

05-25-2022 Town Council Meeting Responses to Council Questions

ITEM #1: Continue Discussion on the Development of the FY 2022-23 Budget

Council Question:

Is the additional Cultural Arts funding intended for distribution to community organizations or would it be used to augment the Town’s Cultural Arts staff/resources?

Staff Response:

\$20,000 of the new cultural arts funding is intended for non-profit arts groups. The other \$20,000 will be dedicated to assist the Town’s cultural arts activities.

Council Question:

Could staff provide a total of all available funding for affordable housing (ARPA, bonds, AHDR, etc., so a totality of all existing resources) and then to compare this to the list of outstanding projects/needs (with an interest of having the “wish list” from our Affordable Housing partners). This would allow Council to have an understanding of how much is available to fund the outstanding needs.

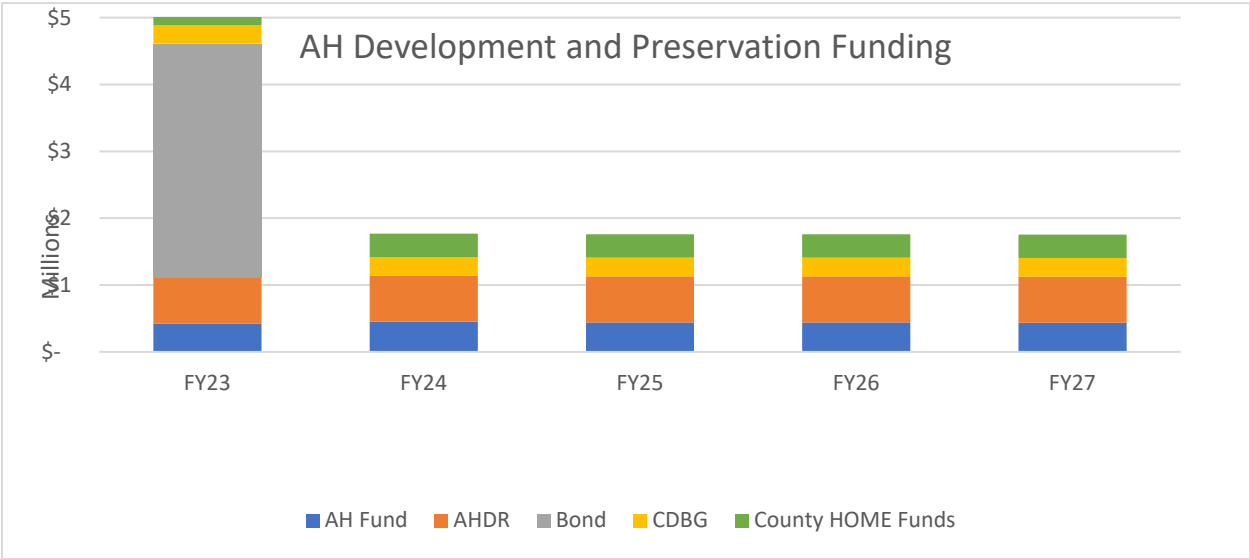
Staff Response:

Graph 1 below shows the total amount of Town funding available to support affordable housing development and preservation projects, not including ARPA funds. If Council approves allocating ARPA funds for affordable housing projects, it would assist in closing the funding gap shown in Graph 3. Graph 2 shows the total anticipated funding need for affordable housing development and preservation projects, including Town-initiated projects and outside partner projects. Graph 3 shows the funding gap anticipated based on development and preservation project needs.

