

Fiscal  
Year  
2013

NORFOLK REDEVELOPMENT AND  
HOUSING AUTHORITY (NRHA)  
Proposed Consolidated Annual Operating and Capital Budget



The Keys for Sustaining Financial  
S T A B I L I T Y



Budget in Brief



The budget will be made available on NRHA's website  
at the following url: [www.nrha.us/budget](http://www.nrha.us/budget)

PAGE LEFT BLANK INTENTIONALLY

## TABLE OF CONTENTS

---

<b>PURPOSE OF BUDGET IN BRIEF</b>	<b>4</b>
<b>A LETTER FROM CHIEF EXECUTIVE DIRECTOR</b>	<b>6</b>
<b>INTRODUCTION</b>	<b>8</b>
<b>BOARD OF COMMISSIONERS</b>	<b>8</b>
<b>GOALS &amp; VALUES</b>	<b>9</b>
<b>BUDGET HIGHLIGHTS</b>	<b>10</b>
<b>HOUSING OPERATIONS</b>	<b>12</b>
<b>DEVELOPMENT PROGRAMS</b>	<b>14</b>
<b>OTHER PROGRAMS</b>	<b>16</b>
<b>CENTRAL OFFICE COST CENTER (COCC)</b>	<b>18</b>

## PURPOSE OF BUDGET IN BRIEF



*The intent of this document is to provide information about Norfolk Redevelopment and Housing Authority's (NRHA's) spending intentions, its performance, and the wider fiscal and economic picture.*

The Proposed Fiscal Year (FY2013 ) Consolidated Annual Operating and Capital Budget reaffirms NRHA's:

- Strengthened commitment to fiscal responsibility, and
- Prudent objectives to ensure affordable housing, promote homeownership, and provide community development opportunities to the citizens of Norfolk.

A fiscal year differs from calendar year by encompassing the 12-month period during which the annual operating budget applies (in this case, beginning July 1, 2012, and ending June 30, 2013). NRHA's programs, financial policies and procedures.

### **Internet**

The proposed budget will be made available on NRHA's internet site at the following URL:

<http://www.nrha.norfolk.va.us/nrha/aboutnrha/budget>

PAGE LEFT BLANK INTENTIONALLY

### **A Message from the Chief Executive Officer**

It is my privilege to present the FY 2013 Consolidated Annual Operating and Capital Budget for consideration. Pursuant to the requirements of state law, I present this document, NRHA's **Proposed Budget which totals \$89.3 million for Fiscal Year 2013.**

The clearest indicator of the financial challenge we face is the size of our annual budget, which has been reduced by \$14.2 million from \$103.5 million in FY2011 to \$89.3 million for the coming year. This proposed budget is the result of significant deliberations and difficult choices by senior management. It continues the practice of prudent fiscal planning in the face of a challenging economic climate and federal funding reductions. Being good stewards of limited resources while providing quality housing services is our commitment.

The proposed budget provides continued funding of all services at a base level, but with notable changes from FY2012. Following are a few highlights within the proposed budget for FY2013.

- Elimination of 23 full-time positions, including 11 filled and 12 vacant positions;
- Suspension of merit pay increases for the fourth consecutive year;
- Inclusion of a general wage increase of 2.4 percent for all NRHA employees, the first since FY-2008;
- NRHA absorbed the cost to implement the State mandate that requires a 5 percent employee contributions to the Virginia Retirement System (VRS) as well as salary adjustments for taxes to make our employees whole for this new requirement;
- Deferral of costs related to the implementation of security cameras and monitoring in our public housing communities;
- Utilization of the proposed increase in the City of Norfolk General Fund appropriation for NRHA program delivery and administration from \$550,000 to \$1,000,000;
- Decrease of management fees to be assessed to the Low Income Public Housing and Housing Choice Voucher programs in the amount of \$400,000, to be made up from internal service fund reserves;
- Use of \$650,000 from the NRHA operating reserve for Federally Aided programs;
- Dedication of balances remaining from Urban Development Action Grant activities for urban design and site planning activities in the amount of \$198,944; and
- Utilization of earnings from the operation of non-public housing apartments in the amount of \$1.6 million.

The economic environment continues to have a great deal of uncertainty and the agency continues to budget conservatively as revenue streams are likely to remain flat. Alertness is the key to the changing environment and we must adapt our services, planning, and development strategies to ensure alignment with future needs. This will include changing thought processes about the work we need to accomplish.

