

PHILADELPHIA HOUSING AUTHORITY

**MOVING TO WORK ANNUAL REPORT
YEAR SIX**

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PHILADELPHIA HOUSING AUTHORITY

MOVING TO WORK

YEAR SIX REPORT

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MOVING TO WORK YEAR SIX ANNUAL REPORT
PART ONE: ACCOMPLISHMENTS REPORT

MOVING TO WORK ANNUAL REPORT

YEAR SIX ACCOMPLISHMENTS

Introduction

This is the sixth Annual Accomplishments Report published by the Philadelphia Housing Authority (PHA) under the Moving To Work (MTW) Demonstration Program. PHA is one of twenty-four current participants nationwide in the MTW Demonstration Program. Through designation as an MTW agency, PHA and other participating Housing Authorities are given substantial budget flexibility and regulatory relief. Under the terms of its MTW Agreement with the U.S. Department of Housing and Urban Development, PHA is required to publish an Annual Plan and Annual Report. This Annual Accomplishments Report serves as the introduction to the Year Six MTW Annual Report. It provides a summary of the extensive initiatives undertaken and accomplishments achieved by PHA for the one-year period ending March 31, 2007.

Public Housing at the Crossroads

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

PHA's transformation has had an enormously positive effect on both public housing communities and the City as a whole. As discussed in last year's MTW Report, the "Creating Wealth" study documented the extent to which PHA development programs have generated hundreds of millions of additional dollars in economic benefits to the community while helping to increase adjacent property values at rates higher than the citywide average. Where public housing was once viewed as a blighting and negative factor, it is now seen as a significantly positive component of Philadelphia's neighborhoods.

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

PHA's Executive Director, Carl R. Greene, believes that the public housing industry as a whole is at a crossroads. "Starting in 2001, federal support for public housing

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

Greene continued, “The HUD ‘asset management’ model ignores the fact that housing authorities were created to serve poor families who are shut out of the private real estate market. Cities around the country are now seeing firsthand the flaws in relying exclusively on private sector solutions to address low-income housing needs. Wherever there is a reasonably strong real estate market, we are seeing privately owned subsidized housing developers ‘opting out’ of their federal or state contracts so that they can charge market rate prices to higher income households. This is happening in spite of the billions of dollars in taxpayer investments which created and funded these developments in the first place. In contrast, public housing is truly a permanent housing resource. We need to protect it and safeguard it for future generations.”

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

PHA’s successful redevelopment efforts provide indisputable proof that an effectively managed public agency can generate results equal to or better than any private sector organization, while remaining true to its core mission to serve the public good. “The people of Philadelphia understand the impact that we have had in changing the face of the City. Now our challenge is to convince the Congress that investments in public housing make financial sense and good social policy.

Annual Report

The remaining sections of the MTW Annual Report provide details on PHA’s recently completed and ongoing activities during MTW Year Six. Over the course of this year, PHA’s public housing operating subsidy for 2007 was pro-rated at approximately 83% of actual need. The resultant \$17 million budget shortfall forced PHA to make major shifts in its operations including a major workforce reduction. These staff reductions are expected to have a significant impact on service delivery in the coming year.

While staff reductions have been extremely difficult, PHA ended the year with another solid record of accomplishments. Highlights of Year Six include:

- ***Portfolio transformation*** – PHA’s revitalization initiatives continued, raising the total number of rehabilitated or newly constructed housing units to 6,100 over the past eight years. At Martin Luther King Plaza, ninety (90) affordable homeownership units were completed and sold. The total rehabilitation of Germantown House was completed, resulting in reoccupancy of 133 senior/disabled units and the opening of 12,000 square foot enhanced senior services facility. At Lucien E. Blackwell Homes, PHA completed construction of fifty (50) additional rental units and 25 affordable homes for sale. Fourteen (14) modular Energy Star homes were constructed and occupied at Ludlow Scattered Sites.
- ***Affordable homeownership*** – PHA helped 212 low and moderate-income buyers to become first time homebuyers, increasing the overall total sales to 767 homes. In the process, PHA forged creative partnerships with major banks, local housing counseling agencies and other key actors in order to educate and reduce costs for the homebuyers.
- ***Leveraging capital resources*** - PHA’s successful efforts to secure \$1.2 billion in capital funding were further enhanced this year by the addition of \$31.5 million in new private equity and state and local grants. PHA has earned the confidence of private equity investors and banks as a result of its outstanding development and financial management expertise.
- ***Partnerships to improve residents’ lives*** - PHA secured over \$2.6 million in new supportive service grant funding in the past year. These funds will help to support PHA’s innovative multi-generational programming efforts, which are helping to focus our youth on educational attainment and healthy lifestyles, build job skills and obtain living wage employment for adult residents, and maximize independent living among PHA seniors and people with disabilities.
- ***Innovations in customer service*** - PHA’s successful implementation of new agency-wide Interactive Voice Response/Customer Relationship Management systems helps streamline and simplify interactions between PHA and the public. Residents, applicants for housing, vendors, elected officials and the public at large cannot readily access real-time information on their PHA transactions, PHA policies and frequently asked questions. The related case management tracking component helps to ensure that inquiries, problems and other issues are addressed promptly and accurately.
- ***Safe communities*** – While the Philadelphia community as a whole struggled to address a skyrocketing epidemic of violent crime, crime statistics for PHA communities showed an overall decrease in both Part I and II crimes over the past year.

- ***Quality assurance*** – Improving accuracy and ensuring full regulatory compliance of business transactions is a high priority PHA goal. Over the past year, new internal review and auditing processes were implemented including an enhanced CRM Quality Control system for public housing and admissions related file and transaction reviews.
- ***Asset management*** – PHA continued its efforts to implement locally responsive asset management strategies. Extensive training for property managers, improved information reporting to support effective management at the property-level, and new tools to support streamlined transaction processing at both the property and central levels are all a part of these efforts.
- ***Cost savings*** – Staff from every level of the organization were engaged in intensive efforts to identify opportunities to improve productivity and reduce expenses. Results from the past year included extensive energy conservation measures and utility-related actions that will generate a projected \$1.2 million in annual savings.

Strategic Operating Plan

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

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

Strategic Operating Plan Goal 1: Achieve Excellence In Property Management.

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

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

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

- PHA collected 93.38% of billed rent. Of approximately \$30.5 million in rent billed, PHA successfully collected \$28.4 million.
- Overall occupancy increased in the public housing programs (including scattered site, conventional, PAPMC and AME sites) to 13,870.
- Work order response time for emergency service orders remained within 24 hours. Average completion time for routine service orders was 41 days.
- Over 99% of PHA occupied units were inspected using the UPCS standards during the year.
- Over 99% of scheduled recertifications were completed.

A major achievement in the past year involved completing the reoccupancy of Germantown House, a 133-unit senior building that underwent substantial rehabilitation in 2006. Full occupancy of the 50-unit Phase III rentals at Lucien E. Blackwell Homes was also achieved. Both sites are managed by PAPMC.

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

In addition to these new occupancy initiatives, vacancy reduction efforts included rehabilitation of 474 conventional site units. Generally, the vacancy rehab activities

included installation of new kitchen cabinets and appliances, new heating systems, and flooring along with fresh painting throughout.

PHA's innovative "Sparkle Plus" initiative continued to enhance the "curb appeal" and overall conditions at properties throughout the City. For example, in scattered sites, 220 units received the "sparkle" treatment including new exterior lights, storm doors, mailboxes, doorbells and painting. New awnings and signage was installed at several conventional sites.

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

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

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

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

Other ongoing initiatives conducted during the year included implementation of Rent Simplification and the two-year recertification cycle.

Implementation of Two Year Recertifications: PHA completed the transition from the current annual recertification system to a two-year recertification cycle.

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

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

Strategic Operating Plan Goal 2: Achieve Excellence in The Management of the Housing Choice Voucher Program and Enforce Program Compliance.

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

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

Despite reductions in HCV funding as a result of pro-rations, PHA continued to operate five community site offices, which provided neighborhood residents with convenient access to conduct business and contact with their assigned Service Representatives. Major accomplishments in the area of HCV operations during MTW Year Six include:

- PHA met 100% of its MTW leasing goals.
- PHA recertified 100% of scheduled recertifications.
- PHA leased a total of 883 units under the Unit Based Leasing and Development Program.
- PHA continued its implementation of the HCV Homeownership Program, which currently serves 158 first time homebuyers. Fifty-three (53) of these home sales occurred during the past year, including fifteen (15) to families with disabilities. Some of the homeowners purchased new units at PHA redevelopment sites, while others found quality existing housing in Philadelphia neighborhoods.
- Through extensive resident self-sufficiency efforts, 603 previous HCV program participants have "graduated" from the program during the MTW demonstration. This represents the point when household income is sufficient to pay all rental expenses without a subsidy.
- PHA completed 100% of all HCV scheduled inspections. Units are inspected before occupancy and then regularly throughout the term of the lease.

- PHA continued to implement the Enhanced Tenant Responsibility Training program requirement for all HCV program participants.
- PHA has assisted a total of 177 formerly homeless families in the past year through the City's Blueprint to End Homelessness program.
- Efforts to improve the quality and expand the geographic distribution of housing units available to HCV participants were implemented during the past year. These efforts included conducting Housing Fairs, briefing sessions and distribution of information materials to program participants. 637 HCV participants and 243 property owners participated in the Housing Fairs, which resulted in 300 housing placements.
- PHA continued to support the Tenant/Landlord Advisory Board that provides input to the agency on HCV policies and procedures. PHA Investigations also conducted 1,024 investigations in response to community and staff calls.
- PHA updates its quality control procedures to reflect current payment and utility standards. File audits are completed on all files using PHA's CRM Quality Control module.
- HCV participants who are subject to the seven-year time limit continued to work with PHA to develop a Family Economic Development Action Plan (FEDAP). To date, 7,252 households have developed FEDAPs, and 7,668 signed MTW Agreements. The FEDAP helps establish self-sufficiency goals for the entire family in order to assist them in improving their overall economic status. PHA staff collaborates with local community partners to provide employment, training and other supportive services to HCV program participants.

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

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

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

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

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

- PHA continued to effectively administer capital budgets totaling \$1.2 billion. This includes funding for recently completed redevelopment, new construction and modernization as well as projects scheduled in the coming years. PHA's track record as developer now totals 24 projects including three new transactions: Marshall Shepherd Village, Nellie Reynolds Gardens and Warnock Street Phase I.
- An additional \$31.5 million in leveraged financing was raised during the year including \$7.8 million in state funds, \$23.3 million in LIHTC equity and \$400,000 in local funds. To date, PHA has raised approximately \$236 million in private equity funding through Low Income Housing Tax Credits awarded by the Pennsylvania Housing Finance Agency (PHFA).
- PHA closed on a total of \$38.7 million in real estate transactions over the past year, involving the creation of 368 rental and 35 affordable homeownership units. The sites that closed included LEB III rental, LEB III homeownership, Marshall Shepard Village, Ludlow HOPE VI and Germantown House.
- Rehabilitation and reoccupancy was completed at the 133-unit Germantown House development, including an 11,000 sq. ft. facility for enhanced senior services.
- Extensive progress was made at the \$140 million Lucien E. Blackwell Homes project including completion of construction for 50 Energy Star rental units and 35 affordable homeownership units under off-site Phase III. For Phase II, PHA reached settlement on all 25 affordable homeownership units. For the Angela Court Phase II component of the project, PHA procured and entered into a contract with a developer.

- At the \$83 million MLK Plaza development, PHA completed construction of and reached settlement on 90 affordable homeownership units.
- At Greater Grays Ferry, PHA completed the sale of 122 of the 125 Phase II homeownership units and achieved breakeven, cost certification and placed-in-service designation for Phase I. The remaining 3 homeownership units at Greater Grays Ferry Phase II are lease purchase units for which PHA anticipates settlement in MTW Year Seven. Construction also began on a 32,000 sq. ft. building on the site that will serve as PHA offices.
- Liddonfield, one of PHA's most distressed sites, received a \$3.5 million RACP state grant to support the proposed \$95 million redevelopment program. PHA has issued an RFP to select a Master Developer for the site.
- Under the Ludlow Scattered Site HOPE VI development, PHA awarded the design-build Construction Management contract and completed designs for 75 rental and 50 affordable homeownership units. PHA also secured an equity investor's commitment to providing \$12 million in funding.
- Construction and occupancy was also completed on fourteen prefabricated Energy Star modular units at Ludlow Scattered Sites.
- At Abbotsford, PHA successfully completed the demolition of forty-two (42) apartment buildings (402 units) to provide open space for the redevelopment of this portion of the site. PHA was awarded a HOPE VI demolition grant on July 22, 2004 in the amount of \$2,766,000 towards this project. Marketing and feasibility studies are underway to evaluate the highest and best use for future improvements.
- As part of the \$50 million Falls Ridge development, PHA completed the design and began construction on 28 affordable homeownership units (Phase IIA), and settled on the sale of a 16.7 acre parcel to a private developer for development as 128 market rate homeownership units.
- PHA submitted 16 disposition applications during this past year to permit the transfer of 170 scattered site properties. Along with other properties assembled by PHA affiliates, and private purchasers/developers, they will be used for the development of 246 homeownership units (of which 190 are affordable) 209 rental units; and 3 commercial/retail projects.
- Finally, PHA undertook a wide range of master planning efforts in neighborhoods adjacent to or near PHA developments. Plans are under development for Brewerytown, Bucknell/Judson, Mantua, Diamond Street, Millcreek Extension and many other areas.

<i>Accomplishment #1</i>	Secured an additional \$31.5 million in leveraged funds including private equity and state and local funding.
<i>Accomplishment #2</i>	Completed substantial rehabilitation of 133 units and 12,000 sq. ft. senior service facility at Germantown House.
<i>Accomplishment #3</i>	Completed construction and sales of 90 affordable homeownership units at MLK Plaza.
<i>Accomplishment #4</i>	Completed sales of 122 affordable homeownership units at Greater Grays Ferry.
<i>Accomplishment #5</i>	Closed on \$38.7 million in real estate transactions.
<i>Accomplishment #6</i>	Completed construction of 14 modular Energy Star Homes at Ludlow Scattered Sites.
<i>Accomplishment #7</i>	Completed construction of 50 rental units and 25 affordable homeownership units at Lucien E. Blackwell Homes.
<i>Accomplishment #8</i>	Completed design and commenced construction of 28 affordable homeownership units at Falls Ridge.
<i>Accomplishment #9</i>	Secured \$3.5 million grant to support redevelopment of Liddonfield.
<i>Accomplishment #10</i>	Undertook master planning efforts in neighborhoods throughout the City.

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

PHA's public safety focus under Strategic Operating Plan Goal 4 encompasses management of security for all PHA housing communities, offices and other facilities. In addition, PHA provides a range of public safety related services including support for resident crime prevention efforts, investigation of complaints, coordination of lease compliance activity, criminal records checks and other critical task. These services include management of private security contracts that provide security at 33 PHA locations throughout the City.

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

- While Philadelphia as a whole is undergoing an extremely serious crime rate increase, reported crimes for PHA developments actually decreased over the past year. The level of Part I crimes, which encompasses the most serious and violent crime categories, at PHA developments decreased slightly by 0.4%. Part II crimes, however, plummeted by 58%. This category includes primarily non-violent crimes such as fraud, simple assault, stolen property, narcotics violations and disorderly conduct.
- PHA continued to work in partnership with the Philadelphia Police Department and other federal and state law enforcement agencies including Homeland Security. Regular meetings are held between the PHA Police Department Chief and the Philadelphia Police Department management to review crime statistics and identify joint strategies.
- To facilitate this process, PHA collaborated with the Philadelphia Police Department to install Avencia software, which tracks and analyzes crimes. Installation of this software allows PHA access to the Philadelphia Police Department's Crime analysis databases. PHA will now be able to map, analyze and even anticipate emerging crime patterns in and around PHA developments.
- Upgrades and installations of digital security equipment continued during this period at Wilson Park Community Center, Cambridge Plaza III, Germantown House, Greater Grays Ferry, John Street Community Center and the Bartram Warehouse.
- PHA Police Department staff conducted over 9,100 criminal records checks as required by federal and local policy. This process helps to strengthen the

fabric of Philadelphia's neighborhoods by screening out serious criminal offenders from participation in the HCV program.

- As part of its lease compliance efforts to promote quality of life in public housing, PHAPD continued to implement expedited complaint and investigation processing procedures. In the past year, 290 public housing related investigations were conducted, resulting in 115 cases referred for follow-up action including evictions and/or criminal complaints.
- PHA Police, Asset Management and Legal staff collaborated on 1,687 court cases with very high results favoring PHA. While 185 evictions were enforced as a result of these court cases, a much higher number resulted in settlements which involved payments of overdue balances to PHA totaling over \$1.3 million.
- PHA responded to reported incidents and complaints involving the HCV program. During the past year, PHA conducted 1,024 investigations of which 294 resulted in a request for termination. The balance were successfully resolved, unsubstantiated or found to be related to non-HCV tenants or property.
- PHAPD received a \$150,000 grant to support its Gang Resistance Education and Training (GREAT) program. This grant will help teach PHA youths to overcome peer pressure regarding drug use and learn conflict resolution skills.
- As part of its collaboration with local law enforcement, PHA continued operation of a voucher program to assist victims and witnesses to violent crime identified by the District Attorney's office.
- PHA continued to provide enhanced Tenant Responsibility MTW Training. As part of its local leased housing MTW program initiative, PHA requires all Housing Choice Voucher Program participants to participate in Tenant Responsibility Training at both the initial lease-up and at every recertification period. This effort will help improve residents' understanding of their roles and responsibilities as good neighbors and PHA program participants.

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

Strategic Operating Plan Goal 5: Engage Other Institutions to Leverage Resources and Assist In Promoting Economic Enhancement and Support Services for PHA Residents.

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

Programs under this goal area include affordable homeownership, youth and senior programs, employment training and job placement initiatives. Because the scope of need among PHA residents is so great, PHA cannot do this job alone. Therefore, central to PHA's approach is leveraging resources, collaborating with resident leadership, and partnering with qualified agencies and institutions to bring the best available program services to PHA residents.

PHA's Communication Department supported and enhanced these efforts through community events, media spots and publications including the successful "PHA Experience" quarterly resident newspaper. These efforts are designed to promote resident awareness of community opportunities, to promote positive role models, to inform residents of PHA policy issues, and to strengthen and reshape PHA's image in the larger community.

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

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

- PHA's groundbreaking affordable homeownership program continued to grow during the past year. To date, the Home Sales Department has sold 767 homes, of which 212 took place in Year Six.
- The marketplace has consistently validated the quality and affordability of PHA homes. At Greater Grays Ferry, 122 homes are sold. At Martin Luther King Plaza, all 90 Phase I and II homes are sold. To date, all 65 homes in Phases I and II at Lucien E. Blackwell have sold out. In Phase III, 18 sales have occurred.
- As part of the home sales activity, PHA expanded its HCV Homeownership Program to 158 homes, including 53 in the past year. Thirty-nine (39) of these sales were to families with disabilities.

- Under the Section 5(h) Scattered Site homeownership program, eight (8) new sales occurred during the year, raising the overall total to 118 home sales to existing public housing residents.
- More than 1,300 low and moderate-income households participated in PHA sponsored first-time homebuyer workshops. PHA has also established working partnerships with 26 certified housing counseling agencies and many major regional banks including Wachovia, Bank of America, Citizens, Commerce and Sovereign Banks.
- PHA implemented a Resident Mortgage Assistance Program (RMAP) comprehensive benefit package to assist residents in achieving Homeownership by providing closing cost assistance, writing down the cost of the home and providing free financial counseling.
- PHA continued to operate the Pre-Apprenticeship Training Program initiative in partnership with the building trade unions. This past year, 39 residents graduated from the program. The program has increased its curriculum areas to include career educational opportunities with industrial employment at: Gamesa Windmill Plant, Aker Shipyard, PECO/Excelon and the Boeing Air Craft Industrial Plant. General Education Diploma, Adult Basic Education, Shop and Life Skills are maintained by our staff at our training facilities. Residents are referred to the Community College of Philadelphia for the General Education Diploma program for review and testing. The training program offers two advanced and one intermediate educational class. During the sixteen (16) program cycles, PHA has sponsored and placed approximately 260 graduates into the Building trades.
- PHA provided an extensive array of employment and social service related services to residents under the Community Partners program. PHA works with and provides financial support to Community Partners who provide employment and training opportunities for PHA residents. Training is or has been provided in a wide range of industries including medical billing, building trades, hospitality, pharmacy technician, day care, home maintenance/repair, certified food handler, commercial drivers license, administrative assistant job readiness, janitorial/housekeeping, and certified nursing assistants. Last year, 422 PHA residents enrolled in Community Partner programs. The average rate of pay for graduates was \$10.63 per hour.
- To date, PHA's Community Partner programs have produced impressive graduation figures; 104 residents graduated from the Certified Nursing Assistant Program; 63 from the Pharmacy Technician Program; and 52 from the Medical Billing Program.
- As a result of the above-listed initiatives, the number of zero income households was reduced from 480 families in prior years to 198 families, a 58% reduction. Of that reduction, 305 residents have gained both part-time

and full-time employment. The compensation for full-time residents averaged \$12.25 per hour.

- PHA continues to expand its services to its senior residents including providing congregate meals to four (4) PHA senior sites: Wilson Park Senior Center, Liddonfield Senior Center, Emlen Arms Satellite Center and Point Breeze (Cassie L, Holly). PHA and the St. Agnes Continuing Care Center are operating a state-of-the-art senior care center on the premises of one of PHA's largest and newest affordable housing developments, Greater Grays Ferry Estates. The St. Agnes facility is located on the first floor of PHA's brand new 72-unit Conswiller B. Pratt Apartments. It is a comprehensive, long-term senior care program named "LIFE" (Living Independently For Elders). LIFE enables participants to live as independently as possible through a full spectrum of services while keeping PHA residents out of nursing homes and hospitals. LIFE is a program of all-inclusive care for the elderly (PACE) and is funded by Medicare and Medicaid.
- PHA expanded its efforts to promote healthy alternatives and educational attainment for youth, serving 2,530 youth through various programs. PHA has created partnerships with nine Family Centers, two Cultural Arts organizations, eight Community-Based Organizations and the Explorers of the Boy Scouts of America. The Skills for Life program has produced an impressive 89% success rate based on students who matriculate to the next grade level. PHA was awarded a grant from the Philadelphia Workforce Investment Board and the Philadelphia Youth Council to serve 100 youth in the Experiential and College and Career Exposure Program.
- Case management services focused on attainment of self-sufficiency were provided to residents of Richard Allen, Falls Ridge, MLK Plaza, Lucien E. Blackwell and Ludlow Scattered sites. A mentoring demonstration program at Lucien E. Blackwell is working with 40 residents on a range of issues including credit repair, GED enrollment, employment readiness and post-employment support.
- PHA served over 58,000 meals to more than 9,000 low-income children at 26 PHA sites as part of its Summer Food Service Program.
- Transportation services for shopping, medical care and other needs were provided to approximately 1,900 seniors.

<i>Accomplishment #1</i>	Assisted 212 households to purchase homes in the past year, raising the overall total to 767.
<i>Accomplishment #2</i>	Implemented a Resident Mortgage Assistance Program (RMAP) comprehensive benefit package to assist residents in achieving homeownership.
<i>Accomplishment #3</i>	Provided first time homebuyer workshops to over 1,300 PHA residents.
<i>Accomplishment #4</i>	Graduated 39 residents from the Pre-Apprenticeship Program in the past year.
<i>Accomplishment #5</i>	Enrolled 422 residents in the Community Partners program this year.
<i>Accomplishment #6</i>	Placed 65 residents in Section 3 jobs during the year.
<i>Accomplishment #7</i>	Promoted educational attainment, career exploration and healthy lifestyles for 2,530 youth involved in the Skills for Life and other youth programs.
<i>Accomplishment #8</i>	Provided health care, meals, transportation and other services to over 4,700 seniors at PHA Senior Centers, the LIFE Program and through other PHA senior programs this year.
<i>Accomplishment #9</i>	Provided intensive case management services to residents at HOPE VI and other redevelopment sites.
<i>Accomplishment #10</i>	Achieved a 58% reduction in the number of households reporting zero income.

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

In response to continuing, serious federal budget reductions, PHA's efforts to improve productivity and cost efficiency were heavily emphasized over the past year. Across all departments and levels of the operation, staff engaged in working groups, discussions and detailed analyses designed to identify cost savings and/or productivity enhancing opportunities. PHA anticipates that these efforts will continue at a rapid pace in the new year, especially as they relate to capping soaring utility costs in the scattered site portfolio and elsewhere. Accomplishments related to Strategic Operating Plan Goal 6 in MTW Year Six included:

- A wide array of energy conservation initiatives took place including replacement of 887 inefficient commodes with low-water usage models. This is estimated to save \$182,000 per year. PHA also replaced over 4,400 incandescent light bulbs with compact fluorescent bulbs. An estimated annual cost savings of over \$32,000 per year will result from this effort.
- Efforts to more tightly manage utility consumption bore fruit. PHA commissioned an engineering analysis of gas consumption in scattered sites, which resulted in a reduction in utility allowances or a savings in excess of \$1million annually to PHA.
- Over 800 locations were identified with potential water leaks, resulting in estimated savings of \$39,000. Utilities at 216 long-term vacant units were shut down, resulting in an estimated annual savings of over \$57,000. Phone lines were pared down as well, resulting in annual savings of \$31,000.
- To promote energy efficiency among residents, PHA has created pilot programs at three conventional sites. This education-oriented initiative is targeted to save \$66,000 annually. In addition, on a system-wide basis, PHA continues to implement a series of energy awareness workshops and to publish related articles in the PHA Experience newsletter.
- PHA implemented an agency-wide reduction in force program that has significantly reduced overall staffing. While this was an extremely difficult and painful process, PHA believes that the new technologies and asset management processes implemented over the past years will help facilitate adjustment to the reduced staffing levels.
- In response to the need to increase productivity across the board, PHA continued implementation of an agency-wide teambuilding initiative.
- In the area of Fleet Maintenance, PHA took aggressive cost-savings measures including reducing the fleet by 142 vehicles. Through more stringent monitoring systems, fleet-related fuel usage was reduced by 9% over the previous year.

- PHA initiated efforts to reduce mailing cost by \$0.02 per letter envelope through a postage discount program offered by PHA's vendor. The savings will increase to \$0.04 per letter envelope with the next USPS first class rates increases.
- PHA implemented the first phase of an upgrade of office copier equipment. This initiative added more functionality to each unit while reducing operating cost by \$15,000 per month. Plans have been developed for the next upgrade phase, with planned operating cost reduction of an additional \$5,000-7,000 per month.
- PHA developed and implemented a marketing plan to liquidate excess property identified per PHA's Excess Materials policy. The marketing strategy includes the use of professional auctioneers. The initial auction of excess vehicles yielded over \$200,000 in revenue.
- PHA re-negotiated a lease property renewals period from five (5) years to three (3) years to enable PHA more flexibility in utilizing owned vs. leased property.
- PHA implemented an aggressive process to utilize existing contracts available in the public domain under which PHA can procure products and services to meet time critical needs. It is first verified that such public contracts result from an open solicitation process meeting applicable procurement regulations as allowed under PHA's MTW waiver. Use of such contracts shortens the acquisition and reduces resource demands.

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

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

PHA continued to implement an ambitious quality assurance and compliance program throughout the organization. All program procedures are documented, which facilitates the review and/or audit of program transactions. PHA's Quality Assurance Department provided quality control reviews of program files, assisted operating units to assess and re-engineer business practices to promote efficiency, and provided regular monitoring of strategic goals and objectives. PHA continued to utilize a sophisticated project management system to track and report on all program initiatives. This system is updated monthly and reviewed by senior management. Significant accomplishments related to this goal through MTW Year Six included:

- As evidence of PHA's outstanding financial management, PHA received an unqualified audit opinion for its FY 2006 financial statements, its FY 2005 Retirement Income Plan and its FY 2005 Defined Contribution Plan.
- PHA conformed to all required investor and funding source requirements including timely submission of cost certifications for all Low Income Housing Tax Credit sites. These actions illustrate the careful attention PHA pays to conformance to regulatory and other funding covenants.
- Independent audits of sample executed contracts were conducted, resulting in no findings made.
- PHA continued its commitment to working with minority and woman-owned businesses. During the past year, PHA awarded 33% of contracts to MBE and WBE firms (20% MBE, 13% WBE), totaling over \$28 million.
- PHA Contracts Administration implemented new procurement card policies and procedures.
- As an enhancement to its existing HCV quality control process, PHA implemented new quality control measures for admissions and the public housing program during the coming year. The PeopleSoft CRM system is used to review/audit admissions and recertification files and to audit service order delivery.
- The Quality Assurance Department created updated policies and procedures for all PHA CRM modules including Field Service, Case Management, and Correspondence.
- To facilitate tracking and resolution of all client, vendor and partner issues, PHA implemented a new CRM case management system. All relevant staff were trained on the system, and it is now in use. Management reports help to identify trends, open issues and system bottlenecks.

<i>Accomplishment #1</i>	Received unqualified opinions on PHA 2006 audited financial statements.
<i>Accomplishment #2</i>	Received unqualified opinions on the Defined Contribution and Defined Benefit Plans for 2005.
<i>Accomplishment #3</i>	Met all investor and funding source requirements for Low Income Housing Tax Credit properties.
<i>Accomplishment #4</i>	Implemented agency-wide CRM case management software to facilitate tracking and resolution of customer, vendor and partner issues.
<i>Accomplishment #5</i>	Conducted independent audit of sample contract files resulting in no audit findings.
<i>Accomplishment #6</i>	Implemented new procurement card policies and procedures.
<i>Accomplishment #7</i>	Awarded 33% of contract dollars to minority and woman-owned businesses.
<i>Accomplishment #8</i>	Implemented new CRM Quality Control reviews of public housing and admissions files.
<i>Accomplishment #9</i>	Implemented new CRM Service Order audit process.
<i>Accomplishment #10</i>	Created updated policies and procedures for all CRM applications.

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

As budget pressures have forced PHA to reduce staffing levels, PHA's focus on utilization of technology in support of agency operations remains a critical priority. PHA has established industry-standard network equipment, upgraded or replaced mission critical software applications, built a qualified and responsive technology staff, and improved the capacity of all PHA computer users through extensive training. The primary applications in use at PHA include Oracle/PeopleSoft Financial Suite, Human Resources Suite and Customer Relationship Management (CRM). As summarized below, use of CRM technology is an essential component of PHA's move towards asset management and ongoing drive to improve efficiency. Significant accomplishments through MTW Year Six include:

- PHA implemented an agency-wide customer service initiative to improve response to more than 4,000 calls received daily. This implementation is an essential component of PHA's move to asset management principles. Prior to the PeopleSoft Enterprise Support implementation, customers had to call numerous phone numbers, often waiting a long time, to reach housing authority departments, and the PHA had no system for tracking or managing customer inquiries. Now, the system allows callers to reach a unified, Interactive Voice Response (IVR) system that provides standard answers to frequently asked questions. Additionally, customers, vendors and Housing Choice Voucher (HCV) landlords can access specific information regarding payments and waitlist status.
- A critical element of the IVR system is its integration with the newly implemented CRM Case Management system. Callers who are unable to obtain requested information from the IVR system are automatically connected to appropriate PHA employees for further assistance. The IVR system is integrated with the CRM system. Calls are automatically routed to the employee's workstation with critical customer, vendor and other partner transaction information pre-entered into the applications. The integrated case management system tracks calls handled by PHA employees, ensuring that they resolve each inquiry and reduce paperwork.
- PHA provided training to more than 300 PHA employees on the Customer Relationship Management (CRM) module including Virtual Call Center Case Management, Executive Correspondence Case Management, Quality Control Public Housing, Public Housing Service Order Audit, and Vacancy Tracking.
- PHA implemented the PHA Business Analyst Training Program for technical aides with computer science, engineering and management information system backgrounds. This 12-month program provides participants with a strong foundation in the various PHA technologies, business analysis and consulting skills. With these skills, participants are ready to take on the exciting roles of business analysts, functional leads or project managers on major IT initiatives.

- To improve the ability to train staff and improve business process efficiency, PHA installed the Oracle Business Process Architect, which is known as a Business Process Management tool. The first project to utilize this tool is the Application Wait List and Eligibility/Public Housing Project (AWE/PH). When complete, this project will provide one universal application system for Public Housing, Housing Choice Voucher, Limited Partners and Home Ownership. This entails combining several business processes into one. The new software tools provide the structure and location to facilitate this merger smoothly.
- PHA implemented new and improved management reports designed to provide accurate, updated or real-time information to key users and managers. PHA currently supports over 350 reports for more than 1,500 local and remote users. The Business Objects (BO) software tool is a primary means for the creation and distribution for PHA reports. It is now available for access to all users through the PHA Intranet Portal. Staff can view, run and schedule a variety of reports. These reports include Rent and Capital Status Reports. The former process for distributing these reports was entirely manual and proprietary to the departments responsible for the report data.
- PHA implemented a number of enhancements to its CRM Quality Control review applications. Staff can access customer files in CRM to conduct file reviews in both public housing and HCV programs. Using a checklist functionality created in the CRM system, staff reviewers can determine the accuracy of tenant benefits and applicability of pertinent policies. The CRM system produces detailed reports on audit findings including opened and closed audits, aging summaries, and other information.
- PHA worked to implement the new HUD MTW 50058 reporting system which provides information on all public housing and HCV participants. The new system has proven to be extremely difficult to implement as a result of problems with the HUD PIC test environment. PHA anticipates that regular reporting will begin in the next year subject to correction of PIC system problems.
- PHA's computer operations and data center moved to a new facility in August 2006. The move was accomplished with minimal down time and disruption of PHA business operations. In addition to being more spacious than the old facility, the new facility contains state-of-the-art power and cooling systems. Moving to this new facility has allowed ISM to improve system availability and reliability by eliminating disruptions from environmental factors.
- PHA implemented the Dunn & Bradstreet Online Vendor Locator tool to increase participation in published solicitations and improve respondent quality. This service is provided under an existing subscription service from D&B at no additional cost to PHA.

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

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

Strategic Operating Plan Goal 9 focuses on creating and nurturing partnerships to achieve maximum benefit for PHA residents and program participants. As federal funding support for HCV and public housing declines relative to need, the importance of forging partnership in support of PHA's mission has become even more important to the agency's long-term success. Significant accomplishments in this area through MTW Year Six included:

- In addition to the \$1.2 billion in capital funds previously secured, PHA secured an additional \$31.5 million in leveraged financing including \$7.8 million in state funds, \$23.3 million in Low Income Housing Tax Credit equity and \$400,000 in local funds.
- PHA's aggressive social service fundraising efforts resulted in receipt of over \$2.6 million in new grant funds from 12 grant programs. New grants included: \$150,000 from the Wachovia Foundation to support after school programs at the Wilson Park Community Center; \$200,000 from the Philadelphia Youth Council and the Philadelphia Workforce Investment Board for youth programming activities; \$150,000 from the U.S. Department of Health and Human Services Administration to implement an Amnesty Program designed to reunite families; \$150,000 from the U.S. Department of Justice to expand services under the Gang Resistance Education and Training Program; \$109,000 for the Philadelphia Corporation for Aging to provide congregate meals at four PHA senior developments; and, \$1.78 million in HUD grants for Mainstream, FSS, Neighborhood Networks, Shelter Plus Care and Congregate Housing Services.
- PHA developed and coordinated a nationwide network of MTW Housing Authority partners to promote increased support for public housing financial needs, expansion of MTW to additional cities, and extension of MTW agreements. The group conducted a conference in Washington involving MTW agencies, elected officials and HUD Washington staff. Regular group conference calls are held to share critical information and promote shared objectives.
- To promote affordable homeownership, PHA continued its highly effective partnerships with major banks including Wachovia Bank, Bank of America, Citizens Bank, Commerce Bank, Sovereign Bank and Wells Fargo. PHA also maintains relationships with 26 certified housing counseling agencies throughout the city of Philadelphia.
- In an effort to promote quality service and accountability among HCV private property owners, owners have participated in a mandatory orientation program offered by the Institute of Real Estate Management. This is a unique and groundbreaking program that PHA believes results in better

service to HCV participants and more responsiveness to community concerns.

