

MTW YEAR 6

ACCOMPLISHMENTS REPORT

APRIL 1, 2006 - MARCH 31, 2007



Philadelphia Housing Authority
Building Beyond Expectations

Carl R. Greene, Executive Director



A SUMMARY OF THE EXTENSIVE INITIATIVES UNDERTAKEN AND ACCOMPLISHMENTS ACHIEVED BY PHA

This is the sixth Annual Accomplishments Report published by the Philadelphia Housing Authority (PHA) under the Moving To Work (MTW) Demonstration Program. PHA is one of twenty-four current participants nationwide in the MTW Demonstration Program. Through designation as an MTW agency, PHA and other participating Housing Authorities are given substantial budget flexibility and regulatory relief. Under the terms of its MTW Agreement with the US Department of

Housing and Urban Development, PHA is required to publish an Annual Plan and Annual Report.

This Annual Accomplishments Report serves as the introduction to the Year Six MTW Annual Report. It provides a summary of the extensive initiatives undertaken and accomplishments achieved by PHA for the one-year period ending March 31, 2007.



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Revenue Sources	MTW Yr. 6	Actual Funding
Dwelling Rental Income	\$19,426,341	\$18,783,084
Interest	767,168	1,309,382

Sources and Amounts of Funding
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Public Housing at the Crossroads

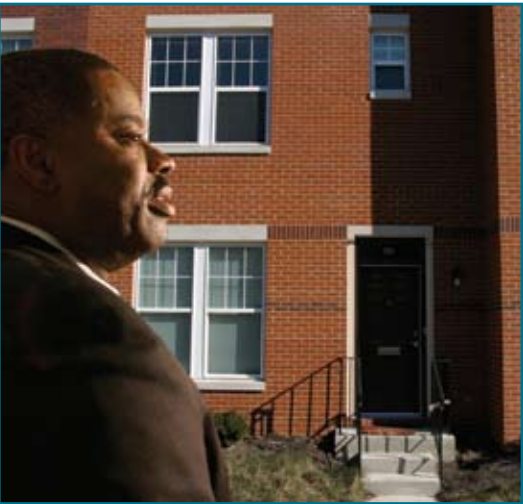
Previous MTW Annual Reports have described the extraordinary transition and transformation undertaken by the PHA over the past eight years. Six of these years involved participation in the MTW Program. During this time, PHA completed the new construction or modernization of approximately 6,100 housing units for low income households, including implementation of one of the largest affordable homeownership programs in the country. These efforts involve over \$1.2 billion in capital expenditures, along with hundreds of jobs and complementary economic impacts.

PHA's transformation has had an enormously positive effect on both public housing communities and the City as a whole. As discussed in last year's MTW Report, the "Creating Wealth" study documented the extent to which PHA development programs have generated hundreds of millions of additional dollars in economic benefits to the community while helping to

increase adjacent property values at rates higher than the citywide average. Where public housing was once viewed as a blighting and negative factor, it is now seen as a significantly positive component of Philadelphia's neighborhoods

As this Report is published, PHA is at the crossroads, facing funding and regulatory challenges which, if not resolved, will undermine the future of PHA's transformation efforts. The initial term of the existing MTW Agreement is coming to a close. Federal support for public housing continues its downward trend in the face of soaring utility and other costs. In parallel, HUD's implementation of new "asset management" regulations will force a shift away from public housing's historic mission to serve our neediest citizens by imposing a private sector, profit-oriented model. In light of these issues, the future of PHA and the national public housing program is uncertain.

Executive Director's Perspective



PHA's Executive Director, Carl R. Greene, believes that the public housing industry as a whole is at a crossroads. "Since 2001, federal support for public housing has steadily eroded, to the point where HUD is now only providing 83% of the funds needed to effectively operate public housing," said Greene. "While this unprecedented reversal of federal support for low-income housing is taking place, HUD is planning to implement an untested and unworkable set of regulations on all public housing authorities under the misleadingly named 'asset management.' No reasonable person can argue with the need to effectively manage our public housing assets, and there is much that we can and have learned from the private sector. However, HUD's approach is to implement a 'one size fits all' solution developed through computer modeling across the board, with no field testing or evaluation. I think this is a recipe for failure."

Greene continued, "The HUD 'asset management' model ignores the fact that housing authorities were created to serve poor families who are shut out of the private real estate market. Cities around the country are now seeing firsthand the flaws in relying exclusively on private sector

solutions to address low-income housing needs. Wherever there is a reasonably strong real estate market, we are seeing privately owned subsidized housing developers 'opting out' of their federal or state contracts so that they can charge market rate prices to higher income households. This is happening in spite of the billions of dollars in taxpayer investments which created and funded these developments in the first place. In contrast, public housing is truly a permanent housing resource. We need to protect it and safeguard it for future generations."

"At PHA," said Greene, "we are implementing a form of asset management that is responsive to local needs and conditions. PHA's long term strategy of investing in technological improvements is bearing fruit now, helping to support this implementation by generating real-time information and reducing transaction processing costs. We are able to track income and expenses at the property level, and we have given property managers the tools to effectively and efficiently operate PHA properties."

PHA's successful redevelopment efforts provide indisputable proof that an effectively managed public agency can generate results equal to or better than any private sector organization, while remaining true to its core mission to serve the public good. "The people of Philadelphia understand the impact that we have had in changing the face of the City. Now our challenge is to convince federal policy makers that investments in public housing make financial sense and good social policy. We are doing everything we can to work with Mayors, Housing Authority Directors, residents and elected officials to inform citizens that public housing works, and that it is a good value for the taxpayers."

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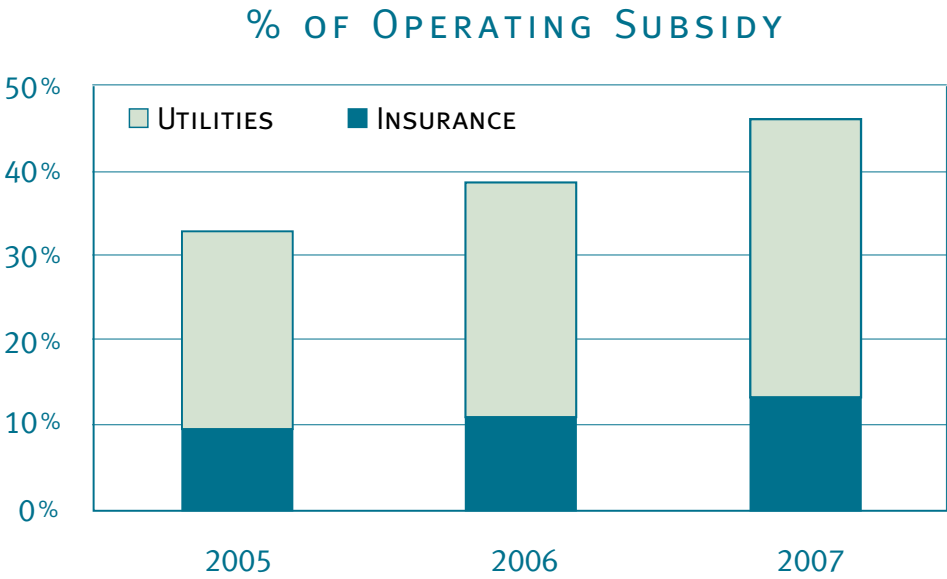
"We are implementing a form of asset management that is responsive to local needs and conditions."

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Rising Utility & Insurance Costs

While HUD has reduced operating subsidy by 14% over the past two years, the cost of utilities and insurance has skyrocketed.

These rising costs for essentials, at a time of decreasing federal funding, mean PHA now spends almost half its operating subsidy on utilities and insurance. This translates into much less money for resident services.

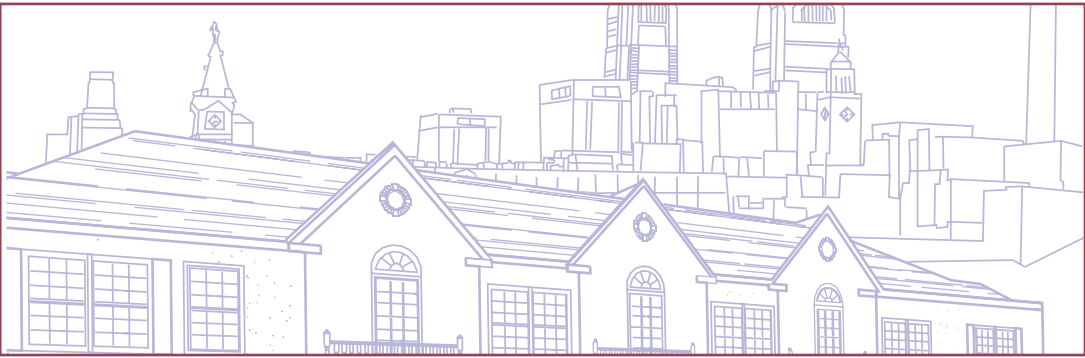


Strategic Operating Plan

All MTW activities are incorporated into PHA's comprehensive, agency-wide Strategic Operating Plan, which provides a detailed "blueprint" for agency goals, objectives and tasks in every major area of agency operations. The Strategic Operating Plan is regularly updated to report progress and reflect new agency initiatives including those undertaken as part of the MTW Demonstration Program. PHA utilizes a state of the art project management system to track and report on Strategic Operating Plan progress.