### **A Message from the Chief Executive Officer (Contd.)**

As always, our priority must be on meeting the needs of those that we serve, while striving to work in the most cost effective manner. Strategically, staff, stakeholders and partners will be required to collaborate on the identification of coming trends that will shape our work in the future.

Beginning with the development of the current FY-2012 budget, staff has been challenged to examine our programs and services with the idea of moving to a structure that can meet increasing demands, with fewer sustainable resources. Retirement incentives offered in 2011 resulted in personnel vacancies that helped lessen, but unfortunately not avoid, the need to eliminate filled positions as we worked to reduce personnel costs due to reductions in various federal grants and programs. It is emphasized that the structural changes and reduction of positions included in the proposed budget will place additional challenges on staff to work through the realignment of processes, systems, roles and responsibilities to ensure continued productivity and capacity. For FY-2013, the focus will center on the themes of alignment, leadership, performance and agility in all that we do at NRHA.

**Alignment.** The elimination of 23 positions and the restructuring of functional work units necessitate that the next year include careful consideration of process improvements and the impacts of changes in work assignments. The proposed budget includes the formation of a Strategic Direction Setting Team, led by the Departments of Communications and Marketing, Information Systems and Human Resources that will be charged with ensuring the Authority's capacity to deliver programs and services is maintained and enhanced.

**Leadership.** With the reduction of organizational divisions from four to three, there is a new challenge that the objectives associated with transforming our public housing projects to sustainable, diverse and healthy communities now be incorporated throughout the Authority's Housing Operations, Community Development and Administrative leadership structure.

**Performance.** A new performance management system will be established in FY-2013 to ensure that measurable, outcome-based expectations are clearly articulated for staff and that the Authority will be in a strong position to offer merit-based compensation improvements beginning in FY-2014.

**Agility.** With the uncertainty of demands and funding for programs and services at the Federal, State and local level, NRHA's new structure must allow us the ability to expand capacity to meet short-term increases in service levels without creating obligations that rely on non-recurring resources. Careful monitoring of grant opportunities and their impacts, enhanced contract management coordination to provide for third-party delivery of services, and continued collaboration and partnerships with funding agencies will be critical in staying effective for the remainder of this decade.

I would like to acknowledge the tireless efforts of the NRHA Budget office, as well as all NRHA staff, for their selfless efforts to look at what we do and how we perform in a new light and for continuing their dedication to public service for the benefit of Norfolk's most disadvantaged families and the City of Norfolk overall. I believe that the proposed FY-2013 budget places us on a path to sustain our efforts and endeavors moving forward.

**Introduction**—The Norfolk Redevelopment and Housing Authority (The Authority), was created by the City of Norfolk (The City) on July 30, 1940 under the provisions of the United States Housing Act of 1937. As a chartered political subdivision of the Commonwealth of Virginia, The Authority provides subsidized public housing and administers redevelopment and conservation projects within the City in accordance with state and federal legislation. The Authority is governed by a seven-member Board of Commissioners (one of whom is a housing resident). They are appointed by Norfolk’s City Council for staggered four-year terms. The Board, in turn, elects a chairman and appoints an executive director to administer the affairs of the Authority.

The Board is responsible for approving the agency's annual budget, and for setting policy. Monthly meetings are held on a regular basis; policy meetings are held quarterly. The Authority must submit a proposed budget to the Board of Commissioners for annual approval. The intent of this document is to provide information about NRHA’s spending intentions, its performance, and the wider fiscal and economic picture.

## **BOARD OF COMMISSIONERS**

**W. SHEPPARD  
MILLER, III,  
Chair**



**BARBARA  
HAMM-LEE,  
Vice-Chair**



(L-R) **HATTIE ANDERSON, F. NASH BILISOLY, L. ROBERT LAYTON,  
TREVOR ROBINSON, and ROBERT J. SOBLE**

## NRHA GOALS

- **Quality Housing Opportunities for All** - NRHA is committed to providing a continuum of housing options for households of all incomes seeking housing.
- **Sustainable Mixed-Income Communities** - There is a need for a new housing model to create a healthy physical and social environment that would appeal to a wider range of incomes.
- **Strategic Business Approach** - To meet changing requirements and to make the best use of our resources, we are developing a new approach for the delivery of products and services.
- **Community Support** - Recognizing the interrelated nature of our mission, NRHA resolves to work to become a trusted partner that works collaboratively with key stakeholders and partners.

