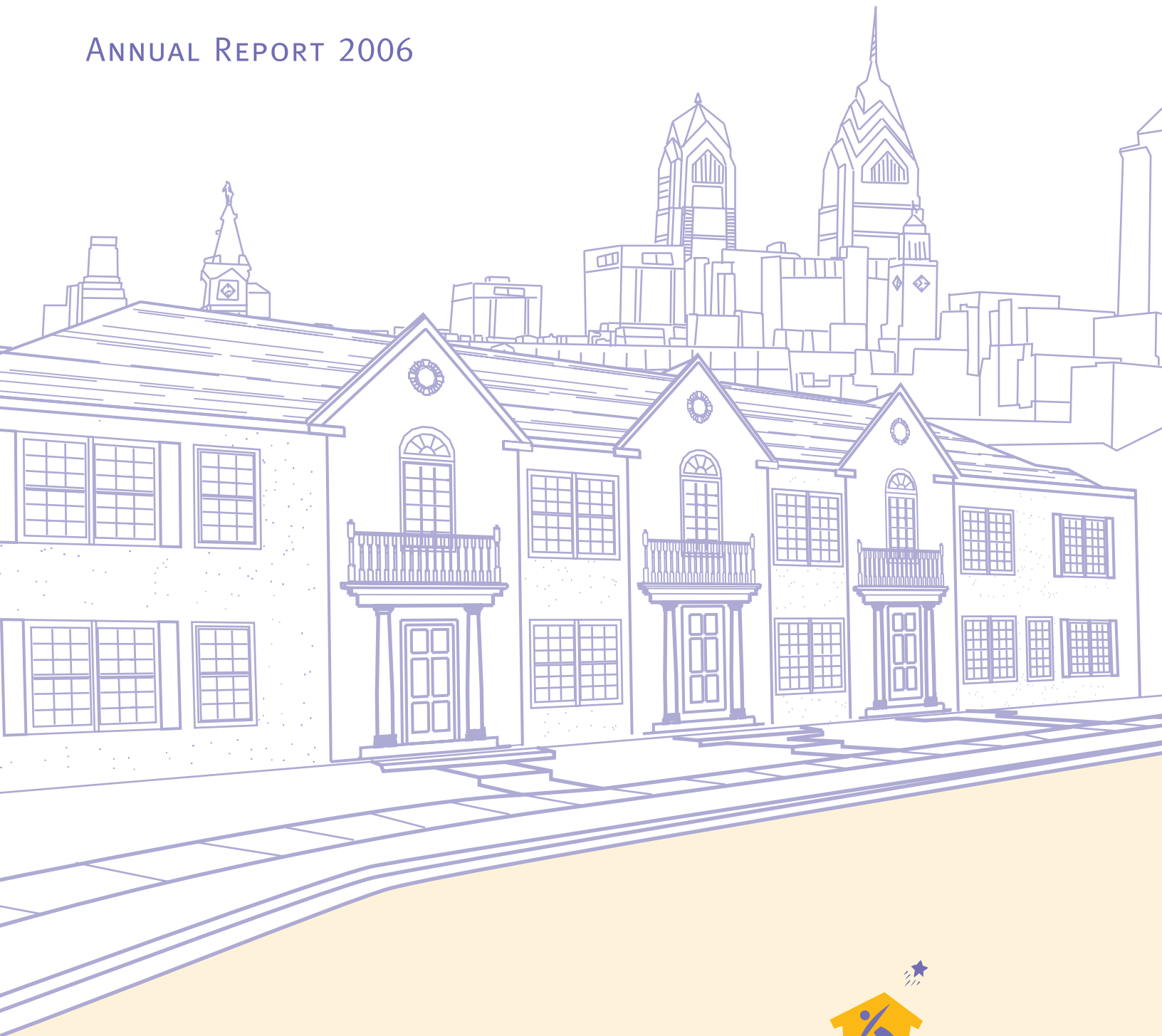


●●● BUILDING ON A VISION

ANNUAL REPORT 2006



Philadelphia Housing Authority
Building Beyond Expectations



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Property. Prosperity. Progress.

This is PHA’s vision for Philadelphia. We are building a city where every family can aspire to live in a high quality home. Where people can care for their families in a safe, secure environment. Where people dreaming of a better life can find the tools to succeed.



● ● ● Message from the Chairman of the Board

“ 2006 produced another remarkable year of accomplishment at PHA. Despite a continued decrease in federal funding, the agency kept right on track building more homes, serving more families, and maintaining its role as a positive force for neighborhood change. Speaking on behalf of the board of commissioners, we have worked closely with PHA's executive staff to ensure that the housing authority's operations feed into the city's emphasis on transforming neighborhoods.

The Lucien E. Blackwell Homes in West Philadelphia is a perfect example of our synergy at work. The city acquired hundreds of run-down or vacant houses in this section of West Philadelphia, demolished them and conveyed many of the properties to PHA. The housing authority has built hundreds of homes over a three-mile area, using this land, plus the ground where the old Mill Creek high-rises once stood. This was a neighborhood of crumbling houses, high crime and low hopes. Now it is an emerging community, attracting families, and providing a safe and uplifting environment.

Success stories like the Blackwell development serve as examples of why well-managed public housing is so important to America's cities. PHA, with its real estate expertise, is able to go into impoverished areas to build large-scale modern housing developments for low-income families. There is no profit in providing public housing. That's why the government must fill this role.

I have become increasingly alarmed over the reduced funding levels for housing being appropriated from Washington. Here in Philadelphia and across the country, public housing has made a world of difference in the lives of low-income families, seniors and the disabled. It has also impacted the quality of life for families living near public housing sites. PHA's methodical long-term strategy is paying off. But a renewed federal commitment to this program is required if we are to build upon the tremendous progress made over the past few years.

My colleagues in the National Conference of Mayors and I will keep this issue in the national spotlight, so that Congress doesn't lose sight of its importance. The PHA board is committed to ensuring that PHA continues to be an integral part of the city's urban renewal and a national leader in the highest quality affordable housing. Public housing in Philadelphia now means housing of choice. Only full funding will keep it that way. ”

**Mayor John Street, Chairman
PHA Board of Commissioners**

Message from the ● ● ● Executive Director

“ Since the late 1990's we at PHA have been building on a vision for how strong our city's neighborhoods can be. Before the construction equipment can roll in, before decaying, abandoned houses can be cleared away, and before skilled workers can rebuild communities, you have to have a vision of the outcome.

