Housing Authority of the City of Pittsburgh

# The Housing Authority of the City of Pittsburgh

## 2019 MTW Annual Report

## (Submitted March 30, 2020)

## (Revised and Resubmitted October 12, 2020)

***THE HOUSING AUTHORITY OF THE CITY OF PITTSBURGH***

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***THE HOUSING AUTHORITY OF THE CITY OF PITTSBURGH***

*2019 Moving to Work Annual Report*

<u>Appendices</u>

# I. INTRODUCTION

The Housing Authority of the City of Pittsburgh (HACP) is committed to building better communities and improving the lives of the families who reside in HACP housing. Throughout 2019, the HACP strove to provide its 20,000 customers with high quality, safe housing; while working to provide additional housing opportunities to the thousands of Pittsburgh families currently waiting to find suitable, affordable housing accommodations.

The HACP has demonstrated a firm commitment to expanding our affordable housing portfolio to help meet the City of Pittsburgh's growing demand. This will be accomplished by developing hundreds of new units in locations throughout the city – including mixed-income developments in East End, the Hill District, and the North Side, as well as Scattered site housing located throughout the city limits.

As Pittsburgh's renaissance continues, the HACP is taking measures to ensure that Pittsburgh's most vulnerable residents – our senior citizens, our disabled individuals and our low-income working families also are able to enjoy the benefits of our city's renaissance. These are just a few of the factors as to why it is essential to rebuild an adequate supply of affordable housing, and why the HACP is committed to creating a variety of new affordable homes.

In addition to our efforts to develop safe, affordable housing, the HACP is also poised to move forward with efforts to assist the 20,000 Pittsburgh residents who currently reside in an HACP home or receive support through our voucher program. The Family Self-Sufficiency (FSS) program and other HACP resident initiatives are not limited to the Low-Income Public Housing (LIPH) program. The resident initiatives, programs and services through FSS are for both the LIPH and Housing Choice Voucher (HCV) residents and include, but are not limited to case management, linkages to services, employment, education and training. Our innovative programs, to include the ConnectHome USA digital, literacy classes and the new ABK Childhood Learning & Development Center, provide residents with the skills and support they need to attain self-sufficiency, become upwardly mobile and increased livability within the City of Pittsburgh.

We provide training and employment opportunities to any HACP resident who is committed to achieving self-sufficiency. Residents continue to enroll in hard every day to provide a better life for their families through participation in training programs designed to produce quality, sustainable employment opportunities. The HACP is committed to do more than secure affordable housing. Our commitment to our residents means finding effective and innovative ways to improve their quality of life and their communities. The Home Ownership Program makes it possible for people to progress towards homeownership in an affordable manner while building wealth for their family and supporting economic mobility.

Through comprehensive efforts such as the Rental Assistance Demonstration Program (RAD), we preserve and improve existing affordable housing properties, protecting the existing affordable housing stock and ensuring that it remains high-quality. Through the Gap Financing Program and other development initiatives, we are expanding our real estate portfolio, increasing the supply of affordable housing in the city and providing more people with stable and affordable housing.

We are changing the face of affordable housing in communities like Sandstone Quarry (previously known as Allegheny Dwellings Phase I), Skyline Terrace and Larimer/ East Liberty Choice Neighborhoods. More specifically, through the Larimer/East Liberty Choice Neighborhood Implementation Program, we are working with community stakeholders to build a vibrant, inclusive, and affordable neighborhood that will allow residents to take advantage of East Liberty's recent community and economic developments. More importantly, we are helping to change the lives of the residents who call these communities their home.

It is our duty to ensure that everyone can afford to live, work, and thrive in the City of Pittsburgh as its renaissance continues. We are taking concrete and innovative measures to guarantee that Pittsburgh's most vulnerable residents—senior citizens, persons with disabilities, low-income families—can share in that prosperity. Our efforts are changing what affordable and public housing looks like in the City of Pittsburgh, but more importantly, our efforts are changing the lives of the residents that call our communities home.

## *A. Overview of HACP's Moving to Work Goals and Objectives*

The Housing Authority of the City of Pittsburgh (HACP)'s overarching Moving To Work (MTW) Goals are as follows:

1. To reposition the HACP's housing stock to preserve and expand affordable housing options and stabilize neighborhoods. These efforts are designed to result in housing that is competitive in the local housing market, is cost-effective to operate, provides a positive environment for residents, and provides broader options of high-quality housing for low-income families.

2. To promote independence for residents via programs and policies that promote work and self-sufficiency for those able and promote independent living for the elderly and disabled.

3. To increase housing choices for low-income families through initiatives designed to increase the quality and quantity of housing available to households utilizing tenant-based rental assistance and other available resources.

## *B. Long Term Goals and Vision*

The HACP's vision for its MTW Program is built around three (3) major themes that together will achieve the statutory objectives of the MTW Demonstration Program.

- Theme one is to reposition the HACP's housing stock to compete in the local market, stabilize neighborhoods, improve operational efficiencies, and expand housing choices for low-income families.

- Theme two is to promote self-sufficiency and independent living through a variety of enhanced services and policy adjustments. These programs and policies are designed to provide incentives to work for adult, able bodied, non-elderly heads of households and family members, and to promote social and academic achievement for children and youth. In addition to increasing economic self-sufficiency among assisted families, these programs and policies are expected to result in increased revenue for the HACP (increasing the cost effectiveness of federal expenditures) while increasing housing choices for families (with increased work and income they will have additional housing choices both within the HACP portfolio and within the larger housing market).

- Theme three is to increase housing choices for low-income families through initiatives designed to increase the quality and quantity of housing available to households utilizing rental assistance and other available resources.

## *C. Theme One: Repositioning of HACP's Housing Stock*

Since the initial HACP MTW Annual Plan was submitted in 2001, a major component of the HACP's MTW strategy has been to reposition the HACP's housing stock through a) preservation of successful developments and b) revitalization of distressed developments through strategic investments that integrate public housing properties with their surrounding neighborhoods serving as a catalyst for the expansion of public and private investments in revitalizing neighborhoods. The HACP has also introduced market rate units into certain communities, such as Oak Hill, Garfield, and Allegheny Dwellings, to enhance their competitiveness and better integrate them into nearby neighborhoods.

Initiated prior to MTW, through three (3) HOPE VI redevelopment projects and continued through the MTW Program, the HACP has achieved great success.

A by-product of these redevelopment efforts is a reduced number of traditional, public housing units. This has been balanced by the addition of new affordable units supported by tax credits, project-based housing choice vouchers, and new units rented at market rates. In some of the HACP's mixed finance/mixed-income developments, a portion of the market rate units are rented at levels affordable to some low-income (80% of AMI) households. Traditional Housing Choice Vouchers also support low-income families and occupancy of units available in the private market. It should be noted that our efforts have also reduced housing densities in communities, providing mixed-income housing and housing with modern conveniences.

The City of Pittsburgh experienced rapid growth in the technology and healthcare industries in recent years and this has resulted in high-end developers meeting the supply and demand of higher income residents moving into the region. Neighborhoods once abundant with affordable market rate rents experienced a surge in pricing for both new and existing units. Low-income families, including those utilizing Housing Choice Vouchers, have increasing difficulty locating affordable homes in neighborhoods of opportunity and are increasingly priced-out of additional neighborhoods as the market continues to shift. There is a lack of affordable units in the City of Pittsburgh that disproportionately affects families at and below 30 percent (30%) of area median income. The HACP recognizes the affordable housing need and is working to address these concerns through a variety of strategies, including increasing landlord outreach and the development of a payment standard reflective of the increasing cost of housing. One (1) core strategy continues to be the creation of new, affordable units supported by tax credits and project-based vouchers. This approach has enabled the HACP to continue serving substantially the same number of families as would have been served, absent the MTW demonstration designation.

The "Step Up To Market Financing Program" initiative was created in 2012 and was initially included in the revised, FY 2012 MTW Annual Plan. This HUD-approved MTW activity has evolved to include several, innovative strategies for re-positioning of the HACP housing stock.

Additional by-products and derivatives of this concept were HUD approved in the FY 2017 MTW Annual Plan and included, the Project-Based Voucher/Gap Financing strategy that garnered the HACP the FY 2019 National Association of Housing and Redevelopment Officials (NAHRO) Award of Merit. In 2012 and 2013, considering the diminishing availability of funding for affordable housing development and redevelopment, the HACP engaged in extensive collaborative work with the Department of Housing and Urban Development (HUD) and other partners to develop new mechanisms for financing redevelopment of distressed properties. The resulting "Step Up To Market Financing Program" was designed to be a key component of future HACP repositioning activities.

The HACP has also continued to invest in its housing stock, including activities in Section II. The HACP completed phases I, II and III of Addison redevelopment resulting in 263 new Project-Based Voucher (PBV) units and Phase I of Larimer Redevelopment resulting in 29 PBV units.

The HACP has also implemented an Energy Performance Contract for improvements that included the installation of energy efficient and cost saving geothermal heating (and cooling) systems at several developments. The HACP is committed to continuing these preservation and revitalization efforts to the greatest extent feasible with the funding available throughout the

MTW demonstration. The HACP has also successfully implemented a new MTW local non-traditional development program, the PBV/Gap Financing program, to support various private developers/owners in developing and preserving low-income affordable housing in various mixed-finance projects throughout the city since 2016.

The charts in this plan show projected sources of funds that can be used for capital projects, and projected uses of those funds over the next five (5) years. All of these numbers reflect projected obligations (not expenditure) of funds and are projections only and are subject to change based upon funding levels and opportunities, financial and real estate market conditions, new or changing regulations or requirements, or other unforeseen developments.

The status of projects relating to Repositioning of the HACP's Housing Stock are as follows:

| Development | FY 2019 |
|---|---|
| Addison Terrace Phase III | Phase III was fully occupied by the first quarter of 2018. The development consists of 37 affordable units (Project-Based Voucher) and 13 market rate units. |
| Larimer/East Liberty Phase II | This phase is part of Larimer/East Liberty Choice Neighborhoods Implementation Grant (CNIG) Program. It will result in approximately 150 mixed-income rental units. Seventy- Five (75) of the stated 150 will be assisted via transferred HUD Multifamily Housing Assistance Payments (HAP). Building construction was completed in in July 1, 2019 and has a current occupancy rate of 100%. |
| Larimer/East Liberty Phase III | Phase III is part of the Larimer/East Liberty Choice Neighborhood Implementation Grant (CNIG) Program. Approximately (42) mixed-income rental units will be developed with a 9% Low-Income Housing Tax Credit (LIHTC) application that was submitted in November 2019. Construction would start in 2021. The mixed-use building of Phase III will include 4,800-square feet of commercial/retail space on Larimer Avenue corridor. |
| Larimer/East Liberty Phase IV | Phase IV of the Larimer/East Liberty CNIG housing development is comprised of adaptive reuse and mixed-use of the historic Larimer School and new construction of townhomes. This Phase will consist of approximately 42 mixed-income rental units and will be financed with a 9% LIHTC which was awarded in July 2019. A financial closing is project to occur in May 2020. |
| Larimer/East Liberty Large- family Scattered Site Replacement Units | The HACP, in collaboration with the Urban Redevelopment Authority's housing development arm, the Pittsburgh Housing Development Corporation, will use a conventional public housing development method to develop two (2) 3- bedroom units and one (1) 5- bedroom replacement units in the Larimer neighborhood. The Development, Site Acquisition proposals, and implementation will be based on public housing development regulations. |

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| Bedford Dwellings Redevelopment | Although the 2018 Choice Neighborhoods Implementation Grant (CNIG) application was unsuccessful, the HACP and ARMDC will continue to explore and work with public and private partners to identify the best opportunities to generate replacement units for the Somers Drive section of Bedford Dwellings in the Hill District. These opportunities can include a PBV/Gap Financing partnership with the Urban Redevelopment Authority's (URA) qualified developers to implement part of the 2018 Choice Neighborhoods Transformation Plan on Centre Avenue Corridor. The strategy may also include rehabilitation of the existing Somers Drive public housing buildings. Mixed-finance new construction of replacement units is also an option. The HACP may consider applying for the Choice Implementation Grant in 2020. |
| Northview Heights Midrise | The HACP is completing pre-development activities to construct a new replacement building with up to (43) units on 3.96 acres of vacant land within the community. The HACP intends to submit a four percent (4%) LIHTC application in 2020. Opportunities for funding for the project are being considered and pursued, with financial closing and possible construction to begin in 2021. The HACP is also considering alternative sites throughout the City of Pittsburgh (off-site) to construct new units to serve as a one-for-one replacement of the units currently located in the existing, Northview Heights Highrise building. |
| Scattered Site Improvement Planning | The HACP will continue to review various asset management and housing rehabilitation options to improve the quality of housing stock and preserve long-term affordability of scattered site units. |
| Allegheny Dwellings Phase I Redevelopment (recently renamed Sandstone Quarry Apartments) | This project is completed and occupied. Sixty-five (65) units of mixed- income units (47 affordable/18 market rate units), consisting of one, two and three (3) bedroom units are constructed on-site and along Federal Street. Forty-seven (47) affordable units are PBV assigned units. The Project closing was held in December 2017 and is financed in part by the HACP MTW capital budget, program income, conventional/soft loan and apportioned 4% tax credits. Phase I was completed in the first quarter of 2019. |

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| Crawford Square | Crawford Square is a pre-existing LIHTC supported mixed income development overlooking downtown Pittsburgh and located a few blocks from the HACP owned mixed finance development Bedford Hill. The HACP collaborated with the Urban Redevelopment Authority (URA) and the current property owners to develop a solution to maintain the affordable units as the property entered the final year of its tax credit affordability period in 2016. Tax credit resyndication took place to ensure the preservation of 194 affordable units at Crawford Square. The HACP also provided a Gap Financing loan to support this endeavor. . Of the 194 units, 60 will be designated as PBV units and 134 will remain as LIHTC units. The project closed June 4 – 6, 2018. The developer received their notice to proceed on June 11, 2018 and construction is scheduled to be completed by April of 2020. |
| Manchester | Manchester is an early HOPE VI mixed-finance redevelopment with 86 units. The LIHTC compliance period ended in 2016 and the HACP and its partners acquired the property in 2017. The HACP proposes to preserve the 86 affordable rental units for the next 20-year period through re- syndication and will submit a LIHTC application in 2020. The HACP intends to submit a Rental Assistance Demonstration application to HUD in February 2020. In addition, the HACP is considering the construction of up to forty (40) new units on vacant parcels of land throughout the Manchester neighborhood. The HACP/ARMDC will also work to complete pre-development activities and consider opportunities for additional funding. |
| Turnkey Development of Scattered Sites | Two (2) Community Development Groups/Faith-based Organizations were selected in 2016 to develop up to fifty (50) turnkey units over the next successive (five years). Turnkey development of twenty (20) scattered sites in the East Liberty Neighborhoods is managed by East Liberty Development Corporation. (ELDI). Phase I and Phase II are complete for a total of eighteen (18) units. The remaining Phase III constituting an additional two (2) units is nearing completion and project close-out. Amani Christian Community Development Corporation (ACCDC) are separately managing Turnkey Development of Scattered Sites in the Middle Hill District for a total of twenty-two (22) units. This is currently in the design and pre-development stage. |
| Addison Terrace Phase IV) (Kelly Hamilton Homes) | The HACP and its private co-development partner, Keith B. Key Enterprises (KBK) were awarded a 4% percent LIHTC award and reached financial closing in March 2019. The former Kelly St high-rise site in Homewood has been disposed to the project as a main portion of the site, which will consist of 58 units total, 42 LIHTC units and 16 market rate units. This development is currently under construction and is expected to be completed by March 2020. |

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| St. Clair and vacant lots | The Urban Redevelopment Authority (URA) has provided its final offer for the former St. Clair Village property. The completed St. Clair disposition application was submitted to HUD on August 9, 2019 for review and approval. HUD SAC had disapproved the disposition application on February 7, 2020. The HACP will proceed with requesting a new appraisal bid for the property and decide on next steps. |
| Disposition and or redevelopment of vacant properties | The HACP continues to plan for potential disposition and/or mixed finance development of vacant properties at Garfield Heights, Bedford Dwellings, and at Cove Place in Glen Hazel. St. Clair Village is a former LIPH community prime for redevelopment. The HACP is preparing to dispose of a vacant parcel at Garfield Heights to the City. This vacant parcel remains from the land existing prior to redevelopment of the former Garfield Heights LIPH property currently known as the Garfield Commons mixed- finance development. This parcel was previously part of the old development but was subdivided as part of the redevelopment. The HACP intends to dispose of this parcel to the City so that it can be consolidated into the other parcels that comprise the Fort Pitt Playground as ultimately, the City and its partners are going to update/expand the park. There is no significant progress to report regarding this activity relating to Garfield Heights for FY19. Regarding Bedford Dwellings, in FY19, a disposition application for the sale of 0.17 acres was submitted to HUD on March 29, 2019 and was HUD approved on October 9, 2019. The HACP anticipates the actual removal action (sale closing) to occur in the first quarter of 2020. There is no significant progress to report regarding this activity relating to Cove Place in Glen Hazel for FY19. The progress for FY19 with regard to disposition of Saint Clair Village is referenced in the above portion of this chart. |
| Oak Hill Brackenridge (FY19 MTW Plan HUD-Approved Amendment) | The HACP submitted a disposition application in August 2019 for a vacant land owned by the HACP in the Oak Hill mixed-income community in support of a new rental housing development proposed by Oak Hill master developer, Beacon Corcoran Jennison. The development is going to be a subphase of Oak Hill Phase II. This development will be new construction of approximately 140 market-rate rental units. The land will be sold, or ground leased to the master developer or a new owner entity. |
| Elmer Williams Square | The project consists of 36 rehabilitated units and 1 new construction unit, total 37 units. Two (2) units will also be fully accessible and meet Uniform Federal Accessibility Standards. All 37 units will be subsidized by HCV PBVs. The project is expected to be completed and leased up by 2020. |
| Miller Street Apartments | Identified through the PBV Plus Gap competitive selection process in 2016. The HACP has awarded nine (9) PBV units and gap financing for the project located in the Crawford Roberts Neighborhood in the Middle Hill District. The Project has completed construction in 2019 and is currently at 100% occupancy. |