## ***Norfolk Redevelopment and Housing Authority***

**VALUES**—“The *principles* that govern organizational behavior and the way in which we do business.”



# Operating Budget Highlights

(The Key to Sustaining Financial Stability)

The *Proposed Fiscal Year 2013 (FY2013) Consolidated Annual Operating and Capital Budget* sets forth both revenue and expenditures for the Authority. It delineates operating and program budgets for specific initiatives within conservation neighborhoods and public housing communities.

The Authority proposes FY2013 Budget expenditures of **\$89,272,284** which represents a **(-7.3 percent)** net decrease under previous year's **\$95.8** million budget. NRHA believes the proposed budget addresses all of our fiscal needs while also putting us on the path to greater future accomplishments.

Descriptions	Authority Wide
<b>Resources</b>	
HUD PHA Grants	<b>\$54,826,250</b>
City Grants	<b>7,311,311</b>
Tenant Income	<b>17,389,533</b>
Other Income	<b>5,125,251</b>
Earnings from Privately Managed	<b>1,618,678</b>
Appropriations of Program Reserves	<b>3,001,261</b>
<b>Resources Total</b>	<b>\$89,272,284</b>
<b>Expenditure</b>	
Labor	<b>\$8,946,426</b>
Employee Benefits	<b>3,229,635</b>
Other Administration	<b>8,189,556</b>
Program Costs	<b>27,634,078</b>
General Expense	<b>1,367,537</b>
Principal Payment on Debt	<b>927,602</b>
Capital	<b>99,213</b>
Operation Cost	<b>21,918,587</b>
Operating Transfers	<b>652,849</b>
Capital & Multiyear Programs	<b>16,306,801</b>
<b>Expenditures Total</b>	<b>\$89,272,284</b>

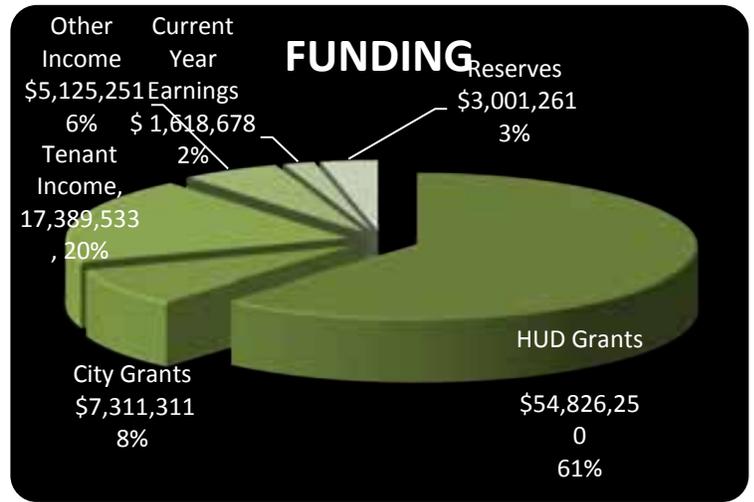
## Where Does the Money Come From?

**80.7% Housing** provides an ongoing stream of funding that makes up the gap between what low-income tenants can afford to pay in rent and the cost of operating housing

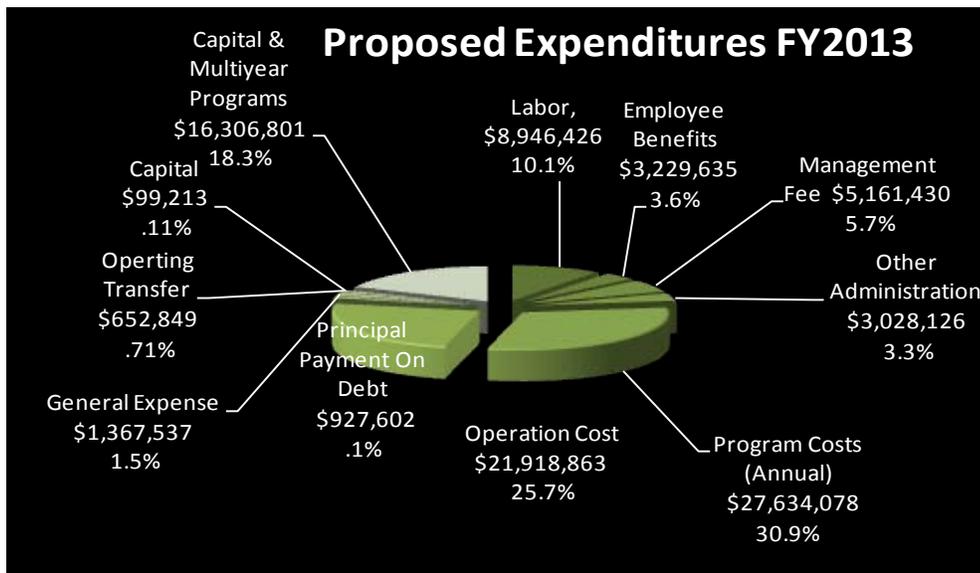
**16.5% Development** to partner with communities to develop out the existing land inventory, partner with the Housing division to redevelop housing properties and continue to create a robust homeowner assistance capacity to include rehabilitation products, homebuyer subsidy, credit repair and counseling.

