arbor Glen II	-	82,072	82,072
Arbor Glen III	-	4,560	4,560
Autumn Place	-	1,993,669	1,993,669
Cedar Knoll	-	-	-
Charlottetown Terrace	-	-	-
Claremont	-	89,671	89,671

Property	Work Performed by		FY2021 Budget
	Site Staff	Construction Manager	
Edwin Towers	-	-	-
Fairmarket Square	-	1,599,193	1,599,193
First Ward	209,460	-	209,460
Gladedale	2,073	-	2,073
Glen Cove	-	1,511,966	1,511,966
Hampton Creste	-	88,217	88,217
Carole Hoefener Center	-	-	-
Leafcrest	16,400	22,798	39,198
Little Rock	73,795	-	73,795
The Landings	21,245	-	21,245
Mallard Ridge	-	8,303	8,303
McAlpine	-	5,463,641	5,463,641
McMullen Wood	8,000	25,989	33,989
Meadow Oaks	-	32,423	32,423
Mill Pond	139,377	-	139,377
Montgomery Gardens	69,615	85,491	155,106
Nia Point	-	99,170	99,170
Oaks at Cherry	-	-	-
Parktowne	-	5,865	5,865
Dillehay	-	-	-
Park at Oaklawn	59,000	-	59,000
Robinsdale	-	-	-
Savanna Woods	-	-	-
Seneca Woods	-	-	-
Southside	-	296,370	296,370
Springfield Gardens	30,000	60,794	90,794
Strawn	-	9,119	9,119
Sunridge	-	1,393,194	1,393,194
Tarlton Hills	-	79,159	79,159
Victoria Square	-	111,051	111,051
Vistas at 707	134,527	-	134,527
Wallace Woods	-	15,198	15,198
Woodlawn House	262,405	599,912	862,317
TOTAL	1,064,897	22,469,893	23,534,790

5.2 REAL ESTATE DEVELOPMENTS

Horizon Development 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:

	USES		SOURCES			
	Total Project Budget	FY2021 Reappropriations	MTW	HDP	BA	FY2021 TOTAL
Strawn Master Plan	\$ 2,763,887	\$ 156,933	\$ 156,933	\$ -	\$ -	\$ 156,933
Renaissance	7,000,000	200,000	200,000	-	-	200,000
JT Crawford Community Center	2,000,000	1,707,781	1,707,781	-	-	1,707,781
Tall Oaks Redevelopment Phase 2	500,000	500,000	-	-	500,000	500,000
Dillehay Phase I Predevelopment	1,600,000	770,200	-	-	770,200	770,200
Dillehay Phase I Demolition	500,000	500,000	500,000	-	-	500,000
Dillehay Phase II Relocation, Demolition, Predevelopment	3,750,000	3,750,000	3,750,000	-	-	3,750,000
Abbingtion on Mt. Holly	1,500,000	40,138	40,138	-	-	40,138
First Ward Place I	1,000,000	966,887	966,887	-	-	966,887
Future Projects (pursuit)	13,846,518	13,846,518	9,496,518	3,000,000	1,350,000	13,846,518
TOTALS	\$ 34,460,405	\$ 22,438,457	\$ 16,818,257	\$ 3,000,000	\$ 2,620,200	\$ 22,438,457



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 FY2021, there is a net increase of 1.49 FTE over the prior year, for a new total of **248.00** FTEs.

