



A Commitment to Quality Living

2010 Annual Report



Moving Forward, *Together*

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DHA Communications

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On the Cover: DHA Residents (l-r) Rahtasin Marsh 14, Infinity Shaw 14, Shonnell Wilkins 17, Tataisha Barnard 14,

DURHAM HOUSING AUTHORITY

2010 Annual Report

Moving Forward, Together

Contents

Message from DHA's Leadership	2
Partnerships	3
Public Housing	4
Our Staff	5
Resident Services	6
Housing Choice Vouchers	8
Management and Accountability	9
Development	10
Financial Statements	11

A MESSAGE FROM DHA'S LEADERSHIP

It is our pleasure to present you with the Durham Housing Authority's (DHA) 2010 Annual Report. This report outlines the many important milestones reached during this past year and charts DHA's course for the challenges to come.

While the Durham Community and DHA have together faced a time of extraordinary difficulty in 2010, the agency remains fiscally solvent. The 2010 audit found DHA to be well managed with no material weaknesses. Operationally, the management of DHA's Housing Choice Voucher (formally Section 8) Program has experienced major improvement and is now on sound footing. In addition, the Public Housing Program remains a strong performer. Moreover, DHA will continue to focus on improving its customer service.

Of note, DHA was among many housing authorities nationwide that were commended by federal authorities for making expeditious use of emergency capital funding under the American Recovery & Reinvestment Act (ARRA).

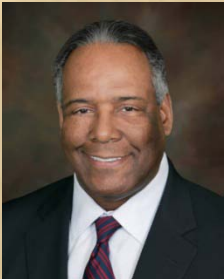
The financing of new construction and the redevelopment of affordable housing has not been so difficult for a generation. Despite these times of bruising budget cuts and scarce resources of every type and dimension, DHA is pressing forward to drive new growth and renewal.

We would like to thank DHA's Board of Commissioners for their uncommon dedication and expertise. Finally, we would like to thank DHA's community partners, including DHA's resident population.

Thank you for your interest in the Durham Housing Authority.



Tom Niemann has served as Chairman of the Board of Commissioners since 2006. He is the owner of Niemann Capital, LLC.



Dallas J. Parks joined DHA as CEO in June of 2010. He has worked extensively in the private sector and spent over 20 years in housing management.

Leadership Team

Willie "Sonny" McMahan, Chief Operations Officer

Jeffrey Causey, CPA, Chief Financial Officer

Rhega Taylor, Director, Housing Choice Voucher Program

Jo-Ann Davis, Director, Resident Services

Vickie Ellis, Capital Improvements/ Strategic Plan Administrator

Shannon McLean, Director, Development

Sabrina Sinegal, Director, Human Resources

Jean Bolduc, Director, Corporate Communications

Partnerships

We rely on many community partners to meet the needs of all the families we serve. Indeed, the

business environment of 2010 has driven many organizations – in both the public and private sectors – to understand the value of strategic partnership.

In seeking new development opportunities, which take years of up-front work to bring to fruition, DHA has partnered with dozens of organizations in joint planning efforts.

Among our most important partners are the City of Durham, the County Social Services Department and the Affordable Housing Coalition. Through these organizations, DHA coordinates the direct delivery of services to some of Durham’s most vulnerable citizens.

Our collaborations extend much further than these key players. Our Resident Services

Department, for example, has dozens of cooperative agreements with businesses and nonprofit organizations to coordinate event planning for National Night Out (August 2nd) and securing donated refreshments for community

meetings, health and job fairs as well as tickets to special events to offer as incentives to youth for academic achievement.

Senior Staff members also serve on various community boards and steering committees including, but not limited to, Project Homeless Connect, the Mayor’s Committee on persons with Disabilities and the Affordable Housing Coalition.

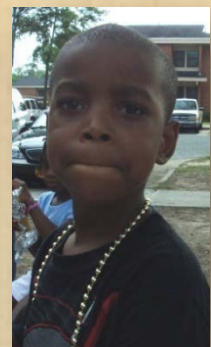
Finally, DHA has a mission-critical partnership with the Durham Police Department which provides added security at its housing developments, but more importantly, has allowed residents to work **with** law enforcement on an ongoing strategy to **prevent** crime.