**2.8% Other Programs** include cost to support internal and external initiatives that are otherwise ineligible under federal programs and projects that do not fit within a specific division

## Total FY2013 BUDGET \$89,272,284



## Where Does the Money Go?



## Housing Operations

**SUMMARY**— Projected FY2013 expenditure needs for the Housing Division total \$72.1 million, while total resources are projected at \$70.2 million. Expenditures exceed revenue projections by a net of \$1.9 million for all housing programs.

Federally Aided Program's projected expenditures reflect services to maintain the existing 3,485 assisted rental units. It is recommended that the difference between recurring revenue and expenditures for Federally Aided Program be addressed through the following:

- Federally Aided Reserves of \$650,000
- Privately Managed Earnings of \$723,744

The Housing Choice Vouchers (HCV) program will assist 2,900 households during FY2013. The program requires an appropriation from earnings of \$ 604,439 to support the administrative efforts of this program.

Capital Fund Program (CFP) received \$4.9 million dollars for FY2013. In past years our average allocation was \$6.5 million dollar. Various projects will be implemented at all NRHA communities for a total cost of \$6.2 million during FY2013.

The Hampton Roads Transit (HRT) transportation grant will support Workforce Development activities by providing transportation for the participants. The New Freedom grant will provide transportation services for people with disabilities and seniors This grant is fully funded for FY2013.

The Family Self Sufficiency (FSS) grant will support NRHA's efforts in both the LIPH and HCV communities by helping residents in achieving economic independence. This grant is fully funded for FY2013.

**Goals**—Secure funding to support resident services activities which include General Education Diploma program, Family Self Sufficiency, workforce development and youth programs in LIPH and HVC communities

Survey residents for customer satisfaction and follow up on all comments or issues noted. Develop training programs as a result of any findings.

Develop a long-range strategic plan for each public housing property using the comprehensive physical and capital needs assessment.

Apply for additional vouchers when available to assist prospective applicants in obtaining affordable housing and decrease recurring shortfalls in the HCV administrative budget

Increase efforts to ensure that the physical condition of all Low Income Public Housing communities meet REAC standards.

**HOUSING PROGRAMS**  
**Projected Revenues and Expenditures**

Projected Revenues	Fiscal Year 2013	
	Amount	%
<b>Housing Division Revenues</b>		
Housing Choice Voucher - HUD PHA Grants	\$ 23,284,128	32.31%
Federally Aided Communities - HUD PHA Grants	15,908,920	22.08%
Operating Receipts - Federally Aided Housing	9,391,514	13.03%
Capital Grant Program - HUD PHA Grants	7,627,684	10.59%
Operating Receipts - Merrimack Landing	4,107,624	5.70%
Operating Receipts - Oakmont North	3,573,619	4.96%
Housing Choice Voucher - HUD PHA Grants (Adm)	2,060,884	2.86%
Appropriations from other Programs Earnings	1,342,118	1.86%
Housing Choice Voucher -Program Reserves	984,756	1.37%
Appropriations from Programs	650,000	0.90%
Other Revenue- External Sources	601,516	0.83%
Job Access/Reverse Commute Grant	474,061	0.66%
Park Terrace - HUD PHA Grants	345,511	0.48%
Appropriation of Housing Opportunity Reserves	315,020	0.44%
Housing Choice Voucher SRO - HUD PHA Grants	289,689	0.40%
BroadCreek Community Supportive Services Endowment	267,571	0.37%
Operating Receipts - Park Terrace	211,765	0.29%
Ross Grant Service Coordinator	190,310	0.26%
Job Access/Reverse Commute Grant New Freedom	159,500	0.22%
ROSS (PH Family Self Sufficiency Grant)	125,844	0.17%
Park Terrace - Reserves	109,670	0.15%
Section Three	33,000	0.05%
<b>Total Projected Revenues</b>	<b>\$ 72,054,704</b>	<b>100.00%</b>

