

Housing Authority of the City of Pittsburgh

Moving to Work Demonstration Year 6 (FY 2006) Annual Plan May 2006 Resubmission

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1.0 OVERVIEW: THE HOUSING AUTHORITY CITY OF PITTSBURGH MOVING TO WORK DEMONSTRATION 2005

INTRODUCTION 1

OBJECTIVES AND ACTIVITIES PLANNED FOR FY 2006.....2

Introduction – Fiscal Year (FY) 2006 will be another year of rapid and positive change for the Housing Authority City of Pittsburgh (HACP). During FY 2006, the HACP will continue the demolition of outmoded public housing units, construct new housing units, continue to plan the redevelopment of older HACP communities, make fundamental organizational improvements, expand homeownership opportunities for HACP residents and provide residents with expanded access to social services.

Extension of the Moving to Work (MtW) Program

In April 2005, the HACP requested and was granted an additional year (FY 2006) in the Moving to Work (MtW) program. The HACP is one of approximately 30 public housing authorities in the United States selected to participate in the MtW Program. MtW provides selected high-performing public housing authorities with additional regulatory flexibility to encourage creative approaches to providing improved housing and enhanced social services programs for public housing residents. The HACP’s 5-year MtW program was originally scheduled to end on December 31, 2005. The additional year in MtW granted to the HACP will allow the HACP to continue MtW innovations through FY 2006. These innovations allow the HACP a wider range of options in funding new construction and community redevelopment, the flexibility to restructure the HACP to be more efficient and more responsive to residents, and the ability to provide additional self-sufficiency and homeownership opportunities for HACP residents.

Neighborhood Stabilization – Community Redevelopment and Construction of New Housing Units

During FY 2006, the HACP will continue the planning process for the eventual redevelopment of Addison Terrace, Garfield Heights and Northview Heights, and for substantial work at St. Clair Village. In addition, the HACP will complete the construction of the Fairmont senior community (50 units of public housing in a 60 unit building) and build the final 12 units in the Manchester community. Also during FY 2006, pre-development work, and possibly the start of construction, will occur at the Lou Mason senior high-rise replacement building and Phase 2 of the Bedford Hope VI mixed-income community. Further, HACP has determined that

replacement, rather than modernization, of the Kelly Street High Rise is most cost-effective, and thus pre-development for a new Kelly Street, and initiation of demolition activities of the current structure, will take place in 2006.

To prepare for the redevelopment of Garfield Heights, the Garfield High-rise (275 housing units) was demolished in September 2005. Prior to the end of FY 2005, the HACP will also demolish Cove Place (39 units), and will begin demolition of 3 buildings at Northview Heights (78 units) and all buildings at Bedford Addition (460 units). The demolition of the East Hills High-rise is currently in the design phase with demolition anticipated by the end of 2006.

Housing Preservation – Partial and Comprehensive Modernization

During FY2005, the HACP increased activities to upgrade and modernize buildings and communities that will remain in the HACP housing inventory. In 2006 HACP will continue efforts to replace building systems that have reached the end of their useful life, to upgrade dwelling units and improve both the security and marketability of HACP communities through site improvements. Also in FY 2006, significant work will be completed in HACP communities to add units fully compliant with Uniform Federal Accessibility Standards (UFAS) and to make common areas in HACP buildings UFAS compliant. HACP has also determined that replacement, rather than modernization, of the Kelly Street High Rise is most cost-effective, and thus modernization of the Kelly Street building will not occur in 2006 in favor of pre-development activities for a new facility.

Site-Based Management and Asset Management

During FY 2003, the HACP began planning for the implementation of the site-based management model for property management. Under site-based management, every HACP community will be under individual site-based property managers fully responsible for the successful operation of each respective HACP community. Site-based property managers will be solely responsible for maintenance, budgeting and the daily administration of their communities. The site-based managers will provide HACP residents with a single point of contact and responsibility for housing-related issues. In support of the implementation of site-based management, refinement and improvement of HACP inventory control, procurement, accounting and monitoring systems are planned for FY2006. Integration of Asset Management into the overall site management system, begun in FY2005, will be completed in FY2006.

Site-Based Waiting Lists

In FY 2006, the HACP will begin the implementation of site-based waiting lists. Site-based waiting lists will allow applicants for HACP housing to select up to three specific communities in which they would prefer to live, or have the option of selecting the first available community. This will streamline the admissions process and reduce the time from application to leasing for applicants.

Homeownership

The MtW program has provided additional funding and regulatory flexibility allowing the HACP to further expand the HACP's pre-MtW homeownership program. The HACP homeownership program, in partnership with outside agencies, provides eligible HACP LIPH and Section 8 residents with credit counseling, homeownership education classes, mortgage pre-approval letters, mortgage loans, title and settlement services, and other financial assistance to complete the purchase of a home. These include making HACP scattered sites properties available for purchase by low-income public housing households and assisting low-income households receiving Section 8 or LIPH assistance to purchase a home on the open market. The HACP will continue to provide expanded homeownership opportunities for HACP residents through FY 2006.

Resident Self-Sufficiency

In FY 2005, the HACP focused self-sufficiency program efforts on: 1. the expansion (i.e. increased enrollment) of the HACP's LIPH and Section 8 self-sufficiency programs; 2. the implementation of a community planning model for the provision of resident self-sufficiency services and 3. the development of youth programs including establishment of a Youth Services Investment Fund. As of August 1, 2005, the HACP has either fully completed FY 2005 objectives set for these focus areas or is on target for completion by the end of FY 2005. In FY 2006, the HACP plans to develop and better integrate existing resident self-sufficiency program components developed during and prior to FY 2005 rather than initiating the development of additional program components.

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DISCUSSION

During 2005, the HACP continued to increase the number of households served by the agency as the HACP has done every year in the MtW program. As of October 1, 2005, the HACP served 10,831 households (LIPH and Section 8). This is to be compared with the 9,145 households served by the HACP on January 1, 2001 at the beginning of the MtW program. During the period from October 1, 2004 to October 1, 2005, LIPH occupancy declined by 171 households (from 4697 households to 4526 households). This decline in LIPH occupancy (largely due to ongoing development and modernization efforts in a number of HACP communities) was more than balanced by an increase of 1,160 Section 8 households. Throughout the term of the MtW program at the HACP, losses in occupancy in LIPH communities due to building construction or modernization have occurred with much larger increases in Section 8 voucher use. A more detailed discussion of occupancy levels at specific locations is included in Chapter 8.

Both the income distribution and racial composition of HACP residents remained essentially unchanged with at most a 1% variation by category during the period from October 1, 2004 to October 1, 2005. During this same period, as the number of households served by the HACP increased by 10%, the number of households reporting a household member with disabilities increased by 7.1% (an increase of 192 households).

Waiting List

From October 1, 2004 to October 1, 2005, the length of the LIPH wait list increased by 174 applicants and the length of the Section 8 wait list declined by 1,404 applicants (from 3662 applicants to 2258). The decline in the length of the Section 8 wait list is largely the result of continued waiting list management (especially the culling of no longer viable applications) rather than a decline in demand for low-income housing.

TABLE 2-1 – UNIT SIZES OF HOUSEHOLDS SERVED - OCTOBER 1, 2005

Public Housing

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	619	1161	1176	286	70	3312
Elderly	1042	172	0	0	0	1214
Total	1661	1333	1176	286	70	4526

Section 8

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	1521	2109	1695	325	70	5720
Elderly	429	131	24	1	0	585
Total	1950	2240	1719	326	70	6305

Total

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	2140	3270	2871	600	140	9032
Elderly	1471	303	24	1	0	1799
Total	3611	3573	2895	601	140	10831

Source: HACP MIS rent roll profile of 10/01/05

**HACP Change in Number of Households
January 1, 2001 through October 1, 2005**

	01/01/01	01/01/02	10/01/03	10/01/04	10/01/05
Sect. 8 Elderly	459	574	528	556	585
LIPH Elderly	1,433	1,385	1,230	1,248	1,214
Sect. 8 Family	3,440	3,798	4,516	4,589	5,720
LIPH Family	3,813	3,459	3,596	3,449	3,312
Totals	9,145	9,216	9,870	9,842	10,831

TABLE 2-1 A – UNIT SIZES OF HOUSEHOLDS CONTAINING DISABLED RESIDENTS - OCTOBER 1, 2005

<u>Public Housing</u>	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	333	201	101	35	14	684
Elderly	206	107	27	8	0	348
Total	539	308	128	43	14	1032
<u>Section 8</u>	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	829	444	235	57	14	1579
Elderly	195	74	16	0	0	285
Total	1024	518	251	57	14	1864
<u>Total</u>	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	1162	645	336	92	28	2263
Elderly	401	181	43	8	0	633
Total	1563	826	379	100	28	2896

Source: HACP MIS rent roll profile of 10/01/05

The HACP uses the definitions of disabilities used by the Social Security Administration. All households counted in Table 2-1 A are public housing or Section 8 households in which the leaseholder has a verified SSI disability lowering rent payments. Members of the family with disabilities who are not the designated head of household are not included.

TABLE 2-2 – INCOME OF HOUSEHOLDS SERVED - OCTOBER 1, 2005

Public Housing	Under 30% AMI**	30% to 50% AMI**	51% to 80% AMI**	81% AMI or Greater**	Total
Number	3148	933	346	99	4526
Percent	70%	21%	9%	2%	100%

Section 8	Under 30% AMI**	30% to 50% AMI**	51% to 80% AMI**	81% AMI or Greater**	Total
Number	4426	984	870	25	6305
Percent	70.2%	15.6%	13.8%	0.4%	100%

Total	Under 30% AMI**	30% to 50% AMI**	51% to 80% AMI**	81% AMI or Greater**	Total
Number	7574	1917	1216	124	10831
Percent	70%	18%	12%	1%	100%

Source: HACP MIS rent roll profile of 10/01/05

TABLE 2-3 – PITTSBURGH AREA (ALLEGHENY COUNTY) MEDIAN FAMILY INCOME LEVELS BY FAMILY SIZE, 2000 (START OF DEMONSTRATION)

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
30% of Median	\$9,550	\$10,900	\$12,300	\$13,650	\$14,750	\$16,950
50% of Median	\$15,950	\$18,200	\$21,500	\$22,750	\$24,550	\$28,200
80% of Median	\$25,500	\$29,100	\$32,750	\$36,400	\$39,300	\$42,200
Median	\$31,900	\$36,400	\$43,000	\$45,500	\$49,100	\$52,800

**Source: HUD Notice PDR-00-01 “Estimated Median Family Income for FY 2000 (Allegheny County, PA)”

TABLE 2-4 – RACE / ETHNICITY OF HOUSEHOLDS SERVED - OCTOBER 1, 2005

Public Housing

	Black	White	Hispanic	Asian	Other	Total
Family	3059	162	22	2	3	3248
Elderly	980	282	14	1	1	1278
Total	4039	444	36	3	4	4526

Section 8

	Black	White	Hispanic	Asian	Other	Total
Family	4494	1152	46	15	13	5720
Elderly	304	274	5	0	2	585
Total	4798	1426	51	15	15	6305

Total

	Black	White	Hispanic	Asian	Other	Total
Family	7553	1314	68	17	16	8968
Elderly	1284	556	19	1	3	1863
Total	8837	1870	87	18	19	10831

Source: HACP MIS archived rent roll profile of 10/01/05

HACP Resident Race & Ethnicity

African American	LIPH - 4039 Section 8 -4798 81.5%
White	LIPH - 444 Section 8 - 1426 17.3%
Hispanic	LIPH - 36 Section 8 - 51 .8%
Asian	LIPH - 3 Section 8 - 15 .2%

TABLE 2-5 – NUMBER OF HOUSEHOLDS ON THE WAIT LIST - OCTOBER 1, 2005

Public Housing

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	870	432	331	53	4	1690
Elderly	164	14	6	2	0	186
Total	1034	446	337	55	4	1876

Section 8

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	1133	656	295	52	5	2141
Elderly	103	12	2	0	0	117
Total	1236	668	297	52	5	2258

