

# CONSOLIDATED ANNUAL OPERATING AND CAPITAL

## FY2015 BUDGET IN BRIEF

### HOUSING MATTERS

The value of quality, affordable and accountable housing is an essential "platform" that promotes positive outcomes in education, economic opportunity and health.



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

## **PURPOSE OF BUDGET IN BRIEF**

The Authority must submit a proposed budget to the Board of Commissioners for their approval. The *Budget In Brief* is a tool which provides the reader a synopsis of the detailed spending plan of the Authority.

Proposed Fiscal Year (FY2015) 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, 2014, and ending June 30, 2015).

### **Internet**

The proposed budget is available on NRHA's website at the following URL:

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

## 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.

## VALUES - “ACE IT”

Accountability

Teamwork

Customer  
Service

Innovation

Excellence



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

Every spring and fall the Federal Reserve Bank of Richmond surveys experts who represent numerous and highly diverse communities in the Fifth District made up of Virginia, four other states and District of Columbia.

In the latest survey released May 2014, respondents were asked to identify three current issues having the most significant impact of welfare of their communities. It is striking and timely that access to affordable housing was the top current issue.

Respondents expressed concerns over housing costs rising faster than incomes thereby increasing the resource gap for most households seeking affordable housing. Second was availability of local job options. Respondents commented that jobs are available but many require higher skills and more training than applicant possess. And third was the issue of improving quality of K-12 education. Respondents stressed the importance of early childhood education as the foundation upon which a better prepared workforce is built.

Providing access to affordable housing is core to NRHA's vision and mission and our primary reason for being in business.

We are also deeply engaged in supporting workforce readiness for adult residents through culinary, healthcare and security career training partnerships with Tidewater Community, construction trades skills with Tidewater Builders Association as well as driving improvement courses.

For youth resident education we are a leader in the Virginia STEM Network as well as strong partner in the Sail Nauticus Academy that teaches sixth graders on the water sailing skills and maritime sciences.

The FY 2015 budget represents NRHA's commitment to quality affordable housing that is accountable to onsite management, while also supporting our residents with ample educational and workforce training opportunities through our partner organizations.

A vibrant and sustainable regional economy depends on availability of the right types of housing and in the right location to accommodate future workforce of Norfolk. Making hard decisions at the local level to increase supply of housing close to jobs and transportation can achieve goals of linking workers with jobs and at substantially lower public cost. The ability for our region to remain competitive during this period of economic rebound will depend on both a comprehensive regional housing strategy and local housing and land use policy decision that promote quality housing development.

Much as our young sailors learn on the Norfolk waterfront in the Sail Nauticus program: "It is the set of the sail not the direction of the wind that determines which way we will go." Despite the shifting winds of federal funding and other challenges, NRHA is staying the course because ***"Housing Matters."***

*Shurl Montgomery*

## **VISION**

Quality housing choices -  
housing choices in  
neighborhoods where  
you want to live!

## **MISSION**

To provide quality housing  
opportunities that foster  
sustainable, mixed-income  
families.

### *Introduction*

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, rental assistance, and administers redevelopment and conservation projects within the City in accordance with state and federal legislation.

# BOARD OF COMMISSIONERS

NRHA

The Board re-elected Miller as chairman and Lee as vice-chairman. Norfolk City Council appointed Arrington and Musacchio. Arrington replaces Hattie Anderson, whose service began in 2000. Anderson passed away in 2012. Musacchio replaces L. Robert Layton, who served since 1998. Also, Soble, on the board since 2004, was reappointed.

NRHA is headed by a board of seven commissioners, appointed by Norfolk City Council, who are responsible for determining policy and direction. NRHA Commissioners are residents of Norfolk and serve staggered four-year terms. The board elects a chairman and vice chairman, as well as selects an executive director who is responsible for NRHA's activities and operations. To contact a Commissioner, call 314-1679.