Projected Expenditures	Amount		%
	Amount	%	
<b>Housing Division Expenditures</b>			
Federally Aided Housing Programs	\$ 27,248,094	37.82%	
Housing Choice Voucher Payments	24,268,884	33.68%	
Capital Fund Program	7,627,684	10.59%	
Merrimack Landing Property Management	4,107,624	5.70%	
Oakmont North Property Management	3,573,619	4.96%	
Housing Choice Voucher Program (Administration)	2,638,006	3.66%	
Park Terrace Property Management	666,946	0.93%	
Job Access/Reverse Commute Grant	474,061	0.66%	
Homeownership Program	332,125	0.46%	
Housing Choice Voucher SRO	327,501	0.45%	
BroadCreek Community Supportive Services Endowment	267,571	0.37%	
ROSS Service Coordinator Grant	190,310	0.26%	
Job Access/Reverse Commute New Freedom	159,500	0.22%	
ROSS Grant PH Family Self Sufficiency Grant	125,844	0.17%	
Section Three	46,935	0.07%	
<b>Total Housing Expenditures</b>	<b>\$ 72,054,704</b>	<b>100.00%</b>	

## Development

**S**UMMARY—Revenues for the Development Division total \$14,731,155 and are derived from a blend of twelve different funding streams. The operational shortfall in FY2013 is estimated to be \$0 because of repositioning efforts, the elimination of filled and vacant positions , level funding from Neighborhood CIP, full utilization of the CDBG allocations, increase in the General Fund, and fees from the contract with the ODU Real Estate foundation. We expect level funding in the CIP Neighborhood Program, however, revenue sources such as CDBG and HOME are expected to decline at a rate of 17% and 43% respectively. Sales at East Beach will continue to provide minor levels of revenue. In FY2012 the East Beach loan payments were satisfied and in FY2013 gross lot sales will exceed \$50M.

The focus will be on the development of 20 initiatives. This approach is more in keeping with the available funding, manpower and need to develop more real estate tax revenue for the City. In the future, the Development Division will cost less and produce more.

**Goals**—The objectives of the division are to work on the 20 initiatives for development and continue to provide homeownership assistance to include rehabilitation products, homebuyer subsidy and homebuyer credit repair and counseling. We are attempting to have the City transfer the GEM lots to NRHA to be combined with other adjacent NRHA owned lots to be developed for single family housing.

<b>Projected Revenues</b>	<b>Fiscal Year 13</b>	<b>%</b>
Capital Improvement Neighborhood Program	\$ 3,239,765	21.99%
Old Dominion Real Estate Foundation	3,130,400	21.25%
Community Development Block Grant	3,008,704	20.42%
City of Norfolk General Fund	2,521,546	17.12%
Capital Improvement Independent Projects	1,420,000	9.64%
HOME Program	737,819	5.01%
Local Development Fund	313,271	2.13%
HomeNet HUD / City Grants	212,625	1.44%
East Beach Land Sale Proceeds	88,185	0.60%
Housing Opportunity Program Reserves	29,500	0.20%
NRHA Local Rehabilitation Financing	25,700	0.17%
VHDA Homeowner Training Fees	3,640	0.02%
<b>Total Projected Revenues</b>	<b>\$ 14,731,155</b>	<b>100.00%</b>

<b>Projected Expenditures</b>		
Redevelopment & Conservation Projects	\$ 4,964,845	33.70%
Hampton Blvd Redevelopment Project	3,010,000	20.43%
Program Management	1,915,713	13.00%
Administrative Support	1,751,849	11.89%
Economic Development Initiatives Grants	1,488,229	10.10%
City Wide - NRHA	423,837	2.88%
Emergency Repair Grant	400,000	2.72%
Monroe Building	370,000	2.51%
HomeNet	245,765	1.67%
CHDO Rehabilitation/Acquisition	51,900	0.35%
East Beach Initiatives	50,000	0.34%
201 Granby City Rent Supplement	33,317	0.23%
Local Rehabilitation Initiatives	25,700	0.17%
<b>Total Projected Expenditures</b>	<b>\$ 14,731,155</b>	<b>100.00%</b>

## Other Programs

**S**UMMARY—Projected FY2013 expenditure needs for Other Programs total \$2.5 million and are comprised of seven unique programs which are not contained in either of the Authority's two programmatic divisions. The revenue sources supporting these activities are derived from a program's own reserves, earnings from privately managed properties or management fee agreements with outside entities.