Strategic Business Area	FY2019			FY2020			FY2021			Total Change
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
CORE / Client Services										
Client Services	29.00	3.86	32.86	37.00	4.86	41.86	39.00	2.50	41.50	
Subtotal - CORE	29.00	3.86	32.86	37.00	4.86	41.86	41.86	2.50	41.50	(0.36)
HDP / Real Estate Development										
Asset Management							3.00	-	3.00	
Administration / Development	4.00		4.00	4.00		4.00	6.00	-	6.00	
Construction Management	4.00		4.00	1.00		1.00	1.00	-	1.00	
Relocation	3.00		3.00	3.00		3.00	-	-	-	
Subtotal - HDP	11.00	-	11.00	8.00	-	8.00	8.00	-	10.00	2.00
Blue Horizon / Real Estate Mgmt										
Executive	2.00		2.00	2.00		2.00	2.00	-	2.00	
Asset Management	4.00		4.00	4.00		4.00	-	-	-	
Property Management - Admin	5.00		5.00	5.00		5.00	7.00	-	7.00	
Property Management - Sites	89.00	1.30	90.30	90.00	0.65	90.65	88.00	-	88.00	
Subtotal - Blue Horizon	100.00	1.30	101.30	101.00	0.65	101.65	97.00	-	97.00	(4.65)
Administrative Operations										
Administration	4.00		4.00	2.00		2.00	3.00	-	3.00	
Housing Choice Voucher Program	45.00		45.00	51.00		51.00	49.00	-	49.00	
Public Relations	2.00		2.00	2.00		2.00	2.00	-	2.00	
Subtotal - Administrative Op	51.00	-	51.00	55.00	-	55.00	54.00	-	54.00	(1.00)
Corporate Services										
Executive	2.00		2.00	3.00		3.00	10.00	0.50	10.50	
Finance	17.00		17.00	21.00		21.00	20.00	-	20.00	
Information Technology	4.00	3.00	7.00	4.00	1.00	5.00	5.00	-	5.00	
Legal & Resident Safety	6.00		6.00	7.00		7.00	6.00	-	6.00	
Talent Operations	3.00		3.00	3.00	1.00	4.00	4.00	-	4.00	
Subtotal - Corporate Services	32.00	3.00	35.00	38.00	2.00	40.00	45.00	0.50	45.50	5.50
GRAND TOTAL	223.00	8.16	231.16	239.00	7.51	246.51	245.86	3.00	248.00	1.49

Staffing Change Highlights

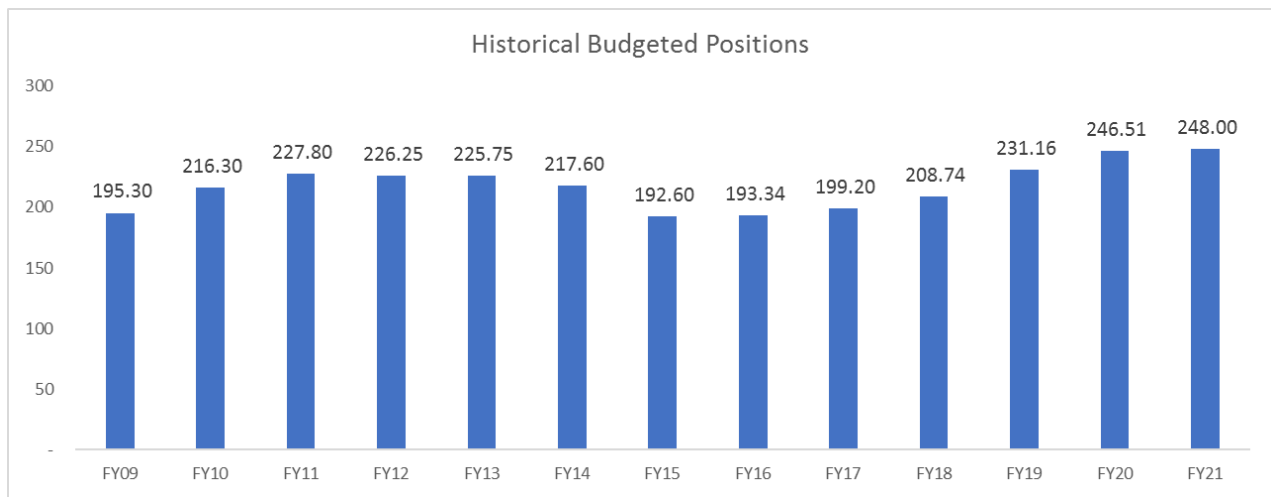
CORE's FTE changed due to the adjustment of part-time staff, for a total reduction of 0.36 FTE.

Horizon Development increased by 3.00 FTE due to the transfer of the Asset Management department from Blue Horizon; one FTE was eliminated as a result of the transfer. After the Relocation department was eliminated, the total FTE count reduced by 3.00 positions. With the need to further advance development efforts, 2.00 new positions were added for a new total count of 10.00 FTEs for Horizon Development.