**F. Nash Bilisoly**  
*Attorney,*  
*Vandeventer Black LLP*



**Barbara Hamm Lee**  
*NHRA Vice Chairman*  
*Creative Services Officer &*  
*Executive Producer/Host*  
*"Another View" - WHRO*



**Alphonso Albert**  
*Executive Director,*  
*Garden of Hope Community*  
*Development Corp.*



**Rose Arrington**  
*President,*  
*Diggs Town Tenant*  
*Management Corporation*



**Richard W. Gresham**  
*Vice President,*  
*E.T. Gresham Company*



**Donald Musaccio**  
*Retired Federal Service,*  
*Consultant to several*  
*Federal Agencies*



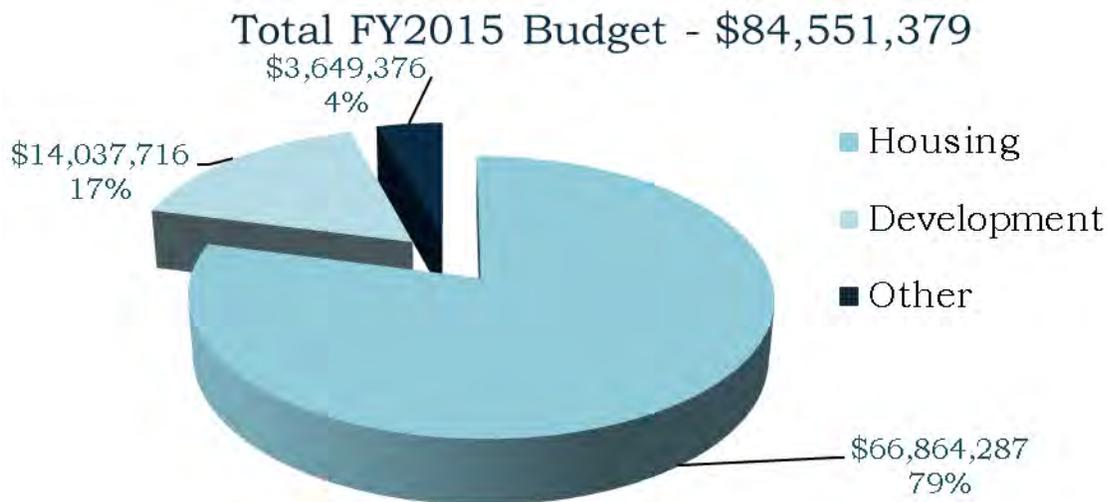
**Robert J. Soble**  
*President/Owner*  
*Pottery Art Studio*



## Operating Budget Highlights

(Housing Matters)

The **Proposed Fiscal Year 2015 (FY2015) 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 FY2015 Budget expenditures of **\$84,551,379** which represents a net of **\$5,730,334**; a 6.35 percent decrease over FY2014's budget of **\$91,281,713** million. NRHA believes the proposed budget addresses all of our fiscal needs, while also putting us on the path to greater future accomplishments.



### HOUSING

79%

*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 and resident services programs; partner with reinvention programs to redevelop housing properties.*

### DEVELOPMENT

17%

*Partners with communities to develop out the existing land inventory; continue to create a robust homeowner assistance capacity to include rehabilitation products, homebuyer subsidy, credit repair and counseling.*