It is this faith in our vision of vibrant neighborhoods that has driven PHA to such great achievements. When we see a neighborhood in despair we see an opportunity. And although we see opportunity one neighborhood at a time our ultimate vision includes thriving communities, interconnected throughout the city.

In the past six years PHA has built or completely renovated more than 6,000 homes. We have plans for another 1,500. Our guiding belief has been consistent: If you provide families with a quality house and a safe community, and you establish rules to live by, those families will take on a sense of ownership in their homes and their neighborhoods. Similarly, when PHA properties are perceived as excellent, neighbors and investors respond. Families now eagerly buy homes near our sites, and private investors have put \$225 million into our construction program.

Our vision for integrating public housing into Philadelphia's neighborhoods has allowed PHA to positively influence the city. Public housing today means modern affordable housing communities - interwoven with middle-income housing - and driving up the value of privately owned homes.



That philosophy reaches into PHA's Housing Choice Voucher program as well. For many years, this program, also known as Section 8, worked poorly for Philadelphia's neighborhoods. We instituted a series of reforms in 2003 that committed families and landlords to become contributors to their neighborhoods. The changes have proven to be a resounding success. We are very pleased in this annual report to tell the stories of several Housing Choice clients who used the tools provided them by PHA to gain economic independence.

Yes, we do face the challenge of decreasing federal funding, but we trust that federal policy makers will reverse course and reinvest in public housing. Our plan is working. Backed by public support because of all we have accomplished, we can continue to excel and grow. Six years ago we served fewer than 50,000 people. Today, we serve almost 85,000. PHA has shown how well planned, well-managed affordable housing benefits all concerned. We have set the standard. We still have the vision. And we intend to build on it. ”

**Carl R. Greene
Executive Director**

VISION

for thriving communities

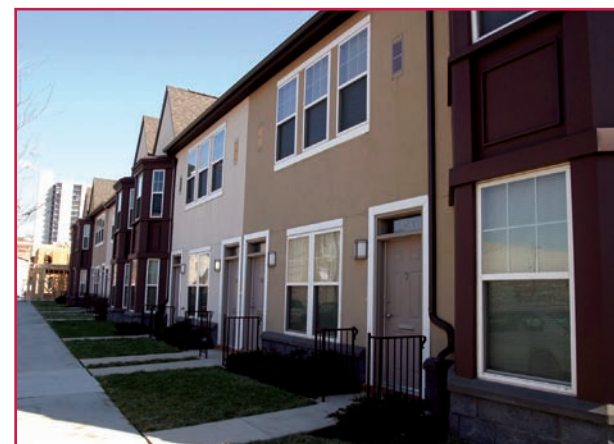
We see neighborhoods
where families with varying incomes
live, work and play together.

○ ● ● New Developments

2006 was an exciting year for PHA, not only because of the developments that we completed, but also because we began to implement our plans for a number of other neighborhoods throughout Philadelphia.

Martin Luther King Plaza

The final phase of the new Martin Luther King Plaza was completed in 2006. We finished work on 42 rentals and 90 homeownership units. This development was designed to match the historical character of the neighborhood and received a lot of recognition, including an award for design from the American Institute of Architects. The location of these homes just south of Center City made them a good opportunity for downtown living at affordable prices.



Martin Luther King Plaza ○

Lucien E. Blackwell Homes

In 2006 PHA moved toward completing the third phase of its Lucien E. Blackwell Homes development in West Philadelphia. The construction of 50 rental units and 35 homeownership is complete. In all, LEB includes 685 homes.

Marshall Shepard Village

Buttressing our investment in the Blackwell development

will be Marshall Shepard Village, located just south of Blackwell. PHA has begun work on this \$24 million development of 80 rental units for families and seniors. PHA expects to complete work on this development in 2008.



Falls Ridge Homes for Sale Under Construction ○

Falls Ridge

In East Falls, PHA began construction on 28 affordable homes for sale at the Falls Ridge development, formerly known as Schuylkill Falls. These new homes represent a \$6 million dollar investment on a beautiful site overlooking Kelly Drive that already features 135 rental homes. Falls Ridge also represents a new way of doing business. Westrum Development Company has begun the construction of 128 market-rate homes at the top of this picturesque setting. This development is both historic and unique, as residents of affordable housing will live side-by-side with market-rate homeowners.



Lucien E. Blackwell Homes ○

New Developments (Cont'd)

Ludlow

The Ludlow development in North Philadelphia features a new method of getting more for our money at PHA. In 2006 PHA introduced modular construction to our development mix, completing construction of the first 14 modular units. The cost savings using modular construction were tremendous, around \$100,000 per home. When completed, the \$37 million Ludlow neighborhood development will have a total of 161 homes (72 homeownership and 89 rentals) covering a 22 square block area.



Wilson Park Through Street



Ludlow Modular Homes

Germantown House

We are particularly proud of our senior developments at PHA. The modernization of Germantown House in Northwest Philadelphia once again affirms our commitment to provide seniors with quality, affordable housing and access to health care. The building was completely renovated and reconfigured from 219 cramped apartments, creating 133 larger units with modern amenities. The first floor at Germantown House features an 11,000 square foot LIFE (Living Independent for Elders facility) center. LIFE is a Medicaid/Medicare funded program designed to keep nursing home eligible seniors living independently. It's a \$23 million investment in a historic neighborhood.



Germantown House

Wilson Park

Residents who live in the low-rise units at Wilson Park in South Philadelphia are finding it much easier to travel through the neighborhood. PHA completed a \$3 million improvement project, taking out the courtyards between the homes, and building 6 new through streets. The new streets improve both access and safety, allowing residents to park in front of their homes while giving police and fire departments a speedier route to the site in case of emergencies. The new streets are also in keeping with PHA's philosophy of integrating public housing sites back into the city's street grid.