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| City's Edge | Identified through the PBV Plus Gap competitive selection process in 2018, the HACP has committed to awarding 77 PBV Units and gap financing for the project located in the Uptown Neighborhood of Pittsburgh. The development is a new construction, mixed-use, mixed-income, nine-story, condominium, elevator building. It will have 110 units total, 77 of which will be supported by Project-Based Vouchers, and 33 will be Market Rate. There will be a commercial component of the property that includes a parking garage and proposed space for a daycare, after school program, MBE/WBE incubation space, restaurant, medical care facility, business center, and a fitness room. A financial closing is projected to occur in 2020. |
| Lemington Senior Housing | Identified through the PBV Plus Gap competitive selection process in 2017, the HACP has committed to awarding 54 PBV Units and gap financing for this project located in the Lincoln-Lemington neighborhood of Pittsburgh. The development is the adaptive re-use of a former medical care facility to be converted into 54 one- and two-bedroom units along with commercial space for the provision of medical and senior support services to the residents of the building. There will be a total of 54 Project Project-Based Vouchers supported units. A financial closing is occurred in December 2019 and construction is scheduled for completion in June 2021. |
| Acquisition and Build-Out of New Administrative Space and Disposition of HACP Office | The HACP purchased office space located at 412 Boulevard of the Allies (a.k.a. 420 Boulevard of the Allies) on September 20, 2018. . The new space will be renovated to suit the needs of the HACP's staff. The HACP will also dispose of its current administrative space located in the John P. Robin Civic Building, which is expected to take place in 2020. All moving for the new space should be completed in 2021. |
| Oak Hill RAD | A nine percent (9%) tax credit application has been submitted to the Pennsylvania Housing Finance Agency (PHFA) in 2019 for the Oak Hill Major Reconstruction of Obsolete Properties (MROP) units. If awarded, a closing for this phase should take place by the end of 2021. A Converted Awaiting Transfer request has been approved by HUD for early demolition of the units in the meantime scheduled to occur in 2020. |
| **2017 PBV/Gap Financing RFP (MTW Local Non-Traditional activity)** | Lemington Senior Housing: Financial Closing in December 2019. (For more details, refer to the "Lemington Senior Housing" section above.) |
| **2018 PBV/Gap**<br><br>**Financing RFP (MTW Local Non- Traditional activity)** | 1. City's Edge: In the process of preparing for financial closing by the end of 2019. (For more details, refer to the "City's Edge" section above.)<br>2. North Negley Residences: In process of predevelopment. Awarded 9% LIHTC in 2019. 10 PBV Units, 77 Total Units<br>3. New Granada Square: In process of predevelopment. Awarded 9% LIHTC in 2019. 10 PBV Units, 40 Total Units |

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| | 4. Herron Ave/Ossipee Homes: In process of planning and predevelopment 24 PBV Units, 24 Total Units<br>5. Western Restoration: In process of planning and predevelopment including other funding applications. 24 PBV Units, 96 Total Units<br><br>Lexington Technology Park: In process of planning and predevelopment 50 PBV Units, 125 Total Units |

**Pursuit of Rental Assistance Demonstration Conversions**

In order to secure the long-term viability of its existing housing stock, the HACP is pursuing conversion of some public housing units to HUD contracts for multi-family housing rental assistance through the Rental Assistance Demonstration (RAD) Program. The HACP received approval for the following properties:

- Glen Hazel Family Community and Glen Hazel High Rise (Conversion in 2018)
- Oak Hill (Conversion in 2017)

RAD financial closing occurred for Glen Hazel Family Community and Glen Hazel High Rise in 2018. Rehabilitation and relocation activities of Glen Hazel RAD will be completed in FY 2020. Oak Hill Phase I and Phase II-Wadsworth subphase were converted to HUD Project-based Rental Assistance (PBRA) through the Rental Assistance Demonstration (RAD) Program in 2017. Major Reconstruction of Obsolete Public Housing Projects (MROP) public housing buildings (originally built in 1941) in Oak Hill Phase I have been approved for demolition and replacement of the 80 MROP public housing units. Oak Hill's master developer will continue its efforts of securing development funds to complete the replacement of the MROP units.

**Long Term Development and Redevelopment Funding Projections**

Below are charts showing projected funding obligations over the next five (5) years. Not included in the charts are funding and financing strategies, including those that use MTW funding flexibility and support and leverage MTW funds to support redevelopment of these properties. As funding opportunities and financing mechanisms change, and creative approaches are devised, the HACP will adapt and adopt the approaches that are most advantageous to the agency. These approaches include but are not limited to the following:

- Low-income Housing Tax Credits, Historic Tax Credits, and/or New Market Tax Credits.
- Federal, State, and Local Housing Trust Funds dollars as available.
- Other Federal, State, and Local funds such as CDBG, HOME, PA Department of Community and Economic Development Programs, and others as can be secured.

- HUD’s new and evolving financing and transformation initiatives (if authorized), or other similar approaches.
- Project-Based Voucher: Project basing Housing Choice Vouchers.
- The HACP’s Moving to Work *Step Up To Market Financing Program*.
- Gap Financing program, an MTW local non-traditional development sources approved by HUD
- Any and all other opportunities and mechanisms that are available or can be identified that will assist the HACP in furthering its goals under MTW and under the LIPH and HCV programs.

Other sections of the FY 2019 MTW Annual Report include specifics on the funding strategies utilized in specific development phases that closed in 2019. Future Plans and Reports will include additional details for upcoming or future phases and initiatives.

Below are charts showing project funding obligations over the next five (5) years.

| Sources | Projected Sources | 2020 | 2021 | 2022 | 2023 | 2024 | 5-Year SubTotals |
|---|---|---|---|---|---|---|---|
| | MtW Funding (HCV) | 8,285,933 | 8,285,933 | 8,285,933 | 8,285,933 | 8,285,933 | 41,429,665 |
| | CFP Projected Future Funding | 11,307,186 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 51,307,186 |
| | Program Income | 6,000,000 | 500,000 | 0 | 0 | 0 | 6,500,000 |
| | MtW Reserves | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 50,000,000 |
| | Total All Projected Sources | 35,593,119 | 28,785,933 | 28,285,933 | 28,285,933 | 28,285,933 | 149,236,851 |

| Uses | | Proposed Uses | 2020 | 2021 | 2022 | 2023 | 2024 | 5-Year Subtotals |
|---|---|---|---|---|---|---|---|---|
| | HACP-WIDE | Administrative | 1,130,719 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 7,130,719 |
| | | Security | 5,989,625 | 5,989,625 | 5,989,625 | 5,989,625 | 5,989,625 | 29,948,125 |
| | | Hazardous Materials | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 500,000 |
| | | Environmental | 80,000 | 80,000 | 40,000 | 40,000 | 80,000 | 320,000 |
| | | Green Physical Needs Assessment & Integrated Energy Audit | 194,000 | 0 | 0 | 0 | 0 | 194,000 |
| | | Utility Systems Engineering | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Architectural/Engineering | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 594,035 | 8,594,035 |
| | | Construction Management | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 0 | 4,000,000 |
| | | Site Improvements | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 2,500,000 |
| | | Legal | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 500,000 |
| | | UFAS 3rd Party Certifications | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 125,000 |
| | | Relocation | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 250,000 |
| | | Resident Services | 2,296,308 | 2,296,308 | 2,296,308 | 2,296,308 | 2,296,308 | 11,481,540 |
| | Subtotal HACP-Wide Uses | | 13,465,652 | 13,640,933 | 13,600,933 | 13,600,933 | 11,234,968 | 65,543,419 |
| | Subtotal Development | | 21,050,591 | 20,000,000 | 14,500,000 | 30,000,000 | 23,000,000 | 108,550,591 |
| | Subtotal Modernization | | 200,000 | 5,788,281 | 715,550 | 9,629,251 | 8,486,221 | 24,819,303 |
| | Total All Proposed Uses | | 34,716,243 | 39,429,214 | 28,816,483 | 53,230,184 | 42,721,189 | 198,913,313 |

| Proposed Development | 2020 | 2021 | 2022 | 2023 | 2024 | 5-Year Subtotals |
|---|---|---|---|---|---|---|
| HACP Headquarters | 3,000,000 | 0 | 0 | 0 | 0 | 3,000,000 |
| Larimer CN Phase 4 | 2,000,000 | 0 | 0 | 0 | 0 | 2,000,000 |
| Larimer CN Phase 3 | 0 | 500,000 | 0 | 0 | 0 | 500,000 |
| Manchester Rehab+New Constr | 6,000,000 | 5,000,000 | 0 | 0 | 0 | 11,000,000 |
| Bedford Phase 1B (PBV/Gap Finance for URA Centre Ave RFQ) | 0 | 5,000,000 | 2,000,000 | 4,000,000 | 0 | 11,000,000 |
| Northview Midrise & Town Center | 0 | 500,000 | 500,000 | 5,000,000 | 0 | 6,000,000 |
| Oak Hill RAD & Future Phases | 0 | 1,000,000 | 0 | 0 | 0 | 1,000,000 |
| Scattered Sites S.18 Ph. 1 | 0 | 0 | 5,000,000 | 9,000,000 | 0 | 14,000,000 |
| Scattered Sites S.18 Ph. 2 | 0 | 0 | 0 | 0 | 12,000,000 | 12,000,000 |
| Bedford Phase 2 | 0 | 0 | 0 | 0 | 1,000,000 | 1,000,000 |
| Arlington Heights Phase 1 | 0 | 0 | 0 | 2,000,000 | 0 | 2,000,000 |
| PBV/Gap* | 10,050,591 | 8,000,000 | 7,000,000 | 10,000,000 | 10,000,000 | 45,050,591 |
| Subtotal Development | 21,050,591 | 20,000,000 | 14,500,000 | 30,000,000 | 23,000,000 | 108,550,591 |

*PBV/Gap, previously referred to as "Gap Financing" in the FY 2019 MTW Annual Plan has been truncated into one line instead of being separate components to provide the HACP with more flexibility.

| Proposed Modernization | | 2020 | 2021 | 2022 | 2023 | 2024 | 5-Year Subtotals |
|---|---|---|---|---|---|---|---|
| 901 | Addison (201 Kirkpatrick St Central Maintenance) | 0 | 0 | 0 | 0 | 146,852 | 146,852 |
| 902 | Bedford Dwellings | 0 | 0 | 0 | 0 | 0 | 0 |
| 904 | Arlington Heights | 0 | 5,588,281 | 15,550 | 1,758,976 | 2,932,541 | 10,295,348 |
| 905 | Allegheny Dwellings | 0 | 0 | 0 | 0 | 0 | 0 |
| 909 | Northview Heights | 0 | 0 | 500,000 | 0 | 1,195,222 | 1,695,222 |
| 915 | PA Bidwell / D.O.C. | 0 | 0 | 0 | 324,765 | 514,897 | 839,662 |
| 917 | Pressley | 0 | 0 | 0 | 1,760,443 | 1,334,592 | 3,095,035 |
| 920 | Homewood North | 0 | 0 | 0 | 2,268,107 | 135,023 | 2,403,130 |
| 922 & 939 | Scattered Sites / Hamilton Larimer | 0 | 0 | 0 | 1,185,240 | 515,277 | 1,700,517 |
| 931 | Murray Towers | 0 | 0 | 0 | 0 | 0 | 0 |
| 932 | Glen Hazel Family (incl. Renova) | 0 | 0 | 0 | 0 | 0 | 0 |
| 933 | Glen Hazel Highrise | 0 | 0 | 0 | 0 | 0 | 0 |
| 940 | Mazza Pavillion | 0 | 0 | 0 | 0 | 75,142 | 75,142 |
| 941 | Caliguiri Plaza | 0 | 0 | 0 | 286,546 | 172,941 | 459,487 |
| 944 | Finello Pavillion | 0 | 0 | 0 | 469,913 | 33,295 | 503,208 |
| 945 | Morse Gardens | 0 | 0 | 0 | 1,117,967 | 141,175 | 1,259,142 |
| 946 | Carrick Regency | 0 | 0 | 0 | 208,369 | 966,736 | 1,175,105 |
| 947 | Gualtieri Manor | 0 | 0 | 0 | 48,925 | 122,528 | 171,453 |
| 999 | Authority Wide | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 1,000,000 |
| Subtotal Modernization | | 200,000 | 5,788,281 | 715,550 | 9,629,251 | 8,486,221 | 24,819,303 |

## *D. Theme Two: Promoting Self-Sufficiency and Independent Living Through a Variety of Enhanced Services and Policy Adjustments*

The HACP is committed to continuing the pursuit of programs and policies that promote self-sufficiency and independent living. This is pursuit through programs and policy modifications.

The HACP's Family Self-Sufficiency (FSS) Program, called Realizing Economic Attainment For Life or REAL, includes the Resident Employment Program (REP). REAL and REP provide a variety of supports, programs, and referrals to residents of the LIPH and the HCV programs to assist them in preparing for, seeking, finding, and retaining employment. The program and the HACP also work constantly to link with other programs, leverage additional services, and create positive environments for families, adults, seniors, and children. REAL and REP are complemented by the programs provided by the HACP and its partners that focus on youth of varying ages, including the BJWL after school and summer programs, YouthPlaces, the Clean Slate Drug Free Lifestyles and Youth Leadership Development Program, and the Creative Arts Corner state of the art audio/video studios at Northview Heights and the Bedford Hope Center. The HACP's investments in resident services have leveraged over $4,000,000 per year in additional programs and services in recent years.

The REAL program's service coordinators are FSS Program Service Coordinators and they are funded by FSS/ ROSS grants from HUD. There are many service providers that provide in-kind services to our residents. Some of these providers include: The Community College of Allegheny County, the Health Professionals Opportunity Grant, Catholic Charities, 412 Food Rescue, City Parks, Ananias Mission, Grow Pittsburgh, Duquesne University, the Juvenile Reentry Assistance Program, "Y on the Fly", the Beverly Jewel Wall Lovelace Children's Program and YouthPlaces.

The Clean Slate Program, REP, Creative Arts Corner, Computer Training Program, GED prep program, Drivers Education and all resident services are front lined out of the Central Office Cost Center (COCC).

The HACP policy modifications are also designed to promote self-sufficiency, and the modified rent policy (as described in Section IV), is designed to encourage families to participate in the FSS program. The broad intent of these initiatives is to create an environment where work is the norm and personal responsibility is expected, and the HACP will pursue additional policy adjustments toward this end. Such policy changes may include increasing the minimum rent for those able- bodied non-elderly residents who do not work or participate in the FSS program for over one year; partnering with schools to create academic achievement support and/or incentive programs, or other mandatory school attendance programs for residents; or other creative initiatives still to be identified or developed. Any new initiatives will be included in the appropriate portions of future MTW Annual Plans.

## *E. Theme 3: Increasing Housing Choice for Low-Income Families Through Initiatives Designed to Increase the Quality and Quantity of Housing Available to Households Utilizing Rental Assistance and Other Available Resources*

As the City of Pittsburgh's housing market has changed in recent years, the availability of affordable housing has declined.

As the city of Pittsburgh housing market has changed in recent years, the availability of affordable housing has declined. These market changes have affected both naturally occurring affordable units and those available to households utilizing HCVs. In response, the HACP initiated its initial landlord initiatives in an attempt to increase the number of landlords participating in the HCV program, and to increase the number and quality of units available. The HACP received approval in the FY 2019 MTW Annual Plan for an alternative payment standard to address the limited housing stock and increased rental costs.

During the on-going implementation of this initiative, the HACP seeks to increase housing choice and encourage voucher participants to expand their housing search, particularly in neighborhoods with low levels of poverty. Recognizing that using a single city-wide Voucher Payment Standard (VPS) stimulated voucher holders to reside in low-cost, high-poverty neighborhoods, the HACP devised a robust and comprehensive method for establishing Payment Standards and rent reasonableness determinations. The goals of this activity are to:

1. Expand housing choices by providing access to more neighborhoods;
2. Create additional units from previously sub-standard properties and improve the quality of existing units;
3. Decrease concentration of voucher usage in high poverty areas.

The HACP plans to continue further analysis of these market changes and will pursue additional initiatives targeted to increasing the number and quality of housing options for households utilizing tenant-based rental assistance.

# II. GENERAL HOUSING AUTHORITY OPERATING INFORMATION

## (II) GENERAL OPERATING INFORMATION

### Annual MTW REPORT FOR FY 2019

### *A. HOUSING STOCK INFORMATION*

**i. Actual New Project Based Vouchers**

Tenant-based vouchers that the MTW PHA project-based for the first time during the Plan Year. These include only those in which at least an Agreement to enter into a Housing Assistance Payment (AHAP) was in place by the end of the Plan Year. Indicate whether the unit is included in the Rental Assistance Demonstration (RAD).

| PROPERTY NAME | NUMBER OF VOUCHERS NEWLY PROJECT-BASED | | STATUS AT END OF PLAN YEAR** | RAD? | DESCRIPTION OF PROJECT |
|---|---|---|---|---|---|
| | Planned* | Actual | | | |
| Lemington Homes | 54 | 0 | Not completed | No | PBV + GAP financing awardee |
| Western Restoration | 54 | 0 | Not completed | No | PBV + GAP financing awardee |
| Larimer Phase III | 17 | 0 | Not completed | No | CNIG replacement units |
| Northview Mid Rise | 87 | 0 | Not completed | No | PBV units in mixed-finance development |
| Bedford Redevelopment Phase ! | TBD | 0 | Not completed | No | First phase of Bedford Dwelling Redevelopment |
| Crawford Square | 60 | 38 | In lease-up | No | Re-syndication of mixed-finance property |
| Allegheny Dwellings | 47 | 47 | 100% lease-up | No | First phase of Allegheny Dwelling Redevelopment |
| Miller Street | 9 | 9 | 100% lease-up | No | PBV + GAP financing awardee |
| Elmer Williams Square | 37 | 1 | In lease-up | No | PBV + GAP financing awardee |
| | 365 | 95 | | | |

**Planned/Actual Total Vouchers Newly Project-Based**

* Figures in the "Planned" column should match the corresponding Annual MTW Plan.

** Select "Status at the End of Plan Year" from: Committed, Leased/Issued

**Please describe differences between the Planned and Actual Number of Vouchers Newly Project-Based:**

There are differences as vouchers are being issued as the units become available.