To ensure continuous progress in each goal area, PHA convenes regular inter-departmental goal meetings for each of the nine goals. The goal meetings are working sessions that provide an opportunity for staff to work on key objectives, address operational challenges, and identify solutions to strategic plan tasks. In addition to goal meetings, PHA established a Leadership Council which meets weekly to review strategic plan progress and to identify and resolve obstacles to achieving all identified goals. The Accomplishments Report for 2006-2007 highlights and summarizes the accomplishments achieved by PHA under each of the nine Strategic Operating Plan goals during the fiscal year from April 1, 2006 through Mar 31, 2007.

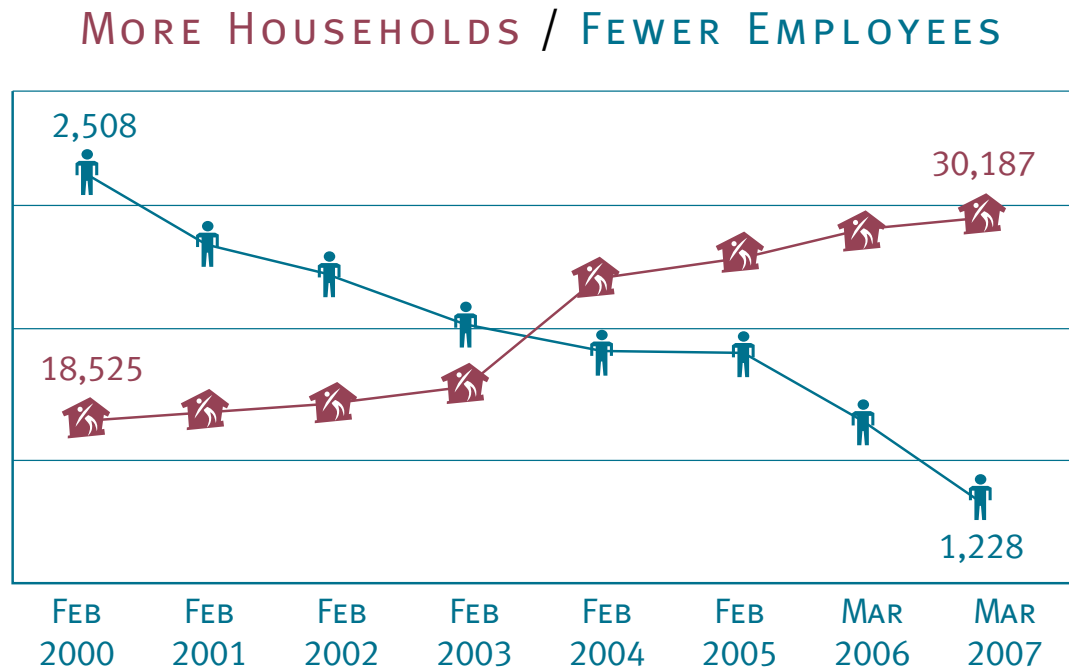
Annual Report



The remaining sections of the MTW Annual Report provide details on PHA's recently completed and ongoing activities during MTW Year Six. Over the course of this year, PHA's public housing operating subsidy for 2007 was pro-rated at approximately 83% of actual need. The resultant \$18 million budget shortfall forced PHA to make major shifts in its operations

including a major workforce reduction. These staff reductions are expected to have a significant impact on service delivery in the coming year..

While staff reductions have been extremely difficult, PHA ended the year with another solid record of accomplishments.

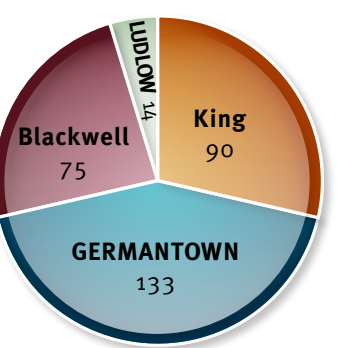


PHA has grown increasingly efficient. In 2000, we had one employee for every 7.4 households. As of March 31, 2007, we had one employee for every 24.6 households.

Highlights of Year 6 Include:

- Affordable homeownership – PHA helped 212 low and moderate-income buyers to become first time homebuyers, increasing the overall total sales to 767 homes. In the process, PHA forged creative partnerships with major banks, local housing counseling agencies and other key actors in order to educate and reduce costs for the homebuyers.
- Leveraging capital resources - PHA's successful efforts to secure \$1.2 billion in capital funding were further enhanced this year by the addition of \$31.5 million in new private equity and state and local grants. PHA has earned the confidence of private equity investors and banks as a result of its outstanding development and financial management expertise.
- Partnerships to improve residents' lives - PHA secured over \$2.6 million in new supportive service grant funding in the past year. These funds will help to support PHA's innovative multi-generational programming efforts, which are helping to focus our youth on educational attainment and healthy lifestyles, build job skills and obtain living wage employment for adult residents, and maximize independent living among PHA seniors and people with disabilities.
- Innovations in customer service - PHA's successful implementation of new agency-wide Interactive Voice Response/Customer Relationship Management systems helps streamline and simplify interactions between PHA and the public. Residents, applicants for housing, vendors, elected officials and the public at large can now readily access real-time information on their PHA transactions, PHA policies and frequently asked questions. The related case management tracking component helps to ensure that inquiries, problems and other issues are addressed promptly and accurately.
- Safe communities – While the Philadelphia community as a whole struggled to address a skyrocketing epidemic of violent crime, statistics for PHA communities showed an overall decrease in both Part I and II crimes over the past year.
- Quality assurance – Improving accuracy and ensuring full regulatory compliance of business transactions is a high priority PHA goal. Over the past year, new internal review and auditing processes were implemented including an enhanced Customer Relationship Management Quality Control system for public housing and admissions related file and transaction reviews.
- Asset management – PHA continued its efforts to implement locally responsive asset management strategies. Extensive training for property managers, improved information reporting to support effective management at the property-level, and new tools to support streamlined transaction processing at both the property and central levels are all a part of these efforts.
- Cost savings – Staff from every level of the organization were engaged in intensive efforts to identify opportunities to improve productivity and reduce expenses. Results from the past year included extensive energy conservation measures and utility-related actions that will generate a projected \$1.2 million in annual savings.

Portfolio Year 6 Additions



PHA's revitalization initiatives continued, raising the total number of rehabilitated or newly constructed housing units to 6,100 over the past eight years. At Martin Luther King Plaza, ninety (90) affordable homeownership units were completed and sold. The total rehabilitation of Germantown House was completed, resulting in reoccupancy of 133 senior/disabled units and the opening of 12,000 square foot enhanced senior services facility. At Lucien E. Blackwell Homes, PHA completed construction of fifty (50) additional rental units and 25 affordable homes for sale. Fourteen (14) modular Energy Star homes were constructed and occupied at Ludlow Scattered Sites.

1 GOAL ACCOMPLISHMENTS

1. Achieved greater than 93% rent collection rate.
2. Increased overall occupancy to 13,870 units.
3. Completed 100% of emergency work orders within a 24-hour time period.
4. Conducted HQS/UPCS inspections on greater than 99% of housing units.
5. Completed rehabilitation of 474 conventional housing units.
6. Reoccupied 100% of 133 units at Germantown House.
7. Leased up all 50 units at Lucien E. Blackwell Homes Phase III.
8. Leased 14 new Energy Star modular homes.
9. Updated public housing waiting list.
10. Implemented new asset management reports, quality assurance audits and procedures.

Strategic Operating Plan Goal 1 *Achieve Excellence In Property Management*



PHA currently owns and manages a total of 15,793 housing units in thirty-one (31) conventional public housing developments, five (5)) scattered site management areas, ten (10) alternatively managed developments and fifteen (15) newly renovated or constructed Low Income Housing Tax Credit sites. PHA’s portfolio includes units managed by its subsidiary, Philadelphia Asset and Property Management Corporation (PAPMC).