- PHA submitted 16 disposition applications to permit the transfer of 170 scattered site properties that were used or will be used, along with other properties assembled by PHA affiliates, and private purchasers/developers, for the development of 246 homeownership units, of which 190 are affordable; 209 rental units; and 3 commercial/retail projects. Sixty-two of the rental units are designated for senior adults in Philadelphia's Mantua community.
- PHA contributed to new construction and/or rehabilitation projects for Community Development Corporations and continues to participate in transferring properties to the City of Philadelphia and its affiliated entities, agencies and authorities for the Neighborhood Transformation Initiative (NTI) Program.
- PHA continued its collaboration with the Commissioner of Revenue to review and ensure property owners' compliance with vendor tax and utility payments before an owner is accepted into the HCV program. This year, these efforts resulted in the payment of \$6,600 in back taxes to the City of Philadelphia.
- PHAPD continued to provide support for resident-police partnerships through the establishment of a Police Advisory Board and the development of Town Watch programs.

<i>Accomplishment #1</i>	Secured \$7.8 million in new state funds to support PHA redevelopment initiatives.
<i>Accomplishment #2</i>	Secured \$23.2 million in new Low Income Housing Tax Credit private investor equity contributions to support PHA redevelopment.
<i>Accomplishment #3</i>	Successfully raised \$200,000 for youth programs from Philadelphia Youth Council and Workforce Investment Board.
<i>Accomplishment #4</i>	Secured over \$1.78 million in HUD social service-related grants to support economic self-sufficiency, congregate housing services and other programs.
<i>Accomplishment #5</i>	Obtained a \$150,000 federal grant to support the family unification Amnesty program.
<i>Accomplishment #6</i>	Developed plans to transfer 170 scattered site properties to entities that will develop 246 homeownership units, 209 rental units and 3 commercial projects.
<i>Accomplishment #7</i>	Partnered with the Commissioner of Revenue to capture \$6,600 in back taxes due to the City from HCV owners for the past year.
<i>Accomplishment #8</i>	Created partnerships in support of affordable homeownership with local banks and housing counseling agencies.
<i>Accomplishment #9</i>	Coordinated collaboration of MTW agencies in support of shared objectives.
<i>Accomplishment #10</i>	Supported resident-police partnerships through the Police Advisory Board and Town Watch programs.

MOVING TO WORK YEAR SIX ANNUAL REPORT
PART TWO: PLANNED VS ACTUAL

SECTION 2: HOUSEHOLDS SERVED

This section provides information about the types of units and the characteristics of families served by and on the waiting list for the Philadelphia Housing Authority (PHA) in the MTW Baseline Year and Year Six in Public Housing (Conventional Scattered Sites, Low-Income Housing, Tax Credit, and Alternative Management Entities Properties) and the Housing Choice Voucher (HCV) Program.

A. Number and Characteristics of Households Served

In PHA's Year Six Plan, PHA projected serving a total of 13,733 households in the public housing program. The actual number of households served in the public housing program as of March 31, 2007 was 13,870.

PHA projected that it would serve 14,850 households in the MTW Tenant-based HCV program. As of March 31, 2007, the actual number of households served in this program was 14,850. An additional 1,467 households were served in the non-MTW HCV programs including Moderate Rehab.

With the addition of 2,579 MTW Activity Vouchers, the total households served in MTW Year Six was 32,766, which exceeded the Year Six Plan target of 32,513.

1. Unit Size of PHA Households.

The Baseline Year unit sizes for PHA households are presented in Table 2-1, followed by Year Six. The number of households by bedroom size increased in almost all categories over the number provided in the Baseline Year.

Table 2-1. Baseline Year Number and Unit Size for All PHA Households.

Housing Type/ Program	Efficiency	One Bdrm	Two Bdrm	Three Bdrm	Four Bdrm	Five Bdrm	Six Bdrm	Total
Conventional	499	1,580	2,756	2,335	517	89	8	7,784
Scattered Sites	0	34	531	2,327	663	602	237	4,394
HCV Housing	506	2,152	3,169	5,434	918	195	50	12,424
Program Total	1,005	3,766	6,456	10,096	2,098	886	295	24,602
Distribution %	4%	15%	26%	41%	9%	4%	1%	100%

Source: PHA CCS. October 1, 2001.

Table 2-2. Year Six. Number and Unit Size for All PHA Households.

Housing Type/Program	Efficiency	One Bdrm	Two Bdrm	Three Bdrm	Four Bdrm	Five Bdrm	Six Bdrm	Total
Conventional	305	1,401	2,413	2,199	515	77	10	6,920
Scattered Sites	26	162	643	2,312	581	520	196	4,440
LIHTC ¹	0	493	425	395	89	2	0	1,404
AME ²	0	369	267	384	77	9	0	1,106
HCV Housing	424	2,674	3,997	7,310	1,335	577	0	16,317
Program Total	755	5,099	7,745	12,600	2,597	1,185	206	30,187
Distribution %	2.5%	17%	26%	42%	8.5%	4.0%	<1%	100%

Source: PHA CCS. March 31, 2007.

¹ Low-Income Housing Tax Credit (LIHTC) properties. PHA managed.

² AME – Alternately Managed Entity

2. Composition by Family Type of PHA Households.

The number and type of households served by PHA in MTW Baseline Year and Year Six are presented in Tables 2-3 and Table 2-4. Family households continue to represent the majority of households served by PHA in Year Six. Elderly and disabled households represented 18% and 24% of the remaining households served respectively.

Table 2-3. Baseline Year Composition by Family Type for All PHA Households.

Housing Type/Program	Family	Percent Families	Elderly	Percent Elderly	Disabled	Percent Disabled	Program Totals	Percent Program Totals
Conventional	4,121	53%	2,168	28%	1,495	19%	7,784	100%
Scattered Sites	2,240	51%	1,058	24%	1,096	25%	4,394	100%
HCV Housing	8,186	66%	1,430	12%	2,808	22%	12,424	100%
Program Totals	14,547	59%	4,656	19%	5,399	22%	24,602	100%

Source: PHA CCS, October 1, 2001.

Table 2-4. Year Six Composition by Family Type for All PHA Households.

Housing Type/Program	Family	Percent Families	Elderly	Percent Elderly	Disabled	Percent Disabled	Program Totals	Percent Program Totals
Conventional	3,644	52%	1,649	24%	1,627	24%	6,920	100%
Scattered Sites	2,201	50%	1,255	28%	984	22%	4,440	100%
LIHTC ¹	755	54%	466	33%	183	13%	1,404	100%
AME ²	942	85%	97	9%	67	6%	1,106	100%
HCV	9,926	61%	2,129	13%	4,262	26%	16,317	100%
Program Total	17,468	58%	5,596	18.5%	7,123	23.5%	30,187	100%

Source: PHA CCS. March 31, 2007

¹ Low-Income Housing Tax Credit (LIHTC) properties. PHA managed.

² AME – Alternately Managed Entity

3. Income Groups

The income groups for PHA households in the MTW Baseline Year and Year Six are presented in Tables 2-5 and 2-6. The vast majority of PHA residents have incomes below 30% of the area median income ("AMI") level. PHA continued to meet the MTW Demonstration Agreement requirement that at least 75% of the families assisted under MTW be very low-income families. The percentage of households earning less than 30% of AMI has increased since the baseline year, which reflects the continuing strong demand for affordable housing among Philadelphia's poorest residents.

Table 2-5. Baseline Year Income Levels for All PHA Households.

Housing Type/ Program	Below 30% Median Income	Between 30% and 50% Median Income	Between 50% and 80% Median Income	Over 80% Median Income	Total
Conventional	6,488	978	255	63	7,784
Scattered Sites	3,391	668	263	72	4,394
HCV Housing	10,101	1,916	387	20	12,424
Program Totals	19,980	3,562	905	155	24,602
Percentage	81%	14%	4%	<1%	100%

Source: PHA CCS. October 1, 2001.

Table 2-6. Year Six Income Levels for All PHA Households.

Housing Type/ Program	Below 30% Median Income	Between 30% and 50% Median Income	Between 50% and 80% Median Income	Over 80% Median Income	Total
Conventional	6,177	570	140	33	6,920
Scattered Sites	3665	556	176	43	4,440
LIHTC ¹	1042	312	45	5	1,404
AME ²	713	225	77	91	1,106
HCV Housing	13,958	2,018	325	16	16,317
Program Totals	25,555	3,681	763	188	30,187
Percentage	84.5%	12%	2.5%	<1%	100%

Source: PHA CCS. March 31, 2007.

¹Low-Income Housing Tax Credit (LIHTC) properties. PHA managed.

²AME – Alternately Managed Entity

4. Program/Housing Types for All PHA Households

PHA housing by program types for MTW Baseline and Year Six are presented in Table 2-7. The total number of households increased over the Baseline Year by 30% in Year Six. A significant increase was observed in the number of PHA households funded under the Housing Choice Voucher Program, which increased by 38% over the Baseline Year. The number of households served under the Low-Income Housing Tax Credit (LIHTC) also increased.

**Table 2-7. Baseline Year and Year Six Program/Types
for All PHA Households.**

Housing Type/Program	Baseline Year		Year Five	
	Total	%	Total	%
Conventional	7,784	32%	6,920	23%
Scattered Sites	4,394	18%	4,440	15%
LIHTC ¹	0	0%	1,404	5%
AME ²	0	0	1,106	3%
HCV Housing	12,424	50%	16,317	54%
Program Total	24,602	100%	30,187	100%

Source: PHA CCS. October 1, 2001; March 31, 2007.

¹Low-Income Housing Tax Credit (LIHTC) properties. PHA managed.

²AME – Alternatively Managed Entity

5. Races and Ethnicity

Tables 2-8 thru 2-10 present the race/ethnicity of Heads of Households of PHA residents in the MTW Baseline and Year Six. African-Americans continue to represent the majority of households served by PHA (89%), followed by white (6.5%). Of the approximate 30,317 heads of PHA households, (4%) identify themselves as being of Hispanic ethnicity.

Table 2-8. Baseline Year Race/Ethnicity for All Heads of PHA Households.

Housing Type/Program	African-American	White	Hispanic	Asian/Pacific Island & Native American	Other	Total
Conventional Housing	7,425	252	90	14	3	7,784
Scattered Sites	3,901	37	448	5	3	4,394
HCV Housing	<u>10,765</u>	<u>1,129</u>	<u>337</u>	<u>115</u>	<u>78</u>	<u>12,424</u>
Program Totals	22,091	1,418	875	134	84	24,602
Percentage Distribution	90%	6%	4%	<1%	<1%	100%

Source: PHA CCS. October 1, 2001.

Table 2-9. Year Six Race for All Heads of PHA Households.

Housing Type/Program	African-American	White	Spanish American	Asian/Pacific Island & Native American	Other	Total
Conventional Housing	6,595	183	124	15	3	6,920
Scattered Sites	4,037	34	361	6	2	4,440
HCV Housing	13,739	1,721	578	107	172	16,317
LIHTC ¹	1,375	<u>9</u>	<u>16</u>	<u>1</u>	<u>3</u>	<u>1,404</u>
AME ²	1,048	<u>38</u>	<u>2</u>	<u>18</u>	<u>0</u>	<u>1,106</u>
Program Totals	26,794	1,985	1,081	147	180	30,187
Percentage Distribution	89%	6.5%	3.5%	<1%	<1%	100%

Source: PHA CCS. March 31, 2007.

¹Low-Income Housing Tax Credit (LIHTC) properties. PHA managed

²AME – Alternatively Managed Entity

**Table 2-10. Year Six Ethnicity of Heads of Households of
Public Housing and Housing Choice Vouchers**

Housing Type/Program	Hispanic	Non- Hispanic	Total
Conventional Housing	134	6,786	6,920
Scattered Sites	325	4,115	4,440
HCV Housing	778	15,539	16,317
LIHTC ¹	21	<u>1,383</u>	<u>1,404</u>
AME ²	<u>2</u>	<u>1,104</u>	<u>1,106</u>
Program Totals	1,260	28,927	30,187
Percentage Distribution	4%	96%	100%

B. Changes in Tenant Characteristics.

While the overall number of households served by PHA has significantly increased since the baseline year, the demographic composition of households has remained relatively constant.

C. Changes in the Waiting List Numbers and Characteristics.

This section provides information about the types of units and the characteristics of families on the PHA Waiting List for housing units in MTW Year Six at Public Housing (both conventional and scattered sites) and with the Housing Choice Voucher Program, formerly known as the Section 8 Program.

At the end of Year Six, the waiting lists contained 49,307 applicant households, reflecting the strong need for affordable housing in Philadelphia. The number of applicants on the waiting list for HCV Housing/Housing Choice Vouchers decreased significantly reflecting the fact that the HCV waiting list has been closed to most new applicants as well as the high level of voucher issuance and leasing activity that occurred over the past few years.

As this report was being prepared, PHA was in the final stage of a public housing waiting list update. PHA anticipates that the total number of households on the waiting list will significantly decline as a result of households failing to respond to the update notices. This decline will be temporary as the demand for affordable housing remains very strong.

1. Unit Size Need by Waiting List Applicants.

Table 2-11 indicates that efficiency, two and three bedroom units are the most sought units; furthermore Table 2-12 indicates that more applicant households are on the Waiting List for Public Housing than HCV Housing in comparison to the numbers presented in the Baseline Year.

**Table 2-11. Baseline Year Composition by Bedroom Size Need
for All Waiting List Applicants for PHA Housing.**

Housing Type/Program	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Six Bedroom	Not Specified	Total
Public Housing	255	3,760	662	106	12	5	2,391	7,191
HCV Housing	<u>176</u>	<u>3,297</u>	<u>1,720</u>	<u>343</u>	<u>55</u>	<u>7</u>	<u>12,989</u>	<u>18,587</u>
Program Total	431	7,057	2,382	449	67	12	15,380	25,778
Percentage Distribution	2%	27%	9%	2%	<1%	<1%	60%	100%

Source: PHA CCS. October 1, 2001.

**Table 2-12. Year Six Composition by Bedroom Size Need
for All Waiting List Applicants for PHA Housing.**

Housing Type/Program	Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom	Five Bedroom	Six Bedroom	Total
Public Housing ¹	8,124	4,262	18,255	11,109	2,060	218	29	44,057
HCV Housing	<u>1,275</u>	<u>150</u>	<u>1,808</u>	<u>1,578</u>	<u>387</u>	<u>46</u>	<u>6</u>	<u>5,250</u>
Program Totals¹	9,399	4,412	20,063	12,687	2,447	264	35	49,307
Percentage Distribution	19%	9%	40%	26%	5%	<1%	<1%	100%

Source: PHA CCS. March 31, 2007.

¹ Public Housing program includes conventional, scattered and LIHTC sites.

2. Composition by Family Type of Waiting List Applicants.

Tables 2-13 and 2-14, indicate that the majority of applicants on the waiting lists are families (78%), followed by disabled (15%), and elderly (7%).

**Table 2-13. Baseline Year Composition by Family Type for All Waiting
List Applicants for PHA Housing.**

Housing Type/Program	Family	Percent Families	Elderly	Percent Elderly	Disabled	Percent Disabled	Total	Percent Program Totals
Public Housing	4,265	59%	258	4%	2,668	37%	7,191	100%
HCV Housing	<u>13,246</u>	<u>71%</u>	<u>1,645</u>	<u>9%</u>	<u>3,696</u>	<u>20%</u>	<u>18,587</u>	<u>100%</u>
Program Totals	17,511	68%	1,903	7%	6,364	25%	25,778	100%

Source: PHA CCS. October 1, 2001.

**Table 2-14. Year Six Composition by Family Type for All Waiting Lists
Applicants for PHA Housing.**

Housing Type/Program	Family	Percent Families	Elderly	Percent Elderly	Disabled	Percent Disabled	Total	Percent Program Totals
Public Housing	35,037	80%	2,625	6%	6,395	14%	44,057	100%
HCV Housing	<u>3,631</u>	<u>69%</u>	<u>603</u>	<u>11%</u>	<u>1,016</u>	<u>20%</u>	<u>4,167</u>	<u>100%</u>
Program Totals	38,668	78%	3,228	7%	7,411	15%	49,307	100%

Source: PHA CCS, March 31, 2007.

¹ Public Housing program includes conventional, scattered and LIHTC sites.

3. Income Levels of Waiting List Applicants

In the Baseline Year, 77% of applicant households were below 30% of area median income ("AMI"). As of March 31, 2007, the percentage of households below 30% AMI increased to 92%

**Table 2-15. Baseline Year Income Levels for All Waiting List
Applicants for PHA Housing.**

Housing Type/Program	Below 30% Median Income	Between 30% and 50% Median Income	Between 50% and 80% Median Income	Over 80% Median Income	Total
Public Housing	6,450	618	115	8	7,191
HCV Housing	<u>13,514</u>	<u>3,483</u>	<u>1,244</u>	<u>346</u>	<u>18,587</u>
Program Totals	19,964	4,101	1,359	354	25,778
Percentage	77%	16%	5%	<2%	100%

Source: PHA CCS, October 1, 2001.

**Table 2-16. Year Six Income Levels for All Waiting List
Applicants for PHA Housing.**

Housing Type/Program	Below 30% Median Income	Between 30% and 50% Median Income	Between 50% and 80% Median Income	Over 80% Median Income	Total
Public Housing	40,447	3,149	421	40	44,057
HCV Housing	<u>4,777</u>	<u>438</u>	<u>32</u>	<u>3</u>	<u>5,250</u>
Program Totals¹	45,224	3,587	453	43	49,307
Percentage	92%	7%	<1%	<1%	100%

Source: PHA CCS, March 31, 2007.

4. Program/Housing Type Requested by Waiting List Applicants.

Table 2-17. Baseline Year and Year Six Program/Types for All Waiting List Applicants for PHA Housing.

Housing Type/Program	Baseline Year		Year Six	
	Total	%	Total	%
Public Housing	7,191	28%	44,057	89%
HCV Housing	<u>18,587</u>	<u>72%</u>	<u>5,250</u>	<u>11%</u>
Program Total	25,778	100%	49,307	100%

Source: PHA CCS. October 1, 2001; March 31, 2007.

5. Race/Ethnicity of Waiting List Applicants

The racial/ethnic composition of household applicants remained relatively unchanged. PHA plans to continue its outreach to Hispanic and other non African-American minorities to increase ethnic diversity.

Table 2-18. Baseline Year Composition by Race/Ethnicity for All Waiting List Applicants for PHA Housing.

Program Type	African-American	White	Spanish American	Asian, Pacific Island & Native American	Other	Total
Public Housing	6,676	223	216	35	41	7,191
HCV Housing	<u>15,425</u>	<u>1,961</u>	<u>558</u>	<u>72</u>	<u>571</u>	<u>18,587</u>
Total	22,101	2,184	774	107	612	25,778
Percentage of Total	86%	8%	3%	<1%	2%	100%

Source: PHA CCS. October 1, 2001.

Table 2-19. Year Six Composition by Race for All Waiting List Applicants for PHA Housing.

Housing Type/Program	African-American	White	Spanish American	Asian/Pacific Island & Native American	Other	Total
Public Housing	40,264	1,253	2,288	198	54	44,057
HCV Housing	<u>4,555</u>	<u>513</u>	<u>105</u>	<u>26</u>	<u>51</u>	<u>5,250</u>
Program Totals	44,819	1,766	2,393	224	105	49,307
Percentage Distribution	91%	3%	5%	<1%	<1%	100%

Source: PHA CCS. March 31, 2007.

Table 2-20. Year Six Composition by Ethnicity for All Waiting List Applicants for PHA Housing.

Public Housing and Housing Choice Vouchers

Housing Type/Program	Hispanic	Non-Hispanic	Total
Public Housing	2,492	41,565	44,057
HCV Housing	<u>168</u>	<u>5,082</u>	<u>5,520</u>
Program Totals	2,660	46,647	49,307
Percentage Distribution	5%	95%	100%

D. Impact of MTW on Households Served.

The total number of households served has increased significantly under MTW from 24,602 households at the MTW Demonstration Program initiation to 30,187 at the close of Year Six.

SECTION 3: ADMISSIONS AND OCCUPANCY POLICIES

A. Changes in Concentration of Lower-Income Families by Program.

Deconcentration – Under the Year One Plan, PHA proposed efforts to raise the income of current residents, attract a greater mix of incomes through expanded and integrated community policing and lease enforcement efforts, improve conditions in developments and communities where PHA housing exists, and avoid concentrations of low-income residents. This has proven difficult, as Philadelphia has suffered a population decline for many years, with the largest losses at the middle and higher income levels.

Under the Year Two Plan, PHA began to integrate all homeownership programs, including homeownership in the HOPE VI mixed-finance developments, into the MTW Family Program. An essential component of two HOPE VI housing revitalization efforts are to increase economic diversity and expand participation in PHA initiatives. The Falls Ridge (formerly Schuylkill Falls) and Martin Luther King HOPE VI developments seek to increase the diversity of participants in MTW initiatives by offering market rate units.

In Year Three, PHA broke ground for the Lucien E. Blackwell development (formerly Mill Creek), which continues the strategy of integrating homeownership and rental using tax credit financing. Lucien E. Blackwell units will also be offered in settings that are less dense and rely on significant off-site opportunities.

Currently, assisted homeownership programs are limited to households typically earning no more than 80% of median income. The goal is to establish mixed-income communities in neighborhoods where severely distressed housing developments formerly existed. In past MTW Years, PHA proposed homeownership opportunities for households with incomes up to 150% of median income at the Martin Luther King and Falls Ridge HOPE VI sites. In the Year 3 Plan approval HUD declined to approve this option, therefore PHA will provide housing opportunities in accordance with limits prescribed by the regulations and did not provide housing opportunities to those households with incomes greater than 80% of median income.

PHA's MTW Family Program is intended to increase incomes of families currently using PHA housing assistance. In Year Five, PHA continued to offer the pre-apprenticeship, nursing and health administration programs to families in public housing. These programs are designed to provide existing residents with the skills to enter the construction and health fields. Additional programs are daycare training, GED preparation, job placement, certified food handler, home maintenance and repair, youth development, and hospitality industry training, offered by new and existing Community Partners.

In MTW Year Five, significant activity was initiated in the Community Partners Program, following the procurement process to obtain partners in the previous year. This program is directed toward establishing service, job-training, and job opportunity partnerships for PHA residents. Initially families served by the Community Partners Program were HCV clients. PHA expanded the Community Partners into public housing and HOPE VI residents during Year 5. PHA expects that the increase in training and employment options provided by Community Partners will contribute to the deconcentration of poverty.

In Year 5, PHA developed 40 units in Phase I and 25 Units in Phase II for Homeownership in the Lucien E. Blackwell development. These are the highest quality homes, built by PHA, a national leader in affordable housing. All homes at Blackwell feature a driveway for off street parking, central air conditioning, plush carpeting, garbage disposal, dishwasher, washer-dryer hook-ups, cable and telephone outlets in each bedroom and living room. PHA has created wealth for low and moderate-income residents through homeownership opportunities. Sixty-five (65) units were sold during MTW year 5.

In Year 5, PHA constructed 125 homeownership units for sale at the Greater Grays Ferry Estates. Greater Grays Ferry Estates has all the beauty and security of a newly built development, while connecting with the wider neighborhood. In Year 6, one hundred and twenty-two (122) units were sold including two (2) units to former Tasker, relocated residents through PHA's lease-to-purchase program.

In Year 5, PHA opened its third site for homeownership at the Martin L. King Development. As of March 31, 2007, all units were under Agreements of Sale.

PHA initiated mobility counseling activities in Year 3. PHA continued to provide relocation assistance to families relocating as a result of HOPE VI and other revitalization programs. The relocation process and support provided to families by PHA has also contributed to deconcentration.

Expanded and integrated community policing and lease enforcement efforts are intended to improve conditions in developments and communities where PHA housing exists and to attract a greater mix of incomes.

PHA adopted and implemented a written policy to encourage participation by owners of units located outside areas of poverty and minority concentration. Supportive services and training are provided to certificate and voucher holders who are interested and are seeking housing opportunities in other areas.

B. Changes in Rent Policy.

Rent Simplification -- Incentives to Promote Family Self-Sufficiency. In Year Three, PHA adopted Rent Simplification as part of a comprehensive program in public housing and HCV to restructure the rent computation process and change the annual and interim review processes. The PHA Board adopted the rent simplification package in January of 2004 after a long period of public and resident meetings. (PHA held two public hearings and approximately 50 other meetings with resident groups.) The Rent Simplification Program for Public Housing includes the following:

- Retains the income exclusions required by other federal legislation.
- Self-certification of assets and asset income at initial occupancy and at recertification with the first \$500 of asset income excluded from the calculation of annual income.
- Elimination of the existing deductions and creation of one new deduction of \$500 for working families.

- Changes in the calculation of Annual Income for elderly and disabled households with Medicare/Medicaid/health insurance payments, the full amount of the health insurance payments will be deducted from income prior to the calculation of the rent.
- Calculation of the total tenant payment with a reduced percentage of monthly adjusted income using a tiered formula based on family size:
 - Household Size 1 – 2 persons: Rent is 28% of adjusted monthly income
 - Household Size 3 – 4 persons: Rent is 27% of adjusted monthly income
 - Household Size 5+persons: Rent is 26% of adjusted monthly income
- Maintenance of the current program for application of utility allowances
- Recertification for all families once every 24 months.
- Ceiling rent families may be recertified every 36 months.
- Elimination of the need to report increases in income that occur between regularly scheduled recertifications, however, if income decreases between regularly scheduled recertifications, residents may still request an interim recertification.
- Requirement for PHA participants reporting zero income to document zero income every 90 days.
- After a 90-day grace period, a \$50 minimum rent will apply to families reporting zero income. The minimum rent will also apply to any tax credit units assisted by PHA.
- Households headed by or consisting of seniors or persons with disabilities are exempt from the minimum rent. Households headed by seniors or persons with disabilities that include non-senior, non-disabled members who are able to work will still be subject to the minimum rent.
- Establish a review board to examine any claim of hardship that results from rent simplification.
- Establish a phase-in period for rent increases in excess of \$50 that result from rent simplification. For rent increases in excess of \$50 rent will increase as follows: 50% of the increase will be applied at the time of the first reexamination under rent simplification and 50% will be applied one year after the first reexamination under rent simplification.
- Revision of the ceiling rent schedule and pegging of ceiling rent to a percentage of the HCV Fair Market Rent.

A similar package of changes was also adopted for the Housing Choice Voucher Program. PHA has completed implementation of the Rent Simplification Program.

Other Changes – PHA adopted an MTW transfer in Year 3. The transfer permits PHA to move a limited number of families from Public Housing to the HCV program and vice versa. Moves are limited to 50 families per year for each program (no more than 100 total moves per year). The transfer permits a more efficient response in certain situations such as request for witness protection and domestic violence.

At the present time, PHA is in the process of finalizing program guidelines for the previously approved MTW transfer program, under which PHA has the ability to move up to 50 public housing households to HCV and up to 50 HCV households to public housing. PHA is also finalizing guidelines for the previously approved policy modification which allows referral of public housing applicants to project-based owners.

Blueprint to End Homelessness – PHA revised its preference system to permit up to 400 families “graduating” from transitional housing facilities to obtain public housing or a housing voucher.

Adjusted Ceiling Rent adopted in lieu of Market-Based Flat Rent. In Year 3 PHA conducted preliminary studies on the rental values of public housing units using the HCV rent reasonableness model. However, the results were not consistent and PHA opted to use an adjusted ceiling rent approach in lieu of the flat rents for public housing. New ceiling rents pegged to the FMR s were adopted as part of the rent simplification process described above.

PHA will continue to explore models for market-based rent caps based on quality, location, type and age of the unit as well as amenities available. PHA continues to keep this as an MTW initiative and if a workable model is found, PHA may adopt the approach in a future plan year.

SECTION 4: CHANGES IN HOUSING STOCK

A. Number of units in inventory by program.

**Table 4-1. Number of Public Housing Units and HCV Vouchers
In Year Six.**

Housing Programs	Baseline Year	Year Six Projection	Year Six Actual
	April 1, 2001	March 31, 2006	March 31, 2007
MTW Tenant-Based Vouchers	11,473	14,850	14,850
MTW Activity Vouchers	0	2,147	2,579
MTW Subtotal	11,473	16,997	17,429
Non-MTW Vouchers ¹	2	1,032	716
HCV Moderate Rehabilitation	949	751	751
Public Housing Units ²	12,178	13,846	13,870
TOTAL PHA UNITS	24,602	32,626	32,766

Source: PHA CCS, March 31, 2006.

¹Non-MTW Vouchers include special purpose vouchers for the Family Unification Program (FUP), mainstream vouchers, designated housing Aspen Village and Fishers Crossing.

²Public Housing units include all occupied units at conventional, scattered site, PAPMC and AME sites.

B. Narrative Explanation of the Differences.

The total actual number of public housing units (15,793) available for Year Six represent a 23% increase over the number of public housing units (12,178) available in the Baseline Year.

SECTION 5: SOURCES AND AMOUNTS OF FUNDING

A. Planned Versus Actual Funding Amounts.

Table 5-1 presents the budgeted and actual amounts and sources of funding received by PHA in MTW Year Six. Sources of funds include those funds previously designated for vouchers. Under MTW, voucher resources may be redirected to achieve the key objectives of the MTW Program.

**Table 5-1. Summary of Sources and Amounts of Funding
in Year Six.**

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

¹ Includes Replacement Housing Funding.

B. Narrative Discussion of Differences.

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

Decreased Dwelling Rental Income is the result of two factors: increases in the utility allowances for scattered site residents resulting in a lower rent paid by the scattered site resident and a decrease in the number of occupied units due to demolition and disposition activities

The increase in interest income was due largely to a higher rate of return on investments dictated by market forces.

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

C. Consolidated Financial Statement for MTW Year Six.

**Table 5-2. Summary of MTW Funds and
Non-MTW Funds in Year Six.**

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

¹Subject to appropriation.

SECTION 6: USES OF FUNDS

A. Budgeted Versus Actual Expenditures.

Table 6-1. Planned Versus Actual Consolidated Budgets in Year Six.

Project	MTW Year Six Budget	MTW Year Six Actual
Public Housing	131,253,198	111,886,772
Capital Funds	75,640,828	69,766,811
Housing Choice Voucher Program	150,635,090	148,502,948
Other Grants	363,981	894,329
TOTAL	357,893,097	331,050,860

B. Narrative/Explanation of Uses of Funds.

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

The flexibility of the Moving to Work Demonstration Program has allowed PHA to more effectively address the critical need for affordable housing in Philadelphia in a variety of new ways, and in addition to capital programs discussed in Section 7. PHA, for example, increased the number of families supported through the Housing Choice Voucher (HCV) Program to a total of 17,074 households.

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

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

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

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

PHA continued its commitment to building the highest quality management staff through continued technical training and implementation of new streamlined procedures including quality control reviews. Extensive staff training efforts included training in Low-Income Housing Tax Credit Compliance, use of PeopleSoft applications, and Niku Project Management training.

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

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

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

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

C. Reserve Balance and Adequacy of Reserves.

PHA only restates reserves at the end of each fiscal year. As of the fiscal year ending March 31, 2006, PHA's Low Rent Operating Reserve is estimated at \$8,795,082. PHA's operating reserve as of year-end March 31, 2007 will not be available until September 2007. However, as a result of ongoing subsidy reductions, PHA does not anticipate that it will begin the new fiscal year with a reserve balance.

SECTION 7: CAPITAL PLANNING

A. Budgeted Versus Actual Expenditures by Property

Table 7-1. Capital Programs: Planned vs. Actual for Year Six

Development Name	Scope of Work	Estimated Capital Cost	Actual Expenditures and Obligations
Martin Luther King	New Development	\$1,500,000	\$1,500,000
Scattered Sites	New Development/Infill/Rehab/Modular Housing	\$10,000,000	\$0
Greater Grays Ferry Estates (Bond)	New Development	\$165,000,000	\$165,000,000
Neumann North	Acquisition/Rehab	\$2,000,000	\$0
PHA-Wide	Security Upgrades	\$1,000,000	\$0
Queen Lane	Security System	\$800,000	\$0
Lucien E. Blackwell Homes (formerly Mill Ck)	New Development	\$15,000,000	\$15,000,000
West Park	Elevator upgrades and balcony enclosures	\$16,000,000	\$0
Wilson Park	Non-Dwelling	\$8,000,000	\$9,000,000
Norris Apartments	Security System	\$500,000	\$0
Germantown House ¹	Comprehensive Modernization	\$12,000,000	\$12,000,000
Third Party Capital Requests	New Development	\$5,000,000	\$0
Fairhill	Security System	\$800,000	\$0
Hill Creek	Modernization	\$4,000,000	\$0
Queen Lane	Boiler	\$500,000	\$2,000,000
Johnson Homes	Utilities upgrade	\$6,000,000	\$0
Croydon (Bond)	New Development	\$48,600,000	\$0
Brewery Town ¹	New Development	\$7,700,000	\$0
Millcreek Extension ¹	New Development	\$8,000,000	\$0
Johnson Homes	Senior Building	\$6,000,000	\$0
Marshall Shephard Village ¹	New Development	\$5,000,000	\$5,000,000
Ludlow HOPE VI Scattered Sites ¹	New Development	\$8,000,000	\$8,000,000
Scattered Sites Modular	New Development	\$2,500,000	\$2,500,000
Warnock ¹	New Development	\$7,700,000	\$0
PHA-Wide	Accessibility Improvements	\$500,000	\$500,000
PHA-Wide	Energy Conservation	\$5,500,000	\$500,000
PHA-Wide	Sparkle Plus	\$6,500,000	\$535,540
	TOTAL	\$354,100,000	\$221,535,540
¹ Capital Funding needs for HOPE VI and Mixed-Finance Developments.			

MAJOR DEVELOPMENTS

This year PHA has completed construction on 125 homeownership units at LEB III and MLK II. and completed construction/rehabilitation on 197 rental units at Cambridge III, Greater Grays Ferry Estates II, Lucien E. Blackwell II, Neumann North, MLK IV and ADAPT force account..

Abbottsford

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

Cambridge Plaza Phase II - \$12 million

PHA achieved breakeven, completed cost certification, and received 8609. The place-in-service process was also completed.

Cambridge Plaza Phase III- \$11.4 million

PHA achieved breakeven, completed cost certification, and received 8609. The place-in-service process was also completed.

Falls Ridge Phase I – \$35 million

Negotiations are underway to lease the 12,000 square feet of retail space.

Falls Ridge Phase IIA: \$11.5 million

Completed the design and began construction on 28 affordable homeownership units.

Falls Ridge Phase IIB:

Settled on the sale of approximately 16.7 acres of land to private developer, Westrum Properties. Construction of 128 market rate homeownership units underway by Westrum.

GGFE I – \$66 million (245 units)

Achieved breakeven, completed cost certification, and received 8609. Completed the place-in-service process. Completed the sale of 122 Homeownership units. Started the place-in-service process.

GGFE PHA OFFICE BUILDING - \$8.5 million

Began construction on a 3-story 32,000 square ft. office building with multi-purpose space and (44) computer training stations.

Germantown House - \$23.2 million

Completed construction of the 133 unit comprehensive modernization and a 12,000 sq. ft. enhanced senior services center. Achieved 100% residential occupancy. Executed lease agreement with New Courtland for use of the 12,000 sq. ft. space as an enhanced senior services center.

Liddonfield -- \$95 million

Received \$3,500,000 RACP award from the Commonwealth of Pennsylvania. Issued a RFP for Master Developer for the site.

Lucien E. Blackwell Homes (On-Site) - \$41.3 million

Achieved breakeven, completed cost certification, and received 8609. Completed the place-in-service process.

Lucien E. Blackwell Homes (Off -Site) - \$30.6 million

Achieved breakeven, completed cost certification, and received 8609. Completed the place-in-service process. Achieved 100% residential occupancy. Reached settlement on all 25 homeownership units.

Lucien E. Blackwell Homes Phase III (Off -Site) - \$23 million

Completed design and construction of 50 Energy Star Certified rental units. Completed design and construction of 35 homeownership units.

