

DELAWARE STATE HOUSING
AUTHORITY

MOVING TO WORK

FY2005 ANNUAL REPORT

TABLE OF CONTENTS

Introduction

Section I Households Served

Section II Occupancy Policies

Section III Changes in the Housing Stock

Section IV Sources and Uses of Funds – Budget vs. Actuals

Section V Narrative – Budget vs. Actuals

Section VI Capital Planning

Section VII Management Information for Owned/Managed Units

Section VIII Management Information for Leased Housing

Section IX Resident Programs

Section X Other Information Required by HUD

INTRODUCTION

This document serves as the Delaware State Housing Authority's (DSHA) Moving to Work (MTW) Annual Report for FY2005. This MTW Report covers data/activities for the entire preceding fiscal year (July 1 to June 30).

The basic format of this report is defined by the MTW Agreement between U.S. Department of Housing and Urban Development (HUD) and DSHA. Each of the following sections provides information and explanations on changes that have occurred during the past year in different operational areas of the MTW Program.

DSHA is proud to report that since MTW implementation in August 1999, there have been 317 families who have successfully completed the MTW Program. One hundred and thirteen have purchased homes and 204 have either begun paying the full rent at their current unit or moved to another unit and are paying full rent there. Though some of those families would undoubtedly have been successful without MTW, we feel that the majority became successful by taking advantage of the counseling and social services made available through the program as well as the savings they accumulated while in the program.

On April 12, 2005, DSHA's signed another one-year extension and the MTW Demonstration Agreement will now expire May 14, 2006. DSHA is continuing efforts to obtain approval for permanent MTW status, and our efforts, along with those of several other MTW housing authorities, have been favorably acknowledged by being included in legislation pending in Congress.

SECTION I

HOUSEHOLDS SERVED

At year's end, there were no significant changes in the total number of households served in Public Housing. Our Public Housing families remained around 500. The number of Section 8 Voucher families served increased slightly with a utilization rate of 103% based on DSHA's baseline total of 902 vouchers and continued over-issuing of vouchers.

TABLE 1 - NUMBER OF HOUSEHOLDS SERVED

TABLE 1a - PUBLIC HOUSING

| | Total Households | | Bedroom Size | | | | | | | | | |
|------------------|------------------|------|--------------|------|------|------|------|------|------|------|------|------|
| | | | 0-1 BR | | 2 BR | | 3 BR | | 4 BR | | 5 BR | |
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| MTW | 258 | 344 | 3 | 5 | 129 | 168 | 99 | 126 | 25 | 40 | 2 | 5 |
| Elderly/Disabled | 233 | 155 | 98 | 97 | 66 | 35 | 50 | 19 | 15 | 3 | 4 | 1 |
| Total | 491 | 499 | 101 | 102 | 195 | 203 | 149 | 145 | 40 | 43 | 6 | 6 |

TABLE 1b - SECTION 8 VOUCHERS

| | Total Households | | Bedroom Size | | | | | | | | | |
|---------------------|------------------|------|--------------|------|------|------|------|------|------|------|------|------|
| | | | 0-1 BR | | 2 BR | | 3 BR | | 4 BR | | 5 BR | |
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| MTW | 267 | 354 | 2 | 15 | 110 | 156 | 132 | 158 | 20 | 23 | 3 | 2 |
| Elderly/Disabled | 669 | 547 | 212 | 300 | 249 | 158 | 191 | 77 | 16 | 12 | 1 | 0 |
| Total | 936 | 901 | 214 | 315 | 359 | 314 | 323 | 235 | 36 | 35 | 4 | 2 |
| PH & S8 Grand Total | 1427 | 1400 | 315 | 417 | 554 | 517 | 472 | 380 | 76 | 78 | 10 | 8 |

Since last year, the percentage of MTW Section 8 Voucher and Public Housing families with wages increased over 4%, and the average wage increased 5% for Public Housing and over 3% for Section 8 Voucher families. There were no significant changes in the median income levels of the families served during the fifth year of the MTW Program. See Table 2.

TABLE 2 - WAGE AND AREA MEDIAN INCOME (AMI) LEVELS OF HOUSEHOLDS SERVED

TABLE 2a - ANNUAL WAGE INCOME OF MTW HOUSEHOLDS

| | Percentage of Households with Wages | | Average Wage Income per Household | |
|----------------|-------------------------------------|-------|-----------------------------------|----------|
| | 6/05 | 6/04 | 6/05 | 6/04 |
| Public Housing | 75.2% | 70.4% | \$14,643 | \$13,960 |
| Section 8 | 72.3% | 65.9% | \$12,918 | \$12,486 |