The dramatic reductions in federal operating subsidy over the past several years have placed substantial strains on PHA’s ability to sustain and improve property management operations. In response to these budget reductions, significant staff reductions were made during the past year, as well as the reduction from ten (10) to five (5) scattered site management offices. Nevertheless, much progress has been made as described below. At the strategic level, PHA continues to emphasize asset management principles as a way to ensure accountability and high productivity at the property level.

A major achievement in the past year involved completing the reoccupancy of Germantown House, a 133-unit senior building that underwent

substantial rehabilitation in 2006. Also, full occupancy of the 50-unit Phase III rentals at Lucien E. Blackwell Homes was achieved. Both sites are managed by PAPMC.

Within the Scattered Site area, PHA built and occupied fourteen (14) new Energy Star modular homes, of which six (6) are adaptable to meet the needs of households with disabled family members. This important effort helped to support the City’s Neighborhood Transformation Initiative, which was responsible for clearing the blighted and abandoned buildings that previously existed on these sites.

In addition to these new occupancy initiatives, vacancy reduction efforts included rehabilitation of 474 conventional site units. Generally, the vacancy rehab activities included installation of new kitchen cabinets and appliances, new heating systems, and flooring along with fresh painting throughout.

PHA’s innovative “Sparkle Plus” initiative continued to enhance the “curb appeal” and overall conditions at properties throughout the City. For example, in scattered sites, 220 units received the “sparkle” treatment including new

exterior lights, storm doors, mailboxes, doorbells and painting. New banners were installed at all conventional sites, and new awnings were also installed at several sites.

PHA expanded its efforts to use technology to improve property management productivity, reduce the cost of operations and implement sound asset management principles. A series of enhancements were implemented to the Customer Relationship Management (CRM) system including: implementation of a new maintenance service order audit process; updating of file audit and quality control procedures to reflect all current processes; and, roll out of new “Business Object” and other real-time reporting systems. All of these initiatives help to improve the accuracy of property management transactions while also promoting accountability at the property level.



PHA’s focus on improving quality and policy compliance expanded this year with the completion of Quality Assurance Department reviews of PAPMC and selected conventional public housing sites.

Training of field staff remained a high priority during the year. A series of trainings was conducted to facilitate improved knowledge and use of the PeopleSoft Budget, Service Order, File Audit, Case Management and other modules.

PHA conducted a major public housing waiting list update during this period. The newly updated waiting list will help facilitate implementation of the planned site based waiting list process, which will be phased in over the coming months.

Other ongoing initiatives conducted during the year included implementation of Rent Simplification and the two-year recertification cycle. PHA completed the transition from the current annual recertification system to a two-year recertification cycle.

PHA continued its extensive efforts to maintain open communications with residents for the purpose of encouraging program compliance, promoting community involvement, and providing outreach for self-sufficiency and other social service programs. The PHA Experience was prepared by PHA’s Communications Department and distributed to public housing residents, HCV participants and employees. Four quarterly editions were published and distributed to all residents.

Over the course of the year, PHA was able to maintain a high level of productivity on key property management indicators:

- PHA collected 93.02% of billed rent. Of approximately \$30.5 million in rent billed, PHA successfully collected \$28.4 million.
- Overall occupancy increased both in actual numbers and as a percentage of available units. The total number of households served in Public Housing during the year (13,870) exceeded the target number specified in the Annual Plan (13,733).
- Work order response time continued to be excellent with 100% of emergency service orders completed within 24 hours. Average completion time for routine service orders was 41 days.
- Over 99% of PHA occupied units were inspected using the UPCS standards during the year.
- Over 99% of scheduled recertifications were completed.

GOAL ACCOMPLISHMENTS

1. Achieved 100% of leasing goals.
2. Completed 100% of scheduled recertifications.
3. Completed 100% of scheduled inspections.
4. Assisted a total of 603 households to increase their incomes resulting in “graduation” from the HCV program.
5. Served 158 first time homebuyers under the HCV Homeownership Program of which 53 were closed during the past year.
6. Provided Enhanced Tenant Responsibility Training to all participants.
7. Continued implementation of the HCV Quality Initiative including provision of extensive staff training and development of new automation tools.
8. Assisted 177 formerly homeless households to obtain permanent housing through the Good Neighbors program.
9. Continued to support the Tenant/Landlord Advisory Board as a forum for ongoing community input to PHA HCV program policies and procedures and hired second community liaison.
10. Assisted 7,252 households in preparing and implementing Family Economic Development Action Plans.

Strategic Operating Plan Goal 2 *Achieve Excellence in The Management Of The Housing Choice Voucher Program And Enforce Program Compliance*

PHA operates one of the country’s largest Housing Choice Voucher (HCV) programs, which last year served approximately 16,600 Philadelphia households. In contrast to the PHA-owned housing programs, the HCV program allows PHA to enter into contracts with private property owners so that rents are affordable to low-income households. In these efforts, PHA collaborates with a broad range of community actors, developers and government agencies to use HCV resources to accelerate and support neighborhood revitalization.

HCV resources are also allocated to assisting low-income households to become homeowners.

Eligible households, who must have an employment history unless they are disabled or elderly, are provided with credit and homebuyer counseling that enables them to find and secure permanent homeownership units in the community. PHA’s HCV homeownership initiative represents one of the most successful programs in the country.

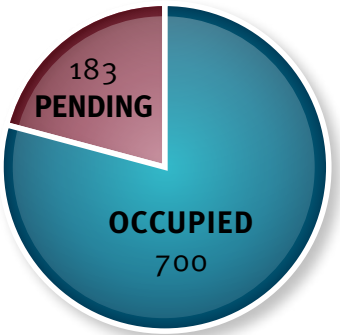
Despite reductions in HCV funding, PHA continued to operate five community site offices, which provided neighborhood residents with convenient access to conduct business and contact with their assigned Service Representatives.



Major accomplishments in the area of HCV operations during MTW Year Six include:

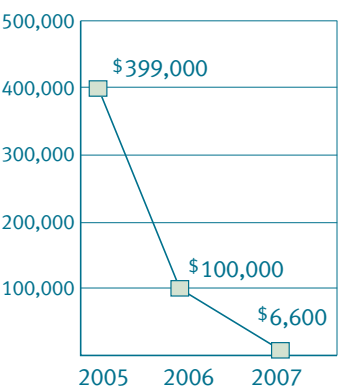
- PHA met 100% of its MTW leasing goals.
- PHA completed 100% of scheduled recertifications.
- PHA continued its implementation of the HCV Homeownership Program, which currently serves 158 first time homebuyers. Fifty three (53) of these home sales occurred during the past year, including fifteen (15) to families with disabilities. Some of the homeowners purchased new units at PHA redevelopment sites, while others found quality existing housing in Philadelphia neighborhoods.
- Through extensive resident self-sufficiency efforts, 603 previous HCV program participants have “graduated” from the program during the MTW demonstration. This represents the point when household income is sufficient to pay all rental expenses without a subsidy.
- PHA completed 100% of all HCV scheduled inspections. Units are inspected before occupancy and then regularly throughout the term of the lease.
- PHA continued to implement the Enhanced Tenant Responsibility Training program requirement for all HCV program participants.
- PHA assisted a total of 177 formerly homeless families through the Good Neighbors Make Good Neighborhoods program over the past year. This program is administered in conjunction with a network of 15 transitional housing providers that participate in the City’s Blueprint to End Homelessness program.
- Efforts to improve the quality and expand the geographic distribution of housing units available to HCV participants were implemented during the past year. These efforts included conducting Housing Fairs, briefing sessions and information materials to program participants. 637 HCV participants and 243 property owners participated in the Housing Fairs, which resulted in 300 housing placements.
- PHA continued to support the Tenant/Landlord Advisory Board that provides input to the agency on HCV policies and procedures. PHA Investigations also conducted 1,024 investigations in response to community and staff calls.
- PHA updates its quality control procedures to reflect current payment and utility standards. File audits are completed on all files using PHA’s CRM Quality Control module.
- HCV participants who are subject to the seven-year time limit continued to work with PHA to develop a Family Economic Development Action Plan. To date, 7,252 households have developed Family Economic Development Action Plans, and 7,668 signed MTW Agreements. The FEDAP helps establish self-sufficiency goals for the entire family in order to assist them in improving their overall economic status. PHA staff collaborates with local community partners to provide employment, training and other supportive services to HCV program participants.

Unit Based Development Program



PHA awarded a total of 883 units under the Unit Based Leasing and Development Program, of which 700 are currently occupied. The balance of the units are in various phases of the development and contracting processes.