Greater Grays Ferry Estates

At Greater Grays Ferry Estates, construction began on a new, three story multi-use building with over 32,000 square feet of space. This state-of-the-art building will have a multi-purpose room and two training rooms on the first floor, with modern office facilities on the second and third floors. PHA anticipates moving some of its operations to this site, enabling us to move out of leased space in other buildings.



New Multi-Use Building at Grays Ferry

Abbottsford

In Philadelphia's Hunting Park neighborhood, demolition of 402 units dating back to World War II took place at Abbottsford. The work clears the way for new development. PHA plans on building 112 new units at the

site, an investment of \$35 million. We have applied for a tax credit award to allow private investment to fund the new homes and anticipate the start of construction by Spring 2009. The site already boasts a modern community center and renovated low-rise apartments.



PHA Receives State Demolition Grant for Liddonfield Homes

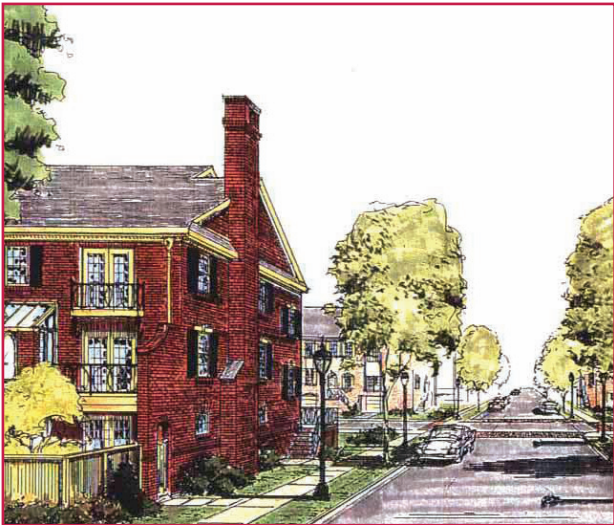
Liddonfield Homes

Our vision for the future includes a very ambitious plan to redevelop Liddonfield Homes in Northeast Philadelphia. In August 2006, the state of Pennsylvania awarded PHA a \$3.5 million grant. This is the first step toward compiling the \$94 million needed to replace old housing with 225 affordable homes on 12 acres. We plan to sell the remaining 20 acres at the site to a private developer who will build as many as 335 market-rate homes, creating a mixed-income community with low-income residents living next to middle-income families.



Renovated Apartments at Abbottsford

○ ● ● New Developments (Cont'd)



○ Passyunk Rendering

Passyunk

Similarly, The DePaul Group is scheduled to begin construction of 275 homes on the old Passyunk site in southwest Philadelphia in the spring of '07. In addition, PHA anticipates building an 80,000-square-foot multi-use building for its housing police and fleet management as well as a 650-vehicle parking lot. The 13-acre complex will face the Schuylkill Expressway, so the new homes will be buffered from highway noise.

Nellie Reynolds Gardens

The designs are complete and work is moving forward on the Nellie Reynolds Garden senior apartment development. This new, three-story, 64-apartment building for seniors will be located in the Strawberry Mansion neighborhood,

and will feature a spacious LIFE center on the ground floor similar to those found at Germantown House and Greater Grays Ferry Estates.

PHA is planning five other sites including:

Warnock Street - Phase I – a \$16 million development on scattered sites in North Philadelphia. PHA anticipates beginning construction of 50 rental units in December 2007, with completion a year later.

Spring Garden - Phase II – a \$19 million development of 60 rental units at scattered sites in the Spring Garden neighborhood of Center City. Work on this development should begin in Spring 2008.

Mantua Hall – PHA plans on taking down this 18-story high-rise in West Philadelphia, starting in Spring 2009. We'll replace it with 50 affordable rental units on site and another 110 homes at scattered sites, an investment of over \$54 million.

Lucien E. Blackwell Community Center – this two-story, 34,000 sq. ft. building will be located in West Philadelphia near Blackwell Homes. The facility will cost \$11.9 million and represents a partnership with the School District of Philadelphia. The building will include a gym, office space and classrooms. Like the new community centers at Wilson Park and Richard Allen, this center demonstrates now that PHA helps build neighborhoods.

Jannie's Place – a 40-unit, \$7 million transitional housing development in West Philadelphia, with construction beginning in Spring 2009. ✕

○ Nellie Reynolds Gardens Model



○ ● Development Plan - 2000 to 2010 ● ○

Development	Units	Investment	Completed
○ In Progress			
Falls Ridge *	285	\$ 82,650,000	2007
Greater Grays Ferry Estates Office Bldg.	1	\$ 8,750,000	2007
Lucien Blackwell Homes			2008
Phase IV - Shepard Village	80	\$ 24,240,000	2008
Ludlow Scattered Site	161	\$ 47,050,000	2008
	527	\$ 162,690,000	
○ Complete			
8 Diamonds	152	\$ 28,030,000	2002
117 Scattered Sites	117	\$ 17,530,000	2004
Abbottsford-Phase I	236	\$ 36,100,000	2001
Cambridge Plaza	124	\$ 33,690,000	2005
Courtyard Apartments	470	\$ 46,200,000	2000
Germantown House	133	\$ 23,210,000	2006
Greater Grays Ferry Estates	554	\$ 150,400,000	2006
Martin Luther King	245	\$ 82,870,000	2006
Lucien E. Blackwell Homes	444	\$ 117,790,000	2006
Mount Olivet	161	\$ 17,820,000	2004
Norman Blumberg-Phases 1,2, & 3	499	\$ 60,300,000	2004
Raymond Rosen Manor	553	\$ 45,300,000	2002
Richard Allen-Phase I & 2	230	\$ 48,700,000	2000
Richard Allen-Phase 3	178	\$ 46,430,000	2003
Champlost	102	\$ 10,000,000	2000
Fairhill	264	\$ 25,800,000	2000
Hill Creek-Phases 1, 2, & 3	154	\$ 18,000,000	2003
Norris Homes	169	\$ 14,000,000	2000
Spring Garden	97	\$ 13,000,000	2003
Suffolk Manor	137	\$ 25,340,000	2003
Whitehall (5 Phases)	250	\$ 18,930,000	2005
Wilson Park -Phases 2 & 3	448	\$ 43,200,000	2004
	5717	\$ 922,650,000	
○ Planned			
Abbottsford	112	\$ 35,000,000	TBD
Angela Court - Phase II	54	\$ 7,950,000	2008
Brewerytown	60	\$ 16,950,000	2008
Jannie's Place	40	\$ 7,000,000	TBD
Liddonfield	225	\$ 94,110,000	TBD
Mantua	150	\$ 61,320,000	2009
Nellie Reynolds	64	\$ 19,100,000	2008
Spring Garden (Scattered Sites)	60	\$ 19,100,000	2009
Passyunk Office Building	1	\$ 13,000,000	TBD
Warnock	50	\$ 16,000,000	2009
	816	\$ 289,520,000	
○ ● Totals			
	7060	\$ 1,374,860,000	

* Private market homeownership at Liddonfield & Passyunk sites not included in this chart. This will account for as many as 610 additional units.