**ii. Actual Existing Project Based Vouchers**

Tenant-based vouchers that the MTW PHA is currently project-basing in the Plan Year. These include only those in which at least an AHAP was in place by the beginning of the Plan Year. Indicate whether the unit is included in RAD.

| PROPERTY NAME | NUMBER OF PROJECT-BASED VOUCHERS | | STATUS AT END OF PLAN YEAR** | RAD? | DESCRIPTION OF PROJECT |
|---|---|---|---|---|---|
| | Planned* | Actual | | | |
| Addison Phase III (Middle Hill) | 37 | 33 | Leased/Issued | No | HAP Contract in place. Third phase of Addison Redevelopment |
| Addison Phase IV (Kelley Hamilton Homes) | 42 | 25 | Leased/Issued | | HAP Contract in place. Fourth and final phase of Addison Terrace Redevelopment |
| Allegheny Dwellings I (Sandstone Quarry) | 47 | 37 | Leased/Issued | No | HAP Contract in place. First phase of Allegheny Dwellings Redevelopment |
| Allegheny Union Baptist Association 2700 Centre Ave. | 36 | 29 | Leased/Issued | No | HAP Contract in place. Senior Bldg |
| Crawford Square | 60 | 38 | Leased/Issued | No | Re-syndication of mixed finance development. HAP Contract in place and currently undergoing modernization. |
| Dinwiddie III and IV | 14 | 14 | Leased/Issued | No | HAP Contract in place. |
| Doughboy | 8 | 6 | Leased/Issued | No | HAP Contract in place. |
| East Liberty Place South | 6 | 6 | Leased/Issued | No | HAP Contract in place. |
| Hillcrest Senior Apartments | 16 | 16 | Leased/Issued | No | HAP Contract in place. |
| Larimer Pointe | 40 | 34 | Leased/Issued | No | HAP Contract in place. |
| Larimer/East Liberty Phase 1 | 28 | 28 | Leased/Issued | No | HAP Contract in place. |
| Legacy Apartments Senior | 16 | 16 | Leased/Issued | No | HAP Contract in place. Senior Building |
| Lofts at Bentley (Addison Phase II) | 64 | 55 | Leased/Issued | No | HAP Contract in Place Phase II at Addison Terrace Redevelopment |
| Mackey Lofts | 11 | 10 | Leased/Issued | No | HAP Contract in place. Building for Hearing Impaired Households |
| Milliones Manor (Senior) | 38 | 32 | Leased/Issued | No | HAP Contract in place. Senior Building |
| Miller Street Apartments | 9 | 9 | Leased/Issued | No | HAP Contract in place. |
| Skyline Terrace (Addison Phase I) | 168 | 149 | Leased/Issued | No | HAP Contract in Place First Phase of Addison Redevelopment |

| | | | | | |
|---|---|---|---|---|---|
| Elmer Williams Square | 37 | 1 | Leased/Issued | No | PBV/GAP Financing. 2020 Contraction completion. |
| Wood Street Commons | 65 | 62 | Leased/Issued | No | HAP Contract in place. Single room occupancy (SRO) units located Downtown |
| | 742 | 610 | **Planned/Actual Total Existing Project-Based Vouchers** | | |

* Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

** Select "Status at the End of Plan Year" from: Committed, Leased/Issued

**Please describe differences between the Planned and Actual Existing Number of Vouchers Project-Based:**

Developments with lower Actual Numbers are in the lease-up stage and some developments are still under construction.

**iii. Actual Other Changes to MTW Housing Stock in the Plan Year**

Examples of the types of other changes can include (but are not limited to): units held off-line due to relocation or substantial rehabilitation, local, non-traditional units to be acquired/developed, etc.

| ACTUAL OTHER CHANGES TO MTW HOUSING STOCK IN THE PLAN YEAR |
|---|
| Addition of Scattered Sites units through acquisition and rehabilitation<br>Disposition of vacant lots and select deteriorating Scattered Sites properties<br>Offline units for Allegheny Redevelopment. |

**iv. General Description of All Actual Capital Expenditures During the Plan Year**

Narrative general description of all actual capital expenditures of MTW funds during the Plan Year.

| GENERAL DESCRIPTION OF ALL ACTUAL CAPITAL EXPENDITURES DURING THE PLAN YEAR |
|---|
| Bedford Dwellings – (Hope Center) – Improvement – **completed;** Caliguiri Plaza – Interior Renovation - **completed**, Trash Compactor Replacement – **completed**; Finello Pavilion – Generator Replacement- **completed**; Carrick Regency – Interior Renovation – **completed; and** Carrick Regency – Interior Renovation – **completed** |

## B. *LEASING INFORMATION*

### i. Actual Number of Households Served

Snapshot and unit month information on the number of households the MTW PHA actually served at the end of the Plan Year.

| NUMBER OF HOUSEHOLDS SERVED THROUGH: | NUMBER OF UNIT MONTHS OCCUPIED/LEASED* | | NUMBER OF HOUSEHOLDS SERVED** | |
|---|---|---|---|---|
| | Planned^^ | Actual | Planned^^ | Actual |
| MTW Public Housing Units Leased | 38,976 | 36,096 | 3,248 | 3,008 |
| MTW Housing Choice Vouchers (HCV) Utilized | 66,900 | 66,852 | 5,575 | 5,571 |
| Local, Non-Traditional: Tenant-Based | N/A | N/A | N/A | N/A |
| Local, Non-Traditional: Property-Based | 5,832 | 192 | 486 | 16 |
| Local, Non-Traditional: Homeownership | 2,172 | 60 | 181 | 5 |
| Planned/Actual Totals | 113,880 | 103,200 | 9,490 | 8,600 |

* "Planned Number of Unit Months Occupied/Leased" is the total number of months the MTW PHA planned to have leased/occupied in each category throughout the full Plan Year (as shown in the Annual MTW Plan).

** "Planned Number of Households to be Served" is calculated by dividing the "Planned Number of Unit Months Occupied/Leased" by the number of months in the Plan Year (as shown in the Annual MTW Plan).

^^ Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

**Please describe any differences between the planned and actual households served:**

The difference between the planned and actual activity for the public housing (LIPH) units is a combination of units held for redevelopment and vacant units. The HACP has adopted a turnkey vacant turnover protocol and will continue aggressive lease-up in 2020.

* The sum of the figures provided should match the totals provided for each Local, Non-Traditional category in the previous table. Figures should be given by individual activity. Multiple entries may be made for each category if applicable.

^^ Figures and text in the "Planned" column should match the corresponding Annual MTW Plan.

| LOCAL, NON-TRADITIONAL CATEGORY | MTW ACTIVITY NAME/NUMBER | NUMBER OF UNIT MONTHS OCCUPIED/LEASED* | | PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED* | |
|---|---|---|---|---|---|
| | | Planned^^ | Actual | Planned^^ | Actual |
| Tenant-Based | N/A | N/A | **N/A** | N/A | **N/A** |
| Property-Based | Activity 9: Step Up to Market | 5,832 | **192** | 486 | **16** |
| Homeownership | Activity 6: Homeownership | 2,172 | **60** | 181 | **5** |
| | Planned/Actual Totals: | 8,004 | **252** | **667** | **21** |

As noted in the chart above, based on the HACP confirmation with supporting documentation, sixteen (16) LNT Property-Based households from the Miller Street development were served in FY2019. The HACP has also confirmed that it served five (5) LNT Homeownership Households in FY2019. The HACP found that project-based units were mistakenly counted in the total number reported in the prior FY2019 Annual Report, which does not meet the definition of LNT. Therefore, the LNT property-based numbers reported in the 2019 MTW Annual Report were incorrect and the correct numbers are shown in the chart above.

| HOUSEHOLDS RECEIVING LOCAL, NON-TRADITIONAL SERVICES ONLY | AVERAGE NUMBER OF HOUSEHOLDS PER MONTH | TOTAL NUMBER OF HOUSEHOLDS IN THE PLAN YEAR |
|---|---|---|
| The HACP does not have households in this category that are receiving local, non-traditional services only | **0** | **0** |

**ii. Discussion of Any Actual Issues/Solutions Related to Leasing**

Discussion of any actual issues and solutions utilized in the MTW housing programs listed.

| HOUSING PROGRAM | DESCRIPTION OF ACTUAL LEASING ISSUES AND SOLUTIONS |
|---|---|
| **MTW Public Housing** | No issues leasing units anticipated. Some high unadjusted vacancy rates my may occur at Hamilton Larimer units in Scattered Sites North and Allegheny Dwellings due to planned demolition: |
| **MTW Housing Choice Voucher** | Challenges are expected as rents continue to rise particularly in emerging neighborhood once affordable under current FMR. Older housing in Pittsburgh continues to fail HQS inspections and there is a scarcity of landlords. The HACP plans to increase lease up through new landlord incentives and approved an alternative payment standard |
| **Local, Non-Traditional** | No issues anticipated: |

## *C. WAITING LIST INFORMATION*

**i. Actual Waiting List Information**

Snapshot information on the actual status of MTW waiting lists at the end of the Plan Year. The "Description" column should detail the structure of the waiting list and the population(s) served.

| WAITING LIST NAME | DESCRIPTION | NUMBER OF HOUSEHOLDS ON WAITING LIST | WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED | WAS THE WAITING LIST OPENED DURING THE PLAN YEAR |
|---|---|---|---|---|
| Low Income Public Housing | Site Based | 4,487 | Partially Open | Yes |
| Housing Choice Voucher | Community Wide | 8,530 | Closed | No |
| Homeownership | Community-Wide | N/A | N/A | N/A |
| Mixed Finance | Site-Based | 23,895 | Closed | Yes |

**Please describe any duplication of applicants across waiting lists:**

Numerous applicants are on multiple waiting lists. There may be duplications between LIPH and HCV program. The Project Based Voucher: wait list may have duplicates across lists. Properties are also privately managed and wait lists open and close based upon demand. No wait list has been established for the Homeownership program. Program participation is open to otherwise eligible families, if demand for soft-second mortgage assistance approaches budget limit a waiting list of participants with mortgage pre-approval letters will be established.

### i. Actual Changes to Waiting List in the Plan Year

Please describe any actual changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

| WAITING LIST NAME | DESCRIPTION OF ACTUAL CHANGES TO WAITING LIST |
|---|---|
| **Low Income Public Housing** | The HACP's Site Based Site Preference system allows applicants to choose up to three communities of preference, or the first available from all properties option. Public housing units in mixed finance/mixed income privately managed properties are not included, as each location operates a separate waiting list. The HACP allows for pre-applications submission and continued use of centralized application location. |
| **Housing Choice Voucher** | The HCV waitlist was closed in 2019. |
| **Homeownership** | Currently no waiting list, program participation is open to otherwise eligible families; if demand for soft second mortgages approaches annual budget authority a waiting list of participants with mortgage preapproval letters will be established. |
| **MTW Project Based Vouchers** | Allegheny Union Baptist Association (AUBA), Mackey Lofts, Milliones Manor, The Legacy, Wood Street Commons and Wood Street Commons – MOD were open. Crawford Square Apartments, East Liberty Place South, Hillcrest Senior Residences, Kelly Hamilton Homes, Miller Street Apartments, Sandstone Quarry Apartments, Skyline Terrace and Sycamore Street Apartments were partially open. Cornerstone Village (Larimer/East Liberty Phase 1), Dinwiddie Street Housing, Doughboy Square Apartments, Larimer Pointe, Middle Hill Homes and The Lofts at Bentley were closed. |
| **Mixed Finance developments** | Mixed-income developments that include public housing units, low income housing tax credit and market rate units. Wait lists are operated by private management. |

## *D. INFORMATION ON STATUTORY OBJECTIVES AND REQUIREMENTS*

### i. 75% of Families Assisted Are Very Low Income

HUD will verify compliance with the statutory requirement that at least 75% of the households assisted by the MTW PHA are very low income for MTW public housing units and MTW HCVs through HUD systems. The MTW PHA should provide data for the actual families housed upon admission during the PHA's Plan Year reported in the "Local, Non-Traditional: Tenant-Based"; "Local, Non-Traditional: Property-Based"; and "Local, Non-Traditional: Homeownership" categories. Do not include households reported in the "Local, Non-Traditional Services Only" category.

| • INCOME LEVEL | NUMBER OF LOCAL, NON-TRADITIONAL HOUSEHOLDS ADMITTED IN THE PLAN YEAR |
|---|---|
| **80%-50% Area Median Income** | **3** |
| **49%-30% Area Median Income** | **11** |
| **Below 30% Area Median Income** | **7** |
| **Total Local, Non-Traditional Households Admitted** | **Twenty-one (21) LNT units admitted in FY 2019** |

### ii. Maintain Comparable Mix

HUD will verify compliance with the statutory requirement that MTW PHAs continue to serve a comparable mix of families by family size by first assessing a baseline mix of family sizes served by the MTW PHA prior to entry into the MTW demonstration (or the closest date with available data) and compare that to the current mix of family sizes served during the Plan Year.

| BASELINE MIX OF FAMILY SIZES SERVED (upon entry to MTW) | | | | | |
|---|---|---|---|---|---|
| **FAMILY SIZE** | **OCCUPIED PUBLIC HOUSING UNITS** | **UTILIZED HCVs** | **NON-MTW ADJUSTMENTS*** | **BASELINE MIX NUMBER** | **BASELINE MIX PERCENTAGE** |
| 1 Person | 1714 | 994 | 0 | 2708 | 29.61% |
| 2 Person | 1721 | 1536 | 0 | 3257 | 35.62% |
| 3 Person | 1427 | 1134 | 0 | 2561 | 28.00% |
| 4 Person | 300 | 208 | 0 | 508 | 5.55% |
| 5 Person | 84 | 27 | 0 | 111 | 1.21% |
| 6+ Person | N/A | N/A | 0 | N/A | 0% |
| TOTAL | 5246 | 3899 | 0 | 9145 | 100% |

* "Non-MTW Adjustments" are defined as factors that are outside the control of the MTW PHA. An example of an acceptable "Non-MTW Adjustment" would include demographic changes in the community's overall population. If the MTW PHA includes "Non-MTW Adjustments," a thorough justification, including information substantiating the numbers given, should be included below.

**Please describe the justification for any "Non-MTW Adjustments" given above:**

At this time, the HACP has not requested any adjustments to the baseline for the mix of families served. It should be noted that HACP's total baseline of families to be served has increased to a total of 9563, but these additional authorized units do not have a family size and therefore are not reflected in these charts. Also, the HACP has collected data only for 5+ and does not have a separate entry for 6+.

| MIX OF FAMILY SIZES SERVED (in Plan Year) | | | | |
|---|---|---|---|---|
| **FAMILY SIZE** | **BASELINE MIX PERCENTAGE**** | **NUMBER OF HOUSEHOLDS SERVED IN PLAN YEAR^** | **PERCENTAGE OF HOUSEHOLDS SERVED IN PLAN YEAR^^** | **PERCENTAGE CHANGE FROM BASELINE YEAR TO CURRENT PLAN YEAR** |
| 1 Person | 29.61% | 3308 | 38.73% | 9.12% |
| 2 Person | 35.62% | 2696 | 31.57% | -4.05% |
| 3 Person | 28.00% | 2059 | 24.11% | -3.90% |
| 4 Person | 5.55% | 392 | 4.59% | -0.97% |
| 5 Person | 1.21% | 86 | 1.01% | -0.21% |
| 6+ Person | N/A | N/A | N/A | N/A |
| TOTAL | 100% | 8,541 | 100% | 0% |

** The "Baseline Mix Percentage" figures given in the "Mix of Family Sizes Served (in Plan Year)" table should match those in the column of the same name in the "Baseline Mix of Family Sizes Served (upon entry to MTW)" table.

^ The "Total" in the "Number of Households Served in Plan Year" column should match the "Actual Total" box in the "Actual Number of Households Served in the Plan Year" table in Section II.B.i of this Annual MTW Report.

^^ The percentages in this column should be calculated by dividing the number in the prior column for each family size by the "Total" number of households served in the Plan Year. These percentages will reflect adjustments to the mix of families served that are due to the decisions of the MTW PHA. Justification of percentages in the current Plan Year that vary by more than 5% from the Baseline Year must be provided below.

**Please describe the justification for any variances of more than 5% between the Plan Year and Baseline Year:**

| |
|---|
| **The one (1) person household varied by 9%, which is primarily related to the demolition/RAD activity in the LIPH portfolio, GAP financing, and aggressive development activities of the HACP.** |

**i. Number of Households Transitioned to Self-Sufficiency in the Plan Year**

Number of households, across MTW activities, that were transitioned to the MTW PHA's local definition of self-sufficiency during the Plan Year.

| MTW ACTIVITY NAME/NUMBER | NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF SUFFICIENCY* | MTW PHA LOCAL DEFINITION OF SELF SUFFICIENCY |
|---|---|---|
| Modified Rent Policy HCV #3 | 24 | Graduated from FSS program includes zero cash assistance |
| Modified Rent Policy LIPH #4 | 21 | Graduated from FSS Program zero cash assistance |
| Homeownership Program #6 | 4 | Completed Home Purchase **(one (1) was in the LIPH Program, three (3) were in HCV Program)** |
| | **4** | **(*Households Duplicated Across MTW Activities*)** |
| | **45** | **Total Households Transitioned to Self Sufficiency** |

* Figures should match the outcome reported where metric SS#8 is used in Section IV of this Annual MTW Report.

The HACP confirmed a total of forty-five (45) households exited the Family Self-Sufficiency (FSS) Program in FY2019, which changed from the sixty-three (63) originally reported. Of those forty-five households, twenty-four (24) were Housing Choice Voucher (HCV) Program participants and twenty-one (21) were Low-Income Public Housing (LIPH) participants. Furthermore, the HACP had a total of four (4) FSS participants who purchased homes (Homeownership). Of those four (4) who purchased homes, three (3) were HCV Program participants, and one (1) was a LIPH participant. Therefore, a total of four (4) households were duplicated as pertains to being reported in the Homeownership Component and being included in the HCV or LIPH household categories.

## III. PROPOSED MOVING TO WORK ACTIVITIES: HUD APPROVAL REQUESTED

All proposed activities that have been approved by HUD are reported on in Section IV as "Approved Activities." There were no proposed activities that were not approved in FY 19.