“Strong Neighborhoods

make strong cities.

The partnership that the City of Durham and the Durham Housing Authority has forged for neighborhood revitalization continues to contribute to strengthening our inner city neighborhoods and making Durham a stronger city.”

William V. “Bill” Bell
Mayor, City of Durham



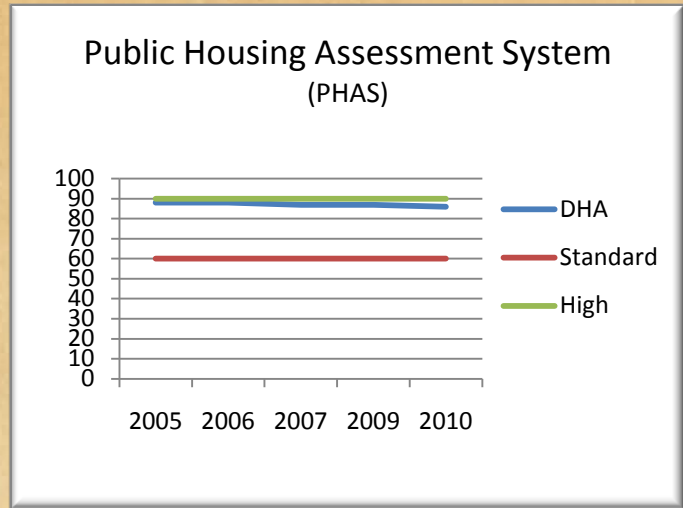
Public Housing Operations

A sset Management is the private sector model for managing housing operations. It is a simple concept, wherein each property is managed at the most local level possible. This allows the housing authority to understand which of its properties is self-sustaining and which are in need of improvement or, in some cases, should be sold.

To improve operational efficiency, the Operations staff created a Resident Selection Team whose primary responsibility is to maintain the Public Housing Waiting List and process applications for occupancy. As a result, DHA increased its Occupancy Rate from 93.3% in 2009 to 96.6% in 2010.

During 2010 the vacant unit turnaround number of days was high (at 55), but in the first quarter of 2011 has already been reduced by 20 days to 35.

The Independent Auditor’s review of Public Housing files found them to be in excellent condition.



Note: 2008 omitted due to HUD reporting transition.

In June of 2010, DHA began its Supplemental Policing Program in partnership with the Durham Police Department. Through this program over 130 Durham Police Officers are contracted to provide additional patrolling in 13 DHA Communities.

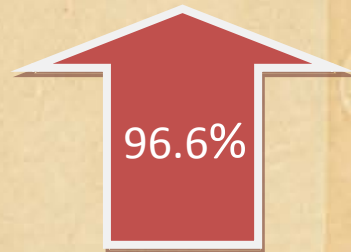
This program is part of DHA’s Crime Prevention Strategy crafted with the participation of both the Durham Police Department, DHA Resident Council leaders and the residents themselves.



Vacant Unit Turnaround Days (Average)



Average Days in Downtime



Occupancy Rate

86

Public Housing Assessment Score (PHAS)

Our Staff

Some days, it seems we are asked to do the impossible ... and oh, yes, please do it with less. At DHA, we face such challenges head-on and work together to get the job done.



The employees pictured at right were recently recognized for their long years of dedicated service. Everyone in this photo (except Mr. Parks) has worked for DHA for more than 10 years. Many have served for over 20 years and *several* for more than 30 years.

There are a few more employees who were recognized this day but were not able to attend the staff meeting where these certificates were handed out ... they were working!

The people you see here represent all of DHA's staff in the very special way that they commit themselves every single day, year after year, to serving families in need of

affordable housing and supportive services.

And it doesn't stop there. Among our employees are members of many community boards and leaders in housing organizations such as the Carolinas Council of Housing Redevelopment and Codes Officials (CCHRCO) and the National Association of Redevelopment and Housing Officials (NAHRO).

Lastly, not pictured here is one of those employees who could not make it to the meeting because duty called. A member of our maintenance staff, Mr. Billy Smith, was recognized for completing 43 years of service with DHA. He's retiring in 2011.

We miss him already.