Homeownership

Doesn't every family see itself living in their own home? Having a yard where children can play? Building a nest egg through the appreciation of the property? PHA shares that vision and is committed to making this dream come true for as many residents as possible.

PHA understands that many of the residents who want to own a home need assistance in reaching their goal. PHA's homebuyers' workshops were set up to help residents resolve issues such as poor credit history, insufficient down payments and lack of knowledge about home financing and closing costs.

A total of more than 250 PHA built homes have been sold at Lucien E. Blackwell Homes, Greater Grays Ferry Estates

and Martin Luther King Plaza. Due to the positive response to this program, PHA is developing an additional 443 new homeownership units.

For families with a disabled resident, homeownership may seem like an impossible dream. This year, PHA reached out to those families, offering homebuyer workshops targeted to disabled residents participating in the HCV program. More than 1,000 residents attended the workshops, learning how to improve their credit rating and qualify for mortgages with PHA's assistance. Disabled families who qualify for the program are able to use their vouchers towards mortgage payments. So far, 34 families with a disabled member have purchased a home through the program. ✂

New PHA Homeowners



Homeownership Success Stories

Stephanie Saunders

Stephanie's success in purchasing a home is part of a long journey that started with her qualification for the Housing Choice Voucher program in 1992. She was living at a shelter for homeless women in West Philadelphia, working to overcome her drug problem and looking for a more wholesome environment to raise her daughter.

She went back to school, decided to become a social worker and began the journey to homeownership. In April she closed on her home and earned her master's degree in social work from Temple University.



Benny Caballero

Benny Caballero never imagined that he would achieve the American Dream of owning a home when he dropped out of school in the 10th grade to go to work and help his family.

Years later, on the day after Christmas 2006, he completed the purchase of his home in Olney, using his Housing Choice voucher. Benny's plans include further remodeling of his home and a return to the classroom through PHA's Community Partners program. He's aiming for his GED and a new career.



Barret Family

Duwayne Barrett along with his wife Catrice and daughter Amira are moving to Greater Grays Ferry Estates. Duwayne sees his new home as a valuable asset. "We're thinking about our future, our family for generations to come," he says. "We wanted to make an investment that would be good for the next 20 or 30 years." His wife Catrice says she looks sold her. "It's a very attractive good house, good price, and good neighborhood."



VISION for opportunity

We see our clients
using the tools we provide
to strive toward economic independence.

○ ● ● Moving to Work

Over the past six years, PHA has helped change the landscape of the city of Philadelphia. High-rise housing projects have come tumbling down, and modern suburban-style homes have risen in their place. The neighborhoods surrounding housing sites have become prosperous. This vision of a rebuilt Philadelphia has been made possible by the federal Moving to Work demonstration program. PHA was one of 32 housing authorities chosen to participate in the MTW pilot program. The agency is now finishing its sixth year in the program.

Although MTW does not put more money in PHA's budget, it gives the agency the freedom to use the funding in ways that best meet the needs of Philadelphia.



Pre-Apprenticeship Training Program ○



Programs under MTW include:

- Creating a 7-year time limit for Housing Choice Voucher customers
- Establishing alternative procurement procedures
- Dedicating program income to support housing development
- Streamlining demolition and disposition procedures

As an agency, PHA has thrived under MTW enjoying:

- A booming building program providing jobs and opportunities
- Additional housing for over 8,500 households
- Neighborhood developments with maximum impact

MTW was created to help housing residents become self-sufficient. The following programs are now offered:

- Employment & job training opportunities
- The Pre-Apprenticeship (building trades) Training Program
- Homeownership opportunities
- Youth programs
- Academic programs, such as Skills for Life
- Senior programs, including the LIFE program that enables nursing home eligible seniors to remain at home and receive health-care services ✂

Residents Success Through Community Partners

Morrel Bey was a Housing Choice Voucher (HCV) resident who won a Walt Disney Studios/ABC Entertainment writing fellowship worth \$50,000. Her one-year fellowship is a once in a lifetime opportunity to write scripts for TV and movies. Morrel joined the HCV program after spending her youth in foster care. This program gave her the opportunity to finish her degree at Temple University. She worked in social services but was drawn to creative writing. Morrell's teacher in a post-graduate course saw her talent and suggested Morel apply for the fellowship that dramatically changed her life.



Tracy Burton loves to paint. In fact, she loves it so much that she started her own business and plans to move out of public housing. The business, Tradot Janitorial & Painting Services, Inc., began operation in June 2004. She included janitorial services as part of her company because she figured that customers would need someone to clean up once the painting was done. It also gave Tracy a way to offer her special needs daughter employment in a safe environment. Tracy's road to success came through her opportunity to participate in PHA's Pre-Apprenticeship Program.



Shelita Gaskins is a woman with a message — get an education. This single mother is now a paralegal on the road to becoming a lawyer. She attributes her success to the opportunity to participate in the HCV program. Her low rent and utility stipend have given Shelita the financial break to work and study at the same time. An ad on television inspired Shelita to enroll in a program to become a paralegal. She continued her studies at Chestnut Hill College. "In another 18 months I'll have a bachelor's in criminal law," Shelita points out. After that "I'll go to law school." By the time her voucher expires she'll be finished with law school.