TABLE 2b - PUBLIC HOUSING AMI LEVELS

| | Total Households | | Below 30% AMI | | Between 30% and 50% AMI | | Between 50% and 80% AMI | | Over 80% AMI | |
|----------------------|------------------|------|---------------|------|-------------------------|------|-------------------------|------|--------------|------|
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| Number of Households | 491 | 499 | 329 | 334 | 121 | 128 | 37 | 33 | 4 | 4 |
| Percent | 100% | | 67% | 67% | 25% | 26% | 8% | 6% | >1% | >1% |

TABLE 2c - SECTION 8 VOUCHERS AMI LEVELS

| | Total Households | | Below 30% AMI | | Between 30% and 50% AMI | | Between 50% and 80% AMI | | Over 80% AMI | |
|----------------------|------------------|------|---------------|------|-------------------------|------|-------------------------|------|--------------|------|
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| Number of Households | 929* | 899 | 699 | 658 | 211 | 223 | 17 | 17 | 2 | 1 |
| Percent | 100% | | 75% | 73% | 23% | 25% | 2% | 2% | >1% | >1% |

* Does not include 7 portable families.

There were no significant changes in the racial and ethnic compositions of the resident population of either Section 8 Voucher or Public Housing. DSHA has not adopted any new policies that would have an effect on racial distribution.

TABLE 3 - RACE/ETHNICITY OF HOUSEHOLDS SERVED

TABLE 3a - PUBLIC HOUSING - RACE

| | Total Households | | White | | Black | | Alaskan/ Native American | | Other | |
|---------|------------------|------|-------|------|-------|------|--------------------------------|------|-------|------|
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| Number | 491 | 499 | 113 | 116 | 374 | 378 | 2 | 1 | 2 | 4 |
| Percent | 100% | | 23% | 23% | 76% | 76% | >1% | >1% | >1% | >1% |

TABLE 3b - SECTION 8 VOUCHERS - RACE

| | Total Households | | White | | Black | | Alaskan/ Native American | | Other | |
|---------|------------------|------|-------|------|-------|------|--------------------------------|------|-------|------|
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| Number | 936 | 901 | 326 | 311 | 599 | 577 | 4 | 4 | 7 | 9 |
| Percent | 100% | | % | 35% | % | 64% | >1% | >1% | >1% | >1% |

TABLE 3c - PUBLIC HOUSING - ETHNICITY

| | Total Households | | Hispanic | | Non-Hispanic | |
|---------|------------------|------|----------|------|--------------|-------|
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| Number | 491 | 499 | 19 | 17 | 472 | 482 |
| Percent | 100% | | 3.9% | 3.4% | 96.1% | 96.6% |

TABLE 3d - SECTION 8 VOUCHERS - ETHNICITY

| | Total Households | | Hispanic | | Non-Hispanic | |
|---------|------------------|------|----------|------|--------------|-------|
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| Number | 936 | 901 | 34 | 35 | 902 | 866 |
| Percent | 100% | | 3.6% | 3.9% | 96.4% | 96.1% |

The waiting list is a combined list for Section 8 Vouchers and Public Housing. MTW-eligible applicants are provided the type of housing that is available when their name comes to the top of the list. See Table 4 for a breakdown of families by bedroom size requirements.

The average waiting time for those who moved into both Public Housing and Section 8 Voucher units during FY2005 was 20 months. This is about five months longer than last year. At the start of MTW in 1999, however, the average wait was about 22 months.

The total number of applicants decreased by 62 to 2,954. The number has remained relatively stable for the past year.

The problem of applicant rejection of our Public Housing, which has been cited in recent years, still exists, though not as bad as several years ago. Some applicants express a desire for a Section 8 Voucher and will turn down Public Housing and reapply to the waiting list because they are in a stable enough situation to be able to wait until their name comes to the top again with a chance they will be offered a voucher.

As mentioned in previous Annual Reports, central air-conditioning was installed at another of our Public Housing developments during FY2005, and engineering studies are now being done on the two other developments still without it. We expect the work to be completed within the next year. Many residents in the units with new central air have expressed their gratitude to their housing managers for this much-needed upgrade. We hope this will help improve applicants' willingness to accept Public Housing.

Criminal history checks on adult family members continue to disqualify some families.

TABLE 4 – NUMBER OF HOUSEHOLDS ON WAITING LIST

| | Total Households | | Bedroom Size | | | | | | | | | |
|------------------|------------------|------|--------------|------|------|------|------|------|------|------|------|------|
| | | | 0-1 BR | | 2 BR | | 3 BR | | 4 BR | | 5 BR | |
| | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 | 6/05 | 6/04 |
| MTW Eligible | 1866 | 1892 | 280 | 270 | 892 | 866 | 542 | 579 | 135 | 163 | 17 | 14 |
| Elderly/Disabled | 1088 | 1124 | 785 | 787 | 195 | 207 | 85 | 106 | 20 | 20 | 3 | 4 |
| Total | 2954 | 3016 | 1065 | 1057 | 1087 | 1073 | 627 | 685 | 155 | 183 | 20 | 18 |

SECTION II

OCCUPANCY POLICIES

There were no changes in concentration of lower-income families by program. As stated in the Annual Plan, DSHA is fortunate in that poverty levels are low in all census tracts in our jurisdictional area.

