

**Kelvin A. Jeremiah, President & CEO Annual  
Report to the Board of Commissioners  
Presented at the Annual Meeting of the Board of Commissioners  
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**INTRODUCTION**

As part of its strategic plan for the next five years, the mission of the Philadelphia Housing Authority (PHA) is to open doors to affordable housing, economic opportunity and safe, sustainable communities to benefit Philadelphia residents. To achieve this, PHA is intensely focused on opening doors in every aspect of its business to ensure a high performance agency that provides quality housing and creates strategic partnerships, in order to increase both affordable housing in Philadelphia and programs to help residents achieve self- sufficiency.

The new PHA continues to streamline processes to ensure optimum levels for efficiency and effectiveness. This report reviews the many accomplishments that PHA has achieved during the past fiscal year, FY15, from April 1, 2014 to March 31, 2015, in furtherance of its mission.

**Housing Operations Department**

In FY15, PHA successfully moved in 513 applicants, which represents an increase of 159 moves from 2014. Staff also pulled and screened over 900 applicants for eligibility and suitability, quintupling the pool of applicants ready to be housed. 169 homeless families were referred to PHA by the City of Philadelphia and successfully housed. 53 applicants who required wheelchair accessible units were housed in units that met their needs.

The agency also accepted over 400 applications over a 2-day period for the Oakdale Street Development.

As part of the first phase of implementing asset management, PHA moved its scattered sites management offices to conventional sites, allowing the agency to bring more units back into service while dealing with budget reductions.

The agency also expanded rental payment options for conventional, scattered site, and PAPMC residents by introducing the option of using Rezzcard to pay their PHA balance online, by phone, or at numerous payment locations throughout the City.

Public housing rent collection increased by \$134,497.57 or 5.09%. 100% of all Housekeeping Inspections and 100% of all re-certifications were completed.

The Maintenance Department turned over 350 more units in FY15 than FY14, including 156 scattered site units.

### **Leased Housing Department**

Over the past year, PHA's Housing Choice Voucher Program has increased utilization by 6%, from 15,918 to current utilization at 17,277. Over 2,000 applicants were pulled from the waitlist. Importantly, more than 3,000 additional Philadelphia families have received affordable housing since PHA removed its discretionary HCV utilization cap in FY 2013.

The agency received an additional 173 Veterans Affairs Supportive Housing (VASH) Program vouchers due to its efficiency and success in housing applicants. The award brings PHA's total number of VASH vouchers to 583. The agency is eligible to receive an additional 78 vouchers. In FY15, 436 veterans were housed under PHA's VASH program.

PHA awarded over 20 unit-based voucher contracts, totaling 300 affordable housing opportunities.

As of March 31, 2015, 150 families have enrolled in the Housing Opportunities Program, which encourages voucher holders to move to high opportunity areas with better schools, more job opportunities, and lower poverty rates. Seventy-four leases have been signed under this mobility program.

### **Community Operations and Resident Development**

In FY15, CORD assisted 51 residents in purchasing their homes. In the coming year, PHA expects to expand resident homeownership opportunities by making certain scattered sites and new affordable homeownership units available for residents to purchase.

CORD continues to coordinate with PhillySEEDS, Inc. (PhillySEEDS), a duly incorporated 501(c) (3) organization created in 2013, to raise non-federal funds and expand the opportunities for PHA residents and families to achieve self-sufficiency. PhillySEEDS can tap into a wide range of philanthropic funding sources, develop community-based partnerships, and exercise financial flexibility to invest in the social and economic mobility of PHA families.

In FY 2015, PhillySEEDS distributed \$203,000 in scholarships, helping 53 residents, with this being a substantial increase over the first year of operation when 36 residents received awards totaling \$160,000. In March 2015, PHA released its PHA Scholars Scholarship Application for FY 2016.

PHA continued its Summer Food Service Program in FY15, which it has conducted for over 30 years. The program offers healthy, safe activities in addition to breakfast and lunch for needy children and provides part-time jobs for local residents. Over 61,000 meals were served in 2014, compared to approximately 43,000 meals during the summer of 2013. The year-to-year increase is due to the addition of two serving sites and five days to the program calendar.

PHA residents now play a more active and engaged role in the agency. Two resident commissioners were appointed by the Mayor to the agency's expanded board in 2013, with a resident election process being used for selection to those positions in 2014. Also, long-dormant resident councils were revived at some sites while new ones were established for scattered sites and tax credit sites. The Urban Affairs Coalition, League of Women Voters, and JCK Legal served as independent third-party monitors for these elections. Currently, PHA has over 45 duly elected resident councils.