Loretta Moore was once homeless. Now she has completed her associate's degree, is successfully employed, and has become a homeowner. This was a long journey from her youth with a dependency on drugs. Through the HCV self-sufficiency program several people took Loretta under their wing. While working as an administrative assistant at Pennsylvania Hospital, she noticed that her employer needed technical support for computer problems. She found her way to the Community College of Philadelphia where she earned her degree in Computer Information Systems, and has gone on to earn her bachelor's degree at Temple University.



Tyrone Sharid was looking for a way to earn a better living. He was 39 years old trying to support a family working odd jobs. Then he learned about The Professional Healthcare Institute's (PHI) food handlers course through his PHA self sufficiency coordinator. Tyrone turned out to be an outstanding student and is now the proud holder of a National Food Handler and Managers Certificate. He now works full-time for a major restaurant chain in Philadelphia as a line coordinator. His next goal is to become a chef. Having a full-time job makes him happy, and according to Tyrone, "there's nothing like that certification hanging up on the wall and saying 'I did this.' "



Brenda Jones believes that "courage is when nobody claps for you and you clap for yourself." Brenda dropped out of school in the 11th grade. Through the HCV self-sufficiency program she learned about MET (Management and Environmental Technologies). This PHA community partners program focuses on personal and financial development. Working with the MET counselors Brenda put together a life plan and gained computer and research skills. Her next goal is to obtain an Associate Degree in Behavioral Health at Community College of Philadelphia.



VISION

for appealing neighborhoods

We see home and street designs
that emphasize style
and enhance security.

○ ● ● Safety

When PHA redevelops a neighborhood, most people focus on the beautiful, new affordable housing. But the design of these developments is about more than appearance. PHA developments are designed and built to promote the safety of residents and of the surrounding neighborhoods.

Our new sites have front porches and green space in the front and back with fences. Residents can sit on their front porches and talk to each other, creating a sense of community. They also have their eyes on the street, which deters criminal activity. The fences and green space act as a buffer between people passing through the neighborhood and the residents, and they prevent blind corners.



PHA Surveillance Camera ○

Each PHA home now has its own entrance; we no longer build developments with common stairways that are hard to police and maintain. We also put in as many windows as possible, no more blank walls facing the street or alley. No more blind alleys. And the front and rear entrances of each home have security lighting that goes on automatically when it gets dark outside.

Our design gives residents better control of their neighborhoods, so they can work with each other and police to maintain a safe, secure environment for their families. It does not cost PHA more to design safer neighborhoods. It pays.

Crime Drop

Crime has dropped substantially at PHA's rebuilt sites. We only have a small police department but it efficiently and effectively works with the Philadelphia Police Department to help keep PHA sites safe. The PHAPD now has a new software system that connects with the crime database maintained by Philadelphia Police. In turn, PHAPD shares crime information with the city police to allow the placement of officers where they're most needed. We are able to map, analyze and anticipate crime patterns in and around our developments.

State-of-the-art surveillance cameras and digital video equipment have been installed at undisclosed sites to monitor our sites from remote locations. Some recordings have been used to solve crimes for the Philadelphia Police.

The PHAPD has continued to receive assistance from other agencies that improve the quality of life for residents:

- The National Guard works with us to clean and seal vacant or open properties
- We are partners with the U-S Attorney's Anti-Terrorist Task Force and the Department of Homeland Security
- We are an active member in the Middle Atlantic Great Lakes Organized Crime Law Enforcement Network (MAGLOCLN). This group aids our enforcement efforts by sharing intelligence and identifying criminal enterprises
- We are receiving funding from the U.S. Justice Department for anti-drug efforts
- D.A.R.E. (Drug Abuse & Resistance Education), G.R.E.A.T. (Gang Resistance Education & Training) and Explorers Programs serve the children and teens in our developments and housing sites ✕

●●○ Sparkle Program

When you pass most Philadelphia Housing Authority developments, you see something you might find on the Ben Franklin Parkway, or a university campus. What you see are the large purple and gold banners with the PHA logo. These banners are located around the perimeter of various sites as a colorful enhancement to the community.

PHA has redefined the landscape in Philadelphia with beautiful new developments that complement surrounding neighborhoods. But to fully incorporate these modern developments into the community PHA nine years ago introduced the Sparkle program.

This curb appeal includes landscaping, decorative lighting, awnings, attractive front entry and storm doors, exterior railings, bollards, signage, decorative trash receptacles, benches, planters and more.

Residents report that PHA, in addition to providing excellent management, improves their standard of living with initiatives like Sparkle. Our neighbors say the value of their property has increased dramatically because they live close to our developments. PHA believes that everyone wins when we continue to redefine the face of public housing.

Sparkle is another example of how PHA investments extend beyond ‘bricks and mortar.’ This is all part of the most aggressive and ambitious capital improvement program in the agency’s history. Sparkle helps all those who see a PHA community to fully appreciate how we enhance neighborhoods, increase property values and beautify Philadelphia. ✂

○ Large Purple and Gold Banner



●●○ Housing Choice Voucher Program

PHA's Housing Choice Voucher program (formerly known as Section 8) has come a long way in a very short time. Housing Choice Voucher (HCV) has become an innovative, award-winning program that meets the needs of our clients while stabilizing and promoting investment in city neighborhoods. A program that just a few years ago had a negative public perception has turned into a win-win situation for our clients and the City of Philadelphia.

Our HCV Quality Initiative employee-training program has produced improvements throughout the operation. All HCV employees are playing a more active role in administering the program. Many program functions have been streamlined, cutting the time and paperwork required to put residents into quality affordable housing in the private market.

The HCV initiatives have made Philadelphia a better place to live. The public has a better understanding of the program and the people who use it. City residents are much more comfortable living next door to program participants than they were a few years ago. The complaints we once received about the program have virtually disappeared because it runs just like any market-rate type of business.

We have more landlords now than we did a year ago (5,500 versus 4,600). Those landlords are better educated through a mandatory training program run in partnership with the Institute of Real Estate Management. The information they receive can also be used for their market-rate tenants. Similarly, a mandatory training program for PHA residents has made them educated, responsible consumers.

PHA encourages residents to look for housing in neighborhoods across the city through landlord fairs and various publications. Ultimately, residents choose a place to live based on a number of factors, including proximity to family, schools, and churches.