### OTHER

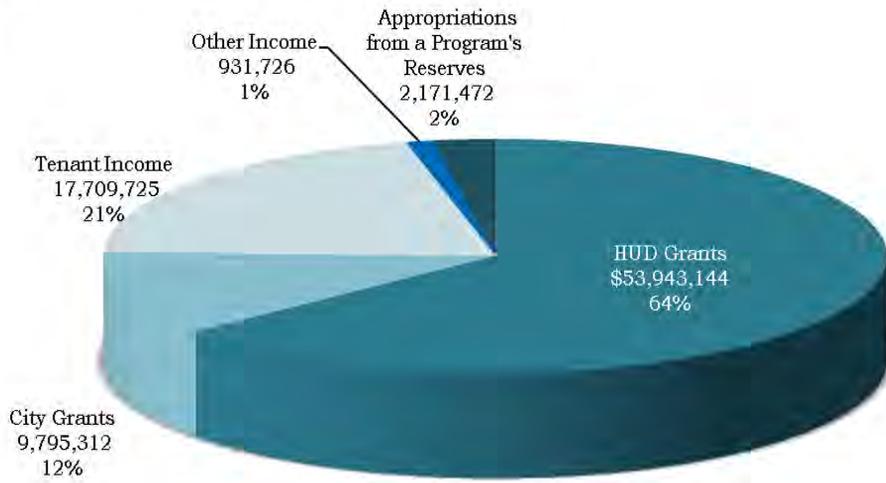
4%

*Includes cost to support internal and external initiatives that are otherwise ineligible under federal programs and/or projects that do not exclusively benefit a specific division.*

# Resources and Expenditures

**Proposed Resources**

**\$84,551,379**

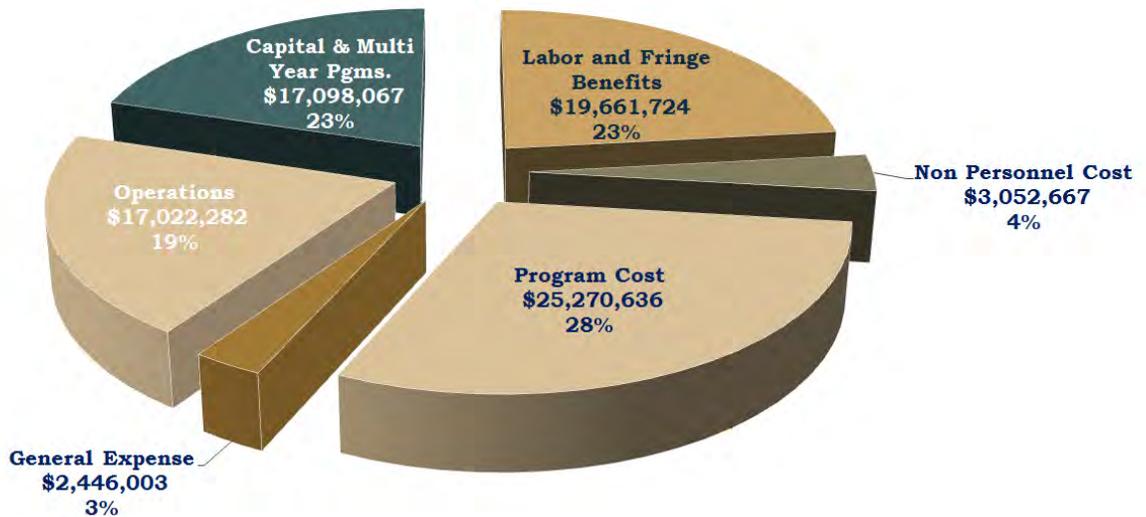


**Proposed Resources FY2015**

**Where Does the Money Come From?**

**Proposed Expenditures**

**\$84,551,379**



**Proposed Expenditures FY2015**

**Where Does the Money Go To?**

# Housing Operations

**SUMMARY**— The mission of NRHA since its inception has been to house low-income residents of the City of Norfolk. This focus is evident in the current involvement with operation of a diverse array of housing programs.

Revenues for the Housing Division total \$65,745,922 and are derived from HUD operating subsidies, grants, tenant income, and other income. The operational shortfall projected in FY2015 for the Federally Aided Program (\$615,374) and Housing Choice Voucher Program (\$502,991).

Expenditures for the Division (\$68,864,782) focus on efforts to manage and maintain 3,229 assisted rental units as well as 2,800 Housing Choice Vouchers for participants in two major programs. The budget also includes expenditures of \$7.3 million under the Capital Fund program for capital improvements to maintain aging stock and infrastructure of the public housing properties. NRHA must constantly replace roofing, heating systems, windows, doors, flooring and other items in the federally assisted public housing communities; NRHA will also complete construction of 16 new units in Grandy Village this fiscal year.