PHA's Section 3 Program improved its Job Bank functionality in FY15 and worked with communities to include Section 3 non-PHA residents in areas where PHA is undertaking development. The Section 3 Program also enhanced its coordination with Supply Chain Management to maximize effectiveness and interagency communication for tracking and following up on vendor Section 3 commitments. For FY15, 184 Section 3-qualified individuals received employment through PHA's Section 3 Program.

Additionally, in FY15, PHA revamped its Family Self-Sufficiency (FSS) program. PHA received an FSS grant totaling \$410,547 from HUD, which will provide for the salaries for 6 FSS Coordinators who work with residents to achieve self-sufficiency. In FY15, 149 residents participated in various job training and placement programs offered by PHA and 163 participated in GED and literacy programs.

### **Supply Chain Management**

The Supply Chain Management Department (SCM) has excelled in obtaining the goods and services that are critical to the efficient and effective operation of PHA in a challenging financial environment.

One of SCM's most significant achievements in FY15 was the awarding of contracts to eight firms for small construction management services. These contracts are critical to

PHA's goals of better maintaining its scattered sites portfolio and expanding and diversifying the number of construction firms serving the agency, including women and minority-owned businesses.

SCM also required and provided extensive training in the agency's Controlled Policy and Procedure 10 (CPP 10) for PHA employees who are in any way involved in the contracting of services. This provides for the fair and equitable treatment of all persons or firms and assures that supplies, services, materials, and construction are procured efficiently, effectively, and at the most favorable prices available to PHA. CPP 10 also promotes competition in contracting, provides safeguards for maintaining a procurement system of quality and integrity, and assures that PHA's actions are in full compliance with applicable Federal standards, HUD regulations, state, and local laws.

### **Office of Audit and Compliance**

In FY15, the Office of Audit and Compliance (OAC), created in January 2011, continued to successfully perform investigative, audit and compliance-related activities relating to PHA's operations, programs, and services. This has reduced risks and ensured that policies, procedures, laws, and regulations are followed, established standards are met, resources are used efficiently and effectively, and PHA objectives are achieved.

In FY15, OAC received 753 complaints, opened 380 investigations, and substantiated 241 opened investigations. Additionally, OAC tenant and employee fraud investigations have resulted in 16 arrests and \$84,667.31 in restitution to PHA.

### **Philadelphia Housing Authority Police Department/Office of Public Safety**

In FY15, the reorganized PHA police department hired 12 sworn police officers. Four PHA residents are currently at the Philadelphia Police Academy, undergoing training so that they will be qualified to join PHA's police force.

A mobile mini-station was established, in addition to three mini-stations at PHA's West Park Apartments, Wilson Park, and Harrison Plaza. PHA also created a bicycle unit with 6 officers on patrol. A Police Advisory Board, which includes representatives from PHA resident leaders, was formed in August 2014.

In February 2015, PHA hired Dr. Branville Bard as its permanent Chief of Police and Director of Public Safety. Among the Chief's priorities are an expansion of PHA police force from 75 Officers to approximately 110, the professionalizing of the force, and the review and update of the department's policies and procedures.

### **Office of General Counsel**

The agency now has a fully staffed and functioning Office of General Counsel (OGC). This has reduced the use of and reliance on outside lawyers, saving millions of dollars.

The restored OGC is already paying dividends. In 2012, the Office played a pivotal role in settling the long-standing McDowell class action lawsuit. PHA received \$1.2 million from the settlement, after all claims were paid under the \$2.65 million settlement agreement.

Under the supervision of OGC, PHA's Risk Management engaged Conner Strong & Buckelew (Conner) in July 2014 to assist PHA in marketing to the broadest group of insurers. Consequently, PHA's cost of insurance coverage went down by \$175,000, overall, for the policy year beginning 3/31/15. PHA was also able to obtain competitive mold and pesticide coverage, for prices that were significantly lower than those quoted the year before, when PHA opted to self-insure for those coverages.

In order to further enhance the agency's risk management profile, PHA created a Risk Management Committee and Risk Management framework, which is expected to reduce the premium cost with HARRG for liability coverage. PHA has also completed several loss control trainings that will decrease costs in two ways. Premiums should decrease, since PHA will be able to represent to insurers that premiums should be lower due to the training, and there should be fewer incidents under the policies, because of the safety training on activities such as lifting, ladder use, and driving.

### **Finance Department**

PHA is operating with a balanced budget. The agency is doing this while meeting the needs of residents, maintaining properties, and increasing housing opportunities. All this is taking place in an uncertain fiscal environment, yet the Finance Department has positioned the agency so that affordable housing is preserved for generations to come.