Other programs projected expenditures include the following projects:

**Broad Creek Village** includes the former site of the Roberts Village public housing community that has been cleared as is awaiting development. New residential units along with a new public school and library are envisioned for the area. Planned expenditures in FY2013 relate to the maintenance of cleared land, to be funded from balances remaining from Merrimack Landing reserves formerly committed to Broad Creek.

**The CEO Contingency Fund** of \$276,560 for FY2013 funds activities that support internal and external initiatives that are otherwise ineligible under Federal programs.

**Urban Design Services.** This program provides for one full-time staff position dedicated to supporting urban design and site planning for neighborhood revitalization activities, as well as funding for third-party urban design services. With City concurrence, these services will be funded by the use of repayment proceeds remaining from a former Urban Development Action Grant project.

**Choice Neighborhoods** refers to a Choice Neighborhoods Initiative planning grant that NRHA has been awarded from HUD, with the City of Norfolk serving as a co-applicant. The grant is intended to develop a transformation plan for the redevelopment of Tidewater Gardens, with supportive services reaching north

to the Olde Huntersville neighborhood. The total grant amount is \$250,000, of which \$230,000 is anticipated to be expended during FY2013 for market studies, stormwater utilities planning, resident surveys and support, and planning coordination.

**COCC Offset.** Reserves from Central Office account used to offset revenue shortfall from charging Low Income Public Housing and Housing Choice voucher management fees in FY2013 as a target reduction measure.

**Hampton Roads Ventures.** NRHA provides management services to Hampton Roads Ventures, L.L.C. (HRV), including operational management, loan servicing, asset management, compliance and reporting. HRV provides a fee for these services and funding to support a portion of the office operating cost, which is projected to total \$399,521 in the coming fiscal year.

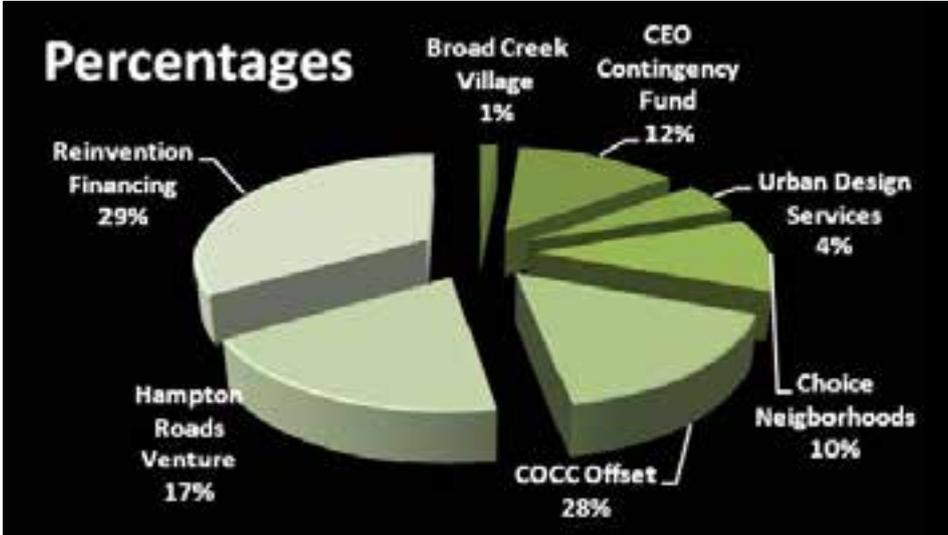
**Reinvention Financing.** Housing Reinvention staff, previously dedicated to developing financial strategies and coordinating efforts to provide mixed-financing initiatives in the renovation, redevelopment or construction of housing, has been assigned to the Chief Financial Officer. While programmatic project management will be carried out within the Development Division, the Reinvention Financing staff will support the following initiatives, as well as the aforementioned Choice Neighborhoods and Hampton Roads Ventures programs:

- New rental housing near Partrea Senior Midrise;
- Renovation of the Monroe Building to enable consolidation of the Governor's School for the Arts; and
- Redevelopment of the former Moton Circle public housing community.