## IV. APPROVED MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED

| Activity | Plan Year Approved | Plan Year Implemented | Current Status |
|---|---|---|---|
| 1. Pre-Approval Inspection Certification for Multi-Unit Housing | 2015 Annual Plan | 2015 | Implemented |
| 2. Preferred Owners Program | 2015 Annual Plan | 2015 | Implemented |
| 3. Modified Rent Policy - Work or FSS Requirement or increased minimum tenant payment for non-exempt HCV households | 2011 Annual Plan | 2011 | Implemented |
| 4. Modified Rent Policy - Work or FSS Requirement or increased minimum rent for non-exempt LIPH households | 2008 Annual Plan | 2008-2009 | Implemented |
| 5. (a) Revised Recertification Policy – at least once every other year – for Section 8/HCV<br><br>5. (b) Revised Recertification Policy – at least once every other year – for LIPH | 2008 Annual Plan<br><br>2009 Annual Plan | 2008<br><br>2009 | Implemented<br><br>Implemented |
| 6. (a) Homeownership Program: Operation of Combined LIPH and Section 8/HCV Homeownership Program.<br><br>6. (b) Program assistance to include soft-second mortgage assistance coupled with closing cost assistance, homeownership and credit | Combined Program approved in 2007; other elements approved in 2010.<br><br>Expansion of eligibility to person eligible for LIPH in 2014 plan. | 2007<br><br>2010<br>2014 | Implemented<br><br>Updated<br>Updated |

| | | | |
|---|---|---|---|
| counseling, and foreclosure prevention only; establish a soft-second mortgage waiting list; expand eligibility to persons on the LIPH and HCV program waiting lists; expand eligibility to persons eligible for LIPH | | | |
| 7. Modified Housing Choice Voucher Program policy on maximum percent of Adjusted Monthly Income permitted. | 2001 Annual Plan | 2001 | Implemented |
| 8. Modified Payment Standard Approval - establish Exception Payment Standards up to 120% of FMR without prior HUD approval. | 2004 Annual Plan; additional features in 2013 Annual Plan | 2004<br><br>2013 | Implemented.<br><br>Updated for persons with disabilities for exception areas. |
| 9. Step Up To Market Financing Program *[Use of Block Grant Funding Authority for Development, Redevelopment, and Modernization to include Local Non-Traditional Development i.e., Project-Based Vouchers and Gap Financing]* | 2012 Annual Plan Additional features in technical amendment to 2017 Annual Plan | 2013<br>2017 | In Implementation<br>Ongoing |
| 10. Local Payment Standard-Housing Choice Voucher Program | 2019 Annual Plan | 2019 | In Implementation<br>Ongoing |

## *A. Implemented Activities Ongoing*

### 1. Pre-Approval Certification for Multi-Unit Housing

*Description:*

The Pre-Approval Inspection Certification process will apply to buildings with four (4) or more units located within a single structure; the pre-approval process cannot be applied to scattered site housing. All units seeking Pre-Approval Inspection Certification must be vacant at the time the HQS inspection occurs and must remain vacant until a Request for Tenancy Approval is submitted for the unit. Pre-Approval Inspection Certification status will only be accepted for tenancy approvals during the 60-day period after the unit passes HQS inspection. If a Request for Tenancy Approval is submitted after the 60-day qualifying period, a new initial HQS inspection must be performed before the unit is approved for tenancy. HAP payments are not tied to the Pre-Approval Inspection. The HAP payments will begin from the tenancy certification date only. This activity was approved and implemented in 2015. The HACP proposed the following modifications to this activity which were HUD approved with the FY 2019 MTW Annual Plan in June 2019.

**Landlord Activities, Support and Incentives: Available to all participating landlords**

The HACP is aware that the price of the unit is not the only means to attract landlords to the program but can serve as a mechanism to incentivize landlords who typically would not participate in the HCV program. While the HACP has two (2) HUD-approved landlord related activities in the current MTW Plan, additional support and incentive modifications for landlords were added during the FY 2019 fiscal year. The incentives available to any participating landlord include:

I. Pre-Inspections: Landlords will be able to schedule inspections prior to finding a HCV participant. This process will allow for new landlords to determine if a potential unit is viable under the Housing Quality Standards (HQS) as well as decreasing the lead time between initial submission of the Request for Tenancy Approval (RFTA) and lease up.

   i. If the unit fails the inspection, the landlord is made aware of the deficiency and can move forward with the necessary repairs. The landlord would still need to achieve a passing score to move forward in the process.

   ii. If the unit passes the inspection, then the unit is deemed satisfactory for 90 days and any Request for Tenancy Approval (RFTA) submitted in that time frame can move forward in the leasing processes without an additional inspection. If a RFTA is not submitted within the 90-day period, the unit and the passing score becomes void and a new inspection will be required prior to the HACP approval.

The landlord incentives previously offered in this activity were only available to landlords who meet the criteria for multi-unit inspections. The incentives associated with the approved payment standard are available to *any* landlord that is approved for the corresponding payment standard.

a) Landlord Education: After conducting interviews and surveying current landlords it was apparent there was a disconnect between the HACP and landlords. The HACP is implementing the following items to further incentivize landlords:

  i. Create and attend community outreach events to inform and recruit new landlords

  ii. The HACP is conducting monthly landlord workshops to educate new and current landlords about the program

  iii. Landlords have access to a web-based platform via the HACP website that will provide up to date information about their properties such as inspection dates and the status of outstanding contracts.

II. The Pre-Approval inspection will be applicable to any unit within HACP's jurisdiction without the requirement of being located within a structure containing four or more units.

III. Pre-Approval Inspection Certification status will only be accepted for tenancy approvals during the 90-day period after the unit passes HQS inspection. If a Request for Tenancy Approval (RFTA) is submitted after the 90-day qualifying period, a new initial HQS inspection must be performed before the unit is approved for tenancy.

*Changes and Modifications:*
No changes to this activity during this fiscal year.

*Authorization*
Attachment C (D)(5) Attachment C(D)(1)(d)

*Regulatory Citation*
24 CFR 982.311.
24 CFR982 Subpart I

**Metrics for Activity #1 (Pre-Inspections)**

| **Standard Metric** | **Unit of Measurement** | **Baseline** | **Benchmark** | **2019 Outcome** | **Benchmark Achieved?** |
|---|---|---|---|---|---|
| Local Metric-Housing Choice: Additional Units of Housing Made Available | Number of new housing units made available for households at or below 80% of AMI as a result of the activity (increase). | Housing units prior to implementation: 0 | Increase the number of units in housing structures available to low-income families after implementation: **30** | Actual number of units in housing structures after implementation: **0** | Yes |
| **Cost Effectiveness #1:** Agency Cost Savings | Total cost of task in dollars (decrease). | Cost of inspections in dollars prior to implementation: **$677,300 annually** | Expected cost of task after implementation: **$674,375 annually** | Actual cost after implementation (in dollars): **$0 annually** | No |
| **Cost Effectiveness #2:** Staff Time Savings | Total time to complete the task in staff hours (decrease). | Total staff time to complete inspections prior to implementation: **15,662.5 hours annually** | Expected amount of staff time dedicated to inspections after implementation: **15,630 hours annually** | Actual amount of staff time after implementation (in hours): **0 hours annually** | Yes |
| **Cost Effectiveness #3:** Decrease in Error Rate of Task Execution (inspections) | Average error rate in completing a task as a percentage (decrease). | Average error rate of task prior to implementation: **0.1%** | Expected average error rate of inspections after implementation: **0.1%** *(HACP does not expect a change in error rate as a result of this program.)* | Expected average error rate of inspections after implementation: **.1%** | Yes |

The HACP reports zero (0) pre-inspections in 2019 due to the fact that the software system used to track and enter inspections did not contain a pre-inspection setup, which made the pre-inspections difficult to track. As a result, this implemented activity was formally discontinued in early 2019 to design and implement a pre-inspection tracking part of the existing software system. Pre-inspections did not resume until August 11, 2020; therefore, the HACP is expected to be better equipped to report on this activity in the FY 2020 MTW Annual Report.

## 2. Preferred Owners Program

*Description:*

The Preferred Owners Program provides incentives to landlords to participate in the HCV Program and to provide quality housing units in a variety of neighborhoods. Participating landlords must consistently pass Housing Quality Standards (HQS) inspections and participate in annual training. In return, they will receive priority placement of their listings on the HACP apartment listings website and can be eligible for the following

a) Changes in inspection schedule:
    i. Priority inspection scheduling- Preferred Owners will be moved to the top of the waiting list for annual and initial inspections.
    ii. Biennial inspections- Owners who have passed annual inspection on the first inspection for the past three consecutive years will be moved to biennial inspections. If a future inspection results in a fail, the owner will be removed from the Preferred Owners Program and will return to an annual inspection schedule.
    iii. Acceptance of prior inspections for new tenancies if an annual or initial inspection was conducted less than 60 days ago for vacated units- If, after initial inspection and move-in, a unit is vacated for any reason and a new RFTA is returned for a new voucher holder in the same unit within 60 days, the previous inspection will be accepted as the initial inspection for the new RFTA.
    iv. Construction completion inspection to be accepted as initial inspection for project-based voucher units for 60 days- When Project-Based Voucher (PBV) owners or property managers are Preferred Owners, the construction completion inspection on a new PBV unit can be used as the initial inspection if the unit is occupied within 60 days if that inspection.

b) Vacancy payment
    i. When a voucher holder moves out, if the landlord re-leases the unit to another voucher holder, the HACP will issue vacancy payment of up to two months of the previous tenant's HAP as a HAP Adjustment Vacancy Payment. The impact of this initiative is to encourage landlords to work with the HACP and the HCV program long-term, preserving housing for families at or below 50% AMI.

The landlord incentives in this activity are only available to landlords who meet the criteria of the HACP preferred owners' program. The incentives associated with the proposed payment standard are available to any landlord that is approved for the corresponding payment standard.

*Application for Membership:*

In order to gain membership to the Preferred Owners Program, an owner or property manager must apply by submitting a form to the HCV office. This form will include:

1. Landlord's name
2. Contact information
3. Address of units currently leased to voucher holders

4. Checklist of the standards for membership which must be passed by the landlord, which are:
    a. Consistent HQS Inspection Passes: Units have passed annual inspection on the first inspection for the past three (3) consecutive years
    b. Trainings

Preferred Owners must complete a minimum of one training per year to maintain membership. All trainings will be provided free of charge to all landlords; however, to maintain membership in the Preferred Owners Program, owners or property managers must complete a minimum of one training per year. Trainings may be chosen from the following options:

1. Screening Tenants- Includes information about background checks, references, and Fair Housing law.
2. The Magistrate Process- Includes information about legal recourse landlords may take if they feel their tenant has broken his or her lease.
3. Mental Health First Aid Training- This training is provided by Mercy Behavioral Health.
4. Real Estate continuing education credits may also be counted as Preferred Owners trainings, when proof of completion is provided.

This activity was approved and implemented in 2015.

*Changes and Modifications:*
No changes to this activity during this fiscal year.

*Authorization:*
Attachment C (D)(5)

*Regulatory Citation:*
24 CFR 982.311.

**Metrics for Activity #2 (Preferred Owners Program)**

| Standard HUD Metric | **Unit of Measurement** | **Baseline** | **Benchmark** | **2019 Outcome** | **Benchmark Achieved** |
|---|---|---|---|---|---|
| Local Metric- Housing Choice: Additional Units of Housing Made Available | Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). If units reach a specific type of household, give that type in this box. | Housing units of this type prior to implementation: **0 (current number of units of landlords in this program).** | Expected housing units of this type after implementation of the activity: **120** | Actual housing units of this type after implementation (number). **1,231** | Yes |
| Housing Choice #2: Units of Housing Preserved | Number of housing units preserved for households at or below 80% AMI that would otherwise not be available (increase). If units reach a specific type of household | Housing units preserved prior to implementation of the activity: **0 (number of units currently in the program).** | Expected housing units preserved after implementation of the activity: **120** | Actual housing units preserved after implementation of the activity (number):**1,213** | Yes |

| | | | | | |
|---|---|---|---|---|---|
| Cost Effectiveness #1: Agency Cost Savings | Total cost of task in dollars (decrease). | Cost of inspecting 90 units in dollars prior to implementation: **$5,850** | Expected cost of task after implementation: **$7,800** | Actual cost after implementation (in dollars): $**5,200** | Yes |

| | | | | | |
|---|---|---|---|---|---|
| Cost Effectiveness #2: Staff Time Savings | Total time to complete the task in staff hours (decrease). | Total staff time to complete inspections for 90 Preferred Owner units prior to implementation: **135 hours per year.** | Expected amount of total staff time dedicated to inspecting 90 Preferred Owner units after implementation **67.5 hours per year** | Actual amount of staff time after implementation (in hours). **52.5 hours per year** | Yes |
| Cost Effectiveness #3: Decrease in Error Rate of Task Execution | Average error rate in completing a task as a percentage (decrease). | Average error rate of task prior to implementation: **0.1%** | Expected average error rate of inspections after implementation: 0.1% [HACP does not expect a change in error rate as a result of this program.] | Actual average error rate of inspections after implementation (percentage). **0.1%** | Yes |

| HACP Specific Metric | Unit of Measurement | Baseline | Benchmark | 2019 Outcome | Benchmark Achieved |
|---|---|---|---|---|---|
| Landlords are enrolled in Preferred Owners Program. | Landlords enrolled in Preferred Owners Program (number). | Landlords enrolled in Preferred Owners Program before the start of the program: zero **(0).** | Expected number of landlords enrolled in Preferred Owners Program: **20** | Actual number of landlords enrolled in Preferred Owners Program: **20** | Yes |
| Increase in landlord satisfaction with HACP | Landlords who rate HACP as “good” or “excellent” (percentage) | Number of landlords who rate HACP as “good” or “excellent” before the start of the program: **55%** | Expected number of landlords who rate HACP as “good” or “excellent” after six months of the program: **55%** | Actual number of landlords who rate HACP as “good” or “excellent” **(56%):** | Yes |

*Comparison of Outcomes to Benchmarks:*

The total number of landlords participating in the preferred landlord program has increased since last year. Feedback indicates that landlords are agreeable to the incentives offered by the program and efforts have continued to recruit and conduct outreach including the landlord advisory council and planning of landlord workshops.

### 3. Modified Rent Policy for Section 8 Housing Choice Voucher Program

*Description:*

Requires that any non-elderly, able-bodied head of household who is not working to either: a) participate in a self-sufficiency program, including but not limited to the HACP Family Self-Sufficiency program (FSS), other Local Self-Sufficiency program (LSS), welfare to work, or other employment preparation and/or training/educational program or b) pay a minimum tenant payment of $150.00 per month. This policy provides additional incentives for families to work or prepare for work and increases overall accountability.

This activity was approved and implemented in 2011.

*Changes and Modifications:*
No changes to this activity during this fiscal year.

*Authorization:*
Section D. 2. a. of Attachment C
Section D. 1. of Attachment D

*Regulatory Citation:*
24 CFR 982.311.

Because of limited capacity in the HACP's REAL Family Self-Sufficiency (FSS) Program, voucher holders whose rent calculation results in a rent of less than $150 per month are permitted to certify via independent third party to their participation in an eligible local self-sufficiency, welfare to work, or other training or education program. The HACP continues to pursue expanded partnerships to maximize the program options available for voucher holders.

The HACP initially identified programs that would qualify affected families for an exemption from the $150 minimum tenant payment, including the Pennsylvania Department of Public Welfare's Welfare to Work program that is associated with TANF assistance. The HACP is working with the Allegheny County Department of Human Services and the Pennsylvania Department of Public Welfare and has identified additional programs and conducted outreach to identified programs to notify agencies of the new requirements and what constitutes acceptable verification.

The provisions of the modified policy are expected to increase the percentage of families reporting earned income and increase the number of families pursuing training and preparation for work through local self-sufficiency, welfare to work, or other employment preparation/training/education programs.

Baselines, Benchmarks, and metrics – benchmarks established as of August 2010 remain and are indicated in the bullets below. Subsequent numbers are included in the charts.

a) The HACP's August 2010 HCV Program population included (1976) non-elderly, non-disabled families whose tenant payment calculation was less than $150 per month.
b) Of those families, (1454) did not report any wage income. This is the group that this policy was expected to impact.
c) Participation among all HCV program participants in the HACP's REAL FSS program was (159).
d) Program participants (661) showed TANF income, and thus were assumed to be compliant with state welfare to work requirements. 1 of these families were enrolled in HACP's REAL FSS program.
e) The HACP also calculated average HAP overall, average HAP for non-elderly/non-disabled households, and average HAP for households whose rent calculation is less than $150 per month prior to application of utility allowances. See charts for results.

Please see the chart below for December 2010 baseline information and Benchmark targets for each measure. (data below was reported for FY 2019)

*Housing Choice Voucher Program*

| Measure | Baseline | Benchmark | Outcome | Benchmark Achieved |
|---|---|---|---|---|
| | 12/2010 | 12/2018 | 12/2019 | |
| **Non-Elderly, non-disabled families with total tenant payment <$150 | 1988 | 650 | 530 | No |
| Average overall HAP | $486 | $575 | $615 | Yes |
| Average HAP for non-elderly, non-disabled | $538 | $570 | $618 | Yes |
| **Average HAP for non- elderly, non- disabled paying <$150 | $657 | $420 | $642 | Yes |

| FSS program Stats subdivided by LIPH/HCV | LIPH or HCV | 2019 Outcomes | 2019 Totals |
|---|---|---|---|
| FSS Participants | LIPH | 245 | 404 |
| | HCV | 159 | |
| Number of families working (of FSS Participants) | LIPH | 112 | 245 |
| | HCV | 133 | |
| Percentage of families working (of FSS participants) | LIPH | 46% | 61% |
| | HCV | 84% | |
| Number of participants graduating from FSS | LIPH | 36 | 59 |
| | HCV | 23 | |
| Number of participants with Escrow accounts | LIPH | 96 | 211 |
| | HCV | 115 | |

*Information for Rent Reform Activities:*

A review of the data above and below indicates the policy is having the anticipated impact, although the HACP FSS enrollments, and declines in average HAP payments for non-elderly, non- disabled families paying less than $150 per month rent are behind projections. Mechanisms to confirm participation in non-HACP, Local Self-Sufficiency programs (LSS) are continuing to be reviewed to ensure accuracy of collected data and the benchmark for FSS enrollments may be unnaturally inflated as families choose LSS programs. As capacity becomes available, families are encouraged to enroll in the HACP's FSS program.