Family Fun Day 2010

Resident Services

To work for a Housing Authority is to serve families and there is no greater example of this than our Resident Services Department. In reviewing the activities of this department, it would be easy to get lost in the numbers:

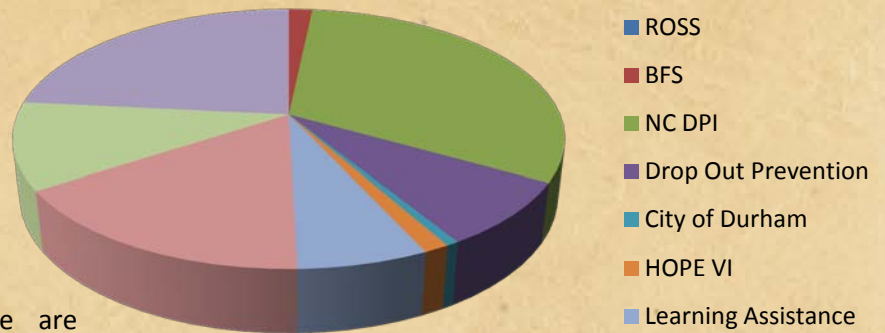
- \$1.2 million in grants awarded
- 16 homeownership closings
- \$15,632 in scholarships awarded
- \$58,959 in escrow balances for Family Self-Sufficiency participants

In all the numbers, though, there are families, individual parents, grandparents and kids who need a helping hand. We cannot say enough about our community partners, like Rick Hendrick Chevrolet, who donated a car to Resident Services for a program graduation giveaway. Thanks to their generosity, a young mother has a ride to work.

Thanks to the generosity of the Durham Chapter of Delta Sigma Theta Sorority and Thorpe's Limo Service our senior citizens were treated to a

luxurious ride to the polls to vote in 2010. Through the ROSS Neighborhood Network program, the Resident Services department has brought computer-based programs to many DHA communities, helping to close some of the digital divide that causes low income families to fall behind in work and academic competitiveness.

Resident Services Funding



The Neighborhood Network program offers public housing residents the opportunity to set up email accounts, learn how to use the Internet to look for work, build a resume and get connected with old friends. The modern computing environment is one that is constantly changing and this encourages users to keep learning, keep growing and constantly improve their skills.



Resident Services (continued)

Family Self-Sufficiency

The Family Self-Sufficiency (FSS) Program is what we fondly call “the best-kept secret in Durham.” Maintaining a caseload of more than 150 families in the Housing Choice Voucher (HCV) program and 47 Public Housing participants, the Resident Services staff supports these individuals in establishing a 5-year contract of participation with personal goals involving educational objectives, job-training goals and personal development.



that provided a jolt of holiday cheer for all who attended. There was food, appreciation awards and *singing*.

DHA was also happy to participate in a terrific Turkey giveaway sponsored by our community partners at Butterball®. About 100 turkeys were distributed to families across all of DHA’s communities.

21st Century Learning Center

DHA is among several recipients of the N.C. Department of Public Instruction’s 21st Century Learning Center grants. These programs provide much-needed after-school and summer enrichment support for at-risk kids, many of whom live in public housing.

Celebrations

Throughout 2010, Resident Services has put on events to bring residents together to celebrate accomplishments, take a stand against crime (National Night Out) and reinforce the need to work together to make the community better.

There’s nothing like the holidays to bring everyone together. During the holiday season in 2010, the Resident Councils of DHA’s communities threw an appreciation luncheon

Through the READS Scholarship program, DHA extends its support to the college level, providing unrestricted grants to students for books, personal items and other living expenses while attending college.



Housing Choice Vouchers

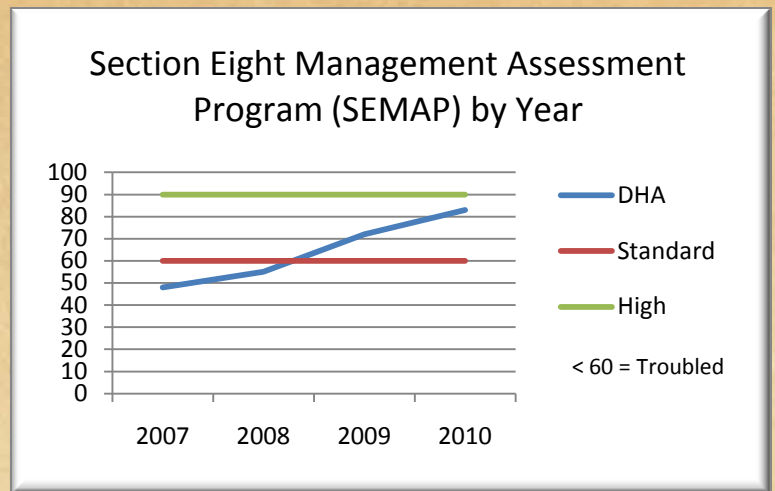
The Housing Choice Voucher (HCV) program (formerly known as Section 8) provides rental subsidy for low income families.