Section 8 Voucher occupancy policies were changed at the beginning of MTW to include a working preference and elimination of federal preferences. Both Public Housing and Section 8 Voucher continue to have the same preferences.

RENT POLICY

DSHA increased the rent from 30% to 35% of income for all MTW participants at the beginning of MTW.

Also, in the transition to the MTW Program DSHA instituted a rent cap that allows MTW participants to save all amounts over their rent cap up to their 35% rent. At the end of FY2005, there were 470 savings accounts established with an average balance of \$2,051.00.

SECTION III

CHANGES IN THE HOUSING STOCK

The number of units available in the Public Housing program remains at 503. No additional Public Housing stock is expected for the remainder of the MTW Program Demonstration.

No new incremental vouchers were received during FY2005, so the baseline remains at 902 vouchers. The utilization rate began the year at 100% and was 103% at year's end.

Because of the increase in Total Tenant Payment from 30% to 35% for Public Housing and Section 8 Voucher MTW families, funding equivalent to the MTW monthly per unit cost of \$554 for 58 Section 8 Vouchers was realized. Most of these funds were placed into the MTW Operating Reserves and used to help pay the cost of adding air conditioning and perimeter fencing at several PH developments.

Funding for an additional 22 vouchers has also been made available because 22 Public Housing residents' incomes increased to the point where they could afford to pay fair market rent. These residents opted to leave the MTW Program, but remained in their unit, signed a fair market lease, and pay fair market rent. See Table 5.

TABLE 5 – CHANGES IN HOUSING STOCK

| Program | Beginning of FY2005 | End of FY2005 Planned | End of FY2005 Actual |
|--------------------|---------------------|--------------------------|-------------------------|
| Public Housing | 503 | 503 | 503 |
| Section 8 Vouchers | 949 | 949 | 960* |
| Other Programs | 209 | 209 | 209 |
| Total | 1632 | 1632 | 1661 |

* Includes: 902 baseline vouchers
58 vouchers made available during FY2005 due to 5% Total Tenant Payment increase

SECTION IV

SOURCES AND USES OF FUNDS

BUDGET VS ACTUALS

MTW BUDGET VERSUS ACTUALS BY PROGRAM FOR FY2005

Sources and Uses of Funds

| CATEGORY | PUBLIC HOUSING | | | PUBLIC HOUSING CAPITAL FUND | | | SECTION 8 VOUCHER | | | COMMUNITY SERVICES BLOCK GRANT | | | TOTAL MTW | | |
|-------------------------|--------------------|--------------------|------------------|-----------------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------------------|------------------|-------------|---------------------|---------------------|--------------------|
| | BUDGET | ACTUALS | DIFFERENCES | BUDGET | ACTUALS | DIFFERENCES | BUDGET | ACTUALS | DIFFERENCES | BUDGET | ACTUALS | DIFFERENCES | BUDGET | ACTUALS | DIFFERENCES |
| Revenue | | | | | | | | | | | | | | | |
| Dwelling Rent | \$325,160 | \$465,213 | \$140,053 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$325,160 | \$465,213 | \$140,053 |
| Investment Income | 22,690 | 31,617 | 8,927 | | | | 30,420 | 27,541 | (2,879) | | | | 53,110 | 59,158 | 6,048 |
| Other Income | 68,880 | 187,981 | 119,101 | | | | 17,660 | 93,482 | 75,822 | 335,000 | 335,000 | 0 | 421,540 | 616,463 | 194,923 |
| PH Operating Subsidy | 2,153,964 | 2,094,322 | (59,642) | | | | | | | | | | 2,153,964 | 2,094,322 | (59,642) |
| PH Capital Funds | | | | 890,510 | 497,586 | (392,924) | | | | | | | 890,510 | 497,586 | (392,924) |
| Section 8 Grants | | | | | | | 5,953,304 | 5,842,658 | (110,646) | | | | 5,953,304 | 5,842,658 | (110,646) |
| Total Revenue | \$2,570,694 | \$2,779,133 | \$208,439 | \$890,510 | \$497,586 | (\$392,924) | \$6,001,384 | \$5,963,681 | (\$37,703) | \$335,000 | \$335,000 | \$0 | \$9,797,588 | \$9,575,400 | (\$222,188) |
| Expenses | | | | | | | | | | | | | | | |
| Administration | \$602,980 | \$681,570 | (\$78,590) | \$51,590 | \$61,511 | (\$9,921) | \$461,410 | \$908,402 | (\$446,992) | \$0 | \$0 | \$0 | \$1,115,980 | \$1,651,483 | \$535,503 |
| Tenant Services | 35,000 | 9,566 | 25,434 | 39,420 | 0 | 39,420 | 185,300 | 171,281 | 14,019 | 335,000 | 335,000 | 0 | 594,720 | 515,847 | (78,873) |
| Utilities | 372,510 | 0 | 372,510 | | | | | | | | | | 372,510 | 0 | (372,510) |
| Maintenance | 1,295,110 | 1,287,140 | 7,970 | | | | | | | | | | 1,295,110 | 1,287,140 | (7,970) |
| Protective Services | 0 | 0 | 0 | 70,000 | 13,840 | 56,160 | | | | | | | 70,000 | 13,840 | (56,160) |
| General | 406,440 | 381,700 | 24,740 | | | | 125,000 | | 125,000 | | | | 531,440 | 381,700 | (149,740) |
| Total Routine | \$2,712,040 | \$2,359,976 | \$352,064 | \$161,010 | \$75,351 | \$85,659 | \$771,710 | \$1,079,683 | (\$307,973) | \$335,000 | \$335,000 | \$0 | \$3,979,760 | \$3,850,010 | (\$129,750) |
| Non-Routine Maintenance | | | | \$106,030 | \$113,289 | (\$7,259) | \$0 | | \$0 | | | | \$106,030 | \$113,289 | \$7,259 |
| Capital Outlays | | | | 623,470 | 308,946 | 314,524 | 1,930,000 | 2,195,055 | (265,055) | | | | 2,553,470 | 2,504,001 | (49,469) |
| Payments to Landlords | | | | | | | 4,724,290 | 4,737,417 | (13,127) | | | | 4,724,290 | 4,737,417 | 13,127 |
| Total Expenses | \$2,712,040 | \$2,359,976 | \$352,064 | \$890,510 | \$497,586 | \$392,924 | \$7,426,000 | \$8,012,155 | (\$586,155) | \$335,000 | \$335,000 | \$0 | \$11,363,550 | \$11,204,717 | (\$158,833) |
| Operating Reserves | (\$141,346) | \$419,157 | \$560,503 | \$0 | \$0 | \$0 | (\$1,424,616) | (\$2,048,474) | (\$623,858) | \$0 | \$0 | \$0 | (\$1,565,962) | (\$1,629,317) | (\$63,355) |