Total

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	2003	1088	626	105	9	3831
Elderly	267	26	8	2	0	303
Total	2270	1114	634	107	9	4134

Source: HACP Occupancy Department 10/01/05

Change in HACP LIPH and Section 8 Waiting Lists 01/01/01 to 10/01/05

	01/01/01	01/01/02	10/01/03	10/01/04	10/01/05
Sect. 8 Elderly	102	35	77	346	117
LIPH Elderly	18	52	95	271	186
Sect. 8 Family	1,515	830	1,683	3,316	2141
LIPH Family	252	411	970	1,331	1690
Totals	1,887	1,328	2,825	5,264	4,134

TABLE 2-6 - PUBLIC HOUSING CURRENT AND PROJECTED OCCUPANCY

	FY 01 Physical Unit Count	Actual – October 1, 2005			Projected – October 1, 2006		
		Physical Unit Count	Number Occupied	Percent Occupied	Physical Unit Count	Number Occupied	Percent Occupied
1-1 Addison Terrace	781	691	593	86%	691	630	91%
1-2 Bedford Dwellings	420	420	376	90%	420	385	92%
1-3 Allequippa Terrace (1)	120	0	0	0%	0	0	0%
1-4 Arlington Heights	150	150	133	89%	150	135	90%
1-5 Allegheny Dwellings	282	282	223	79%	282	250	89%
1-7 Saint Clair Village	680	456	217	48%	456	213	47%
1-8 Bedford Additions (2)	460	460	0	0%	0	0	0%
1-9 Northview Heights	882	670	451	67%	591	480	81%
1-10 Glen Hazel (Cove Place)	39	39	0	0%	0	0	0%
1-11 Hamilton Larimer (3)	324	324	131	40%	324	133	41%
1-12 Garfield Heights (4)	601	326	299	92%	326	305	94%
1-13 Addison Addition (5)	194	194	131	68%	194	130	67%
1-14 Kelly Street High Rise	165	132	0	0%	132	0	0%
1-15 PA Bidwell High Rise	130	130	99	76%	130	96	74%
1-17 Pressley High Rise	212	212	178	84%	212	195	92%
1-20 Homewood North	135	135	106	79%	135	115	85%
1-29 East Hills	157	157	0	0%	157	0	0%
1-31 Murray Towers	70	70	64	91%	70	67	96%
1-32 Glen Hazel Duplexes	104	104	103	99%	104	101	97%
1-33 Glen Hazel High Rise	111	111	97	87%	111	90	81%
1-40 Brookline Terrace	30	30	26	87%	30	29	97%
1-41 Allentown High Rise	104	104	99	95%	104	102	98%
1-44 South Oakland (Finello)	60	60	59	98%	60	54	90%
1-45 Morse Gardens	70	70	68	97%	70	62	89%
1-46 Carrick Regency	66	66	61	92%	66	64	97%

TABLE 2-6 - PUBLIC HOUSING CURRENT AND PROJECTED OCCUPANCY (CONTINUED)

	FY 01 Physical Unit Count	Actual – October 1, 2005			Projected – October 1, 2006		
		Physical Unit Count	Number Occupied	Percent Occupied	Physical Unit Count	Number Occupied	Percent Occupied
1-47 Gualtieri Manor	31	31	23	74%	31	29	94%
**Scattered Sites (units to be Sold)	256	255	197	77%	255	173	68%
1-57 Glen Hazel Accessible	6	6	6	100%	6	6	100%
1-62 Broadhead Manor	64	64	13	20%	64	0	0%
1-64 New Pennley Place	38	39	39	100%	39	39	100%
1-66 Oak Hill “MROP”	99	80	76	95%	80	79	99%
1-68 Oak Hill Phase 1a	97	97	91	94%	97	96	99%
1-72 Manchester Phase 1	20	20	19	95%	20	20	100%
1-73 Christopher Smith	25	25	25	100%	25	23	92%
1-74 Manchester Phase 2	25	25	25	100%	25	25	100%
1-75 Manchester Phase 3	18	18	18	100%	18	18	100%
1-76 Oak Hill Phase 1b	101	101	100	99%	101	101	100%
1-78 Manchester Phase 4	23	23	23	100%	23	20	87%
1- XX Manchester Phase 4b	0	0	0	0%	0	0	0%
1-79 Oak Hill Phase 1c	14	96	91	95%	96	93	97%
1- 80 Silver Lake	0	75	74	99%	75	75	100%
1- 81 Oak Hill Phase 1d	0	56	56	100%	56	56	100%
1- 82 Bedford Hills Phase 1a	0	24	24	100%	24	24	100%
1- 83 Bedford Hills Phase 1b	0	50	50	100%	50	50	100%
1- 85 North Aiken	0	62	62	100%	62	62	100%
Total	7166	6540	4526	69%	5962	4625	78%

** Scattered Sites with some units to be sold include: PA1-22, PA1-38, PA1-39, PA1-42, PA1-43, PA1-50, PA1-51 & PA1-52.

(1) Community demolished. (2) Community demolition underway. (3) 294 units approved for demolition.

(4) 275 units demolished. (5) 149 units approved for demolition.

3.0 – ADMISSIONS AND OCCUPANCY POLICIES

ELIGIBILITY AND ADMISSIONS POLICIES

In FY 2005, the HACP revised its Admissions and Continued Occupancy Policy (ACOP). These revisions allow for the establishment of site-based waiting lists. These policies will comply with all HUD deconcentration policies regarding poverty and income mixing in public housing communities as furthering the goals of fair housing in admissions as indicated in 24CFR 903. The HACP also submitted to HUD for review and approval an implementation plan for the transition to site-based waiting lists. With approval of the implementation plan, the HACP will proceed to implement site-based waiting lists in FY 2006.

RENT POLICY

No changes in rent policy are proposed for FY 2006.

4.0 CHANGES IN THE HOUSING STOCK

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DISCUSSION

In the final quarter of FY 2004, the HACP brought the North Aiken senior community (62 units) online. Prior to October 2006, the HACP will demolish Cove Place (39 units), 3 buildings at Northview (78 units) and all buildings at Bedford Addition (460 units to be demolished at Bedford). The Garfield High-rise (275 units) was demolished in September 2005. The demolition of the East Hills High-rise (157 units) is currently in the design phase with demolition anticipated by the end of 2006.

Construction for the Fairmont senior mid-rise (50 1-bedroom public housing units in a 60 unit facility) is scheduled for completion in August 2006.

In addition, construction will continue through 2006 for the conversion of units to create UFAS compliant units in Homewood, Allegheny Dwellings, Glen Hazel High-rise and Murray Towers. Once completed, these conversions will result in an agency-wide net loss of 19 units to create 30 UFAS compliant units.

During the period from October 1, 2004 to October 1, 2005, three LIPH units (unit# 22010059 in Scattered Sites PA-22, unit# 38120269 in Glen Hazel Homes and unit# 39010058 in Scattered Sites PA-39) were sold to HACP residents under the HACP homeownership program. In addition during this period, a former model unit in the Northview High-rise was brought back online as an occupied residential unit.

Through the end of FY 2005 and FY 2006, the HACP will increase Section 8 voucher housing by an estimated 492 units from the October 1, 2005 total of 6305 units to approximately 6797 units.

TABLE 4-1 – UNITS IN THE INVENTORY OCTOBER 1, 2005

Public Housing

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	723	1766	1700	361	104	4654
Elderly	1609	275	0	0	0	1884
Total	2332	2041	1700	361	104	6538

Section 8

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	1521	2109	1695	325	70	5720
Elderly	429	131	24	1	0	585
Total	1950	2240	1719	326	70	6305

Total

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	2244	3875	3395	686	174	10374
Elderly	2038	406	24	1	0	2469
Total	4282	4281	3419	687	174	12843

Source: HACP Operations Department 10/01/05

Change in HACP Portfolio 01/01/01 to 10/01/05

	01/01/01	01/01/02	10/01/03	10/01/04	10/01/05
LIPH	7,083	6,707	6,693	6,753	6,538
Section 8	3,896	4,272	5,044	5,145	6,305
Totals	11,921	10,979	11,737	11,898	12,843

TABLE 4-2 – UNITS PROJECTED TO BE IN THE INVENTORY – OCTOBER 1, 2006

Public Housing*

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	690	1418	1546	329	94	4077
Elderly	1659	275	0	0	0	1934
Total	2349	1693	1546	329	94	6011

Note: The number of units in the inventory could change pending sale of scattered site units sold via the Homeownership program.

Section 8*

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	1586	2294	1844	353	75	6152
Elderly	475	150	20	0	0	645
Total	2061	2444	1864	353	75	6797

Total

	Eff / 1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	5+ Bedrooms	Total
Family	2276	3712	3390	682	169	10229
Elderly	2134	425	20	0	0	2579
Total	4410	4137	3410	682	169	12,808

Source: HACP Operations Department 10/01/05

* Note: Public Housing – Projected changes include the demolition of three buildings (#3, #4 and #31 – 78 total units) at Northview Heights, the demolition of Glen Hazel Cove Place (39 units) and the demolition of Bedford Addition (460 units). New construction to be completed prior to October 1, 2006 includes only the Fairmont senior mid-rise (50 1-bedroom LIPH units). Manchester IVB (12 2-bedroom units) will be completed after October 1, 2006 but prior to January 1, 2007.

Not included in Table 4-2 - the ongoing conversion of units to create UFAS compliant units in Homewood, Allegheny Dwellings, Glen Hazel High-rise and Murray Towers will result in the following net unit totals changes by bedroom size:

Family: 1-bedroom (-6), 2-bedroom (-2), 3-bedroom (-4) and 6-bedroom (+1)

Elderly: Efficiencies (-10), 1-bedroom (-6) and 2-bedroom (+8)

Agency-wide: a net loss of 19 units to create 30 UFAS compliant units

* Note: Section 8: The Section 8 projected total unit count (6797 units) is the projected unit count for October 1, 2006. The projected Section 8 unit count by bedroom size is based upon August 1, 2005 ratios of unit counts by bedroom size to total Section 8 unit count.

TABLE 4-3A –PROJECTED CHANGE IN THE INVENTORY – AUGUST 1, 2005 THROUGH OCTOBER 1, 2006

	October 1, 2005	October 1, 2006	Change
Public Housing			
Conventional	5747	5170	-577
Mixed Finance	791	841	+50
Section 8	6305	6797	+492
Total	12,843	12,808	-35

Source: HACP Operations Department 10/01/05

TABLE 4 –3B–COMPONENTS OF CHANGE IN THE MIXED FINANCE INVENTORY – AUGUST 1, 2005 THROUGH OCTOBER 1, 2006

Development	EIOP 08/01/05	EIOP 10/01/06	Change
PA-1-64 New Pennley Place	39		
PA-1-66 Oak Hill (MROP)	80		
PA-1-68 Oak Hill HOPE VI Phase 1a	97		
PA-1-72 Manchester HOPE VI Phase 1	20		
PA-1-73 Christopher Smith	25		
PA-1-74 Manchester HOPE VI Phase 2	25		
PA-1-75 Manchester HOPE VI Phase 3	18		
PA-1-76 Oak Hill HOPE VI Phase 1b	101		
PA-1-78 Manchester HOPE VI Phase 4a	23		
PA-1-79 Oak Hill HOPE VI Phase 1c	96		
PA-1-80 Silver Lake	75		
PA-1-81 Oak Hill HOPE VI Phase 1d	56		
PA-1- Manchester 4-b	0		
PA-1-82 Bedford Hills Phase 1A	24		
PA-1-83 Bedford Hills Phase 1B	50		
PA-1-85 North Aiken	62		
PA-1- Fairmont	0	50	+50
Total	791	841	+50

Source: HACP Operations Department 10/01/05

5.0 SOURCES AND USES OF FUNDS

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FY 2006 Consolidated Budget Narrative

This year’s site-based budget is indicative of the significant changes the HACP has taken to streamline human and financial resources. However, given limited revenues, fiscal challenges still exist.