Our HCV rent assessment system is an award winner. The Counselors of Real Estate, a national organization for real estate advisors, says the system lowered rental costs for

PHA, ensuring that the agency doesn't pay more in rent for a house or apartment than the general public would pay for the same unit. The system inspires public confidence while letting landlords know they'll be paid a fair rent. It has also resulted in increased efficiency, which decreases backlogs and staffing needs.

The bottom line is that PHA's Housing Choice Voucher program is good for business. It encourages investment in Philadelphia and improves the tax base. It's also good for the residents who are finding housing that was not previously available in what they consider desirable neighborhoods. ✂



Employee-Training Program ○

VISION for technology

We see the latest
corporate style information systems
improving the way we deliver services.

Technology

PHA's vision is far-reaching and unique among housing authorities, and technology is no exception. In the process of introducing new technology to streamline processes, PHA developed its own Interactive Voice Response (IVR) system with PeopleSoft/Oracle, the company that designed its Customer Relationship Management (CRM) system. The system enables tenants, landlords, employees and vendors to access automated information through a central call center.

Callers can obtain basic information — rent balance, paycheck status, account information — or be transferred to a representative. Once transferred, the software enables staff to pull up a customer's history immediately and help resolve the issue without transferring the customer. Staff can track the problem's resolution using a case management component — a helpful feature if the customer calls a second time about the same issue.

The IVR system not only increases customer satisfaction by providing accurate information in a timely manner, it also boosts employee productivity by freeing staff from responding to routine telephone inquiries. The IVR went live in fall 2006 and handled more than 100,000 calls in its first three months.

At the housing sites, PHA's superintendents, maintenance foremen and site managers are also using CRM technology to track work orders, order supplies and monitor service performance. Using wireless "tough books" — laptop computers developed by the U.S. Army to withstand frontline conditions — staff will be able to fill inventory, billing, payroll information and submit data electronically by bouncing the signals off of PHA's own towers over the agency's own network. For PHA customers, this means more efficient handling of repair requests and better property maintenance.

Technology has also stepped up rent payments. The new technology transfers funds from the tenant's bank account to PHA's account automatically. Check 21 machines are located at site managers' offices, where PHA employees slide a tenant's payment through the device, and the transfer happens automatically. At the same time, the tenant's rental record is credited and updated. If the check bounces, the tenant and PHA know it instantly. As a result, PHA has the actual cash in-hand almost immediately after a tenant makes a payment. ✕

PHA Network Servers





Energy Conservation

PHA currently incurs \$50 million in utility related bills annually. Due to spiraling energy costs that have far outpaced funding sources, PHA developed an Energy Conservation plan in 2005. This plan brings a multifaceted approach to conservation of energy. To-date this plan has achieved approximately \$400,000 in FY 2006 and targets savings of \$1,233,000 by FY 2008.

The energy conservation plan focuses on savings in a few key areas by installing:

- Energy efficient toilets
- Compact fluorescent bulbs
- Solar panels

The agency has also systematically reduced our energy cost where possible by better managing our utilities. We have shut

off the utilities at 217 of our long-term vacant units (saving an estimated 70K per year), and monitored the water bill to notify management of potential leaks. We also monitor the prices of our fuel oil to purchase the fuel cost effectively. ✎



PHA Houses with Solar Panels



Energy Star Home

ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping save money and protect the environment through energy efficient products and practices.

In 2005 PHA partnered with the Energy Coordinating Agency and received a grant from the state of Pennsylvania to build ENERGY STAR low-income homes. In 2006 fifty townhomes at Lucien E. Blackwell and ten modular homes at Ludlow were built to this new energy efficient standard and achieved the ENERGY STAR national certification.

PHA has become an ENERGY STAR Partner, and plans to continue building ENERGY STAR certified homes. ✎

Interactive Voice Response System

VISION for teamwork

We see a workforce that embraces
the notion that working in teams
unleashes our greatest potential.

●●● Employee Training

PHA continued its transition in 2006 to a leaner, more efficient workforce. The agency employed about 2,500 workers in 2001; by the end of 2006 the figure had been reduced to about 1,600. The downsizing came during a period of tremendous growth in the number of families housed and served by PHA.



PIAHP Training ○

A key tool in boosting worker productivity was Teamwork Training. Looking to best practices from the private sector for inspiration, the agency developed and implemented coursework and an internal communications campaign to ingrain the tenets of teamwork in all employees. The



HCV Department Recognized with Awards ○

program began with basic teamwork training. Year two of the program emphasized mutual accountability, respecting diversity, and empowering employees to make decisions.

The success of the program came through the combination of regularly scheduled training sessions and a constant communication of the message through employee newsletters, the intranet portal, and teamwork themed posters displayed throughout PHA offices.

Teamwork Success Story – In the summer of 2006 the Housing Choice Voucher Department was asked to evaluate and improve the operation of the Public Housing Admissions Department. The Housing Choice staff relied on the concepts of teamwork and accountability they had applied in turning their own department around in 2004.



Teamwork Banner ○

The team went through 65,000 files, updated the application process, purged the waiting list, and established a centralized filing system. The company recognized team members with awards for demonstrating the value of working together toward a common purpose. ✂

VISION for leadership

We are an organization
committed to building neighborhoods
that benefit every Philadelphia citizen.

● ● ● PHA Board of Commissioners

Mayor John F. Street Chairman

In his role as mayor and chairman of the PHA Board of Commissioners, John F. Street has epitomized leadership in his pledge and follow-through to rebuild Philadelphia's neighborhoods. Through his years on city council and his administration, Mayor Street has been guided by his belief that Philadelphia cannot claim itself as a true world-class city until it raises the quality of life for all of its citizens. When



Mayor Street concludes his term at the beginning of 2008, he will have earned a legacy of transformed communities and the finest affordable housing of any city in America.

Carl R. Greene Executive Director

Recognized as one of the nation's leaders in affordable housing development and management, Mr. Greene has directed PHA through an unprecedented period of positive change since March 7, 1998. His commitment to transforming public housing and urban landscapes through building communities has resulted in a formula for success that combines compassion with the best industry business practices. He also emerged



in 2006 as a national spokesman on the inadequate funding of public housing. He has brought the same passion to the informational campaign about funding as he has to the real estate profession.