SECTION V

NARRATIVE - BUDGET vs. ACTUALS

MTW - REVENUES

The sources of MTW revenues for the Delaware State Housing Authority consist of Dwelling Rent, Investment Income, Other Income, Operating Subsidies, Capital Funds and Section 8 Grants. The budgeted revenue sources, as discussed in the FY2005 MTW Annual Plan, versus actual receipts are discussed below.

- o **Dwelling Rent.** FY2005 was the sixth year of DSHA's MTW Demonstration. Rental Income rose significantly as original participants reached the end of their five year MTW Contract with 22 residents choosing Fair Market Rent within existing sites and 17 residents at the end of their contract who were absorbed into the Safety Net which forfeited savings and changed their Total Tenant Payment (TTP) to 30% of adjusted income.
- o **Investment Income.** Rising interest rates increased investment income for Public Housing whereas a reduction in reserves for Section 8 Voucher garnered lower investment income for the year.
- o **Other Income.** Public Housing's other income includes laundry and telephone receipts, maintenance, court and late fees received from tenants in the amount of \$34,161, forfeited MTW escrow savings in the amount of \$107,313, and \$33,307 in Gains on Disposal of Property, as well as \$13,200 from Daycare Centers located at Lavery lane and Hickory Tree. Actual receipts were greater than budgeted in FY2005 due to increased MTW forfeitures and the gain on the sale of one home ownership property.

The Section 8 Voucher Program includes \$382 received for fraud recovery payments and \$93,100 from forfeitures of MTW escrow savings which were greater than anticipated this year. Forfeitures occur when a tenant voluntarily leaves the MTW Program, does not complete the COMP (Contract of Mutual Participation), is dismissed from the Program or ends their five-year contract with the MTW Program unsuccessfully.

Community Services Block Grant provides funding in support of case management through two not-for-profit Agencies: First State Community Action Agency and Peoples Place. The case managers work with DSHA's Section 8 Voucher holders. The funds are provided to the State Division of

Social Services as a pass through from the U.S. Department of Health and Human Services.

- o **Operating Subsidies.** The agency receives an operating subsidy for its Public Housing units based on prior year PUM levels increased by inflation rates and utility rates with consumption estimates per DSHA's MTW agreement. The decrease shown for operating subsidy for the Public Housing Program was due to HUD no longer funding prior year utility adjustments (\$18,954) and a subsidy proration of 98%.
- o **Public Housing Capital Funds.** In accordance with new guidelines under GAAP, the revenue reported as budgeted is the amount that the agency actually anticipates in receiving for all years funded, not the amount that the agency anticipates being awarded in new funds in FFY2005. In FY2005, revenue received to cover contractual obligations were less than anticipated due to capital expenditures from other sources.
- o **Section 8 Subsidies/Grant.** The subsidy calculation received each fiscal year for the Housing Choice Voucher Program is described in the MTW Agreement. DSHA's subsidy was decreased in FY2005 due to funding proration.