The FY 2006 Consolidated Budget will involve the following MtW Initiative components:

- Continuation of operating program activities and expenditures in accordance with portfolio size.
- Continuation of Section 8 program activities and expenditures in accordance with portfolio size.
- Continued modernization of building systems at distressed sites.
- Planning efforts and related expenditures in support of redevelopment projects.

With respect to funding and reporting flexibility, the MtW demonstration will assist the agency in the following ways:

- Provide a streamlined funding process by way of the “block grant” funding approach;
- Provide a far greater degree of funding “fungibility” as a result of the block grant funding;
- Enable the agency to reallocate funding across programs such that it can, for example, use funds previously designated for Section 8 programming for capital improvements, or use any component of the MtW funds for “HACP MtW Initiatives”.
- Enable the agency to move toward a more rational financing methodology like that of the private sector, wherein it is possible to forecast and present consolidated sources and uses schedules to senior management, Board members, and development

partners in a manner that will be less constrained by HUD program rules and more understandable to the financing community.

Table 5-1a and Table 5-1b present the projected FY 2006 HACP MtW operating and capital programs sources and uses of funds. The tables are intended to show the three funding sources – Public Housing Operating, Section 8, and Capital (defined as residual Comprehensive Grant Program [CGP] funds along with Capital Fund Program [CFP], the successor program to the CGP). These three programs constitute the funding sources encompassed by the HACP MtW demonstration. These three funding sources are highlighted in Table 5-1, with each program: Public Housing, Section 8 and CFP presented individually (note again that CGP and CFP together constitute what is commonly referred to as the Capital Program). The FY 2006 site based budget is in these tables as well.

The tables show all anticipated funding revenues and expenditures from these three programs in a manner that illustrates sources and uses of funds. It is presented in a format that shows each program separately and all three totaled. Generally speaking, the table presents line items using accepted HUD accounts, both on the revenue side and the expenditure side. This is especially true in the Public Housing and Section 8 programs, where all major HUD line items are presented. In the Capital Program all major expenditures are broken out as personnel, non-personnel and capital outlays.

Table 5-1c provides the reconciliation for the consolidated budget for FY 2006.

MtW Residuals

The MtW program funding rules allow for the creation and use of MtW residuals and reserves. These residuals are generated primarily as a result of the MtW Section 8 funding rules, which fund PHAs in a new manner by providing funds on a per unit basis and using all units that a PHA is allocated regardless of lease up status. This mechanism can, as a result, allow for greater funding to a PHA during the program than would be realized under a traditional Section 8 funding regime. The above-mentioned residuals can be used for any housing purpose consistent with the program objectives, so long as substantially the same number of households are served by the PHA as would be served absent the demonstration.

The MtW residuals are used to support our redevelopment initiatives, Homeownership initiative, Self Sufficiency initiative and costs associated with the transition to Site Based Management program.

All capital funds will be budgeted and a majority of those items obligated in FY 2006 as part of ongoing capital improvements to existing sites and to the major redevelopment efforts underway currently and facilitated by the MtW program.

Table 5-1a Sources of Funds – Projected Consolidated Budget for FY 2006

Revenue Category	Public Housing	MtW Section 8	CFP	Total MTW
Income				
Dwelling Rent	8,597,347			8,597,347
Excess Utilities	19,714			19,714
Investment Income	173,670	192,146		365,816
Other Income (1)	674,744	75,366		750,110
FS "Revenue" (2)	545,335			545,335
HUD Contributions				
Operating Subsidy	30,360,381			30,360,381
Capital Funds			55,710,011	55,710,011
Section 8 Subsidies		36,663,056		36,663,056
Grants				
Total Revenues	40,371,191	36,930,568	55,710,011	133,011,770

Notes on Sources: (1) Other Income includes late fees, legal fees, maintenance charges and other tenant and miscellaneous charges.
(2) Fee-For-Service (Facility Services)

Table 5-1b Uses of Funds – Projected Consolidated Budget for FY 2006

Expense Category	Public Housing	MtW Section 8	CFP	Total MTW
Expenditures - Administration				
Administrative Salaries	4,871,888	793,652	587,395	6,252,935
Legal Expense	81,140	11,360	69,780	162,280
Staff Training	133,270	35,711	10,760	179,741
Travel	130,511	64,803	11,909	207,223
Audit Fees	41,160	27,440		68,600
Other Administrative Expense	4,897,663	631,992	729,195	6,258,850
Total Administrative Expenses	10,155,632	1,564,958	1,409,039	13,129,629
Expenditures – Tenant Services				
Tenant Services Salaries	666,349	685,611		1,351,960
Recreation, Publications & Other Services	199,225	21,450		220,675
Contract Costs, Training & Other	319,636	1,523,346		1,842,982
Total Tenant Services Expenses	1,185,210	2,230,407		3,415,617
Expenditures - Utilities				
Water	3,086,995			3,086,995
Electricity	2,078,664			2,078,664
Gas	6,657,517			6,657,517
Other Utilities Expense – Sewer	2,622,166			2,622,166
Total Utilities Expense	14,445,342			14,445,342

Table 5-1b Uses of Funds – Projected Consolidated Budget for FY 2006 (continued)

		Public Housing	MtW Section 8	CFP	Total MTW
Ordinary Maintenance & Operations					
Maintenance Salaries		6,449,809	384,306		6,834,115
Materials		1,264,383	3,512	2,340	1,270,235
Contract Costs		1,393,815			1,393,815
Total Ordinary Maintenance & Operations		9,108,007	387,818	2,340	9,498,165

Protective Services					
Salaries		799,199		1,778,872	2,578,071
Materials				468,912	468,912
Contract Costs				128,036	128,036
Total Protective Services		799,199		2,375,820	3,175,019

General Expense					
Insurance		2,162,100			2,162,100
Employee Benefit Contributions		3,697,248	596,873	1,116,230	5,410,353
Collection Losses		294,473			294,473
Other General Expense		1,200			1,200
Total General Expenses		6,155,021	596,873	1,116,230	7,868,124

Rent for Leased Dwellings					
Rent		88,839	30,936	272,837	392,612
Total Rent for Leased Dwellings		88,839	30,936	272,837	392,612

Table 5-1b Uses of Funds – Projected Consolidated Budget for FY 2006 (continued)

	Public Housing	MtW Section 8	CFP	Total MTW
Other Expenses				
Replacement of Nonexpendable equipment	43,504	10,150	7,846	61,500
Property Betterments & Additions	154,227	19,773		174,000
Capital Outlays				
Planning (1430)				
Site Acquisition (1440)				
Site Improvements (1450)				
Dwelling Structures (1460)				
Dwelling Equipment (1465)				
Nondwelling Structures (1470)				
Nondwelling Equipment (1475)				
Work in Process (1480)				
Demolition Costs (1485)				
Replacement Reserve (1490)				
MtW Initiatives (1492)	952,452		50,525,899	51,478,351
Relocation Costs (1495)				
Mod Used for Dev (1498)				
Development Activity (1499)				
Housing Assistance Payments		31,609,001		31,609,001
Total Other Expenses	1,150,183	31,638,924	50,533,745	83,322,852

Table 5-1c Reconciliation – Projected Consolidated Budget for FY 2006

	Public Housing	MtW Section 8	CFP	Total MTW
Total Revenues	40,371,191	36,930,568	55,710,011	133,011,770
Total Expenditures	43,087,433	36,449,916	55,710,011	135,247,360
Net Income	(2,716,242)	480,652	(0)	(2,235,590)

Table 5-2 Operating Reserve Projections

Program	Beginning of Year January 1, 2006 Unaudited	Forecast End of Year December 31, 2006 Unaudited
Public Housing	\$12,038,575	\$9,322,333
Section 8 MtW	\$13,780,877	\$14,261,529
Total	\$25,819,452	\$23,583,862

The Housing Authority of the City of Pittsburgh believes that the current reserve is sufficient enough to allow the Authority to continue forward with MtW planned activities.

Financial Data Schedule - Balance Sheet/Revenue and Expense

		Total Low Rent 14.850a	Total CFP F/S 100 14.874	MTW F/S 214 14.xxx	TOTAL
Line Item #	Account Description				
	ASSETS:				
	CURRENT ASSETS:				
100	Total cash	6,052,709	-	-	6,516,000
120	Total receivables, net of allowances for doubtful accounts	479,658	3,026,422	-	3,786,576
31-146	Total current investments	19,591,698	-	13,874,661	52,521,544
150	TOTAL CURRENT ASSETS	26,124,065	3,026,422	13,874,661	62,824,120
	NONCURRENT ASSETS:				
160	Total fixed assets, net of accumulated depreciation	55,902,636	6,705,001	354,861	62,962,498
180	TOTAL NONCURRENT ASSETS	55,902,636	6,705,001	354,861	62,962,498
190	TOTAL ASSETS	82,026,701	9,731,423	14,229,522	125,786,618
	LIABILITIES AND EQUITY:				
	CURRENT LIABILITIES				
310	TOTAL CURRENT LIABILITIES	9,727,692	3,026,422	3,204	31,372,092
	NON CURRENT LIABILITIES				
350	TOTAL NONCURRENT LIABILITIES	4,073,957	-	60,877	4,172,141
300	TOTAL LIABILITIES	13,801,649	3,026,422	64,081	35,544,233
	EQUITY:				
508.1	Invested in Capital Assets, Net of Related Debt	55,902,636	6,705,001	354,861	62,962,498
512.1	Unrestricted Net Assets	12,322,416	-	13,810,580	27,279,887
513	TOTAL EQUITY/NET ASSETS	68,225,052	6,705,001	14,165,441	90,242,385
600	TOTAL LIABILITIES and EQUITY/NET ASSETS	82,026,701	9,731,423	14,229,522	125,786,618
	REVENUE:				
700	TOTAL REVENUE	33,172,275	16,921,495	33,553,429	88,988,914
	EXPENSES:				
969	Total Operating Expense	40,209,506	12,021,015	9,850,633	62,355,174
	Total Other Expense	16,290,431	61,273	32,920,632	54,290,999
900	TOTAL EXPENSES	56,499,937	12,082,288	42,771,265	116,646,173
	OTHER FINANCING SOURCES (USES)				
1002	Operating transfers out	162,975	(162,976)		(1)
1010	TOTAL OTHER FINANCING SOURCES (USES)	162,975	(162,976)	-	(1)
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	(23,164,687)	4,676,231	(9,217,836)	(27,657,260)

6.0 CAPITAL PROGRAM – NEIGHBORHOOD STABILIZATION PROGRAM

OVERVIEW.....1

HOPE VI.....2

COMPREHENSIVE REDEVELOPMENT.....3

PARTIAL REDEVELOPMENT.....4

REPLACEMENT SENIOR HOUSING AND OTHER.....5

NEIGHBORHOOD STABILIZATION PROGRAM WORK CHART.....6

OVERVIEW

HACP is committed to providing safe, decent, and sanitary housing to low-income residents of the City of Pittsburgh. In order to be successful in this goal, HACP must provide housing that not only gives residents a strong sense of safety and community, but also contributes to stabilizing the surrounding neighborhoods. In the mid-1990s, HACP began to improve whole communities, including the surrounding neighborhoods utilizing HUD’s HOPE VI program funding model. As a result, HACP has been able to completely change the appearance of public housing in three of HACP’s most severely deteriorated communities; Allequippa Terrace, Manchester and Bedford through the demolition of the old non-viable public housing units and the development of new mixed-income communities. In addition to the HOPE VI program, HACP has utilized several other financing tools, such as tax credits, to replace non-viable housing units and develop new mixed-income housing opportunities for HACP residents.

Over the next several years, HACP will be completing the redevelopment activities initiated in prior years and focus on initiating new redevelopment activities for the most severely deteriorated remaining communities. The pages that follow include narrative discussion of each development activity. A chart listing each development activity, with projected 2006 expenses and other information follows the narrative sections.

HOPE VI SUPPORTED REDEVELOPMENT ACTIVITIES – Additional progress or completion and close-out of the following remaining HOPE VI redevelopment grants:

Manchester

Manchester was HACP's first HOPE VI funded community. Utilizing the HOPE VI funds provided by HUD, as well as other leveraged private funding, HACP has been able to transform this community and neighborhood by demolishing the 107 non-viable original public housing units and replacing them with 210 units of a mix of public and affordable housing units. In 2005, HACP initiated the close-out phase for this HOPE VI project. This final phase, which will include 12 additional units including 6 UFAS compliant accessible rental units, will be completed in 2006.