Funded by the U.S. Department of Housing and Urban Development (HUD), this program provides an estimated \$18 million in assistance payments to participating property owners every year.

This program gives the participating tenants a voucher to shop for the housing of their choice within the Durham Community. If their selection meets affordability standards, DHA signs a Housing Assistance Payment contract with the landlord.

It takes a lot of partnership to make this program work and DHA is proud of its over 900 Owners and Agents (Landlords) who participate in the HCV program.

In 2007 and 2008, the performance of DHA's Housing Choice Voucher Program (HCV) was significantly below standard. The program failed several key program management indicators.



Although there is still a great deal of work to do to improve our service level and continue to drive quality control improvements, the HCV program has emerged a stronger and more stable program.

With its future focus of standard procedures, reinforcement through training and review, and the benefits of strategic decision-making through the Blueprint for Success, the HCV program is well on its way to an even stronger performance level.

99.7%

Spending Utilization

97.4

Unit Utilization Rate

954

Participating Landlords
(as of 12/31/10)

83

SEMAP Score

Management and Accountability

Since the development of its Five-Year Business and Strategic Plan, DHA has continuously improved both its performance and its transparency to the taxpayers.

The capstone of this effort will be seen in the rollout of the *Blueprint for Success*, DHA's accountability model based on the acclaimed Balanced Scorecard system developed by Drs. Robert Kaplan and David Norton at Harvard Business School.

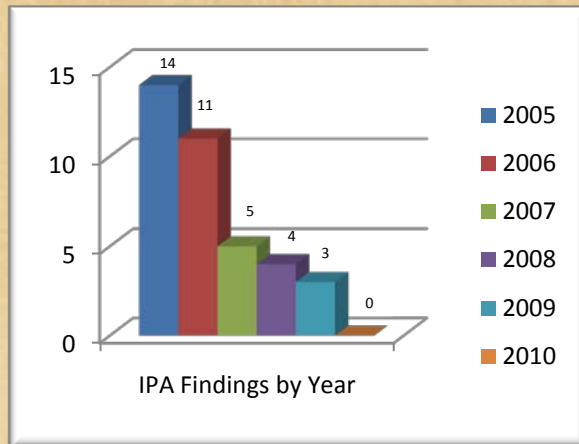
This approach drives improvement by viewing performance measures through multiple ("balanced") perspectives – financial, business processes, customer experience and organizational capacity. DHA has been a leader among housing authorities in driving its improvements through this process.



The "Corporate Strategy Map" displayed on the inside of the back cover of this report provides an illustration of how the *Blueprint* works. Beginning with improvements in organizational capacity (employee knowledge, skills and abilities, use of technology and improvements in assets and housing opportunities) the agency has

driven improvements to its business processes, producing important financial savings through efficiencies gained.

All of these factors drive an improved value to the taxpayer and an overall increase in customer satisfaction.



DHA's Independent Public Audits are a clear demonstration of these improvements. When new management arrived in late 2005, a fresh look at the agency was requested, producing a tough audit with 14 findings. The last of those was cleared in 2010.

The years since have been spent "detecting and correcting" while constantly reviewing processes to prevent recurrence.

The results are clear and the work to improve continues.

Development

During September 2010 DHA’s Board of Commissioners, key staff and its development consultant reviewed and assessed its public and affordable housing portfolio. Since some of DHA’s public housing sites were constructed more than 50 years ago, they have reached the end of their useful life. An outcome of this “Development Summit” was an initiative to develop a quantitative method to evaluate, rank and rate each development’s current viability and forecast future sustainability. Based on the analysis, each property was assigned to one of four categories – 1) Perform normal capital improvements; 2) Dispose of the property; 3) Demolish and redevelop on the same site; or 4) Demolish and redevelop a new or different site.