EXPENDITURES

MTW program expenses for FY2005 consist of Administration Expense, Tenant Services, Utilities, Maintenance, Protective Service, General Expense, Non-Routine Maintenance, Capital Outlays and Payments to Landlords. A broad overview of budget versus actual expenditures is listed below.

- o **Administration Expense.** Public Housing, Public Housing Capital Fund and the Section 8 Housing Choice Vouchers Program have administrative expenses including salaries, legal, staff training/travel, auditing fees, supplies and postage where appropriate. Section 8 Voucher includes indirect costs in this line as well as utility and insurance expense for the Public Housing Program utilizing the fungibility of funds as described in DSHA's MTW Agreement.
- o **Tenant Services.** Public Housing expenses include self-sufficiency training, internet access at all sites and computer training programs.

The Capital Fund Program had the salary of one social worker budgeted to this line for FY2005. The expense was absorbed by the Public Housing administration line.

The Section 8 Voucher Program funds the costs of three not-for-profit organizations that provide financial counseling for Public Housing and Section 8 Housing Choice Voucher participants.

Community Services Block Grant covers the expense of case managers who work with Section 8 Voucher holders as discussed previously.

- o **Utilities.** FY2005 utilities were budgeted to include estimated increases for rising utility costs. The Section 8 Voucher Program absorbed all Public Housing Utility costs in the amount of \$401,625 in the administration line as mentioned above.
- o **Maintenance.** Maintenance salaries of site personnel, materials/supplies, and contractual costs including trash pickup, grass cutting, exterminating and routine painting of empty units at all sites are combined in this category.
- o **Protective Service.** Protective services were budgeted at \$70,000 from the Capital Fund Program for FY2005. Contracts are now in place to provide services for Hickory Tree and Clarks Corner.
- o **General Expense.** Grouped in this area are payments in lieu of taxes to counties and school districts, employee benefit contributions, collection loss and insurance costs. Employee benefit costs increased in FY2005 as the pension contribution for Non-State employees rose from 11.56% to 13.25% and health care costs rose. Public Housing insurance costs were paid by the Section 8 Voucher Program in the amount of \$111,705 as stated earlier.
- o **Non-Routine Maintenance.** The expense amount represents site maintenance including replacement of carpet and tile flooring at Peach Circle and Mifflin Meadows. Also replaced were smoke and carbon monoxide detectors at Lavery Lane and lighting for parking lots at McLane Gardens.
- o **Capital Outlays.** Funds from the Capital Fund Program were used to complete roof replacements at Mifflin Meadows, drainage improvements at Burton Village and window and door replacements at Peach Circle.

Section 8 Voucher funds were utilized to fund HVAC and plumbing upgrades at Liberty Court and windows replacement, bath remodels and HVAC upgrades at Mifflin Meadows. Also, perimeter fencing was completed at McLane Gardens and Liberty Court.

- o **Payments to Landlords.** Expenditures were slightly greater than budgeted for FY2005.

OPERATING RESERVES

Operating Reserves for Public Housing at the end of FY2005 total \$1,423,031 which represents approximately seven months of routine operating expenses for the Public Housing Program.

Under the Public Housing Management Assessment System (PHMAP), a Public Housing Authority receives an ‘A’ for “Operating Reserves” if such reserves exceed 15% of total routine operating expenses. Based on DSHA FY1999 (MTW Base Year) scoring under both systems’ ratings, the agency maintained it’s ‘A’ scoring.

Under MTW, however, there is no longer any specific threshold for reserves.

Operating Reserves for the Section 8 Voucher Program at the end of FY2005 total \$277,532. The decrease in reserves funded much needed capital improvements to keep DSHA’s housing sites competitive in today’s housing market.

OPERATING RESERVES

| | Beginning of Year | FY2005 Increase/Decrease | End of Year |
|-----------------------------------|--------------------|--------------------------|--------------------|
| Public Housing | \$1,003,874 | 419,157 | \$1,423,031 |
| Section 8 Housing Choice Vouchers | \$2,326,006 | (2,048,474) | \$277,532 |
| TOTAL MTW | \$3,329,880 | (1,629,317) | \$1,700,563 |

SECTION VI
CAPITAL PLANNING

This section compares FY2005 budgeted capital work items with the actual FY2005 capital expenditures by property.