Oak Hill

Once the largest and most distressed public housing site in Pennsylvania, Allequippa Terrace has been transformed into a modern, mixed-income neighborhood through the investment of more than \$110 million in public and private funds. More than 1,000 of the old public housing units were demolished and redeveloped into 670 units with a mix of public housing, tax credit, and market rate units. In 2006, HACP will proceed towards final close-out of this project with the initiation of improvements for community spaces and infrastructure. HACP will also continue to evaluate potential uses of remaining property at Allequippa Terrace (Robinson Court), including options for additional non-Hope VI development.

Bedford

HACP completed Phase I of the Bedford HOPE VI project in 2004. In 2005, HACP continued pre-development activities for the For-Sale component of the project, for the Phase II Rental phase, and began demolition of the old Bedford Additions (see chart in Chapter 7 for Bedford Additions Demolition). In 2006, construction of the For Sale phase will begin and demolition, site preparation and additional pre-development activities for the Phase II rental phase will continue.

COMPREHENSIVE REDEVELOPMENT – In 2006, HACP will continue development activities for the comprehensive redevelopment of two of HACP’s most severely distressed public housing communities, Garfield Heights and Addison Terrace.

Garfield Heights

Garfield Heights is a severely distressed, 601-unit development built in 1966. The development consists of 326 family units and a 275 unit senior high-rise tower. The 275 unit high rise failed its assessment of long-term viability in 1998. In 2003, HACP was awarded a HOPE VI demolition grant to provide funding for the demolition of the high-rise tower. In 2004, HACP initiated the preparation of demolition specifications and continued the relocation of the remaining residents in the high rise to the newly constructed North Aiken Apartments and other suitable housing. Demolition of the high-rise is largely completed.

The 326 unit family portion of the community is also distressed. In addition to high vacancies and deteriorating systems, this development has one of the highest crime rates of all HACP communities. Rehabilitation of these units is not feasible due to the high cost of renovation per unit and a poor site plan. During 2004, HACP began the planning process for the comprehensive redevelopment of the 326 family units. In 2005, the HACP contracted for and conducted master planning activities, including resident involvement and the development of several plan alternatives. Requests for Qualifications were also issued seeking developers for both on-site and off-site replacement housing. The long range goal for this community is to lower the density of the existing Garfield site and replace the public housing community with a 150 to 250 unit mixed-income community. In 2006, HACP will complete the planning process and initiate pre-development activities.

Addison Terrace/Addison Additions

Addison Terrace/Additions is a severely distressed family community comprised of 730 walk-up units. The 1998 Viability Assessment determined that due to the age of the units and the poor building configuration, there would be no reasonable amount of rehabilitation that could make these units viable. In the same 1998 Viability Assessment, the 149 unit Louis Mason Jr. senior high-rise (Addison Addition) failed its assessment of long-term viability and is subject to demolition under the HUD Mandatory Conversion Rule (see Lou Mason below).

During 2004, HACP began the strategic planning process for the comprehensive redevelopment of the 730 family units. In 2005, the HACP contracted for and conducted master planning activities, including resident involvement and the development of several plan alternatives. In 2006 the HACP will issue Requests for Qualifications for replacement housing. It is anticipated that this will be a five to eight year project with the long-range goal of lowering community density and replacing the concentration of low-income public housing units with a mixed-income community.

PARTIAL REDEVELOPMENT – Planning and development activities for partial redevelopment activities at Northview Heights, St. Clair Village, and Broadhead Manor.

Northview Heights

HACP's Northview Heights Community was constructed in 1963 and consists of 579 family dwelling units in 80 family buildings. These units are extremely isolated with limited community services available. Approximately 30% of these units are vacant, largely due to low market demand, high density, and crime. In addition, Northview contains a 91 unit elderly high-rise with a vacancy rate of approximately 25%. In an effort to improve the long-term viability of the whole community, HACP will be evaluating partial demolition/redevelopment alternatives for this community, including possible modernization of some existing units. During 2004, HACP began strategic planning with the assistance of a master-planning firm, and this process continued in 2005. In 2006, HACP will conduct additional planning and demolition design activities.

St. Clair Village

HACP's St. Clair Village once had 680 family units, but failed the 1998 viability assessment. Demolition of the three story walk-ups in this community reduced the number of units to 456. These units are extremely isolated with limited community services available. Over 50% of these units are vacant, largely due to low market demand, high density, and crime. In an effort to improve the long-term viability of the whole community, HACP will be evaluating partial demolition/redevelopment alternatives for this community. During 2005, HACP began the strategic planning process for partial redevelopment. A plan for additional demolition combined with new construction and modernization has been devised to create a smaller and more viable community. In 2006, HACP will conduct additional planning and demolition, new construction, and modernization design activities.

Broadhead Manor

Broadhead Manor once had more than 428 housing units in 56 buildings. In the mid-1990s, HACP demolished 364 of these units and remodeled the remaining 64 units. In September of 2004, 48 of the 64 units were flooded in the aftermath of Hurricane Ivan. During 2005, HACP explored alternatives for repair or redevelopment of the site. Repair of the 48 flooded units was determined to be infeasible, so redevelopment planning will begin in late 2005. In 2006, HACP plans to complete master planning and, if available, will submit a proposal for HOPE VI redevelopment funding. HACP will also proceed with the steps necessary to demolish part or all of the existing community.

REPLACEMENT SENIOR HOUSING – The HACP will continue to develop enhanced-services replacement housing for HACP’s elderly residents. In 2005, new senior housing development activities include the Fairmont Apartments and Lou Mason replacement.

Fairmount

The Fairmont Apartments is a 60-unit (50 public housing) enhanced-services elderly building being developed as a replacement housing resource for the Auburn Towers elderly high-rise. HACP and its development partner initiated planning and funding activities in 2004. Construction of the building began in 2005 and will be completed in 2006.

Lou Mason

The Louis Mason replacement high-rise will be a 108-unit enhanced-services elderly building, with 86 public housing units. This will provide housing for the residents of the existing Lou Mason high-rise, which has been approved for demolition. In 2004, HACP and its development partner initiated planning and funding activities. Construction is expected to take place in 2006.

Kelly Street High Rise

The Kelly Street High Rise was originally constructed in 1969. Based upon the information in the HACP’s 1998 Viability Assessment, the Housing Authority of the City of Pittsburgh pursued comprehensive modernization of the Kelly Street High Rise, which included site and common area improvements, enclosed balconies, central air conditioning and upgrades to electrical and mechanical systems and life safety features. Analysis of design development completed for modernization determined that a better use of funds would be to develop a brand new Kelly Street building rather than to modernize the current structure. This would also facilitate the leveraging of other funding sources. The replacement high-rise will be 100-120 units. An application for demolition is being processed. Because the building had been vacated in anticipation of modernization, demolition could begin in late 2006. HACP anticipates submission of a Pennsylvania Housing Finance Agency 4% tax credit and private activity bond application at the end of April 2006. The anticipated construction start is mid 2007 with a completion date in late 2008. A non-profit corporation will be formed as an Authority affiliate entity to serve as a general partner in a limited partnership (LP) for Low-Income Housing tax credit purposes in connection with the financing and construction of this new facility.

Auburn Towers

Auburn Towers failed its HUD viability assessment in 1998. In 2003, HACP was awarded demolition funding for the building. HACP is currently utilizing the building as a relocation resource for the Kelly Street high-rise, which had to be completely vacated to allow for the completion of comprehensive modernization work. As soon as the Kelly Street work and the Fairmont Apartments

construction is completed, remaining residents will be relocated out of Auburn and the demolition of Auburn will begin. It is currently anticipated that relocation of residents and the demolition of Auburn Towers will take place in 2007.

East Hills High Rise

HACP began demolition design in 2005 of this previously vacated high-rise building. Demolition will occur in 2006 and/or 2007.

Sojourner House

During 2006, HACP will continue its collaboration with Sojourner MOMS and the Allegheny County Department of Human Services Office of Behavioral Health to develop supportive housing for dual-diagnosed (i.e. mental health and drug/alcohol issues) women and their children. Sojourner House will be operated by Sojourner MOMS and will provide housing and supportive services to these families. All required approvals and the start of construction are expected in 2006.

TABLE 6-1 FY 2006 NEIGHBORHOOD STABILIZATION PROGRAM

Site	Scope of Work	Projected Start Date	Projected 2006 Expenditures	Total Projected Expenditures	Comments
Addison Terrace	Redevelopment	3/31/06	\$500,000.00	\$27,500,000.00	2006 Expenditures include predevelopment activities.
Bedford Additions HOPE VI	Phase II Rental	10/1/06	\$5,358,210.00	\$16,237,000.00	Site prep work includes grading, removal of infrastructure, preparation of building pads. An application for tax credit financing was submitted in October 2005. Contingent on an award of Tax Credits in March 2006, construction will start late 2006 and finish in 16-18 months. Total development costs from all sources, excluding site prep, is approximately \$27,300,000. Unit mix will be 86 PH, 45 tax credit affordable and 40 market rate units. 2006 expenditures include site preparation and pre-development activities.
Bedford Additions HOPE VI	Phase 1 Homeownership - 29 units	4/1/06	\$2,000,000.00	\$4,263,000.00	Units will be constructed in 3 stages of 8, 8, & 13 units, contingent upon market absorption. Twenty units will be affordable to households at or below 100% of Area Median

					Income, and 9 units will be unrestricted market rate.
Bedford Additions HOPE VI	Demolition	2005	\$1,731,446	\$2,400,000	Demolition of the 460 unit Bedford Additions began in 2005 and will be completed in 2006.
Bedford Additions HOPE VI	Phase III Rental	11/1/06	\$200,000	\$10,000,000	Phase III rental of the Bedford HOPE VI will be constructed on the other half of the old Bedford Additions site. Planning activities will begin in 2006.
Fairmont	Construction	5/20/05	\$5,500,000.00	\$9,175,042.00	Project includes 7,500 square feet of street level storefront retail space financed separately. Construction is underway and is 20% complete as of October 2005.
Garfield	Redevelopment	12/31/05	\$500,000.00	\$25,000,000.00	2006 Expenditures include predevelopment activities.
Lou Mason	Dev. of 108 unit replacement building	1/15/06	\$8,000,000.00	\$8,700,000.00	Tax exempt bond financing and associated 4% tax credits have been awarded by the Pennsylvania Housing Finance Agency. Financial closing expected by 12/7/2005.
Kelly Street	Development of 100-120 units replacement building	Mid 2007 Demo start late 2006	\$6,000,000.00	\$9,500,000.00	Tax exempt bond financing and associated 4% tax credits will be submitted to the Pennsylvania Housing Finance Agency April 2006. Financial closing expected by December 2006. Demolition start possible in 2006.
St. Clair	Partial Demolition and Redevelopment	3/31/06	\$500,000.00	\$19,727,000.00	Total plan includes partial demolition, modernization of remaining units, and new construction. Projected 2006 expenditures relate to development and planning activities.
Oak Hill	Renovate Wadsworth Hall	2006	\$500,000.00	\$3,500,000.00	The Oak Hill Developer (Beacon, Corcoran, and Jennison) has initiated design work for the renovation of Wadsworth Hall, a community service facility. Construction will be funded utilizing HACP Program Income Funds and is anticipated to begin in 2006.
Northview Heights	Demolition/Re-development/Modernization	2006	\$300,000.00	\$14,400,000.00	2006 Expenditures include design for additional demolition and additional planning activities.
Manchester	Development	10/15/05	\$700,000.00	\$1,800,000.00	HOPE VI phase 4B : Twelve units including six UFAS-compliant accessible units on five scattered sites.