Tax Delinquencies by HCV Landlords Have Plummeted



As a result of PHA’s strict enforcement, landlords have gotten the message that they must pay property taxes on time or be expelled from the program.

GOAL
ACCOMPLISHMENTS

- 1. Secured an additional \$31.5 million in leveraged funds including private equity and state and local funding.
- 2. Completed substantial rehabilitation of 133 units and 12,000 sq. ft. senior service facility at Germantown House.
- 3. Completed construction and sales of 90 affordable homeownership units at MLK Plaza.
- 4. Completed sales of 125 affordable homeownership units at Greater Grays Ferry.
- 5. Closed on \$38.7 million in real estate transactions.
- 6. Completed construction of 14 modular Energy Star Homes at Ludlow Scattered Sites.
- 7. Completed construction of 50 rental units and 25 affordable homeownership units at Lucien E. Blackwell Homes.
- 8. Completed design and commenced construction of 28 affordable homeownership units at Falls Ridge.
- 9. Secured \$3.5 million grant to support redevelopment of Liddonfield.
- 10. Undertook master planning efforts in neighborhoods throughout the City.

Strategic Operating Plan Goal 3
Develop Affordable Quality Housing that Supports Balanced Communities

This Strategic Operating Goal encompasses both the redevelopment of existing PHA communities as well as the implementation of new development initiatives that complement Philadelphia’s neighborhood revitalization efforts. MTW funding flexibility has allowed PHA to leverage capital dollars in support of public housing and neighborhood revitalization. PHA redevelopment and neighborhood revitalization initiatives have transformed

Philadelphia’s neighborhoods. The economic value and leveraging effect generated by these initiatives has been carefully documented in the “Creating Wealth” study discussed in last year’s Annual Report. That study documented the extent to which real estate values in neighborhoods adjacent to PHA redevelopment projects have increased at levels substantially higher than in other parts of the City.

Nellie Reynolds Gardens Rendering



Major highlights for this goal area during MTW Year Six include:

- PHA continued effectively administering capital budgets totaling \$1.2 billion. This includes funding for recently completed redevelopment, new construction and modernization as well as projects scheduled in the coming years. PHA’s track record as developer now totals 24 projects including three new transactions: Marshall Shepherd Village, Nellie Reynolds Gardens and Warnock Street Phase I.
- An additional \$31.5 million in leveraged financing was raised during the year including \$7.8 million in state funds, \$23.3 million in LIHTC equity and \$400,000 in local funds. To date, PHA has raised approximately \$236.3 million in private equity funding through Low Income Housing Tax Credits awarded by the Pennsylvania Housing Finance Agency (PHFA).
- PHA closed on a total of \$38.7 million in real estate transactions over the past year, involving creation of 368 rental and 35 affordable homeownership units. The sites that closed included LEB III rental, LEB III homeownership, Marshall Shepard Village, Ludlow HOPE VI and Germantown. Rehabilitation and reoccupancy was completed at the 133 unit Germantown House development, including a 12,000 sq. ft. facility for enhanced senior services.

- Extensive progress was made at the \$140 million Lucien E. Blackwell Homes project including completion of construction for 50 Energy Star rental units and 35 affordable homeownership units under off-site Phase III. For Phase III, PHA reached settlement on all 25 affordable homeownership units. For the Angela Court Phase II component of the project, PHA procured and entered into a contract with a developer.
- At the \$83 million MLK Plaza development, PHA completed construction of and reached settlement on 90 affordable homeownership units.
- Liddonfield, one of PHA’s most distressed sites, received a \$3.5 million Redevelopment Assistance Capital Program (RACP) state grant to support the proposed \$95 million redevelopment program. PHA has issued an RFP to select a Master Developer for the site.
- Under the Ludlow Scattered Site HOPE VI development, PHA awarded the design-build Construction Management contract and completed designs for 75 rental and 50 affordable homeownership units. PHA also secured an equity investor’s commitment to providing \$12 million in funding.
- Construction and occupancy was also completed on fourteen prefabricated Energy Star modular units at Ludlow Scattered Sites.
- As part of the \$50 million Falls Ridge development, PHA completed the design and began construction on 28 affordable homeownership units (Phase IIA), and settled on the sale of a 16.7 acre parcel to a private developer for development as 128 market rate homeownership units.
- PHA submitted 16 disposition applications during this past year to permit the transfer of 170 scattered site properties. Along with other properties assembled by PHA affiliates, and private purchasers/developers, they will be used for the development of 246 homeownership units (of which 190 are affordable) 209 rental units; and 3 commercial/retail projects.

Scattered Site Development Plan Areas	Target Anticipated New Units	Parcels Needed
Mill Creek East	50	80
Mantua Hall	100	100
Mill Creek West	100	70
Warnock Extension	100	135
Ludlow Extension	50	100
Glenwood Vicinity	50	80
Strawberry Mansion	43	43
Grays Ferry North	50	100
Sharswood	50	100
Bartram Vicinity	50	100
Paschall Vicinity	80	60

PHA undertook a wide range of master planning efforts in neighborhoods adjacent to or nearby PHA developments. Plans are under development for Brewerytown, Glenwood, Mantua, Diamond Street, Mill Creek Extension and many other areas.



At Greater Grays Ferry, PHA completed the sale of 125 Phase II homeownership units and achieved breakeven, cost certification and placed-in-service designation for Phase 1. Construction also began on a 32,000 sq. ft. building on the site that will serve multiple purposes.



At Abbottsford, PHA successfully completed the demolition of forty-two (42) apartment buildings (402 units) to provide open space for the redevelopment of this portion of the site. PHA was awarded a HOPE VI demolition grant on July 22, 2004 in the amount of \$2,766,000 towards this project. Marketing and feasibility studies are underway to evaluate the highest and best use for future improvements.

4
GOAL
ACCOMPLISHMENTS

- 1. Achieved a small but highly significant decrease in Part 1 crimes at PHA sites.
- 2. Achieved a 58% reduction in Part II crimes at PHA sites.
- 3. Continued partnerships with Philadelphia Police Dept., the Department of Homeland Security, Narcotics Task Force, DEA and HUD-OIG to ensure coordination of resources and effort.
- 4. Installed digital security equipment at various sites.
- 5. Conducted criminal records checks on over 9,100 household members.
- 6. Secured \$150,000 grant to support the GREAT program for PHA youth.
- 7. Collaborated on 1,687 court cases resulting in 185 evictions and in payments to PHA of over \$1.3 million.
- 8. Collaborated with Philadelphia Police Department to install state-of-the-art crime tracking and analysis software.
- 9. Continued to operate the voucher program in collaboration with the District Attorney's office to assist in the relocation of victims or witnesses to violent crime.
- 10. Conducted over 1,000 investigations related to the HCV program, of which 294 resulted in a request for termination.

Strategic Operating Plan Goal 4
Implement Public Safety Programs That Promote the Well-Being Of Our Neighborhoods and the Accountability of Program Participants

PHA's public safety focus under Strategic Operating Plan Goal 4 encompasses management of security for all PHA housing communities, offices and other facilities. In addition, PHA provides a range of public safety related services including support for resident crime prevention efforts, investigation of complaints, coordination of lease compliance activity, criminal records checks and other critical tasks. These services include management of private security contracts

that provide security at 33 PHA locations throughout the City.

PHA's public safety tasks were made much more difficult over recent months by the combination of a reduced workforce as a result of budget reductions and a dramatically surging crime rate throughout the City of Philadelphia. PHA takes great pride in reporting that, in spite of the citywide increase in crime, PHA communities remain relatively safe.