This ranking process will become the model that will be used to determine the order in which each public and affordable housing site will be modernized or redeveloped.



Edgemont Elms
Edgemont Elms is a 58-unit affordable, family housing site.

DHA will expend \$2.4 million to modernize this site, convert 16 units to publicly assisted housing and convert one unit into a Management Office/Model apartment. Construction will begin during 2011 and will be completed in 2012.



Vacant lots where some of the 37 for-sale homes will be built.

HOPE VI

In July DHA received HUD's approval for the Few Gardens Revised Revitalization Plan. This approved plan includes two final phases which, when completed, will close out this HOPE VI grant. One final phase includes the construction of 37 single-family for-sale homes. The other final phase is the Mortgage Assistance Homeownership program for first time home buyers who qualify.

During 2010, the agency issued five Mortgage Assistance grants totaling \$38,686.

McDougald Terrace

During 2010 DHA submitted a Choice Neighborhood Initiative (CNI) planning grant application for the McDougald Terrace housing development to HUD as well as redeveloping the greater neighborhood. The amount of grant request is \$250,000. DHA secured in-kind contributions from its partners of more than one million dollars to fund the planning process for this exciting next stage of affordable housing and community development.

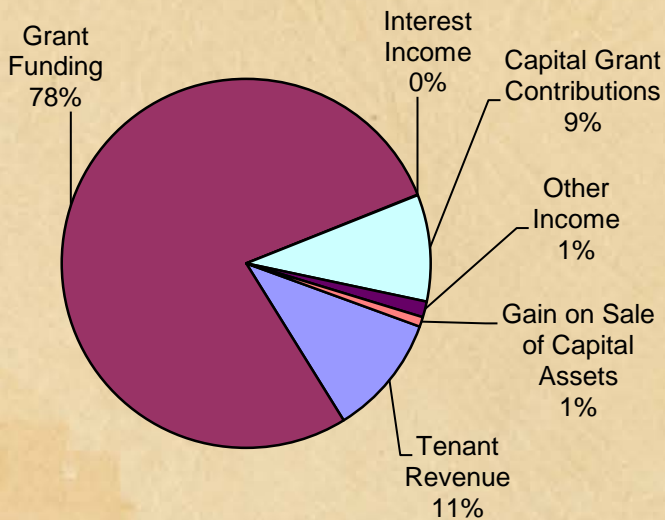
Durham Housing Authority
Revenues, Expenses and Changes in Net Assets
As of December 31, 2010

	<u>2010</u>	<u>2009</u>	<u>Total Change</u>	<u>% Change</u>
Tenant Revenue	\$ 4,589,815	\$ 4,790,391	\$ (200,576)	(4.2)%
Grant Funding	33,627,721	28,509,792	5,117,929	18.0%
Interest Income	25,800	46,412	(20,612)	(44.4)%
Capital Grant Contributions	4,044,147	622,863	3,421,284	549.3%
Other Income	597,012	1,077,084	(480,072)	(44.6)%
Gain on Sale of Capital Assets	<u>367,246</u>	-	<u>367,246</u>	
Total Revenue	43,251,741	35,046,542	8,205,199	23.4%
Administration	7,948,227	6,890,764	1,057,463	15.3%
Tenant Services	1,205,944	1,034,128	171,816	16.6%
Utilities	3,499,841	3,131,647	368,194	11.8%
Maintenance & Operations	5,209,848	4,551,918	657,930	14.5%
Protective Services	169,538	1,585	167,953	10596.4%
General Expense	1,564,042	991,409	572,633	57.8%
Interest Expense	137,184	143,386	(6,202)	(4.3)%
Housing Assistance Payments	19,072,050	18,684,549	387,501	2.1%
Depreciation	<u>2,980,991</u>	<u>3,011,084</u>	<u>(30,093)</u>	<u>(1.0)%</u>
Total Expenses	41,787,665	38,440,470	3,347,195	8.7%
Change in Net Assets	1,464,076	(3,393,928)	4,858,004	(143.1)%
Equity Transfer	-	1,173,858	(1,173,858)	(100.0)%
Prior Period Adjustment	-	86,580	(86,580)	(100.0)%
Beginning Net Assets	<u>33,631,569</u>	<u>35,765,059</u>	<u>(2,133,490)</u>	<u>(6.0)%</u>
Ending Net Assets	\$ 35,095,645	\$ 33,631,569	\$ 1,464,076	4.4%