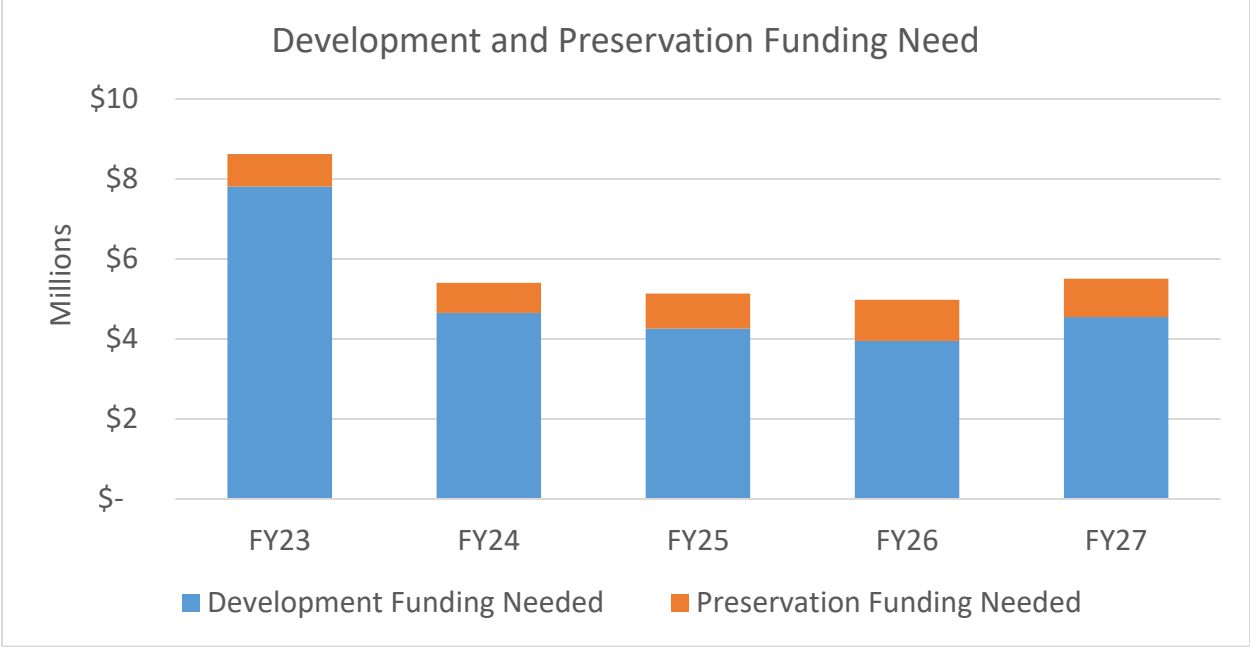
Source	FY23	FY24	FY25	FY26	FY27
AH Fund	422,511	451,419	440,289	440,894	435,584
AHDR	688,395	688,395	688,395	688,395	688,395
Bond	3,500,000	-	-	-	-
CDBG	280,000	280,000	280,000	280,000	280,000
County HOME Funds	350,000	350,000	350,000	350,000	350,000
Development Funding Needed	7,810,000	4,653,000	4,257,485	3,950,982	4,548,116
Preservation Funding Needed	814,000	749,000	876,205	1,028,246	957,890
Gap	\$(3,383,094)	\$(3,632,186)	\$(3,375,006)	\$(3,219,938)	\$(3,752,026)

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Graph 1: Existing Affordable Housing Funding Sources and Projected Amounts Available by Year