Key public safety accomplishments and highlights from MTW Year Six include:

- While Philadelphia as a whole is undergoing an extremely serious crime rate increase, reported crimes for PHA developments actually decreased over the past year. The level of Part I crimes, which encompasses the most serious and violent crime categories, at PHA developments decreased slightly by 0.4%. However, Level II crimes plummeted by 58%. This category includes primarily non-violent crimes such as fraud, simple assault, stolen property, narcotics violations and disorderly conduct.
- PHA continued to work in partnership with the Philadelphia Police Department and other federal and state law enforcement agencies including Homeland Security. Regular meetings are held between the PHA Police Department Chief and the Philadelphia Police Department management to review crime statistics and identify joint strategies.
- To facilitate this process, PHA collaborated with the Philadelphia Police Department to install Avencia software, which tracks and analyzes crimes. Installation of this software allows PHA access to the Philadelphia Police Department's Crime analysis databases. PHA will now be able to map, analyze and even anticipate emerging crime patterns in and around PHA developments.
- PHA Police Department staff conducted over 9,100 criminal records checks as required by federal and local policy. This process helps to strengthen the fabric of Philadelphia's neighborhoods by screening out serious criminal offenders from participation in the HCV program.
- As part of its lease compliance efforts to promote quality of life in public housing, PHAPD continued to implement expedited complaint and investigation processing procedures. In the past year, 290 public housing related investigations were conducted, resulting in 115 cases referred for follow up action including evictions and/or criminal complaints.
- PHA Police, Asset Management and Legal staff collaborated on 1,687 court cases with very high results favoring PHA. While 185 evictions were enforced as a result of these court cases, a much higher number resulted in settlements which involved payments of overdue balances to PHA totaling over \$1.3 million.
- PHA responded to reported incidents and complaints involving the HCV program. During the past year, PHA conducted 1,024 investigations of which 294 resulted in a request for termination. The balance were successfully resolved, unsubstantiated or found to be related to non-HCV tenants or property.
- As part of its collaboration with local law enforcement, PHA continued operation of a voucher program to assist victims and witnesses to violent crime identified by the District Attorney's office.
- PHA continued to provide enhanced Tenant Responsibility MTW Training. As part of its local leased housing MTW program initiative, PHA requires all Housing Choice Voucher Program participants to participate in Tenant Responsibility Training at both the initial lease-up and at every recertification period. This effort will help improve residents' understanding of their roles and responsibilities as good neighbors and PHA program participants.



Upgrades and installations of digital security equipment continued during this period at Wilson Park Community Center, Cambridge Plaza III, Germantown House, Greater Grays Ferry Estates, John Street Community Center and the Bartram Warehouse.



PHAPD received a \$150,000 grant to support its Gang Resistance Education and Training (GREAT) program. This grant will help teach PHA children to overcome peer pressure regarding drug use and learn conflict resolution skills.

5

GOAL

ACCOMPLISHMENTS

1. Assisted 212 households to purchase homes in the past year, raising the overall total to 767.
2. Implemented a Resident Mortgage Assistance Program (RMAP) comprehensive benefit package to assist residents in achieving homeownership.
3. Provided first time homebuyer workshops to over 1,300 PHA residents.
4. Graduated a total of 483 residents from the Pre Apprenticeship Program including 39 in the past year.
5. Graduated 157 residents from the Community Partners program this year, of which 121 are currently employed.
6. Placed 65 residents in Section 3 jobs during the year.
7. Promoted educational attainment, career exploration and healthy lifestyles for 2,530 youth involved in the Skills for Life and other youth programs.
8. Provided health care, meals, transportation and other services to over 4,700 seniors at PHA sites.
9. Provided intensive case management services to more than 4,000 residents at HOPE VI and other redevelopment sites.
10. Achieved a 58% reduction in the number of households reporting zero income.

Strategic Operating Plan Goal 5

Engage Other Institutions to Leverage Resources and Assist In Promoting Economic Enhancement and Support Services for PHA Residents

Strategic Operating Plan Goal 5 incorporates the numerous programs and activities undertaken by PHA and its network of community partners to promote resident economic self sufficiency, encourage the healthy development of children, support seniors and people with disabilities, and maximize resident potential for independent living.

Programs under this goal area include affordable homeownership, youth and senior programs, employment training and job placement initiatives. Because the scope of need among

PHA residents is so great, PHA cannot do this job alone. Therefore, central to PHA's approach is leveraging resources, collaborating with resident leadership, and partnering with qualified agencies and institutions to bring the best available program services to PHA residents.

Through the non-profit Tenant Support Services Inc. (TSSI), PHA expanded efforts to involve public housing and other community residents in improving PHA communities. TSSI is an integral partner in all of PHA's service planning and implementation initiatives.

Major accomplishments related to this goal area through MTW Year Six include:

- PHA's groundbreaking affordable homeownership program continued to grow during the past year. To date, the Home Sales Department has sold 767 homes, of which 212 took place in Year Six.
- The quality and affordability of PHA homes has been consistently validated by the marketplace. At Greater Grays Ferry, all 125 homes are sold out. At Martin Luther King Plaza, all 90 Phase I and II homes are sold. To date, all 65 homes in Phases I and II at Lucien E. Blackwell have sold out. In Phase III, 9 sales have occurred and an additional 26 are under agreement.
- As part of the home sales activity, PHA expanded its HCV Homeownership Program to 158 homes, including 53 in the past year. Thirty-nine (39) of these sales were to families with disabilities.
- Under the Section 5 (h) Scattered Site homeownership program, eight (8) new sales occurred during the year, raising the overall total to 118 home sales to existing public housing residents.
- More than 1,300 low and moderate income households participated in PHA sponsored first-time homebuyer workshops. PHA also has established working partnerships with 26 certified housing counseling agencies and many major regional banks including Wachovia, Bank of America, Citizens, Commerce and Sovereign Banks.
- PHA implemented a Resident Mortgage Assistance Program (RMAP) comprehensive benefit package to assist residents in achieving Homeownership by providing closing cost assistance, writing down the cost of the home and providing free financial counseling.

- PHA continued to operate the Pre-Apprenticeship Training Program initiative in partnership with the building trade unions. This past year, 39 residents graduated from the program. The program has increased its curriculum areas to include career educational opportunities with industrial employment at: Gamesa Windmill Plant, Aker Shipyard, Peco/Exelon and the Boeing Air Craft Industrial Plant. General Education Diploma, Adult Basic Education, Shop and Life Skills are maintained at our training facilities by our staff. Residents are referred to the Community College of Philadelphia for the General Education Diploma program for review and testing. The training programs offer two advanced and one intermediate educational class. During the sixteen (16) program cycles, PHA has sponsored and placed approximately 260 graduates into the Building trades.
- To date, PHA's Community Partner programs have produced impressive graduation figures; 104 residents graduated from the Certified Nursing Assistant Program; 63 from the Pharmacy Technician Program; and 52 from the Medical Billing Program.
- As a result of the above listed initiatives, the number of zero income households was reduced from 480 families in prior years to 198 families, a 58% reduction. Of that reduction, 305 residents have gained both part time and full time employment. The compensation for full-time residents averaged \$12.25 per hour.
- PHA continues to expand its services to its senior residents including providing congregate meals to four (4) PHA senior sites: Wilson Park Senior Center, Liddonfield Senior Center, Emlen Arms Satellite Center and Point Breeze (Cassie L, Holly). PHA and the St. Agnes Continuing Care Center are operating a state-of-the-art senior care center on the premises of one of PHA's largest and newest affordable housing developments, Greater Grays Ferry Estates. The St. Agnes facility is located on the first floor of PHA's new 72-unit Conswiller B. Pratt Apartments. It is a comprehensive, long-term senior care program named "LIFE" (Living Independently For Elders). LIFE enables participants to live as independently as possible through a full spectrum of services while keeping PHA residents out of nursing homes and hospitals. LIFE is a program of all-inclusive care for the elderly (PACE) and is funded by Medicare and Medicaid.
- PHA expanded its efforts to promote healthy alternatives and educational attainment for youth, serving 2,530 youth through various programs. PHA has created partnerships with nine Family Centers, two Cultural Arts organizations, eight CBOs and the Explorers of the Boy Scouts of America. The Skills for Life program has produced an impressive 89% success rate based on students who matriculate to the next grade level. PHA was awarded a grant from the Philadelphia Workforce Investment Board and the Philadelphia Youth Council to serve 100 youth in the Experiential and College and Career Exposure Program.
- PHA served over 46,000 meals to more than 9,000 low-income children at 29 PHA sites as part of its Summer Food Service Program.
- Transportation services for shopping, medical care and other needs were provided to approximately 1,900 seniors.



PHA provided an extensive array of employment and social service related services to residents under the Community Partners program. PHA works with and provides financial support to Community Partners who provide employment and training opportunities for PHA residents. Training is or has been provided in a wide range of industries including medical billing, building trades, hospitality, pharmacy technician, day care, home maintenance/repair, certified food handler, commercial drivers license, administrative assistant job readiness, janitorial/housekeeping, and certified nursing assistants. Last year, 422 PHA residents enrolled in Community Partner programs. Of this group, 157 graduated from their respective programs, and 121 were reported as working at the end of the training cycle.

GOAL 6 ACCOMPLISHMENTS

Strategic Operating Plan Goal 6 *Improve the Productivity and Cost Effectiveness of PHA's Operations*

In response to continuing, serious federal budget reductions, PHA's efforts to improve productivity and cost efficiency were heavily emphasized over the past year. Across all departments and levels of the operation, staff engaged in working groups, discussions and detailed analyses designed

to identify cost savings and/or productivity enhancing opportunities. PHA anticipates that these efforts will continue at a rapid pace in the new year, especially as they relate to capping soaring utility costs in the scattered site portfolio and elsewhere.