Programmatic and administrative cost to be utilized during FY2013 totals \$693,729, of which \$600,000 relates to predevelopment financing support.

## Other Programs

Program	Amount
Broad Creek Village	\$ 30,000
CEO Contingency Fund	276,560
Urban Design Services	198,944
Choice Neighborhoods	230,000
COCC Offset	657,671
Hampton Roads Ventures	399,521
Reinvention Financing	693,729
<b>Total</b>	<b>\$2,486,425</b>



## Central Office Cost Center

**S**UMMARY—Virtually all funding of the Central Office Cost Center (COCC) is derived from NRHA programs tendered for services rendered. Approved FY2013 funding totals \$15.9 million. (This amount is gross of \$2.0 million of inter-project activity between COCC units). Budgeted resources for the COCC can be grouped in the following four categories: Management Fees (internal projects), Other Fees (internal projects), Fees for Service & Other Income (external resources), and Reserves or Appropriations.

### Goals—

Common to all COCC functions this year will be the task of reassessing selected functions to improve efficiency and effectiveness.

### Executive and Administrative Offices

Budget and Compliance

Communications

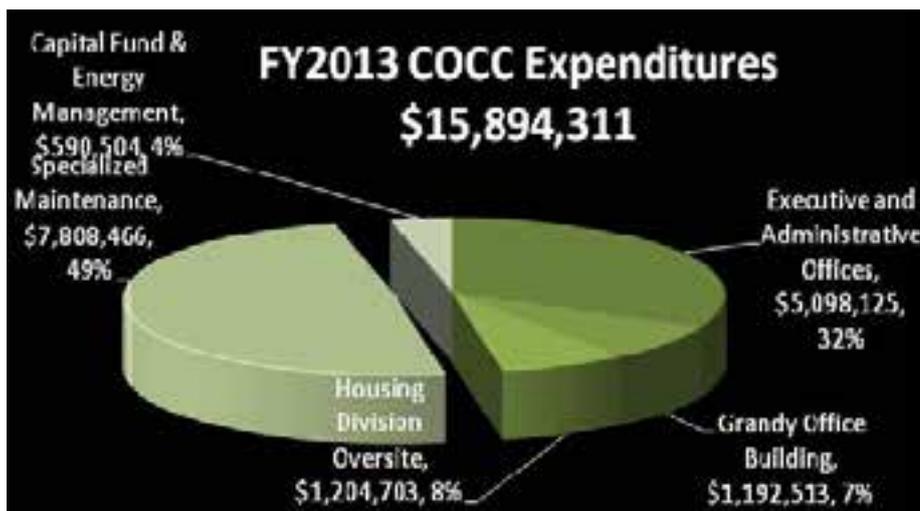
Executive Office

Finance

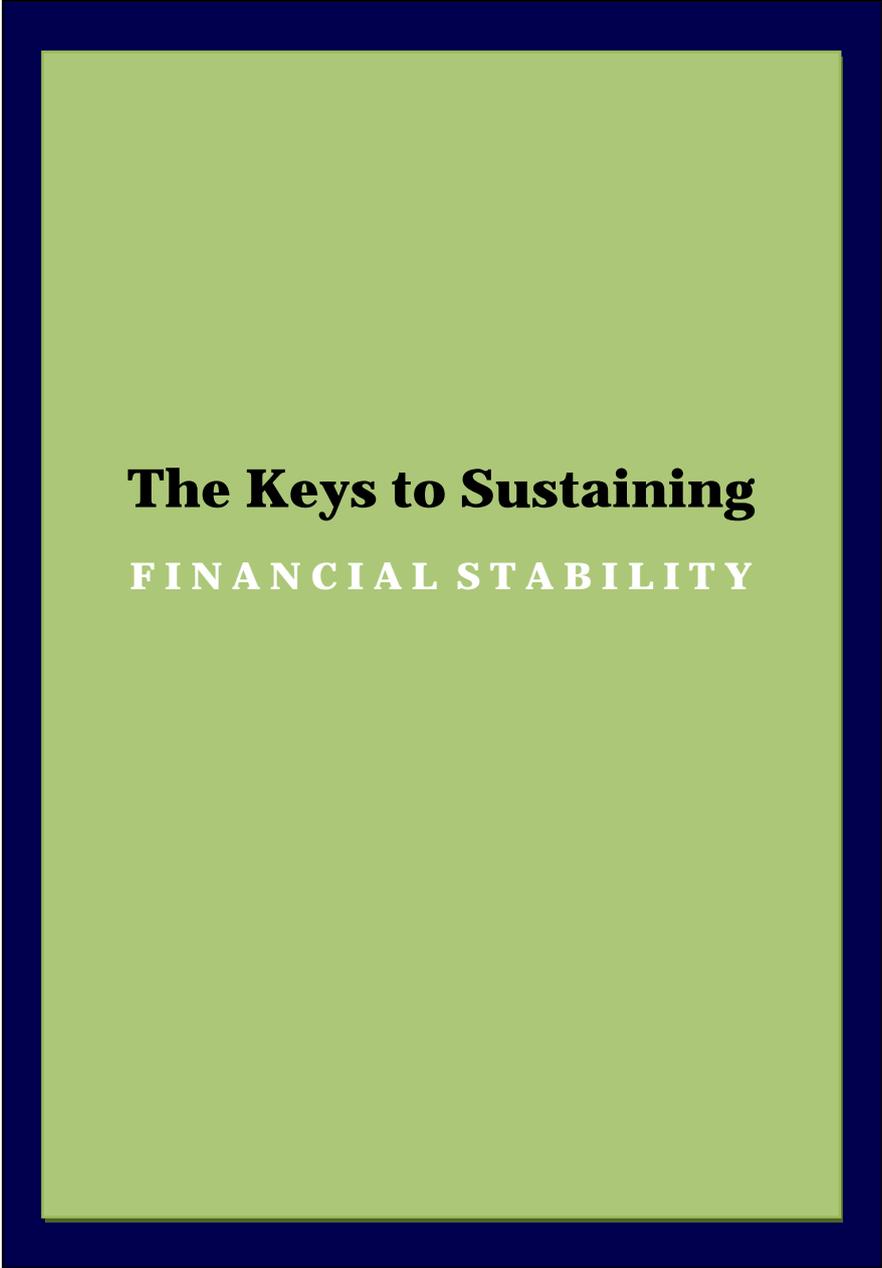
Human Resources

Information Services

Procurement and Administration



<b>RESOURCES</b>	<b>Amount</b>	<b>%</b>
<b>Management Fees (Internal Projects)</b>		