Angela Court Phase II

Procured Developer and awarded contract. Submitted Rental Term Sheet. Prepared and submitted evidentiaries.

LEB Street Project - \$2.1 million

- Received Hometown and Elm Street grant award of \$1.85 million.
- Completed design of safe street surveillance system.

Ludlow Modular - \$2.5 million

- Completed construction of 14 prefabricated modular rental units.
- Received Energy Star certificates
- Achieved 100% residential lease-up.

Ludlow Scattered Sites HOPE VI

- Awarded the design-build Construction Management contract and completed the designs for the 75 rental and 50 homeownership units.
- Procured MMA to be the equity investor with an private equity commitment of \$12 million
- Secured properties and obtained building permits
- Completed Mixed finance settlement with HUD and MMA
- Issued NTP for 10% Spend down

MLK Phase II – \$34 million

- Completed construction of 90 homeownership units.
- Reached settlement on all 90 homeownership units.

MLK Phase IV - \$12 million

- Submitted place-in-service package
- Achieved breakeven and received 8609

Mt. Olivet - \$17 million

- Achieved breakeven and received 8609.

PASSYUNK HOMES

- Completed design of 80,000 square foot office space and parking for the PHA
- Received disposition approval from HUD.

Richard Allen III - \$42 million – 178 units

- Submitted placed-in-service package.
- Achieved breakeven and received 8609.

Spring Garden Apartments

- Entered an MOU with Spring Garden CDC to serve as Developer Partner for the rehab/redevelopment of the present site located between 7th and 8th Streets at Green Street.

Wilson Park – \$8 million

- Completed (6) new through streets with new curbside parking spaces in front of their homes, enhance lighting and landscaping.
- Completed the comprehensive rehabilitation maintenance /management offices.
- Completed design and construction of new ISM server room and offices.

- Completed Audio Visual multi media upgrade.
- Completed RFP for new pavilion.

7B. Capital Programs PHA-Wide (Partial)

ADAPT

- Successfully completed 504 Compliance audit

Sparkle Plus Program:

- Procurement and installation was coordinated for new awnings at one CBMO and three Conventional Sites for the 2006 Sparkle Program. These awnings incorporated the new PHA colors and graphics.
- Procurement and installation was coordinated for two new wall signs and three post and panel signs under the 2006 Sparkle Program. These signs matched the new prototype signs installed under the 2005 Sparkle program.
- As-Built Master Site Plans were prepared for all conventional sites. These incorporated all work under the previous Sparkle Programs up to 2005.
- Site plans of all the conventional sites and the AME sites were provided to indicate the anticipated work under the 2007 Sparkle Program.

7C. Demolition and Disposition Activities

DISPOSITIONS

Closings/Settlements:

- | | |
|--|--|
| 1. Lucien E. Blackwell (LEB) III | 4 PHA properties - Closed: 04/06 - Part of the development of 35 affordable homeownership units and 50 rental units - Sales Price: Nominal Value |
| 2. Habitat For Humanity | 4226 Stiles Street – Closed 10/06 – Part of the development of seven (7) affordable homeownership units – Sales Price: \$1,000 |
| 3. Philadelphia Housing Development Corporation (PHDC) | 2041 and 2107 South Cecil Street - Closed: 11/06 - Part of the construction or redevelopment of eight (8) single family homeownership units – Sales Price: Nominal Value |
| 4. Clifford Smith | 2160 N. Marston Streets – Closed: 11/06 – Private party handicap accessible ramp – Sales Price: \$500.00 |

- | | |
|---|---|
| 5. Marshall Shepard Village
LEB IV | 50 properties – Closed: 01/07 – Part
of the development of 80 rental units –
Sales Price: Nominal Value |
| 6. PHDC | Six (6) properties on 16 th Street –
Closed: 02/07 – Part of the development
of 20 affordable homeownership units –
Sales Price: Nominal Value |
| 7. Ludlow Hope VI | 70 PHA properties – Closed: 02/07 –
Part of the development of 75 rental
units and 50 affordable homeownership
units - Sales Price: Nominal Value |
| 8. West Philadelphia Financial
Services (Inc.) | 1579 Jefferson Street – Closed: 02/07 –
Part of the development of a 308,000
square foot commercial/retail center to
include Lowes Home Center and Shop
Rite grocery chain – Sales Price:
\$40,000 |
| 9. Redevelopment Authority of
Philadelphia for Chaes Foods, LLC
t/d/b/a C & C Poultry | 15 properties on Diamond and N. 3 rd
Streets – Closed: 03/07 – Part of the
development of a 50,000 square foot
poultry distribution center – Sales Price:
\$40,710 |

Submissions (Not Yet Closed):

- | | |
|---|--|
| 1. Vernon Lucas | 526 N. 31 st Street |
| 2. New Urban Ventures, LLC | 613 N. 10 th Street |
| 3. Ludlow HOPE VI | 4 Properties: 633 W. Oxford, 1407,
1409 & 1411 N. Perth Streets |
| 4. Ludlow HOPE VI | 68 Properties |
| 5. Homeownership Developers LLP | 16 Properties |
| 6. Marshall Shepard (LEB IV) | 43 Properties |
| 7. West Philadelphia Financial Services | 1579 Jefferson Street |

- | | |
|---------------------------|---|
| 8. PHDC | 6 Properties: 2000, 2004, 2006, 2016,
2020 & 2028 N. 16 th Street |
| 9. PresbyHomes & Services | 3212 Mt. Vernon Street |
| 10. CAVA International | 1932 Kimball Street |

DEMOLITIONS:

1. 2101 N. Woodstock Street – Imminently Dangerous
2. Abbotsford – 3207 Defense Terrace

7E. Utility / Energy Management

The Development Department has a commitment to explore methods and means to reduce PHA's utility cost.

Capital Improvements

- PHA has targeted replacing 1,035 inefficient toilets (3.8 to 5 gallon per flush) with newer water saving toilets (1.6 gallon per flush) for a capital cost of \$683 K with an annual anticipated savings of \$215K. Since the program started, PHA has replaced a total of 887 toilets for an estimated cost of \$585,420, with an estimated savings of \$182K per year. PHA plans to replace the remaining 148 toilets by FY 08.
- To reduce our electric consumption PHA has replaced a total of 4,437 incandescent light bulbs (100 Watts) with compact fluorescent lights bulbs at 20 conventional sites for a cost of \$38,216; a total estimated savings of \$32,970 per year.
 - PHA expanded our program to include replacing the incandescent light bulbs in our units at our senior sites. This projected is projected to cost \$85K, and save \$91K per year. In FY 07, PHA has completed 9 out of 16 sites.
- Installed of 22 Solar Panels at Greater Grays Ferry (18) and Lucien E. Blackwell (4) for a cost to PHA of \$134k, a total estimated savings for all 22 Solar Panels for our residents is \$ 4,900 per year.

Utility Management

- Reviewing the PGW bill in detail each month from April 2006 to February 2007, PHA has saved a total of \$16,543.
- PHA continues to monitor all homeownership dwellings to ensure that after settlement all utility bills are transferred into the new owners name.
- Started to create benchmark for water usage for 6,000 accounts to monitor usage, savings, and regular readings from the Philadelphia Water Authority.

- In FY 07 using the Water Department bill PHA identified over 800 addresses that had potential leaks. After addressing each location PHA saved approximately \$39k.
- Removing excess phone lines and reduce utility cost to PHA:
 - By working with the utility companies (electric, gas, and water) PHA has shut off the 216 long-term vacant units (V9) to eliminate customer charges. This task was completed in February of 2007, with a projected savings to PHA of \$57,490 per year.
 - PHA has approximately 1,400 phone lines that have no usage, shutting off those phone lines will save an approximate \$116,280 per year. PHA has removed 503 lines in FY07 for a savings of \$31K per year.
- Energy conservation committee has a contract with ECA to create a program pilot at three of PHA's conventional sites to educate residents on methods of saving energy; this pilot is estimated to save \$66k per year.

SECTION 8: MANAGEMENT INFORMATION FOR OWNED/MANAGED UNITS

A. Vacancy Rates

1. **Target:** At the time of the submission of the MTW Year Six Plan, PHA reported an actual vacancy rate of 13.38%. PHA projected that the Adjusted Vacancy Rate would be 4.53% by the end of MTW Year Six.
2. **Actual:** As of the end of MTW Year Six (March 31, 2007), the actual vacancy rate is 12.17% and the adjusted vacancy rate is 6.98% (Table 8-1). This is based on a total unit count of 15,793 (compared to a total unit count of 15,678 at the beginning of Year Six).

Table 8-1. Vacancy Rates for Year Six.

VACANCIES	Baseline Year (4/01/01)		Year Six (3/31/07)	
<u>SITE NUMBER / NAME</u>	Actual	Adjusted	Actual	Adjusted
	Rate %	Rate %	Rate %	Rate %
<u>North Central</u>				
001 Johnson Homes	6.58	6.58	2.26	2.26
010 Raymond Rosen Manor -	52.39	0.00	1.38	1.38
117 Raymond Rosen Manor -	-	-	2.17	0.00
119 Raymond Rosen Manor - New	-	-		
042 Champlost - mod	0.98	0.96	1.96	1.96
049 Morton Homes	1.61	1.21	2.42	2.42
050 Norman Blumberg Apts - mod	59.80	15.20	6.99	6.59
077 Bentley	18.18	18.18	13.13	13.13
<u>North Area</u>				
003 Richard Allen Homes - reconfig.	8.67	1.33	1.33	1.33
014 Norris Homes - FA	16.67	16.36	3.40	2.78
015 Harrison Plaza	5.35	5.35	1.67	1.67
020 Spring Garden	3.96	3.47	3.96	3.96
055B Fairhill Apts - mod	17.42	17.42	2.65	2.65
114 Gladys B. Jacobs	1.25	1.25	2.50	2.50
<u>Northeast</u>				
023 Liddonfield	23.64	22.34	39.26	38.18
029 Hill Creek - FA	27.16	4.78	3.29	2.99
032 Oxford Village	10.00	5.50	2.50	2.50
034 Whitehall Apts - FA	44.22	0.40	1.21	1.21
066 Holmecrest	3.57	3.57	0.00	0.00
079 Plymouth Hall	26.09	26.09	100	0.00
<u>South Area</u>				
002 Tasker Homes - demolished	18.15	16.98	-	-
013 Wilson Park - Elderly	39.94	18.45	5.38	5.38
113 Wilson Park - Multi-family (Mod.)	-	-	4.02	3.57
031 Bartram Village	5.88	5.88	3.25	3.25

<u>VACANCIES</u>	Baseline Year (4/01/01)		Year Six (3/31/07)	
<u>SITE NUMBER / NAME</u>	Actual	Adjusted	Actual	Adjusted
	Rate %	Rate %	Rate %	Rate %
061 Paschall Apts	16.29	14.93	6.79	6.79
062 Point Breeze Court	5.63	5.63	1.41	1.41
<u>West Area</u>				
018 Arch Homes	5.48	5.48	0.00	0.00
024 Queen Lane	7.25	7.19	3.62	3.62
035 Haddington Homes	10.14	10.14	2.70	2.70
039 Westpark Apts	25.69	25.69	3.67	3.67
045 Mantua Hall	19.74	19.74	3.95	3.95
046 Haverford	4.17	4.17	0.00	0.00
063 Katie B. Jackson(9 Units to S.S.)	18.64	18.64	11.86	11.86
076 Emlen Arms	7.05	7.05	1.92	1.92
093 Westpark Plaza	6.15	6.15	1.54	1.54
TOTAL CONVENTIONAL	22.14	13.84	6.55	5.42
<u>Scattered Sites</u>				
901 Haddington/Overbrook	8.16	0.84	9.64	5.66
063 Katie B. Jackson (9 Units from Conv.)	0.00	0.00	22.22	22.22
902 Mantua	22.00	11.09	25.84	13.03
903 Kingsessing	8.70	3.34	6.38	4.08
904 Germantown/Hunting Park	16.56	7.57	19.48	11.69
905 Fairhill Square	24.34	13.32	19.70	8.74
030 Abbottsford Homes - mod	49.92	2.18	8.66	1.57
906 Francisville	37.48	14.46	30.61	17.35
907 Ludlow	29.69	9.95	22.14	6.57
908 Susquehanna	26.47	11.25	33.44	19.58
909 Strawberry Mansion	41.12	16.94	42.28	20.06
910 Oxford/Jefferson	34.63	7.60	38.42	13.94
055A Parkview Apt	5.00	5.00	0.00	0.00
065 Collegeview	7.41	7.41	0.00	0.00
100 C.B. Moore Homes	3.33	3.33	6.67	6.67
104 Arlene Homes	0.00	0.00	0.00	0.00
TOTAL SCATTERED SITES	25.59	9.99	24.30	11.75
TOTAL PHA	23.57	12.25	14.39	8.21
<u>Tax Credit Properties</u>				
<u>PHA Managed (PAPMC)</u>				
083 Germantown House (now site #152)	15.98	15.98	-	-
129 Cambridge Plaza - Phase II			2.50	2.50
132 Suffolk Manor	na	na	0.00	0.00
133 Richard Allen Homes - Phase III	na	na	2.82	2.82
134 Richard Allen Homes - Phase III	na	na	2.80	2.80
137 Cambridge Plaza - 202	na	na	2.27	2.27
138 Mt. Olivet	na	na	0.62	0.62
139 Greater Greys Ferry Estates			0.00	0.00
143 Greater Greys Ferry Estates II-A	na	na	0.00	0.00

VACANCIES	Baseline Year (4/01/01)		Year Six (3/31/07)	
SITE NUMBER / NAME	Actual	Adjusted	Actual	Adjusted
	Rate %	Rate %	Rate %	Rate %
144 Greater Greys Ferry Estates II-B	na	na	0.00	0.00
145 Lucien E Blackwell	na	na	2.50	2.50
147 Cambridge Plaza - Phase III	na	na	0.00	0.00
149 Martin Luther King – Phase IV	na	na	0.00	0.00
150 Lucien E Blackwell II	na	na	0.00	0.00
152 Germantown House	na	na	0.00	0.00
153 Lucien E. Blackwell III	na	na	0.00	0.00
TOTAL PHA MANAGED	na	na	0.71	0.71
Privately Managed Entity's (AMES)				
121 Courtyard Apts at Riverview	5.32	5.32	0.21	0.21
126 8 Diamonds	na	na	0.81	0.81
141 8 Diamonds	na	na	0.00	0.00
127 Spring Garden Scattered Sites	No data	No data	0.00	0.00
128 Martin Luther King-Phase I	na	na	0.00	0.00
130 Falls Ridge	na	na	0.00	0.00
131 St. Anthony's Senior Residence	No data	No data	2.63	2.63
136 Martin Luther King – Phase III	na	na	0.00	0.00
146 St. Ignatious	na	na	0.00	0.00
148 Neuman North	na	na	0.00	0.00
TOTAL PRIVATELY MANAGED	na	na	0.27	0.27
COMBINED AME TOTAL	na	na	0.52	0.52
GRAND TOTAL PHA & AME SITES	24.09%	11.64%	12.17	6.98

B. Rent Collection – Finance

Table 8-2. Uncollected Rent for Year Six.

	Baseline Year	Year Six
Billed Rents	\$12,490,979.00	\$30,552,197.52
Collected Rents	11,727,499.17	28,420,874.35
Uncollected Rents	763,479.83	2,131,323.17
Percent Uncollected Rents	6.11%	6.98%

Source: Finance Department

- 1. Target:** At the end of MTW Year Six, PHA projected a 5.5% rate for uncollected rent.
- 2. Actual:** The total amount of collected rent for MTW Year Six was \$28.42 million, which is an increase of approximately \$587,000 over the prior year. At year's end, the percent of uncollected rents was 6.98%.

C. Work Orders

1. **Target:** PHA projected it would continue to meet its current response rate of 100% for emergency work orders within 24 hours. For routine work orders, PHA projected it would respond with an average rate of 20 days.
2. **Actual:** PHA responded to 100% of all emergency work orders within 24 hours. For routine work orders, PHA responded within an average time period of 41 days. Note that the reported completion time for routine work orders is unusually high as a result of: a) reductions in maintenance staffing due to federal budget cuts; and, b) computer system conversion issues.

D. Inspections

1. **Target:** PHA planned to complete inspections of 100% of units during MTW Year Six.
2. **Actual:** PHA completed 97.7% of inspections for conventional units, scattered sites, PAPMC and AME sites as of the end of MTW Year Six.

Results of Independent PHAS Inspections: PHA does not have an official final score for the year ending March 31, 2007.

E. Security

A major accomplishment for the past year was achievement of a substantial reduction in Part II crimes at PHA properties and of a slight reduction in Part I crimes. These reductions occurred against a backdrop of dramatic citywide increases in violent crimes.

Improved Coordination with the Philadelphia Police Department. Data links are in the process of being installed to allow electronic transfer of information among the Philadelphia Housing Authority Police, Philadelphia Police, Alcohol Tobacco and Firearms and the US Attorney's office. PHA Police Department (PHAPD) attends weekly crime strategy sessions with the Philadelphia Police Department enabling enhanced enforcement activities at PHA sites by use of computer mapping and intelligence sharing.

Lease Enforcement and Compliance Unit. PHA has entered into negotiations to establish an electronic link with the Philadelphia courts in order to expedite evictions when necessary.

Quality of Life Program. Management and maintenance teams have instituted one-day initiatives at two housing developments to provide referrals for social services and to address lease violations, maintenance issues, delinquent rent, and late recertifications. Each one-day initiative includes follow-up activities such as police patrols, establishment

of town watch, assessments for social services, initiation of eviction process for delinquent rent or lease violations, and completion of repairs.

Community-Based Policing. The PHAPD continues to operate its community-based policing initiative at many conventional developments. Also, a patrol schedule has been established which provides more focused police coverage. The PHA Police and the City Philadelphia Police Department continue to expand opportunities to enhance public safety through collaborative efforts. The Philadelphia Housing Authority continued to provide Drug Resistance Education and Training (DARE) at several grade schools where grade school aged children of PHA residents attend. Additionally, PHAPD continued to provide Gang Resistance Training (GREAT) to middle-school children. The Philadelphia Housing Authority Police Department also continues to be a member of the Philadelphia Weed and Seed program and the District Attorney's Youth Violence Reduction Program at PHA sites through out the city.

Neighborhood Town Watch Groups. The Managing Director's Office of the City of Philadelphia continues to work with Tenant Support Services Inc. (TSSI) to establish watch groups throughout the city. Two Town Watch programs are operating at PHA, one at Fairhill and a second at Queen Lane. Two more Town Watch programs are in development.

Police Advisory Board. The advisory board continues to work with the community to identify crime and quality of life issues. The advisory board met four times during the course of the past year.

SECTION 9: MANAGEMENT INFORMATION FOR LEASED HOUSING

A. Leasing Information

1. Target versus Actual Lease Ups.

Target: PHA expected to achieve a 100% voucher lease-up rate for MTW vouchers in MTW Year Six. The projected utilization for the period April 1, 2006 through March 31, 2007 for MTW allocations was 14,850 families leased.

Actual: For fiscal year ending March 31, 2007 PHA achieved a 100% voucher lease-up rate with 14,850 families leased.

2. Information and Certification of Data on Leased Housing Management.

Ensuring Rent Reasonableness: PHA determines rent reasonableness for all HCV units prior to initial leasing and upon the owner's request for a rent increase. PHA has implemented a citywide rent database that assesses and compares rents by Philadelphia neighborhoods. PHA utilizes the services of Applied Real Estate Analysis, Inc. (AREA) to conduct rental analysis on unassisted units of various bedroom sizes in 32 rental sub-markets in Philadelphia.

Expanding Housing Opportunities: PHA places an emphasis on increasing the supply and range of affordable housing opportunities. PHA supports housing rehabilitation and neighborhood revitalization initiatives to increase the range of housing choices available to low-income participants and promote improved utilization of housing vouchers in stable neighborhood. The agency also continues to promote homeownership opportunities through an extensive counseling, escrow, and sales program. PHA continues to increase homeownership opportunities through use of Tenant Based Vouchers, 5(h) Homeownership Demonstration Program (single-family scattered site units) and Turnkey III units (public housing sites). A total of 481 homes have been sold under these programs.

Homeownership Sales by Program:

Housing Choice Voucher (tenant based): 158

5(h)Homeownership: 118

Turnkey III (Whitman Park and Brown Street): 205

Deconcentration of Low-Income Families: PHA's MTW family program strives to effect upward mobility by assisting public housing residents to increase their income. At HOPE VI developments, mixed-income communities are promoted by targeting different tiers of income. Applicants and/or participants receiving tenant-based vouchers are required to attend a briefing session during which voucher recipients are encouraged to broaden their housing search beyond "traditional neighborhoods" and exercise housing choice.

PHA's deconcentration strategy targets PHA's resources and development activities in impacted areas in order to improve neighborhoods from within. Its HCV

families are dispersed and deconcentrated throughout the City. PHA's residents use HCVs in a variety of non-impacted communities outside Philadelphia.

3. Narrative/Explanation of Differences.

PHA met its target performance goals specified in the MTW Annual Plan for Year Six.

B. Inspection Strategy

1. Results of Inspection Strategy.

Planned Versus Actual Inspections Completed by Category:

- Annual Housing Quality Standards (HQS) Inspections- PHA met its goal of completing 100% of planned annual HQS Inspections. PHA has scheduled 100% annual HQS inspections of occupied households.
- Pre-Contract HQS Inspections-PHA completed 100% of planned pre-contract HQS inspections. Pre-inspections are conducted on 100% of all units prior to any unit being placed in the HCV program.
- HQS Quality Control Inspections-PHA completed 100% of planned HQS quality control inspections. PHA conducts HQS quality control inspections on 10% of the total number of initial and annual HQS inspections performed annually.
- PHA has not yet implemented its revised inspection procedure for High Performing Landlords. PHA is in the process of developing the parameters for the definition of high performing landlords, and expects to implement the program during MTW Year Seven.

HQS Enforcement:

- PHA continues to enforce 72 hour and/or 30 day corrective action in the event of failed inspections. Re-inspection of units with safety or health violations are scheduled within 72 hours for emergency deficiencies and within 30 days for routine deficiencies. Units that fail inspection for serious conditions have up to 72 hours to repair or the Housing Assistance Payment (HAP) is abated. Units that fail the re-inspection for routine or emergency repairs are terminated from the program.

2. Narrative/Discussion of Differences.

PHA met or exceeded the target performance goals specified in the MTW Annual Plan for Year Six.

SECTION 10: RESIDENT PROGRAMS

Description of Resident Programs

Resident Programs at PHA are designed to improve the quality of life for residents of both Public Housing and the Housing Choice Voucher programs through a comprehensive array of economic, educational, social, and health initiatives for youth, adults, and seniors which promote self-sufficiency and well being. Under the MTW Demonstration Program, PHA has the opportunity to maximize the delivery of services that are offered by PHA, partners, agencies and neighborhood organizations to residents.

CSS uses a regional model for supportive social service delivery to all residents of a wide array of educational, training, placement, entrepreneurial, homeownership and supportive services through its Economic Self Sufficiency (ESS) Center North at Blumberg Apartments. Five ESS teams in five regional offices have been established at: 1172-1174 South Broad Street, 5207 Walnut Street, 5538-A Wayne Avenue, 642 N. Broad Street, 1516 Judson Way, 2nd Floor (23rd and Jefferson) and 4346 Frankford Avenue.

These service centers outreach to and serve resident of Scattered Sites, Conventional Sites and Housing Choice Vouchers units. Economic Self Sufficiency (ESS) Coordinators link public housing residents to PHA's Family Programs.

TSSI's assistance is invaluable to PHA in developing, managing and implementing programs. TSSI contracts with PHA to perform resident empowerment services, leadership development and evaluation services. TSSI sponsors an annual Resident Empowerment Conference that has hosted residents from 48 of the 50 states and Healthy Homes Asthma Intervention and Reduction program; and the Resident Council election processes.

These programs are funded through a variety of grants and partnerships. PHA aggressively pursues funding for services to ensure that a variety of needed services are available. PHA will continue to seek out resources for existing and new programs and supportive services

Family Program

The goal of PHA's Family Program is self-sufficiency, with the following elements central to this Program:

- Increase the number of households participating in educational, employment and entrepreneurial training programs.
- Increase the average household income of residents.
- Increase savings among resident households.
- Increase opportunities for seniors to continue to live independently.
- Increase access to health care resources.
- Increase services to youth.

In order to effectively deliver these services, PHA has developed the following 5-tiered approach based on household income:

1. Zero Income Households. Assign a case manager to each head of household to develop a self-sufficiency plan that will provide referrals for education and job training programs, improve job readiness, and initiate a job search and placement.
2. TANF Recipients. Through the case manager assigned by Philadelphia County Assistance Office to TANF Recipients, PHA will supplement existing services to provide additional referrals for education and job training programs, improve job readiness, and initiate a job search and placement.
3. Part-Time or Seasonally Employed Heads of Households. PHA will assist these individuals to obtain full-time employment with benefits through training programs to improve career skills and job referrals.
4. Full-Time Employed Heads of Households. PHA will assist these individuals to obtain a living wage with benefits and to achieve homeownership through Career Awareness workshops and job referrals.
5. Elderly and Disabled Households. PHA will assist these individuals to fully access available services and opportunities, including the development of an Assisted Living Program for eligible participants.

The comprehensive MTW Family Program will work both with residents of public housing and Housing Choice Voucher (HCV) Program participants to provide the coordination of services necessary to address families' needs. PHAs Moving to Employment (MTE) Economic Self-Sufficiency Program for public housing residents are similar to the HCV Family Self-Sufficiency Program, but do not include an escrow account. Services under the Family Self-Sufficiency Program and Economic Self-Sufficiency Programs include specialized skills training, supportive services such as substance abuse counseling, youth and elderly programs, job search and housing search assistance, and homeownership counseling.

The Community Partners program continues to fund a range of supportive services including the nationally recognized Pre-Apprenticeship Program and the Skills for Life youth program. The Community Partners program will continue to recruit new partners, expand the range of training programs, and provide incentives to encourage successful participation by residents. These programs are designed to provide residents with the skills to enter the construction, transportation and health fields. Residents securing employment through these programs are earning a median hourly rate of \$13.66. Additional programs include day-care training, certified food handler, home maintenance and repair, and hospitality industry training. In Year 7 PHA's new community partners will expand training opportunities for eligible residents to obtain a commercial driver's license, develop resident owned businesses, and provide training for Administrative Assistants, Financial Services, Customer Service, and cable installation.

PHA will use its MTW single fund budget flexibility, in combination with other funds, to provide or coordinate the provision of all services required to promote family economic

self-sufficiency. PHA will use related non-profits to implement and operate various components of our comprehensive program. Tenant Support Services, Inc. (TSSI), which is operated by public housing residents, is keenly aware of the needs, interests, and preferences of the target populations, and as an independent non-profit, they have access to private and public funding sources unavailable to PHA. TSSI anticipates being able to increase its effectiveness through grants and the use of an alternate procurement plan that will be developed under the MTW program.

Supportive Services

A broad range of supportive services is currently available to residents. PHA intends to build on these existing programs to increase resident opportunities to achieve self-sufficiency. Resident programs currently offered that address a variety of the needs of PHA residents include the following:

1. Pre-Apprenticeship Program. As of September 30, 2005, a total of four hundred thirteen (413) residents graduated from the Pre-Apprenticeship Building, Maintenance and Construction Training Program. Two hundred twenty-four (224) of these graduates entered the construction trades. These jobs are positions at union scale wages with benefits, resulting from certified apprenticeships in the building and construction trades program.

PHA will also evaluate the feasibility of targeting specific units for rehab and sale by pre-apprenticeship students. This will not only provide real world experience in applying their newly acquired skills, but will also provide exposure to homeownership issues, values and financing.

Under this program, PHA also plans to develop an exchange program that will allow students to experience and acquire a broader range of construction skills.

2. Section 3 Compliance Program. This program, which requires PHA contractors to hire qualified PHA residents for new positions, produced 399 jobs. PHA contractors continue to fill their workforce needs with qualified PHA residents, who are often graduates of the Pre-Apprenticeship program.
3. Certified Nursing Assistant Program. Nine hundred and four (904) residents have entered the Certified Nursing Assistant (CNA) program, graduated and become employed as State certified CNAs.
4. Pharmacy Technician Program. A total of one hundred and two (102) residents have graduated and secured employment as Pharmacy Technicians.
5. Medical Billing. A total of fifty-seven (57) residents have graduated and secured employment as Medical Billing Clerks.

6. Job Skill Training and Entrepreneurial Development Programs. PHA has expanded the number and variety of programs available to residents by incorporating Educational Data Systems Inc, (EDSI) Supported Work, Job Search, Job Placement, Community Service and Job Retention services; Management Environmental Technologies, Inc (MET) offers Job Training, Youth Development, Cultural Awareness, Small Business Development and Neighborhood Improvement programs; Creative Urban Educational Systems Medical Billing students receive training in technical ICD-9CM coding, CPT data processing and reimbursement procedures. They generate reports for patient day sheets, procedure ledgers, patient billing cycles and patient statements using standard Medisoft software. Through the office management component of the same software, billing students learn to schedule appointments, breaks and office meetings; The Enterprise Center Self Employment Program offers classes, individualized coaching, and a professional and nurturing environment, so students gain valuable, marketable skills and the resources to start a business. By the end of the program, students will be prepared to begin their own business venture; Community College of Philadelphia's Administrative Assistant Job Readiness Program of (132 hours) prepares students to serve as administrative assistants by providing training in the areas of life skills, customer service, computer use, workplace etiquette, filing, job searching and interviewing; Community College of Philadelphia's financial Services Job Readiness program (120 hours) is designed to prepare students for jobs in the financial services industry with at focus on customer service and clerical skills development. This program includes life skills, math skills, accounting skills, customer service, computer skills, workplace etiquette, and job search and interviewing skills; New Wave Resources Inc Customer Service 16-week course provides training for careers in hotels, restaurants, and food service at schools, financial services, airlines, personal care facilities, and retail; New Wave Resources Inc Commercial Drivers License 16-week course (130 hours) trains you to drive commercial vehicles such as trucks, buses, and ambulances. Upon successful completion, students can obtain one of two (2) types of commercial drivers licenses, Class A (Tractor Trainer) or Class B (small trucks and buses); New Wave Resources Inc Environmental Service 16-week program provides janitorial/housekeeping training with an emphasis on handling hazardous materials. Students pursue jobs as janitors, building maintenance personnel, hotel housekeepers, environmental services, custodial work, health care facilities maintenance, floor care specialists, and carpet cleaners.
7. Youth Programs. PHA has built the John F Street Community Center and expanded the Wilson Park Community Center to provide a space to engage youth in quality of life expanding activities. The Wachovia Foundation has received PHA's proposal to fund a coordinator to manage youth after school programs in the Wilson Park Community Center. The City's Department of Human Services is also interested in providing funds for a Coordinator to allow the programs and services to commence.

PHA has created partnerships with nine Family Centers, two Cultural Arts organizations, eight Community Based Organizations, and the Explorers of the Boy Scouts of America. These organizations provide youth services for full participation

in the economic and social fabric of the City of Philadelphia. Our goal is to provide youth with the academic and social skills necessary to not only succeed and graduate from high school, but to develop a long-term career path. To support these goals, PHA is creating resident youth councils, a youth mentoring program, and a comprehensive PHA-wide youth services network to ensure PHA youths throughout the city have equal access to all youth services available.

8. Skills for Life Program. Eighty-nine percent (89%) of the Skills for Life students matriculated to the next grade level, which exceeds the Philadelphia School District rate by as much as 29%. Youth receive stipends and transit passes to attend academic enrichment and career exploration programs. Adult training participants gain work experience that leads to employment in the building and construction trades.
9. Senior Programs. PHA has a number of senior developments along with programs specifically designed to provide services for senior residents. PHA is presently developing a comprehensive program to provide enhanced supportive living services and options for seniors under programs administered by the Pennsylvania Department of Public Welfare and the Pennsylvania Department of Aging.

An adult day center opened at the Greater Grays Ferry Estates senior building to provide assistance to frail elderly citizens while allowing these seniors to remain in their homes. The adult day center is run by the St Agnes LIFE Program, which provides comprehensive health care services to those who are nursing home eligible. A second adult center is planned for the Germantown House, which is currently under renovation. In addition, a One-Stop Center for youth and seniors will be opened at Wilson Park. This center will provide computer technology services for seniors as well as youth and also foster inter-generational opportunities for participants at this center. PHA has also established a Senior Advisory Board that provides a forum for senior issues and concerns.

10. Home Sales Department The Home Sales Department is creating wealth for low and moderate-income residents through homeownership opportunities. To date, the Homeownership Division has sold 767 homes. During the current fiscal year April 1, 2006 thru March 31, 2007, the Homeownership Division exceeded last year's record of selling 166 homes to 212 homes. PHA is one of the leading housing authorities in the nation in HCV homeownership sales.

In Year Six the Housing Choice Voucher (HCV) Program closed a total of 53 homes of which Fifteen were disabled families for a total of 158 homes sold under the HCV Program including 39 families with disabilities. Under the Turnkey III Program, to date PHA has sold 204 homes. PHA developed two Turnkey III sites - Brown Street Village is closed out and only three homes remain to be sold at Whitman Park. The Turnkey III program is designed to give families the opportunity to own their own home after a two-year occupancy agreement. Each resident has an individual escrow reserve account, which is intended to assist the households to accumulate savings

during the lease term, and apply the funds toward a down payment and/or closing costs.

Under the Section (5H) Scattered Sites Program, a total of eight (8) homes were sold during the fiscal year; to date 118 homes closed. The Homeownership division sold out Lucien E. Blackwell Homes Phase I, forty homes, and Phase II, twenty-five homes for a total of 65 homes. PHA sold 18 homes at Lucien Blackwell Phase III. PHA sold 122 affordable homes at Greater Grays Ferry Estates. In South Philadelphia, at the new Martin Luther King Plaza, selling near Center City's "Avenue of the Arts", PHA sold out Phase 1 for a total of seventy-six (76) homes and Phase II, fourteen (14) homes for a total of 90 Homes. PHA provided first-time homebuyer workshops to over 1,300 PHA residents. The Homeownership division along with the Communications Department received an overwhelming response from widespread and targeted marketing efforts, having received approximately 5,000.00 applications from prospective homebuyers for our new developments.

PHA has made a special commitment in fulfilling its objective of providing homeownership opportunities to public housing residents. PHA created a Resident Mortgage Assistance Program (RMAP), this is a comprehensive benefit package to assist residents in achieving Homeownership. It provided residents with closing cost assistance, wrote down the sales price for our clients who purchase homes at our New Development and provided free financial counseling in planning their budget.

The Homeownership Division has provided homeownership seminars to various community organizations and events throughout the City of Philadelphia, including the annual Tribune Homebuyer's Workshop, one of the premier homebuyer events held in the city. PHA also established partnerships with major banks including Wachovia Bank, Bank of America, Citizens Bank, Commerce Bank, Sovereign Bank and Wells Fargo. The services include free credit reports, budgeting/money management, and credit repair. The Division maintains relationships with 26 certified housing counseling agencies throughout the city of Philadelphia and the Pennsylvania Housing Finance Agency (PHFA).

11. Clean Sweep and Community Days. PHA residents will again be required to participate in a program of Community Service. PHA developed two programs for residents to fulfill this commitment by participating in site/neighborhood clean up activities known as "Clean Sweep and Community Days." These programs continue to foster neighborhood pride and good neighbors.
12. Summer Food Services. PHA operates a summer food program, serving breakfast and lunch to children up to the age of 18 living in and around public housing. Residents are hired to operate this summer program.
13. Healthy Homes. PHA operates a demonstration healthy homes program to reduce asthma hazards in housing choice voucher properties. Focus is on households with children between 0 to 6 years old.