Broadhead	Redevelopment	8/19/05	\$200,000.00	\$3,093,588.00	2006 projected expenditures include predevelopment and planning activities.
Sojourner House	Supportive Housing	1/2006	\$600,000.00	\$1,300,000.00	Development with partners of supportive housing
Garfield Highrise Demolition	Demolition	2005	\$400,000	\$1,800,000	Demolition of the Garfield Highrise began in 2005 and will be completed in 2006.
Northview Heights	Partial Demo Bldgs #3,#4,#31	9/26/05	\$400,000.00	\$400,000.00	2006 Expenditures include previously planned demolition activity.
Glen Hazel (Cove Place)	Demolition	9/26/05	\$200,000.00	\$200,000.00	2006 Expenditures include demolition activity.
East Hills Highrise	Demolition	3/06	\$345,400.00	\$690,800.00	2006 expenditures include preparation of demolition design documents.
Lou Mason	Demolition	2008	\$50,000	\$976,000.00	2006 Expenditures include Demolition Design Activities

Totals **\$33,985,056** **\$160,662,430**

7.0 CAPITAL PROGRAM – HOUSING PRESERVATION

OVERVIEW..... 1

TABLE 7-1 FY 2006 HOUSING PRESERVATION CAPITAL PROGRAM SUMMARY UPDATE..... 1

OVERVIEW

As of August 1, 2005, the HACP continues to

- Provide quality housing for all HACP residents.
- Perform comprehensive capital improvements on those properties that require major repairs over and above the normal day-to-day maintenance to preserve properties that will remain in HACP's property inventory.

Planned expenditures for FY 2006 are \$13,894,944 and affect residents in 20 HACP communities as detailed below.

TABLE 7-1 FY 2006 HOUSING PRESERVATION CAPITAL PROGRAM SUMMARY UPDATE

Site	Scope of Work	Projected 2006 Expenditures	Comments
Region I			
Addison Terrace	Various Improvement	\$400,000	These planned improvements include electrical upgrades, entry and interior doors replacement, site improvements, hardwire smoke detectors, interior step repair, various high rise upgrades, recreation center improvements.
Bedford Dwellings	Various Improvements	\$200,000	The planned improvements include electrical upgrades, sitework, repair cracks & gaps in exterior walls, exterior painting (boiler house, entryways, etc.), and fire alarm system replacement.

Site	Scope of Work	Projected 2006 Expenditures	Comments
PA- Bidwell	Comprehensive Modernization	\$900,000	Planned improvements include kitchen & bathroom renovations, unit painting and flooring, and UFAS renovations. Total project budget is \$6.6 million.
Pressley	Various Improvements	\$280,000	Planned improvements include paint & carpet common areas, hallways, and office spaces, elevator improvements, parking signs, site improvements (retaining walls, masonry, concrete, etc.), and electrical code repairs/upgrades.
Region II			
Allegheny Dwellings	Various Improvements	\$370,000	Planned improvements include entry door replacements, signage, exterior lighting, sitework (curbs, parking, erosion, ponding, sump pumps, etc), and replace fire alarm system.
Northview Heights	Various Improvements	\$500,000	Planned improvements include repair of electrical service at points of entry, various high rise code upgrades, exterior lighting, furnaces, fencing and sitework .
Hamilton-Larimer	Sitework	\$25,000	Sitework includes clean out of storm drains, asphalt, landscaping, etc.
Homewood-North	Various Improvements	\$40,000	Planned improvements include install gutter guards, paint wrought iron fencing, and sitework (asphalt, concrete, etc.).

Site	Scope of Work	Projected 2006 Expenditures	Comments
Region III			
Arlington Heights	Site Improvements	\$40,000	Site improvements are planned to include landscaping, parking, and miscellaneous concrete.
Glen Hazel Family	Sitework	\$203,000	Planned sitework includes asphalt repairs, seal coating, landscaping, retaining walls, concrete repair, basketball court renovations, tot lot, and gazebo.
Renova/Sunnyside	Sitework	\$20,000	Planned sitework includes storage-shed replacement including concrete slab and retaining wall replacement.
Scattered Sites	Partial Modernization	\$300,000	Planned partial modernization of scattered sites includes roof replacement/repair, sitework and landscaping, interior renovations, window replacements, etc.
Murray Towers	Various Improvements	\$640,000	Planned improvements include kitchen and UFAS renovations, emergency generator replacement, miscellaneous sitework (concrete, handrails, exterior improvements), elevator upgrades, and boiler replacements.
Glen Hazel High Rise	Partial Comprehensive Modernization	\$800,000	Planned improvements include kitchen & bathroom renovations, unit painting and flooring, and UFAS renovations. Total project budget is \$6.5 million.
Mazza Pavilion	Various Improvements	\$210,000	Planned improvements include boiler replacement, kitchen renovations, dwelling unit painting, UFAS renovations, elevator upgrades, roof replacement.
Caliguiri Plaza	Various Improvements	\$845,000	Planned improvements include elevator upgrades, kitchen renovations, interior unit painting, retaining wall, seal coat parking lot, and boiler and chiller replacements.
Finello Pavilion	Partial Comprehensive Modernization	\$500,000	Planned improvements include kitchen & bathroom renovations, unit painting and flooring, and UFAS renovations.
Morse Gardens	Various Improvements	\$312,000	Planned improvements include common area paint and flooring, window replacements, elevator upgrades, and emergency generator replacement.

Site	Scope of Work	Projected 2006 Expenditures	Comments
Carrick Regency	Various Improvements	\$825,000	Planned improvements include exterior lighting, common area paint and flooring, unit painting, replacement of boilers and chillers, and replacement of emergency generator.
Gualtieri Manor	Various Improvements	\$385,000	Planned improvements include elevator upgrades, replace remaining roof membrane not previously replaced, and boiler replacements.
Other			
Authority-wide	Section 504/UFAS Compliance	\$3,500,000	Section 504/UFAS A/E services and 3 rd Party Certification.
Authority-wide	UFAS Scattered Site/ New Construction	\$500,000	Planned construction for UFAS compliant units.
Authority-wide	Lead Based Paint & Hazmat	\$300,000	Includes lead based paint and hazardous materials assessments and management plans.
Authority-wide	Ranges/Refrig and Other Equip	\$799,944	
Authority-wide	A/E Services Task Order Contract	\$600,000	A/E services task order contracts for miscellaneous and emergency items.
Authority-wide	Site Work	\$400,000	Includes concrete, paving, and other sitework.
	Totals	\$ 13,894,944	

8.0 MANAGEMENT INFORMATION FOR LIPH AND SECTION 8 UNITS

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LEASED SECTION 8 UNITS.....3

TABLE 8-1 VACANCY RATES PRESENT & PROJECTED.....7

PUBLIC HOUSING UNITS

Occupancy Levels – October 1, 2004 to October 1, 2005

LIPH occupancy decreased during this period by 171 occupied units. Most of this loss may be attributed to ongoing construction and relocation projects. During FY 2005 to date (October 1, 2005), the HACP was involved in 10 demolition and/or construction-related relocation projects involving 419 residents. To facilitate these relocation projects during 2005, at times the following communities were closed to non-relocation-related applicants: Allegheny Dwellings, Homewood North, Northview Heights, Glen Hazel and Bedford Dwellings. In addition, many individual units in other HACP communities were put on hold for extended periods to accommodate resident relocations.

Occupancy Levels – 2006

During FY 2006, the HACP will complete the construction of 62 units in two communities (Fairmont and Manchester IVB). Fairmont (50 elderly units) will be completed in August 2006 and Manchester IVB (12 family units including 6 accessible units) will be completed in December 2006. It is anticipated that occupancy loss in 2006 due to ongoing demolition and modernization efforts will significantly exceed occupancy gain due to new construction in 2006. However, Occupancy gains resulting from operational improvements at communities not involved in current demolition or modernization or where relocations for redevelopment have not yet begun will more than offset that loss, resulting in a modest net occupancy gain of about 170 units for 2006.

Low occupancy levels in many communities result from specific HACP initiatives. For example, the following communities have units on hold as they are needed for conversion of units to fully UFAS compliant units, or for relocation of residents in order to complete those conversions. Those communities include Allegheny Dwellings (24 units), Homewood North (19), Murray Towers (6),

Finello/S. Oakland (6), Mazza/Brookline (2), Glen Hazel High Rise (17), and Gualtieri Manor (2). The small number of total units at some of these communities result in a significant impact on the vacancy rate of even a few vacant units. At Glen Hazel High Rise, the UFAS unit conversions will be part of a comprehensive modernization of the building. Other communities need to be individually addressed.

At Broadhead Manor, the flooding of 48 of the 64 units as a result of Hurricane Ivan in September, 2004 made those units uninhabitable. Demolition approval has been requested and received. Options for the redevelopment or disposition of the remaining units are continuing to be explored.

The Pressley Street High Rise had to be emptied for required modernization work in 2004. Occupancy recovery from this effort has been slow but steady. In addition, 20 units are undergoing conversion to full UFAS compliance.

At Pennsylvania Bidwell, occupancy has also been slowly recovering from unit holds put on to accommodate relocations from Pressley Street and Kelly Street High Rises. Planned UFAS conversions and comprehensive modernization planned for 2006 may inhibit increased occupancy and delay achievement of full occupancy until completion of this work.

Addison Addition includes the Addison Lou Mason, Jr. High Rise, a building with low demand. Having failed its viability assessment, this building is scheduled for demolition once the replacement building is complete (currently expected in mid to late 2007). In order to limit relocation needs and avoid wasting resources on undesired units, efficiency units in this building are not offered as long as one-bedroom units are available. Also, in 2006 all prospective residents will be notified that if they select the Lou Mason, Jr. High Rise, they will have to move within two years and that they will not be eligible for priority admission into the replacement building (as agreed with the developer of the replacement building). Further more, it is expected that at some point late in 2006 new occupancies will be halted at this building.

Hamilton Larimar includes the 294 unit Auburn Towers High Rise building. Having failed its viability assessment, this building is scheduled for demolition. One building of replacement units is currently nearing completion. Auburn Towers also currently houses residents temporarily relocated from the Kelly Street High Rise, currently scheduled for comprehensive modernization. The HACP is not offering Auburn building for new occupancies from the waiting list, and has completely closed the upper floors of the building.

St. Clair Village and Northview Heights both suffer from chronic vacancy challenges. At Northview Heights, 78 obsolete walk-up units are vacant and awaiting demolition. Conceptual plans for partial revitalization have been completed. An effort to finalize revitalization plans within existing resource limitations is currently underway. At St. Clair Village, a plan to demolish most units,

modernize others, and construct new units has been developed. A request for demolition approval has been submitted. Development of design RFP's for modernization and new construction, and for a phasing plan, are currently underway.

Rent Collections

Rents uncollected in FY 2005 for all HACP communities were 3.77% (through September 2005). The HACP will take the following steps to improve this result:

- Change from a 30-day notice to a 15-day notice for posting of eviction action processing of delinquent accounts. Under the current 30 day notice, accounts can accrue two months of overdue rent charges by the time management can act on the delinquency. Changing to a 15 day notice will reduce the amounts owed on accounts when initial actions begins, allowing management, residents, and the local magistrates to act sooner before arrearages grow larger. We believe this will reduce the amount of uncollected rent.
- Under the HACP's new site based management system, delinquency rates are calculated for each site on a monthly basis. Sites with high delinquency rates must plan and implement actions to reduce delinquencies. These efforts may include joint efforts by management and self-sufficiency staff to personally contact tenants with delinquent accounts to remind them of their obligation and to identify and help to address obstacles. It may also include evening office hours and the increased use of realistic payment plans for tenants who have become behind in their accounts.

HACP believes these steps will significantly reduce the rents uncollected amounts.

Work Order Turnaround

From October 1, 2004 to October 1, 2005, the HACP Maintenance Department (including the maintenance teams at HACP privately managed communities) completed 57,880 routine work orders with an average turnaround time of 2.84 days. (Routine work orders do not include cyclical or vacant unit turnaround work orders.) During this same period, the HACP Maintenance Department (also including the maintenance teams at HACP privately managed communities) completed 2491 emergency work orders in less than 24 hours. All emergency work orders were either closed or abated within 24 hours.