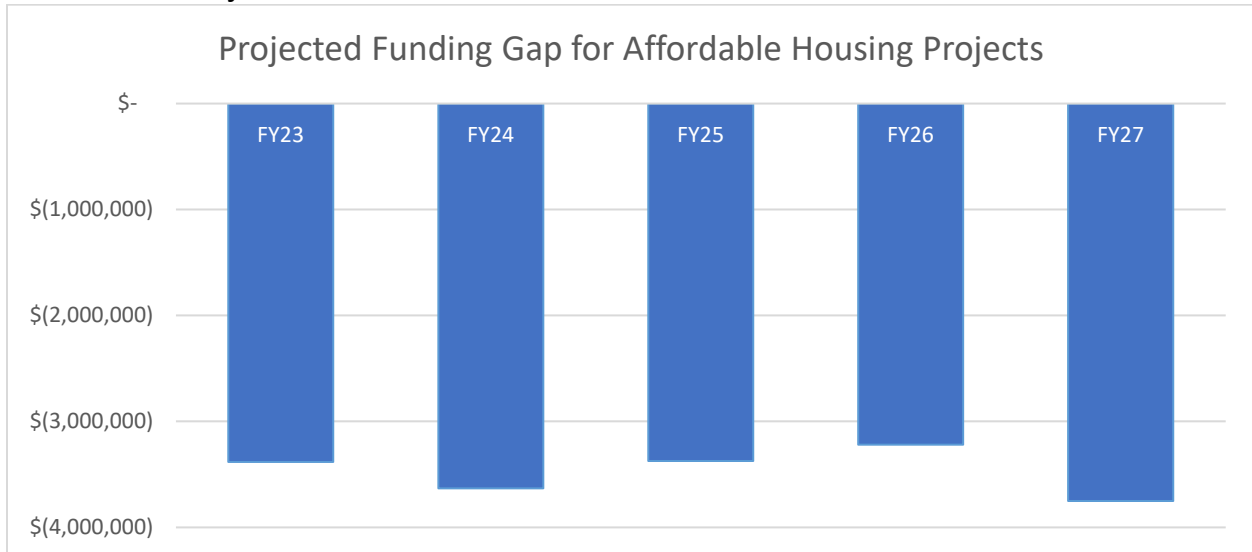


Graph 2: Projected Funding Needs by Year for Development and Preservation Projects



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Graph 3: Projected Funding Gap by Year for Affordable Housing Development and Preservation Projects



Council Question:

There seems to be some uncertainty about what the County will be funding vis-à-vis SOHRAD and other similar efforts. Can we have definitive information by Wednesday’s meeting?

Staff Response:

The County Manager is recommending using County ARPA funds to partially fund a Rapid Re-housing position, four Street Outreach, Harm Reduction and Deflection (SOHRAD) program positions, and the Housing Stability Coordinator and Housing Locator positions. Below is a breakdown of the funding request from the County along with their proposed allocation to fund these positions. Note, this does not reflect the latest population percentages from the Census, and if updated, our percentage of funding would be slightly lower than what is listed below.

Expansion/ARPA Funding	Staff	Total Request	Chapel Hill	Orange County	Carrboro	Hillsborough
Rapid Re-housing	1 FTE: 1 continuing	\$ 263,937	\$ 108,214	\$102,935	\$ 39,591	\$ 13,197
SOHRAD	4 FTE: 1 FTE Clinical Coordinator; 3 FTE Peer Support Navigators	\$ 307,493	\$ 126,072	\$119,922	\$ 46,124	\$ 15,375

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Expansion/ARPA Funding	Staff	Total Request	Chapel Hill	Orange County	Carrboro	Hillsborough
Housing Stability & Locator	1.5 FTE: 1 Homelessness Prevention/Housing Stability Coordinator, .5 Housing Locator	\$ 94,603	\$ 38,787	\$ 36,895	\$ 14,190	\$ 4,730
TOTAL EXPANSION REQUEST		\$ 666,033	\$ 273,074	\$259,753	\$ 99,905	\$ 33,302

Council Question:

If the Town were to proceed with an Inter-Local Agreement (ILA) for IFC, would the cost share be the same one has been used in the past? Would Hillsborough and Mebane be included?

Staff Response:

If Council chooses to provide additional funding for IFC and directs staff to work with IFC and the local governments to create an Inter-Local Agreement, staff will begin drafting and negotiating the terms of that agreement, including a cost share formula. IFC and staff have engaged Hillsborough in the ILA request and their Board of Commissioners is currently considering it in their budget discussions. To our knowledge, IFC has not engaged Mebane in the discussion to date.

Council Question:

What are the specifics of IFC's budget that indicate such a structural deficit and what is IFC doing to address this issue?