Federally Aided Housing via safe harbor fees approved by HUD	\$2,545,328	16%
Development Operations via allocated costs	1,408,037	9%
Capital Fund Program for direct program Administration	556,998	4%
Section 8 program via safe harbor fees approved by HUD	510,684	3%
Reinvention initiatives via allocated costs	201,529	1%
Specialized Maintenance via allocated costs	852,253	5%
Capital Fund Program for allocated costs	138,549	1%
Bookkeeping & Asset Management Fees (Multifamily Rental)	162,000	1%
	<b>\$6,375,378</b>	<b>40%</b>
<b>Other Fees for Service (Internal Projects)</b>		
Fees earned for Specialized Maintenance services	7,703,941	49%
Rental Income charged for 201 office rent	840,343	5%
Agency Management fee for 201 Granby Building	81,000	1%
	<b>\$8,625,284</b>	<b>53%</b>
<b>Fees for Service &amp; Other Revenue (External Resources)</b>		
Rental Income charged for 201 office rent	68,300	1%
Other Revenue for Granby Building	40,361	0%
Specialized Maintenance fees charged	64,000	0%
Other Revenue for Administration Operations	30,000	0%
City Grant	33,317	0%
PLUS: Interest Income	0	0%
	<b>\$235,978</b>	<b>01%</b>
<b>Reserves or Appropriations (Internal Projects)</b>		
Administration Ops Reserves	343,522	2%
Capital Fund Program- Administration	33,506	0%
Granby Office Building Reserves	210,192	2%
Management Fee Project	29,926	0%
Specialized Maintenance-Admin.	40,525	0%
	<b>\$657,671</b>	<b>4%</b>
<b>Total</b>	<b>\$15,894,311</b>	<b>100%</b>



**The Keys to Sustaining**  
**FINANCIAL STABILITY**