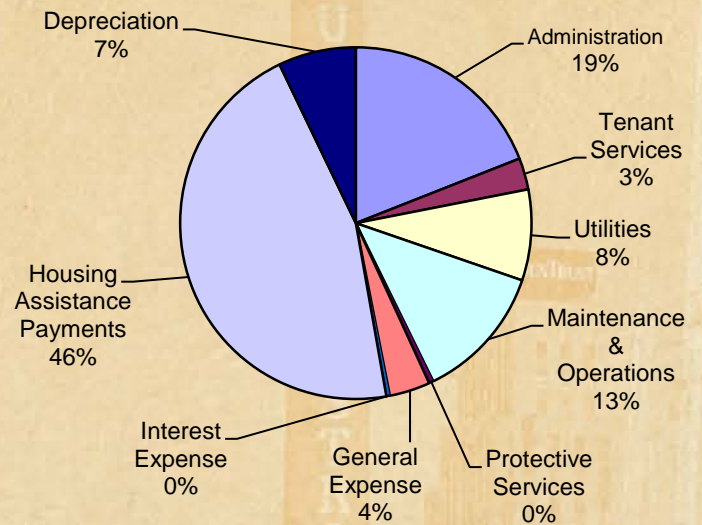
**Durham Housing Authority
Statement of Net Assets
For the year ended December 31, 2010**