A. BUDGETED FY2005 CAPITAL WORK ITEMS VS. ACTUAL EXPENDITURES

Following is a comparison of the FY2005 budgeted public housing capital work items with the actual capital expenditures in FY2005.

| ACTIVITY | COMMUNITIES | ORIGINAL BUDGET | REVISED BUDGET | EXPENDED |
|--|----------------------------------|------------------------|-----------------------|-----------------------|
| Architect Fees for Window and Door Replacement | Peach Circle | 10,000.00 | 9,250.00 | 4,808.00 |
| Window and Door Replacement | Peach Circle | 194,935.00 | 188,000.00 | 16,867.80 |
| Replace Carpet | Peach Circle | 8,960.00 | 25,131.60 | 25,131.60 |
| Replace Pole Lights | McLane Gardens | 16,950.00 | 19,883.00 | 17,352.50 |
| Window Coverings | Mifflin Meadows | 1,964.52 | 1,964.52 | 1,964.52 |
| Replace VCT Flooring | Mifflin Meadows Hickory Tree | 19,000.00 | 54,749.69 | 54,749.69 |
| New C/O Smoke Detectors | Lavery Lane | 29,100.00 | 15,183.23 | 11,851.60 |
| Architect Fees for Drainage Improvements | Burton Village | | | 10,033.00 |
| Architect Fees for Security Cameras | Clarks Corner | 3,100.00 | 3,100.00 | 2,480.00 |
| Architect Fees for Roof Replacement | Mifflin Meadows Liberty Court | 26,000.00 | 26,000.00 | 15,794.92 3,322.18 |
| Roof Replacement | Mifflin Meadows | 160,000.00 | 309,000.00 | 258,120.00 |
| Protective Services | Clarks Corner Hickory Tree | 40,000.00 | 13,840.00 | 13,840.00 |
| Water Line Repair | Clarks Corner | 75.00 | 75.00 | 75.00 |
| Advertising by Formal Bid - Roof/Windows/Doors | Peach Circle Mifflin Meadows | 8,000.00 | 4,380.88 | 4,380.88 |
| Software Yearly Main. Fee | Will Be Used Authority Wide | 60.00 | 60.00 | 60.00 |
| Administrative – Salaries & Training Seminar Costs | Will Be Used Authority Wide | 56,754.00 | 56,754.00 | 56,754.00 |
| Capital Program Totals | | 574,898.52 | 727,371.92 | 497,585.69 |

B. DISCUSSION OF THE CAPITAL BUDGET AND EXPENDITURE AMOUNTS

Following are descriptions of the expenditures made during the fiscal year and a status report on Capital Budget activities during FY2005.

Window and Door Replacement - The work consists of replacing all the windows and doors at Peach Circle; to be completed in FY2006.

Replace Carpet – Worn carpet was replaced in six units at Peach Circle.

Site Lighting Upgrade – New parking lot pole lights were installed at McLane Gardens.

VCT Floor Installation – Vinyl composition tile was installed in 16 units at Mifflin Meadows and Hickory Tree.

Detectors – New carbon monoxide and smoke combination detectors were installed in all units at Lavery Lane.

Drainage Improvements – Architectural fees to begin work to improve drainage at Burton Village; which includes grading and new grate covers.

Security Cameras – Engineering fees to install security cameras at Clarks Corner.

Roof Replacement – The work consists of replacing all the apartment and community building roofs.

SECTION VII

MANAGEMENT INFORMATION FOR OWNED AND MANAGED UNITS

This section compares the projected management performance during FY2005 with the actual performance during this period.

A. VACANCY RATES

DSHA projected a vacancy rate of one percent for FY2005, but the actual rate was three percent. This was due to the high number of units being off line at Liberty Court some months during the air conditioning installation project and the extensive interior work required in some units. This work is in its final stages, and the vacancy rate for FY2006 should once again be around one percent.

OCCUPANCY BY DEVELOPMENT – 7/1/04 – 6/30/05

| Development | # of Units | Number of Units Vacated FY2005 | Occupancy on 6/30/05 |
|------------------------|------------|--------------------------------|----------------------|
| Burton Village | 51 | 11 | 94% |
| Clarks Corner | 70 | 11 | 97% |
| Hickory Tree | 55 | 13 | 98% |
| Holly Square | 24 | 1 | 100% |
| Laverty Lane | 50 | 10 | 98% |
| Liberty Court | 108 | 25 | 91% |
| McLane Gardens | 29 | 5 | 100% |
| McLane Gardens Annex | 21 | 4 | 100% |
| Mifflin Meadows | 54 | 14 | 98% |
| Peach Circle | 32 | 5 | 100% |
| Scattered-site rentals | 9 | 2 | 100% |
| Total | 503 | 101 | |

B. RENT COLLECTIONS

DSHA projected a 99% collection rate for FY2005 and achieved a 95% rate. DSHA's goal for the collection rate for FY2006 is to be above 98%.

On March 1, 2003 DSHA implemented a lockbox method of rent payment for Public Housing residents. The system continues to operate effectively and also saves a considerable amount of staff time when compared to the previous rent collection process.