In the area of Fleet Maintenance, PHA took aggressive cost-savings measures including reducing the fleet by 142 vehicles. Through more stringent monitoring systems, fleet related fuel usage was reduced by 9% over the previous year.

1. Reduced utility costs in scattered sites by approximately \$1 million annually.
2. Reduced water consumption by an estimated \$182,000 annually through replacement of outdated bathroom fixtures.
3. Reduced electricity consumption by an estimated \$32,000 per year through replacement of incandescent light bulbs.
4. Reduced PHA fleet by 142 vehicles.
5. Achieved a 9% decrease in fuel consumption of PHA vehicles.
6. Implemented a pilot energy conservation program at three conventional sites.
7. Liquidated excess property resulting in over \$200,000 in revenue.
8. Expanded use of public domain contracts in order to reduce procurement time and expense.
9. Continued team building initiative to promote accountability, adherence to agency procedures and efficiency.
10. Modified administrative systems including copiers and postage usage to achieve savings.

Accomplishments related to Strategic Operating Plan Goal 6 in MTW Year Six included:

- Efforts to more tightly manage utility consumption bore fruit. PHA commissioned an engineering analysis of gas consumption in scattered sites, which resulted in a reduction in utility allowances or a savings in excess of \$1 million annually to PHA.
- Over 800 locations were identified with potential water leaks, resulting in estimated savings of \$39,000. Utilities at 216 long-term vacant units were shut down, resulting in an estimated annual savings of over \$57,000. Phone lines were pared down as well, resulting in annual savings of \$31,000.
- To promote energy efficiency among residents, PHA has created pilot programs at three conventional sites. This education-oriented initiative is targeted to save \$66,000 annually. In addition, on a system wide basis, PHA continues to implement a series of energy awareness workshops along with articles published in the PHA Experience newsletter.
- PHA implemented an agency-wide reduction in force program that has reduced overall staffing by approximately 350 positions. While this was an extremely difficult and painful process, PHA believes that the new technologies and asset management processes implemented over the past years will help facilitate adjustment to the reduced staffing levels.
- In response to the need to increase productivity across the board, PHA continued implementation of an agency-wide teambuilding initiative.
- PHA implemented the first phase of an upgrade of office copier equipment. This initiative added more functionality to each unit while reducing operating cost by \$15,000 per month. Plans have been developed for the next upgrade phase with planned operating cost reduction of an additional \$5,000-7,000 per month.
- PHA developed and implemented a marketing plan to liquidate property identified as excess per PHA's Excess Materials policy. The marketing strategy includes the use of professional auctioneers. The initial auction of excess vehicles yielded over \$200,000 in revenue.
- PHA re-negotiated lease property renewals period from five (5) years to three (3) years to enable PHA more flexibility in utilizing owned vs. leased property.
- PHA implemented an aggressive process to utilize existing contracts available in the public domain under which PHA can procure products and services to meet time critical needs. Such public contracts are first verified to result from an open solicitation process meeting applicable procurement regulations as allowed under PHA's MTW waiver. Use of such contracts shortens the acquisition and reduces resource demands.



A wide array of energy conservation initiatives took place including replacement of 887 inefficient commodes with low-water usage models. This is estimated to save \$182,000 per year. Also, PHA replaced over 4,400 incandescent light bulbs with compact fluorescent bulbs. An estimated annual cost savings of over \$32,000 per year will result from this effort.



PHA initiative efforts to reduce mailing cost by \$0.02 per letter envelope through a postage discount program offered by PHA's vendor. The savings will increase to \$0.04 per letter envelope with the next USPS first class rate increase.

GOAL
ACCOMPLISHMENTS

- 1. Received unqualified opinions on PHA 2006 audited financial statements.
- 2. Received unqualified opinions on the latest Defined Contribution and Defined Benefit Plans.
- 3. Met all investor and funding source requirements for Low Income Housing Tax Credit properties.
- 4. Implemented agency-wide CRM case management software to facilitate tracking and resolution of customer, vendor and partner issues.
- 5. Conducted independent audit of sample contract files resulting in no audit findings.
- 6. Implemented new procurement card policies and procedures.
- 7. Awarded 33% of contract dollars to minority and woman-owned businesses.
- 8. Implemented new CRM Quality Control reviews of public housing and admissions files.
- 9. Implemented new CRM Service Order audit process.
- 10. Created updated policies and procedures for all CRM applications.

Strategic Operating Plan Goal 7
Improve Program Compliance, Reporting, Performance and Accountability

PHA continued to implement an ambitious quality assurance and compliance program throughout the organization. All program procedures are documented, which facilitates the review and/or audit of program transactions. PHA's Quality Assurance Department provided quality control reviews of program files, assisted operating units to assess and re-engineer

business practices to promote efficiency, and provided regular monitoring of strategic goals and objectives. PHA continued to utilize a sophisticated project management system to track and report on all program initiatives. This system is updated monthly and reviewed by senior management.



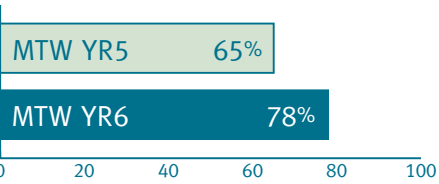
The Quality Assurance Department created updated policies and procedures for all PHA CRM modules including Field Service, Case Management, and Correspondence.

Significant accomplishments related to this goal through MTW Year Six included:

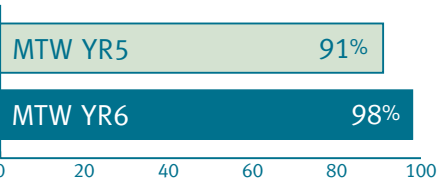
- As evidence of PHA's outstanding financial management, PHA once again received an unqualified audit opinion for its FY 2006 financial statements, its FY 2005 Retirement Income Plan and its FY 2005 Defined Contribution Plan, the most recent available for audit.
- PHA conformed to all required investor and funding source requirements including timely submission of cost certifications for all Low Income Housing Tax Credit sites. These actions illustrate the careful attention PHA pays to conformance to regulatory and other funding covenants.
- Independent audits of sample executed contracts were conducted, resulting in no findings made.
- PHA Contracts Administration implemented new procurement card policies and procedures.
- To facilitate tracking and resolution of all client, vendor and partner issues, PHA implemented a new CRM case management system. All relevant staff were trained on the system, and it is now in use. Management reports help to identify trends, open issues and system bottlenecks.

Resident Satisfaction Survey Highlights

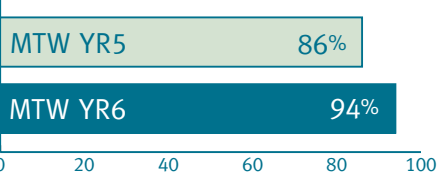
One means of assessing how good a job PHA does at servicing its clients is the agency's annual Resident Satisfaction Survey. The survey was taken in March and April of 2006, well after the layoff of 22% of the PHA workforce. Unfortunately, the reduced staffing levels are reflected in some of the responses, such as increased waiting for routine and emergency services. Overall, however, the results were largely positive.



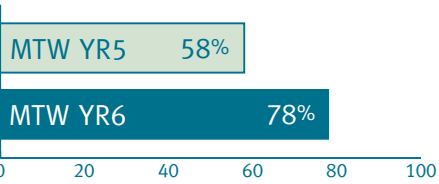
One major positive to come out of the survey is the percentage of residents who would recommend their PHA housing development to a friend or family. The figure was 65% last year, 78% this year.



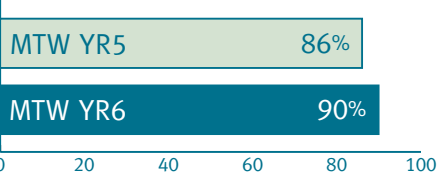
Satisfaction with how well residents were treated by the person doing repairs in their home increased from 91% to 98%.



It is also obvious that PHA is doing a better job of communicating policies to residents. Agreement that management provides information about the rules of the lease increased from 86% to 94%.



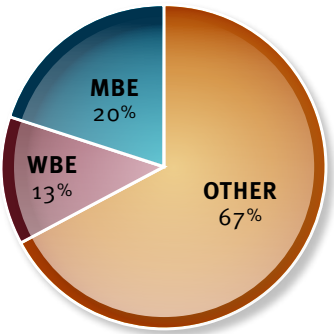
Similarly, the percentage of residents who believe PHA takes action against those who break the rules in the lease increased from 58% to 78%.