14. DARE and GREAT Programs PHA's Police Department provides Drug Abuse Resistance Education (DARE) and Gang Resistance Education and Training (GREAT) programs to encourage young people to stay off drugs. PHAPD has relationships with 18 elementary and middle schools in the areas surrounding PHA's housing developments.
15. Conflict Resolution; Domestic Violence Prevention and Assistance. Residents needing assistance to resolve a dispute in their family or neighborhood can get such assistance from PHA Police Department staff trained in conflict resolution.
16. Computer Labs: Mobile and On Site Neighborhood Networks Labs. PHA is establishing a network of computer laboratories that provide formal instruction in basic computer literacy, standard software and Internet use. The site-based laboratories are supplemented by two (2) Mobile Computer Labs operated and staffed by the PHA Police Department PHA has outfitted two vans with computers. These vehicles are loaded with educational software and scheduled for site visits at developments that do not yet have labs.
17. Health Clinics. With Drexel University/MCP Hahnemann, Resources for Human Development and Temple University, PHA operates clinics that offer medical, dental and community behavioral health care and health education; primary care for all ages including family planning, pre-natal care, well child care, EPSDT exams, nutrition, chronic illness care such as asthma, diabetes, heart disease, high blood pressure, acute illness. Behavioral health care includes mental health, drug and alcohol treatment. The centers employ a psychiatrist, licensed psychologist and social workers. The centers generally provide counseling and medication for depression, anxiety, bipolar disorder, schizophrenia, post traumatic stress disorder, substance abuse, family and child therapy, grief and loss counseling. Some centers provide van service.
18. HOPE VI Community and Supportive Services. PHA contracts for case management services with HOPE VI Providers in North, South and West Philadelphia, namely, Asociacion de Puertorriquenos en Marcha (APM), Ramsey Educational Development Institute, Inc (REDI), The Enterprise Center (TEC) and Universal Community Homes have been providing community and social services to residents of Richard Allen, Falls Ridge, Martin Luther King, Lucien E. Blackwell and Ludlow Scattered Sites. Services help residents end their reliance on categorical assistance. HOPE VI links residents to available community services and provides specific training, example, the Enterprise Center provides its array of business development and incubation services. APM provides human service placements using a case management model.
19. HOPE VI Mentoring Demonstration Program. PHA operates a mentoring demonstration program whose focus is to increase FICO credit rating and to increase the adjusted family income. This program serves 40 residents in Lucien E. Blackwell (formerly Mill Creek). The other goals are to assist residents to: train for gaining and

sustaining employment; enroll in GED and/or college and gain access to homeownership programs.

20. Grants and Resource Development. The Program Compliance/HOPE VI (PCH6) Department is responsible to research grant opportunities and to identify prospective partners that have the capacity to provide programs and services that are needed by public housing and housing choice voucher residents to become economically self sufficient and to improve their quality of life.

PCH6 identifies opportunities for education, job skills training, job preparation, placement and retention, resident owned business development, homeownership, credit repair and financial literacy and supportive social services including healthy lifestyles, children, youth and senior programs.

MOVING TO WORK YEAR SIX ANNUAL REPORT
B. RESULTS OF 2007 RESIDENT SURVEY

Philadelphia Housing Authority
Customer Service and Satisfaction Survey 2007
ALL DEVELOPMENTS*
602 respondents

OVERALL SATISFACTION

1. How satisfied are you with the following:

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	Does Not Apply	Missing Answer
Your unit/home?	21% 117	69% 392	10% 56	1% 4	5% 32	0% 1
Your development/building?	15% 65	57% 242	26% 111	2% 9	27% 164	2% 11
Your neighborhood?	9% 54	54% 322	33% 194	4% 21	0% 0	2% 11

MAINTENANCE AND REPAIR

2. Over the last year, how many times have you called for maintenance or repairs?

Have Never Called	1 to 3 Times	4 to 6 Times	More Than 6 Times	Does Not Apply	Missing Answer
33% 191	52% 305	11% 62	4% 25	3% 18	0% 1

3. If you called for NON-EMERGENCY maintenance or repairs (for example, leaky faucet, broken light, etc.), the work was usually completed in:

Have Never Called	Less Than One Week	1 to 4 Weeks	More Than 4 Weeks	Problem Never Corrected	Missing Answer
42% 252	45% 158	42% 146	9% 32	3% 12	0% 2

4. If you called for EMERGENCY maintenance or repairs (for example, toilet plugged up, gas leak, etc.), the work was usually completed in:

Have Never Called	Less Than 6 Hours	6 to 24 Hours	More Than 24 Hours	Problem Never Corrected	Missing Answer
56% 338	22% 57	26% 67	49% 128	4% 10	0% 2

5. Based on your experience, how satisfied are you with:

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	Does Not Apply	Missing Answer
How easy it was to request repairs?	11% 47	68% 289	20% 84	1% 6	29% 175	0% 1
How well the repairs were done?	12% 49	77% 323	10% 41	2% 9	30% 178	0% 2
How well you were treated by the person you contacted for repairs?	10% 43	82% 348	7% 29	1% 3	30% 178	0% 1
How well you were treated by the person doing the repairs?	11% 44	87% 366	1% 4	1% 5	30% 182	0% 1

COMMUNICATION

6. Do you think management provides you information about:

	Strongly Agree	Agree	Disagree	Strongly Disagree	Does Not Apply	Missing Answer
Maintenance and repair (for example, water shut-off, boiler shut-down, modernization activities?)	9% 48	72% 370	17% 89	2% 8	14% 85	0% 2
The rules of your lease?	7% 41	87% 513	5% 32	1% 5	1% 8	0% 3
Meetings and events?	6% 32	73% 382	20% 104	1% 5	13% 76	0% 3

7. Do you think management is:

	Strongly Agree	Agree	Disagree	Strongly Disagree	Does Not Apply	Missing Answer
Responsive to your questions and concerns?	11% 63	68% 400	20% 119	2% 9	2% 10	0% 1
Courteous and professional with you?	11% 65	76% 440	12% 67	1% 5	1% 7	3% 18
Supportive of your resident/tenant organization?	8% 30	66% 248	24% 92	2% 6	37% 225	0% 1

8. Are you involved in a resident/tenant organization in your housing development?

Yes	No	Missing
12% 70	88% 527	1% 5

SAFETY

9. How safe do you feel:

	Very Safe	Safe	Unsafe	Very Unsafe	Does Not Apply	Missing Answer
In your unit/home?	21% 123	69% 408	7% 44	2% 13	2% 12	0% 2
In your building?	18% 58	55% 176	22% 69	5% 15	45% 268	3% 16
In your parking area?	8% 34	56% 237	31% 134	5% 22	27% 161	2% 14

10. Do you think any of the following contribute to crime in your development? (Mark all that apply.)

	Number	Percentage
Bad Lighting	194	32%
Broken Locks	30	5%
Location of Housing Development	151	25%
Police Do Not Respond	97	16%
Residents Don't Care	278	46%
Resident Screening	126	21%
Vacant Units	54	9%
Open Air Drug Activities	322	53%

11. If residents in your development break the rules in the lease, does management take action?

Yes	No	Don't Know	Missing
78% 200	22% 58	56% 338	1% 6

12. Are you aware of any crime prevention programs available to residents (for example, Neighborhood Watch, Block Watch, Community Policing, Tenant Patrol, or Street Patrol)?

Yes	No	Does Not Apply	Missing Answer
45% 255	55% 311	5% 28	1% 8

SERVICES

13. Over the last year, how many problems, if any, have you had with electricity or heat?

Never Had a Problem	1 to 3 Problems	4 to 6 Problems	More Than 6 Problems	Does Not Apply	Missing Answer
67% 395	28% 165	3% 18	2% 9	2% 14	0% 1

13a. If you had a problem with electricity or heat, how long did it take to fix?

Never Had a Problem	Less Than 6 Hours	6 to 24 Hours	More Than 24 Hours	Problem Never Corrected	Missing Answer
68%	21%	23%	51%	6%	0%
409	40	44	97	11	1

14. Over the last year, how many problems, if any, have you had with kitchen appliances (for example, stove, refrigerator, etc.)?

Never Had a Problem	1 to 3 Problems	4 to 6 Problems	More Than 6 Problems	Does Not Apply	Missing Answer
78%	22%	0%	1%	3%	0%
454	126	2	3	16	1

14a. If you had a problem with kitchen appliances, how long did it take to fix?

Never Had a Problem	Less Than 6 Hours	6 to 24 Hours	More Than 24 Hours	Problem Never Corrected	Missing Answer
78%	14%	11%	61%	14%	0%
470	18	15	80	18	1

15. Over the last year, how many problems, if any, have you had with water or plumbing (for example, toilets, hot water, etc.)?

Never Had a Problem	1 to 3 Problems	4 to 6 Problems	More Than 6 Problems	Does Not Apply	Missing Answer
69%	28%	2%	1%	1%	0%
411	166	10	5	9	1

15a. If you had a problem with water or plumbing, how long did it take to fix?

Never Had a Problem	Less Than 6 Hours	6 to 24 Hours	More Than 24 Hours	Problem Never Corrected	Missing Answer
70%	9%	27%	59%	6%	0%
420	16	49	106	10	1

16. Over the last year, how many problems, if any, have you had with smoke detectors?

Never Had a Problem	1 to 3 Problems	4 to 6 Problems	More Than 6 Problems	Does Not Apply	Missing Answer
92%	7%	1%	0%	2%	0%
542	44	3	0	12	1

16a. If you had a problem with smoke detectors, how long did it take to fix?

Never Had a Problem	Less Than 6 Hours	6 to 24 Hours	More Than 24 Hours	Problem Never Corrected	Missing Answer
92%	21%	17%	36%	26%	0%
554	10	8	17	12	1

HOUSING DEVELOPMENT APPEARANCE

17. How satisfied are you with the upkeep of the following areas in your development:

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	Does Not Apply	Missing Answer
Common areas (for example, stairways, walkways, hallways, etc)?	12% 52	63% 261	23% 94	2% 10	30% 183	0% 2
Exterior of buildings?	9% 46	65% 318	23% 112	2% 10	19% 113	0% 3
Parking areas?	6% 28	58% 250	32% 140	3% 14	27% 164	1% 6
Recreation areas (e.g., playgrounds and other outside facilities)?	4% 15	41% 159	45% 174	10% 37	36% 215	0% 2

18. How often, if at all, are any of the following a problem in your development:

	Never	Sometimes	Often	Always	Does Not Apply	Missing Answer
Abandoned cars?	58% 272	36% 170	4% 21	2% 9	21% 127	0% 3
Broken glass?	44% 222	46% 229	6% 31	4% 18	16% 96	1% 6
Graffiti?	53% 257	37% 183	7% 32	3% 17	18% 106	1% 7
Noise?	19% 99	58% 305	17% 91	6% 30	12% 72	1% 5
Rodents and insects (indoors)?	23% 117	55% 282	15% 77	8% 39	14% 83	1% 4
Trash/litter?	27% 135	53% 266	14% 69	7% 34	16% 95	0% 3
Vacant units?	62% 278	31% 138	5% 23	2% 10	23% 141	2% 12

CONCLUSION

19. If there is a person with a permanent disability in your household who has difficulty moving around, did your management make necessary changes to your unit if you requested them (for example, grab bars, lowered light switches, wheelchair access)?

Made No Such Request	Yes	No	Does Not Apply	Missing Answer
37%	16%	48%	28%	1%
157	67	204	167	7

20. Since moving into your current residence, have you been told by a doctor, nurse, or other local health department that any of your children (who live with you) have lead poisoning or a high level of lead in their blood?

Yes	No	Missing
1%	99%	1%
8	586	8

21. Would you recommend your housing development to a friend or family member seeking public housing?

Yes	No	Don't Know	Missing
78%	22%	16%	2%
384	110	96	12

GENERAL INFORMATION

22. What is your gender?

Male	Female
11%	89%
64	538

23. How old are you?

18-24	25-34	35-44	45-54	55-64	65+	Missing
4%	18%	20%	20%	13%	25%	1%
21	109	120	121	75	152	4

24. What is your race/ethnicity? (mark all that apply)

Caucasian/White	African-Am/Black	Asian/Pacific Islander	Native Am/Indian	Hispanic	Other	Missing
1%	96%	0%	0%	3%	0%	1%
3	571	1	2	18	2	5

25. How long have you lived in your housing development?

Less Than 6 Months	6 Months to 2 Years	2 to 5 Years	Over 5 Years	Missing Answer
1%	19%	38%	42%	1%
6	113	227	249	7

26. How much do you pay in rent each month (including utilities)?

< \$100 Per Month	\$100 - \$199 Per Month	\$200 - \$299 Per Month	\$300 - \$399 Per Month	\$400 - \$499 Per Month	\$500 or More Per Month	Missing Answer
8%	32%	32%	19%	7%	3%	1%
45	194	193	111	40	15	4

*The percentages assigned to all categories are based on the total number of responses to each question or sub-question less the responses for "Missing Answer", "Does Not Apply" and "Don't Know". The percentages assigned to the responses for "Missing Answer", "Does Not Apply" and "Don't Know" are based on the total number of respondents in the sample. In addition, in calculating the percentages in questions 3, 4, 13a., 14a., 15a., and 16a. the responses for "Have Never Called" or "Never Had a Problem" were not included. Percentages have been rounded, and therefore may not total 100%.

SECTION 11: OTHER INFORMATION REQUIRED BY HUD

This section provides documentation to HUD that the Philadelphia Housing Authority has complied with specific MTW requirements or with other HUD requirements that are mandated by other HUD regulations.

A. Board Resolution approving the MTW Year Six Report.

B. Results of latest completed 133 Audit.

C. Required Certifications and other submissions from which PHA is not exempted by the MTW Agreement (All required forms submitted with Year Six Plan Document).

- PHA Certifications of Compliance with MTW Plan Requirements.
- Form HUD-50070. Certification for a Drug-Free Workplace.
- Form HUD-50071. Certification of Payments to Influence Federal Transactions.
- Form SF-LLL. Disclosure of Lobbying Activities.

D. Submissions required for the receipt of funds (All required forms submitted with Year Six Plan Document).

- Form HUD-52723. Calculation of PFS Operating Subsidy.
- Form HUD-52722-A. Calculation of Allowable Utilities Expense Level.
- Form HUD-52721. Direct Disbursement Payment Schedule Data.
- Form HUD-52837. Capital Fund Annual Statement, Parts I, II, III (Formula Allocation).
- Form HUD-52837. Capital Fund Annual Statement, Parts I, II, III (Replacement Housing).
- Form HUD-52673. Estimate of Total Required Annual Contributions.
- Form HUD-52663. Requisition for Partial Payment of Annual Contributions.

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE MOVING TO WORK ("MTW") ANNUAL REPORT FOR MTW YEAR 6 (FISCAL YEAR ENDING MARCH 31, 2007) TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD")

WHEREAS, PHA entered into a Moving To Work Demonstration (MTW) Agreement with the Department of Housing and Urban Development ("HUD") on April 1, 2001 and such Agreement provides that PHA prepare an Annual MTW Report, including a Consolidated Financial Report; and

WHEREAS, the MTW Agreement calls for suspension of current evaluation and reporting requirement due to the authority granted to PHA to depart from the standard program requirements; and

WHEREAS, as an alternate assessment protocol, HUD will assess PHA's performance on an annual basis by comparing at the end of PHA's fiscal year, its goals, as stated in its approved MTW Plan, to its actual performance, as stated in its Annual MTW Report.

WHEREAS, PHA will include in the Annual MTW Report all formats and elements as described in Attachment B of the MTW Agreement; and

WHEREAS, PHA has prepared Annual MTW Reports for MTW Year 6 (Fiscal Year ending March 31, 2007); and

WHEREAS, PHA is required to submit each Annual Report for Board approval within sixty days following the end of each fiscal year.

THEREFORE, BE IT NOW RESOLVED that the Board of Commissioners of the Philadelphia Housing Authority does hereby authorize the Executive Director to submit to HUD the PHA Annual MTW Reports for MTW Year 6 (Fiscal Year ending March 31, 2007).

I hereby certify that this was
APPROVED BY THE BOARD ON

6/21/07


ATTORNEY FOR PHA

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

PHILADELPHIA HOUSING AUTHORITY

**REPORT ON AUDIT OF FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND SINGLE AUDIT**

FOR THE YEAR ENDED MARCH 31, 2006

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Philadelphia Housing Authority

Building Beyond Expectations

Carl R. Greene

Executive Director

PHILADELPHIA HOUSING AUTHORITY COMPREHENSIVE ANNUAL FINANCIAL REPORT

TRANSMITTAL LETTER

November 1, 2006

To the Board of Commissioners, Citizens and Clients of the Philadelphia Housing Authority:

Pennsylvania State law requires that all general-purpose local governments and component units publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Philadelphia Housing Authority (PHA) for the fiscal year ended March 31, 2006.

This report consists of management's representations concerning the finances of PHA. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of PHA has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of PHA's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, PHA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

PHA's financial statements have been audited by Isdaner & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of PHA for the fiscal year ended March 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis

for rendering an unqualified opinion that PHA's financial statements for the fiscal year ended March 31, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of PHA was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited authority's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section of PHA's Financial Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. PHA's MD&A can be found immediately following this transmittal letter.

Profile and Background of the Philadelphia Housing Authority

The federal government exerts a major influence on the nation's housing and development activity, a role that has its roots in the 1930s. Over the past seventy years, Washington has developed a variety of programs and policies to support housing production, revitalize cities, and expand housing opportunities for low- and moderate-income homebuyers and renters.

The following major federal housing laws constitute the backbone of the present federal Department of Housing and Urban Development (HUD) housing programs:

- The National Housing Act, passed in 1934, was the first landmark housing law of the New Deal era. It created the Federal Housing Administration (FHA), whose mission was to stimulate housing activity by insuring mortgages made by private lenders.
- The United States Housing Act of 1937 created the public housing program. Like the National Housing Act, the U.S. Housing Act has been amended many times, including a comprehensive revision in 1974.
- In the Housing Act of 1949, Congress established a national housing policy with three objectives: (1) eliminating housing shortages through housing production and related community development, (2) clearing slums and blighted areas, and (3) achieving the goal of "a decent home and a suitable living environment for every American family."

- In 1965, Congress passed a law to create the U.S. Department of Housing and Urban Development. In addition, closely related legislation was passed in 1965, which created the rent supplement program to subsidize the rents of low-income households in private housing.
- One of the landmark housing laws of the post-World War II era, the Housing and Urban Development Act of 1968 created two major subsidy programs, the Section 235 home purchase program and the Section 236 rent subsidy program.
- The Housing and Community Development Act of 1974 rewrote the U.S. Housing Act of 1937, revising the public housing program and creating the Section 8 rent subsidy program. Under Section 8, low-income tenants pay a fixed portion of their income for rent in privately owned housing and HUD covers the difference between the tenant payment and the fair market rent for the unit.
- The Housing and Community Development Act of 1987 made a number of changes to the public housing program. These included converting development funding from loans supported by annual contract payments to up-front grants, requiring public housing authorities to submit comprehensive plans to get modernization funds, and adding provisions for resident management and ownership. For Section 8, the 1987 act made vouchers a permanent program, rather than a demonstration; provided portability for certificates and vouchers, allowing families to take their subsidies with them if they moved within the same or a contiguous metropolitan area; and authorized PHAs to tie up to fifteen (15%) percent of their certificate funding to specific projects.
- The National Affordable Housing Act of 1990 created the Homeownership and Opportunity for People Everywhere (HOPE) program, which was designed to encourage the use of government-owned or government-financed housing for low-income home ownership.
- For public housing, the Housing and Community Development Act of 1992 included provisions to reduce vacancies and improve severely depressed projects. The Section 8 provisions included authorization to use vouchers or certificates for home ownership, and a Moving to Opportunity demonstration program to help families living in subsidized projects to move out of areas with high concentrations of poverty.
- Public housing reform is represented through the Quality Housing and Work Responsibility Act of 1998 (QHWRA). QHWRA was signed by President Clinton on October 21, 1998 and is found in Title V of HUD's FY1999 appropriations act (P.L. 105-276).

- QHWRRA is landmark legislation that makes public housing reform a reality by:
 - Reducing the concentration of poverty in public housing
 - Protecting access to housing assistance for the poorest families
 - Supporting families making the transition from welfare to work
 - Raising performance standards for public housing agencies, and rewarding high performance
 - Transforming the public housing stock through new policies and procedures for demolition and replacement and mixed-finance projects, and through authorizing the HOPE VI revitalization program
 - Merging and reforming the Section 8 certificate and voucher programs, and allowing public housing agencies to implement a Section 8 homeownership program
 - Supporting HUD management reform efficiencies through deregulation and streamlining and program consolidation

Under QHWRRA, PHA has established a system of site-based waiting lists, consistent with all applicable civil rights and fair housing laws. PHA has set a minimum rent of \$50 for residents in public housing, the Section 8 Voucher Program and moderate rehabilitation projects. Exceptions to payment of minimum rent may be made by the PHA for families in hardship circumstances.

QWHRA also allows PHA to terminate the leases of Residents of public housing and tenant-based Section 8 assistance and be subject to expedited eviction (after an expedited grievance process) for violent or drug-related criminal activity and felony convictions. Families evicted for drug-related criminal activity from public housing or tenant-based Section 8 are prohibited from being readmitted for 3 years.

- Congress has dealt with substantive housing issues in other legislation, including a number of significant housing and development programs created through tax legislation, such as: (1) the mortgage revenue bond and mortgage credit certificate programs, to provide subsidized financing for first-time home buyers; (2) the low-income housing tax credit program, which has become the nation's major low-income housing production program; and (3) the empowerment zone and enterprise community program, which provides tax incentives to encourage development in distressed urban and rural areas.

Moving To Work

Moving To Work (MTW) is the operating plan for the Philadelphia Housing Authority. MTW is a special, contractual agreement between PHA and the government under which the authority has substantial budget flexibility and regulatory relief. This allows PHA to make program changes that increase efficiency and help residents become self-sufficient.

PHA became one of twenty-seven public housing agencies nationwide designated for this seven-year program, effective April 1, 2001. The agency began its fifth year of MTW on April 1, 2005, and has published a plan detailing goals and objectives for the current fiscal year.

PHA was organized under the laws of the Commonwealth of Pennsylvania to provide low-rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies. PHA is the fourth largest housing authority in the country and has the largest scattered site inventory of over 5,900 available units, including: 4,470 occupied units, vacant buildings and lots. For the past several years, PHA has embarked upon a strategic planning process that encompasses the following mission statement:

The mission of the PHA is to provide quality housing for the low and very low-income families of Philadelphia well into the 21st century by improving the management systems and buildings, using the best property management principles, and by forming partnerships with the wider community to increase available resources.

Strategic Goals related to the aforementioned mission include:

- Increase the availability of decent, safe, and affordable housing;
- Improve community quality of life and economic vitality;
- Promote individual and family self-sufficiency and asset development.

PHA's current strategic operating plan is based on a comprehensive critical appraisal of its operating, capital and support services. The strategic operating plan development process is one that carefully considers the immediate and long-term needs and programs for residents in public housing and the Housing Choice Voucher program.

Nine goals were identified as a result of this process and have been incorporated into PHA's Annual MTW Plan. Subsequently, each of the nine goals were placed under five Moving to Work Principals

MTW Objective 1:	Reform the existing Housing Choice Voucher program and public housing programs.
Goal 1:	Achieve excellence in property management.
Goal 2:	Achieve excellence in the management of the Housing Choice Voucher program and enforce program compliance.
MTW Objective 2:	Revitalize neighborhoods where MTW and MTW-eligible residents reside.
Goal 3:	Develop affordable quality housing that supports balanced communities.
MTW Objective 3:	Develop an MTW family program to furnish comprehensive economic self-sufficiency services to eligible MTW families.
Goal 5:	Engage other institutions to leverage resources and assist in promoting economic enhancement and supportive services for PHA residents.
Goal 9:	Maximize relationships and initiatives to deliver sound and effective services.
MTW Objective 4:	Establish a quality of life program to promote a living environment that fosters community values, encourages resident participation and positive peer group pressure, and reinforces the responsibilities of public housing residents, voucher and landlord participants and PHA, to one another and the broader community.
Goal 4:	Implement public safety programs that promote the well-being of our neighborhoods and the accountability of program participants.
MTW Objective 5:	Establish efficient operating procedures and implement cost-saving strategies.
Goal 6:	Improve the productivity and cost effectiveness of PHA operations.
Goal 7:	Improve program compliance, reporting, performance and accountability.
Goal 8:	Maximize the use of technology to improve the efficiency and accountability of PHA operations.

Each of the nine goals is supported by objectives that aggressively and affirmatively promote improvements in the Philadelphia Housing Authority's operation and service delivery. Descriptions of each of the main programs reflected in the accompanying financial statements are as follows:

Low-Rent Housing Program

This program provides low-rent housing to qualified residents of the City of Philadelphia. All units are owned and operated by PHA and were purchased with financing arranged or provided through HUD. The operations of the program are subsidized by HUD through Annual Contribution Contract W-55.

Housing Choice Voucher Program

Housing Choice Programs now come under the umbrella of Moving To Work, providing the framework for assisting residents toward self-sufficiency. Housing Choice Voucher Programs include New Construction, Moderate Rehabilitation, Rental Vouchers, and Single Room Occupancy Programs. These programs were authorized by Section 8 of the National Housing Act and provide housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons.

New Construction and Substantial Rehabilitation Programs

The Housing Choice New Construction and Substantial Rehabilitation programs allow for construction of low-income housing units to be subsidized for a contracted period of time. Both for-profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied.

Moderate Rehabilitation Program

This program provides for the rehabilitation of housing units, which then must be rented to low-income individuals for a contracted period of time. Both for-profit and not-for-profit developers may participate in this program. Under this program, developers must obtain their own rehabilitation financing. Once the units are occupied, HUD subsidizes rents in such amounts sufficient to cover the developer's debt service payments on the financing.

Project Based Program

This program allows for existing privately owned housing units to be used for low-income housing. This program assists low-income families and persons to find and lease a house or apartment. After inspecting the unit, PHA assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by PHA through HUD funding.

PHA earns a fee for administering the annual contributions from HUD. This fund accounts for the revenues and expenses associated with providing administrative services.

Senior Program

PHA has established a pilot program for seniors, Living Independently For Elders (LIFE) in conjunction with St. Agnes Hospital and the Pennsylvania Secretary of Public Welfare. The program includes senior assisted living and enhanced supportive services, with the goal of enabling nursing-home eligible residents to remain in their homes.

Separately, the Congregate Housing Services Program provides two (2) meals a day (7) seven days a week throughout the year, homemaker services and case management for approximately twenty residents on a daily basis. Its goal is to prevent premature institutionalization of the elderly at Bentley Hall.

Further, PHA provided services to over 4,762 seniors at PHA Senior Centers in FY 2004/2005.

Summer Food Program

The Summer Food Program provides nutritious breakfasts and lunches, sponsored by the Department of Education, at 28 public housing sites throughout the City of Philadelphia. Approximately 60 staff members, primarily PHA residents, are hired for this seasonal employment. Over 22,600 children received breakfast while more than 32,800 children received lunch.

Adult Literacy Program

PHA offers adult literacy through its Community Partners, including the pre-Apprenticeship Program in the Building Trades. The literacy program is designed to offer PHA residents enhancement of basic educational skills in the areas of language development, writing, mathematics, reading, problem-solving, etc. This program is designed to assist participants in passing the General Educational Development (GED) examination, entering a training program and securing employment, working with children on homework, and increasing personal confidence and self-esteem.

New Initiatives

PHA's Moving to Work (MTW) Demonstration Program is focused on helping families achieve self-sufficiency and improving and increasing the stock of quality affordable housing throughout the city. It will furnish convenient and comprehensive services to families to assist them in reaching their full potential, with an emphasis on education, job training and placement, self-sufficiency, and preparation for homeownership. In addition, MTW will promote the revitalization of neighborhoods where MTW and MTW-eligible families live.

The flexibility of the MTW Demonstration Program affords PHA an opportunity to more effectively carry out these strategic goals. For the seven (7) year term, beginning in FY2001, of the MTW Demonstration Program, PHA will focus on the following core objectives:

- Reform the existing Housing Choice Voucher and Public Housing Programs to improve and increase the supply of quality affordable housing throughout the City of Philadelphia.

- Revitalize neighborhoods where MTW and MTW-eligible residents reside.
- Develop a MTW Family Program to furnish comprehensive family self-sufficiency services to eligible MTW families.
- Establish a Quality of Life Program to promote a living environment that fosters community values, encourages resident participation and positive peer group pressure, and reinforces the responsibilities of public housing residents, voucher participants, voucher landlords, and the PHA to one another and to the broader community.
- Establish efficient operating procedures and implement cost-saving strategies.

PHA intends to continue its focus on strengthening families and revitalizing Philadelphia neighborhoods where MTW and MTW-eligible families reside. This will be achieved by providing comprehensive economic empowerment assistance and supportive services to families, continuing to improve the quality and availability of affordable housing, and by expanding public safety activities.

Year Five of PHA's Moving To Work program saw several enhancements.

MTW Priority 1 Year 5 Objectives

- **Dislocated Worker Program.** Dislocated Worker Housing Allowance Program provides a short-term housing subsidy, job training and placement services to eligible workers. This program works with key local employment and training partners.
- **Community Liaison Program.** The Community Liaison Program has drastically increased the resolution of landlord and tenant complaints. Currently, the Housing Choice Voucher Program has one Community Liaison.

The Community Liaison addresses constituent inquiries from public officials, internal fraud audits from PHA's Office of Inspector General (OIG) and external inquiries from the Department of Housing and Urban Development (HUD).

The Community Liaison is also responsible for customer satisfaction, primarily as measured by the resolution of the concerns and issues of landlords and tenants. These can come in the form of letters, phone calls, emails or walk-ins. Customer Satisfaction and promoting positive landlord and tenant interactions with PHA is also done through building tenant and landlord knowledge. In this regard, the Community Liaison proactively addresses tenants or landlords in special briefings.

Through the Community Liaison Program, PHA has:

- Increased the quality of service to public officials, landlords and tenants.
 - Handled over 2000 satellite, walk-in and executive complaints/issues per year.
 - Answered approximately 250 complaint letters from public officials, HUD, OIG, landlords and tenants per year.
 - Accepted input and constructive critique through the landlord tenant advisory council, chaired by the Community Liaison.
 - Conducted tenant and landlord briefings.
 - Trained landlords in property management through the Institute for Real Estate Management.
 - Connected landlords and tenants through the housing list and the housing fair.
 - Streamlined the investigations department and cleared up the backlog of cases.
 - Upgraded the hearing process to be aligned with the Administrative Plan.
 - Conducted Community Information sessions about the Housing Choice Voucher Program.
 - Coordinated an effort to provide 1000 turkey baskets to community residents at Thanksgiving, garnering positive media attention.
 - Upgraded standard PHA letters to landlords and tenants.
 - Met public officials to liaise with and offer assistance with constituent matters within the Housing Choice Voucher Program.
 - Created new processes to raise the Quality of Service of the Housing Choice Voucher Program.
-
- **Housing Choice Time Limits.** PHA will continue its efforts to reform the Housing Choice Voucher program and respond to the needs of the city and its residents. PHA has established a seven-year time limit in the Housing Choice Voucher Program, subject to certain exemptions such as for elderly and disabled households.
 - **Two-Year Re-Certifications.** PHA has implemented a new recertification system beginning in April 2003. Recertifications for both public housing and Housing Choice Voucher participants will occur every two years under the new system, except for public housing residents choosing market or flat rents (who will be recertified every three years). Two-year recertifications may not apply to sites funded with Low-Income Housing Tax Credits.
 - **Good Neighbors Make Good Neighborhoods Program.** In 2001 PHA made a commitment to provide Housing Choice vouchers to support families moving from homelessness and transitional housing programs to permanent housing. Through the Good Neighbors Make Good Neighborhoods Program, 500 families were housed through December 2003. PHA reached a new agreement in October 2003 with the Blueprint to End Homelessness, a coalition of nonprofit transitional housing providers and made 300 housing opportunities available. To date, 250 families from the Blueprint have been placed in PHA units. PHA has increased its original commitment for this program to 400 units.
 - **Rent Simplification.** To promote the goals of economic self-sufficiency and administrative efficiency, PHA has developed and implemented a program to streamline the rent calculation system for both public housing and Housing Choice

Voucher participants. PHA intends to make the new system simpler to administer and understand, reducing paperwork and administrative burdens for residents and staff.

- **Revitalization Initiatives.** PHA will continue its large-scale revitalization efforts at public housing and other sites around the city. PHA is currently overseeing \$1 billion in large-scale HOPE VI and non-HOPE VI development projects.

MTW Priority 2 Year 5 Objectives

- **Project-Based Program.** PHA has implemented changes to the Housing Choice Voucher project-based program that will expand program options by providing either voucher or operating subsidy to eligible partners and, projects that add to the stock of quality housing and support neighborhood revitalization efforts. PHA has issued a revised Unit-Based RFP that more closely conforms to the MTW agreement and overhauls the approach to providing operating support and, where appropriate capital dollars.
- **Community Partners Program.** To complement the unit-based development program described above, PHA has developed a Community Partners Program (CPP). The CPP focuses on funding a range of neighborhood-appropriate supportive services including but not limited to: child-care, transportation, job training, activities that foster lease compliance and mobility counseling. Vouchers have been set-aside and temporarily converted into a funding source. (At the end of five years the vouchers will convert back so the housing resource is not lost to the community.)
- **Affordable Homeownership.** PHA has expanded its homeownership activities to create quality, affordable homeownership opportunities for public housing residents, Housing Choice Voucher participants, and other low-income residents. PHA has expanded its recently implemented Housing Choice Voucher Homeownership program, opening it up to all Housing Choice Voucher ESS program participants. PHA also implemented enhanced housing counseling services designed to help residents with budget, credit repair and other activities designed to support successful homeownership.
- **Replacement Housing.** PHA continued its efforts to increase housing opportunities through implementation of its Replacement Housing Policy. The policy focuses on four strategies to acquire property: (1) acquisition through purchase of single family scattered sites, foreclosure by institutional lenders of single family residential buildings and purchase of multi-family residential buildings; (2) reuse of ACC subsidy to affordable housing projects; (3) provision of capital funds to affordable housing projects; and (4) neighborhood redevelopment projects.

MTW Priority 3 Year 5 Objectives

- **Implementation of MTW Family Agreement and Services.** New and existing Housing Choice Voucher program participants have begun entering into an MTW Family Agreement to help ensure their successful participation in this time-limited program. All participants were provided with enhanced Tenant Responsibility Training. In addition, participants received briefings and information on available training, job placement and supportive service opportunities. Program participants who receive Temporary Aide for Needy Families (TANF) or report zero income will, as part of the MTW Family Agreement, enroll in PHA's Economic Self-Sufficiency Program (ESS).
- **LIFE Program.** PHA has established a pilot program for seniors, Living Independently For Elders (LIFE) in conjunction with St. Agnes Hospital and the Pennsylvania Secretary of Public Welfare. The program includes senior enhanced supportive services, with the goal of enabling nursing-home eligible residents to remain in their homes. It offers primary and specialty medical care, nursing care, adult day health services, prescribed modifications, meals, homemaker services and other services.
- **Pre-Apprenticeship, Certified Nursing Assistant, Medical Billing and Pharmacy Technician Training Programs.** Since the inception of these programs, almost 1,507 residents have graduated and found careers in the building trades, the health care industry and other fields.
- **Computer Training.** The Philadelphia Housing Authority's continues to increase residents' access to technology to (1) increase academic performance of youth and adults, to (2) increase the employability skills of adults and working age youth, to (3) increase computer technology skills among all demographic groups, and to (4) increase health and nutrition information for groups of all ages.

PHA has 18 computer laboratories at various stages of the development cycle, with formal standardization at both conventional and community-based sites to provide technology programming, and computer assisted instruction. In addition to the comprehensive laboratories, PHA provides web based basic education software, accessible through the Internet, which participants can use to improve skills in targeted occupations.

PHA facilitates handicapped accessibility at its laboratories, and installs chairlifts, as necessary.

MTW Priority 4 Year 5 Objectives

- **Expansion of Quality of Life Program.** PHA has expanded its Quality of Life Program to several new sites during the past year. The objective of the program is to improve the quality of life for all PHA residents and the surrounding communities by creating an environment that fosters community values, encourages resident participation and positive peer group pressure, and reinforces the responsibilities of all. The program incorporates resident responsibility training, lease enforcement,

local code enforcement, public safety and community policing activities. In addition, PHA joined the Citizens Crime Commission anonymous tip line reward program and entered into a contract with the City of Philadelphia to begin Town Watch programs at several PHA developments.