Blue Horizon decreased by 4.00 FTE after the Asset Management department was transferred to Horizon Development. A District Manager of Maintenance and a Senior Floating Property Manager were added to Blue Horizon’s administration to provide higher level oversight. At the sites, an Assistant Property Manager was added at Southside and several site staff were transferred to the newly-created Customer Call Center. Overall, Blue Horizon’s staffing decreased by 4.65 FTE for a new total of 97.00 FTEs for FY2021.

Administrative Operations increased by 1.00 FTE due to the transfer of one staff member from Legal. This position was originally in Administrative Operations.

Corporate Services increased by 7.50 FTEs due to the newly-created Customer Call Center, of which six positions are existing resources transferred from other departments. One position in Finance was eliminated and another one was transferred to Administrative Operations (returning to its original department). Corporate Service’s total FTE for FY2021 is 45.50.





7.0 SUPPLEMENTAL INFORMATION

7.1 OVERVIEW OF THE CHARLOTTE COMMUNITY

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. The connectivity of the City through its international airport, interstate roadways, and railroads makes it appealing to both companies and residents.

During 2019 Charlotte was the headquarters to eighteen Fortune 1,000 publicly traded companies, employing around 45,000 workers. The Health Care industry continues to be the largest sector for employment, with over 142,000 health care and life science workers in Charlotte. This is spurred by two nationally ranked hospitals located in the heart of the city, along with the necessary support functions.

The United States Census Bureau recently announced that Charlotte cracked the list of the 15 most populous cities as number 15, with a population of nearly 886,000 people as of July 2019. The City has slowly been moving up in the ranking on this list the last few years. The City was also ranked 8th (of cities with populations 50,000 or more) in the largest numeric increase between 2010 and 2019. The Charlotte-Mecklenburg area is consistently ranked among the top 10 moving destinations in the United States, and the population increase is a direct result of this.

Charlotte continues to be one of the nation's most affordable metros with a cost of living index of only 98.2 percent of the national average, making it the 13th least expensive city among the largest 40 metro areas. This has been another reason for the population increase in Charlotte and has resulted in a 45% increase in rents since 2010. Wages, on the other hand, have not increased by the same amount, thus making it difficult for many to find affordable housing and putting an added burden on the working class. 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 INLIVIAN, are trying to assess the issue and come up with possible strategies to mitigate this growing crisis.

The City estimates a deficit of 34,000 affordable housing units. Compounding this issue is the reduction of naturally occurring affordable housing. To address this critical need, the City created the *Housing Charlotte* framework. Knowing that no one entity can address the affordable housing need, the framework was established to focus on community efforts. In addition to this, Charlotte voters approved a \$50 million affordable housing bond in November 2018. INLIVIAN is relying on its innovative roots to create new programs and initiatives which will assist in the efforts to improve this outcome.

7.2 INLIVIAN – OUR HISTORY

Established in December 1938 and incorporated in June 1939, INLIVIAN, formerly the Housing Authority of the City of Charlotte, 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. INLIVIAN'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.

INLIVIAN provides housing subsidies to families in the City of Charlotte (the "City") and Mecklenburg County. INLIVIAN's portfolio is comprised of public housing, HCV, PBV, tax credit, affordable and market rate units.

As one of North Carolina's leaders in affordable housing, INLIVIAN has a noble legacy of providing affordable housing for over 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, INLIVIAN has propelled the development and services of our region's poor and working families. Guided by our mission, INLIVIAN 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.

INLIVIAN continues to be an innovative industry leader in the national affordable housing arena. In an effort to sustain and preserve affordable housing in Charlotte, INLIVIAN entered the RAD Program. This program allowed INLIVIAN 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 INLIVIAN continues to evolve, the need to be efficient is essential. INLIVIAN has adapted an entrepreneurial approach and created its own development and property management companies. The creation of these entities enables INLIVIAN to perform akin to the private market, thus creating cash flow for the preservation of affordable housing.

In order to carry out the mission, INLIVIAN created separate, locally incorporated entities, creating a fully functional "Family of Companites":

Horizon Development 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 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.