90% of respondents said they are either satisfied or very satisfied with their apartment or house. That figure improved upon last year's already high score of 86%.

PHA management will evaluate the results and use the information to plan how to improve performance, even with a still shrinking workforce.

Working with Minorities



PHA continued its commitment to working with minority and woman-owned businesses. During the past year, PHA awarded 33% of contracts to MBE and WBE firms (20% MBE, 13% WBE), totaling over \$28 million.



As an enhancement to its existing HCV quality control process, PHA implemented new quality control measures for admissions and the public housing program during the coming year. The PeopleSoft CRM system is used to review/audit admissions and recertification files and to audit service order delivery.

GOAL ACCOMPLISHMENTS

1. Implemented an agency-wide Interactive Voice Response system.
2. Implemented an agency-wide case management tracking system in conjunction with IVR.
3. Trained more than 300 staff on use of new IVR and case management modules.
4. Established a new Business Analyst training program.
5. Implemented new business process modeling tools.
6. Upgraded management reporting capabilities through implementation of Business Objects tools.
7. Relocated ISM data center to a new facility.
8. Expanded capabilities of Quality Control system to encompass public housing operations.
9. Commenced implementation of PeopleSoft Financials upgrade project.
10. Implemented new online vendor locator tools.

Strategic Operating Plan Goal 8 *Maximize the Use of Technology to Improve Efficiency and Accountability of PHA Operations*

As budget pressures have forced PHA to reduce staffing levels, PHA's focus on utilization of technology in support of agency operations remains a critical priority. PHA has established industry-standard network equipment, upgraded or replaced mission critical software applications, built a qualified and responsive technology staff, and improved the capacity of all PHA computer

users through extensive training. The primary applications in use at PHA include Oracle/ PeopleSoft Financial Suite, Human Resources Suite and Customer Relationship Management (CRM). As summarized below, use of CRM technology is an essential component of PHA's move towards asset management and ongoing drive to improve efficiency.



PHA's computer operations and data center moved to a new facility in August 2006. The move was accomplished with minimal down time and disruption of PHA business operations. In addition to being more spacious than the old facility, the new facility contains state-of-the-art power and cooling systems. Moving to this new facility has allowed ISM to improve system availability and reliability by eliminating disruptions from environmental factors.

Significant accomplishments through MTW Year Six include:

- A critical element of the IVR system is its integration with the newly implemented CRM Case Management system. Callers that are unable to obtain requested information from the IVR system are automatically connected to appropriate PHA employees for further assistance. The IVR system is integrated with the CRM system. Calls are automatically routed to the employee's workstation with critical customer, vendor and other partner transaction information pre-entered into the applications. The integrated case management system tracks calls handled by PHA employees, ensuring that they resolve each inquiry and reduce paperwork.

- PHA provided training to more than 300 PHA employees on the Customer Relationship Management (CRM) module including Virtual Call Center Case Management, Executive Correspondence Case Management, Quality Control Public Housing, Public Housing Service Order Audit, and Vacancy Tracking.
- PHA implemented the PHA Business Analyst Training Program for technical aides with computer science, engineering and management information system backgrounds. This 12 -month program provides participants with a strong foundation in the various PHA technologies, business analysis and consulting skills. With these skills, participants are ready to take on the exciting roles of business analysts, functional leads or project managers on major IT initiatives.
- To improve the ability to train staff and improve business process efficiency, PHA installed the Oracle Business Process Architect, which is known as a Business Process Management tool. The first project to utilize this tool is the Application Wait List and Eligibility/Public Housing Project (AWE/PH). When complete, this project will provide one universal application system for Public Housing, Limited Partners, Housing Choice Voucher and Home Ownership. This entails combining several business processes in to one. The new software tools provide the structure and location to facilitate this merger smoothly.
- PHA implemented new and improved management reports designed to provide accurate, updated or real-time information to key users and managers. PHA currently supports over 350 reports for more than 1500 local and remote users. The Business Objects (BO) software tool is a primary means for the creation and distribution for PHA reports. It is now available for access to all users through the PHA Intranet Portal. Staff can view, run and schedule a variety of reports. These reports include Rent and Capital Status Reports. The former process for distributing these reports was entirely manual and proprietary to the departments responsible for the report data.
- PHA implemented a number of enhancements to its CRM Quality Control review applications. Staff can access customer files in CRM to conduct file reviews in both public housing and HCV programs. Using a checklist functionality created in the CRM system, staff reviewers can determine the accuracy of tenant benefits and applicability of pertinent policies. The CRM system produces detailed reports on audit findings including opened and closed audits, aging summaries, and other information.
- PHA worked to implement the new HUD MTW 50058 reporting system which provides information on all public housing and HCV participants. The new system has proven to be extremely difficult to implement as a result of problems with the HUD PIC test environment. PHA anticipates that regular reporting will begin in the next year subject to correction of PIC system problems.
- PHA implemented the Dunn & Bradstreet Online Vendor Locator tool to increase participation in published solicitations and improve respondent quality. This service is provided under an existing subscription service from D&B at no additional cost to PHA.



PHA implemented an agency-wide customer service initiative to improve response to more than 4,000 calls received daily. This implementation is an essential component of PHA's move to asset management principles. Previous to the PeopleSoft Enterprise Support implementation, customers had to call numerous phone numbers, often waiting a long time, to reach housing authority departments, and the PHA had no system for tracking or managing customer inquiries. Now, the system allows callers to reach a unified, interactive voice response (IVR) system that provides standard answers to frequently asked questions. Additionally, customers, vendors and Housing Choice Voucher (HCV) landlords can access specific information regarding payments and waitlist status.

GOAL ACCOMPLISHMENTS

1. Secured \$7.8 million in new state funds to support PHA redevelopment initiatives.
2. Secured \$23.3 million in new Low Income Housing Tax Credit private investor equity contributions to support PHA redevelopment.
3. Successfully raised \$200,000 for youth programs from Philadelphia Youth Council and Workforce Investment Board.
4. Secured over \$1.78 million in HUD social service related grants.
5. Obtained \$150,000 federal grant to support family unification Amnesty program.
6. Developed plans to transfer 170 scattered site properties to entities that will develop 461 units and 3 commercial projects.
7. Partnered with the Dept. of Revenue to capture \$6,600 in back taxes due to the City from HCV owners for this past year.
8. Created partnerships in support of affordable homeownership with local banks and housing counseling agencies.
9. Coordinated collaboration of MTW agencies in support of shared objectives.
10. Supported resident-police partnerships through the Police Advisory Board and Town Watch programs.

Strategic Operating Plan Goal 9 *Maximize Relationships and Initiatives to Deliver Sound and Effective Services*

Strategic Operating Plan Goal 9 focuses on creating and nurturing partnerships to achieve maximum benefit for PHA resident and program participants. As federal funding support for HCV

and public housing declines relative to need, the importance of forging partnership in support of PHA's mission has become even more important to the agency's long-term success.



Significant accomplishments in this area through MTW Year Six included:

- In addition to the \$1.2 billion in capital funds previously secured, PHA secured an additional \$31.5 million in leveraged financing including \$7.8 million in state funds, \$23.3 million in LIHTC equity and \$400,000 in local funds.
- PHA's aggressive social service fundraising efforts resulted in receipt of over \$2.6 million in new grant funds from 12 grant programs. New grants included: \$150,000 from the Wachovia Foundation to support after school programs at the Wilson Park Community Center; \$200,000 from the Philadelphia Youth Council and the Philadelphia Workforce Investment Board for youth programming activities; \$150,000 from the US Department of Health and Human Services Administration to implement an Amnesty Program designed to reunite families; \$150,000 from the US Department of Justice to expand services under the Gang Resistance Education and Training Program; \$109,000 from the Philadelphia Corporation for Aging to provide congregate meals at four PHA senior developments; and, \$1.78 million in HUD grants for Mainstream, FSS, Neighborhood Networks, Shelter Plus Care and Congregate Housing Services.