Nellie W. Reynolds

Commissioner Reynolds, a resident of Johnson Homes, has served on the PHA Board for over 20 years and has received numerous awards for her housing advocacy. She continues to represent the voice of the resident.



Debra Brady

Commissioner Brady is a businesswoman who serves as the Director of Philadelphia Writ Service, a Center City firm, and previously worked for the Philadelphia Redevelopment Authority in various capacities.



City Councilwoman Jannie L. Blackwell

Commissioner Blackwell has a long record of public service, including City Council and the PHA Board. She is credited with many neighborhood initiatives and development projects.



Patrick J. Eiding

Commissioner Eiding is President of the Philadelphia Council of the AFL-CIO and is active in many charitable, civic and government affairs, including the United Way and the Philadelphia Planning Commission.



○●● Awards

Once again PHA was recognized for achievements and advocacy leadership in 2006. Professional groups cited PHA with a number of awards for our housing developments and business practices.

PHA won a prestigious award from the **American Institute of Architects** for the design of the new Martin Luther King Plaza. The agency was one of only eight housing authorities worldwide to be recognized in the area of regional and urban design. Redevelopment of the MLK site has turned the Hawthorne community into one of the housing hotspots in Philadelphia.

The **National Association of Homebuilders** also recognized the MLK development as the “Best Affordable Apartment Community.” PHA also made it to the final four for Multifamily Development Firm of the Year. The NAHB Pillars of Industry Awards are considered the most prestigious national awards in the building industry.

10,000 Friends of Pennsylvania bestowed a Commonwealth Design Award on the MLK development. The awards showcase the best examples of smart growth design from across Pennsylvania.

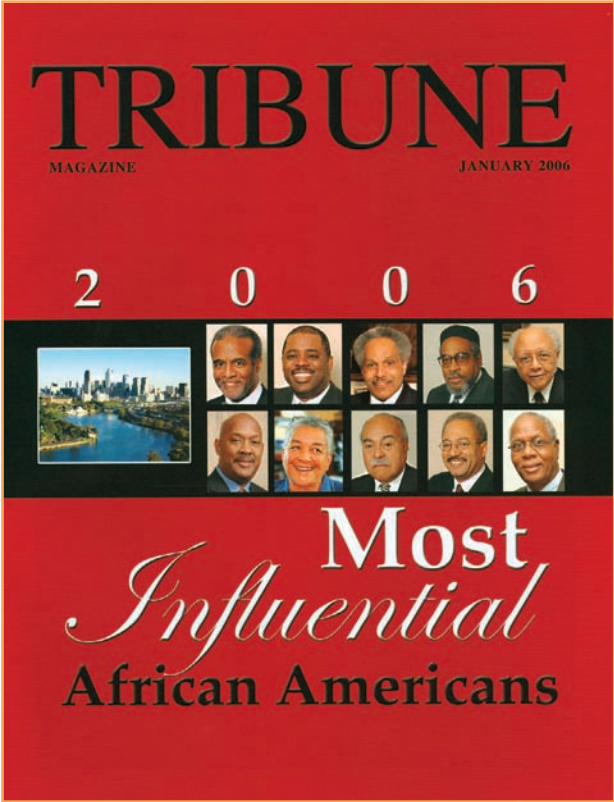


○ Philadelphia Inquirer Commentary

PHA received its first honor for excellence in construction and design for publicly funded architecture. The **General Builders Contractors Association** issued the award for the development and construction of Greater Grays Ferry Estates.

The **Pennsylvania Association of Housing and Redevelopment Agencies (PAHRA)** recognized PHA with Awards of Achievement for the modernization of Germantown House and the new MLK units.

○ American Institute of Architects Award



Philadelphia Tribune Magazine ○

The rent assessment system used by PHA’s Housing Choice Voucher program received an award from The **Counselors of Real Estate**, a national organization for real estate advisors. The group praised the system for lowering rental costs, and ensuring that the agency pays fair market rates to HCV landlords. The award also credited the system with bringing increased efficiency, which decreases backlogs and lowers overhead.

Citing the Philadelphia Housing Authority’s remarkable decline in injury claims, the **Housing Authority Insurance Group** honored PHA as its Most Improved Public Housing Authority. The award is given for three full calendar years.

For the second consecutive year, The **Philadelphia Tribune** named PHA Executive Director Carl Greene as one of the “Ten Most Influential African Americans” in

the city. This list recognizes individuals who are effective, interactive and involved in a broad variety of activities that make the city work.

The **Philadelphia Inquirer** once again characterized PHA as a government success story and asked the question “Why mess with success?” in an editorial criticizing federal funding cuts. The editorial noted that the agency’s new communities boost property values and promote private investment and growth.

The newspaper also chronicled PHA’s work with housing authorities across the state, asking Congress to restore federal funding. In December, the **Inquirer** published a commentary by Carl Greene, “Deconstructing PHA’s gains.” The piece criticized the federal disinvestment in public housing and the apparent belief that public housing should make a profit.

Media coverage was not limited to the debate over funding. PHA’s plans to build 700 more homes and two multi-use buildings in the coming year made headlines in the **Inquirer**. The **Evening Bulletin** recognized PHA’s renowned building trades training program with the story “Pre-Apprenticeship Program Sets High Bar For School District.” Units Magazine recognized that same program in an article entitled “Tools For Trading Up.” **NBC10** and community newspapers throughout the city recognized PHA’s energy initiative, specifically, the agency’s switch to compact fluorescent light bulbs and substantial cost savings. ✂



UNITS Magazine Features PHA ○

Financials

ASSETS

Current Assets

Cash	
Unrestricted	\$ 87,925,000
Restricted	2,426,000
Investments	
Unrestricted	17,545,000
Restricted	23,395,000
Rents Receivable - Net of Allowance for Uncollectables	280,000
Accounts Receivable	46,132,000
Due From Other Governments	36,036,000
Accrued Interest Receivable	589,000
Deferred charges and other assets	4,305,000
Total Current Assets	218,633,000

Noncurrent Assets

Land, Building and Equipment	
Net of Accumulated Depreciation	\$ 969,025,000
Mortgage Receivable	166,879,000
Other Assets	11,507,000
Total Noncurrent Assets	1,147,411,000