*Comparison of Outcome to Benchmark:*

The HACP did not meet the benchmark for the number of participants in the FSS program due to stricter guidelines for continued participation in FSS modified rent program. Coupled with a decrease in new-lease ups and no policy permitting re-enrollment into FSS, this prevented the HACP from reaching its benchmark. The number of participants in the FSS program was lower than the benchmark, which impacted the HACP's ability to meet the benchmark for families working. Participants completing the program with income exceeding the guidelines brought down the percentage of active participants working, which prevented the HACP from meeting its benchmark. Though the HACP did not meet its benchmark, higher average escrow accounts indicate that participants were completing the program with higher-paying employment. As the HACP moves forward, it will collaborate with third parties to evaluate the efficacy of this policy to maximize the number of people participating, working, and graduating.

| Standard HUD Metrics – Self- Sufficiency – modified based on HACP capability | | | | |
|---|---|---|---|---|
| Unit of Measure | Baseline | Benchmark | 2019<br><br>Outcome | Benchmark Achieved? |
| SS#1: Increase on Household Income: Average Gross Income of all households | $11,802 (HCV)<br>$11,268 (LIPH) | $12,000 | $13,237(HCV)<br>$13,797(LIPH) | Yes<br>Yes |
| SS#2: Increase in Household Savings: Average amount of savings/escrow of households affected by this policy in dollars (increase) | $3,789.66 | $2,900 | $2,246.53(HCV)<br>$1,247.67(LIPH | No<br>No |
| SS#3: Increase in Positive Outcomes in Employment Status: Other: Employed full or part time – Number (of all families) | 1475 (HCV)<br>620 (LIPH) | 1475 | 2,199 (HCV)<br>714(LIPH) | Yes<br>Yes |
| SS#3: Increase in Positive Outcomes in Employment Status: Other: Employed full or part time – percentage (of all families) | 28.61% (HCV)<br>21.72% (LIPH) | 30% | 36.67% ( HCV)<br>28.91% (LIPH) | Yes<br>Yes |
| SS#3, Increase in Positive Outcomes in Employment Status: Other Enrolled in Education or training program *number* (of FSS participants) ( HVC & LIPH) | 101 | 55 | 152 | Yes |
| SS#3, Increase in Positive Outcomes in Employment Status: Other (3 + 4): Enrolled in Education or training program *percentage* (of FSS participants)( HVC & LIPH) | 22.54% | 15% | 38% | Yes |

| | | | | |
|---|---|---|---|---|
| SS#4: Households Removed from Temporary Assistance for Needy Families (TANF): Number of households receiving TANF assistance (of all households) (decrease) | 774 (HCV)<br>637 (LIPH) | 800 | 662(HCV)<br>251(LIPH) | No<br>No |
| SS#5: Households Assisted by Services that Increase Self-Sufficiency: Number of households receiving services aimed to increase Self-Sufficiency (FSS enrollment) (HCV & LIPH) | 353 | 200 | 404 | Yes |
| SS#6: Reducing Per Unit Subsidy Costs for Participating Households: Average amount of Section 8 Subsidy per household affected by this policy in dollars (HAP) (all households) (decrease) | $466.24 (HCV only) | $575 | $540.16 | No |
| SS#8: Households Transitioned to Self-Sufficiency: Number of households transitioned to Self-Sufficiency (graduation) (HCV & LIPH) | 12 | 50 | 59 | Yes |

*HACP Metrics – HCV FSS*

| | 2010 | Benchmark | 2019 Outcome | Benchmark Achieved? |
|---|---|---|---|---|
| FSS Participants | 448 | 250 | 159 | No |
| Families working (of FSS participants) | 248 | 160 | 133 | No |
| % of families working (FSS participants) | 55% | 75% | 84% | No |
| # graduating | 12 | 51 | 23 | No |
| # with FSS escrow accounts | 191 | 200 | 115 | No |

## 4. Modified Rent Policy for the Low-Income Public Housing Program

*Description:*

Requires that any non-elderly, able-bodied head of household who is not working to either participate in the Family Self-Sufficiency (FSS) Program or pay a minimum rent of $150 per month. Hardship exemptions are permitted. This policy provides additional incentives for families to work or prepare for work. The HACP's objectives for this program include increased participation in the FSS Program, increased rent collections, and increased level of families working.

This activity was approved and implemented in 2008.

*Changes and Modifications:*
No changes to this activity during this fiscal year.

*Authorization:*
Section C. 11. of Attachment C
Section C. 3 of Attachment D

The HACP may grant a hardship exemption from the rent, including the $25 per month minimum required of those exempted from the $150 minimum rent, under the following circumstances:

- ❖ When the family is awaiting an eligibility determination for a government assistance program;
- ❖ When the income of the family has decreased because of loss of employment;
- ❖ When a death has occurred in the family; and
- ❖ When other such circumstances occur that would place the family in dire financial straits such that they are in danger of losing housing. Such other circumstances will be considered, and a determination made by the HACP.

The HACP's modified rent policy was expected to have a number of positive impacts on the HACP and its residents, including, but not limited to, increased rent collections by the HACP, a changed environment where work by adults is the norm, an increased level of active participation in the HACP self-sufficiency program and, of course, added incentive for residents to become self- sufficient.

The HACP established baseline measures in mid-2008 and mid-2009 as the full implementation of the policy was completed, and detailed information on the impact of the activity as compared against the benchmarks and outcome metrics are included below.

In addition to the baseline measures established in mid-2008 and mid-2009 as the full implementation of the policy was completed, the HACP has some data dating to 2005 when the

LIPH enhanced FSS program was established. The LIPH data through 2019 from the Tracking at a Glance Software, Emphasys Elite, and internal reports are included in the tables below.

Hardship Requests: The HACP approved one (1) hardship request in 2019 for the LIPH Program.

*HACP Metrics – LIPH FSS*

| FSS Program Stats | Baseline 2005 | Benchmark | 2019 Outcome | Benchmark Achieved |
|---|---|---|---|---|
| FSS Participants | 658 | 500 | 404 | No |
| Number of families working (of FSS participants) | 181 | 300 | 245 | No |
| Percentage of families working (of FSS participants) | 28% | 65% | 61% | No |
| # graduating from FSS | n/a | 40 | 45 | Yes |
| # of FSS participants with escrow accounts | 29 | 251 | 176 | No |

| | Baseline July 2008 | Benchmark | Dec 2019 | Benchmark Achieved? |
|---|---|---|---|---|
| HACP Rent Roll Amounts ($) | $685,682 | $645,000 | $718,791 | Yes |
| HACP Rent collection amounts ($) | $612,027 | $665,200 | $723,529 | Yes |
| Average Rent All Communities | $198.88 | $225 | $263 | Yes |
| Number of families working (reporting wage income) | 713 | 730 | 745 | Yes |
| Percentage of families working | 22% | 30% | 29% | Yes |

Data is collected via EmPHAsys Elite software, with periodic reports based on the tenant database. The HACP anticipated that this policy would result in increased rent roll and collections, increased participation in the FSS program, and increased number and percentage of families working. At this point of implementation, expected results have actualized and are generally in line with expected outcomes. In 2019, despite a decrease in FSS enrollment, the HACP continued to see progress as a result of this initiative. The percentage of families working, both overall and among participants in the FSS program, increased and 45 participants graduated from the program. Average rents experienced a significant increase of 14 percent above the benchmark. FSS graduation totals and tightened pre-qualification criteria and reduced availability of training programs. The HACP experienced decreases in overall program participation resulting in metrics below the benchmark for total number of escrow accounts, FSS graduation and participants enrolled in education or training programs.

*Comparison of Outcome to Benchmarks:*

The HACP did not meet the benchmark for the number of HCV and LIPH participants in the FSS program. Stricter guidelines for continued participation in FSS modified rent program resulted in many residents choosing not to continue in the program. Coupled with a decrease in new-lease ups, the shrinking of the Low-Income Public Housing (LIPH) portfolio from Rental Assistance Demonstration (RAD) conversions, and no policy permitting re-enrollment into FSS, this prevented the HACP from reaching its benchmark. Because the number of participants in the FSS program was low, the HACP was unable to meet the benchmark for families working. Many program participants completed the program and exceeded the income guidelines, which lowered the percentage of active participants working. However, the increase in the average escrow accounts and wage income indicate that residents were finding and obtaining better employment.

The HACP remains committed to maximizing the number of people successfully participating in the FSS program. The HACP has increased its outreach and marketing efforts to increase participation, as well as partnered with the University of Pittsburgh to evaluate HACP's rent policies and the FSS program. The study analyzes the effects of the modified rent policy and FSS program over the ten-year span of the activity. The HACP looks forward to the results and the development of a new activity that will further housing choice and increase self- sufficiency.

| **LIPH Rent Policy Impact Data** | **Baseline 2010** | **Benchmark** | **Outcome 2019** |
|---|---|---|---|
| Item | | Number | Number |
| Total non-disabled non-elderly families | 1394 | 1,100 | 953 |
| Number of families working (reporting wage income) | 595 | 575 | 470 |
| Percentage of non-disabled, non-elderly families working | 43% | 50% | 49% |
| Number of families impacted (non-elderly non- disabled and rent less than $150) | 828 | 560 | 468 |
| Number exempt due to disability (disabled, rent <$150) | 206 | 75 | 74 |
| Number exempt due to elderly (age 62+, rent <$150) | 72 | 25 | 18 |
| Number enrolling in FSS (not elderly, not disabled, Tenant Rent <= $150 and enrolled in FSS) | 353 | 375 | 111 |

| **Standard HUD Metrics – LIPH FSS** | | | | |
|---|---|---|---|---|
| **Unit of Measure** | **Baseline** | **Benchmark** | **Outcome 2019** | **Benchmark Achieved** |
| SS#1, additional: Increase in Household Income: Average Gross Income of all households | $11,268 | $12,200 | $13,198 | Yes |
| SS#2: Increase in Household Savings: Average amount of savings/escrow of households affected by this policy in dollars (increase). | $1,772 | $2,700 | $2,286 | No |
| SS#3: Increase in Positive Outcomes in Employment Status: Other: Employed Number (all households) | 620 | 575 | 730 | Yes |

| | | | | |
|---|---|---|---|---|
| SS#3: Increase in Positive Outcomes in Employment Status: Other: Employed percentage (all households) | 21.72% | 22% | 28% | Yes |
| SS#3 Increase in Positive Outcomes in Employment Status: Other: Enrolled in Education or Training program number (of FSS participants) | 88 | 25 | 113 | Yes |
| SS#3 Increase in Positive Outcomes in Employment Status: Other: Enrolled in Education or Training program percentage (of FSS participants) | 14% | 5% | 28% | No |
| SS#4: Households Removed from Temporary Assistance for Needy Families (TANF): Number receiving TANF (all) | 637 | 315 | 279 | No |
| SS#5: Households Assisted by Services that Increase Self-Sufficiency: Number of households receiving Self-Sufficiency services (FSS enrollment) | 634 | 403 | 404 | Yes |
| SS#7: Increase in Agency Rental Revenue: PHA Rental Revenue in dollars (increase) | $626,041 | $656,166 | $706,742 | Yes |
| SS#8: Households Transitioned to Self- Sufficiency: Number of households transitioned to Self-Sufficiency (graduation) | 7 | 50 | 45 | No |

**5. (a) and (b) Revised Recertification Requirements Policy**

*Description:*

The HACP may operate both the Low-Income Public Housing (LIPH) Program and the Housing Choice Voucher (HCV) Program with a recertification requirement modified to at least once every two (2) years. Changes in income still must be reported, and standard income disregards continue to apply. This policy change reduces administrative burdens on the Authority, thereby reducing costs and increasing efficiency. The HACP's objectives for this initiative are reduced staff time and thus reduced costs, and improved compliance with recertification requirements by tenants and the HACP. This activity was approved and implemented in 2008 and 2009 for LIPH and HCV programs respectively.

*Changes and Modifications:*
No changes to this activity during this fiscal year.

*Authorization:*
Section C. 4. of Attachment C (for public housing)
Section D.1. c. of Attachment C (for Housing Choice Voucher Program)

| Re-certification Policy for HCV | Baseline 2010 | Benchmark | Outcome 2019 | Benchmark Achieved? |
|---|---|---|---|---|
| Number of Annual Recerts | 2698 | 2650 | 3291 | Yes |
| Number of interim Recerts | 1889 | 2300 | 3146 | Yes |
| Total Recerts | 4596 | 4950 | 6437 | Yes |
| Average cost per recert | $53.63 | 53.63 | 53.63 | n/a |
| Total estimated costs | $246,483 | $265,468 | $345,216 | Yes |

| Re-certification Policy for LIPH | 2010 | Benchmark | Outcome 2019 | Benchmark Achieved? |
|---|---|---|---|---|
| Number of Annual Recerts | 2,587 | 1,200 | 1934 | Yes |

| | | | | |
|---|---|---|---|---|
| Number of interim Recerts | 1,052 | 1,250 | 1,265 | Yes |
| Total Recerts | 3,639 | 2,450 | 3,199 | Yes |
| Average cost per recert | $53.63 | $53.63 | $53.63 | n/a |
| Total estimated costs | $195,159.57 | $131,393 | $171,562.37 | Yes |

*Comparison of Outcome to Benchmarks:*

In 2019, the HACP did meet the agency and MTW standard benchmarks. The HCV program total certifications and time spent on the process also increased as a result of the biennial cycle. The HCV program has experienced an increase in lease-up in large part due to additional PBV vouchers coming on-line. Our program in general has continued to expand over the years since implementation of this activity resulting in additional certifications being needed.

This initiative also provides positive outcomes in accommodating the HACP's majority population of elderly and disabled persons in both programs, who often have fixed incomes from year to year. This policy alleviates some burden from the impediment of transportation and harsh climate in the City of Pittsburgh, particularly during the winter months when the elderly and disabled face additional burden when traveling.

*HCV - HUD STANDARD METRICS – Cost Effectiveness- Estimates*

| Unit of measure | Baseline | Benchmark | 2019 Outcome | Benchmark Achieved |
|---|---|---|---|---|
| CE#1: Agency Cost Savings: Total cost of task in dollars (decrease) | $294,965 | $246,698 | $345,152 | Yes |
| CE#2: Staff Time Savings: Total Time To Complete the Task in staff hours (decrease) | 11,000 hours | 9,200 hours | 12,874 hours | Yes |

*LIPH - HUD STANDARD METRICS – Cost Effectiveness –Estimates*

| Unit of measure | Baseline | Benchmark | 2019<br>Outcome | Benchmark Achieved |
|---|---|---|---|---|
| CE#1: Agency Cost Savings: Total cost of task in dollars (decrease) | $208,942.48 | $112,623 | $171,562 | Yes |
| CE#2: Staff Time Savings: Total Time To Complete the Task in staff hours (decrease) | 7,792 hours | 4,200 hours | 6,398 hours | Yes |

Note: provided numbers do not account for fluctuations in program size.

**6. (a) Operation of a Combined Public Housing and Housing Choice Voucher Homeownership Program**

*Description:*

The HACP operates a single Homeownership Program open to both Low-Income Public Housing (LIPH) and Housing Choice Voucher (HCV) Program households. This approach reduces administrative costs, expands housing choices for participating households, and provides incentives for families to pursue employment and self-sufficiency through the various benefits offered. By combining the programs, increased benefits are available to some families.

This activity was approved and implemented in 2007

*Changes and Modifications:*

No changes to this activity during this fiscal year.

*Authorization:*

Section B. 1. and D. 8. of Attachment C

Section B. 4. of Attachment D

| **Homeownership Statistics** | **2019 Total** | **LIPH 2019** | **HCV 2019** | **Eligible Non-Resident Participant** |
|---|---|---|---|---|
| Closings / Purchase | 20 | 2 | 5 | 13 |
| Number of applicants completing homebuyers' course & 1st mortgage pre-approval) | 34 | 1 | 12 | 21 |
| Homebuyer Education Referrals | 83 | n/a | n/a | n/a |
| HACP funds for closing (total) | $118,256 | $14,000 | $28,779 | $75,477 |
| Average HACP 2nd mortgage amount* | $24,592 | $12,266 | $27,265 | $24,418 |
| Average purchase price | $170,516 | $11,770 | $104,760 | $98,999 |
| Amount of non-HACP assistance** | $93,734 | $0 | $20,110 | $36,423 |
| Foreclosures | 0 | 0 | 0 | 0 |

Assistance from other sources was as follows:

| | HCV Program Buyers | LIPH Program Buyers | Eligible Non-Resident Buyers | Total Assistance |
|---|---|---|---|---|
| Seller's assist | $0 | $0 | $0 | $0 |
| Lender's Credits | $1,735 | $0 | $3,495 | $5,233 |
| Dollar Bank 3-2-1 | $3,000 | $0 | $3,000 | $6,000 |
| URA Soft-Second Mortgage | $0 | $0 | $30,000 | $30,000 |
| Housing Opportunity Fund | $7,500 | $0 | $30,000 | $37,500 |
| First Front Door | $5,000 | $0 | $10,000 | $15,000 |
| Total | $17,235 | $0 | $76,495 | $93,734 |

*Foreclosure Prevention:*

There were no reported foreclosures in 2019; no foreclosure prevention services were rendered.

*Homeownership Soft-Second Mortgage Waiting List:* The HACP continued to see success with this program, with 20 families becoming homeowners in 2019 In recent years, the City of Pittsburgh has experienced steady growth and demand for housing resulting in increased rental costs. Many applicants were eager to enter homeownership, as mortgage payments became comparable to the rising rental rates. As previously stated, the HACP received approval through its FY 2017 MTW Annual Plan to increase the maximum second soft mortgage amount to $52,000 and closing cost assistance to $8,000. With increased capacity to provide competitive assistance, the HACP expects to experience continuous growth in the program.

| **HUD Standard Metrics - Cost Effectiveness - Homeownership** | | | | |
|---|---|---|---|---|
| Unit of Measurement | Baseline | Benchmark | 2019 Outcome | Benchmark Achieved? |
| **Number of recerts (reduced)** | **10/year** | **10** | **20** | **Yes** |
| CE#1: Agency Cost Savings: Total cost of task in dollars (decrease) (recerts) | $380.00 ($19.00 hr.) | $380.00 | $836.00 | Yes |
| CE#2: Staff Time Savings: Total time to complete the task in staff hours (decrease) recerts) | 20 | 20 | 44 | Yes |

| | | | | |
|---|---|---|---|---|
| CE#4: Increase in Resources Leveraged: Amount of funds leveraged in dollars (increase) | $0 | $0 | $0 | Yes |
| HC#5: Number of households able to move to a better unit and/or neighborhood of opportunity | 0 | 10 | 6 | No |
| HC#6: Increase in Homeownership Opportunities: Number of households that purchased a home | 0 | 10 | 22 | Yes |
| HC#7: Households Assisted by Services that Increase Housing Choice: Number of households receiving services aimed at increasing housing choice | 0 | 75 | 78 | Yes |

**6. (b) Homeownership Program Assistance to Include Soft-Second Mortgage Assistance Coupled with Closing Cost Assistance, Homeownership and Credit Counseling, and Foreclosure Prevention; Expand Eligibility to Persons on the LIPH and HCV Program Waiting List or Persons Eligible But Not on a Wait List; Establish a Homeownership Soft-Second Mortgage Waiting List**

*Description:*

Initially approved in 2010, the following provisions of the HACP homeownership program are as follows for 2019:

i. Provide soft-second mortgage financing for home purchases to eligible participants, calculated as follows: eligible monthly rental assistance x 12 months x 10 years, but in no case shall exceed $52,000. The second mortgage is forgiven on a prorated basis over a ten-year period.
ii. Expand Homeownership Program eligibility to include persons on the HACP's LIPH and Section 8 HCV waiting lists who have received a letter of eligibility for those programs from the HACP or persons otherwise eligible but currently not on a wait list.
iii. Establish a Homeownership Waiting List to assist in determining the order of eligibility for second mortgage Homeownership benefits.

This activity was initially approved and implemented in 2010 and revised in 2017.

*Changes and Modifications:*
No changes to this activity during this fiscal year.