- PHA developed and coordinated a nationwide network of MTW Housing Authority partners to promote increased support for public housing financial needs, expansion of MTW to additional cities, and extension of MTW agreements. The group conducted a conference in Washington involving MTW agencies, elected officials and HUD Washington staff. Regular group conference calls are held to share critical information and promote shared objectives.
- To promote affordable homeownership, PHA continued its highly effective partnerships with major banks including Wachovia Bank, Bank of America, Citizens Bank, Commerce Bank, Sovereign Bank and Wells Fargo. PHA also maintains relationships with 26 certified housing counseling agencies throughout the city of Philadelphia.
- In an effort to promote quality service and accountability among HCV private property owners, more than 2,600 property owners have participated in a mandatory orientation program offered by the Institute of Real Estate Management since August 2002. This is a unique and groundbreaking program that PHA believes results in better service to HCV participants and more responsiveness to community concerns. In the past year, 355 landlords attended this class.
- PHA submitted 16 disposition applications to permit the transfer of 170 scattered site properties that were used or will be used, along with other properties assembled by PHA affiliates, and private purchasers/developers, for the development of 246 homeownership units, of which 190 are affordable; 209 rental units; and three (3) commercial/retail projects. Sixty-two (62) of the rental units are designated for senior adults in Philadelphia's Mantua community.
- Various City agencies transferred 241 properties to PHA.
- PHA contributed to new construction and/or rehabilitation projects for community development corporations and continues to participate in transferring properties to the City of Philadelphia and its affiliated entities, agencies and authorities for the Neighborhood Transformation Initiative (NTI) Program.
- PHA continued its collaboration with the Department of Revenue to review and ensure compliance of property owners with vendor tax and utility payments before an owner is accepted into the HCV program. This year, these efforts resulted in \$6,600 in back taxes paid to the City.
- PHA was recognized for:
 - the MLK development as one of the best examples of smart growth design by the **10,000 Friends of Pennsylvania**;
 - excellence in construction and design of Greater Gray Ferry Estates by **The General Builders Contractors Association**;
 - the rent assessment system used in the Housing Choice Voucher program, which lowered rental costs and increased efficiency while paying fair market rates to landlords, by **The Counselors of Real Estate**;
 - the modernization of Germantown House and the new MLK units by **The Pennsylvania Association of Housing And Redevelopment Agencies (PAHRA)**;
 - the remarkable decline in injury claims by **The Housing Authority Insurance Group**; and
 - energy conservation by the **U.S. Department of Energy** and the **EPA**.



Carl R. Greene, PHA's executive director, was recognized by the Philadelphia Tribune Newspaper, as one of the 10 Most Influential African Americans in Philadelphia this past year.



PHA participated in a year-long campaign to inform and educate the public about the decreased funding appropriated for public housing. This campaign included events in Pennsylvania, New Jersey, Ohio and New York.

Discussion of Differences

The decrease in the operating subsidy was due to public housing authorities nationwide being funded at less than 100% or at 83% for FYE 3/31/07.

Decreased Dwelling Rental Income is the result of two factors: increases in the utility allowances for scattered site residents resulting in a lower rent paid by the scattered site resident and a decrease in the number of occupied units due to demolition and disposition activities. The increase in interest income was due largely to a higher rate of return on investments dictated by market forces.

The Capital Fund is formula driven based on standing units and needs. With fewer PHA standing units and therefore, decreases in the accrual needs and backlog, the resulting grant award contains fewer capital dollars for PHA. The Capital funds were also subject to reductions in the federal appropriations.

Sources And Amounts Of Funding

PHA's Moving To Work Agreement envisions a streamlined annual planning and reporting process, which includes provision in each report of "budgeted vs. actual expenditures by line item." Throughout the term of PHA's MTW participation, PHA has provided this information through four line items: Public Housing, Capital Funds, HCV, and Other Grants. PHA's annual audit, which is submitted to HUD, includes a detailed accounting of these expenditures with a further breakdown of the line items in the annual MTW report. Accordingly, please refer to that audit for additional line item detail.

Revenue Sources	MTW Yr. 6	Actual Funding
Dwelling Rental Income	\$19,426,341	\$18,783,084
Interest Income/Other	767,168	1,309,382
HCV MTW Block Grant	134,864,984	142,608,748
Capital Subsidy including Replacement Housing Factor 1	75,640,828	69,766,811
Operating Subsidy	111,059,689	91,794,306
Total Revenues	\$341,759,010	\$324,262,331

This table presents the budgeted and actual amounts and sources of MTW funding received by PHA in FY2006. Sources of funds include those funds previously designated for vouchers. Under MTW, voucher resources may be redirected to achieve the key objectives of the MTW Program.

The flexibility of the Moving to Work Demonstration Program has allowed PHA to more effectively address the critical need for affordable housing in Philadelphia in a variety of

new ways, and in addition to capital programs discussed in Section 7. PHA, for example, increased the number of families supported through the Housing Choice Voucher (HCV) Program to a total of 17,074 households.

As part of continuing efforts to use HCV vouchers to support neighborhood revitalization and economic mobility, PHA partnered with a range of organizations under its Unit-Based Subsidy RFP program. This program uses MTW flexibility and allows qualified partners to request Housing Choice Vouchers, ACC, or other available PHA funds for the repair, rehabilitation, or construction of new units for neighborhood revitalization efforts. To date PHA has awarded 929 (412 new construction vouchers and 517 rehabilitation vouchers) to 37 vouchers qualified partners to support this initiative. Over 646 families now reside in 304 units constructed and 342 units rehabbed under this program.

PHA continued to operate the Pre-Apprenticeship Training Program initiative in partnership with building trade unions. Ninety-seven PHA residents graduated in the past year. During the thirteen cycles PHA has sponsored and placed over 41 graduates into the building trades; 22 carpenters, 3 painters, 9 electricians, 1 drywall finishers, 3 plasterers, 1 sheet metal workers, 2 operating engineers.

Last year, 55 PHA residents graduated from Professional Healthcare Institute's (PHI) Certified Nursing Assistant (CNA) Program. To date, 900 residents have graduated, of which over 90% obtained employment.

PHA continued its commitment to building the highest quality management staff through continued technical training and implementation of new streamlined procedures including quality

control reviews. Extensive staff training efforts included training in Low-Income Housing Tax Credit Compliance, use of PeopleSoft applications, and Niku Project Management training.

Revenue Sources	MTW Yr. 6	Actual Funding
Dwelling Rental Income	\$19,426,341	\$18,783,084
Interest Income / Other	1,863,631	2,345,199
Section 8 Subsidy and Admin Fee	149,538,627	147,467,131
Capital Subsidy including Replacement Housing Factor 1	75,640,828	69,766,811
Operating Subsidy	111,059,689	91,794,306
Other Grants	363,981	894,329
Total Revenues	\$357,893,097	\$331,050,860

This table presents the summary of MTW Funds and Non-MTW Funds in Year Six.

In terms of technology investments, PHA has dramatically upgraded the use of computer technology to expedite and streamline customer service, management reporting and processing of daily transactions. Specifically, the Information Systems Management (ISM) Department completed integration of ECS Housing Choice Voucher Housing Assistance Payments (HAP), and Utility Assistance Payment (UAP) payments to PeopleSoft Accounts Payable (AP) module. This integration allows all the financial processes to reside in the Peoplesoft financial modules. ISM staff also completed implementation of Computer-Based Training for Housing Choice Voucher's Eligibility Department, and implemented network upgrades including replacing existing network cabling to improve network speed.

Technology improvements were implemented including new Customer Relations Management knowledge database modules; integration of legacy HCV systems with PeopleSoft AP in order to make payments and track financials; extensive work on design and testing of new MTW client tracking and compliance system; and, a number of network server, infrastructure and desktop upgrades.

Other applications of the PeopleSoft (CRM) Customer Relations Management module include client, correspondence, field service, and independent customer database tracking systems such as incident, investigations, quality of life, risk management and environmental tracking systems. Initial implementation of these systems started in November 2003. Go live for the various modules were initiated in 2004.

In addition, PHA conducted extensive activities related to planning and implementation of a new Interactive Voice Response system. The IVR system implementation will be coordinated with the implementation of CRM case management and call tracking functionality. IVR implementation will occur in Year Six.

Projects	MTW Yr. 6	Actual Funding
Public Housing	\$131,253,198	\$111,886,772
Capital Funds	75,640,828	69,766,811
HCV Program	150,635,090	148,502,948
Other Grants	363,981	894,329
Total Revenues	\$357,893,097	\$331,050,860

This table presents planned versus actual consolidated budgets in Year Six.



Residents actively participated in various social service, literacy and economic self-sufficiency programs operated at Blumberg. Since opening the first Self-Sufficiency Center at Blumberg, PHA MTW Family Service staff and partners have served 7,748 residents. In the last five years of MTW, 603 households have increased their incomes so that they no longer need HCV subsidies.



The Blumberg center is one of several one-stop shops PHA has opened in the past several years. Others include the LIFE programs for seniors at Greater Grays Ferry Estates and at Germantown House and the after school program at the John F. Street Community Center. The one-stop-shop concept refers to locations where a segment of the PHA population can get their needs met at one location.