Our Privately Managed properties (Merrimack, Oakmont and Park Terrace) support expenses required to operate locally owned units of housing for moderate-income families. Contracted services provide day to day management and maintenance of operations with over site by NRHA staff. The properties produce net operating revenue annually to be used for other NRHA programs. We anticipate \$2.3 million in earnings during the 2015 fiscal year.

Other housing programs consist of several miscellaneous grants that provide services to our residents which include Job Access Grants, ROSS Service Coordinator and Family Self Sufficiency grants, and the Homeownership Program Resident Services initiatives are included in the FY2015 budget and are comprehensive and designed to empower household self-sufficiency focusing on education and employment.

## GOALS

- Survey residents for customer satisfaction and follow-up on all comments or issues noted. Develop procedures and 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 perspective 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. Improve scores to meet a high performance standard rating from HUD.
- Implementation of the \$13,000,000 Energy Performance Contract in the communities.
- Maintain high performance rating for the Housing Choice Voucher Program from HUD
- Locate available rental units in low poverty areas to list on NRHA's referral list for voucher holders.
- Educate property owners on HUD's Housing Quality Standards to ensure that their properties continue to meet HUD standards.
- Conduct a Landlord Fair for existing and potential property owners.
- Maintain high performance ratings for Low Income Public Housing
- Renovate Merrimack Landing

## *Housing Operations Revenues and Expenditures*

<b>Proposed Revenue</b>	<b>Fiscal Year 2015</b>	
	Amount	%
<b>Housing Division Revenues</b>		
Housing Choice Voucher - HUD PHA Grants (for HAP)	\$ 24,091,496	36.03%
Federally Aided Communities - HUD PHA Grants	14,830,473	22.18%
Operating Receipts - Federally Aided Housing	9,444,533	14.12%
Capital Grant Program - HUD PHA Grants	7,867,067	11.77%
Operating Receipts - Merrimack Landing	4,186,564	6.26%
Operating Receipts - Oakmont North	3,747,844	5.61%
Housing Choice Voucher - HUD PHA Grants (Adm)	1,836,864	2.75%
Job Access/Reverse Commute Grant	423,369	0.63%
Park Terrace - HUD PHA Grants	347,389	0.52%
Housing Choice Voucher SRO - HUD PHA Grants	339,352	0.51%
Job Access/Reverse Commute Grant New Freedom	284,037	0.42%
Ross Grant Service Coordinator	236,345	0.35%
Job Access/Reverse Commute Grant - HCV	224,380	0.34%
Operating Receipts - Park Terrace	215,784	0.32%
Housing Opportunity Program Reserves	175,371	0.26%
Park Terrace - Program Reserves	144,318	0.22%
Other Revenue- External Sources	142,074	0.21%
ROSS (PH Family Self Sufficiency Grant)	129,538	0.19%
Earning Transferred to Other Programs from Merrimack and Oakmont Operating Receipts	(1,802,511)	-2.70%
<b>Total Proposed Revenues</b>	<b>\$ 66,864,287</b>	<b>63.97%</b>
<b>Proposed Expenditures</b>		
	Amount	%
<b>Housing Division Expenditures</b>		
Federally Aided Housing Programs	\$ 25,026,239	37.43%
Housing Choice Voucher (HAP)	24,080,880	36.01%
Capital Fund Program	7,251,693	10.85%
Merrimack Landing Property Management	2,686,564	4.02%
Oakmont North Property Management	2,942,342	4.40%
Housing Choice Voucher Program (Administration)	2,326,686	3.48%
Park Terrace Property Management	707,491	1.06%
Job Access/Reverse Commute Grant	423,369	0.63%
Housing Choice Voucher SRO	369,352	0.55%
Job Access/Reverse Commute New Freedom	284,037	0.42%
ROSS Service Coordinator Grant	236,345	0.35%
Job Access/Reverse Commute Grant - HCV	224,380	0.34%
Homeownership Program	175,371	0.26%
ROSS Grant PH Family Self Sufficiency Grant	129,538	0.19%
<b>Total Proposed Expenditures</b>	<b>\$ 66,864,287</b>	<b>100.00%</b>

# Development

**SUMMARY** - Revenue for the Community Development Division total \$14,037,715 and are derived from a blend of different funding streams. There is no operational shortfall projected in FY2015 as the result of past repositioning efforts, the elimination of one vacant position, and stable funding from the Capital Improvement Program (CIP), Community Development Block Grant (CDBG), HOME and General Fund Programs for the City of Norfolk.