*Authorizations:*
Section B. 1.and D. 8 of Attachment C
Section B. 4. of Attachment D

This program continues successfully, reducing costs for the HACP, providing incentives for families to become self-sufficient homeowners, and expanding housing choices for eligible families. Program enrollment is steady, and as in prior years, only 3 foreclosures have taken place. Please see the program statistics under Section 4. A., above, for statistics, HUD Standard Metrics, and additional information on the results of this initiative.

### 7. Modified Housing Choice Voucher Program Policy on Maximum Percent of Adjusted Monthly Income Permitted

*Description:*

The HACP's operation of the Housing Choice Voucher (HCV) Program allows flexibility in the permitted rent burden (affordability) for new tenancies. Specifically, the limit of 40% of Adjusted Monthly Income (AMI) allowed for the tenant portion of rent is used as a guideline, not a requirement. The HACP continues to counsel families on the dangers of becoming overly rent burdened, however, a higher rent burden may be acceptable in some cases. This policy increases housing choice for participating families by giving them the option to take on additional rent burden for units in more costly neighborhoods.

This activity was initially approved and implemented in 2001.

*Changes and Modifications:*

No changes to this activity during this fiscal year.

*Authorization:*

Section D. 2. C. of Attachment C.

Section D. 1. B. of Attachment D.

In 2019, six (6) families took advantage of this option furthering their ability to move to a residence of their choice. An increase in usage of this activity by participants indicates the value of offering this type of flexibility to participants to allow them to find housing that would otherwise be considered unaffordable. The HACP expects families to continue to exercise this option in coming years, as the HACP has implemented the alternative payment standard methodology effective as of October 2019. This activity is a mechanism for residents to have greater geographic choice and fluctuates from year to year as housing cost, and preferences of families on the program change.

The total number of families exercising this option performed below the benchmark in 2019. The increase in rental costs within the jurisdiction require rent burdens much higher than 40% to enable participants to rent in high opportunity areas. The policy does provide a wider range of housing options in terms of rent prices but there remains a price barrier to access within the city. The HACP has implemented the alternative payment standards methodology and that in conjunction with this initiative will further increase housing choice for HCV participants.

***HUD Standard Metrics – Housing Choice***

| Unit of Measurement | Baseline | Benchmark | 2019 Outcome | Benchmark Achieved |
|---|---|---|---|---|
| HC#1: Additional units made available: Number of new units made available to households at or below 80% AMI* | 0 | 60 | 21 | No |
| HC#5: Increase in Resident Mobility: Number of households able to move to a better unit and/or neighborhood of opportunity | 0 | 60 | 21 | No |

* Note: Assumes the unit rented by a family at more than 40% of adjusted monthly income would not be affordable, and thus not available to low income families.

*Comparison of Outcome to Benchmarks:*

As the City of Pittsburgh's economy continues to grow, housing costs continue to increase across the city. These increased cost burdens are making it increasingly difficult for HCV voucher-holders to find housing that falls within the current payment standard and does not exceed the current allowable rent burden.

The HACP did not meet the standard metrics for the above activity due to increases in housing cost particularly in low poverty neighborhoods. Families in the HCV program encountered difficulties finding units that fell within the current payment standard and did not exceed the 40 percent allowable rent burden. The HACP has developed a local payment standard that if approved should broaden the housing options available to families that choose to utilize this activity.

**8. Modified Payment Standard Approval**

*Description:*

The HACP is authorized to establish Exception Payment Standards up to 120% of FMR (Fair Market Rent) without prior HUD approval. The HACP has utilized this authority to establish an Exception Payment Standard at 120% of FMR as a Reasonable Accommodation for a person with disabilities. The HACP has not utilized its authority to establish Exception Payment Standard Areas since 2007. Allowing the HACP to conduct its own analysis and establish Exception Payment Standards reduces administrative burdens on both the HACP and HUD (as n HUD submission and approval is not required), while expanding housing choices for participating families.

In 2013, the HACP received approval for a modification to this activity allowing the HACP to establish an Exception Payment Standard of up to 120% of FMR for fully Accessible Units meeting the Requirements of the Uniform Federal Accessibility Standard (UFAS). This Exception Payment Standard can be used by tenants who require the features of a UFAS unit and locate such a unit on the open market; and may also be used by the HACP in the Project-Based Voucher Program or other rehabilitation or new construction initiatives that create additional fully accessible UFAS units.

This activity was initially approved and implemented in 2004 and revised in 2013. To date, sixty-six (66) Project-Based Vouchers (PBVs) use the exception payment standard that was approved in 2013.

*Changes and Modifications*
No changes to this activity during this fiscal year.

*Authorization:*
Attachment C. Section D. 2. a.

In 2016, the HACP constructed ten (10) UFAS units in Addison Terrace Redevelopment Phase II under this payment standard and few other families took advantage of this initiative, but those disabled families that did so had more choices in their search for an affordable home. Thirteen (13) additional project-based vouchers UFAS units were also be completed in 2016 as part of Larimer Redevelopment Phase I through the Choice Neighborhoods Implementation grant. In 2017, six (6) UFAS units were completed at Addison Terrace Phase III. In 2019, two (2) UFAS units were completed at Larimer/East Liberty Phase II. UFAS units are included in all new developments and those new units as applicable to this initiative will be reflected upon completion in future annual reports.

***Modified Payment Standard - HUD Standard Metrics – Housing Choice***

| Measure | Baseline | Benchmark | 2019 Outcome | Benchmark Achieved? |
|---|---|---|---|---|
| HC#1: Additional Units made available: Number of new units made available for households at or below 80% of AMI | 0 | 25 | 25 | Yes |
| HC#2: Units of Housing Preserved: Number of housing units preserved for households at or below 80% of AMI | 0 | 25 | 0 | No (Elmer Williams Square construction delay) |
| HC#4: Displacement Prevention: Number of households at or below 80% AMI that would lose assistance or need to move | 0 | 25 | 0 | No |
| HC#5: Increase in Resident Mobility: Number of households able to move to a better unit and/or neighborhood of opportunity | 0 | 25 | 25 | Yes |

*Comparison of Outcome to Benchmarks:*

The HACP did meet two (2) of the MTW standard metrics listed above for this activity. The reason the other two (2) were not met is based on the fact the City of Pittsburgh is comprised of mainly older housing stock which often requires significant investment to bring units to Housing Quality Standards (HQS). The cost of rehabilitation in addition to UFAS requirements are too costly for landlords at the current payment standard. The HACP intends to remedy this obstacle through the implementation of a local payment standard that considers these costs.

*HACP Measure:*

| Measure | Baseline | Benchmarks | 2019 Outcome | Benchmark Achieved? |
|---|---|---|---|---|
| New Housing Units Available (New Construction) | 0 | 7 | 25 | Yes (Larimer Phase II) |

*Comparison of Outcome to Benchmarks:*

The HACP did meet the agency metric for new housing units developed for this activity in 2019.

**9. Step Up to Market Financing Program-Use of Block Grant Funding Authority for Development, Redevelopment, and Modernization**

*Description:*

The HACP will expand its use of the Block Grant Authority authorized in the Moving To Work (MTW) Agreement to leverage debt to fund public housing redevelopment and modernization and affordable housing development and preservation. The goal is to address additional distressed properties in the HACP's housing stock prior to the end of the current MTW agreement in 2028 and increase the variety and quality of available affordable housing. Specifically, the HACP will identify properties for participation in the Step Up To Market Program and subsequent other local, non-traditional development, redevelopment, and modernization strategies to include, GAP Financing and Project-Based Vouchers. The HACP will utilize one or more of the referenced strategies, subject to any required HUD approvals, to achieve its development, modernization and redevelopment goals. This broad list of authorities, including but not limited to, the following, have been generally approved but must be specifically identified for each planned project in future submissions:

i. Project basing the HACP units without competitive process.
ii. Determining a percentage of units that may be project-based at a development up to 100% of units and permitting the initiation of site work prior to execution of the Agreement to Enter Into a Housing Assistance Payments contract (AHAP).
iii. Project basing units at levels not to exceed 150% of the FMR as needed to ensure viability of identified redevelopment projects. Actual subsidy levels will be determined on a property-by-property basis and will be subject to a rent reasonableness evaluation for the selected site, and a subsidy layering review by HUD. When units are HACP-owned, the rent reasonableness evaluation will be conducted by an independent third party.
iv. Extending eligibility for project-based units to families with incomes up to 80% of AMI.
v. Establishing criteria for expending funds for physical improvements on PBV units that differ from the requirements currently mandated in the 1937 Act and implementing regulations. Any such alternate criteria will be included in an MTW Plan or Amendment submission for approval prior to implementation.
vi. Establishing income targeting goals for the project-based voucher program, and/or for specific project-based voucher developments, that have a goal of promoting a broad range of incomes in project-based developments.
vii. Other actions as determined to be necessary to fund development and/or modernization subject to any required HUD approvals, including, but not limited to, combining financial investments permitted under Section 9 of the Act with Project Based Voucher Assistance permitted under Section 8 of the act, as identified in this section. The HACP will follow HUD protocol and submit mixed-finance development proposals to HUD for review and approval.

viii. Acquisition of property without prior HUD approval as needed to take advantage of opportunities as they arise, with specific focus on parcels needed for site assembly for redevelopment and development projects. The HACP will ensure that all HUD site acquisition requirements are met.

*Strategic Strategies and Properties:*

The HACP and its partners have identified the following strategies that will leverage Low Income Housing Tax Credits (LIHTC) and capital contributions by the HACP in order to complete the financing necessary for:

- Larimer/ East Liberty Redevelopment Phase III, IV and V
- Bedford Dwellings Redevelopment Phase I
- Addison Terrace Phase IV (Kelly Hamilton Homes)
- Oak Hill Phase II
- Manchester Revitalization
- Scattered Site preservation or conversion project
- Northview Heights High-Rise Replacement
- Projects identified through the Project-Based Voucher Plus Gap competitive selection process

1. Project basing the HACP units without competitive process (As authorized under Attachment C. Section B. Part 1. b. vi. and Part 1. c.; Attachment C. Section D. 7. a. authorizing the HACP "to project-base Section 8 assistance at properties owned directly or indirectly by the agency that are not public housing, subject to HUD's requirement regarding subsidy layering.").
2. Determining a percentage of units that may be project based at a development, up to 100% of units and permitting the initiation of site work prior to execution of the Agreement to Enter into a Housing Assistance Payments contract (AHAP). (As authorized under Attachment C. Section Part 1. b. vi. (authorizing the provision of HCV assistance or project-based assistance alone or in conjunction with other private or public sources of assistance) and vii. (authorizing the use of MTW funds for the development of new units for people of low income); and Part 1. c. (authorizing these activities to be carried out by the Agency, of by an entity, agent, instrumentality of the agency or a partnership, grantee, contractor or other appropriate party or entity); Attachment C. Section D. 7. c. (authorizing the agency to adopt a reasonable policy for project basing Section 8 assistance) and Attachment D. Section D. 1. c. (authorizing HACP to determine property eligibility criteria).
3. Extending Eligibility for project-based units to families with incomes up to 80% of AMI. (As authorized under Attachment C. Section B. Part 1. b. vi. and Part 1. c.; Attachment C. Section D. 7. (authorizing the agency to establish a project-based voucher program) and Attachment D. Section D. 1. a. (authorizing the agency to determine reasonable contract rents.).

4. Acquisition of property without prior HUD approval in order to complete site assembly for these projects. As authorized under Attachment C. Section C. 13. (authorizing the acquisition of sites without prior HUD approval). Site work for acquired properties will begin upon completion of environmental review and/or any required development approvals when necessary.
5. Combining Project-Based Voucher Commitments with Low Income Housing Tax Credits (LIHTC) and/or HACP Capital Investments and/or other financial resources to support the development, rehabilitation, or preservation of affordable housing units, as authorized under Attachment C., Section B. 1. b. (authorizing the use of MTW funds for any eligible activity under Section 9(d)(1), 9€(1) and Section 8(0) of the 1937 Act), and Attachment D. Section B. 1. (authorizing the acquisition, new construction, reconstruction or moderate or substantial rehabilitation of housing which may include financing and other related activities.)

The HACP submitted full development proposals, including Rental Term Sheets, Pro Formas, Sources and Uses, Schedules, and other detailed project information or local Non-traditional activity proposals as required based on each project's financing to HUD's Office of Public Housing Investments or other HUD office as directed for approval as part of the mixed finance approval process as per HUD's protocol, and will ensure completion of a subsidy layering review as required.

*Local Non-Traditional Development—Development Rehabilitation, and/or Preservation Through Project Based Vouchers Plus Gap Financing:*

In response to the growing demand for affordable housing, the HACP developed the PBV plus Gap financing tool. Using this financing tool, the HACP, through its instrumentality ARMDC, can provide gap funding (soft or hard debts) attached to PBV units. Funds are awarded through a competitive request for proposal process among developers/owners committed to the creation of additional affordable units within the city. In 2019, the HACP continued to work with previous year's PBV/Gap Financing awardees and issued Request for Proposals (RFPs) subject to budget availability. This initiative combines authorizations permitted under Section 8 PBV and Section 9 (capital investments). The investment will spur the development, rehabilitation, or preservation of high-quality affordable housing units by leveraging a spectrum of public and private investments. This approach maximizes the impact of existing available resources, incentivizes leveraging of other public and private financial resources, and supports the completion of projects at a lower cost to the HACP than is possible through other mixed- finance strategies employed by the HACP/ARMDC's co-developers or ARMDC's self- development team. Collaborating with various development teams and project owners, the PBV/Gap Financing program will support more housing choices throughout the city.

With the submittal of the FY 2019 MTW Annual Plan, the HACP made one non-significant change to this section, adding the specific provision "permitting the initiation of site work prior to Execution of the Agreement to Enter Into a Housing Assistance Payments contract (AHAP)."

into the description of this initiative, and into the specific authorizations section, in conjunction with the authorization to project base up to 100% of the units in a development. This change assisted with streamlining the processes and expediting completion of replacement developments.

The HACP submitted a full development proposal, including Rental Term Sheet, Pro Formas, Sources and Uses, schedules, Evidentiary documents, and other detailed project information to HUD's Office of Public Housing Investments or other HUD office as directed for approval as part of the mixed finance approval process as per HUD's protocol, and will ensure completion of a subsidy layering review. This process was completed and approved for Addison Phase III in 2016.

*Relationship to Statutory Objectives:*

This policy will expand housing choices for low and moderate income families by fostering the redevelopment of obsolete housing and replacing it with quality affordable housing including low income public housing units, and low income housing tax credit units; it will also provide expanded unit style options offering townhouses, as well as apartments where currently only walk-up apartments are available.

This policy has the potential to improve the efficiency of federal expenditures by stabilizing the long-term costs of operating and maintaining low-income housing properties, and leveraging other capital resources (low-income housing tax credits and private market debt, foundation grants, local government matching funds, etc.

*Anticipated Impacts:*

This policy is expected to allow the redevelopment of obsolete properties to continue at a reasonable pace, resulting in improved living conditions and quality of life for residents, reduced costs for the HACP, increases in leveraged resources, improvement and investment in surrounding neighborhoods, reduced crime at redeveloped properties, increased housing choices for assisted families.

For the 2019 activities, please refer to development updates chart in Section 1.C. of the report.

*Comparison of Outcome to Benchmarks*

The HACP did not all meet the agency metric for new housing units developed for this activity. Delays in the HACP's build schedule resulted in moving unit completion dates to later phases of redevelopment.

*HUD Standard Metrics - Housing Choice*

| Unit of Measurement | Baseline | Benchmark | 2019 Outcome | Benchmark Achieved? |
|---|---|---|---|---|
| HC#1: Additional Units of Housing Made Available: Number of new units made available to households at or o below 80% AMI | 0 | 100 | 37 | No |
| HC#5: Increase in Resident Mobility: Number of households able to move to a better unit and/or neighborhood of opportunity | 0 | 100 | 37 | No |
| HC#6: Increase in Homeownership Opportunities: Number of households that purchased a home | 0 | 10 | 15 | Yes |

## 10. Local Payment Standard-Housing Choice Voucher Program

*Description:*

The Housing Choice Voucher (HCV) program is financed by the U.S. Department of Housing and Urban Development (HUD) to provide rent subsidies in the form of Housing Assistance Payments (HAP) to private Landlords on behalf of extremely low and very low-income individuals/families, senior citizens, and persons with disabilities. The role of HCV landlords is to provide decent, safe, and sanitary housing to a tenant at a reasonable rent. The unit must pass the program's housing quality standards and be maintained up to those standards as long as the owner receives housing assistance payments.

Typically, a Public Housing Agency sets the Voucher Payment Standards (VPS) based on the Fair Market Rents (FMR), which are established at least annually by the U.S. Department of Housing and Urban Development (HUD). The VPS is the maximum subsidy (payment) the Housing Authority can provide toward the contract rent (rent plus utility allowance for utilities, stove or refrigerator paid or provided by the tenant). If the contract rent (rent plus utility allowance) is more than the VPS, the family must make up the difference out of its own pocket which can limit the housing options available to low-income families.

The City of Pittsburgh is comprised of 90 different neighborhoods, many of which are less than a single square mile. The diversity of the HACP's jurisdiction results in real estate markets that vastly differ between and within zip codes and even among census tracts. For example, one zip code may contain three to four neighborhoods each with varying markets that can change as Pittsburgh continues to become a hub for technology, education and health care. Pittsburgh's unique topography and emerging job sector requires a rent schedule that provides flexibility regardless of location as well as targeting of specific neighborhoods that have historically been unattainable for low-income families. Additionally, the HACP found that the current payment standard perpetuates racial minority concentration as voucher holders were limited to low-income neighborhoods with similar racial demographics. According to the "*American Community Survey" prepared by Teixera, Samantha & Zuberi, Anita (2016),* most of Pittsburgh's minority populations are concentrated in several regions within the city or in specific neighborhoods. These areas also correlate with high concentrations of vouchers participants and high concentrations of poverty. Utilizing research from the University of Pittsburgh, the HACP identified that average rents in the City were actually higher than the HUD Fair Market Rents (FMRs) and Small Area Fair Market Rents (SAFMRs) thus preventing access to high opportunity neighborhoods.

The HACP seeks to increase housing choice and encourage voucher participants to expand their housing search, particularly in neighborhoods with low levels of poverty. Recognizing that using a single city-wide Voucher Payment Standard (VPS) stimulated voucher holders to reside in low-cost, high-poverty neighborhoods, the HACP devised a robust and comprehensive method for establishing Payment Standards and rent reasonableness determinations. The goals of this activity are to:

1. Expand housing choices by providing access to more neighborhoods.
2. Create additional units from previously sub-standard properties and

improve the quality of existing units;
3. Decrease concentration of voucher usage in high poverty areas.