Blue Horizon was organized in August 2016 and is the "Doing Business As" name for Horizon Development's property management division. 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.

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.

INLIVIAN's oversight is provided by a seven-member Board of Commissioners comprised of a resident from INLIVIAN'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 INLIVIAN 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 INLIVIAN 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 INLIVIAN 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 INLIVIAN. 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

INLIVIAN 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 INLIVIAN may not increase the amount of any annual budgets without the approval of the Board of Commissioners.

FY2021 Budget Calendar

02/04/2020	Budget Calendar submitted to INLIVIAN Senior Management Team
02/14/2020	Distribution of Budget Manual for development of the FY2021 Budget
04/15/2020	Internal Fees due to Budget Office
04/15/2020	Budget System Open to Users
05/04 – 05/05/2020	Leadership Budget Retreat
Early June	MANDATORY Budget Boot Camps for Blue Horizon and CORE Staff
07/10/2020	FY2021 Budgets Due in Budget System; both Operating and Capital Budgets
07/11/2020- 09/07/2020	Budget Reviews
Sept 2020	INLIVIAN Senior Management Team review of Draft Budget
10/01/2020	Finance & Audit Committee Meeting
10/2/2020- 10/20/2020	Public Review Period
10/20/2020	Public Hearing on Budget
11/17/2020	Board Adoption of Budget

7.4 FINANCIAL MANAGEMENT

The INLIVIAN 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 INLIVIAN 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. INLIVIAN's budgets are adopted on a modified accrual basis. Annual appropriated budgets are adopted and all annual appropriations lapse at INLIVIAN's year-end.

INLIVIAN has developed an internal control structure to ensure that INLIVIAN'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. INLIVIAN's automated systems provide allowances for purchase orders based on budgets and accounts. INLIVIAN 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 fourteen consecutive years. INLIVIAN has a debt policy in place which specifies that debt will not be used to finance current operations. INLIVIAN also manages cash through strict policies and risk through control standards.

INLIVIAN receives funding from the Housing Choice Voucher Program (housing assistance payments made to landlords on behalf of eligible low income residents), the Public Housing Operating Program and the Capital Fund Program. Each of these programs are administered by HUD.

In 1996, Congress passed legislation establishing the MTW program, under which HUD was authorized to select a small number of 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. INLIVIAN's participation in MTW was authorized in 1999, and INLIVIAN 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 INLIVIAN's participation in MTW until the end of its 2018 fiscal year (the "MTW Agreement"), which describes the terms under which INLIVIAN may exercise MTW authority. In 2016 the MTW agreement was extended to 2028. 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. INLIVIAN is one of 39 housing authorities nationwide selected for participation in the MTW Demonstration Program. During INLIVIAN's MTW term, INLIVIAN is required to develop and submit to HUD an annual MTW Plan that articulates INLIVIAN's key policies, objectives and strategies for the administration of its federal housing programs to most effectively address local needs, in accordance with the terms of INLIVIAN'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 their designee, shall maintain a daily analysis of INLIVIAN'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 INLIVIAN funds are invested at the highest rate of return possible within the guidelines established.

PHILOSOPHY:

The investment of idle INLIVIAN funds shall be made, keeping in mind that the investment security purchased by the Chief Financial Officer or their 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 INLIVIAN.

REFERENCES:

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

CAPITALIZATION POLICY

INLIVIAN 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, INLIVIAN 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 INLIVIAN's financial statements as capital fixed assets and will be depreciated based on GAAP. INLIVIAN 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

INLIVIAN 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 INLIVIAN, 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: 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 INLIVIAN'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.

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. INLIVIAN payment terms are net 30 days.

FISCAL YEAR

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

BALANCED BUDGET POLICY

The INLIVIAN operating budget will be balanced with current revenues and fund balances available for the program. The Board of Commissioners, INLIVIAN's governing body, adopts the annual budget by Resolution. Horizon Development, Blue Horizon and Horizon Acquisition fund budgets will have cash flows.

AUDIT POLICY

INLIVIAN participates in an audit of its financial statements each fiscal year. This audit is conducted by an auditor independent of INLIVIAN. 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 INLIVIAN's accounting records does not affect the tenant's liability to INLIVIAN or INLIVIAN's efforts to collect the liability.