IFC Response:

IFC has been operating with a structural deficit for years and anticipates depleting their reserves within the next couple of years if they continue on the same path with the budget. This structural deficit has been caused by several factors:

- ***IFC was founded in 1963 and, from the beginning, has not had sufficient local funding to sustain basic human services (food and shelter). Congregations and individuals have supported IFC's services over the years at 70% of funding or more.***
- ***The need to move shelter services to dedicated buildings (HomeStart and Community House) has increased operating costs over time. As mass homelessness became a reality in the early 1980s (caused by the decline of federal public housing funds), communities responded to the best of their abilities given the resources***

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available. IFC was fortunate to partner with the Town of Chapel Hill for use of Old Town Hall for our shelter services, but this was never a long-term solution. The building was old, in disrepair, and not dignified or large enough to meet the need. IFC opened HomeStart (for women and families) more than 20 years ago and Community House (for men) in 1995. We moved our food and emergency assistance programs into IFC Commons last year and now have dedicated spaces for all our programs. This allows us to (with sufficient funds) provide dignified, sustainable services into the future – and it also means we are now responsible for all the costs of operating buildings that get a lot of use. The costs of making elevator, plumbing, and other repairs on a regular basis adds up. As the buildings continue to age, we also have to be prepared for larger structural and systems replacement and repair.

- ***With larger spaces and increased need comes the need for staffing that is safe and sustainable.*** *It is not best practice to operate a shelter of 52 men with only one staff person on a shift, and we increased staffing to a safer level over the past few years. We cannot operate our buildings without janitorial staff, which we did until about two years ago. Providing services around-the-clock, 365 days/year and during a pandemic takes resources, and staffing such programs is becoming more difficult given that the wages we are able to offer do not allow someone to live in the community where they work. Most of our staff travel long distances (some up to 90 minutes each way) just to come to work.*
- ***The cost-of-doing business increases every year.*** *Certain operating expenses (telecom, insurance, employee benefits, maintenance and repairs, etc) routinely go up and are not within our control. We have looked for ways to decrease our expenses and will continue to do so.*

Budget shortfalls have to-date been addressed by the use of reserve funds. Given the large amount of reserve funds that have been required to keep operations maintained the past several years, this is not a sustainable solution. At this rate, our reserves will soon be depleted, and IFC started three years ago attempting to get ahead of this by approaching local government for sustainable funding through an inter-local agreement as well as by increasing our fundraising activities. We also apply for any and all federal or state funding available to us. Now is the time to act to assure that IFC's programs can continue as long as they are needed.

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Council Question:

As far as I can tell an additional \$650,000 added to IFC's budget would be a budget increase for the organization of between 25 and 30%. Is this accurate?

IFC Response:

The additional local funds requested will be used to offset current costs in the budget and are not meant to be in addition to the budget. We currently do not bring in enough revenue on an annual basis to offset our annual costs, thus the structural deficit. We need to correct that and are asking for local governments to increase investment into these services commensurate to what other similar communities do (see the chart included with the request).

Council Question:

What specifics would the additional \$650,000 appropriation address for IFC? Do they need to hire more people to increase program services? Are current expenses for their current programs going up so much that they need significantly more funding just to keep providing the same level of services? Will they be starting new programs? Do they anticipate serving more people? How many more people are they serving already - as a result of the pandemic and other economic changes? I'm just trying to get some specifics on the needs which I am sure are great.