According to the City of Pittsburgh's Affordable Housing Task Force *Housing Needs Assessment* (released in 2016) the City is undergoing an affordable housing shortage. The Assessment utilized data from the American Community Survey (ACS), the United States Census Bureau (USCB), the city's median household income, Public Use Microsample (PUMS) and data from various city departments such as the Department of City Planning, Department of Permits Licenses and Inspections (PLI) and the Urban Redevelopment Authority (URA). The assessment specifically sites the following:

- There is a severe shortage of both rental and for-sale housing that is affordable and available to very-low-income (50% of the area median income) and extremely low-income (30% of the area median income) households.
- The shortage of decent, safe, sanitary, and affordable housing is causing tens of thousands [17,000][3] of very-low-income and extremely low-income households to pay over half of their income for housing costs. The severe cost burden faced by these households makes them vulnerable to health hazards, eviction/foreclosure, and homelessness.
- Much of the city's existing affordable housing stock is both concentrated and often isolated in high-poverty/low opportunity areas which have poor access to jobs, public transportation, and educational opportunities perpetuating cycles of poverty.

During the development of the revised Local Payment Standard, the HACP conducted a six-month public engagement process with nearly 200 members of the community and facilitated over fifteen (15) public and industry meetings. After receiving comments from landlords, advocates, participants, housing providers, staff and community organizations it was apparent the HACP needed to push for significant increases in successful lease rates among voucher participants. Based upon the comments received during the engagement process and the studies conducted by the University of Pittsburgh, Duquesne University and the Affordable Housing Task Force, the HACP has set a goal of attracting 500 units via the proposed Local Payment Standard. The information below outlines the specifics of the proposed Local Payment Standard which will require extensive landlord outreach and continued community engagement.

In response to the current housing climate and the low voucher utilization rate, the HACP has developed a (3) prong approach in the development of an alternative payment standard. Based upon eligibility; landlords and participants will have the two (2) Options and a baseline.

## Baseline: The HACP Voucher Payment Standard

The Baseline Voucher Payment Standard will remain at the HACP's current standard of 110 percent of the Metropolitan Statistical Area Fair Market Rent (MSAFMR), to be reviewed annually. This standard is within margins of the current 2019 FMR rents and projected 2020 FMR and should result in little to no change in cost to the agency or Housing Assistance Payments (HAP) provided to existing landlords.

| Bedroom Size | 2018 Fair Market Rent (FMR) | HACP 2018 Voucher Payment Standard | 2019 Pittsburgh Metropolitan Statistical Area (MSA) FMR | Approved HACP Voucher Payment Standard Baseline (110% of MSAFMR) |
|---|---|---|---|---|
| 0 bedroom | $621 | $657 | $647 | $711 |
| 1 bedroom | $710 | $777 | $725 | $798 |
| 2 bedroom | $884 | $978 | $896 | $986 |
| 3 bedroom | $1,109 | $1,213 | $1,137 | $1,251 |
| 4 bedroom | $1,214 | $1,341 | $1,248 | $1,372 |
| 5 bedroom | $1,396 | $1,542 | $1,436 | $1,579 |
| 6 bedroom | $1,578 | $1,773 | $1,622 | $1,815 |

All units in the HACP's jurisdiction will utilize the baseline payment standard unless approved for the alternative payment standards options cited in this activity. Refer to sections titled "Option 1: Rehab Vouchers" and "Option 2: Mobility Vouchers" for the eligibility and approval criteria for these payment options.

## Option 1: Rehab Vouchers

The HACP discovered that landlords were receptive to the HCV program but found it difficult to lease additional units because the payment standard did not support the upfront cost associated with purchasing properties and cost of rehabilitation. The HACP came to this conclusion based upon landlord forums, public meetings, the landlord advisory council and interviews conducted over two years by Duquesne University. The culmination of this finding leads to the $6,000 minimum threshold for renovations. The goal of this option is to incentivize landlords to rehabilitate substandard units that otherwise would not be able to be on the HCV program. Thereby increasing the affordable housing stock. During the public engagement process, the HACP held information sessions and created a landlord working group specifically for this initiative. They advised on the cost of renovations in the Pittsburgh area and the varying cost based on the condition of the housing stock. The HACP also consulted the City of Pittsburgh Bureau of Building Inspection as well as general research of basic repairs. The information derived from these meetings led the HACP to determine $ 6,000 as an adequate incentive for the varied housing stock in Pittsburgh keeping in mind that investments do not necessarily correlate with the size of the unit. Units in this payment option can receive up to 130 percent of MSAFMR. The HACP defines a new unit as a property that was not receiving subsidy the year prior. This payment option is neither indefinite nor for one time use but rather remains available to the landlord should the approved unit change voucher holders. For a unit to qualify for this option the property must be a new unit and meet at least one of the following:

i. Undergo significant upgrades and/or investments that improve the quality of the unit. These include but are not limited to complete electrical, plumbing HVAC installation, roof replacement, and building envelope resurfacing. The unit receiving the investment will not qualify for this payment standard if they are currently receiving subsidy or received subsidy the year prior. This payment option remains available to the landlord should the approved unit change voucher holders. Green or energy efficient infrastructure is encouraged but at this time will not qualify as an approved investment due to lack of capacity.

ii. The unit must pass the International Property Maintenance Code inspection standard. The unit will not qualify for this payment standard if they are currently receiving subsidy or received subsidy the year prior. This payment option remains available to the landlord should the approved unit change voucher holders.

iii. Units built to be affordable under any Inclusionary Zoning (IZ) policy determined by the Department of City Planning. The unit will not qualify for this payment standard if they are currently receiving subsidy or received subsidy the year prior. This payment option remains available to the landlord should the approved unit change voucher holders.

The City of Pittsburgh's Inclusionary Zoning (IZ) policy is a tool to incentivize and encourage developers to build new affordable housing in neighborhoods that have priced out low-income renters. The current IZ policy is only applicable to the Lawrenceville neighborhood which has seen rapid increases in market unit prices. By aligning the HACP's payment standard with the city's IZ policy the financing gap caused by below market rents is tightened and decreases the financial risk for developers creating affordable units. Additionally, the neighborhood formerly housed a robust population of voucher holders including a significant refugee community. By aligning with the IZ policy, the HACP is encouraging the development of new affordable units in low poverty communities.

**Note:** Low-income Housing Tax Credit (LIHTC) units are ineligible for this payment standard during the initial fifteen (15) year affordability period. Following the initial affordability period units in LIHTC developments qualify for the rehab unit payment option if they meet the eligibility requirements.

**Note:** New or existing units can qualify for this payment option if they meet the eligibility requirements.

Below is the approved rent schedule for Option 1: Rehab Vouchers:

| Bedroom Size | *2019 MSAFMRs | Rehab units 130% of MSAFMR | Net Difference |
|---|---|---|---|
| 0 bedroom | $647 | $841 | $194 |
| 1 bedroom | $725 | $943 | $218 |
| 2 bedroom | $896 | $1,165 | $269 |
| 3 bedroom | $1,137 | $1,478 | $341 |
| 4 bedroom | $1,248 | $1,622 | $374 |
| 5 bedroom | $1,436 | $1,867 | $431 |
| 6 bedroom | $1,622 | $2,109 | $487 |

*** Amounts are based on HUD published 2019 MSAFMRs**

Eligibility Requirements

The property must meet at least one (1) of the following criteria to be eligible for the Enhanced Voucher Payment Standard:

i. Undergo significant upgrades and/or investments that improve the quality of the unit. This will be assessed based upon the following standards:
   a. System upgrades, and/or
   b. Rehabilitation of previously substandard units, and/or
   c. Renovation (investments of 6,000 dollars or more per unit for labor and/or materials)

Property owners are required to submit documentation of the planned renovations. The HACP or designated third party will then verify the completed work and costs and deem the property owner eligible to receive the enhanced quality payment standard. Substantial rehabilitation or modernization under $6,000 may be eligible for this standard dependent upon review.

ii. The unit must pass the International Property Maintenance Code inspection standard. Landlords must request an inspection specifically for this standard.

iii. Units built to be affordable under any inclusionary zoning policy determined by the Department of City Planning. Landlords must request qualification under this standard, and the HACP will review with the Department of City Planning to confirm eligibility.

A significant change to the Option 1: Rehab Vouchers is being made to include, adding revised eligibility requirements.

Additional Eligibility Requirements

The Option 1: (Rehab Vouchers) will be available to all current voucher holders or new admissions to the Housing Choice Voucher (HCV) program. Participants that are elderly, disabled or currently employed and possess a minimum of six (6) months of employment will receive preference for this option. However, this preference only applies to persons on the HCV wait list and not current voucher holders. If a participant is unemployed or becomes unemployed during their tenancy under this option, they are immediately required to enroll in the Family Self Sufficiency (FSS) program. More specifically:

(1) Any current voucher participant can access Option 1: (Rehab Vouchers).

(2) Any household on the HCV wait list can also access the alternative payment standard however, a preference for elderly, working or disabled families will be applicable to families requesting Option 1: (Rehab Vouchers).

## Option 2: Mobility Vouchers (location-based)

The Option 2: (Mobility Vouchers) will provide opportunities for low-income families to live in areas with lower concentrations of poverty. Using a combination of zip code and neighborhood level data, including areas of low voucher use, to define the selected areas, the HACP identified the city neighborhoods listed below as eligible for the Mobility Voucher Payment Standard; the payment standard for this option is 130 percent of the average of the designated mobility zone Small Area Fair Market Rent (SAFMR) for the zip codes associated with the identified areas*.

| Neighborhood | Zip Codes |
|---|---|
| Shadyside | 15206, 15213, 15232 |
| Lower Lawrenceville | 15201, 15213, 15224 |
| Strip District | 15201 |
| Southside Flats | 15203 |
| Downtown | 15219, 15222 |
| Squirrel Hill | 15213, 15217, 15232 |

**Note:** Low-income Housing Tax Credit (LIHTC) units are ineligible for this payment standard during the initial fifteen (15) year affordability period. Following the initial affordability period units in LIHTC developments qualify for the Mobility unit payment option if they meet the eligibility requirements.

**Note:** New or existing units can qualify for this payment option if they meet the eligibility requirements.

Below is the approved rent schedule for Option 2: Mobility Vouchers:

| Location Based Standard | *2019 MSAFMR | 130% of Mobility Zip Code Average Rents | Net Difference |
|---|---|---|---|
| 0 bedroom | $647 | $1,022 | $375 |
| 1 bedroom | $725 | $1,170 | $445 |
| 2 bedroom | $896 | $1,452 | $556 |
| 3 bedroom | $1,137 | $1,821 | $684 |
| 4 bedroom | $1,248 | $1,994 | $746 |
| 5 bedroom | $1,436 | $2,293 | $857 |
| 6 bedroom | $1,622 | $2,592 | $970 |

***Actual amounts are based on HUD published 2019 MSAFMRs**

Eligibility Requirements

The Option 2: (Mobility Vouchers) will be available to all current voucher holders or new admissions to the Housing Choice Voucher (HCV) program. Participants that are elderly, disabled or currently employed and possess a minimum of six (6) months of employment will receive preference for this option. However, this preference only applies to persons on the HCV wait list and not current voucher holders.

If a participant is unemployed or becomes unemployed during their tenancy under this option, they are immediately required to enroll in the Family Self-Sufficiency (FSS) program. More specifically:

(1) Any current voucher participant can access Option 2 (Mobility Vouchers).
(2) Any household on the HCV wait list can also access the alternative payment standard however, a preference for elderly, working or disabled families will be applicable to families requesting Option 2 (Mobility Vouchers).

The HACP is also exploring options to develop a tenant training course to better prepare voucher holders. The course will cover such topics as budgeting, understanding the lease agreement, utilities, maintaining a safe and healthy home, and how to communicate with your landlord and neighbors. Participants seeking to utilize the Mobility (location based) Voucher will be required to complete the tenant training course.

(a) Rent Reasonableness: The HACP has developed a scorecard that will consider factors that enhance the quality of life and safety of the household. The resulting score will be used to more accurately reflect the quality of unit and incentivizes landlords by rewarding higher rent adjustments based on unit ratings.

(b) In addition to the HACP’s current process, the score card will include the following subcategories:

i. Location based factors: access to transit, food options, business districts green spaces, educational centers, environmental factors, and employment

ii. Safety features: buzzed entry/secure entrances, surveillance, and guards

iii. Amenities: recreational centers, gyms, parking, business centers, Wi-Fi access, air conditioning, garage, a front or back yard investments/ substantial rehab or modernization

Impact of the approved Local Payment Standard

Option 1: Rehab Vouchers

The HACP can provide more housing opportunities in low poverty areas as well as increase the available voucher eligible housing stock. These new payment standards reflect the dramatic changes in the Pittsburgh real estate market within recent years. Much of Pittsburgh's housing stock is severely aged requiring landlords to invest significant capital to create properties that are habitable. Roughly 75 percent (75%) of the housing stock was built prior to 1960 and fifty percent (50%) was built prior to 1940.

To attract additional units, the HACP must align the payment standard to reflect the investment made by the landlord. Construction costs make it almost impossible for voucher holders to reside in newly constructed often high-end luxury units creating an even larger affordability gap. One of Pittsburgh's unique assets is its availability of inexpensive resale properties and home prices. For perspective, between January 1, 2013 and January 1, 2016, 10,892 homes were purchased, based on information obtained from the *Affordable Housing Taskforce, Pittsburgh Needs Assessment.*

Landlords have taken advantage of this environment and are able to buy properties that can become rental units. This process is more cost effective than new construction and attainable for most landlords. Through the approved Rehab Payment Standard, the HACP will be able to create new affordable units while decreasing the number of vacant or uninhabitable homes.

The Rehab Payment Standard also provides an opportunity for landlords of any size or experience to participate in the program while receiving a rent level that better aligns with the investment used to develop the unit. The HACP is confident these measures will also increase landlord participation.

Option 2: Mobility Vouchers (location-based)

There are also several key neighborhoods within the city that have low voucher populations. These neighborhoods also have low concentrations of poverty and significant access to major job centers, health facilities, universities and food. Neighborhoods identified in the mobility zones such as Squirrel Hill, Downtown and the Strip District require median incomes of at least $54,000, $50,000 and $67,800 per year, respectively for a household to not pay more than 30 percent (30%) of their income as stated in the *Affordable Housing Taskforce, Pittsburgh Needs Assessment.* To provide access to the neighborhoods and others that share similar characteristics, the HACP proposed the Mobility (location based) Voucher Payment Standard. The standard better reflects the rental market in these areas and is more appealing to landlords or developers who continue to invest in the identified mobility zones.

The HACP will closely monitor the effects of these changes on HAP costs and lease-up rates; to ensure the goals of the Local Payment Standard are in compliance with HUD standard Moving To Work (MTW) metrics. Current units are ineligible for payment Options 1 and 2 but can utilize landlord incentives. As the FY 2019 MTW Annual Plan was approved in June 2019, new units could apply for the higher payment standard as of August 1, 2019. Landlords also have access to pre inspection services.

### Baseline, Benchmarks and Metrics

The HACP has established the following baselines and benchmarks for this activity. The FY 2019 MTW Annual Plan was approved in June 2019 and the HACP initiated implementation of this activity. Therefore, **Year 1** is inclusive of the remainder of FY 2019 and FY 2020.

The HACP anticipates an increase of 250 units over a span of three (3) years. The charts below illustrate the financial impact weighted by the current makeup of voucher by bedroom size. **Year 1** is projected to yield 40 units; **Year 2** will result in an additional 100 units and **Year 3** will receive the remaining 110 units to total 250.

HUD MTW Metric: Housing Choice

| **HC #5: Increase in Resident Mobility** | | |
|---|---|---|
| **Unit of Measurement** | **Baseline** | **Benchmark Year 1** |
| Number of households able to move to a better unit and/or neighborhood of opportunity as a result of the activity (increase). | Households able to move to a better unit and/or neighborhood of opportunity prior to implementation of the activity (number) This number may be zero. **HACP= 0** | Expected households able to move to a better unit and/or neighborhood of opportunity after implementation of the activity (number). = **40** |

HUD MTW Metric: Housing Choice

| HC #2: Units of Housing Preserved | | |
|---|---|---|
| **Unit of Measurement** | **Baseline** | **Benchmark Year 1** |
| Number of housing units preserved for households at or below 80% AMI that would otherwise not be available (increase). | Housing units preserved prior to implementation of the activity (number). This number may be zero. **HACP = 0** | Expected housing units preserved after implementation of the activity (number) = **40 units** |

HUD MTW Metric: Self Sufficiency

| SS #5: Households Assisted by Services that Increase Self Sufficiency | | |
|---|---|---|
| **Unit of Measurement** | **Baseline** | **Benchmark Year 1** |
| Number of households receiving services aimed to increase self-sufficiency (increase). | Households receiving self-sufficiency services prior to implementation of the activity (number). **HACP= 0** | Expected number of households receiving self-sufficiency services after implementation of the activity (number) **= 40** |

HACP Established Metric: New Landlords

| HACP Metric: New Landlords | | |
|---|---|---|
| **Unit of Measurement** | **Baseline** | **Benchmark Year 1** |
| Number of new landlords leasing units to HCV participants. That would otherwise not be available (increase). | Total number of new landlords prior to implementation of the activity (number). This figure may be zero **HACP= 0** | Expected number of new landlords after implementation of the activity (number) **= 15** |

As previously stated, Year 1 is comprised of August-December of FY 2019 and January-December 2020 as the FY 2019 MTW Annual Plan was not approved until late June 2019. Therefore, the HACP is not in a position to assess or validate the true cost implications of Option 1 or Option 2 until the conclusion of Year 1 and will be reported in the FY 2020 Annual Report.

## Cost Implications Option 1: Rehab Voucher

The HACP anticipates an increase of 250 units over a span of three (3) years. The charts below illustrate the financial impact weighted by the current makeup of voucher by bedroom size. **Year 1** is projected to yield 40 units; **Year 2** will result in an additional 100 units and **Year 3** will receive the remaining 110 units to total 250.

Total projected agency cost per year: **Rehab Voucher**

| Implementation Year | Total Housing Assistance Payment | Total Average Tenant Portion of Rent | *Agency's cost per year less total average tenant portion payment per year | Additional units per year | Total additional units |
|---|---|---|---|---|---|
| **Year 1** | $413,616 | $279,135 | $134,481 | 40 Units | 40 Units |
| **Year 2** | $1,422,000 | $976,970 | $445,030 | 100 Units | 140 Units |
| **Year 3****Total cost of implementation per year at 250 units | $2,523,312 | $1,744,590 | $778,716 | 110 Units | 250 Units |

***Estimates total payment of rent per year for the additional 250 units**
****Totals represent the *additional* cost per year above the Baseline Standard for the additional 250 units**

## Cost Implications Option 2: Mobility Voucher

The HACP anticipates an increase of 250 units over a span of three (3) years. The charts below illustrate the financial impact weighted by the current makeup of voucher by bedroom size. **Year 1** is projected to yield 40 units; **Year 2** will result in an additional 100 units and **Year 3** will receive the remaining 110 units to total 250.