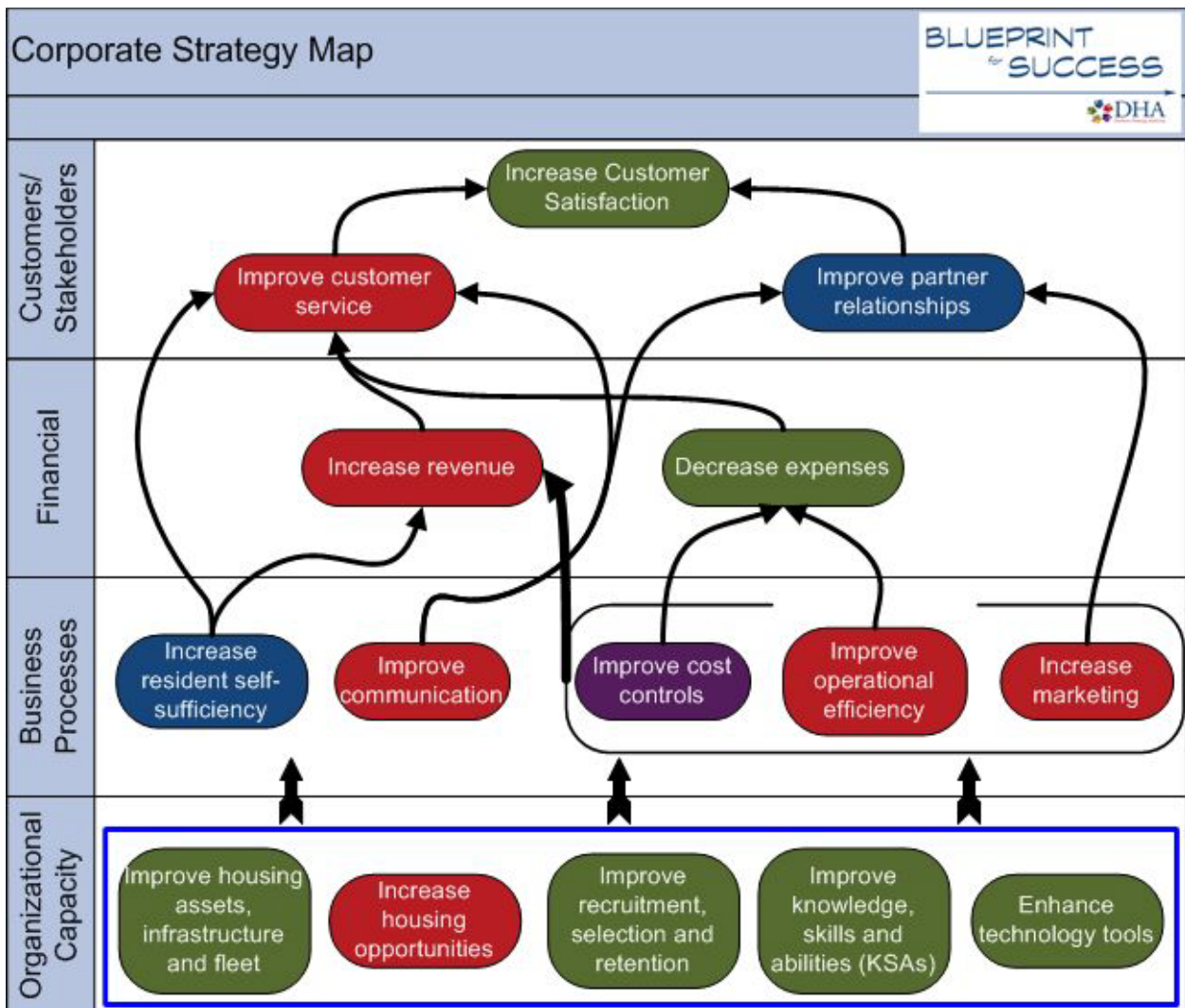
	<u>2010</u>	<u>2009</u>	<u>Total Change</u>	<u>% Change</u>
Current Assets	\$ 12,431,023	\$ 14,605,350	\$ (2,174,327)	(14.9)%
Non Current Assets	8,822,705	8,540,571	282,134	3.3%
Capital Assets	<u>20,143,162</u>	<u>19,430,361</u>	<u>712,801</u>	3.7%
Total Assets	<u>\$ 41,396,890</u>	<u>\$ 42,576,282</u>	<u>\$ (1,179,392)</u>	(2.8)%
Current Liabilities	\$ 2,210,821	\$ 4,344,361	\$ (2,133,540)	(49.1)%
Noncurrent Liabilities	<u>4,090,424</u>	<u>4,600,352</u>	<u>(509,928)</u>	(11.1)%
Total Liabilities	6,301,245	8,944,713	(2,643,468)	(29.6)%
Invested in Capital Assets Net of Related Debt	16,623,533	15,299,856	1,323,677	8.7%
Restricted Net Assets	8,516,047	8,069,925	446,122	5.5%
Unrestricted Net Assets	<u>9,956,065</u>	<u>10,261,788</u>	<u>(305,723)</u>	(3.0)%
Total Net Assets	<u>35,095,645</u>	<u>33,631,569</u>	<u>1,464,076</u>	4.4%
Total Liabilities & Net Assets	<u>\$ 41,396,890</u>	<u>\$ 42,576,282</u>	<u>\$ (1,179,392)</u>	(2.8)%

2010 Revenue Sources



2010 Expense Functions





Balanced Scorecard Strategy Maps show a logical, step-by-step connection between strategic objectives in the form of a cause-and-effect chain. Generally speaking, improving performance in the objectives found in the Learning & Growth perspective (the bottom row) enables the organization to improve its Business Process perspective Objectives (the next row up), which in turn enables the organization to create desirable results in the Customer and Financial perspectives (the top two rows).

Club Boulevard

2415 Glenbrook Drive

Cornwallis Road

3000 Weaver Street

Damar Court

3412 Glasson Street

Forest Hill Heights

700 S. Mangum Street

Hoover Road

1126 Hoover Road

***J. J. Henderson
Housing Center***

807 S. Duke Street

Laurel Oaks

600 Laurel Oaks Drive

Liberty Street

131 Commerce Street

McDougald Terrace

1101 Lawson Street

Morreene Road

3412 Glasson Street

Oldham Towers

519 East Main Street

Oxford Manor

3633 Keystone Place

Scattered Sites

300 Gary Street

Edgemont Elms

912 Angier Avenue

Preiss-Steele Place

500 Pickwick Trail

Durham Housing Authority

330 E. Main Street

Durham, NC 27701

durhamhousingauthority.org

(919) 683-1551