C. INSPECTIONS

DSHA inspects 100% of its Public Housing units twice a year to ensure that they meet Housing Quality Standards (HQS). Each resident file has documentation of these inspections.

Because of the high scores received by all sites in HUD's REAC inspections during FY2003, DSHA was exempt from REAC inspections in FY2005.

D. SECURITY

DSHA contracted with the Delaware State Police for security patrols at two Public Housing sites during the year and paid for these services with Capital Fund Program money. Perimeter fencing has been installed at two other Public Housing sites to eliminate foot traffic to and from the sites through neighboring woods and housing developments. Fencing is also being planned for another site. DSHA has partnered with a local police department to monitor eight cameras which will be installed throughout yet another site. Funding for these projects will come from MTW reserves. These improvements were suggested by the local police departments to help eliminate loitering and to assist police in capturing potential suspects.

Activities and programs aimed at reducing drug and other criminal activity have been drastically curtailed since the Public Housing Drug Elimination Program is no longer funded. Activities still available and aimed at prevention are listed below.

1. DSHA has signed an MOU with the Boys and Girls Club of Delaware to implement summer and after-school programs for up to 30 children at Liberty Court. The program includes Project Learn which has a Power Hour homework assistance activity and technology instruction such as web-

page building and conducting research on the internet. Field trips and recreational activities are also offered.

2. DSHA has signed an MOU with Delaware State University to offer 4-H Programs at both Mifflin Meadows and McLane Gardens. Each site will have 2 days during the summer and 2 afternoons during the school year of 4-H activities for youth ages 8 to 15 years old.
3. DSHA has signed an MOU with the University of Delaware, Cooperative Extension to provide the Spartan Success Program at Clarks Corner. This program is aimed at students K – 12 and is operated in conjunction with 4-H. Activities include academic and social skills, as well as recreation. Approximately 20 – 30 attend summer and after-school activities.

SECTION VIII

MANAGEMENT INFORMATION FOR LEASED HOUSING

DSHA achieved an average monthly utilization rate of 101% for FY2005. No new incremental vouchers were awarded by HUD during FY2005.

One hundred and twenty-seven families left the Section 8 Voucher Program during the fiscal year. Of these, 33 families moved to unsubsidized units or paid the full rent at their current units, and 11 families purchased a home. These 44 successful MTW families represent 34% of the move-outs for the year and is the same number as the previous fiscal year.

The lease-up rate for new voucher holders was 60% for FY2005, which was a drop from the previous year's 66%. Apathy, poor landlord references and bad credit continue to be the main reasons for failing to lease-up. An "available units" list of 50 – 75 owners is given to each voucher holder, and an updated list is available weekly.

Landlord interest in the voucher program remains high. Forty-nine new landlords joined the program during the January – June 2005 period, and over 67 joined during calendar year 2004.

Because HUD's Fair Market Rents (FMR) proposed for federal FY-2005 were lower than the then current FMRs, DSHA contracted to have a fair market rent study done via the random digital dialing method. The results showed an actual increase in local rents, and in February 2005 HUD approved slight increases, instead of the proposed decreases, for most of the FMRs for Kent and Sussex County. The Voucher Payment Standards were then increased to 110% of the new FMRs.

DSHA conducts a rent reasonableness comparison of all units entering the Section 8 Voucher Program via an automated database to assure that the rent being charged is consistent with the local market. Rent reasonableness comparisons are also done when a rent increase is requested. Owners are reminded that rent increases are the responsibility of the family if the rent increase pushes the family's gross rent above the payment standard.

INSPECTIONS

DSHA performs initial, annual and special Housing Quality Standards (HQS) inspections. All units must pass the HQS inspection before the Housing Assistance Payments (HAP) contract can be signed. Units are then inspected annually within the

required time frames. Units that fail re-inspection following the annual inspection have the HAP abated for the period they are out of compliance and are terminated from the program the month following the abatement if the owner fails to complete repairs. The unit is not allowed back in the program for six months. If the owner then provides written certification that the unit will be repaired within the time frames required by the program the unit will be allowed back in the program. The Section 8 Occupancy Supervisor and Housing Management Program Administrator do quality control re-inspections as required by program regulations.

SECTION IX

RESIDENT PROGRAMS

This section reviews the resident programs pursued by DSHA during FY2005 for both Public Housing and Section 8 Voucher residents. Listed below are highlights of the major items that occurred during FY2005.

A. RESIDENT SERVICES

1. **Transportation** - DSHA continues to partner with the Department of Transportation, Delaware Transit Corporation (DTC) to provide rides to MTW participants and non-DSHA TANF families for work related trips. Six mini-vans and seven drivers are available for riders who work many different shifts. The services began in September of 2000 and now provide more than 500 rides per month.
2. **Individual Development Accounts (IDA)** - DSHA continues to recruit for and facilitate participation in the IDA Program for MTW clients. Non-profit counseling agencies provide case management for up to 220 MTW families that may benefit from this program. Qualified participants may use MTW savings to make the required deposit into the IDA savings account, up to a maximum of \$2,000. Successful participants will receive a 1:2 match toward homeownership, small business development or post secondary education. At the end of FY2005, 47 families had IDAs with an average balance of \$1,192.