- **Enhanced Tenant Responsibility Training.** As part of its local leased housing MTW program initiative, PHA now requires all Housing Choice Voucher program participants to participate in Tenant Responsibility Training at both the initial lease-up and at every recertification period. This effort will help improve residents' understanding of their roles and responsibilities as good neighbors and PHA program participants.
- **Security Enhancements to PHA Properties.** As noted in the Capital Improvement summary included in this Annual Plan, PHA has continued to implement security related capital improvements at a wide range of PHA properties, and especially at family high rises.
- **Required Landlord Training.** PHA has developed a program for landlords of the properties associated with the Housing Choice Voucher program, which includes training by professionals from the Institute of Real Estate Management (IREM), as well as training provided by PHA regarding local property management issues, city code compliance, lease enforcement, and community responsibilities.

MTW Priority 5 Year 5 Objectives

- **Streamline Rent Calculation System.** PHA has developed and started a program to streamline the rent calculation system for both public housing and voucher participants. PHA has made the new system simpler to administer and understand while giving residents an incentive for work and education.
- **Enterprise Resource Planning (ERP) and the Customer Response Management Applications.** PHA has identified additional areas for increased productivity and cost effectiveness including the continued implementation of the Enterprise Resource Planning and the Customer Response Management applications; automation of processes in the Housing Assistance Payments program; payroll, requisition and purchase order systems; and enhanced staff recruitment and training programs.
- **Feasibility of Contracting through Energy Services Contractors (ESCOs).** PHA contracted with two firms to perform energy audits on public housing units. In Phase I, the audits examined PHA water, gas and electric consumption. In addition, building systems were analyzed to identify improvements that can be made to reduce energy use. In FY 2003, PHA through its energy management system reduced operating costs by approximately \$90,000 by switching to heating oil instead of gas in certain situations. A new program of monitoring water usage has generated \$108,000 in savings by timely termination of Water Department services. PHA is also developing a new business plan, reviewing each utility element with the goal of reducing energy costs where possible.
- **Revise Procurement Policies.** PHA has a revised procurement policy approved by HUD. The new system simplifies the procurement process, while ensuring an

appropriate level of internal control and external competition. The plan includes enhanced criteria for qualification and selection of developers for redevelopment projects and the policy for subsidiaries. PHA has moved forward with implementation of the revised policies and the supply chain management initiative.

Factors Affecting Financial Condition

Laws, Regulations and Federal Examinations. PHA is subject to a number of laws and regulations. Material portions of PHA's grant revenue and other financial resources are contingent on PHA's compliance with such laws and regulations. PHA is subject to examinations made by federal and state authorities who determine compliance with terms, conditions, laws and regulations governing other grants awarded to PHA in the current and prior years. The current status of such examinations are monitored by HUD, PHA's cognizant agency. Management of PHA is not aware of any noncompliance with such laws and regulations that could result in a material disallowance of costs or withholding of future revenue.

PHA is a party to various legal actions arising in the normal course of business. It is the opinion of management that the ultimate disposition of these matters will not have a material adverse effect on PHA's financial position or results of operations.

Cash Management Policies and Practices. HUD requires housing authorities to invest excess funds in obligations of the United States, certificates of deposit or any other federally insured investment. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance for the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security deposits. Obligations furnished as security must be held by PHA or with an unaffiliated bank or trust company for the account of PHA.

It is PHA's policy to maintain collateralization in accordance with the requirements of both HUD and the Commonwealth of Pennsylvania. The three credit risk categories are defined as follows:

- 1) Insured or collateralized with securities held by the authority or by its agent (correspondent bank or Federal Reserve Bank) in the authority's name.
- 2) Collateralized with securities held by the pledging financial institution, trust department, or agent in the authority's name.
- 3) Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the authority's name.

Risk Management. Prior to April 1, 1999 PHA was self-insured for personal injury claims. Asserted and unasserted claims are accrued based on PHA's experience and

advice of an independent claims manager. Although management believes that adequate accruals have been established, the ultimate liability that may result from asserted and unasserted claims could differ materially from estimated amounts. Beginning April 1, 1999, PHA purchased commercial policies for personal injury coverage.

Pension and Other Post-employment Benefits. PHA contributes to the Philadelphia Housing Authority Retirement Income Plan (the Plan). The Plan is a single-employer plan, which issues separate financial statements. The following table provides information concerning covered employees and benefit provisions for the Plan.¹

Covered employees	Permanent employees of PHA except those enrolled in PHA Defined Contribution Pension Plan.
Current annual covered payroll	\$69,677,849
Normal retirement date	65th birthday
Normal retirement benefit	2.5% of Average Earnings, as defined in the Plan, multiplied by the years of service not to exceed 25 years, plus 1.25% of Average Earnings multiplied by years of service in excess of 25 years.
Death benefit	The Plan contains provisions for the payment of benefits to surviving spouses of employees.

The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions and benefit payments are recognized when earned and incurred, respectively. Plan investments are listed at fair value as determined by quoted market prices. Short-term investments are reported at cost, which approximates fair value.

Actuarially determined contributions are required to provide sufficient assets to pay benefits when due and are determined using the entry age normal method. Under this method, the actuarial present value of projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of service of the individual between entry age and assumed exit age. The portion of actuarial present value allocated to each valuation is called the normal cost. The significant actuarial assumptions used to compute the actuarial determined contributions are as follows:

- a) A rate of return on the investments of 7.5% per year;
- b) Projected salary increase of 5% per year;

¹ This is a brief summary of Plan benefits and is not intended to replace or supplement the Plan in any manner. The information contained herein is not a part of the Plan and, moreover, does not constitute a summary plan description or a part of any contract of employment.

- c) No post-retirement benefit increase.

PHA's current funding practice is to contribute 5.5% of total payroll to the Plan. Employees are currently required to contribute 5.5% of total salary to the Plan. The funding policy is subject to change but is determined by collective bargaining agreements for represented employees and by employment policies for non-represented employees.

Capital Assets. Purchased land, buildings and equipment are valued at cost when historical records are available. When no historical records are available, estimated historical cost is used. When property is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in operations. Donated property is recorded at estimated fair value when received. Ancillary charges necessary in preparing an asset for use are capitalized. The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method. Depreciation commences on modernization and development additions in the initial year of utilization.

Contributions by Federal Agencies. HUD contributes an operating subsidy for the Public Housing Program, reflected in the operating budget under the Annual Contributions Contract W-55. Operating subsidy contributions, including capital contributions, for the year ended March 31, 2006 were \$336,633,698 and are included in operating subsidies in the combined statement of revenues, expenses and changes in equity.

HUD contributions for Section 8 Programs under Annual Contributions Contract p-4601 are included in intergovernmental revenues in the combined statement of revenues, expenses and changes in equity as follows:

Housing Choice Vouchers	\$143,310,505
Mainstream	233,364
Moderate Rehabilitation	2,315,770
New Construction	1,013,637
Single Room Occupancy	<u>1,540,720</u>
Total	<u>\$148,413,996</u>

Contributed capital represents the cumulative amount of annual contributions made available by HUD with respect to all federally-aided projects under annual contributions contracts. Annual contributions contracts provide that HUD shall have the right to audit records of public housing authorities. Accordingly, final determination of PHA's financing and contribution status for the annual contribution contracts is the responsibility of HUD based upon financial reports submitted by PHA.

PHA received approximately 93% of its fiscal 2006 revenues from HUD. If, in the future, the amount of revenues received from HUD falls below critical levels, PHA's operating reserves could be adversely affected.

In closing, we would like to express our appreciation to the PHA Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the Philadelphia Housing Authority's finances.

Respectfully submitted,



Carl R. Greene
Executive Director

PHILADELPHIA HOUSING AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Philadelphia Housing Authority ("PHA"), we offer readers of the PHA's financial statements this narrative overview and analysis of the financial activities of the PHA for the fiscal year ended March 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through xvii of this report, as well as the financial statements that follow this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Philadelphia Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$927.4 million (*net assets*). Of this amount, \$262.6 million (*unrestricted net assets*) may be used to meet PHA's ongoing obligations to clients and creditors.
- PHA's total FY2006 net assets increased by \$42.7 million over FY2005, equivalent to a 4.8% increase.
- PHA's operating income in the proprietary funds for FY2006 was \$348.0 million, \$22.2 million more than operating expenses.
- PHA's Issuer Credit Rating from Standard & Poors remained at an A+. PHA's debt outstanding of \$402.6 million as of March 31, 2006 decreased \$66.0 million from that amount outstanding as of March 31, 2005.
- Other long-term liabilities increased by \$11.7 million to a total of \$29.5 million as of March 31, 2006.

Overview of the Financial Statements

This discussion and analyses are intended to serve as an introduction to the Philadelphia Housing Authority's basic financial statements. The PHA's basic financial statements comprise three components: 1) agency-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The *agency-wide financial statements* are designed to provide readers with a broad overview of PHA's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of PHA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a

useful indicator of whether the financial position of PHA is improving or deteriorating. The *statement of activities* presents information showing how PHA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus,

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., authorized but uncollected grant revenue and earned but unused vacation leave).

The agency-wide financial statements include not only PHA itself (known as the *primary government*), but also legally separate non-profit agencies for which PHA is financially accountable, as described in the accompanying notes to the financial statements.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The agency-wide financial statements and accompanying notes can be found on pages 3 through 30 of this report.

The remaining statements that support the agency-wide financial statements are the *fund financial statements*. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Philadelphia Housing Authority, like other public housing authorities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of PHA's funds are considered to be *Enterprise Funds*. Normally, an enterprise fund is used to report any activity for which a fee is charged to external users for goods or services. In accordance with Accounting Principles Generally Accepted in the United States of America ("GAAP"), enterprise funds may also be used by all governmental entities, such as PHA, that were using traditional not-for-profit accounting as of the date of adoption of Governmental Accounting Standards Board ("GASB") Statement No. 34 (June 1999), even if their activities do not otherwise meet the criteria for using an enterprise fund. In practice, enterprise funds frequently are used to account for activities whose costs are only partially funded by fees and charges. Enterprise funds are considered useful in such instances because they focus attention on the cost of providing services, and they serve to highlight the portion of that cost being borne by taxpayers, which in the case of PHA take the form of federal grant contributions.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning PHA's progress in funding its obligation to provide pension benefits to its employees. Fund financial statements and required supplementary information can be found beginning on page 32 of this report.

Agency-wide Financial Analysis

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of an agency's financial position. In the case of the Philadelphia Housing Authority, assets exceed liabilities by \$927.4 million at the close of the most recent fiscal year. The combined net assets of PHA increased by \$42.7 million, or 4.8%, from March 31, 2005 to March 31, 2006. The following table shows a summary of changes from the prior year amounts.

Philadelphia Housing Authority Net Assets as of March 31 (In millions of dollars)

	<u>2006</u>	<u>2005</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
<u>Assets</u>				
Cash & Investments	\$ 131.2	\$ 154.7	\$ (23.5)	(15.2%)
Accounts Receivable	15.6	6.3	9.3	147.6%
Due from Other Funds/Govts.	31.5	86.2	(54.7)	(63.5%)
Other Current Assets	<u>4.3</u>	<u>5.4</u>	<u>(1.1)</u>	<u>(20.4%)</u>
Total Current Assets	\$ 182.6	\$ 252.6	\$ (70.0)	(27.7%)
Net Program Loans Receivable	166.9	144.8	22.1	15.3%
Capital Assets	969.0	942.1	26.9	2.9%
Other Assets	<u>11.5</u>	<u>13.8</u>	<u>(2.3)</u>	<u>(16.7%)</u>
Total Assets	<u>\$1,330.0</u>	<u>\$1,353.3</u>	<u>\$ (23.3)</u>	<u>(1.7%)</u>
<u>Liabilities</u>				
Accounts Payable	\$ 30.8	\$ 58.4	\$ (27.6)	(47.3%)
Other Current Liabilities	<u>35.7</u>	<u>87.3</u>	<u>(51.6)</u>	<u>(59.1%)</u>
Total Current Liabilities	\$ 66.5	\$ 145.7	\$ (79.2)	(54.4%)
Noncurrent Liabilities	<u>336.1</u>	<u>322.9</u>	<u>13.2</u>	<u>4.1%</u>
Total Liabilities	<u>\$ 402.6</u>	<u>\$ 468.6</u>	<u>\$ 66.0</u>	<u>14.1%</u>
Net Assets				
Invested in Capital Assets	\$ 662.4	\$ 637.3	\$ 25.1	3.9%
Restricted	2.4	3.4	(1.0)	(29.4%)
Unrestricted	<u>262.6</u>	<u>244.0</u>	<u>18.6</u>	<u>7.6%</u>
Total Net Assets	<u>\$ 927.4</u>	<u>\$ 884.7</u>	<u>\$ 42.7</u>	<u>4.8%</u>

Statement of Activities. The Statement of Activities shows the sources of PHA's changes in net assets as they arise through its various programs and functions. A condensed Statement of Activities comparing fiscal year 2006 with fiscal year 2005 is shown in the table below.

Philadelphia Housing Authority
Statement of Activities as of March 31
(In millions of dollars)

	<u>2006</u>	<u>2005</u>	<u>Increase/(Decrease)</u> <u>Amount</u>	<u>Percent</u>
<u>Revenue</u>				
Program Revenue:				
Charges for Services	\$ 23.1	\$ 22.8	\$ 0.3	1.3%
Federal & Other Revenues	350.9	367.9	(17.0)	(4.6%)
General Revenue:				
Disposal of Fixed Assets	(12.3)	(262.1)	249.8	95.3%
Investment Income & Other	<u>6.6</u>	<u>7.1</u>	<u>(0.5)</u>	<u>(7.0%)</u>
Total Revenue	<u>\$ 368.3</u>	<u>\$ 135.7</u>	<u>\$ 232.6</u>	<u>171.4%</u>
<u>Expenses</u>				
Direct	\$ 265.3	\$ 238.4	\$ 26.9	11.3%
Administrative	<u>87.9</u>	<u>113.6</u>	<u>(25.7)</u>	<u>(22.6%)</u>
Total Expenses (Excl. Deprec.)	\$ 353.2	\$ 352.0	\$ 1.2	0.3%
Depreciation	<u>58.5</u>	<u>54.1</u>	<u>4.4</u>	<u>8.1%</u>
Total Expenses (Incl. Deprec.)	<u>\$ 411.7</u>	<u>\$ 406.1</u>	<u>\$ 5.6</u>	<u>1.4%</u>
Increase in Net Assets	<u>\$ (43.4)</u>	<u>\$ (270.4)</u>	<u>\$ 227.0</u>	<u>83.9%</u>

Federal and Other Revenues include the annual operating subsidies and capital grants made available by the U.S. Department of Housing and Urban Development ("HUD"), along with grants received from other Federal sources and the Commonwealth of Pennsylvania. PHA also generated \$3.9 million in unrestricted investment income, which was primarily used to partially offset its administrative expenses.

Direct expenses amounted to \$265.3 million, representing a year-to-year increase of \$26.9 million, or 11.3%.

Long-term Debt and Other Long-term Liabilities. Long-term debt and other long-term liabilities as of March 31, 2006, compared with March 31, 2005, are depicted in the following schedule.

**Philadelphia Housing Authority
Long-term Debt and Other Long-term Liabilities
(In millions of dollars)**

	<u>2006</u>	<u>2005</u>	<u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Long-term Debt	\$ 300.8	\$ 295.1	\$ 5.0	1.7%
Self-Insurance Liability	5.7	10.1	(4.4)	(43.6%)
Other	29.5	17.8	11.7	65.7%
Total	<u>\$ 336.0</u>	<u>\$ 323.0</u>	<u>\$ 13.0</u>	<u>4.0%</u>

Total bonds and notes payable increased \$5 million, due primarily closing of component unit projects.

Prior to April 1, 1999, the Philadelphia Housing Authority was self-insured for personal injury claims. Asserted and unasserted claims are accrued based on PHA's experience and advice of an independent claims manager. Although management believes that adequate accruals have been established, the ultimate liability that may result from asserted and unasserted claims could differ materially from estimated amounts. Beginning April 1, 1999, PHA purchased commercial policies for personal injury coverage.

Request for Information

This financial report is designed to provide a general overview of the Philadelphia Housing Authority's finances for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Executive Director, 12 South 23rd Street, Philadelphia, PA 19103.

FINANCIAL SECTION

Report of Independent Certified Public Accountants

Board of Commissioners
Philadelphia Housing Authority
Philadelphia, Pennsylvania

HUD, Pennsylvania State Office
Office of Public Housing
Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107

We have audited the accompanying financial statements of Philadelphia Housing Authority ("PHA"), a component unit of the City of Philadelphia, as of and for the year ended March 31, 2006, which collectively comprise PHA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of PHA's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of certain of the Blended Component Units, whose statements reflect total assets of \$443.1 million. These statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the Blended Component Units, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of PHA's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of PHA as of March 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued in the Single Audit Section of this report, our report dated November 1, 2006 on our consideration of PHA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management Discussion and Analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. This supplementary information is the responsibility of PHA's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise PHA's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying supplementary information, including the combining balance sheets, combining statements of revenue, expenses and changes in net assets, and the financial data schedule as required by U.S. Office of Housing and Urban Development ("HUD"), and the statement of net assets and the statement of activities in the format requested by the City of Philadelphia, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sedman & Company LLC

November 1, 2006

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF NET ASSETS
MARCH 31, 2006
ASSETS

Current Assets:	
Cash	\$ 87,924,787
Investments	17,545,373
Receivables, net:	
Tenants	279,679
Due from other governments	31,450,734
Other receivables	15,271,106
Other current assets	<u>4,303,226</u>
 Total current assets	 156,774,905
Noncurrent assets:	
Mortgages receivable	\$ 166,878,602
Restricted cash and investments	25,822,128
Capital assets, net of depreciation	969,025,238
Other assets	<u>11,507,721</u>
 Total noncurrent assets	 <u>1,173,233,689</u>
 TOTAL ASSETS	 <u>\$ 1,330,008,595</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 30,717,735
Due to other governments	130,258
Compensated absences	5,303,776
Trust and deposits	1,081,131
Deferred credits and other liabilities	23,393,917
Current portion of long-term debt	<u>5,910,000</u>
 Total current liabilities	 66,536,817
Noncurrent liabilities:	
Compensated absences	\$ 3,519,193
Long-term debt	300,762,516
Other long-term liabilities	<u>31,770,366</u>
 Total noncurrent liabilities	 <u>336,052,075</u>
 TOTAL LIABILITIES	 402,588,892
Net assets:	
Invested in capital assets	662,411,627
Restricted	2,394,240
Unrestricted	<u>262,613,837</u>
 Total net assets	 <u>927,419,703</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,330,008,595</u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MARCH 31, 2006

Operating revenue:		
Tenant revenue		\$ 23,129,364
Operating subsidies		321,988,103
Other income		<u>8,562,381</u>
Total operating revenue		353,679,848
Operating expenses		
Administrative	\$ 87,907,417	
Tenant services	7,104,579	
Utilities	30,628,744	
Maintenance	85,051,332	
Protective services	7,675,800	
General	19,569,603	
Housing assistance payments	110,588,304	
Depreciation and amortization	<u>58,543,007</u>	
Total operating expenses		<u>407,068,785</u>
Operating loss		(53,388,937)
Nonoperating revenue (expenses):		
Interest and investment earnings, net of		
capitalized interest of \$530,886	\$ 6,629,792	
(Loss) on the sale of capital assets	(12,333,305)	
Interest expense, net of capitalized interest		
of \$3,510,074	<u>(4,660,775)</u>	
Net nonoperating revenue		<u>(10,364,288)</u>
Loss before capital grants		(63,753,225)
Capital subsidies		<u>20,310,136</u>
Change in net assets		(43,443,089)
Net assets at beginning of year:		
As previously reported	884,647,417	
Prior period adjustments	<u>191,714</u>	
As restated		884,839,131
Capital contributed to component units		<u>86,023,661</u>
Net assets at end of year		<u>\$ 927,419,703</u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2006

Cash flows from operating activities:	
Receipts from residents and others	\$ 33,054,152
Payments to landlords	(110,588,305)
Payments to suppliers	(140,857,876)
Payments to and on behalf of employees for compensation and benefits	(109,164,487)
Other receipts	<u>1,734,171</u>
Net cash used in operating activities	<u>(325,822,345)</u>
Cash flows from noncapital financing activities:	
Operating subsidies received	<u>321,941,961</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(83,262,744)
Proceeds from debt	20,747,192
Debt principal payments	(31,670,248)
Interest payments on bonds	(4,660,775)
Proceeds from capital contributions	74,871,352
Financing costs paid	(117,499)
Capital subsidies	<u>25,902,613</u>
Net cash provided by capital and related financing activities	<u>1,809,891</u>
Cash flows from investing activities:	
Proceeds from sale of investments	37,528,842
Deposits to replacement reserve	9,594,157
Construction on progress	(8,836,501)
Advances on mortgages receivable	(19,215,972)
Interest income	<u>6,629,795</u>
Net cash provided by investing activities	<u>25,700,321</u>
Net increase in cash	23,629,828
Cash - beginning of year	<u>64,294,959</u>
Cash - end of year	<u><u>\$ 87,924,787</u></u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF CASH FLOWS - CONTINUED
YEAR ENDED MARCH 31, 2006

Reconciliation of excess of current expenditures over revenues
to net cash provided by (used in) operating activities:

Loss before capital subsidies	(\$ 58,981,416)
Adjustments to reconcile excess (deficiency) of total revenues over (under) total expenses to net cash used in operating activities:	
Depreciation	58,545,696
Bad debts	494,839
(Increase) decrease in assets:	
Tenant accounts receivable	840,803
Accounts receivable - subsidy	5,772,755
Accounts receivable - general	(5,556,550)
Increase in prepaid expenses	(2,756,838)
Increase in due from affiliates	2,191,203
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(8,041,526)
Payable to special limited partner	66,275
Tenant security deposit payable	16,034
Partnership fee	803,373
Government revenues reported in noncapital financing activities	<u>(319,216,993)</u>
Net cash used in operating activities	<u><u>(\$325,822,345)</u></u>

The accompanying notes are an integral part of this statement.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Philadelphia Housing Authority ("PHA") was incorporated in Pennsylvania in 1937 as a municipal authority. PHA develops, acquires, leases and operates affordable housing for city residents with limited incomes. PHA operates under rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.

To meet the funding requirements of operating deficits that would otherwise result from the essential services that PHA provides, PHA receives subsidies, primarily from HUD, in the form of annual grants for operating assistance, contributions for capital and reimbursement of expenditures incurred for certain federal housing programs, and/or debt service payments. Subsidies are established through budgetary procedures, which establish amounts to be funded by the grantor agencies

Basis of Accounting

PHA's financial statements are prepared in accordance with Government Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*. GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting, and requires the presentation of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. GASB 34 also requires PHA to include management's discussion and analysis as part of the Required Supplementary Information.

PHA's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenditures occur and/or PHA has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

PHA has elected to apply all Financial Accounting Standards Board ("FASB") statements and interpretations issued after November 30, 1989, except for those that conflict with GASB pronouncements.

Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth by GASB. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the component units described in Note 13.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The component units have been blended for financial statement presentation and are combined on a three-month time lag.

In addition to the component units, the financial statements of the Philadelphia Housing Authority include Low-Income Public Housing and Whitman Park and Brown Street Homeownership Turnkey III Programs under Annual Contributions Contract W-55, Section 8 Housing Assistance Programs under Annual Contributions Contract P-4601, New Construction Programs under HUD Housing Assistance Payments Contracts PA26-8023-025, Development and Modernization programs, various HUD grants in support of the public housing objective and resident affairs programs.

Federal Programs

Grant programs are subject to financial and compliance audits by the grantors or their representatives. As of March 31, 2006, management believes PHA's potential future liability for disallowances resulting from these audits will not have an adverse impact on the financial statements of PHA.

PHA received approximately 78% of its fiscal 2006 operating subsidies from HUD under the Low-Rent Housing and Section 8 Programs. Descriptions of the primary PHA programs are as follows:

Low-Rent Housing Program

This program provides low-rent housing to qualified residents of the City of Philadelphia. All units are owned and operated by PHA and were purchased with financing arranged or provided through HUD. The operations of the program are subsidized by HUD through Annual Contribution Contract W-55. Operating subsidy contributions for the year ended March 31, 2006 were \$99,496,892 and are included in operating subsidies in the combined statement of revenues, expenses and changes in net assets.

Section 8 Programs

The Section 8 Programs - Housing Choice Voucher Programs - include Moving to Work, New Construction, Moderate Rehabilitation, Rental Vouchers, and Single Room Occupancy programs. These programs were authorized by Section 8 of the National Housing Act and provide housing assistance payments to private, not-for-profit or public landlords to subsidize rentals for low-income persons. HUD contributions for Section 8 programs under Annual Contributions Contract P-4601 are included in operating subsidies in the combined statement of revenues, expenses and changes in net assets as follows:

Moving to Work	\$135,810,813
Housing Choice Voucher	7,894,229
Moderate rehabilitation	2,295,632
New construction	1,023,793
Single room occupancy	1,531,599
	<u>\$148,556,066</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Moving-to-Work Program

The Moving-to-Work (MTW) Demonstration Program is focused on helping families achieve self-sufficiency and on improving and increasing the stock of quality affordable housing throughout the City. It will furnish convenient and comprehensive services to families to assist them in reaching their full potential, with an emphasis on education, job training and placement, self-sufficiency, and preparation for homeownership. In addition, MTW will promote the revitalization of neighborhoods where MTW and MTW-eligible families live.

New Construction and Substantial Rehabilitation Programs

The Section 8 New Construction and Substantial Rehabilitation programs allow for construction of low-income housing units to be subsidized for a contracted period of time. Both for-profit and not-for-profit developers may provide low-income housing under this program. Developers must obtain their own financing and HUD subsidizes rents once the units are occupied.

Moderate Rehabilitation Program

This program provides for the rehabilitation of housing units, which then must be rented to low-income individuals for a contracted period of time. Both for-profit and not-for-profit developers may participate in this program. Under this program, developers must obtain their own rehabilitation financing and then HUD subsidizes rents, once the units are occupied, in such amounts sufficient to cover the developer's debt service payments on the financing.

Housing Choice and Vouchers Program

This program allows for existing privately-owned housing units to be used for low-income housing. This program assists low-income families and persons to find and lease a house or apartment. After inspecting the unit, PHA assists the resident in negotiating a lease under HUD rules and regulations for the program. After the lease is signed, the resident pays a share of the rent according to HUD guidelines, and the remainder is subsidized by PHA through HUD funding.

PHA earns a fee for administering the annual contributions from HUD. This fund accounts for the revenues and expenses associated with providing administrative services.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

In addition to the above primary programs, PHA administers the following:

- Resident Affairs Programs
- Day Care Program
- Senior Program
- Headstart Programs
- Summer Food Program
- Congregate Housing Services Program
- Summer Youth Program – “Youth Works”
- Drug Elimination Programs
- Adult Literacy Program
- Homeownership Opportunity for People Everywhere (HOPE VI)

Budgets

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a “project length” basis. Budgets are not, however, legally adopted nor required for financial statement presentation.

Investments

Investments are stated at fair value. Income from investments is recognized on the accrual basis.

Land, Buildings and Equipment

Purchased land, buildings and equipment are valued at cost when historical records are available. When no historical records are available, estimated historical cost is used. When property is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any resulting gain or loss is included in operations.

The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method. Depreciation of building improvements commences in the year following completion.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings	40 years
Building improvements	15 years
Roofs	10 years
Heavy Equipment	7 years
Automobiles	5 years
Equipment	5 years
Computer Equipment	3 years

Compensated Absences

A liability is recorded for compensated absences attributable to services already rendered and not contingent on a specific event outside the control of PHA and its employees, as employees earn the right to the benefits. Compensated absences that relate to future services or that are contingent on a specific event outside the control of PHA and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) CASH AND INVESTMENTS

PHA's investment policies comply with HUD and Pennsylvania guidelines. These policies restrict PHA's investments to obligations of the U.S. Treasury, U.S. Government agencies, and their instrumentalities. All investments are held in a secured custody account in the name of PHA. All investments are publicly traded and the market value was based on published quoted values. Accrued interest receivable on investments was \$589,587 at March 31, 2006 and is included in accounts receivable.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(2) CASH AND INVESTMENTS - Continued

It is PHA's policy to maintain collateralization in accordance with the requirements of both HUD and the Commonwealth of Pennsylvania.

HUD defines three credit risk categories as follows:

- (1) Insured or collateralized with securities held by the entity or by its agent (correspondent bank or Federal Reserve Bank) in the entity's name.
- (2) Collateralized with securities held by the pledging financial institution, trust department or agent in the entity's name.
- (3) Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the entity's name.

At March 31, 2006 cash and investments, all of which were in risk category #1, consisted of the following:

	<u>Credit Risk Category</u> <u>1</u>	<u>Market</u> <u>Value</u>	<u>Carrying</u> <u>Amount</u>
Demand deposits	\$ 44,905,808	\$ 44,905,808	\$ 44,905,808
Money market funds	65,602,291	65,602,291	65,602,291
U.S. government and agency securities	<u>20,756,230</u>	<u>20,756,230</u>	20,756,230
Total	<u>\$131,264,329</u>	<u>\$131,264,329</u>	
Petty cash			<u>27,960</u>
Total cash and investments			<u>\$131,292,289</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(2) CASH AND INVESTMENTS - Continued

Reconciliation of detail to balance sheet

Cash - unrestricted	\$ 87,924,788
Investments - unrestricted	17,545,373
Cash and investments - restricted	<u>25,822,128</u>
	<u>\$131,292,289</u>

Restricted cash and investments at March 31, 2006 pertain to the following:

Cash:

Resident security deposits	\$ 1,759,331
Component unit debt service escrow	<u>667,247</u>
	2,426,578

Investments:

Deposits under Low-Rent Housing Homeownership Program	50,525
Bond reserves	12,427,088
Affordability reserves for Tasker I & II	3,937,913
Component unit debt service escrow	<u>6,980,024</u>
	<u>\$25,882,128</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(3) RECEIVABLES

Tenant receivables are presented net of an allowance for doubtful accounts of \$1,517,000. The allowance reflects management's best estimate of probable losses inherent in the receivable balance, and is determined based on known troubled accounts, historical experience and economic conditions. Management performs ongoing evaluations of the tenants' financial circumstances and has evaluated the collectibility of the receivables. Actual results could differ from the estimates used.

The receivable from other funds is generated by PHA's Low-Income Public Housing ("LIH") Fund acting as a common paymaster for all programs associated with PHA. The LIH Fund periodically receives reimbursement from the other programs. At March 31, 2006 the receivables and offsetting payables from these programs, which are included in current liabilities, netted to zero.

(4) OTHER ASSETS

Current

Prepaid insurance	\$ 34,225
Materials and supplies, net	<u>4,268,994</u>
	<u>\$4,303,219</u>

Noncurrent

Turnkey homes held for resale	\$ 192,232
Capitalized interest, net of interest income of \$6,575,001	7,925,990
Other	<u>3,389,500</u>
	<u>\$11,507,722</u>

The Authority capitalizes interest in connection with several long-term construction projects. These projects are financed through several bond indentures as described in Note 7. Interest capitalization will cease when construction is completed.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(5) CAPITAL ASSETS

Capital assets are summarized as follows:

	Balance March 31, 2005	Capital Acquisitions	Sales or Other Dispositions	Balance March 31, 2006
Land	\$ 37,717,324	\$ 39,000	\$ -	\$ 37,756,324
Buildings and improvements	1,417,197,368	101,101,148	(27,314,467)	1,490,984,049
Equipment – dwelling	4,293,839	1,361,740	(171,201)	5,484,378
Equipment – administration	26,510,191	70,179	-	26,580,370
Construction in progress	106,922,204	34,074,901	(39,498,019)	101,499,086
	<u>1,592,640,926</u>	<u>136,646,968</u>	<u>(66,983,687)</u>	<u>1,662,304,207</u>
Less accumulated depreciation	(650,536,916)	(58,368,523)	15,626,470	(693,278,969)
	<u>\$ 942,104,010</u>	<u>\$ 78,278,445</u>	<u>(\$51,357,217)</u>	<u>\$ 969,025,238</u>

(6) MORTGAGES RECEIVABLE

Mortgages receivable are summarized as follows:

Non-interest-bearing note due from The Philadelphia Redevelopment Authority (“RDA”)	\$ 34,059,453
Amounts due from PHA component units, at interest rates ranging from 1% to 5.46%	<u>132,819,149</u>
	<u>\$166,878,602</u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(6) MORTGAGES RECEIVABLE - Continued

The amount due from RDA is in connection with the rehabilitation of the rental housing project "The Courtyard Apartments at Riverview", which is owned by Southwark Plaza Limited Partnership, a component unit of PHA. The loan resulted from a HUD grant to PHA, which PHA subsequently provided to the project to repay tax-exempt mortgage notes issued by RDA. Repayment is due upon final settlement with RDA.

The amounts due from the component units represent advances of various HUD grants under the Moving to Work Program, Hope VI Program and other Capital Fund Programs. The offsetting liability of the component units is included in long-term debt. All balances net to zero with the exception of \$8,514,578 in advances made to component units between December 31, 2005 and March 31, 2006.