This year, Finance identified over \$4.2 million in savings to the agency. Almost \$3 million has already been received.

### **Capital Projects and Development**

Despite reductions in federal funding, PHA has progressed with its vision of improving the supply of quality, affordable housing in Philadelphia.

Three years of hard work paid off in late November when the U.S. Department of Housing and Urban Development (HUD) awarded PHA a \$500,000 Choice

Neighborhoods Planning Grant for the Sharswood community in North Philadelphia, which includes Blumberg Apartments, the agency's most distressed high-rise property. The grant is funding the ongoing development of a transformation plan for the redevelopment and renewal of the neighborhood.

HUD has also awarded PHA and the City of Philadelphia a \$30 million Choice Neighborhoods Implementation Grant to revitalize North-Central Philadelphia. The grant will provide the leverage necessary to obtain \$125 million in other funds toward building a stronger, safer, more vibrant, and sustainable community in a one-half square mile area surrounding the Regional Rail station at Temple University. The North Central Transformation Plan includes the development of 297 housing units, with a mix of affordable and market-rate, rental, and homeownership units. All 147 Norris Apartments low-rise units will be rebuilt as part of this plan, ensuring that low-income families are able to remain in the neighborhood.

Construction is under way for the first of three developments in the city's historic Strawberry Mansion neighborhood, the Oakdale Apartments. Two other developments, Gordon Street Apartments and Strawberry Mansion Apartments, are also planned, bringing 100 new, affordable units to an area of the city that is becoming attractive once again to private developers.

### **Information Systems Management**

PHA's Information Systems Management (ISM) Department completed a Customer Relationship Management (CRM) system upgrade that positively impacts the agency's public housing management applications.

ISM managed the security and surveillance project in FY15, completing installation at 27 out of 28 sites and offices. PHA also completed installation of a disaster recovery site to ensure the agency functions in the event of an unforeseen disaster.

### **Human Resources**

In FY15, PHA's Human Resources (HR) Department successfully negotiated four new five-year Memoranda of Agreement with the Building and Construction Trades Council (BCTC), Service Employees International Union (SEIU) 32BJ, AFSCME District Council 33, and the Fraternal Order of Housing Police for a term of five years from April 1, 2014 through April 30, 2019. These agreements provide for wage increases, benefit changes, new work rules, clarification, and modification of existing work rules, and will promote increased productivity and efficiency in the workplace. All prior Memoranda of Agreement (including the Agreements recently signed for a five-year term from April 1,

2014 through April 30, 2014) were combined into one consolidated document for each of its six collective bargaining units.

The HR Department also developed and implemented a new performance management system that evaluates work performance and recognizes high-performing employees, and an Employee Recognition Program that awards exemplary performance.

### **Office of Policy, Research and Enterprise Planning**

The major accomplishments of the Office of Policy, Research and Enterprise Planning (PREP) for FY15 include the Board's adoption of the agency's five-year Strategic Directions Plan in December 2014; having PHA execute several Memoranda of Understanding (MOU) with outside organizations; and securing grants.

Many of the MOU partnerships will support the ongoing transformation efforts in the Sharswood/Blumberg community, which received a Choice Neighborhoods Initiative Planning Grant. PREP also submitted a draft outline transformation plan for Blumberg.

PREP secured a total of \$923,624 in grants, which will support a variety of programs including family self-sufficiency, the Summer Foods Service Program, and PHA's smoke-free initiative.

### **Awards and Recognition**

PHA has been among the most recognized affordable housing providers in the country and the past year was no exception.

PHA President and CEO Kelvin A. Jeremiah was honored by the Philadelphia Business Journal with its Minority Business Advocate Award.

#### ***1. PhillySEEDS, Inc.***

- Received the Pennsylvania Association of Housing and Redevelopment Agencies (PAHRA)'s top honor, the Bellamy Award. Only one agency out of 89 can win this singular, exclusive award. PAHRA also awarded a Certificate of Merit to the revamped Pre-Apprenticeship Program.
- Received a Multifamily Executive Magazine's Community Service Award, earning national recognition

#### ***2. PHA's LEED Gold Norris Apartments***

- Recognized for Outstanding Achievement by the Mid-Atlantic Regional Council of the National Association of Housing and Redevelopment Officials (NAHRO). A national Award of Merit was also presented to the agency by

NAHRO. The same award was also given to PHA's Paschall Village in southwest Philadelphia, a sustainable site.