So far, 13 families have become homeowners through the IDA Program while one has started a business and one has used her savings to pursue her college education.

3. **Financial Literacy** - DSHA continues to provide a certified Financial Literacy course to all MTW families. Completion of the course is required. Non-profit counseling agencies provide the course to Public Housing and Section 8 Voucher families, and all MTW case managers have been trained to provide the course as needed.
4. **Adult Education** - DSHA purchased, installed and provided training to case managers for the TutorSystems Adult Basic Education (ABE)/General Equivalency Diploma (GED) program at all of its Public Housing family sites. DSHA continues to pursue partnerships with education providers to

further utilize the program toward providing educational opportunities for residents.

5. **21st Century Grant** - DSHA has partnered with the University of Delaware 4-H program, the Lake Forest School District and the Boys and Girls Club of Delaware to provide programs and services for our Clarks Corner site and the surrounding community. The Indian River School District has received a 21st Century Grant and will be providing 4-H activities at our Hickory Tree site.
6. **Resident Involvement** - DSHA continues to partner with the State Wide Association of Tenants (SWAT) and individual residents from the sites to establish Resident Councils. Two residents serve as Directors on the DSHA Resident Service Corporation Board. DSHA serves on the SWAT ROSS Grant Board, and DSHA is the "pass-through" agency for the funds from HUD for SWAT's current ROSS Grant Award. DSHA Management and Resident Service staff meet monthly with SWAT staff to work together on mutual programs and goals and to promote and encourage ongoing communication.
7. **Boys and Girls Club of Delaware** - DSHA has entered into an MOU with the Boys and Girls Club of Delaware to provide before- and after-school care, recreation, pregnancy prevention and alcohol use prevention at one site. The site has designated a Public Housing unit for the program's operation.
8. **Section 8 Homeownership** – The Resident Homeownership Program (RHP) was implemented in April 2004 and is available to both Section 8 Voucher and Public Housing families. So far, twenty-three families have been referred to this program. DSHA has contracted with NCALL, a non-profit housing counseling agency, to provide the required case management for the RHP.
9. **Annual Student Awards** - The annual youth student awards luncheon was held for outstanding scholastic achievement. Children from grades one through college received backpacks and school supplies for the coming school year. This event was funded through the Public Housing Resident Services budget.
10. **University of Delaware, Cooperative Extension Service** - DSHA has signed an MOU with the University of Delaware, Cooperative Extension to provide the Spartan Success Program at Clarks Corner. This program is

aimed at students K – 12 and is operated in conjunction with 4-H. Activities include academic and social skills, as well as recreation.

11. **The Girl Scouts of the Chesapeake Bay Council** – Girl Scout troops have been established at three DSHA sites. Efforts continue to establish troops at all DSHA communities.
12. **MTW Scholarship Program** - DSHA provides educational scholarships for MTW participants and eligible family members. These funds pay for fees and expenses not covered by traditional scholarship programs. Approved participants may use a total of \$500 for uniforms, lab fees and materials, computer rental and other items required to complete job training or education. The students are required to provide verification of successful completion of the course or return the money. In FY2005, DSHA provided 29 of these scholarships which are funded by MTW Reserves.

B. PROGRAM CHANGES

None.

SECTION X

OTHER INFORMATION REQUIRED BY HUD

Attached are the following items:

General Order No. 466 adopting the Moving To Work Annual Report for FY2005.

The Audited Financial Reports are not available until September 30, 2005, 90 days after the close of our fiscal year. They will be forwarded under separate cover.

The following Unaudited Financial Reports are attached.

HUD - 52267

HUD - 52596

HUD - 52722-A

HUD - 52722-B

HUD - 52681

GENERAL ORDER NO. 466

GENERAL ORDER ADOPTING
THE MOVING TO WORK ANNUAL
REPORT FOR FY2005

WHEREAS, the Delaware State Housing Authority entered into a Moving to Work Demonstration Agreement with HUD; and

WHEREAS, the Moving to Work Demonstration Agreement requires that the Delaware State Housing Authority submit an Annual Report; and

WHEREAS, the Annual Report provides information on data and activities and on sources and uses of funding that Delaware State Housing Authority has undertaken through the Moving to Work Demonstration.

NOW THEREFORE, BE IT ORDERED as follows:

1. The Director has reviewed and approved the Moving to Work Annual Report for FY2005.

DELAWARE STATE HOUSING AUTHORITY

Date

BY: _____
Saundra R. Johnson, Director