IFC Response:

IFC has been operating with a structural deficit for years, caused by several factors:

- ***IFC was founded in 1963 and, from the beginning, has not had sufficient local funding to sustain basic human services (food and shelter). Congregations and individuals have supported IFC's services over the years at 70% of funding or more.***
- ***The need to move shelter services to dedicated buildings (HomeStart and Community House) has increased operating costs over time. As mass homelessness became a reality in the early 1980s (caused by the decline of federal public housing funds), communities responded to the best of their abilities given the resources available. IFC was fortunate to partner with the Town of Chapel Hill for use of Old Town Hall for our shelter services, but this was never a long-term solution. The building was old, in disrepair, and not dignified or large enough to meet the need. IFC opened HomeStart (for women and families) more than 20 years ago and Community House (for men) in 1995. We moved our food and emergency assistance programs into IFC Commons last year and now have dedicated spaces for all our programs. This allows us to (with sufficient funds) provide dignified, sustainable services into the future – and it also means we are now responsible for all the costs of operating buildings that get a lot of use. The costs of making elevator, plumbing, and other repairs on a regular basis adds up. As the buildings continue to age, we also have to be prepared for larger structural and systems replacement and repair.***

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- ***With larger spaces and increased need comes the need for staffing that is safe and sustainable.*** It is not best practice to operate a shelter of 52 men with only one staff person on a shift, and we increased staffing to a safer level over the past few years. We cannot operate our buildings without janitorial staff, which we did until about two years ago. Providing services around-the-clock, 365 days/year and during a pandemic takes resources, and staffing such programs is becoming more difficult given that the wages we are able to offer do not allow someone to live in the community where they work. Most of our staff travel long distances (some up to 90 minutes each way) just to come to work.
- ***The cost-of-doing business increases every year.*** Certain operating expenses (telecom, insurance, employee benefits, maintenance and repairs, etc) routinely go up and are not within our control. We have looked for ways to decrease our expenses and will continue to do so.

Budget shortfalls have to-date been addressed by the use of reserve funds. Given the large amount of reserve funds that have been required to keep operations maintained the past several years, this is not a sustainable solution. At this rate, our reserves will soon be depleted, and IFC started three years ago attempting to get ahead of this by approaching local government for sustainable funding through an inter-local agreement as well as by increasing our fundraising activities. We also apply for any and all federal or state funding available to us. Now is the time to act to assure that IFC's programs can continue as long as they are needed.

The additional local funds requested will be used to offset current costs in the budget and are not meant to be in addition to the budget. We currently do not bring in enough revenue on an annual basis to offset our annual costs, thus the structural deficit. We need to correct that and are asking for local governments to increase investment into these services commensurate to what other similar communities do (see the chart included with the request).

Each night, IFC's shelters have the capacity to serve 116 people - 14 single women, 10 families (up to five family members in each room), and 52 men. During cold weather months (typically November – April), we have the capacity to serve an additional 17 men (14 during Covid) and 3 women. The shelters generally operate at capacity, and there is a list of people waiting to get in. Space limitations and the Good Neighbor Plan do not allow us to expand capacity. However, the acuity of those who stay with us has increased over time (due to the age and fragility of residents, medical needs, and mental health and substance use issues), requiring more care and attention to residents struggling to meet their basic needs.

Note: IFC's food and emergency assistance programs have seen an increase in need and numbers and have increased capacity to address the need. While this impacts IFC's overall operating budget, these programs are not included in this request for an inter-local agreement.

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Council Question:

What effect- if any - does IFC feel NC's failure to expand Medicaid has on their operations given the large role Medicaid plays in funding consistent mental health services for adults as well as other health care? What about NC's last in the nation unemployment insurance system - is that a factor? Or other actions by NC such as the elimination of the state earned income tax credit?

IFC Response:

State policy has a significant impact on IFC's members and residents. Our community is desperately in need of behavioral health services (mental health and substance use), which could be provided through Medicaid expansion. Unemployment policy and tax policy are also important to people's ability to meet their household budgets. We have seen the negative impact of current policies on our members, residents, and essential staff. This causes greater need for basic safety net services.

Council Question:

What effect - if any -does IFC feel Congress' failure to extend the child tax credit has had on their operations?

IFC Response:

While we don't have specific data on this, we know that federal, state, and local public policies directly impact the financial security of our shelter residents, members, and essential staff. Need for basic safety net services has gone up in our community, and it gets more difficult to live here sustainably all the time.