- Recognized by PAHRA with a Certificate of Achievement.
- Honored by the Construction Management Association of America, Mid-Atlantic Chapter with a Sustainable Construction Award
- Named Best Green Building Project of 2013 by the General Building Contractors Association regional chapter
- Recognized with a Commonwealth Award by 10,000 Friends of Pennsylvania, a group dedicated to smart growth and sustainability

**3. *The Apartment Association of Greater Philadelphia (AAGP)'s Best in Apartment Living Awards***

- Mantua Square – honorable mention in the Community Presentation category, which includes curb appeal, landscaping, cleanliness, lighting, model apartment, signage, and the leasing office. Plymouth Hall also received a second place trophy for Maintenance Excellence
- Paschall Village – 3<sup>rd</sup> place in the Community Presentation category
- Plymouth Hall – 2<sup>nd</sup> place in the Community Presentation category and 2<sup>nd</sup> for Maintenance Excellence, where the judges consider the overall level of care for the community, including maintenance staff, maintenance shop, level of cleaning care, and the effectiveness of maintenance contractors.

4. ***The U.S. Communities Government Purchasing Alliance*** has recognized PHA's Strategic Sourcing and Procurement Department with a special award for its support of the organization and its agreements.

5. ***The Housing Authority Insurance Group*** named PHA the Most Improved Public Housing Authority. During 2009, 2010, 2011, the agency's loss history had the greatest decline in frequency and severity compared to other agencies similar in size.

## LOOKING FORWARD TO FY 2016

### **Moving to Work (MTW)**

PHA's Moving to Work Agreement (along with those of all 39 MTW agencies nationwide) will expire in 2018 unless extended by HUD. HUD has proposed sweeping changes to the MTW Agreement including revising the formulas used to calculate PHA eligibility for the Housing Choice Voucher Program and the Public Housing Operating Fund.

While PHA wholeheartedly endorses and supports HUD's goal to focus more resources on tracking and evaluating MTW program outcomes and improving program oversight, PHA strongly opposes other discretionary changes to funding proposed by HUD. These proposed changes run counter to the spirit and purpose of the MTW Demonstration, and will have a far-reaching and devastating impact on PHA and the City of Philadelphia. They will undermine the enormous progress made by PHA in revitalizing distressed public housing developments and helping to transform Philadelphia's neighborhoods.

Of particular concern is HUD's proposal to slash PHA's Public Housing Operating Fund by more than 36.5%. The Public Housing Operating fund, combined with tenant rents, pays for essential services to PHA residents, such as utilities, maintenance, and public safety. The proposed \$49.1 million cut will decimate PHA operations and jeopardize the health, safety, and housing security of its residents.

Preserving PHA's MTW Agreement, including its funding formula that was contractually agreed upon by HUD and PHA, from this threat of evisceration is the most serious challenge that PHA currently faces. The MTW extension terms HUD has proposed, if implemented, will result in a devastating loss of federal funding to PHA, which will amount to nearly a \$500 million reduction in funding over the 10-year MTW extension period (2019-2028).

HUD has already begun transition planning with PHA on its new terms, which would take effect in 2019, and has indicated that it would like the transition plans for the 11 MTW agencies wrapped up as early this month without fully examining the impact of its proposed changes. PHA wholly rejects HUD's approach and requests that the MTW agreement be extended under the current terms or substantially similar, funding levels for PHA.

PHA's participation in the program has provided the authority with a critically important set of tools and resources to address urgent local housing needs and priorities, including the following:

- MTW funding flexibility has been enormously important to PHA's efforts to revitalize deeply distressed public housing developments and their surrounding neighborhoods.
- MTW funding is critical to the new Choice Neighborhoods Implementation grant initiative for the North Central Philadelphia neighborhood that leverages over \$125 million in new funding to enhance the \$30 million HUD grant.
- MTW has enabled PHA to expand the number of affordable units available to low-income households. When the agency entered the program, it served approximately 24,600 low-income households. Today, the number of MTW households served is over 30,000.

## **CONCLUSION**

PHA's accomplishments in FY15 were consistent with and guided by the strategic priorities that were confirmed by the Board in the Strategic Plan.

While the FY15 accomplishments were significant, productive, and on-track with PHA's strategic priorities, going forward, the Strategic Plan ensures that resource allocations and decisions are guided by those priorities over the period 2015-2019. Each priority is tied to measurable deliverables for departments, as well as linked to the management action plan.

While funding cutbacks may be inevitable, PHA remains committed to maintaining fiscal responsibility, preserving, and increasing the availability of affordable housing, and providing quality service for its residents. Continued focus on the Strategic Plan and coordination among departments, while retaining flexibility in a changing political and funding situation, will be critical to PHA's achieving this commitment.

I would like to thank Mayor Nutter, Council President Clarke and the City Council, the Board of Commissioners, PHA's residents and employees for their continuing support of PHA and its mission.

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