During FY 2006, the first full year during which the HACP will operate under site-based management, the HACP will attempt to match or exceed the excellent work order turnaround times formerly achieved by the HACP's centralized Maintenance Department. Under site-based management, community based maintenance teams will focus on community specific maintenance issues to provide improved services to HACP residents.

Inspections

The HACP is on schedule to complete all required FY 2005 annual inspections in both HACP-managed and HACP privately managed communities prior to December 31, 2005.

Security

HACP Police Department staffing will remain at FY 2005 levels through FY 2006. At the present time (August 2005), the Police Department has a complement of 36 sworn officers. The breakdown of police staffing is as follows: Chief, Commander, 5 sergeants and 28 officers. Also under the supervision of the Police Department are 34 security guards and 10 monitors that provide security in the high-rise buildings and in one family community.

During FY 2005, the HACP further developed its Tip Line program, which allows residents to anonymously report criminal activity that they witness or of which they have knowledge. Information from the Tip Line is turned over to the police force for appropriate action. The information thus far gathered from the Tip Line has generally been determined to be accurate and, as a result, the Tip Line Program has been deemed successful. This program will be continued through 2006 and will be promoted to HACP residents on a quarterly basis.

Also, during FY 2005, the HACP continued its Ride-Along program with the Allegheny County Juvenile Probation Department. This program teams personnel with the Probation Department with HACP Police Department personnel on routine patrols of HACP communities. This collaboration resulted in the apprehension of 11 juveniles wanted by the Probation Department in FY 2005 to date (August 2005). This program is a success and will be carried through FY 2006.

To alleviate the high rate of crime in Addison Terrace (the highest crime rate of any HACP community), 32 surveillance cameras were installed in Addison Terrace in FY 2005. Use of the cameras has resulted in several drug arrests in the community and a general reduction in crime. As a result of this initiative, cameras are currently being installed in Northview Heights, another high crime HACP community. In FY 2006 additional HACP communities are slated for the installation of surveillance cameras.

LEASED (SECTION 8) UNITS

Efficiencies incorporated during years 1 through 4 of the MtW program have resulted in consistent growth of the Housing Choice Voucher Program (HCVP). In fact, HCVP FYE leasing levels have well exceeded the HACP-established leasing goals for each of

those years. In year 5, the HACP had set a goal of 6,160 assisted families and, as of September 1, 2005, has surpassed that number. For MtW Year 6, the HACP will again continue the aggressive HCVP leasing initiative that began during the third quarter of year 4. Based on current leasing data, the HACP is expected to discontinue the leasing initiative at the end of the second quarter of 2006, and will closely monitor HCVP budget levels so that over-leasing does not occur. At that time, it is anticipated that the HACP will provide assistance to over 6,700 families in its Housing Choice Voucher Program and achieve 100% leasing. However, a detailed leasing schedule and plan for 2006 will be contingent upon actual conditions and HUD requirements identified during the final quarter of 2005.

Ensuring Rent Reasonableness:

The Section 8 Department of the HACP complies with the *rent reasonableness limitation* requirements set forth in 24 CFR 982.503, as amended by the approved HACP MtW Plan. Efficiencies developed through MtW in Years 1 through 4 have provided the HACP with both a greater information base and a more effective method in determining the market value of housing. The HACP's MtW Plan has presently limited the essential factors for comparability to location, quality, size, and type of unit. This has reduced the number of factors from eleven (11) to only four (4), and has streamlined the process. The HACP will continue to advance its goals in this area in FY 2006 by determining reasonable rent limitations that represent true market values of leased properties.

Expanding Housing Opportunities & Deconcentration of Low-Income Families:

The HACP has analyzed the rental markets within the City of Pittsburgh in accordance with the MtW Plan and has implemented Exception Payment Standards (120% of FMR) in two (2) separate areas of the city. These two areas contain ten (10) distinct neighborhoods of which market rents are generally higher than that which may be established by the PHA in the "basic range".

The HACP had revised its original plan to adopt Exception Payment Standards in thirteen (13) neighborhoods, subsequent to its consultation with HUD's regional economist. Although HUD-approval was not required under the MtW Plan, the HACP used the HUD economist's expertise and available data in establishing the final Exception Payment Standards areas. The HACP's revision, which eliminated three (3) neighborhoods from the original plan, was based upon rent burden and population data of current Housing Choice Voucher Program ("HCVP") families, neighborhood household income information from U. S. Census data, and housing cost averages as provided by HUD. The stated goals of this initiative in the Housing Choice Voucher Program are to:

1. Expand housing opportunities for HCVP families to areas of low poverty.

- 2.Reduce the financial hardships on families currently residing in low-poverty neighborhoods and those families desirous of leasing in such neighborhoods.
- 3.Provide housing assistance in neighborhoods not previously accessed by HCVP families.
- 4.Increase the quality of the HCVP housing portfolio by leasing better quality housing in better neighborhoods.

In FY 2006, the HACP intends to review the Exception Payment Standards in these neighborhoods using census data and current market information, and make reasonable adjustments to the rents in each of the Exception Areas for the purpose of advancing the stated goals of this initiative.

In addition, the HACP will continue its efforts to encourage participation of rental unit owners in low poverty areas by marketing to new owners through landlord outreach and increased payment standards. During the Housing Choice Voucher Program briefing sessions, and through other printed materials distributed to participants, the HACP will continue to provide families with information about choices in housing that stress the benefits of moving to non-poverty areas.

Description of Inspection Strategy:

The Section 8 Department will conduct 100% of all Annual and Pre-contract Housing Quality Standards (HQS) inspections required.

The HACP Supervisor of Housing Inspections conducts HQS quality control inspections on a regular basis. The sample size used under the MtW Plan is larger than that which is required under the standard Section 8 Management Assessment Program (SEMAP), thereby creating tighter controls on the quality of inspections conducted.

Planned inspections completed this FY by category:

Annual HQS inspections: 6,440

Pre-contract HQS inspections: 1,749

HQS Quality Control Inspections: 193

HQS Enforcement

The HACP will continue to select samples of files with failed HQS inspections to assure that where cited life-threatening deficiencies were discovered, correction was made within 24 hours from the inspection and, for all other cited HQS deficiencies, correction was made no more than 30 calendar days from the inspection (or any PHA approved extension); or, if HQS deficiencies were not corrected within the time required time frame, the HACP stopped Housing Assistance Payments beginning no later than the first of the month following the correction period. In addition, where the family caused the HQS deficiency, the HACP took prompt and vigorous action to enforce the family obligations. This same standard used for SEMAP that focuses on inspection integrity will be used by the HACP for its Housing Choice Voucher Program in FY 2006.

Production Tracking / Customer Service System:

The HACP Section 8 Department will develop a system to track new tenancies and related leasing documents in its Housing Choice Voucher Program. The system will rely on a new automated product which will enable staff to instantly identify the status of a new leases and provide immediate information to both voucher-holders and landlords. As a management tool, the system's ability to track production will enhance the department's management capabilities. The HACP will consider, in its development, the potential of providing direct information to customers by using a web-based platform.

Project Based Voucher Program:

The Housing Authority of the City of Pittsburgh intends to attach Project-Based Voucher (PBV) Assistance to a maximum of 50 Housing Choice Vouchers that are available within its 2006 budget authority. Selection of properties will be in accordance with 24 CFR 983 and the HACP's Section 8 Administrative Plan. The maximum number of units attached to PBV assistance will not exceed the 20% budget authority requirements. This option to utilize Project-Based Vouchers is consistent with the goals of the HACP as defined in its MtW Plan.

TABLE 8-1 - PUBLIC HOUSING CURRENT AND PROJECTED OCCUPANCY

	FY 01 Physical Unit Count	Actual – October 1, 2005			Projected – October 1, 2006		
		Physical Unit Count	Number Occupied	Percent Occupied	Physical Unit Count	Number Occupied	Percent Occupied
1-1 Addison Terrace	781	691	593	86%	691	630	91%
1-2 Bedford Dwellings	420	420	376	90%	420	385	92%
1-3 Allequippa Terrace	120	0	0	0%	0	0	0%
1-4 Arlington Heights	150	150	133	89%	150	135	90%
1-5 Allegheny Dwellings	282	282	223	79%	282	250	89%
1-7 Saint Clair Village	680	456	217	48%	456	213	47%
1-8 Bedford Additions	460	460	0	0%	0	0	0%
1-9 Northview Heights	882	670	451	67%	591	480	81%
1-10 Glen Hazel (Cove Place)	39	39	0	0%	0	0	0%
1-11 Hamilton Larimer	324	324	131	40%	324	133	41%
1-12 Garfield Heights	601	326	299	92%	326	305	94%
1-13 Addison Addition	194	194	131	68%	194	130	67%
1-14 Kelly Street High Rise	165	132	0	0%	132	0	0%
1-15 PA Bidwell High Rise	130	130	99	76%	130	96	74%
1-17 Pressley High Rise	212	212	178	84%	212	195	92%
1-20 Homewood North	135	135	106	79%	135	115	85%
1-29 East Hills	157	157	0	0%	157	0	0%
1-31 Murray Towers	70	70	64	91%	70	67	96%
1-32 Glen Hazel Duplexes	104	104	103	99%	104	101	97%
1-33 Glen Hazel High Rise	111	111	97	87%	111	90	81%
1-40 Brookline Terrace	30	30	26	87%	30	29	97%
1-41 Allentown High Rise	104	104	99	95%	104	102	98%
1-44 South Oakland (Finello)	60	60	59	98%	60	54	90%
1-45 Morse Gardens	70	70	68	97%	70	62	89%
1-46 Carrick Regency	66	66	61	92%	66	64	97%

TABLE 8-1 - PUBLIC HOUSING CURRENT AND PROJECTED OCCUPANCY (CONTINUED)

	FY 01 Physical Unit Count	Actual – October 1, 2005			Projected – October 1, 2006		
		Physical Unit Count	Number Occupied	Percent Occupied	Physical Unit Count	Number Occupied	Percent Occupied
1-47 Gualtieri Manor	31	31	23	74%	31	29	94%
**Scattered Sites (units to be Sold)	256	255	197	77%	255	173	68%
1-57 Glen Hazel Accessible	6	6	6	100%	6	6	100%
1-62 Broadhead Manor	64	64	13	20%	64	0	0%
1-64 New Pennley Place	38	39	39	100%	39	39	100%
1-66 Oak Hill “MROP”	99	80	76	95%	80	79	99%
1-68 Oak Hill Phase 1a	97	97	91	94%	97	96	99%
1-72 Manchester Phase 1	20	20	19	95%	20	20	100%
1-73 Christopher Smith	25	25	25	100%	25	23	92%
1-74 Manchester Phase 2	25	25	25	100%	25	25	100%
1-75 Manchester Phase 3	18	18	18	100%	18	18	100%
1-76 Oak Hill Phase 1b	101	101	100	99%	101	101	100%
1-78 Manchester Phase 4	23	23	23	100%	23	20	87%
1- XX Manchester Phase 4b	0	0	0	0%	0	0	0%
1-79 Oak Hill Phase 1c	14	96	91	95%	96	93	97%
1- 80 Silver Lake	0	75	74	99%	75	75	100%
1- 81 Oak Hill Phase 1d	0	56	56	100%	56	56	100%
1- 82 Bedford Hills Phase 1a	0	24	24	100%	24	24	100%
1- 83 Bedford Hills Phase 1b	0	50	50	100%	50	50	100%
1- 85 North Aiken	0	62	62	100%	62	62	100%
Total	7166	6540	4526	69%	5962	4625	78%

*** Scattered Sites units to be sold include: PA1-22, PA1-38, PA1-39, PA1-42, PA1-43, PA1-50, PA1-51 & PA1-52.*

9.0 RESIDENT PROGRAMS—SELF-SUFFICIENCY

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OVERVIEW

In FY 2005, the HACP focused self-sufficiency program efforts on: 1. the expansion (i.e. increased enrollment) of the HACP’s LIPH and Section 8 self-sufficiency programs; 2. the implementation of a community planning model for the provision of resident self-sufficiency services and 3. the development of youth related programs including a Youth Services Investment Fund. As of August 1, 2005, the HACP has either fully completed FY 2005 objectives set for these focus areas or is on target for completion by the end of FY 2005. With the exception of a violence prevention project (see “Community Planning Model – Property Management), in FY 2006, the HACP plans to develop and better integrate existing resident self-sufficiency program components developed during and prior to FY 2005 rather than initiating the development of additional program components.