The repayment schedule is as follows:

Year ending March 31,

2007	
2008	
2009	
2010	
2011	
2012 – 2016	
2017 – 2021	
2022 – 2026	
2027 – 2031	
2032 – 2036	\$ 1,623,348
2037 – 2041	54,002,801
2042 – 2046	72,295,522
2047 – 2051	8,879,420
2052 – 2056	7,297,861
2057 – 2061	22,779,650
	<hr/>
	\$166,878,602

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(7) LONG-TERM DEBT

Long-term debt represents borrowings of PHA to fund various projects, and the blending of the borrowings of component units as described in Note 15. Salient terms of the arrangements are as follows:

<u>Borrower/Description</u>	<u>Outstanding Balance</u>	
	<u>Due Third Parties</u>	<u>Due PHA</u>
<u>PHA</u>		
Tasker Capital Fund Revenue Bonds, Series A of 2002, (Tasker Bonds"), insured by Financial Security Assurance, Inc. Interest payable each June 1 and December 1, at rates ranging from 1.75% to 5.5%. Annual principal payments are due each December 1 through 2021 including unamortized premium of \$1,919,538.	\$ 76,222,959	
Tasker II Capital Fund Revenue Bonds, Series D of 2003, Tasker II Bonds, insured by Financial Security Assurance, Inc. Interest payable each June 1 and December 1 at 4.75%. Annual principal payments are due in 2017 through 2022.	11,000,000	
<u>Component Units</u>		
RDA Bonds related to the <i>Tasker I</i> project, interest at 1%. principal due in 2042.	29,240,000	
Series C – RDA Bonds related to the <i>Tasker II</i> project, interest, at .1%, principal due in 2043.	18,555,000	
Mortgage notes for the <i>Spring Garden</i> Housing property. Notes bear interest ranging from nil to 6.55%, due in 2015 and 2045	2,096,434	
Non-interest-bearing mortgage note to RDA, collateralized by a mortgage on the <i>Spring Garden</i> property consisting of 97 low-income units, due in 2045.	1,772,617	
Non-interest bearing note to RDA to rehabilitate the housing project <i>The Courtyard Apartments at Riverview</i> , due upon final settlement of the Project.	34,059,453	
Non-interest-bearing mortgage note to RDA to develop <i>Southwark Plaza</i> , due in 2030.	3,000,000	
Non-interest bearing mortgage note to RDA, collateralized by a mortgage on the <i>St. Anthony's Senior Residences</i> property consisting of 53 senior rental units, and monies on deposit with RDA, due in annual installments from 2030 through 2039.	1,650,000	
Affordable Housing Mortgage by the Federal Home Loan Bank. Interest accrues at 6.09%, due in 2032.	188,400	

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(7) LONG-TERM DEBT – Continued

<u>Borrower/Description</u>	<u>Outstanding Balance</u>	
	<u>Due Third Parties</u>	<u>Due PHA</u>
Escheated unclaimed funds	\$ 58,903	
\$15.8 million first mortgage collateralized by Eight Diamonds property consisting of 152 low-income housing rental units. Interest accrues at ½%, due in 2040.		\$ 15,968,970
\$2 million first mortgage, collateralized by the <i>Spring Garden</i> property consisting of 97 low-income housing rental units. Interest accrues at the Applicable Federal Rate, due in 2040.		2,939,083
26.5 million mortgage note related to the <i>Richard Allen</i> project. Interest accrues at .1%, due in 2041.		27,425,589
Mortgage notes for the development of <i>Suffolk Manor</i> . Interest ranges from 5.05% to 5.23%, due in 2041 and 2042.		10,453,027
Non-interest-bearing note to rehabilitate the housing project <i>The Courtyard at Riverview</i> , due in 2037.		1,623,348
Mortgage notes for the development of <i>Cambridge Plaza I</i> . Interest accrues at 5.46%, due in 2042.		2,579,029
Mortgage note for the development of <i>Tasker I, L.P.</i> Interest accrues at .1%, due in 2042.		3,760,000
Mortgage note for the development of <i>Mt. Olivet, L.P.</i> Interest accrues at 5.12% annually, due in 2055.		6,492,641
Mortgage note for the development of <i>Cambridge Plaza I</i> . Interest accrues at 2.54%, due in 2006.		-
Mortgage notes for the development of <i>Suffolk Manor</i> . Interest accrues at 2.13%, due in 2006.		-
Mortgage note for the development of <i>Uni-Penn Housing Partnership I</i> . Interest accrues at 6.09%, due in 2041.		2,252,189
Mortgage note for the development of <i>Cambridge Plaza II, LP</i> , interest accrues at 5.23%, due in 2058.		3,431,265

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(7) LONG-TERM DEBT – Continued

<u>Borrower/Description</u>	<u>Outstanding Balance</u>	
	<u>Due Third Parties</u>	<u>Due PHA</u>
Mortgage note for <i>Mill Creek I</i> , interest accrues at 5.25%.		\$ 1,396,749
Non-interest-bearing note to <i>PHFA</i> , due in 2042.	\$ 606,879	
Mortgage note for the development of <i>Mt. Olivet, L.P.</i> Interest accrues at 0.01% annually, due in 2058.		2,945,126
Mortgage note for the development of <i>Mill Creek I</i> , interest accrues at prime plus 2%, due in 2050.		4,699,659
Mortgage note for <i>Ridge Avenue Housing</i> , interest accrues at 0.01%, due in 2041.		17,299,682
Mortgage note for <i>Cambridge III</i> , interest accrues at 5.23% annually, due in 2059.		2,599,079
Mortgage note for <i>Uni-Penn II</i> , interest accrues at 5.23% annually, due in 2042.		2,315,907
Mortgage note for the development of <i>Tasker II</i> , interest accrues at 0.01% annually.		2,445,000
Non-interest-bearing note for the development of <i>Angela Court</i> , due in 30 years.	967,853	
Mortgage note for the development of <i>Angela Court</i> , interest at 5.43%, due in 15 years.	315,000	
RDA note, 5.43% interest, due in 30 years.	350,000	
Non-interest-bearing note from a nonprofit developer, due in 30 years.	500,755	
Mortgage note for the development of <i>Angela Court</i> , 5.2% interest, due in 2044.		362,000
Mortgage note for the development of Lucien E. Blackwell Homes Phase II, interest accrues at 2.2% annually		3,594,901
Mortgage note for the development of Germantown House, interest accrues at 4.52% annually		5,978,198
Mortgage note for the development of Neumann North, interest accrues at 4.83% annually	1,783,690	1,751,946
Mortgage note for the development of Uni-Penn Housing a/k/a Martin Luther King Plaza, interest accrues at 4.52% annually		1,991,185
	<u>182,367,943</u>	<u>124,304,573</u>
	<u>\$306,672,516</u>	

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(7) LONG-TERM DEBT - Continued

The Tasker Capital Fund Revenue Bonds - Series A and the Tasker IRDA Bonds ("Bonds"), are limited obligations of PHA and were issued on a parity basis pursuant to Trust Indentures ("indentures"), dated July 1, 2002 between PHA and Wachovia Bank, N.A., as Trustee ("Trustee"), to provide funds for the indicated projects and other PHA projects. Repayment of the bonds is secured by a security interest in a portion of PHA's Capital Fund Allocations ("grants") from HUD. Such grants are subject to the availability of appropriations, and are to be paid directly by HUD to the Trustee.

Bonds maturing after 2012 are subject to optional redemption at prices stated in the indentures. In addition, \$15.9 million of Bonds maturing in 2020 and 2021 are subject to mandatory redemption at face value plus accrued interest.

Under the indentures, PHA is required to maintain on deposit a Debt Service Fund equal to the annual debt service requirements in any one fiscal year.

The amortization schedule for the long-term debt of PHA and its component units is set forth below:

<u>Year ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service Requirement</u>
2007	\$ 5,910,000	\$ 6,156,788	\$ 12,066,788
2008	6,065,000	5,993,816	12,058,816
2009	6,260,000	5,804,970	12,064,970
2010	6,525,000	5,539,534	12,064,534
2011	6,815,000	5,246,862	12,061,862
2012 - 2016	38,930,000	21,568,152	60,498,152
2017 - 2021	49,490,000	11,141,044	60,631,044
2022 - 2026	13,790,000	790,726	14,580,726
2027 - 2031	3,366,666	-	3,366,666
2032 - 2036	1,955,820	-	1,955,820
2037 - 2041	20,898,070	-	20,898,070
2042 - 2046	108,274,564	-	108,274,564
2047 - 2051	1,991,183	-	1,991,183
2052 - 2056	12,589,049	-	12,589,049
2057 - 2061	22,084,205	-	22,084,205
	<u>304,944,557</u>	<u>\$62,241,892</u>	<u>\$367,186,449</u>
Less current portion	<u>5,910,000</u>		
	<u>299,034,557</u>		
Plus premium on Series A bonds	<u>1,727,959</u>		
	<u><u>\$300,762,516</u></u>		

Long-term debt is summarized as follows:

	<u>Balance at March 31, 2005</u>	<u>Repayments</u>	<u>Additions</u>	<u>Balance at March 31, 2006</u>
Bonds	\$139,113,903	\$ 5,765,000	\$ -	\$133,348,903
Notes due to PHA	112,874,819	9,745,236	21,174,988	124,304,571
Other notes	50,983,649	5,793,842	2,101,276	47,291,083
Plus premium on Series A bonds	<u>1,919,538</u>	<u>191,579</u>		<u>1,727,959</u>
	<u><u>\$304,891,909</u></u>	<u><u>\$21,495,657</u></u>	<u><u>\$23,276,264</u></u>	<u><u>\$306,672,516</u></u>

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(8) OTHER LONG-TERM LIABILITIES

Other long-term liabilities at March 31, 2006 consisted of the following:

Self-insurance liability	\$ 5,729,982
Health trust escrow	1,683,143
Workers compensation	4,291,698
Other	<u>20,065,543</u>
	<u>\$31,770,366</u>

(9) EMPLOYEES' RETIREMENT PLAN

Plan Description

PHA contributes to the Philadelphia Housing Authority Retirement Income Plan (the Plan). The Plan is a single-employer plan which issues separate financial statements. The following table provides information concerning covered employees and benefit provisions for the Plan.

Covered employees	All permanent employees of PHA
Current annual covered payroll	\$69,677,849
Normal retirement date	65 th birthday
Normal retirement benefit	2.5% of Average Earnings, as defined in the Plan, multiplied by the years of service not to exceed 25 years, plus 1.25% of Average Earnings multiplied by years of service in excess of 25 years
Death benefit	The Plan contains provisions for the payment of benefits to surviving spouses of employees.

PHA contributes 5.5% of total salary to the Plan. Employees are required to contribute 5.5% of total salary to the Plan on a pre-tax basis.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(9) EMPLOYEES' RETIREMENT PLAN - Continued

Actuarially Determined Contribution Requirements and Contributions Made

Actuarially determined contributions are required to provide sufficient assets to pay benefits when due and are determined using the entry age normal method. Under this method, the actuarial present value of projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of service of the individual between entry age and assumed exit age. The portion of actuarial present value allocated to each valuation is called the normal cost. The significant actuarial assumptions used to compute the actuarial determined contributions are as follows:

- a) a rate of return on the investments of 7.5% per year
- b) projected salary increase of 5.5% per year
- c) no post-retirement benefit increase

PHA's funding policy is to contribute 5.5% of total payroll to the Plan. Employees are required by collective bargaining agreements to contribute 5.5% of total salary to the Plan. The funding policy is determined by collective bargaining agreements and employment policies.

Schedule of funding progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Funding Excess (Deficiency) (a-b)	Funding Ratio (a/b)	Covered Payroll (c)	Ratio of Funding Excess to Covered Payroll [(a-b)/c]
11/01/01	\$185,898,576	\$198,197,809	(\$12,299,233)	94%	\$72,160,078	(17%)
11/01/02	182,056,877	205,197,363	(23,140,486)	89%	67,924,741	(34%)
11/01/03	191,375,788	213,342,359	(21,966,571)	90%	70,442,599	(31%)
11/01/04	195,151,751	227,044,436	(31,892,685)	86%	71,998,084	(44%)
11/01/05	200,176,636	238,402,516	(38,225,880)	84%	69,677,849	(55%)

At October 31, 2005, the Plan's assets were comprised of investments in the following percentages: 62% equity, 37% fixed income and 4% cash.

(10) SELF-INSURANCE

Prior to April 1, 1999 PHA was self-insured for personal injury claims. Asserted and unasserted claims are accrued based on PHA's experience and the advice of an independent claims manager. Although management believes that adequate accruals have been established, the ultimate liability which may result from asserted and unasserted claims could differ materially from estimated amounts. Beginning April 1, 1999 PHA purchased commercial policies for personal injury coverage.

PHA's self-insurance liability is estimated based on historical experience, actuarial factors and reserves requested by the insurance carrier to settle open claims. At March 31, 2006 the worker's compensation loss fund reserve was \$4,291,698.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(11) LEASE COMMITMENTS

PHA has entered into various noncancellable operating leases, primarily for office space and equipment. Future minimum payments under these leases are as follows:

<u>Year ending March 31</u>	
2007	\$ 1,990,840
2008	1,990,840
2009	1,391,979
2010	1,288,102
2011	1,234,827
Thereafter	<u>2,521,957</u>
	<u>\$10,418,545</u>

Total rent expense for the year ended March 31, 2006 was \$2,743,422.

(12) CONTINGENCIES

Laws, Regulations and Federal Examinations

PHA is required to comply with various laws and regulations. Instances of noncompliance could impact PHA's receipt of revenue and/or other financial resources. Management of PHA is not aware of any noncompliance with such laws and regulations that could result in a material disallowance of costs or withholding of revenue.

PHA is subject to examinations by federal and state authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to PHA in the current and prior years. The current status of such examinations is monitored by HUD.

Legal Actions

PHA is a party to various legal actions arising in the normal course of business. Accruals for anticipated losses are recorded at the time judgments are rendered or liability appears likely. It is the opinion of management that the amounts accrued represent a reasonable provision for any anticipated losses, and the ultimate disposition of these matters will not have a materially adverse effect on PHA's financial position or changes in net assets.

(13) COMPONENT UNITS

In accordance with GASB, Statement 14, PHA includes in its financial statements as component units, legally separate organizations whose affiliation with PHA, among other criteria, is by the nature and significance of such affiliation sufficient to make the component unit financially accountable to PHA.

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(13) COMPONENT UNITS – Continued

The following separate entities were originally formed, subsequently acquired and/or partially funded by PHA as part of PHA's effort to revitalize its inventory of public housing units by taking advantage of available tax credits, and combining private investment and public funding to finance the acquisition, rehabilitation, replacement and operation of public and low-income housing units. In some cases PHA is the general partner of the owner entity partnership. The following entities have been included as component units:

<u>Entity</u>	<u>Number of Housing Units</u>
PHA Tenant Support Services, Inc.	N/A
Cambridge Plaza I, LP	44
Raymond Rosen Associates, LP	152
Richard Allen Phase III, LP	178
St. Anthony's Senior Residences Associates, LP	53
Southwark Plaza, LP	470
Spring Garden Housing, LP	97
Suffolk Manor Apartments, LP	137
Tasker I, LP	245
Cambridge Plaza II, LP	40
Tasker II, LP	184
Mt. Olivet, LP	161
Uni-Penn Housing Partnership I	49
Uni-Penn Housing partnership II	46
Mill Creek Phase I, LP	80
Ridge Avenue Housing, LP	135
Cambridge III, LP	40
Angela Court	67
Philadelphia Asset and Property Management Corp.	N/A
Philadelphia Housing Development Corporation	N/A
Lucien E. Blackwell Homes Phase II, L.P.	80
Germantown House, L.P.	133
Uni-Penn Housing Partnership IV, L.P.	42
Neumann North, L.P.	67
Philadelphia Housing Authority Homeownership, Corp.	

In most instances, the entities have entered into agreements with PHA to provide various services for the projects. In addition, management and/or development fees are paid to PHADC for services rendered over the life of the project.

The individual entities have issued bonds or other debt to fund projects, including amounts owed to RDA, and PHA as mortgagees, as disclosed in Note 7.

PHA Tenant Support Services, Inc. ("TSSI")

TSSI, a not-for-profit corporation, is a program of, and was established by, PHA to promote the welfare of public housing residents and recipients of housing assistance under Section 8 of the National Housing Act.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Cambridge Plaza Limited Partnership ("Cambridge")

Cambridge was formed as a limited partnership in 2001 to acquire and develop 44 public housing units. PHA, through a corporate not-for-profit affiliate, is the general partner. The project has qualified for federal low-income housing tax credits.

The project is being funded by \$4.5 million of investor capital, and \$4.6 million of loans from PHA. PHADC is entitled to a development fee of \$413,000, of which \$248,000 will be recontributed to the project. Additionally, PHA has agreed to pay approximately \$2.8 million of project costs to be funded by Hope VI and Moving to Work Grants. PHA will provide Operating Subsidies for medium income families, and will manage the property and receive no fee for its services.

PHA, as owner of the land, has entered into a ninety-nine year ground lease with the partnership at an annual rental of \$1, and has the option to purchase the property from Cambridge at a value and under circumstances as stipulated in a Purchase Option Agreement.

Raymond Rosen Associates, LP ("Raymond Rosen")

Raymond Rosen was formed as a limited partnership in 2000 to acquire, construct and operate a 152-unit apartment complex. The project has qualified for federal tax credits, and accordingly is required to comply with various requirements including unit eligibility and rent computations. The project will be financed by \$8.3 million of investor capital, a \$15.8 million first mortgage from PHA, a \$12.5 million second mortgage from the Pennsylvania Housing Finance Agency ("PHFA"), and a construction loan of \$5.9 million with a third-party lender.

The partnership has entered into a 99-year ground lease with PHA at a rental of \$1 per year. A development fee of \$1 million and management fees at 6% of rental income are to be paid to an entity affiliated to the general partner.

Richard Allen Phase III, Limited Partnership ("Richard Allen")

Richard Allen was formed as a limited partnership in 2001 to develop and operate a 178-unit rental project. The project is being financed by \$16.4 million of RDA bonds and a mortgage from PHA for up to \$23.8 million.

The partnership has entered into a ninety-nine year ground lease with the RDA at a base rent of \$10 per year.

St. Anthony's Senior Residences Associates, LP ("St. Anthony")

St. Anthony's was formed as a limited partnership in 1998 to construct and operate a 53-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low or moderate-income individuals or families. The project was financed by \$1.65 million of mortgages from the RDA, and \$5.1 million of investor capital.

A development fee of \$430,000 and a management fee of 8% of monthly rental collections were paid to the general partner or entities affiliated to the general partner. St. Anthony's has entered into a contract with PHA for operating subsidy payments through 2041.

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Southwark Plaza, LP ("Southwark")

Southwark was formed as a limited partnership to acquire the *Courtyard Apartments at Riverview* rental property from PHA in 1997 through the RDA. The project was financed by \$18.9 million of investor capital, first and second mortgage loans of \$35.7 from PHA and a \$3 million third mortgage from RDA.

The partnership has entered into a development agreement with the general and certain limited partners (collectively, the Developer) for rehabilitation of the property. A development fee of \$5.1 million is to be paid to the Developer. The partnership has also agreed to pay the managing general partner a management fee of \$50,000 per year adjusted annually for inflation.

Spring Garden Housing, Limited Partnership ("Spring Garden")

Spring Garden was formed as a limited partnership in 1998 to develop and operate a 97-unit rental housing project. Additionally, the buildings have been designated as "certified historic structures" by the National Park Service, and, as such, will qualify for federal tax credits. The partnership has entered into an operating agreement with PHA to provide monthly subsidies, as well as a ninety-nine year ground lease, under which the partnership will pay rent of \$1 per year plus taxes, utilities and other operating expenses.

The partnership has entered into development and management agreements with entities affiliated with the general partner. The agreements provide for the payment of a development fee of \$1.2 million and an ongoing management fee of 6% of gross rentals for operating and administrative services. Additionally, an annual, non-cumulative incentive management fee of 10% of gross rentals is to be paid for day-to-day administrative services.

Suffolk Manor Apartments, Limited Partnership ("Suffolk")

Suffolk was formed as a limited partnership in 2001 to acquire and rehabilitate 138 rental units. PHA, through a corporate not-for-profit affiliate, is the general partner. The partnership has qualified for federal housing credits. The project is being financed by a \$5.3 million mortgage from PHA.

The Partnership has entered into a ninety-nine year ground lease with PHA at a base rent of \$1 per year.

Tasker I, Limited Partnership ("Tasker I")

Tasker I was formed as a limited partnership in 2002 to acquire and rehabilitate the 245 public housing rental units – *Tasker Homes Phase I*. PHA, through a corporate not-for-profit affiliate, is the general partner. The project was acquired from RDA pursuant to an Installment Sale Agreement dated December 30, 2002 and has qualified for federal low-income housing tax credits.

The Project is being funded by \$15.4 million of investor capital, \$33 million of tax-exempt bonds issued by RDA, and a \$9.9 million mortgage loan from PHA. PHA will provide operating subsidies for the project.

PHA, as owner of the land, has entered into a ninety-nine year ground lease with the RDA at an annual rental of \$10. RDA has agreed to transfer its leasehold interest in the property to Tasker I in accordance with the terms of the Installment Sale Agreement.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Tasker II Limited Partnership ("Tasker")

Tasker was formed as a limited partnership in 2003 to develop 184 public housing units. PHA, through a corporate not-for-profit affiliate, is the general partner. The project has qualified for federal low-income housing credits.

The project is being financed by \$21 million of RDA bonds, a mortgage from PHA for \$21 million and investor capital of \$12.6 million. PHA will provide operating subsidies to the project.

Cambridge Plaza II Limited Partnership ("Cambridge II")

Cambridge II was formed as a limited partnership in 2003 to develop 40 public housing units. PHA, through a corporate not-for-profit affiliate, is the general partner. The project has qualified for federal low-income housing credits.

The project is being financed by \$6 million of investor capital and a loan from PHA for up to \$3.6 million. PHADC is entitled to a Development Fee of \$743,708, which will be deemed earned upon completion of construction. PHA will provide operating subsidies to the project.

Mt. Olivet Limited Partnership ("Mt. Olivet")

Mt. Olivet was formed as a limited partnership in 2003 to develop 161 public housing units. PHA, through a corporate not-for-profit affiliate, is the general partner. The project has qualified for federal low-income housing credits.

The project is being financed by \$7.165 million of investor capital and two loans from PHA, the (*Southside Mortgage Note*) and the (*Northside Mortgage Note*) for up to \$6,492,641 and \$3,250,000, respectively. PHA will provide operating subsidies to the project.

Uni-Penn Housing Partnership I ("Uni-Penn")

Uni-Penn was formed as a limited partnership in 2000 to construct and operate a 49-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low or moderate-income individuals or families. The project was financed by \$2.3 million of mortgages from PHA and \$5.3 million of investor capital. From the date of initial occupancy, a management fee payable on a monthly basis.

Uni Penn Housing Partnership II ("Uni-Penn")

Uni-Penn II was formed as a limited partnership in 2002 to construct and operate a 46-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low or very low-income persons. The project was financed by a first mortgage commitment of \$2,495,384 from PHA, a second mortgage commitment of \$718,000 from the Pennsylvania Housing Finance Agency (PHFA) and \$5,343,000 of investor capital. A management fee, equal to six percent (6%) of gross collected rental revenue, may be earned annually by the property manager.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Mill Creek Phase I, Limited Partnership (Mill Creek)

Mill Creek was formed as a limited partnership in 2003 to construct and operate an 80-unit rental housing project, part of the Lucien E. Blackwell Homes development. PHA, through a corporate not-for-profit affiliate, is the general partner. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low-income persons. The project was financed by a mortgage commitment of \$6,103,653 from PHA and \$12,766,360 of investor capital. PHA will provide operating subsidies to the project.

Ridge Avenue Housing, Limited Partnership (Schuylkill Falls)

Schuylkill Falls was formed as a limited partnership in 1999 to construct and operate a 135-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low or very low-income persons. The project was financed by a mortgage commitment of \$18,230,759 from PHA and \$5,610,000 of investor capital. A management fee, equal to six percent (6%) of gross collected rental revenue, may be earned annually by the property manager.

Philadelphia Asset and Property Management Corp. (PAPMC)

PAPMC is a nonprofit corporation formed by PHA in 2004 to provide asset and property management services to PHA component units.

Cambridge III, Limited Partnership (Cambridge III)

Cambridge III was formed as a limited partnership in 2003 to construct and operate a 40-unit rental housing project, part of the Cambridge Plaza development. PHA, through a corporate not-for-profit affiliate, is the general partner. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low-income persons. The project is being financed by a mortgage commitment of \$3,041,325 from PHA and \$6,314,248 of investor capital. PHA will provide operating subsidies to the project.

St. Ignatius Senior Housing, Limited Partnership (Angela Court)

Angela Court was formed as a limited partnership in 2001 to construct and operate a 67-unit rental housing project. As a result of tax credits received, the property is restricted as to rental charges and is required to lease all units to low-income persons. The project was financed by a mortgage loan commitment of \$362,000 from PHA, a loan commitment of \$1,000,000 from the Pennsylvania Housing Finance Agency (PHFA), a loan commitment of \$500,000 from the Pennsylvania Department of Health, a loan commitment of \$350,000 from the Philadelphia Redevelopment Authority and \$5,700,000 of investor capital. A management fee, equal to six percent (6.6%) of gross collected rental revenue, may be earned annually by the property manager.

PHILADELPHIA HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Lucien E. Blackwell Homes Phase II, L.P. (LEBII)

Lucien E. Blackwell Homes Phase II, L.P. was formed as a limited partnership in July 14, 2004, to develop 80 residential units. PHA, through a corporate not-for-profit affiliate, is the general partner. This project will be rented to low-income tenants and will be operated in a manner necessary to qualify for federal low income housing tax credits as provided for in Section 42 of the Internal Revenue Code. The partnership expects to generate an aggregate of \$15,639,880 of federal low-income housing tax credits based on PHFA awards, which will be available in 2006 for use by its partners pro-rated over a ten-year period.

Germantown House, L.P. (Germantown)

Germantown House, L.P. was formed as a limited partnership in November 12, 2004, to develop a 133-unit apartment project. PHA, through a corporate not-for-profit affiliate, is the general partner. This project will be rented to low-income tenants and will be operated in a manner necessary to qualify for federal low income housing tax credits as provided for in Section 42 of the Internal Revenue Code. Subject to certain compliance requirements, the partnership expects to generate an aggregate of \$11,925,470 of federal low-income housing tax credits, which will be available in 2006 for use by its partners pro-rated over a ten-year period.

The project is being financed by equity contributions by the Limited Partner amounting to \$11,772,000 to be provided in eight installments pending satisfaction of certain benchmarks as well as two (2) construction period notes from PHA, which will be converted into two (2) permanent mortgage notes totaling \$8,187,912.

Uni-Penn Housing Partnership IV, L.P. (Uni-Penn IV)

Uni-Penn Housing Partnership IV was formed as a limited partnership in June 28, 2002, to develop 42 units. In July 2004, PHA became the General Partner of the Limited Partnership. This project will be rented to low-income tenants and will be operated in a manner necessary to qualify for federal low income housing tax credits as provided for in Section 42 of the Internal Revenue Code. Subject to certain compliance requirements, the partnership expects to generate an aggregate of \$5,994,120 of federal low-income housing tax credits, expected to be available in 2006 for use by its partners pro-rated over a ten-year period.

The project is being financed by equity contributions by the Limited Partner amounting to \$5,334,000 to be provided in eight installments pending satisfaction of certain benchmarks as well as a mortgage note from PHA amounting to \$3,320,420, a Bridge Note not exceeding \$479,700 and a grant in the amount of \$330,000.

PHILADELPHIA HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

(13) COMPONENT UNITS - Continued

Neumann North, L.P. (Neumann North)

Neumann North, L.P. was formed as a limited partnership in October 7, 2002 to develop 67 senior housing residential units, including space to be leased for use as an Adult Day Care Center. This project was completed in December 2005.

This project will be rented to low-income tenants and will be operated in a manner necessary to qualify for federal low-income housing tax credits as provided for in Section 42 of the Internal Revenue Code. Subject to certain compliance requirements, the partnership expects to generate an aggregate of \$6,433,250 of federal low-income housing tax credits, expected to be available in 2006 for use by its partners pro-rated over a ten-year period.

The project is being financed by equity contributions as well as three mortgage notes. The equity contribution by the General Partner amounts to \$250,000 and the Limited Partner's contribution amounts to \$5,475,000. The combined mortgage notes as of December 31, 2005 from the Philadelphia Housing Authority, the Mellon Bank Community Development Corporation and the Redevelopment Authority of the City of Philadelphia amounted to \$3,533,052 of which the PHA note is \$2 million.

Philadelphia Housing Authority Homeownership Corp. (PHA HC)

The Philadelphia Housing Authority Homeownership Corp., a nonprofit corporation, was formed January 14, 2004, with the purpose of developing and selling affordable housing units to low-income families. Additionally, the PHAHC was created to provide financial counseling and other counseling services to purchasers and to facilitate and coordinate the sale and conveyance of the housing units.

Philadelphia Housing Authority Development Corporation

The Philadelphia Housing Authority Development Corporation ("PHADC") was created in May of 1997 as a Pennsylvania non-profit corporation to undertake development activities on behalf of the Philadelphia Housing Authority (the "Housing Authority"). PHADC is an affiliate of the Housing Authority. The Board of Directors and the Officers of PHADC are comprised of employees of the Housing Authority. PHADC has the power and authority to undertake development activities pursuant to agreement with PHA. In exchange for providing development services to PHA and certain Limited Partnerships, which own several of Housing Authority tax credit sites, PHADC is paid a development fee in accordance with certain State and Federal guidelines. To date, PHADC has developed in excess of fifteen public housing rental and homeownership sites on behalf of the Housing Authority.

(14) PRIOR PERIOD ADJUSTMENTS

Net assets at March 31, 2006 have been restated to correct certain errors in prior financial statements. The adjustments include the following:

Correction of accounts payable and accrued expenses	<u>\$191,714</u>
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HUD SUPPLEMENTARY INFORMATION

PHILADELPHIA HOUSING AUTHORITY
COMBINING STATEMENTS OF NET ASSETS
MARCH 31, 2006

		Section 8 Modern Rehab Prg No. 1	Section 8 Modern Rehab Prg No. 2	Section 8 Modern Rehab Prg No. 3	Section 8 Modern Rehab Prg No. 4	Section 8 Modern Rehab Prg No. 5	Section 8 Modern Rehab Prg No. 6	Section 8 Modern Rehab Prg No. 7	Section 8 Modern Rehab Prg No. 8	Section 8 Modern Rehab Prg No. 9
ASSETS										
Current Assets:										
Cash	\$ 14,389,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-
Receivables, net	110,318	-	-	-	-	-	-	-	-	-
Due from other governments	83,559	76,222	131,748	132,433	19,880	-	2,371	36,489	82,078	2,225
Due from other funds	15,094,870	6,944	239,164	230,251	13,682	11,932	30,091	47,777	6,173	220,549
Other assets	-	(163)	-	-	-	-	-	-	-	-
Total current assets	29,678,338	83,003	370,912	362,684	33,562	11,932	32,462	84,266	88,251	222,774
NONCURRENT ASSETS										
Mortgage receivable	-	-	-	-	-	-	-	-	-	-
Capital assets, net of depreciation	28,867,178	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	28,867,178	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	58,545,516	83,003	370,912	362,684	33,562	11,932	32,462	84,266	88,251	222,774
LIABILITIES AND NET ASSETS										
Current liabilities:										
Accounts payable	478,879	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-
Due to other funds	137,915	-	-	-	-	-	-	-	-	-
Compensated absences	606,714	-	-	-	-	-	-	-	-	-
Trust and deposits	-	-	-	-	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-	-
Deferred credits and other liabilities	2,666,082	6	516	33	131	-	-	2,970	41	-
Total current liabilities	3,889,590	6	516	33	131	-	-	2,970	41	-
NONCURRENT LIABILITIES										
Compensated absences	404,476	-	-	-	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-	-
Other liabilities	30,278	-	-	-	-	-	-	-	-	-
Total noncurrent liabilities	434,755	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	4,324,345	6	516	33	131	-	-	2,970	41	-
NET ASSETS:										
Invested in capital accounts	28,867,178	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	25,353,994	82,997	370,396	362,651	33,431	11,932	32,462	81,296	88,210	222,774
TOTAL NET ASSETS	54,221,172	82,997	370,396	362,651	33,431	11,932	32,462	81,296	88,210	222,774
TOTAL LIABILITIES AND NET ASSETS	\$ 58,545,517	\$ 83,003	\$ 370,912	\$ 362,684	\$ 33,562	\$ 11,932	\$ 32,462	\$ 84,266	\$ 88,251	\$ 222,774

PHILADELPHIA E DUCATION AUTHORITY
COMBINING STATEMENTS OF NET ASSETS
MARCH 31, 2006

	Head Start	Summer Food Service Program	Congregate Housing Service Program	New Construction Section 8 Programs	Resident Opportunity and Self Sufficiency	Supportive Housing Program	Youth Entrepreneur Program	Section 8 Single Room Occupancy Program	Low Rent Public Housing Program
ASSETS									
Current Assets:									
Cash	\$ 850	\$ -	\$ 2,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,943,064
Investments	-	-	-	-	-	-	-	-	12,297,888
Restricted cash and investments	-	-	-	-	-	-	-	-	4,691,893
Receivables, net	-	2,106	-	-	-	-	-	-	336,590
Due from other governments	15,810	-	53,326	-	86,746	71,350	-	75,581	1,630,848
Due from other funds	-	-	-	127,539	-	-	-	838,073	18,917,529
Other assets	-	-	-	-	1,559	-	-	-	3,199,965
Total current assets	16,660	2,106	55,801	127,539	88,305	71,350	-	933,654	47,017,776
NONCURRENT ASSETS									
Mortgage receivable	-	-	-	-	-	-	-	-	-
Capital assets, net of depreciation	932	-	-	-	26,748	-	-	-	309,666,113
Other assets	-	-	-	-	-	-	-	-	192,232
Total noncurrent assets	932	-	-	-	26,748	-	-	-	309,858,345
TOTAL ASSETS	17,592	2,106	55,801	127,539	115,053	71,350	-	933,654	356,876,121
LIABILITIES AND NET ASSETS									
Current liabilities:									
Accounts payable	(4,860)	-	-	2,446	-	-	-	-	4,871,179
Due to other governments	-	-	-	-	-	-	-	-	130,268
Due to other funds	21,274	2,106	55,801	-	86,644	71,350	-	-	1,259,708
Compensated absences	-	-	-	-	-	-	-	-	4,610,508
Trust and deposits	-	-	-	-	-	-	-	-	703,456
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-
Deferred credits and other liabilities	-	-	-	37,730	-	-	-	-	-
Total current liabilities	16,415	2,106	55,801	40,176	86,644	71,350	-	122	11,998,424
NONCURRENT LIABILITIES									
Compensated absences	-	-	-	-	-	-	-	-	3,073,673
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	58,903
Other liabilities	245	-	-	-	-	-	-	-	11,708,808
Total noncurrent liabilities	245	-	-	-	-	-	-	-	14,841,384
TOTAL LIABILITIES	16,660	2,106	55,801	40,176	86,644	71,350	-	122	38,414,927
NET ASSETS:									
Invested in capital accounts	932	-	-	-	26,748	-	-	-	309,666,113
Restricted	-	-	-	-	-	-	-	-	2,394,240
Unrestricted	-	-	-	87,363	1,661	-	-	933,532	6,400,842
TOTAL NET ASSETS	932	-	-	87,363	28,409	-	-	933,532	318,461,195
TOTAL LIABILITIES AND NET ASSETS	\$ 17,592	\$ 2,106	\$ 55,801	\$ 127,539	\$ 115,052	\$ 71,350	\$ -	\$ 933,654	\$ 356,876,122

PHILADELPHIA HOUSING AUTHORITY
COMBINING STATEMENTS OF NET ASSETS
MARCH 31, 2006

	Section 8 Modern Rehab Prg No. 10	Section 8 Modern Rehab Prg Admin Fees	Total Section 8 Modern Rehab Prg	Section 8 Housing Choice Voucher Program	Capital Fund Programs	Comp Grant Programs	Revitalization of Severely Distressed Public Housing	Special Programs for the Aging	Child Care and Development Grants	Long-Term Notes Receivable
ASSETS										
Current Assets:										
Cash	\$ -	\$ 2,147,441	\$ 2,147,441	\$ 16,941,985	\$ -	\$ -	\$ -	\$ -	\$ 3,356	\$ -
Investments	-	-	-	5,000,000	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-	-	-
Receivables, net	-	268	268	967,415	-	-	-	-	198	-
Due from other governments	25,061	-	508,507	11,501	12,502,489	-	2,033,235	186,373	-	-
Due from other funds	-	-	806,564	-	26,918	-	16,133	14,757	-	161,630
Other assets	-	-	(163)	-	2,830	-	-	-	-	-
Total current assets	25,061	2,147,709	3,462,617	22,920,901	12,532,237	-	2,049,368	201,130	3,554	161,630
NONCURRENT ASSETS										
Mortgage receivable	-	-	-	-	-	-	-	-	-	166,878,602
Capital assets, net of depreciation	-	-	-	9,265	181,249,857	516,852	37,350,085	79	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total noncurrent assets	-	-	-	9,265	181,249,857	516,852	37,350,085	79	-	166,878,602
TOTAL ASSETS	25,061	2,147,709	3,462,617	22,930,166	193,782,094	516,852	39,399,453	201,209	3,554	167,040,232
LIABILITIES AND NET ASSETS										
Current liabilities:										
Accounts payable	-	-	-	19,518	184,566	-	406,986	-	(32)	-
Due to other governments	-	-	-	-	-	-	-	-	-	-
Due to other funds	8,876	2,136,313	2,145,189	20,392,809	9,188,743	-	941,011	186,289	212	-
Compensated absences	-	-	-	61,567	-	-	-	-	-	-
Trust and deposits	-	-	-	-	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-	-
Deferred credits and other liabilities	-	-	3,697	75,796	3,084,540	-	1,053,632	14,757	3,375	-
Total current liabilities	8,876	2,136,313	2,148,886	20,549,690	12,457,849	-	2,401,630	201,046	3,554	-
NONCURRENT LIABILITIES										
Compensated absences	-	-	-	41,045	-	-	-	-	-	-
Bonds, notes and loans payable	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	52,899	20,244	-	21,450	84	-	-
Total noncurrent liabilities	-	-	-	93,944	20,244	-	21,450	84	-	-
TOTAL LIABILITIES	8,876	2,136,313	2,148,886	20,643,634	12,478,093	-	2,423,080	201,130	3,554	-
NET ASSETS:										
Invested in capital accounts	-	-	-	9,265	181,249,857	516,852	37,350,085	79	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	16,185	11,396	1,313,730	2,277,267	54,144	-	(373,712)	(0)	-	167,040,232
TOTAL NET ASSETS	16,185	11,396	1,313,730	2,286,532	181,304,001	516,852	36,976,373	79	-	167,040,232
TOTAL LIABILITIES AND NET ASSETS	\$ 25,061	\$ 2,147,709	\$ 3,462,617	\$ 22,930,166	\$ 193,782,094	\$ 516,852	\$ 39,399,453	\$ 201,208	\$ 3,554	\$ 167,040,232