OPERATING RESERVE AND SPENDING POLICY

PURPOSE

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

OBJECTIVE

1. To maintain good internal controls in the financial management of INLIVIAN.
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 INLIVIAN's long-term financial planning with short-term daily operations.
4. To maintain INLIVIAN's stable financial position.
5. To encourage an organizational culture that creates safe, healthy and risk-free work and operational environments.
6. To protect INLIVIAN from emergency fiscal crisis by ensuring the continuance of service even in the event of an unforeseen occurrence.

OPERATING RESERVE

INLIVIAN 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. Properties maintain separate operating reserve accounts where allowed.

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 INLIVIAN's 'Investment Policy' adopted by the Board.
3. INLIVIAN will strive to maintain a minimum reserve level of four months of prior year expenditures in each operating fund.

SPENDING

INLIVIAN 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.

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

BASIS OF ACCOUNTING AND BASIS OF BUDGETING

INLIVIAN 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.

INLIVIAN 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 INLIVIAN are maintained on the modified accrual basis during the year. The basis of budgeting is modified accrual. The financial statements for INLIVIAN 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

INLIVIAN maintains budgetary controls over all funds, as required by North Carolina General Statutes and the terms of INLIVIAN'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 INLIVIAN may transfer appropriations within a fund up to \$100,000 without Board approval.

7.5 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
3/31/2010	\$ 11,738,706	\$ 43,763,709	\$ -	\$ 220,727	\$ 16,463,516	\$ 2,249,443	\$ 306,065	\$ 55,909	\$ 70,836,473
3/31/2011	12,425,991	44,974,706	1,374,506	222,048	12,640,138	1,045,575	395,250	-	74,798,075
3/31/2012	13,129,796	43,386,168	1,514,690	106,941	9,132,699	1,677,570	385,915	-	73,078,214
3/31/2013	10,277,011	44,301,889	1,920,547	-	4,705,647	2,857,816	288,165	-	69,333,779
3/31/2014	10,046,259	46,853,002	1,818,065	-	1,897,931	5,080,438	290,533	-	64,351,075
3/31/2015	10,828,668	45,979,266	2,955,244	-	3,121,076	1,791,654	373,391	-	65,986,228
12/31/2016 (1)	19,002,491	79,175,447	5,265,467	-	13,002,644	8,446,947	444,326	1,774,617	65,049,299
12/31/2017	6,501,084	69,354,920	3,198,911	-	267,110	-	1,658	2,652,512	127,111,939
12/31/2018	1,280,914	67,028,858	3,237,533	-	66,375	-	-	2,379,890	81,976,195
12/31/2019	1,264,615	66,303,306	3,750,949	-	2,183,461	-	-	2,362,032	75,864,363

Source: Housing Authority of the City of Charlotte records.

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

7.6 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
3/31/2010	\$ 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%
12/31/2018	15,397,915	17%	11,092,894	12%	66,486,060	71%	92,976,869	100%
12/31/2019	15,565,960	16%	12,066,726	13%	67,816,637	71%	95,449,323	100%

Source: Housing Authority of the City of Charlotte records.

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

7.7 DEBT SERVICES

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

Business-Type Activities	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	12/31/2019
Mortgages	\$ 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	\$ 100,041,392
Notes	924,545	747,000	447,672	246,908	36,363	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	160,775
Bonds	-	-	19,950,001	19,970,000	18,085,000	17,190,000	15,335,000	-	-	-
Total	\$ 27,077,063	\$ 24,227,697	\$ 34,720,720	\$ 45,068,696	\$ 49,085,839	\$ 55,590,130	\$ 63,190,225	\$ 104,517,081	\$ 105,743,162	\$ 100,202,167
Debt service requirements:										
Principal	\$ 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	\$ 1,885,339
Interest	464,522	462,122	894,954	1,273,735	1,379,476	1,443,220	1,746,759	3,643,679	3,723,565	2,957,735
Total	\$ 15,286,649	\$ 10,382,742	\$ 2,195,974	\$ 3,636,236	\$ 6,664,344	\$ 2,780,364	\$ 6,319,798	\$ 7,649,115	\$ 9,403,328	\$ 4,843,074
Debt service coverage	1.77	2.33	15.81	12.39	7.37	19.99	10.00	13.66	11.25	20.69

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
3/31/2010	\$ 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
12/31/2018	105,743,162	248,610,225	42.53%	3,454	30,614.70
12/31/2019	100,202,167	245,920,525	40.75%	3,454	29,010.47

Source: Housing Authority of the City of Charlotte records.