Resident Self-Sufficiency Programming

The HACP operates two parallel self-sufficiency programs: 1. the Section 8 family self-sufficiency program and 2. the voluntary LIPH self-sufficiency program. Together, they are the “Realizing Economic Attainment for Life” (REAL) Program.

The objectives of the REAL program are to assist residents in becoming self sufficient through assessment, planning, and referral to needed services. Built on links to public and private sector social service agencies, the REAL program pursues these goals by

coordinating services for resident families. Links with community partners enable residents to access a wide range of social services. These services may include, but are not limited to: life skills, job readiness skills, drug and alcohol related services, mental and physical health services, training and education, child care, transportation, and employment placement.

Each participant family completes an assessment process which identifies strengths and needs. Participants then sign a “Contract of Participation” which includes a work plan identifying short term goals, long term goals, and specific action steps the participant will take in order to achieve those goals. By signing the contract, the participant agrees to work in good faith towards the personal and family development goals they have identified.

Participants who sign a contract of participation and increase their income are also eligible to participate in the escrow savings program which allows a percentage of increased rental payments resulting from increased earned income to be set aside for use by the resident upon graduation from the program. Graduation is contingent upon employed status and by freedom from cash assistance (not receiving TANF cash payments) for 12 months.

During FY 2005, the HACP developed and implemented a marketing program to expand resident enrollment in REAL - both the LIPH and Section 8 self-sufficiency programs. As of June 30, 2005, the LIPH REAL program achieved 91% of its enrollment goal (526 enrollments out of a goal of 580) and the Section 8 family self-sufficiency program achieved 94% of its enrollment goal (298 enrollments out of a goal of 317). Given that both programs achieved over 90% of enrollment goals only 6 months into FY 2005, it is anticipated that attainment of the full enrollment goal for each program will be easily met by the end of FY 2005. For FY 2006, the HACP will maintain self-sufficiency program enrollment at end of FY 2005 levels. HACP efforts in 2006 will be focused on improving the performance monitoring and quality of self-sufficiency program elements available to existing resident participants.

In FY 2005, the HACP identified and implemented monitoring measures to gauge the achievements of both residents within HACP self-sufficiency programs and the performance of HACP case management coordinators and social service providers. These performance measures include individual self-sufficiency-related goals identified by program participants themselves, employment rate and completion of job training as well as average and median income for each LIPH community in which the program operates. For 2006, the HACP will use these monitoring measures to adjust the self-sufficiency programs as required.

In FY 2005, as part of the REAL program, the HACP initiated the Resident Employment Program to improve employment outcomes for participants. The program includes job search/readiness, GED, basic computer instruction, Section 3 orientation and assessment and entry level certificate training programs offered through local agencies. In FY 2006, the HACP will continue and expand the Resident Employment Program to further enhance the REAL Program.

Community Planning Model – Coordination with Site-Based Management

In FY 2003, the HACP committed to the implementation of site-based management in all HACP-managed communities. (HACP communities managed by private property management firms have always used site-based management.) Site-based management places day-to-day operational control of HACP communities with site managers leading teams of HACP property management and maintenance personnel. In July 2005, the HACP completed the organizational implementation of site-based management in all HACP-managed communities. The family self-sufficiency program community planning model is an important component of the site-based management effort. Under this model, family self-sufficiency program efforts will be focused on meeting needs identified at the individual community level. As part of this effort, family self-sufficiency service (FSS) coordinators are now located in the same offices as site managers. FSS coordinators work directly with site managers to attempt to alleviate re-certification and rent payment issues before it is necessary to evict a resident. Co-location of FSS coordinators and site-based managers in the same offices contributes to the participation of FSS coordinators as members of each community's site-based management team.

The Family Self-Sufficiency program Community Planning Model at the HACP encourages participation and active communication among all HACP community stakeholders including property management personnel, resident councils, HACP Family Self-Sufficiency Coordinators, residents and outside social service providers. The following Community Planning Model efforts initiated in FY 2005 or earlier will be continued and further developed in FY 2006:

- Work with site managers to follow up on failed housekeeping inspections. A contractor will be procured or a program established to work with residents failing housekeeping inspections for 30 days and then HACP FSS/REAL program staff will follow up with the resident. An estimated 400 – 500 LIPH households fail housekeeping inspections each year.
- Every 2 months, site managers will meet with resident councils and Resident Relations Specialists to review social service programs within each community.
- Site managers, through the HACP's Resident Self-Sufficiency Department, will have access to special services including translation, tenant council election support, mediation and services for the hearing impaired.
- Beginning in 2005, site managers will be able to access online Resident Self-Sufficiency Department monitoring reports for each HACP community.
- Beginning in 2005, site managers will receive time reports showing Resident Self-Sufficiency Department personnel time spent working in each HACP community.
- As part of the Community Planning Model and to complement and enhance other initiatives, the HACP will initiate a violence prevention project that will focus on training community leaders and residents to act as mediators to resolve disputes that often lead to gun violence. In support of this effort, Resident Self Sufficiency staff will receive the same training as community

members. Site management staff will also be encouraged to participate in this training. Finally, the HACP will investigate the possibility of collaborating with other agencies to establish a mediation center focused on public housing communities.

Community Planning Model – Resident Councils

Under the HACP's Community Planning Model, HACP Resident Councils will have an expanded role in HACP communities:

- As part of the HACP's Community Planning Model, the HACP has begun to further develop Resident Councils as active partners in community management. In FY 2005, Resident Council members received computer training to enable them to use email and do simple word processing. By the end of FY 2005, HACP Resident Councils will be expected to regularly produce newsletters for their communities and to use computers to keep records of their activities.
- In FY 2006, the HACP will continue to develop the capabilities of HACP Resident Councils by providing training on how to successfully manage small businesses and to responsibly operate with larger budgets.
- Beginning in 2005, Resident Councils in HACP senior communities began preparing annual demographic studies and annual plans for their communities. Resident Councils in family communities will begin preparing annual plans and demographic studies late in 2005 for FY 2006.

Youth Services Investment Fund

In July 2005, the HACP Board of Directors approved the expenditure of \$5,000,000 to create a Youth Services Investment Fund (YSIF). The purpose of the fund is to improve the outcomes for HACP resident youth, ages 13-21, through investment in programs that result in academic success, career development and good citizenship. The goals of this fund are to provide financial support to evidence-based, outcome-oriented programs in public housing communities and to engage stakeholders for a sustained period to improve program quality, coverage and connections.

The Youth Services Investment Fund will be a donor (HACP) advised fund. The fund will be established at The Pittsburgh Foundation, one of the largest community foundations in the country, with investment management services provided by Mellon Bank, N. A. These entities were selected through a publicly advertised solicitation and selection process. The fund (described as the Youth Services Endowment Fund in the HACP's FY 2005 MtW Annual Plan), relies on the HACP's initial investment of \$5,000,000 and a conservative average annual rate of return of 5% to generate a projected \$500,000 per year to support youth programs in public housing for the 10 year planned existence of the fund. The life of the fund may be extended if outside sources of revenue are found. This effort is on track to begin functioning in FY 2006.

The YSIF will have two advisory committees – an Investment Advisory Committee and a Grants and Programs Advisory Committee.

The Investment Advisory Committee will advise The Pittsburgh Foundation and Mellon Bank, N. A. on the investment policies, goals and guidelines for the fund's investments and will monitor the financial performance of the fund's assets. It is currently expected that this committee will meet twice a year.

The Grants and Programs Advisory Committee will:

- Establish policies and priorities for funding awards based on the purposes of the fund;
- Make funding suggestions and recommendations for grant making and contract awards;
- Recommend persons (if any) to be hired to provide administrative and program support to carry out the purposes of the fund;
- Recommend goals and priorities for any such staff and assist in the evaluation of such staff and;
- Meet, per current expectations, four times a year.

Other Programs

During FY 2006, the HACP will continue to operate a number of existing and already successful social service programs including the Youth Sports Program, Youth Development Initiatives for youth 13-21 years of age, the Teen Street Team Program, the Clean Slate Program and the Senior Living Enhancement Project in conjunction with the Area Agency on Aging and the Pittsburgh Foundation. The HACP will also continue to operate the Cupboard of Hope program, a program funded entirely by donations from HACP employees. The Cupboard of Hope program provides food to needy HACP residents. In FY 2004, the program provided additional food to 116 families during the Thanksgiving and Christmas holidays as well as providing additional food for 42 families at Broadhead Manor dislocated by flooding in the aftermath of Hurricane Ivan in the fall of 2004.

In FY 2006, the HACP will adjust outcome standards for the Youth Development Initiatives including the contracted Youth Intensive Case Management Project. The focus will remain on youth 13-21 who reside in family communities. Also, the HACP will pursue expansion of youth sports activities to include supporting collaboration between agencies to provide summer day camp experiences for youth ages 5-12 and providing opportunities for youth 13-18 to experience non-traditional sports such as tennis, fencing and golf.

10.0 REAL ESTATE PROGRAMS

HOMEOWNERSHIP PROGRAM..... 1

HOMEOWNERSHIP PROGRAM

In FY 2005, the HACP continued to develop the HACP’s agency-wide Homeownership Program. The HACP’s Homeownership Program provides the means for HACP residents to purchase a primary residence by offering favorable terms to accumulate at least 20 percent homeownership equity. In FY 2004, the HACP expanded the HACP homeownership effort to include the sale of LIPH scattered sites properties to LIPH residents as well as outreach to Section 8 landlords and other property owners to identify homes on the private market available for sale to Section 8 or LIPH residents participating in the Homeownership Program. To date (October 2005) during 2005 , 20 HACP residents have purchased homes under the HACP Homeownership Program. Additional HACP residents are expected to close on homes prior to the end of 2005.

The HACP is working with a number of outside agencies to assist HACP residents in the Homeownership Program. Neighborhood Housing Services, Inc., a HUD approved counseling agency, has enrolled 165 Homeownership Program participants for credit counseling services. To date (October 2005), 431 participants have completed the required homebuyer education class provided by Neighborhood Housing Services. The HACP is partnering with Sky Bank, Dollar Bank, Citizens Bank and National City Bank to arrange and provide participants with mortgage pre-approval letters and mortgage loans. In 2005 to date (October 2005), 27 HACP residents in the HACP’s Homeownership Program have received mortgage pre-approval letters. At the final steps in the homeownership process, Community Settlement Services offers participants title and closing settlement services.

During 2006, the HACP Homeownership Program will enroll additional participants, expand training opportunities as needed, and expects to assist an additional 36 low-income families to become homeowners.