PHILADELPHIA HIC 3 AUTHORITY
COMBINING STATEMENTS OF NET ASSETS
MARCH 31, 2006

	Debt Service Fund	General Purpose Bond Proceeds	Develop- ment Program	Blended Component Units	State and Local Grants	Total PHA Programs
ASSETS						
Current Assets:						
Cash	\$ 390,890	\$ -	\$ -	\$ 47,738,589	\$ 346,545	\$ 87,924,787
Investments	-	-	-	-	247,486	17,545,373
Restricted cash and investments	11,624,349	802,740	-	8,703,146	-	25,822,128
Receivables, net	-	-	-	13,090,331	1,043,559	15,550,785
Due from other governments	-	-	79,561	14,111,848	-	31,450,734
Due from other funds	-	-	-	-	12,006	36,036,016
Other assets	-	-	-	1,099,036	-	4,303,227
Total current assets	12,015,239	802,740	79,561	84,762,950	1,649,596	218,633,050

NONCURRENT ASSETS						
Mortgage receivable	-	-	-	-	-	166,878,602
Capital assets, net of depreciation	27,959,121	223,799	27,145,596	354,939,273	1,070,342	969,025,240
Other assets	7,119,692	806,299	-	3,389,498	-	11,507,721
Total noncurrent assets	35,078,813	1,030,098	27,145,596	358,328,771	1,070,342	1,147,411,563
TOTAL ASSETS	47,094,052	1,832,838	27,225,157	443,091,721	2,719,938	1,366,044,613

LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	1,876,522	-	-	22,875,768	6,753	30,717,723
Due to other governments	-	-	-	-	-	130,268
Due to other funds	1,017,349	-	-	-	529,618	36,036,018
Compensated absences	-	-	-	24,987	-	5,303,776
Trust and deposits	-	-	-	377,675	-	1,081,131
Bonds, notes and loans payable	3,285,000	-	-	2,625,000	-	5,910,000
Deferred credits and other liabilities	154,223	304,823	79,560	3,298,478	618,676	23,393,917
Total current liabilities	6,333,094	304,823	79,560	29,201,908	1,155,047	102,572,833

NONCURRENT LIABILITIES						
Compensated absences	-	-	-	-	-	3,519,191
Bonds, notes and loans payable	72,937,959	11,000,000	-	216,765,654	-	300,762,516
Other liabilities	101	-	-	19,936,258	-	31,770,369
Total noncurrent liabilities	72,938,060	11,000,000	-	236,701,912	-	336,052,076
TOTAL LIABILITIES	79,271,154	11,304,823	79,560	265,903,820	1,155,047	438,624,909

NET ASSETS:						
Invested in capital accounts	(48,263,838)	(10,776,201)	27,145,596	135,548,619	1,070,342	662,411,627
Restricted	-	-	-	-	-	2,394,240
Unrestricted	16,086,737	1,304,216	1	41,639,282	494,549	262,613,837
TOTAL NET ASSETS	(32,177,101)	(9,471,985)	27,145,597	177,187,901	1,564,891	927,419,703
TOTAL LIABILITIES AND NET ASSETS	\$ 47,094,053	\$ 1,832,838	\$ 27,225,157	\$ 443,091,721	\$ 2,719,938	\$ 1,366,044,613

PHILADELPHIA HOUSING AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MARCH 31, 2006

	Head Start	Summer Food Service Program	Congregate Housing Service Program	New Construction Section 8 Programs	Resident Opportunity and Self Sufficiency	Supportive Housing Program	Youth Entrepreneur Program	Section 8 Single Room Occupancy Program	Low Rent Public Housing Program	Moving to Work
\$	-	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operating revenue:										
Total tenant revenue	73,490	126,717	84,443	1,023,793	286,768	336,436	-	1,531,599	16,841,291	-
Operating subsidies	642,715	179,847	4,633	-	-	-	-	-	99,496,822	135,810,813
Other income	716,206	306,564	89,075	1,023,793	286,768	336,436	-	1,531,599	565,152	-
Total operating revenue										
									116,903,265	135,810,813
Operating expenses:										
Administrative	138,465	1,564	289	33,931	238,510	277,199	-	201,243	40,440,415	22,374,623
Tenant services	556,446	305,000	88,756	-	23,329	59,039	-	-	1,477,703	1,632,499
Utilities	-	-	-	-	-	-	-	-	28,533,873	-
Maintenance	4,814	-	-	-	10,489	-	-	-	56,706,343	1,546,379
Protective services	-	-	-	-	-	-	-	-	5,208,174	2,282,494
General	1,726	-	30	140	93	196	200,000	827	17,657,007	181,139
Housing assistance programs	-	-	-	968,147	-	-	-	1,287,416	-	99,856,411
Depreciation and amortization	588	-	-	-	13,131	-	-	-	35,438,848	834,805
Interfund sources/uses	-	-	-	-	-	-	-	-	-	-
Total operating expenses	702,039	306,564	89,075	1,002,217	285,552	336,435	200,000	1,489,486	185,462,362	128,708,350
Operating income (loss)	14,166	-	-	21,576	1,216	1	(200,000)	42,113	(68,559,097)	7,102,463
Nonoperating revenue and (expenses):										
Interest and investment earnings	-	-	-	-	-	-	-	-	974,538	569,632
Gain and (Loss) on the sale of fixed assets	-	-	-	-	-	-	-	-	(9,743,938)	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Net nonoperating revenue and (expenses)	-	-	-	-	-	-	-	-	(8,769,399)	569,632
Income (loss) before capital subsidies	14,166	-	-	21,576	1,216	1	(200,000)	42,113	(77,328,496)	7,672,096
Capital subsidies	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	22,629,345	(14,547,468)
Change in net assets	14,166	-	-	21,576	1,216	1	(200,000)	42,113	(54,699,151)	(6,875,373)
Total net assets a beginning of year:										
As previously reported	(13,235)	-	-	65,787	27,190	-	200,000	891,419	373,102,571	61,096,544
Prior period and equity transfer adjustment	(13,235)	-	-	65,787	27,190	-	-	-	57,775	-
Total net assets at end of year	\$ 932	\$	\$	\$ 87,363	\$ 28,407	\$ 1	\$	\$ 933,532	\$ 318,461,196	\$ 54,221,172

PHILADELPHIA HC & AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MARCH 31, 2006

	Section 8 Modern Rehab Prg No. 1	Section 8 Modern Rehab Prg No. 2	Section 8 Modern Rehab Prg No. 3	Section 8 Modern Rehab Prg No. 4	Section 8 Modern Rehab Prg No. 5	Section 8 Modern Rehab Prg No. 6	Section 8 Modern Rehab Prg No. 7	Section 8 Modern Rehab Prg No. 8	Section 8 Modern Rehab Prg No. 9	Section 8 Modern Rehab Prg No. 10	Section 8 Modern Rehab Prg Admin Fees
Operating revenue:											
Total tenant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating subsidies	425,798	541,981	485,937	80,816	(85,948)	42,270	136,868	238,973	342,099	86,838	-
Other income	-	-	-	-	-	-	-	-	-	-	-
Total operating revenue	425,798	541,981	485,937	80,816	(85,948)	42,270	136,868	238,973	342,099	86,838	-
Operating expenses:											
Administrative	31,472	34,467	26,675	4,947	-	3,381	8,617	12,575	49,350	4,947	-
Tenant services	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-
Maintenance	(1,632)	-	-	-	-	50	-	-	-	-	-
Protective services	-	-	-	-	-	-	-	-	-	-	-
General	133	142	110	20	-	14	35	52	203	20	-
Housing assistance programs	396,081	492,079	361,774	73,599	726	38,740	124,773	220,648	272,742	81,453	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-
Interfund sources/uses	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	426,053	526,688	388,558	78,567	726	42,184	133,425	233,274	322,295	86,421	-
Operating income (loss)	(255)	15,293	97,379	2,249	(86,674)	86	3,443	5,699	19,804	417	-
Nonoperating revenue and (expenses):											
Interest and investment earnings	-	-	-	-	-	-	-	-	-	-	11,396
Gain and (Loss) on the sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-
Net nonoperating revenue and (expenses)	-	-	-	-	-	-	-	-	-	-	11,396
Income (loss) before capital subsidies	(255)	15,293	97,379	2,249	(86,674)	86	3,443	5,699	19,804	417	11,396
Capital subsidies	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Change in net assets	(255)	15,293	97,379	2,249	(86,674)	86	3,443	5,699	19,804	417	11,396
Total net assets a beginning of year:	83,252	355,103	265,273	31,182	98,606	32,376	77,853	82,511	202,970	15,767	-
As previously reported	-	-	-	-	-	-	-	-	-	-	-
Prior period and equity transfer adjustment	83,252	355,103	265,273	31,182	98,606	32,376	77,853	82,511	202,970	15,767	-
Total net assets at end of year	\$ 82,997	\$ 370,396	\$ 362,651	\$ 33,431	\$ 11,932	\$ 32,462	\$ 81,296	\$ 88,210	\$ 222,774	\$ 16,185	\$ 11,396

PHILADELPHIA HOUSING AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MARCH 31, 2006

	Total Section 8 Modern Rehab Prg	Section 8 Housing Choice Voucher Program	Capital Fund Programs	Comp Grant Programs	Revitalization of Severely Distressed Public Housing	Special Programs for the Aging	Child Care and Development Grants	Long-Term Notes Receivable	Debt Service Fund	General Purpose Bond Proceeds	Develop- ment Program
Operating revenue:											
Total tenant revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating subsidies	2,295,632	7,894,229	53,809,058	-	13,842,014	124,037	5,042	-	-	-	-
Other income	-	232,243	-	-	-	-	61,992	-	-	-	-
Total operating revenue	2,295,632	8,126,472	53,809,058	-	13,842,014	124,037	67,034	-	-	-	-
Operating expenses:											
Administrative	176,431	602,831	12,791,661	-	2,903,098	1,696	1,973	-	1,700,044	(4,999)	-
Tenant services	-	-	103,371	-	2,421,794	122,029	54,337	-	11,707	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-
Maintenance	(1,583)	(2,135)	3,751,234	-	7,122,389	90	-	-	1,714,936	10,183,945	-
Protective services	-	-	-	-	-	-	-	-	-	-	-
General	729	17,302	-	-	-	221	9,293	-	-	-	-
Housing assistance programs	2,062,615	6,413,715	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	15,633	8,999,613	13,425	942,232	189	-	-	1,782,658	-	829,893
Interfund sources/uses	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	2,238,191	7,047,347	25,645,879	13,425	13,389,513	124,226	65,603	-	5,209,345	10,178,946	829,893
Operating income (loss)	57,441	1,079,126	28,163,179	(13,425)	452,500	(189)	1,431	-	(5,209,345)	(10,178,946)	(829,893)
Nonoperating revenue and (expenses):											
Interest and investment earnings	11,396	1,371,332	-	-	-	-	(1,431)	2,394,152	20,325	-	-
Gain and (Loss) on the sale of fixed assets	-	-	(2,589,367)	-	-	-	-	-	-	-	-
Interest expense	-	-	(2,063,124)	-	-	-	-	-	-	-	-
Net nonoperating revenue and (expenses)	11,396	1,371,332	(4,652,491)	-	-	-	(1,431)	2,394,152	20,325	-	-
Income (loss) before capital subsidies	68,837	2,450,458	23,510,688	(13,425)	452,500	(189)	(0)	2,394,152	(5,189,020)	(10,178,946)	(829,893)
Capital subsidies	-	-	18,885,939	-	1,424,197	-	-	-	-	-	0
Transfers	-	-	(35,099,668)	-	(1,394,733)	-	-	17,041,241	6,900,882	522,500	-
Change in net assets	68,837	2,450,458	7,296,959	(13,425)	481,965	(189)	(0)	19,435,393	1,711,862	(9,656,446)	(829,893)
Total net assets a beginning of year:											
As previously reported	1,244,894	(163,927)	173,771,553	965,757	36,494,410	268	-	146,869,559	(33,888,964)	184,461	27,975,489
Prior period and equity transfer adjustment	-	-	235,486	(435,481)	-	-	-	735,280	-	-	-
	1,244,894	(163,927)	174,007,038	530,277	36,494,410	268	-	147,604,839	(33,888,964)	184,461	27,975,489
Total net assets at end of year	\$ 1,313,730	\$ 2,286,531	\$ 181,303,997	\$ 516,852	\$ 36,976,374	\$ 79	\$ (0)	\$ 167,040,232	\$ (32,177,102)	\$ (9,471,985)	\$ 27,145,596

PHILADELPHIA HOUSING AUTHORITY
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
MARCH 31, 2006

	Blended Component Units	State and Local Grants	Total PHA Programs
Operating revenue:			
Total tenant revenue	\$ 6,288,073	\$ -	\$ 23,129,364
Operating subsidies	4,477,924	769,287	321,988,103
Other income	6,805,639	70,160	8,562,381
Total operating revenue	17,571,636	839,447	353,679,848
Operating expenses:			
Administrative	5,608,569	419,874	87,907,417
Tenant services	201,173	47,395	7,104,578
Utilities	2,094,871	-	30,628,744
Maintenance	2,693,189	1,321,244	85,051,332
Protective services	162,998	22,133	7,675,800
General	1,500,900	-	19,569,603
Housing assistance programs	-	-	110,588,304
Depreciation and amortization	9,641,400	30,591	58,543,008
Interfund sources/uses	(86,023,655)	-	(86,023,661)
Total operating expenses	(64,120,555)	1,841,236	321,045,124
Operating income (loss)	81,692,191	(1,001,790)	32,634,724
Nonoperating revenue and (expenses):			
Interest and investment earnings	1,272,288	17,559	6,629,792
Gain and (Loss) on the sale of fixed assets	-	-	(12,333,305)
Interest expense	(2,597,651)	-	(4,660,775)
Net nonoperating revenue and (expenses)	(1,325,363)	17,559	(10,364,288)
Income (loss) before capital subsidies	80,366,828	(984,231)	22,270,436
Capital subsidies	-	-	20,310,136
Transfers	2,928,164	1,019,736	(0)
Change in net assets	83,294,992	35,505	42,580,571
Total net assets a beginning of year:			
As previously reported	94,294,256	1,529,385	884,647,417
Prior period and equity transfer adjustment	(401,347)	-	191,714
	93,892,909	1,529,385	884,839,131
Total net assets at end of year	\$ 177,187,901	\$ 1,564,890	\$ 927,419,703

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self-Sufficiency	Supportive Housing Services	S8 Single Room Occupancy Program Totals	Low Rent Program Totals	Move to Work
	ASSETS:									
	CURRENT ASSETS:									
	Cash:									
111	Cash - unrestricted	850	-	2,475	-	-	-	-	5,943,064	14,389,591
112	Cash - restricted - modernization and dev	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-
115	cash - restricted for payment of current liab	-	-	-	-	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	-	-	-	703,456	-
100	Total cash	850	-	2,475	-	-	-	-	6,646,520	14,389,591
	Accounts and notes receivables:									
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	1,630,848	5,234
122	Accounts receivable - HUD other projects	-	-	53,326	-	86,746	71,350	75,581	-	78,325
124	Accounts receivable - other government	15,810	-	-	-	-	-	-	-	-
125	Accounts receivable - miscellaneous	-	2,106	-	-	-	-	-	1,669	2,917
126	Accounts receivable - tenants - dwelling rents	-	-	-	-	-	-	-	1,695,090	-
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-	(1,516,530)	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	156,360	107,401
120	Total receivables, net of allowances for uncollectibles	15,810	2,106	53,326	-	86,746	71,350	75,581	1,967,438	193,877
	Current investments									
131	Investments - unrestricted	-	-	-	-	-	-	-	12,297,888	-
132	Investments - restricted	-	-	-	-	-	-	-	3,988,437	-
142	Prepaid expenses and other assets	-	-	-	-	-	-	-	34,225	-
143	Inventories	-	-	-	-	1,559	-	-	3,492,740	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	(327,000)	-
144	Interprogram due from	-	-	-	127,539	-	-	858,073	18,917,529	15,094,870
146	Amounts to be provided	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	16,660	2,106	55,801	127,539	88,305	71,350	933,654	47,017,776	29,678,338
	NONCURRENT ASSETS:									
	Fixed assets:									
161	Land	-	-	-	-	-	-	-	25,318,820	-
162	Buildings	-	-	-	-	-	-	-	895,299,739	10,872,405

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self-Sufficiency	Supportive Housing Services	S8 Single Room Occupancy Program Totals	Low Rent Program Totals	Move to Work
163	Furniture, equipment & mach. - dwellings	-	-	-	-	-	-	-	6,875	15,051
164	Furniture, equipment & mach. - admin.	39,095	-	-	-	56,257	-	-	25,019,853	567,402
165	Leasehold improvements	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(38,163)	-	-	-	(29,509)	-	-	(635,979,173)	(1,281,105)
167	Work in Progress	-	-	-	-	-	-	-	-	18,693,426
160	Total fixed assets, net of accumulated depreciation	932	-	-	-	26,748	-	-	309,666,113	28,867,178
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-	-	-
172	Notes and mortgages receivable-non-current-past due	-	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	192,232	-
175	Undistributed debits	-	-	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	932	-	-	-	26,748	-	-	309,858,345	28,867,178
190	TOTAL ASSETS	17,592	2,106	55,801	127,539	115,053	71,350	933,654	356,876,121	58,545,516
	LIABILITIES AND EQUITY:									
	LIABILITIES:									
	CURRENT LIABILITIES									
311	Bank overdraft	-	-	-	-	-	-	-	-	-
312	Accounts payable < 90 days	(4,860)	-	-	2,446	-	-	-	473,209	478,879
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-	4,397,969	-
322	Accrued compensated absences	-	-	-	-	-	-	-	4,610,508	606,714
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-
333	Accounts payable - other gov.	-	-	-	-	-	-	-	130,268	-
341	Tenant security deposits	-	-	-	-	-	-	-	703,456	-
342	Deferred revenues	-	-	-	37,730	-	-	122	4,030,027	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	7,381,165	41,800
346	Accrued liabilities - other	-	-	-	-	-	-	-	587,233	2,624,282
347	Inter-program (due to)	21,274	2,106	55,801	-	86,644	71,350	-	1,259,708	137,915
310	TOTAL CURRENT LIABILITIES	16,415	2,106	55,801	40,176	86,644	71,350	122	23,573,543	3,889,590
	NONCURRENT LIABILITIES:									
351	Long-term debt, net of current- capital projects	-	-	-	-	-	-	-	58,903	-

PHILADELPHIA HOUSING AUTHORITY

MARCH 31, 2006

FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self Sufficiency	Supportive Housing Services	S8 Single Room Occupancy Program Totals	Low Rent Program Totals	Move to Work
352	Long-term debt, net of current- operating borrowings	-	-	-	-	-	-	-	-	-
354	accrued comp absences	-	-	-	-	-	-	-	3,073,672	404,476
353	Noncurrent liabilities- other	245	-	-	-	-	-	-	11,708,808	30,277
350	TOTAL NONCURRENT LIABILITIES	245	-	-	-	-	-	-	14,841,383	434,754
300	TOTAL LIABILITIES	16,660	2,106	55,801	40,176	86,644	71,350	122	38,414,926	4,324,344
	EQUITY:									
501	Investment in general fixed assets									
	Contributed Capital:									
502	Project notes (HUD)									
503	Long-term debt - HUD guaranteed									
504	Net HUD PHA contributions									
505	Other HUD contributions									
507	Other contributions									
508	Total contributed capital									
508.1	Invested in capital assets, net of related debt	932	-	-	-	26,748	-	-	309,666,113	28,867,178
	Reserved fund balance:									
509	Reserved for operating activities									
510	Reserved for capital activities									
511	Total reserved fund balance								2,394,240	-
511	Restricted net assets								2,394,240	-
512	Undesignated fund balance/retained earnings	(0)			87,363	-		933,532	6,400,842	25,353,994
512.1	Unrestricted Retained Earnings				87,363	28,409	-	933,532	318,461,195	54,221,172
513	TOTAL EQUITY	932	-	-		1,661			-	-
600	TOTAL LIABILITIES AND EQUITY	17,592	2,106	55,801	127,539	115,053	71,350	933,654	356,876,121	58,545,516

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Line Item #	Account Description	Mod Rehab 001	Mod Rehab 002	Mod Rehab 003	Mod Rehab 004	Mod Rehab 005	Mod Rehab 006	Mod Rehab 007	Mod Rehab 008	Mod Rehab 009	Mod Rehab 010	Admin Fees
ASSETS:												
CURRENT ASSETS:												
Cash:												
111	Cash - unrestricted											2,147,441
112	Cash - restricted - modernization and dev											
113	Cash - other restricted											
115	Cash - restricted for payment of current liab											
114	Cash - tenant security deposits											
100	Total cash	-	-	-	-	-	-	-	-	-	-	2,147,441
Accounts and notes receivables:												
121	Accounts receivable - PHA projects											
122	Accounts receivable - HUD other projects	76,222	131,748	132,433	19,880	-	2,371	36,489	82,078	2,225	25,061	-
124	Accounts receivable - other government											
125	Accounts receivable - miscellaneous											
126	Accounts receivable - tenants - dwelling rents											
126.1	Allowance for doubtful accounts - dwelling rents											
126.2	Allowance for doubtful accounts - other											
127	Notes and mortgages receivable - current											
128	Fraud recovery											
128.1	Allowance for doubtful accounts - fraud											
129	Accrued interest receivable											268
120	Total receivables, net of allowances for uncollectible	76,222	131,748	132,433	19,880	-	2,371	36,489	82,078	2,225	25,061	268
Current investments												
131	Investments - unrestricted											
132	Investments - restricted											
142	Prepaid expenses and other assets											
143	Inventories	(163)										
143.1	Allowance for obsolete inventories											
144	Interprogram due from	6,944	239,164	230,251	13,682	11,932	30,091	47,777	6,173	220,549	-	
146	Amounts to be provided											
150	TOTAL CURRENT ASSETS	83,003	370,912	362,684	33,562	11,932	32,462	84,266	88,251	222,774	25,061	2,147,709
NONCURRENT ASSETS:												
Fixed assets:												
161	Land											
162	Buildings											

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		Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Mod Rehab	Admin Fees
		001	002	003	004	005	006	007	008	009	010					
Line Item #	Account Description															
352	Long-term debt, net of current operating borrowing															
354	accrued comp absences															
353	Noncurrent liabilities- other															
350	TOTAL NONCURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
300	TOTAL LIABILITIES	6	516	33	131	-	-	2,970	41	-	8,876				2,136,313	
EQUITY:																
501	Investment in general fixed assets															
	Contributed Capital:															
502	Project notes (HUD)															
503	Long-term debt - HUD guaranteed															
504	Net HUD PHA contributions															
505	Other HUD contributions															
507	Other contributions															
508	Total contributed capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
508.1	Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Reserved fund balance:															
509	Reserved for operating activities															
510	Reserved for capital activities															
511	Total reserved fund balance															
511	Restricted net assets															
512	Undesignated fund balance/retained earnings															
512.1	Unrestricted Retained Earnings	82,997	370,396	362,651	33,431	11,932	32,462	81,296	88,210	222,774	16,185					
513	TOTAL EQUITY	82,997	370,396	362,651	33,431	11,932	32,462	81,296	88,210	222,774	16,185					
600	TOTAL LIABILITIES AND EQUITY	83,003	370,912	362,684	33,562	11,932	32,462	84,266	88,251	222,774	25,061					2,147,709

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Line Item #	Account Description	MOD Rehab Program Totals	Housing Choice Voucher Program 14,857	CFP TOTALS	Comp Grant Totals	HOPE VI TOTALS	Special Programs for the Aging Totals	Day Care Program	Long-Term Notes Receivable	Tasker/Wilson Bond Proceeds	General Purpose Bond Proceeds
ASSETS:											
CURRENT ASSETS:											
	Cash:										
111	Cash - unrestricted	2,147,441	16,941,985	-	-	-	-	3,356	-	390,890	-
112	Cash - restricted - modernization and dev	-	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-	-
115	Cash - restricted for payment of current liab	-	-	-	-	-	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	-	-	-	-	-	-
100	Total cash	2,147,441	16,941,985	-	-	-	-	3,356	-	390,890	-
Accounts and notes receivables:											
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	508,507	11,501	12,502,489	-	2,033,235	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	186,373	-	-	-	-
125	Accounts receivable - miscellaneous	-	644,959	-	-	-	-	198	-	-	-
126	Accounts receivable- tenants - dwelling rents	-	-	-	-	-	-	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	268	322,456	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectib	508,775	978,916	12,502,489	-	2,033,235	186,373	198	-	-	-
Current investments											
131	Investments - unrestricted	-	5,000,000	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	11,624,349	802,740
142	Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-
143	Inventories	(164)	-	2,830	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-	-
144	Interprogram due from	806,564	-	26,918	-	16,133	14,757	-	161,630	-	-
146	Amounts to be provided	-	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	3,462,616	22,920,901	12,532,237	-	2,049,368	201,130	3,554	161,630	12,015,239	802,740
NONCURRENT ASSETS:											
Fixed assets:											
161	Land	-	-	-	-	-	-	-	-	-	-
162	Buildings	-	-	158,983,098	536,989	37,646,424	-	-	-	26,739,877	-

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Line Item #	Account Description	MOD Rehab Program Totals	Housing Choice Voucher Program 14,857	CFP TOTALS	Comp Grant Totals	HOPE VI TOTALS	Special Programs for the Aging Totals	Day Care Program	Long-Term Notes Receivable	Tasker/Wilson Bond Proceeds	General Purpose Bond Proceeds
163	Furniture, equipment & mach. - dwellings	-	-	-	-	-	-	-	-	-	-
164	Furniture, equipment & mach. - admin.	-	620,103	136,374	-	-	23,182	3,525	-	-	-
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-
166	Accumulated depreciation	-	(610,839)	(16,302,441)	(20,137)	(2,250,043)	(23,103)	(3,525)	-	(3,275,584)	-
167	Work in Progress	-	-	38,432,827	-	1,953,705	-	-	-	4,494,828	223,799
160	Total fixed assets, net of accumulated depreciation	-	9,265	181,249,857	516,852	37,350,085	79	-	-	27,959,121	223,799
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-	166,878,602	-	-
172	Notes and mortgages receivable-non-current-past d	-	-	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-	7,119,692	806,299
175	Undistributed debits	-	-	-	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	-	9,265	181,249,857	516,852	37,350,085	79	-	166,878,602	35,078,813	1,030,098
190	TOTAL ASSETS	3,462,616	22,930,166	193,782,094	516,852	39,399,453	201,209	3,554	167,040,232	47,094,052	1,832,838
	LIABILITIES AND EQUITY:										
	LIABILITIES:										
	CURRENT LIABILITIES										
311	Bank overdraft	-	-	-	-	-	-	-	-	-	-
312	Accounts payable < 90 days	-	19,518	184,566	-	406,986	-	(32)	-	1,876,522	-
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-	-	-	-
322	Accrued compensated absences	-	61,567	-	-	-	-	-	-	-	-
324	Accrued contingency liability	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-	-
332	Accounts payable - PHA Projects	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other gov.	-	-	-	-	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	-	-	-	-	-	-	-
342	Deferred revenues	-	-	5,576	-	-	14,757	3,375	-	-	-
343	Current portion of L-T debt - capital projects	-	-	-	-	-	-	-	-	3,285,000	-
344	Current portion of L-T debt - operating borrowings	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	3,697	75,796	3,078,965	-	1,053,632	-	-	-	154,223	304,823
347	Inter-program (due to)	2,145,189	20,392,809	9,188,743	-	941,011	186,289	212	-	1,017,349	-
310	TOTAL CURRENT LIABILITIES	2,148,886	20,549,690	12,457,849	-	2,401,630	201,046	3,554	-	6,333,094	304,823
	NONCURRENT LIABILITIES:										
351	Long-term debt, net of current- capital projects	-	-	-	-	-	-	-	-	72,937,959	11,000,000

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Line Item #	Account Description	MOD Rehab Program Totals	Housing Choice Voucher Program 14,857	CFP TOTALS	Comp Grant Totals	HOPE VI TOTALS	Special Programs for the Aging Totals	Day Care Program	Long-Term Notes Receivable	Tasker/Wilton Bond Proceeds	General Purpose Bond Proceeds
352	Long-term debt, net of current-operating borrowing	-	-	-	-	-	-	-	-	-	-
354	accrued comp absences	-	41,045	-	-	-	-	-	-	-	-
353	Noncurrent liabilities- other	-	52,899	20,244	-	21,450	84	-	-	100	-
350	TOTAL NONCURRENT LIABILITIES	-	93,944	20,244	-	21,450	84	-	-	72,938,059	11,000,000
300	TOTAL LIABILITIES	2,148,886	20,643,634	12,478,093	-	2,423,080	201,130	3,554	-	79,271,153	11,304,823
	EQUITY:										
501	Investment in general fixed assets	-	-	-	-	-	-	-	-	-	-
	Contributed Capital:										
502	Project notes (HUD)	-	-	-	-	-	-	-	-	-	-
503	Long-term debt - HUD guaranteed	-	-	-	-	-	-	-	-	-	-
504	Net HUD PHA contributions	-	-	-	-	-	-	-	-	-	-
505	Other HUD contributions	-	-	-	-	-	-	-	-	-	-
507	Other contributions	-	-	-	-	-	-	-	-	-	-
508	Total contributed capital	-	-	-	-	-	-	-	-	-	-
508.1	Invested in capital assets, net of related debt	-	9,265	181,249,857	516,852	37,350,085	79	-	-	(48,263,838)	(10,776,201)
	Reserved fund balance:										
509	Reserved for operating activities	-	-	-	-	-	-	-	-	-	-
510	Reserved for capital activities	-	-	-	-	-	-	-	-	-	-
511	Total reserved fund balance	-	-	-	-	-	-	-	-	-	-
511	Restricted net assets	-	-	-	-	-	-	-	-	-	-
512	Undesignated fund balance/retained earnings	-	-	-	-	-	-	-	-	-	-
512.1	Unrestricted Retained Earnings	1,313,730	2,277,267	54,144	-	(373,712)	(0)	-	167,040,232	16,086,737	1,304,216
513	TOTAL EQUITY	1,313,730	2,286,532	181,304,001	516,852	36,976,373	79	-	167,040,232	(32,177,101)	(9,471,985)
600	TOTAL LIABILITIES AND EQUITY	3,462,616	22,930,166	193,782,094	516,852	39,399,453	201,209	3,554	167,040,232	47,094,052	1,832,838

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Line Item #	Account Description	Development Program Totals	Component Unit Totals	State/Local Grant Totals	TOTAL
ASSETS:					
CURRENT ASSETS:					
Cash:					
111	Cash - unrestricted	-	47,758,589	346,545	87,924,787
112	Cash - restricted - modernization and dev	-	254,417	-	254,417
113	Cash - other restricted	-	55,109	-	55,109
115	Cash - restricted for payment of current liab	-	357,721	-	357,721
114	Cash - tenant security deposits	-	1,055,875	-	1,759,331
100	Total cash	-	49,481,711	346,545	90,351,365
Accounts and notes receivables:					
121	Accounts receivable - PHA projects	-	14,111,848	-	15,747,930
122	Accounts receivable - HUD other projects	79,561	-	-	15,500,622
124	Accounts receivable - other government	-	-	-	202,183
125	Accounts receivable - miscellaneous	-	12,989,212	1,040,458	14,681,518
126	Accounts receivable- tenants - dwelling rents	-	101,119	-	1,796,209
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	(1,516,530)
126.2	Allowance for doubtful accounts - other	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-
128	Fraud recovery	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-
129	Accrued interest receivable	-	-	3,101	589,587
120	Total receivables, net of allowances for uncollectible	79,561	27,202,179	1,043,559	47,001,519
Current investments					
131	Investments - unrestricted	-	-	247,486	17,545,373
132	Investments - restricted	-	6,980,024	-	23,395,550
142	Prepaid expenses and other assets	-	-	-	34,225
143	Inventories	-	1,099,036	-	4,596,001
143.1	Allowance for obsolete inventories	-	-	-	(327,000)
144	Interprogram due from	-	-	12,006	36,036,018
146	Amounts to be provided	-	-	-	-
150	TOTAL CURRENT ASSETS	79,561	84,762,950	1,649,596	218,633,052
NONCURRENT ASSETS:					
Fixed assets:					
161	Land	-	8,122,204	-	33,441,024
162	Buildings	33,195,739	320,024,018	1,100,000	1,484,398,287

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Line Item #	Account Description	Development Program Totals	Component Unit Totals	State/Local Grant Totals	TOTAL
163	Furniture, equipment & mach. - dwellings	-	3,951,773	-	3,973,699
164	Furniture, equipment & mach. - admin.	-	87,542	32,668	26,586,000
165	Leasehold improvements	-	12,406,110	-	12,406,110
166	Accumulated depreciation	(6,050,143)	(27,352,875)	(62,326)	(693,278,968)
167	Work in Progress	-	37,700,501	-	101,499,085
160	Total fixed assets, net of accumulated depreciation	27,145,596	354,939,273	1,070,342	969,025,238
171	Notes and mortgages receivable - non-current	-	-	-	-
172	Notes and mortgages receivable-non-current-past d	-	-	-	166,878,602
174	Other assets	-	3,389,498	-	-
175	Undistributed debits	-	-	-	11,507,721
176	Investment in joint ventures	-	-	-	-
180	TOTAL NONCURRENT ASSETS	27,145,596	358,328,771	1,070,342	1,147,411,561
190	TOTAL ASSETS	27,225,157	443,091,721	2,719,938	1,366,044,613
	LIABILITIES AND EQUITY:				
	LIABILITIES:				
	CURRENT LIABILITIES				
311	Bank overdraft	-	16,012	-	16,012
312	Accounts payable < 90 days	-	13,194,555	6,753	16,638,541
313	Accounts payable > 90 days past due	-	314,765	-	314,765
321	Accrued wage/payroll taxes payable	-	34,663	-	4,432,632
322	Accrued compensated absences	-	24,987	-	5,303,776
324	Accrued contingency liability	-	-	-	-
325	Accrued interest payable	-	6,618,398	-	6,618,398
331	Accounts payable - HUD PHA programs	-	-	-	-
332	Accounts Payable - PHA Projects	-	2,697,375	-	2,697,375
333	Accounts payable - other gov.	-	-	-	130,268
341	Tenant security deposits	-	377,675	-	1,081,131
342	Deferred revenues	-	123,896	4,869	4,220,351
343	Current portion of L-T debt - capital projects	-	2,625,000	-	5,910,000
344	Current portion of L-T debt - operating borrowings	-	62,727	-	62,727
345	Other current liabilities	-	1,747,700	-	9,170,665
346	Accrued liabilities - other	79,560	1,364,155	613,807	9,940,173
347	Inter-program (due to)	-	-	529,618	36,036,018
310	TOTAL CURRENT LIABILITIES	79,560	29,201,908	1,155,047	102,572,833
	NONCURRENT LIABILITIES:				
351	Long-term debt, net of current- capital projects	-	216,765,654	-	300,762,516