TOTAL ASSETS 1,366,044,000

LIABILITIES

Current Liabilities

Accounts Payable	\$ 19,781,000
Accrued Liabilities	9,752,000
Accrued Interest Payable	6,618,000
Trust for Deposit Liabilities	1,081,000
Deferred Credits and Other Liabilities	59,367,000
Bonds, Notes and Other Loans	3,350,000
Total Current Liabilities	99,949,000

Noncurrent Liabilities

Long-Term Debt	\$ 303,385,000
Other Long-Term Liabilities	35,290,000
Total Long-Term Liabilities	338,675,000

TOTAL LIABILITIES 438,624,000

Net Assets

Net Investment in Fixed Assets	\$ 662,412,000
Restricted	2,394,000
Unrestricted	262,614,000

TOTAL NET ASSETS 927,420,000

TOTAL LIABILITIES AND NET ASSETS \$ 1,366,044,000

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2006

Operating Revenue

Tenant Revenue	\$ 23,129,364
Operating Subsidies	321,988,103
Other Income	8,562,381

TOTAL OPERATING REVENUE 353,679,848

Operating Expenses

Administrative	\$ 87,907,417
Tenant Services	7,104,579
Utilities	30,628,744
Maintenance	85,051,332
Protective Services	7,675,800
General	19,569,603
Housing Assistance Payments	110,588,304
Depreciation and Amortization	58,543,007

TOTAL OPERATING EXPENSES 407,068,785

OPERATING LOSS (53,388,937)

Non-Operating Revenue (Expenses)

Interest and Investment Earnings, Net of	
Capitalized Interest of \$ 530,886	\$ 6,629,792
(Loss) on the Sale of Capital Assets	(12,333,305)
Interest Expense, Net of Capitalized	
Interest of \$3,510,074	(4,660,775)

NET NON-OPERATING REVENUE (10,364,288)

LOSS BEFORE CAPITAL GRANTS (63,753,225)

Capital Subsidies

20,310,316

CHANGE IN NET ASSETS (43,443,089)

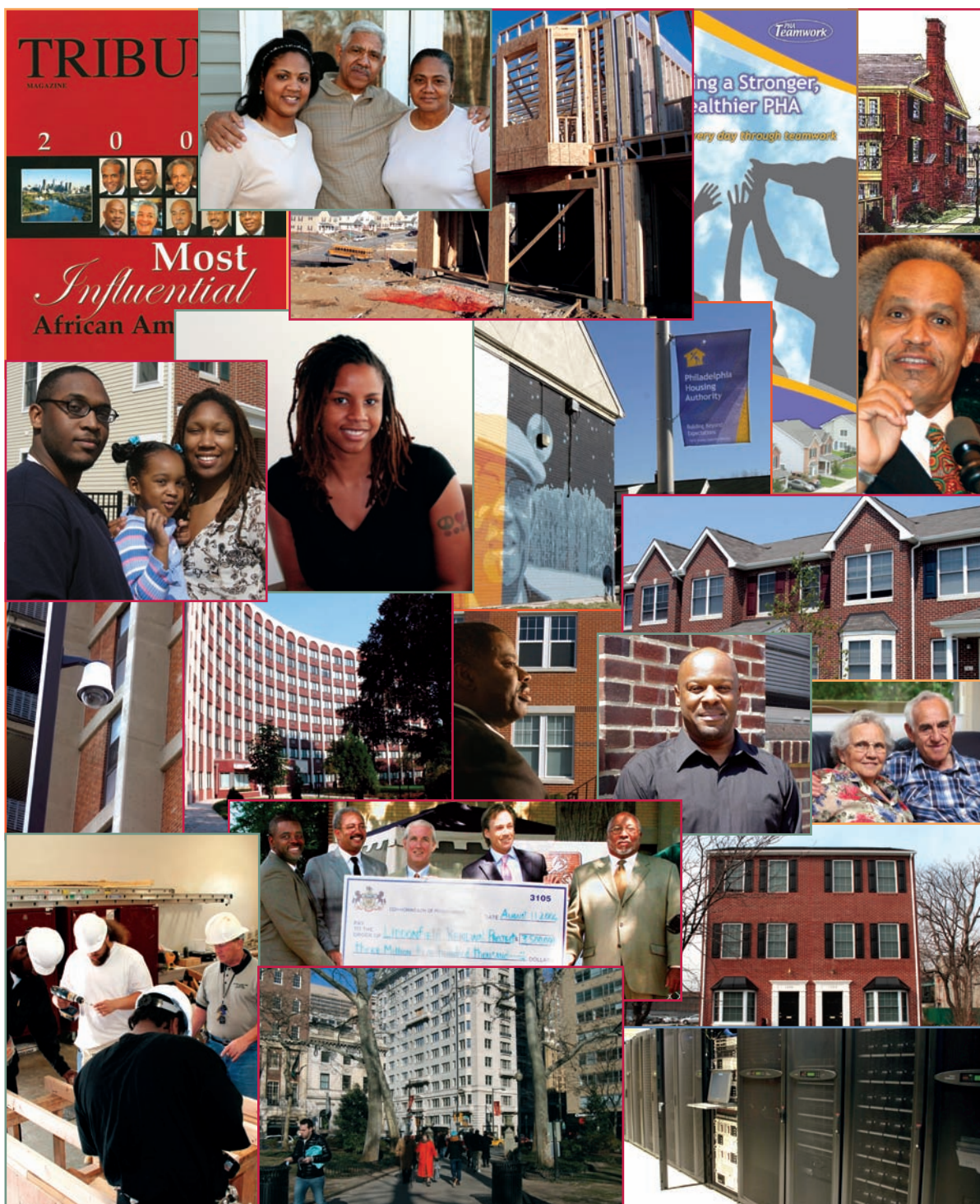
Net Assets at Beginning of Year

As Previously Reported	\$ 884,647,417
Prior Period Adjustments	191,714
As Restated	884,839,131

Capital Contributed to Component Units

86,023,661

NET ASSETS AT END OF YEAR \$ 927,419,703



Philadelphia Housing Authority
Building Beyond Expectations

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