The Division's focus in FY2015 will be on the development of new mixed-income housing, continued assistance to homeowners and first-time homebuyers and the acquisition of blighted properties based on negotiations with willing sellers. In addition to the provision of various neighborhood revitalization tools throughout the City's redevelopment, conservation and designated plan areas, special emphasis will be placed on continued initiatives in Broad Creek, Ocean View and the expanded St. Paul's area.

## GOALS

- In FY2015, the division will work on various neighborhood revitalization initiatives throughout NRHA's redevelopment and conservation areas, as well as City of Norfolk neighborhood plan areas. New home development will be emphasized as well as the provision of blight removal tools including acquisition, demolition and the installation of public infrastructure supporting redevelopment.
- Homeownership assistance throughout Norfolk will once again comprise a major goal of the Community Development Division, including rehabilitation loans and grants, first-time homebuyer subsidy and homebuyer credit repair and counseling.
- To provide a broader range of quality housing choices to Norfolk families, the revitalization of Norfolk's public housing communities will continue to dominate the division's efforts, including new assisted apartments in Broad Creek, new apartment development and master planning in Grandy Village and efforts to compile and study the impacts of institutional public housing on families and communities.
- The division will collaborate with new and existing partners to promote the development of new quality, affordable and accountable rental housing as a strategy to strengthen fragile neighborhoods, while striving to preserve and upgrade existing rental housing resources.

## *Development Operations Revenues and Expenditures*

Proposed Revenues		Fiscal Year 15	%
Capital Improvement Neighborhood Program		\$ 7,250,000	51.65%
City of Norfolk General Fund		2,545,312	18.13%
Community Development Block Grant		2,402,258	17.11%
HOME Program		834,193	5.94%
Oakmont North Earnings		210,000	1.50%
Merrimack Landing Reserves		140,000	1.00%
Local Development Fund		282,246	2.01%
Empowerment 2010		128,502	0.92%
HomeNet HUD / City Grants		112,704	0.80%
East Beach Land Sale Proceeds		105,000	0.75%
NRHA Local Rehabilitation Financing		27,500	0.20%
<b>Total Revenues</b>		<b>\$ 14,037,715</b>	<b>100.00%</b>
<b>Proposed Expenditures</b>			
Redevelopment & Conservation Projects (See Next Page)		\$ 6,303,458	44.90%
Program Management		1,849,378	13.17%
Economic Development Initiatives Grants		1,356,227	9.66%
Administrative Support		1,218,684	8.68%
City Acquisition		1,000,000	7.12%
City Wide Homebuyer Assistance - NRHA		533,381	3.80%
Disposition Program		350,000	2.49%
Home Repair Program		340,000	2.42%
CDBG Dispositon		210,000	1.50%
CHDO		143,796	1.02%
Former John T. West School Site Development		140,000	1.00%
Low Mod Housing Planning Initiative		128,502	0.92%
HomeNet		112,704	0.80%
Governor's School		99,140	0.71%
201 Granby City Rent Supplement		89,945	0.64%
Chesterfield Academy and Oakmont North Open Space Grass Maint.		75,000	0.53%
East Beach Initiatives		60,000	0.43%
Local Rehabilitation Initiatives		27,500	0.20%
<b>Total Expenditures</b>		<b>\$ 14,037,715</b>	<b>100.00%</b>

## Other Programs

**SUMMARY** - Projected FY2015 expenditure needs for Other Programs total \$3.6 million and is comprised of eleven 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 fee for service agreements. Other programs projected expenditures include the following projects:

Programs	Amount	%
201 Granby Building	\$ 70,594	1.93%
Broad Creek /HOPE VI Closeout	75,000	2.06%
Broad Creek Village	37,800	1.04%
CEO Contingency Fund	191,550	5.25%
Core Business Service	492,864	13.51%
Government Relations	425,733	11.67%
Hampton Roads Ventures	63,432	1.74%
Partrea II Capital Fund	146,552	4.02%
Project Development Financing	917,652	24.94%
Specialized Maintenance	910,187	8.71%
Tax Credit Residential	318,012	4.02%
<b>Total</b>	<b>\$ 3,649,376</b>	<b>79%</b>

## Other Programs

**201 Granby Building — NRHA's headquarters.** NRHA charges rent to the various programs, and non-NRHA building tenants to cover operating expenses and debt service.

**Broad Creek/HOPE VI Closeout—** includes the coordination efforts to close out the original HOPE VI grant approved in 2000.

**Broad Creek Village —** Includes the former site of the Roberts Village public housing community that has been cleared and is awaiting development.

**CEO Contingency Fund —** Funds activities that support internal and external initiatives that are otherwise ineligible under federal programs.

**Core Business Service —** A newly created project to expense certain services (IT, Parking, Employee Assistance Program and Telephone Lines) determined to be an administrative burden to distribute to the programs.

**Government Relations —** The department oversees development, planning, implementation and integration of all communications and marketing strategies in support of NRHA's initiatives and coordinates liaison activities for legislative matters.

**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.

**Project Development Financing —** Dedicated to developing financial strategies and coordinating efforts to provide mixed-financing initiatives in the renovation, redevelopment or construction of housing.

**Specialized Maintenance —** A collective group of specialized trades that perform maintenance services primarily to the public housing communities.

**Tax Credit Residential —** Supportive services provided to Grandy Revitalization and Franklin Arms residents, above and beyond the tax credit agreement.

## Central Office Cost Center

**SUMMARY** - The Central Office Cost Center (COCC) refers to the collective group of business units of the Authority which provide corporate oversight, specialized services, or professional support which benefit all or multiple projects or programs of NRHA, but whose services may not be readily identifiable to a particular program. The FY2015 proposed expenditure budget is \$14,334,613. This funds the Executive Office, Administration Division and Housing Oversight Function.

### Expenditures

Capital & Multiyear Programs	\$	125,000	0.9%
Copiers		38,345	0.3%
Employee Benefits		2,387,956	16.7%
Equipment		315,000	2.2%
General Expense		84,400	0.6%
Information Services		53,686	0.4%
Insurance - Liability		8,713	0.1%
Insurance - Property		100,645	0.7%
Interest Expense		29,105	0.2%
Labor		6,241,708	43.5%
Maintenance		2,162,000	15.1%
Management Fee Expense		847,474	5.9%
Other Administration		614,013	4.3%
Principal Payment on Debt		201,490	1.4%
Protective Services		60,000	0.4%
Rent 910 Building		176,014	1.2%
Rent Granby Office Building		402,316	2.8%
Telephone		7,464	0.1%
Training and Travel		99,884	0.7%
Utilities		339,400	2.4%
Vehicle		40,000	0.3%
<b>Total Expenditures</b>	<b>\$</b>	<b>14,334,613</b>	<b>100%</b>

## GOALS

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

### Executive & Administrative Offices

Budget and Compliance

Communications

Executive Office

Finance

Human Resources

Information Services

**Management fees (internal projects)** groups amounts tendered to cover services that may not be directly identifiable with the programs benefited i.e. executive office staffing, office administration, bookkeeping, asset management oversight, maintaining computer infrastructure, image management and preparing for audits.

**Other fees for service (internal projects)** are tendered for program identifiable, direct use of COCC provided services i.e. rent-based on office square footage, charge for actual time and material spent on maintenance jobs, pc software and licensing fees.

**Fees for service and Other Income (external resources)** are funds earned by COCC functions when services are rendered to non-NRHA entities i.e. rental of office space, and maintenance of small equipment.

**Reserves or appropriations** are cash balances on hand accumulated from prior years operations, mostly from recapture of capital costs through depreciation or the provision of COCC working.