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		Account Description	Development Program Totals	Component Unit Totals	State/Local Grant Totals	TOTAL
Line Item #						
352		Long-term debt, net of current- operating borrowing	-	-	-	-
354		accrued comp absences	-	-	-	3,519,193
353		Noncurrent liabilities- other	-	19,936,258	-	31,770,366
350		TOTAL NONCURRENT LIABILITIES	-	236,701,912	-	336,052,075
300		TOTAL LIABILITIES	79,560	265,903,820	1,155,047	438,624,909
EQUITY:						
501		Investment in general fixed assets		-	-	-
		Contributed Capital:		-	-	-
502		Project notes (HUD)		-	-	-
503		Long-term debt - HUD guaranteed		-	-	-
504		Net HUD PHA contributions		-	-	-
505		Other HUD contributions		-	-	-
507		Other contributions		-	-	-
508		Total contributed capital		-	-	-
508.1		Invested in capital assets, net of related debt	27,145,596	135,548,619	1,070,342	662,411,627
		Reserved fund balance:		-	-	-
509		Reserved for operating activities	-	-	-	-
510		Reserved for capital activities	-	-	-	2,394,240
511		Total reserved fund balance	-	-	-	2,394,240
511		Restricted net assets		-	-	-
512		Undesignated fund balance/retained earnings	1	41,639,282	494,549	262,613,837
512.1		Unrestricted Retained Earnings		-	-	-
513		TOTAL EQUITY	27,145,597	177,187,901	1,564,891	927,419,704
600		TOTAL LIABILITIES AND EQUITY	27,225,157	443,091,721	2,719,938	1,366,044,613

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self Sufficiency	Supportive Housing Services	Youth Entrepreneur Program	Room Occupancy Program Totals
	REVENUE:								
703	Net tenant rental revenue		-						
704	Tenant revenue - other		-						
705	Total tenant revenue		-						
706	HUD PHA grants		-	84,443	1,023,793	286,768	336,436	-	1,531,599
706.1	HUD PHA CAPITAL GRANTS		-						
708	Other government grants	73,490	126,717	-	-	-	-	-	-
711	Investment income - unrestricted	-	-	-	-	-	-	-	-
712	Mortgage interest income	-	-	-	-	-	-	-	-
714	Fraud recovery	-	-	-	-	-	-	-	-
715	Other revenue	642,715	179,847	4,633	-	-	-	-	-
716	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-	-
720	Investment income - restricted	-	-	-	-	-	-	-	-
700	TOTAL REVENUE	716,206	306,564	89,075	1,023,793	286,768	336,436	-	1,531,599
	EXPENSES:								
	Administrative								
911	Administrative salaries		-	-	24,336	109,015	-	-	144,364
912	Accounting and Auditing fees		-	-	-	-	-	-	-
913	Outside management fees		-	-	-	-	-	-	-
914	Compensated absences		-	-	-	-	-	-	-
915	Employee benefit contributions- administrative		-	-	9,594	6,825	-	-	56,879
916	Other operating- administrative	138,465	1,564	289	-	122,669	277,199	-	-
	Tenant services								
921	Tenant services - salaries	297,767	69,047	22,202	-	21,954	42,874	-	-
922	Relocation costs	-	-	-	-	-	-	-	-
923	Employee benefit contributions- tenant services	90,545	-	560	-	1,375	16,166	-	-
924	Tenant services - other	168,135	235,953	65,994	-	-	-	-	-

PHILADELPHIA HOUSING AUTHORITY

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self Sufficiency	Supportive Housing Services	Youth Entrepreneur Program	Room Occupancy Program Totals
	Utilities								-
	Water								-
931	Electricity	-	-	-	-	-	-	-	-
932	Gas	-	-	-	-	-	-	-	-
933	Fuel	-	-	-	-	-	-	-	-
934	Labor	-	-	-	-	-	-	-	-
935	Employee benefit contributions- utilities	-	-	-	-	-	-	-	-
937	Other utilities expense	-	-	-	-	-	-	-	-
938	Ordinary maintenance & operation								-
	Ordinary maint and op - labor								-
941	Ordinary maintenance and op - materials	4,814	-	-	-	-	-	-	-
942	Ordinary maintenance and op - contract costs	-	-	-	-	-	-	-	-
943	Employee benefit contributions- ord. mai	-	-	-	-	-	-	-	-
945	Protective services								-
	Protective services - labor								-
951	Protective services- other contract costs	-	-	-	-	-	-	-	-
952	Protective services - other	-	-	-	-	-	-	-	-
953	Employee benefit contributions- protective	-	-	-	-	-	-	-	-
955	General expenses								-
	Insurance premiums	1,726	-	30	140	93	196	-	827
961	Other General Expenses	-	-	-	-	-	-	-	-
962	Payments in lieu of taxes	-	-	-	-	-	-	-	-
963	Bad debt - tenant rents	-	-	-	-	-	-	-	-
964	Bad debt- mortgages	-	-	-	-	-	-	-	-
965	Bad debt - other	-	-	-	-	-	-	200,000	-
966	Interest expense	-	-	-	-	-	-	-	-
967	Severance expense	-	-	-	-	-	-	-	-
968									-

PHILADELPHIA HOUSING AUTHORITY

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Head Start CFDA # 93.600	Summer Feeding Program	Congregate Housing	Section 8 New Construction	Resident Opportunity and Self Sufficiency	Supportive Housing Services	Youth Entrepreneur Program	Room Occupancy Program Totals
969	TOTAL OPERATING EXPENSES	701,451	306,564	89,075	34,070	261,932	336,435	200,000	202,070
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	14,755	-	-	989,723	24,836	1	(200,000)	1,329,529
971	Extraordinary maintenance	-	-	-	-	10,489	-	-	-
972	Casualty losses - non capitalized	-	-	-	-	-	-	-	-
973	Housing assistance payments	-	-	-	968,147	-	-	-	1,287,416
974	Depreciation expense	588	-	-	-	13,131	-	-	-
975	Fraud losses	-	-	-	-	-	-	-	-
976	Capital outlays- governmental funds	-	-	-	-	-	-	-	-
977	Debt principal payment- governmental fu	-	-	-	-	-	-	-	-
978	Dwelling units rent expense	-	-	-	-	-	-	-	-
900	TOTAL EXPENSES	702,039	306,564	89,075	1,002,217	285,552	336,435	200,000	1,489,486
	OTHER FINANCING SOURCES (USES)								
1001	Operating transfers in						-	-	-
1002	Operating transfers out							-	-
1003	Operating transfers from primary government						-	-	-
1004	Operating transfers from/to component unit						-	-	-
1005	Proceeds from notes, loans and bonds						-	-	-
1006	Proceeds from property sales								
1007	Extraordinary items, net gain/loss								
1008	Special items, net gain/loss						-	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)								
1000	EXCESS OF REVENUE OVER EXPENSES	14,166	-	-	21,576	1,216	1	(200,000)	42,113

PHILADELPHIA HCG AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Low Rent Program Totals	MOVE TO WORK	Mod Rehab 001	Mod Rehab 002	Mod Rehab 003	Mod Rehab 004	Mod Rehab 005
	REVENUE:							
703	Net tenant rental revenue	16,658,250	-					
704	Tenant revenue - other	183,040	-					
705	Total tenant revenue	16,841,291	-					
706	HUD PHA grants	99,496,822		425,798	541,981	485,937	80,816	-85,948
706.1	HUD PHA CAPITAL GRANTS	-						
708	Other government grants	-						
711	Investment income - unrestricted	974,538	569,632					
712	Mortgage interest income	-						
714	Fraud recovery	-						
715	Other revenue	565,152						
716	Gain or loss on the sale of fixed assets	(9,743,938)						
720	Investment income - restricted	-						
700	TOTAL REVENUE	108,133,865	136,380,445	425,798	541,981	485,937	80,816	(85,948)
	EXPENSES:							
	Administrative							
911	Administrative salaries	18,077,698	9,821,495	23,124	24,721	19,132	3,548	0
912	Accounting and Auditing fees	194,365	60,800	0	0	0	0	0
913	Outside management fees	-						
914	Compensated absences	(457,962)	40,190					
915	Employee benefit contributions- administrative	8,232,186	265,883	9,055	9,746	7,543	1,399	0
916	Other operating- administrative	14,394,128	12,186,255	(707)	0	0	0	0
	Tenant services							
921	Tenant services - salaries	-	1,434,925					
922	Relocation costs	-						
923	Employee benefit contributions- tenant services	-	29,448					
924	Tenant services - other	1,477,703	168,127					

FINANCIAL DATA SCHEDULE

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PHILADELPHIA HOUSING AUTHORITY
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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Low Rent		Mod Rehab 001	Mod Rehab 002	Mod Rehab 003	Mod Rehab 004	Mod Rehab 005
		Program Totals	MOVE TO WORK					
969	TOTAL OPERATING EXPENSES	149,755,401	27,105,921	29,972	34,609	26,784	4,968	-
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	(41,621,536)	109,274,525	395,826	507,372	459,153	75,848	(85,948)
971	Extraordinary maintenance	268,113	911,214					
972	Casualty losses - non capitalized	-	-					
973	Housing assistance payments	-	99,856,411					
974	Depreciation expense	35,438,848	834,805	396,081	492,079	361,774	73,599	726
975	Fraud losses	-	-					
976	Capital outlays- governmental funds	-	-					
977	Debt principal payment- governmental fu	-	-					
978	Dwelling units rent expense	-	-					
900	TOTAL EXPENSES	185,462,362	128,708,350	426,053	526,688	388,558	78,567	726
	OTHER FINANCING SOURCES (USES)							
1001	Operating transfers in	22,629,345	-					
1002	Operating transfers out	-	(14,547,468)					
1003	Operating transfers from primary governm	-						
1004	Operating transfers from/to component un	-						
1005	Proceeds from notes, loans and bonds	-						
1006	Proceeds from property sales							
1007	Extraordinary items, net gain/loss							
1008	Special items, net gain/loss	-						
1010	TOTAL OTHER FINANCING SOURCES (USES)	22,629,345	(14,547,468)	-	-	-	-	-
1000	EXCESS OF REVENUE OVER EXPENSES	(54,699,151)	(6,875,373)	(255)	15,293	97,379	2,249	(86,674)

PHILADELPHIA HOUSING AUTHORITY
MARCH 31, 2006
FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Mod Rehab 006	Mod Rehab 007	Mod Rehab 008	Mod Rehab 009	Mod Rehab 010	Admin Fees	MOD Rehab Program Totals	Housing Choice Voucher Program	CFP TOTALS
	REVENUE:									
703	Net tenant rental revenue									
704	Tenant revenue - other									
705	Total tenant revenue									
706	HUD PHA grants	42,270	136,868	238,973	342,099	86,838		2,295,632	7,894,229	53,809,058
706.1	HUD PHA CAPITAL GRANTS									18,885,939
708	Other government grants									
711	Investment income - unrestricted						11,396	11,396	1,371,332	
712	Mortgage interest income									
714	Fraud recovery									
715	Other revenue								35,234	
716	Gain or loss on the sale of fixed assets								197,009	
720	Investment income - restricted									(2,589,367)
700	TOTAL REVENUE	42,270	136,868	238,973	342,099	86,838	11,396	2,295,632	9,497,804	70,105,630
	EXPENSES:									
	Administrative									
911	Administrative salaries	2,425	6,180	9,019	35,396	3,548		127,093	375,895	7,953,229
912	Accounting and Auditing fees	0	0	0	0	0				
913	Outside management fees									
914	Compensated absences								47,633	
915	Employee benefit contributions- administrative	956	2,437	3,556	13,954	1,399		50,044	152,527	4,282,508
916	Other operating- administrative	0	0	0	0	0		(707)	26,776	555,925
	Tenant services									
921	Tenant services - salaries									
922	Relocation costs									
923	Employee benefit contributions- tenant services									103,371
924	Tenant services - other									

FINANCIAL DATA SCHEDULE

FINANCIAL DATA SCHEDULE													Housing Choice Voucher Program	CFP TOTALS	
Line Item #	Account Description	Mod Rehab 006		Mod Rehab 007		Mod Rehab 008		Mod Rehab 009		Mod Rehab 010		Admin Fees	MOD Rehab Program Totals	Housing Choice Voucher Program	CFP TOTALS
	Utilities														
	Water												-	-	-
931													-	-	-
932	Electricity												-	-	-
933	Gas												-	-	-
934	Fuel												-	-	-
935	Labor												-	-	-
937	Employee benefit contributions- utilities												-	-	-
938	Other utilities expense												-	-	-
	Ordinary maintenance & operation														
941	Ordinary maint and op - labor												-	-	-
942	Ordinary maintenance and op - materials	50										(1,583)	(2,929)		1,334
943	Ordinary maintenance and op - contract costs												-	-	-
945	Employee benefit contributions- ord. mai												-	-	-
	Protective services														
951	Protective services - labor												-	-	-
952	Protective services- other contract costs												-	-	-
953	Protective services - other												-	-	-
955	Employee benefit contributions- protective												-	-	-
	General expenses														
961	Insurance premiums	14	35	52	203	20						729	2,275		-
962	Other General Expenses			0								-	12,755		-
963	Payments in lieu of taxes											-	-		-
964	Bad debt - tenant rents											-	-		-
965	Bad debt- mortgages											-	-		-
966	Bad debt - other											-	2,273		-
967	Interest expense											-	-		2,063,124
968	Severance expense	0	0	0	0	0	0	0	0	0	0	-	-		-

PHILADELPHIA HOUSING AUTHORITY

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Mod				Mod Rehab				Admin		MOD Rehab		Housing		CFP TOTALS	
		Rehab 006	Mod Rehab 007	Mod Rehab 008	Mod 009	Rehab 010	Mod	Rehab 010	Fees	Program Totals	Voucher Program	Program Totals	Voucher Program	Program Totals	Voucher Program	Program Totals	Voucher Program
969	TOTAL OPERATING EXPENSES	3,444	8,652	12,626	49,553	4,968			-	175,576	617,205	175,576	617,205			14,959,490	
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	38,826	128,216	226,347	292,546	81,870			11,396	2,131,452	8,880,600	2,131,452	8,880,600			55,146,140	
971	Extraordinary maintenance													793		3,749,900	
972	Casualty losses - non capitalized													-		-	
973	Housing assistance payments	38,740	124,773	220,648	272,742	81,453				2,062,615	6,413,715	2,062,615	6,413,715			-	
974	Depreciation expense													15,633		8,999,613	
975	Fraud losses													-		-	
976	Capital outlays- governmental funds													-		-	
977	Debt principal payment- governmental fu													-		-	
978	Dwelling units rent expense													-		-	
900	TOTAL EXPENSES	42,184	133,425	233,274	322,295	86,421			-	2,238,191	7,047,347	2,238,191	7,047,347			27,709,003	
	OTHER FINANCING SOURCES (USES)																
1001	Operating transfers in																
1002	Operating transfers out															(35,099,668)	
1003	Operating transfers from primary govern																
1004	Operating transfers from/to component up																
1005	Proceeds from notes, loans and bonds																
1006	Proceeds from property sales																
1007	Extraordinary items, net gain/loss																
1008	Special items, net gain/loss																
1010	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-										(35,099,668)	
1000	EXCESS OF REVENUE OVER EXPENSES	86	3,443	5,699	19,804	417			11,396	68,837	2,450,458	68,837	2,450,458			7,296,959	

PHILADELPHIA HOUSING AUTHORITY

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Comp Grant			HOPE VI			Programs for the			Long-Term			Tasker Wilson			General Purpose			Development		
		Totals			TOTALS			Aging			Day Care			Notes			Bond			Program		
	REVENUE:																					
703	Net tenant rental revenue	-			-			-			-			-			-			-		
704	Tenant revenue - other	-			-			-			-			-			-			-		
705	Total tenant revenue	-			-			-			-			-			-			-		
706	HUD PHA grants	-			13,842,014			-			-			-			-			-		
706.1	HUD PHA CAPITAL GRANTS	-			1,424,197			-			-			-			-			-	0	
708	Other government grants	-			-			124,037			5,042			-			-			-		
711	Investment income - unrestricted	-			-			-			(1,431)			-			-			-		
712	Mortgage interest income	-			-			-			-			2,394,152			-			-		
714	Fraud recovery	-			-			-			-			-			-			-		
715	Other revenue	-			-			-			61,992			-			-			-		
716	Gain or loss on the sale of fixed assets	-			-			-			-			-			-			-		
720	Investment income - restricted	-			-			-			-			-			-			-		
700	TOTAL REVENUE	-			15,266,211			124,037			65,603			2,394,152			20,325			-	0	
	EXPENSES:																					
	Administrative																					
911	Administrative salaries	-			433,011			-			-			-			640,439			-		
912	Accounting and Auditing fees	-			-			-			-			-			-			-		
913	Outside management fees	-			-			-			-			-			-			-		
914	Compensated absences	-			-			-			-			-			-			-		
915	Employee benefit contributions- administrative	-			233,160			-			-			-			344,852			-		
916	Other operating- administrative	-			2,236,927			1,696			1,973			-			714,753			(4,999)		
	Tenant services																					
921	Tenant services - salaries	-			-			98,688			36,348			-			-			-		
922	Relocation costs	-			128,650			-			-			-			11,707			-		
923	Employee benefit contributions- tenant services	-			-			23,241			16,466			-			-			-		
924	Tenant services - other	-			2,293,144			100			1,523			-			-			-		

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FINANCIAL DATA SCHEDULE

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PHILADELPHIA HOUSING AUTHORITY

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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Comp Grant			HOPE VI			Programs for the			Long-Term			Tasker Wilson			General			Development Program Totals
		Totals			TOTALS			Aging Totals	Day Care Program	Notes Receivable	Bond Proceeds			Bond Proceeds			Purpose Bond Proceeds			
969	TOTAL OPERATING EXPENSES	-			5,324,892			124,037	65,603	-				1,711,751			(4,999)			-
970	EXCESS OPERATING REVENUE																			
	OVER OPERATING EXPENSES	-			9,941,319			-	-	2,394,152				(1,691,426)			4,999			0
971	Extraordinary maintenance	-			7,122,389			-	-	-				1,714,936			10,183,945			-
972	Casualty losses - non capitalized	-			-			-	-	-				-			-			-
973	Housing assistance payments	-			-			-	-	-				-			-			-
974	Depreciation expense	13,425			942,232			189	-	-				1,782,658			-			829,893
975	Fraud losses	-			-			-	-	-				-			-			-
976	Capital outlays- governmental funds	-			-			-	-	-				-			-			-
977	Debt principal payment- governmental funds	-			-			-	-	-				-			-			-
978	Dwelling units rent expense	-			-			-	-	-				-			-			-
900	TOTAL EXPENSES	13,425			13,389,513			124,226	65,603	-				5,209,345			10,178,946			829,893
	OTHER FINANCING SOURCES (USES)																			
1001	Operating transfers in				-			-	-	17,041,241				6,900,882			522,500			0
1002	Operating transfers out				(1,394,733)			-	-	-				-			-			0
1003	Operating transfers from primary government																			
1004	Operating transfers from/to component units																			
1005	Proceeds from notes, loans and bonds																			
1006	Proceeds from property sales																			
1007	Extraordinary items, net gain/loss																			
1008	Special items, net gain/loss																			
1010	TOTAL OTHER FINANCING SOURCES (USES)	-			(1,394,733)			-	-	17,041,241				6,900,882			522,500			-
1000	EXCESS OF REVENUE OVER EXPENSES	(13,425)			481,965			(189)	-	19,435,393				1,711,862			(9,656,446)			(829,893)

PHILADELPHIA HOUSING AUTHORITY
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FINANCIAL DATA SCHEDULE

Line Item #	Account Description	Component Unit Totals	State/Local Grant Totals	TOTAL
	REVENUE:			
703	Net tenant rental revenue	6,179,996	-	22,838,246
704	Tenant revenue - other	108,077	-	291,117
705	Total tenant revenue	6,288,073	-	23,129,364
706	HUD PHA grants	3,915,294	-	320,326,900
706.1	HUD PHA CAPITAL GRANTS		-	20,310,136
708	Other government grants	562,630	769,287	1,661,203
711	Investment income - unrestricted	967,001	17,559	3,930,353
712	Mortgage interest income	305,287	-	2,699,439
714	Fraud recovery		-	35,234
715	Other revenue	6,805,639	70,160	8,527,147
716	Gain or loss on the sale of fixed assets		-	(12,333,305)
720	Investment income - restricted		-	-
700	TOTAL REVENUE	18,843,924	857,006	368,286,471
	EXPENSES:			
	Administrative			
911	Administrative salaries	2,539,019	-	40,245,596
912	Accounting and Auditing fees	576,033	-	831,198
913	Outside management fees	960,984	-	960,984
914	Compensated absences		-	(370,139)
915	Employee benefit contributions- administrative	298,060	-	13,932,518
916	Other operating- administrative	1,234,473	419,874	32,307,260
	Tenant services			
921	Tenant services - salaries	125,886	-	2,149,691
922	Relocation costs		-	243,728
923	Employee benefit contributions- tenant services		-	177,799
924	Tenant services - other	75,287	47,395	4,533,360

PHILADELPHIA HOUSE AUTHORITY
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Line Item #	Account Description	Component		State/Local		TOTAL
		Unit Totals	Grant Totals	Grant Totals	Grant Totals	
	Utilities					
931	Water	595,581	-			8,281,725
932	Electricity	228,491	-			6,915,752
933	Gas	130,119	-			12,377,518
934	Fuel		-			271,227
935	Labor		-			942,897
937	Employee benefit contributions- utilities		-			429,374
938	Other utilities expense	1,140,680	-			1,410,251
	Ordinary maintenance & operation					
941	Ordinary maint and op - labor	1,041,837	-			31,576,893
942	Ordinary maintenance and op - materials	870,396	757			7,463,825
943	Ordinary maintenance and op - contract costs	460,781	-			6,723,476
945	Employee benefit contributions- ord. mai	320,175	-			14,004,873
	Protective services					
951	Protective services - labor		22,133			3,657,362
952	Protective services- other contract costs		-			2,988,730
953	Protective services - other	162,998	-			257,312
955	Employee benefit contributions- protective		-			772,395
	General expenses					
961	Insurance premiums	1,095,559	-			11,966,595
962	Other General Expenses	361,047	-			6,742,309
963	Payments in lieu of taxes		-			-
964	Bad debt - tenant rents	44,294	-			539,249
965	Bad debt- mortgages		-			-
966	Bad debt - other		-			202,273
967	Interest expense	2,597,651	-			4,660,775
968	Severance expense		-			119,177
			-			

PHILADELPHIA HOUSING AUTHORITY
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FINANCIAL DATA SCHEDULE

Account Description		Component Unit Totals	State/Local Grant Totals	TOTAL
Line Item #				
969	TOTAL OPERATING EXPENSES	14,859,351	490,158	217,315,984
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	3,984,573	366,847	150,970,487
971	Extraordinary maintenance		1,320,487	25,282,265
972	Casualty losses - non capitalized		-	-
973	Housing assistance payments		-	110,588,304
974	Depreciation expense	9,641,400	30,591	58,543,007
975	Fraud losses	-	-	-
976	Capital outlays- governmental funds		-	-
977	Debt principal payment- governmental fu		-	-
978	Dwelling units rent expense		-	-
900	TOTAL EXPENSES	24,500,751	1,841,236	411,729,560
OTHER FINANCING SOURCES (USES)				
1001	Operating transfers in	2,928,164	1,019,736	51,041,869
1002	Operating transfers out	-	-	(51,041,869)
1003	Operating transfers from primary governm	-	-	-
1004	Operating transfers from/to component u	86,023,655	-	86,023,655
1005	Proceeds from notes, loans and bonds	-	-	-
1006	Proceeds from property sales	-	-	-
1007	Extraordinary items, net gain/loss	-	-	-
1008	Special items, net gain/loss	-	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)	88,951,819	1,019,736	86,023,655
1000	EXCESS OF REVENUE OVER EXPENSES	83,294,992	35,505	42,580,565

SINGLE AUDIT SECTION

PHILADELPHIA HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2006

<u>CFDA Number</u>	<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>Pass Thru Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
10.558	Child Care Food Program		\$ 126,717
<u>U.S. Department of Housing and Urban Development</u>			
14.170	Congregate Housing Service Program	N/A	84,443
14.182	New Construction Section 8 Program	N/A	1,023,793
14.235	Supportive Housing Program	N/A	336,436
14.249	Section 8 Single Room Occupancy Program	N/A	1,531,599
14.850a	Low Rent Public Housing	N/A	99,496,822
14.855	Moving to Work Program	N/A	135,810,813
14.856	Section 8 Moderate Rehabilitation	N/A	2,295,632
14.857	Section 8 Housing Choice Vouchers	N/A	7,894,229
14.866	Revitalization of Severely Distressed Public Housing	N/A	15,266,211
14.870	Resident Opportunity & Self-Sufficiency	N/A	286,768
14.872	Capital Fund Program	N/A	72,694,997
<u>Health and Human Services</u>			
93.044	Special Programs for the Aging	N/A	124,037
93.575	Child Care and Development Grant	N/A	5,042
93.600	Head Start	N/A	73,490
			<u>\$337,051,029</u>

This schedule is prepared on the accrual basis of accounting.

**PHILADELPHIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A-133?	No
Identification of major programs:	

CFDA Number

Name of Federal Program

14.850a	Low Rent Public Housing
14.856	Section 8 Housing Choice Vouchers
14.866	Revitalization of Severely Distressed Public Housing
14.872	Capital Fund Program
14.855	Moving to Work Program
N/A	Bond Proceeds

**PHILADELPHIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006**

SECTION I – SUMMARY OF AUDITORS’ RESULTS - Continued

Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no Financial Statement Findings for the current audit period.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no Federal Award Findings and Questioned Costs for the current period.

**PHILADELPHIA HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2006**

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There are no open prior audit findings.

Report of Independent Certified Public Accountants
on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards

Board of Commissioners
Philadelphia Housing Authority
Philadelphia, Pennsylvania

HUD, Pennsylvania State Office
Office of Public Housing
Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107

We have audited the financial statements of Philadelphia Housing Authority (PHA) as of and for the year ended March 31, 2006, and have issued our report thereon dated November 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered PHA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Sedman & Company LLC

November 1, 2006

Report of Independent Certified Public Accountants
on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance
With OMB Circular A-133

Board of Commissioners
Philadelphia Housing Authority
Philadelphia, Pennsylvania

HUD, Pennsylvania State Office
Office of Public Housing
Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107

Compliance

We have audited the compliance of the Philadelphia Housing Authority (PHA) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2006. PHA's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of PHA's management. Our responsibility is to express an opinion on PHA's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about PHA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on PHA's compliance with those requirements.

In our opinion, PHA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2006.

Internal Control over Compliance

The management of PHA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered PHA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "S. S. S. & Company LLC". The signature is written in a cursive, flowing style.

November 1, 2006

CITY OF PHILADELPHIA
SUPPLEMENTARY INFORMATION

PHILADELPHIA HOUSING AUTHORITY

STATEMENT OF NET ASSETS

MARCH 31, 2006

Current assets:

Cash

Unrestricted

\$ 87,925,000

Restricted

2,426,000

Investments

Unrestricted

17,545,000

Restricted

23,395,000

Rents receivable - net of allowance
for uncollectables

280,000

Accounts receivable

46,132,000

Due from other governments

36,036,000

Accrued interest receivable

589,000

Deferred charges and other assets

4,305,000

Total current assets

218,633,000

Noncurrent Assets:

Land, building and equipment - net of
accumulated depreciation

969,025,000

Mortgage receivable

166,879,000

Other assets

11,507,000

Total noncurrent assets

1,147,411,000

TOTAL ASSETS

\$1,366,044,000

LIABILITIES

Current Liabilities:

Accounts payable

\$ 19,781,000

Accrued liabilities

9,752,000

Accrued interest payable

6,618,000

Trust for deposit liabilities

1,081,000

Deferred credits and other liabilities

59,367,000

Bonds, notes and other loans

3,350,000

Total current liabilities

99,949,000

Noncurrent liabilities:

Long-term debt

303,385,000

Other long-term liabilities

35,290,000

Total Long-term Liabilities

338,675,000

TOTAL LIABILITIES

438,624,000

Net assets:

Net investment in fixed assets

662,412,000

Restricted

2,394,000

Unrestricted

262,614,000

Total net assets

927,420,000

TOTAL LIABILITIES AND NET ASSETS

\$1,366,044,000

PHILADELPHIA HOUSING AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

FUNCTIONS/PROGRAMS	<u>EXPENSES</u>	<u>TENANT REVENUE</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
Housing activities	\$331,409,000	\$23,129,000	\$324,958,000	\$25,903,000	\$ 42,581,000
Changes in net assets:					
Net assets - beginning					884,647,000
Prior period adjustment					<u>192,000</u>
Net assets - ending					<u>\$927,420,000</u>

Certification for a Drug-Free Workplace

U.S. Department of Housing
and Urban Development

Applicant Name

Philadelphia Housing Authority

Program/Activity Receiving Federal Grant Funding

Moving To Work Year Six Report

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. **Sites for Work Performance.** The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here ☐ if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.

(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Carl R. Greene

Title

Executive Director

Signature

Date

X

6/21/07

Certification of Payments to Influence Federal Transactions

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Applicant Name

Philadelphia Housing Authority

Program/Activity Receiving Federal Grant Funding

Moving to Work Year Six Report

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official

Carl R. Greene

Title

Executive Director

Signature

Date (mm/dd/yyyy)

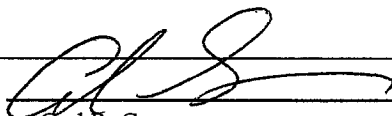
6/21/07

DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB
0348-0046

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input checked="" type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Congressional District, if known: 2nd	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency: U.S. Department of Housing & Urban Development	7. Federal Program Name/Description: MTW Year Six Report CFDA Number, if applicable: 14.870	
8. Federal Action Number, if known:	9. Award Amount, if known: \$	
10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI): Not Applicable	b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): <div style="text-align: right;"> Signature:  Print Name: Carl R. Greene Title: Executive Director Telephone No.: 215-684-4174 Date: 6/27/07 </div>	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.		
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

MOVING TO WORK YEAR FIVE REPORT
APPENDIX A

Philadelphia Housing Authority Rent Impact Analysis – May 2007

Pursuant to the Moving To Work (MTW) Agreement, the Philadelphia Housing Authority (PHA) conducted a rent impact analysis for the three-year period 2004 through 2006. The phase-in of rent simplification began in April 2003 for the Housing Choice Voucher program and in September 2004 for the Public Housing program. Low Income Housing Tax Credit sites managed by PAPMC, Moderate Rehab units and non-MTW vouchers are not subject to rent simplification and are not included in this analysis.

PHA's rent simplification program currently includes the following components:

- ♦ Implementation of a single working household deduction
- ♦ Modification of the definition of income to exclude the first \$500 of asset income as well as offsetting certain Medicare related insurance premium
- ♦ Utilization of a sliding scale of percentages based on family size to calculate Total Tenant Payment
- ♦ Establishment of a \$50 minimum rent after a ninety (90) day grace period
- ♦ Increase in Ceiling rents (PH only)
- ♦ Implementation of two year recertifications
- ♦ Establishment of a seven year participation limit (HCV only) with exclusions for seniors and persons with disabilities
- ♦ Requirement for development of a Family Economic Development Action Plan for applicable households (HCV only)

PHA prepared this rent impact analysis of public housing and HCV households using a "snapshot" of resident household data from PHA's computer system for the periods 2004, 2005 and 2006. The total public housing households included in the dataset numbered 12,301, compared to 16,523 in the HCV program. Note that the profile of PHA households was constantly changing during this period as a result of move-ins and move-outs. As discussed in PHA's Annual Reports, new move-ins from the waiting list are overwhelmingly "extremely low" income households. In contrast, households moving out are more likely to be higher income households who "graduate" from HCV and/or move on to homeownership and other housing opportunities.

The following is a summary of the results of the rent impact analysis.

Affordability

PHA's rent policies resulted in affordable household rents in both the public housing and HCV programs. The following chart shows average Total Tenant Payment (TTP) as a percentage of Gross Income. The chart excludes households earning less than \$2,000 annually, who are subject to a minimum rent payment after a 90-day grace period and, therefore, tend to pay a higher percentage of income for TTP. See analysis of this group below under "Minimum Rent Payers". Table 1 highlights the fact that for all other households, PHA residents pay 28% or less of gross income towards rent.

Table 1:
Total Tenant Payment As Percentage of Gross Income by Quartiles

	2004	2005	2006
Public Housing Households			
<i>Average</i>	27%	26%	26%
<i>Lowest Quartile</i>	25%	26%	26%
<i>Median</i>	27%	27%	27%
<i>Highest Quartile</i>	28%	28%	28%
Housing Choice Voucher Households			
<i>Average</i>	27%	27%	27%
<i>Lowest Quartile</i>	25%	26%	26%
<i>Median</i>	27%	27%	27%
<i>Highest Quartile</i>	28%	28%	28%

HCV Affordability

As described in Table 1, HCV households on average paid 27% of gross household income towards rent. Under PHA's rent simplification program, HCV households retain the option to pay up to 40% of household income toward rent at initial occupancy (or higher thereafter) if they choose to rent an apartment that exceeds PHA's published HCV Payment Standards. This is a program feature common to the HCV program nationwide. While this is an allowable program element, a high percentage of HCV households paying in excess of 30% of income would cause concern that payment standards are too low. Based on this impact analysis, PHA's Payment Standards appear to be adequate. Table 2 provides a summary of HCV households who elect to pay more than 30% of income for rent. Both the number of households in this category and the percentage of income paid towards rent have trended down since 2004.

Table 2:
HCV Households Electing to Exceed Payment Standards

	2004	2005	2006
<i>Number of Households</i>	1440	1123	1078
<i>TTP as Percent of Gross Income</i>	33%	33%	32%
<i>TTP as Percent of Adjusted Income</i>	36%	35%	33%

Minimum Rent Payers

Under rent simplification, the number of households reporting either zero incomes or incomes less than \$2,000 has steadily declined from 2004 to 2006. The total number has decreased from 1,364 in 2004 to 711 in 2006. This group is required to pay a \$50 minimum rent after a 90-day grace period.

Household Income

Under PHA's rent simplification program, gross household incomes increased for both public housing and HCV households; however, in looking at average household income, the rate of increase for HCV households was more than twice that of public housing households. As of 2006, median income for HCV households was 6.3% than that of public housing households. Table 3 shows households income by quartile for HCV and public housing.

Table 3: Household Incomes

	2004	2005	2006	Change 04-06
Public Housing Households				
<i>Average</i>	11,504	12,727	12,392	7.7%
<i>Lowest Quartile</i>	6,500	7,068	7,068	8.7%
<i>Median</i>	7,868	8,713	8,736	11%
<i>Highest Quartile</i>	14,194	16,242	15,528	9.4%
Housing Choice Voucher Households				
<i>Average</i>	10,292	10,891	11,981	16.4%
<i>Lowest Quartile</i>	5,964	6,387	7,068	18.5%
<i>Median</i>	7,873	8,268	9,288	17.9%
<i>Highest Quartile</i>	13,143	14,084	15,491	17.8%

Employment Income

Under rent simplification, employment income increased for households with at least one wage earner. The total number of HCV households with at least one wage earner increased from 4,628 to 4,867 (29% of program participants, while the number of public housing households with a wage earner declined slightly from 3,405 to 3,369 (27% of participants). As shown in Table 4, the rate of increase in income from employment for wage earning households was significantly higher in the HCV program, i.e. median employment income increased by 17.1% for HCV wage earning households compared to an 8.4% increase in the public housing program. In absolute terms, however, median income for wage earning households was higher in the public housing program than in HCV.

Table 4: Employment Incomes for Households with Wage Earner(s)

	2004	2005	2006	Change 04-06
Public Housing Households				
<i>Average</i>	17,755	19,556	19,073	7.4%
<i>Lowest Quartile</i>	8,736	10,178	10,075	15.3%
<i>Median</i>	15,371	17,680	16,671	8.4%
<i>Highest Quartile</i>	23,296	25,393	25,135	7.9%
Housing Choice Voucher Households				
<i>Average</i>	14,812	15,846	17,230	16.3%
<i>Lowest Quartile</i>	8,535	9,280	10,002	17.1%
<i>Median</i>	13,728	14,721	16,077	17.1%
<i>Highest Quartile</i>	20,240	21,302	22,966	13.4%

Non Wage Earning Households

Households without wage earners were the predominate group served by PHA. Based on the current population demographics as well as the characteristics of PHA's waiting list, this situation is unlikely to change or be measurably impacted by rent simplification in the foreseeable future. For example, the total number of HCV households with either SSI or SS income increased from 8,617 to 9,506 from 2004 to 2006. Public housing households in this group increased from 7,788 to 8,043.