The HACP currently operates its Homeownership Program as a MtW homeownership program. The HACP Moving To Work Homeownership Program includes numerous program components which may be used to assist eligible families to become homeowners, to establish positive equity levels, and to succeed as homeowners after the initial purchase. These components include the following:

1. The HACP may provide financial assistance to public housing families, Housing Choice Voucher Program participants, or other low-income families to purchase either Housing Authority owned or privately owned housing for use as their primary residence. The forms of this assistance may include but are not limited to: (a) down payment assistance; (b) closing cost assistance; (c) subordinate mortgages; (d) direct financing; and (e) below-market financing. In some instances, lump sum second or third mortgage payments may be calculated based upon existing Section 8 Voucher Payment Standards times 12 months times a 15 year term (30 years for persons with disabilities or elderly participants). In no instance will the amount of the HACP second mortgage (excluding closing cost assistance) exceed 50% of the sales price, or \$42,500 dollars, whichever is less. For each year the borrower lives in the property the principal amount of the HACP second mortgage will be reduced by 10%. Buyer's debt ratios, employment, income and down payment required for first mortgages are reviewed and verified by lenders utilizing their standard underwriting guidelines. HACP also reviews and considers this and any other relevant information provided to it in determining whether the transaction is feasible. In all cases buyers must provide a minimum down payment of 3% for Section 8 and other low-income buyers, or 1% for low-income public housing buyers. Buyers may also be responsible for prepaid city, county and school taxes due at closing and private mortgage insurance.
2. HACP paid permitted closing costs assistance includes, but is not necessarily limited to: (a) home, pest, survey, mold and radon inspections; (b) home appraisal, application and origination fees; (c) document processing, filing fees, mail delivery and notary stamps; (d) flood insurance; (e) borrower's portion of Pennsylvania real estate transfer tax; (f) settlement company closing fees; (g) three years property and casualty insurance; (h) three-year home warranty policy; and (i) six months foreclosure prevention fund.
3. HACP may acquire existing homes or construct new homes using Capital funds or other available funds for sale to income-eligible purchasers, and may do so without adding these units to the (ACC).
4. HACP may sell existing public housing rental (ACC) units to eligible purchasers participating in the Homeownership Program. Specifically, units considered part of the HACP scattered sites portfolio, including units in PA1-22, PA1-38, PA1-39, PA1-42, PA1-43, PA1-50, PA1-51 and PA1-52 may be sold to eligible program participants. For buyers with incomes under \$60,000, sale prices will be discounted 15% from the Appraised Market Value. If a home is offered to participants at said discounted price and is not sold, additional discounts, not to exceed 30% from the Appraised Market Value, may be offered.
5. HACP may use the proceeds from the sale of (ACC) units to fund replacement housing, to assist additional first-time homebuyers, and for any other reasonable efforts to further the HACP's mission to provide affordable housing to low-income households.
6. The HACP may operate a lease-purchase program and/or utilize other purchase mechanisms, such as land-installment contracts, to assist program participants to complete their home purchase.

7. The HACP may operate a tenant-escrow account program for eligible low-income public housing participants for the purchase of LIPH scattered sites properties. These homeownership escrow accounts allow eligible tenants to accumulate funds from up to 100% of their rental payments for use towards a down payment on a Housing Authority owned home. Homeownership escrow accounts will have a maximum term of three years.
8. The HACP may operate a foreclosure prevention program to minimize mortgage defaults in event of a family catastrophe. This program would create a six-month foreclosure prevention fund to temporarily aid tenant buyers who are denied assistance through the Homeowners Emergency Mortgage Assistance Program.

During the HACP's final year in the MtW program (2006), the HACP will consider the form that the HACP Homeownership program will take in FY 2007 outside of MtW. During 2006, the HACP will consider the relative merits of continuing its Homeownership Program under HUD Section 5H versus HUD Section 32, and the HACP will also consider any possible waiver requests the HACP may make as part of final MtW exit transition planning.

11.0 OTHER INITIATIVES

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CREATION OF ENTITIES FOR DEVELOPMENT PURPOSES3

In FY 2003, the HACP began the planning process to de-centralize the organizational structure of the HACP and to implement site-based management in all HACP-managed communities. In FY 2004, the HACP hired consultants to assist the HACP in the transition to site-based management. The basic organizational changes necessary to implement site-management at the HACP were completed in July 2005. The HACP now operates all HACP-managed communities using a site-based management model.

SITE-BASED MANAGEMENT

Under the HACP’s site-based management organizational structure, site managers fully responsible for the day-to-day management of each respective HACP community manage each HACP community. Each site manager leads teams of site-based maintenance and property management personnel at each HACP community. Each site manager is directly responsible for maintenance, HUD regulatory compliance and leasing levels at their respective communities. The site managers are involved in all long range modernization and development planning in their communities as well as involved in necessary coordination with social services provided to the residents of their communities. The performance of each site-manger will be gauged by the performance of their respective communities as measured by a variety of HUD and HACP established criteria including HUD regulatory compliance, HUD performance measures, occupancy levels, rent delinquency rates, and additional measures as determined by the HACP. During FY 2006, all PHAS measures will be added to monitored site performance criteria.

The HACP's organizational structure for property management under site-based management consists of largely autonomous site managers operating within 3 separate regional groupings of communities each the responsibility of a single regional Real Estate Asset Manager. The HACP's former Maintenance Department has been replaced with a Facilities Services Department that provides specialized maintenance services that would be impractical to provide at each community. These services include pest control, systems engineering, annual inspections and additional specialized maintenance tasks. Each site manager has site-based maintenance personnel under their supervision to provide routine maintenance. The HACP's Occupancy Department continues to provide admissions processing for all HACP communities. Under site-based management, however, site managers are responsible for maintaining adequate occupancy levels in their communities.

SITE-BASED MANAGEMENT – PROJECT-BASED ACCOUNTING/BUDGETING (PBA/PBB)

Project-based accounting and project-based budgeting (PBA/PBB) are essential to the full operational implementation of site-based management. Under PBA/PBB, each site manager is responsible for creating and implementing an efficient and workable budget for their respective communities. Services provided by outside departments (Facilities Services, Resident Self-Sufficiency, Communications, etc.) are charged against the budget of recipient communities. The performance of the site manager in meeting budgetary requirements will be another monitoring measure applied to each HACP-managed community.

The full implementation of PBA/PBB requires substantial redesign of the HACP's accounting systems. The HACP has contracted with qualified consultants to assist in the necessary redesign of HACP's accounting system and the development of initial site budgets. Draft budgets for each HACP community have been created using 2005 data. Site Managers, with assistance from Real Estate Asset Managers and the Finance department, will develop specific site-based FY 2006 budgets late in 2005. For the first time, in 2006, the HACP will operate with site-based budgets rather than solely with department-based budgets.

In conjunction with the effort to implement PBA/PBB, the HACP has procured the services of qualified consultants to re-engineer the HACP's procurement and inventory control systems. These systems will affect the mechanism and authority site managers have and use to access goods and services; the levels and types of inventory maintained at each community and how records are kept among other basic property management functions.

SITE-BASED MANAGEMENT – SITE-BASED WAITING LISTS

The implementation of site-based waiting lists was delayed in FY 2005 by HUD/FHEO review of the HACP's site-based waiting lists policies and procedures specifically in regards to Section 504 compliance. HACP will work with HUD/FHEO and local HUD to finalize policies and procedure that will allow the HACP to proceed to full implementation of site-based waiting lists in FY 2006.

SITE-BASED MANAGEMENT – MONITORING MEASURES

During FY 2005, the HACP has maintained centralized monitoring of basic property management indicators including occupancy, rent collection, vacant unit turnaround and work orders among other indicators. Monthly, de-centralized, reporting by community was fully implemented in October 2005. FY 2006 will be used to further test and improve monthly community status reporting. The HACP's participation in HUD's Moving to Work program will end on December 31, 2006. Beginning in 2006, the HACP will use community monthly reporting to regularly gauge anticipated HACP performance on all PHAS indicators and for all non-PHAS related HUD regulatory compliance.

During FY 2006, HACP site managers will be required to regularly report their communities status in all monitoring measures (including PHAS) and will be required to implement action plans to address any identified deficiencies. Also during FY 2006, the annual performance evaluations for each site manager will be based upon quantifiable property management indicators as identified by HUD and/or in accord with best industry practices.

ASSET MANGEMENT MONITORING MEASURES

Through FY 2005, HACP contractors currently monitoring the performance of the HACP's privately managed communities have worked with HACP's regional Real Estate Asset Managers to begin the process of realigning this function. Beginning October 1, 2005, the HACP's 3 Real Estate Asset Managers began assuming oversight of the HACP's privately managed communities. Contractors previously performing this function will continue to provide assistance to the Real Estate Asset Managers in performing this function until realignment is completed. During FY 2006, contracted assistance will terminate and monitoring responsibility for HACP's privately managed communities will be fully transferred to the HACP's 3 regional Real Estate Asset Managers. Privately managed properties will be included in each of the HACP's three property management regions.

COMPLIANCE WITH HUD ASSET MANAGEMENT REQUIREMENTS

Under Moving To Work, HACP embarked on a strategy to implement site-based management and Asset Management prior to HUD's determination that this would be required of all housing authorities. HACP has worked cooperatively with HUD so that HUD can benefit from our experience in designing guidelines and mechanisms to assist other housing authorities in completing this difficult transition. HACP is also closely following the development of guidelines for implementation of the new Operating Fund Rule, and the Asset Management requirements that accompany that rule. As those guidelines are finalized, HACP will adjust its site-based, asset management, project based budgeting and accounting policies, procedures, and practices to achieve full compliance.

CREATION OF ENTITIES FOR DEVELOPMENT PURPOSES

HACP will establish appropriate affiliate entities, such as an affiliate non-profit corporation and/or a limited liability partnership (LP) in order to leverage tax credit investments and complete development of a replacement building for the Kelly Street High Rise. This project is described further in Chapter 6.

12.0 SUMMARY OF HUD APPROVALS

12.1 New Approvals Sought/Waivers for Continuing Successful MTW Programs 1

12.1 New Approvals Sought/ Waivers for Continuing Successful MTW Programs

For FY 2006, the HACP is not seeking any new HUD approvals for alternative programs as an MtW agency. However, the HACP's Transition Plan from MtW dated April 15, 2005 identified a number of successful MtW practices that the HACP will request waivers to continue after the HACP's participation in MtW ends on December 31, 2006. The waivers requested will include waivers to continue successful MtW practices in Section 8 voucher applications, Section 8 payment standards, Family Self-Sufficiency, Homeownership Program (both Section 8 and LIPH), energy performance contracting and the use of Capital Funds. The HACP will also request a waiver to adjust PHAS reporting requirements to more accurately reflect HACP post-MtW data in FY 2007.

With the exception of the Homeownership Program and use of Capital Funds, the waiver requests involve streamlining of administrative practices to improve the efficiency, effectiveness, and responsiveness to participants of programs. If the waivers are not granted, HACP will comply with regulations without any significant transition period. HACP anticipates submitting waiver requests by June 30, 2006. HACP will also anticipate submitting waiver requests relating to energy performance contract by June 30, 2006.

Efforts to plan for the transformation of the existing HACP MTW Homeownership Program into separate LIPH and Section 8/HCV programs is underway, and HACP will work with local HUD office representatives on this effort. This planning process will finalize the items for which a waiver is required. The HACP anticipates submitted waiver request by June 30, 2006.

The need for waiver requests regarding the use of Capital Funds is dependent upon the progress of various development, redevelopment, demolition, and new construction efforts, and any guideline changes which may result from implementation of the new Operating Fund rule. The need for waiver requests on this topic will be reviewed in June 2006. If necessary, the HACP anticipates submitting waiver requests relating to the Capital Fund by July 31, 2006.

In the FY 2005 MtW Plan, the HACP indicated a desire to work with HUD to consolidate multiple project numbers in 5 geographically contiguous HACP communities (Addison, Bedford, Glen Hazel, Oak Hill and Manchester) into a single project number for each community. Consolidation of the project numbers for these 5 communities will result in the elimination of, at

minimum, 13 project identification numbers that no longer serve to represent any actual management entity. HACP will continue to pursue this effort in conjunction with HUD's new project grouping effort and PIC data update efforts described below.

The HACP is continuing working with HUD to completely update HACP building and unit data on HUD's PIC web site. Given the ongoing rapid change in the HACP's building and unit inventory due to the construction of new communities, demolition, the conversion of units to create Section 504-compliant units and sale of LIPH units in the Homeownership Program, HACP building and unit data is in continuous flux. The HACP is working with HUD to accelerate the process of updating building and unit data in PIC to accommodate this change. Through the end of FY 2005 and in FY 2006, the HACP will focus on working with HUD to resolve any issues in the HACP's building and unit data in PIC. Once existing issues in PIC are resolved and a process is established to quickly reflect future HACP building and unit changes in PIC, the HACP will approach HUD to consolidate HACP project numbers as previously described.

Finally, during 2006, the HACP will aggressively pursue alternative funding support for successful family self-sufficiency, homeownership, and development activities to enable continuation of successful programs. These efforts will include, but are not limited to, application for HUD competitive grant programs and local foundation support.