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

7.8 DEMOGRAPHIC AND ECONOMIC TABLES

Year	Population	Total Personal Income	Per Capita Income	Unemployment Rate
2010	923,202	\$ 42,655,221	\$ 46,204	10.7%
2011	944,943	45,401,491	48,047	10.6%
2012	968,204	54,501,955	56,292	9.2%
2013	991,619	48,823,565	49,236	8.1%
2014	1,011,315	51,980,697	51,399	6.2%
2015	1,034,442	55,925,668	54,064	5.7%
2016	1,057,237	58,469,183	55,304	4.9%
2017	1,076,837	61,775,890	57,368	4.3%
2018	1,093,901	N/A	N/A	4.0%
2019	1,115,571	N/A	N/A	4.1%

Source: Mecklenburg County CAFR, FY06/30/19

Note: N/A= Data not available per CAFR

Principal Employers for Mecklenburg County, North Carolina

Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Atrium (formerly Carolinas HealthCare)	35,700	1	5.84 %	26,283	1	6.01 %
Wells Fargo	24,000	2	3.93	20,000	2	4.57
Charlotte-Mecklenburg Schools	18,495	3	3.02	19,845	3	4.46
Bank of America Corporation	15,000	4	2.45	13,960	4	3.19
Novant Health	11,698	5	1.961	9,000	6	2.06
American Airlines	11,000	6	1.8	5,955	10	1.36
Harris Teeter	8,239	7	1.35	-	-	-
Duke Energy	7,900	8	1.29	7,757	8	1.77
State of North Carolina	7,600	9	1.24	7,479	9	1.71
City of Charlotte	6,800	10	1.11	-	-	-
Wal-Mart Stores, Inc.	-	-	-	13,192	5	3.02
Delhaize American Inc/Food Lion	-	-	-	8,658	7	0.98

Source: Mecklenburg County CAFR, FY06/30/19

8.0 GLOSSARY OF TERMS AND ACRONYMS

8.1 GLOSSARY

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 INLIVIAN Board of Commissioners, which permits the INLIVIAN 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 INLIVIAN 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 INLIVIAN Board of Commissioners.

Budget Document - The instrument used by INLIVIAN 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.

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 INLIVIAN 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 INLIVIAN 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 INLIVIAN signifying the beginning and ending period for recording financial transactions. INLIVIAN 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.

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

INLIVIAN Board - Refers to the Board of Commissioners of INLIVIAN.

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 INLIVIAN 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.

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.

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.

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 - 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 INLIVIAN administers. The qualified low-income person/family rents a unit from a private landlord. INLIVIAN 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.

8.2 ACRONYMS

AMI	Area Median Income
BHMC	Blue Horizon Management Company
CARES	Coronavirus Aid, Relief, and Economic Security
CHA	Charlotte Housing Authority (former name of INLIVIAN)
CHOIF	Charlotte Housing Opportunity Investment Funds
COCC	Central Office Cost Center
CORE	C.O.R.E. Inc
CBRA	Community Based Rental Assistance Program
FUP	Family Unification Program
HAP	Housing Assistance Payment
HCV	Housing Choice Voucher
HDP	Horizon Development Properties, Inc.
HTF	Housing Trust Funds
HUD	The United States Department of Housing and Urban Development
LIHTC	Low Income Housing Tax Credits
M/WBE	Minority / Women-owned Business Enterprises
MTW	Moving To Work
NCHFA	North Carolina Housing Finance Agency
P3	Public Private Partnership
PBV	Project-Based Voucher
PHA	Public Housing Authority
RAD	Rental Assistance Demonstration Program
RED	Real Estate Department
TOA	Transfer of Assistance
TPV	Tenant Protection Voucher
VASH	Veterans Administration Supportive Housing