Total projected agency cost per year: **Mobility Voucher**

| Implementation Year | Total Housing Assistance Payment (Agency cost) | Total Average Tenant Portion of Rent | *Agency's cost per year less total average tenant portion payment per year | Additional units per year | Total additional units |
|---|---|---|---|---|---|
| **Year 1** | $539,705 | $279,135 | $260,570 | 40 Units | 40 Units |
| **Year 2** | $1,859,212 | $976,970 | $882,242 | 100 Units | 140 Units |
| **Year 3****Total cost of implementation per year at 250 units | $3,298,499 | $1,744,596 | $1,548,903 | 110 Units | 250 Units |

***Estimates total payment of rent per year for the additional 250 units**
****Totals represent the *additional* cost per year above the Baseline Standard for the additional 250 units**

## Cost Implication: Combined program cost

The HACP anticipates an increase of 500 units over a span of three (3) years. The charts below illustrate the financial impact weighted by the current makeup of voucher by bedroom size of Option 1 and Option 2 combined. **Year 1** is projected to yield 80 units; **Year 2** will result in an additional 200 units and **Year 3** will receive the remaining 220 units to total 500.

***Estimates total payment of rent per year for the additional 500 units**

| Implementation Year | Rehab Voucher: Agency's cost per year less total average tenant portion payment per year | *Mobility Voucher: Agency's cost per year less total average tenant portion payment per year | Total additional units after implementation | Additional cost above baseline |
|---|---|---|---|---|
| **Year 1** | $134,481 | $260,570 | 80 | $395,051 |
| **Year 2** | $445,030 | $882,242 | 280 | $1,327,272 |
| **Year 3** | $778,716 | $1,548,903 | 500 | $2,327,619 |
| **** Total cost** (over three years) | **$1,358,227** | **$2,691,715** | **500** | **$4,049,942** |

***Estimates total payment of rent per year for the additional units**
****Totals represent the *additional* cost per year above the Baseline Standard for the additional 500 units**

## Changes and Modifications

**There was a significant change** to this activity during the FY 2020 MTW Annual Plan submission as the addition of a preference is stated in Option 1: Rehab Vouchers. The Local Payment Standard activity utilizes the following MTW flexibility and authorizations.

## Authorization

Attachment C(D)(1)(a)-Operational Policies and Procedures to waive provisions of 24 CFR 982.162 Section 8(o)(t) of the 1937 Act.

Attachment C(D)(2)(a)-Rent Policies and Term Limits to waive provisions of 24 CFR 982.503, 982.508 and Sections 8(o)(1), 8(o)(2) and 8(o)(3) of the 1937 Act.

Attachment C(D)(2)(c)-Rent Policies and Term Limits to waive provisions of 24 CFR 982.507, 8(o)(10) of the 1937 Act.

Attachment C(D)(3)(a)- Eligibility of Participants to waive provisions of 24 CFR 982.201, 24 and Sections 16(b) and 8(0)(4) of the 1937 Act.

Attachment C(D)(4)- Waiting List Policies to waive provisions of 24 C.F.R. 982 Subpart E. 982.4305 and 983 Subpart F Section 8 (o)(6), 8(o)(13)(J) and 8(o)(16) of the 1937 Act.

Attachment C(D)(5)- Ability to Certify Housing Quality Standards to waive provisions of 24 CFR 982. Subpart I and Section 8(o)(8) of the 1937 Act.

Attachment C(D)(6)- Local Process to Determine Eligibility to waive provisions of 24 CFR 983. Subpart D and Section 8(o)(13) of the 1937 Act.

**Regulatory Citation**

24 CFR 982.162 Section 8(o)(t)

24 CFR 982.503, 982.508 and Sections 8(o)(1), 8(o)(2) and 8(o)(3)

24 CFR 982.507, 8(o)(10)

24 CFR 982.201, 24 and Sections 16(b)

and 8(0)(4) 24 CFR 982 Subpart I and

Section 8(o)(8)

24 CFR 983. Subpart D and Section 8(o)(13)

## *B. Not Yet Implemented Activities*

The HACP does not currently have any approved, non-in implementation activities.

## *C. On-Hold Activities*

The HACP does not currently have any approved MTW activities On-Hold.

## *D. Closed Out Activities*

Since entering the Moving To Work Program in 2000, the HACP has also instituted several Moving To Work initiatives that in 2019 no longer required specific Moving To Work (MTW) Authority. Some of those initiatives are:

i. Establishment of Site-Based Waiting Lists. Closed out in 2006, prior to execution of the Standard Agreement as Moving To Work (MTW) Authority was no longer required for this activity.

ii. Establishment of a variety of local waiting list preferences, including a working/elderly/disabled preference and a special working preference for scattered site units. Closed out in 2008, prior to execution of the Standard Agreement as MTW authority was no longer required for this activity

iii. Modified Rent Reasonableness Process. Closed out in 2008, prior to execution of the Standard Agreement as Moving To Work (MTW) Authority was no longer required for this activity.

iv. Transition to Site-Based Management and Asset Management, including Site Based Budgeting and Accounting. Closed out in 2005, prior to execution of the Standard Agreement as Moving To Work (MTW) Authority was no longer required for this activity.

## *E. Other Activities*

Several activities that utilized Moving To Work (MTW) Authority but are not specified as specific initiatives waiving specific regulations, were previously included in the initiative section but no longer require that separate listing. They are as follows:

**Other Activities**

Several activities that utilized MTW Authority but are not specified as specific initiatives waiving specific regulations, were previously included in the initiative section but no longer require that separate listing. They are as follows:

1. **Use of Block Grant Funding Authority to Support MTW Initiatives** - Use of Block Grant Funding Authority to support Development and Redevelopment, Enhanced and Expanded Family Self-sufficiency and related programming, and the HACP MTW Homeownership Program.
    a. Originally approved with the initial MTW Program and expanded to include homeownership and resident service programs in subsequent years, the HACP continues to use MTW block grant funding to support its MTW Initiatives. Additional information on the use of Single Fund block grant authority is included in other sections of this MTW Plan, particularly Section V. on Sources and Uses of funds.

2. **Energy Performance Contracting**
    a. Under the HACP's MTW Agreement, the HACP may enter into Energy Performance Contracts (EPC) without prior HUD approval. The HACP will continue its current EPC, executed in 2008, to reduce costs and improve the efficient use of federal funds.
    b. The HACP's current EPC included installation of water saving measures across the authority, installation of more energy efficient lighting throughout the authority, and installation of geo-thermal heating and cooling systems at select communities. It was completed in 2010, with final payments made in 2011. Monitoring and Verification work began in 2011, with the first full Monitoring and Verification report completed for the 2012 year. The HACP's objectives include realizing substantial energy cost savings. The HACP reports on the EPC in the MTW Annual Report.

3. **Establishment of a Local Asset Management Program**
    a. In 2004, prior to HUD's adoption of a site-based asset management approach to public housing operation and management, the HACP embarked on a strategy to transition its centralized management to more decentralized site-based management capable of using an asset management approach. During the HACP's implementation, HUD adopted similar policies and requirements for all Housing Authorities. Specific elements of the HACP's Local Asset Management Program were approved in 2010, as described in the Appendix, Local Asset Management Program. The HACP will continue to develop and refine its Local Asset Management Program to reduce costs and increase effectiveness.

**4. Acquisition of Property and Build-Out to be Utilized for Administrative Offices**

a. The HACP along with its partners, the City of Pittsburgh and the Urban Redevelopment Authority (URA), jointly purchased new office space located at 412 Boulevard of the Allies on September 20, 2018. The HACP intends to build-out the office space and relocate during FY 2020. The HACP plans to submit an application for disposition for its current offices in the John P. Robin Civic Building in FY 2020.

## V. SOURCES AND USES OF FUNDS

### A. MTW Report: Sources and Uses of MTW Funds

#### Actual Sources and Uses of MTW Funding for the Fiscal Year

PHAs shall submit their unaudited and audited information in the prescribed FDS format through the Financial Assessment System - PHA (FASPHA), or its successor system

#### Describe the Activities that Used Only MTW Single Fund Flexibility

The HACP had budgeted its single fund flexibility from the HCVP and LIPH programs to support the authority's Moving to Work (MTW) initiatives and other activities. This included budgeting $10,639,757 towards development, $19,039,210 for modernization, protective services and resident services. During 2019, the HACP used $3,131,370 from MTW Section 8 and Public Housing. The MTW funds used to support protective services was $3,131,370.

V.4.Report. Local Asset Management Plan

### B. MTW Report: Local Asset Management Plan

| | | | |
|---|---|---|---|
| Has the PHA allocated costs within statute during the plan year? | | | NO |
| Has the PHA implemented a local asset management plan (LAMP)? | Yes | or | |

If the PHA is implementing a LAMP, it shall be described in an appendix every year beginning with the year it is proposed and approved. It shall explain the deviations from existing HUD requirements and should be updated if any changes are made to the LAMP.

| | | | |
|---|---|---|---|
| Has the PHA provided a LAMP in the appendix? | Yes | or | |

# VI. ADMINISTRATIVE

## *A. General Information*

A. Description of any HUD reviews, audits, or physical inspection issues that require action to address the issue.

i. The HACP takes appropriate action on any REAC identified Physical Condition issues.
ii. The HACP had no other HUD reviews or audits requiring action by HACP at the end of 2019.

B. Results of PHA-directed evaluations of the demonstration.

i. The HACP secured the University of Pittsburgh to conduct an evaluation of its rent reform policy and an alternative payment standard methodology. Results of this study will be included in the FY MTW 2020 Annual Report.

C. Certification that the HACP has met the statutory requirements of the MTW Demonstration.

The HACP hereby certifies that it has met the Statutory Requirements of 1) assuring that at least 75% of the families assisted by the Agency are very low-income families; 2) continuing to assist substantially the same total number of eligible low-income families as would have been served absent the demonstration; and 3) maintaining a comparable mix of families by family size, as would have been served or assisted had the amounts not been used under the demonstration.

## *B. Local Asset Management Plan*: **See Appendices I.**

Please see the summaries included in: *A. Approach to Asset Management; B. New Initiatives and Deviations from General Part 990 Requirements; C. Flexible Use of Phase in of Management Fees and Section V. Sources and Uses of Funds* which describes sources and uses of MTW and non- MTW funds.

# *APPENDICES*

## *Appendix I. A. Local Asset Management Plan and Financial Information*

*A. Approach to Asset Management*

The HACP followed HUD's guidelines and asset management requirements including AMP-based financial statements. The HACP retained the HUD chart of accounts and the HUD crosswalk to the FDS. Under the local asset management program, the HACP retained full authority to move its MTW funds and project cash flow among projects without limitation. The MTW single fund flexibility, after payment of all program expenses, was utilized to direct funds to the HACP development program, wherein the HACP is worked to redevelop its aging housing stock.

The HACP's plan is consistent with HUD's ongoing implementation of project based budgeting and financial management, and project-based management. Operations of the HACP sites were coordinated and overseen by Property Managers on a daily basis, who oversaw the following management and maintenance tasks: maintenance work order completion, rent collection, leasing, community and resident relations, security, unit turnover, capital improvements planning, and other activities to efficiently operate the site. The HACP Property Managers received support in conducting these activities from the Central Office departments, including Operations, Human Resources, Modernization, Resident Self-Sufficiency, Finance, Public Safety and others.

The HACP Property Managers developed and monitored property budgets with support from the HACP Finance staff. Budget training was held to support the budget development process. The HACP continues to develop and utilize project-based budgets for all its asset management projects (AMPs). Property Managers could produce monthly income and expense statements and use these as tools to efficiently manage their properties. All direct costs were directly charged to the maximum extent possible to the AMPs.

The HACP utilized a fee for Service and frontline methodology as outlined in 24 CFR 990 and in the HACP Operating Fund Rule binder, which describes the methodology used for allocating its expenses.

*B. New Initiatives and Deviations from General Part 990 Requirements*

During FY 2019, the HACP continued initiatives previously established to improve the effectiveness and efficiency:

- The HACP maintained the spirit of the HUD site-based asset management model. It retained the COCC and site-based income and expenses in accordance with HUD guidelines, but eliminated inefficient accounting and/or reporting aspects that yielded little or no value from the staff time spent or the information produced.

- The HACP established and maintained an MTW cost center that held all excess MTW funds not allocated to the sites or to the voucher program. This cost center and all activity therein was reported under the newly created Catalog of Federal Domestic Assistance number for the MTW cost center. This cost center also held some of the large balance sheet accounts of the authority as a whole. Most of the banking and investment accounts were maintained within the MTW cost center.

- The MTW cost center essentially represented a mini HUD. All subsidy dollars were initially received and resided in the MTW cost center. Funding was allocated annually to sites based upon their budgetary needs as represented and approved in their annual budget request. Sites were monitored both as to their performance against the budgets and the corresponding budget matrix. They were also monitored based upon the required PUM subsidy required to operate the property. The HACP maintained a budgeting and accounting system that gave each property sufficient funds to support annual operations, including all COCC fee and frontline charges. Actual revenues included those provided by HUD and allocated by the HACP based on annual property-based budgets. As envisioned, all block grants were deposited into a single general ledger fund.

- Site balance sheet accounts were limited to site specific activity, such as fixed assets, tenant receivables, tenant security deposits, unrestricted net asset equity, which were generated by operating surpluses, and any resulting due to/due from balances. Some balance sheet items still reside in the MTW fund accounts, and include such things as workers compensation accrual, investments, A/P accruals, payroll accruals, payroll tax accruals, employee benefit accruals, Family Self-Sufficiency escrow balances, etc. The goal of this approach was to minimize extraneous accounting and reduce unnecessary administrative burden of performing monthly allocation entries for each, while maintaining fiscal integrity.

- All cash and investments remain in the MTW cost center during the year. Sites had a (due to/due from relationship) with the MTW cost center that represented cash until the HACP performed its year-end accounting entries and allocated to each site a share of the cash and investments. This is a one-time entry each year for Financial Data Schedule presentation purposes and is immediately reversed on the first day of the next calendar year. This saves the HACP the time and effort of breaking out the cash and investments monthly on the General Ledger.

- All frontline charges and fees to the central office cost center were reflected on the property reports, as required. The MTW ledger did not pay fees directly to the COCC. As allowable under the asset management model, however, any subsidy needed to pay legacy costs, such as pension or terminal leave payments, were transferred from the MTW ledger or the projects to the COCC.

- The Energy Performance Contract accounting was “broken-out” to the sites. This included all assets, liabilities, debt service costs, and cost savings.

- No inventory exists on the books at the sites. A "just in time" system has been implemented. This new inventory system has been operational and more efficient, both in time and expense.

- Central Operations staff, many of whom performed direct frontline services such as Home Ownership, Self-Sufficiency, and/or Relocation, were frontlined appropriately to the LIPH and/or HCV programs, as these costs are 100 percent (100%) low rent and/or Section 8.

- Actual Section 8 amounts needed for housing assistance payments and administrative costs were allotted to the Housing Choice Voucher (HCV) program, including enough funds to pay asset management fees. Block grant reserves and their interest earnings were not commingled with Section 8 operations, enhancing the budget transparency. Section 8 program managers have become more responsible for their budgets in the same manner as public housing site managers.

- Information Technology (IT) costs were directly charged to the programs benefiting from them, e.g. the LIPH module cost was directly charged to AMPs; all indirect IT costs were charged to all cost centers based on a "per workstation" charge rather than a Fee for Service basis. This allowed for equitable allocation of the expense while saving time and effort on allocating out each invoice at the time of payment.

MTW initiative funded work, such as contributions to the HACP development program, and also funded a 10 percent administration budget. These are done in order to adequately and commensurately fund the administrative work to support the MTW initiatives. The authority used MTW initiative flexibility to fund various development and modernization projects during FY 2019.

*C. Flexible Use of Phase in of Management Fees*

As a component of its local asset management plan, the HACP elected to make use of phase-in management fees for 2010 and beyond. The HUD prescribed management fees for the HACP are $57.17 PUM. The HACP proposed and received approval on the following phase-in schedule and approach:

*Schedule of Phased-in Management Fees for HACP:*

| | |
|---|---|
| 2008 (Initial Year of Project Based Accounting) | $91.94 |
| 2009 (Year 2) | $84.99 |
| 2010 (Year 3) | $78.03 |
| 2011 (Year 4 and beyond ) | $78.03 |

The above numbers reflect 2011 dollars. The HACP has diligently worked to reduce its staffing and expenditure levels and reduce unnecessary COCC costs; it continues to do so, to cut costs further, in order to comply with the COCC cost provisions of the operating fund rule. It is also working to increase its management fee revenues in the COCC, through aggressive, and we believe, achievable, development and lease up efforts in both the public housing and leased housing programs. As such, the HACP is continuing to lock in at current level phase in fees as approved in the FY 2017 MTW Annual Plan. The HACP, as indicated above, has made cuts to its COCC staffing, in virtually every department. It has reduced staff, reduced contractors, cut administration, and made substantial budget cuts to move toward compliance with the fee revenue requirements.

Nevertheless, we are not yet able to meet the PUM fee revenue target until we grow our portfolio size. Fortunately, a major component of the HACP strategic plan is to grow its portfolio. Fortunately, a major component of the HACP strategic plan is to grow its public housing occupancy, both through mixed finance development and management, as well as in house management, so as to better serve our low-income community and to recapture some of the fees lost to demolition.  This requires central office staff, talent and expense. To make this plan work, i.e. to assist in the redevelopment of the public housing portfolio, we will need the continued benefit of the locked in level of phase in management fees.

As further support for this fee lock, we should note that the HACP has historically had above normal central office costs driven by an exceedingly high degree of unionization. The HACP has over a half dozen different collective bargaining units; this has driven up costs in all COCC departments, especially in Human Resources and Legal. In addition, the HACP is governed by City laws that require City residency for all its employees.  This has driven up the cost to attract and retain qualified people throughout the agency. This is especially the case in the high cost COCC areas, where the HACP has had to pay more to attract the necessary talent to perform these critical functions.

The phase in fee flexibility, coupled with the HACP's planned growth in public housing occupancy and increases in voucher utilization, will enable the HACP's COCC to become sustainable in the long term and fully compliant with the operating fund rule. It should also be noted that this fee flexibility will come from the HACP's MTW funds and will require no additional HUD funding. This flexibility is the essence of the MTW program and will go a long way towards enabling the HACP to successfully undertake and complete its aggressive portfolio restructuring efforts.

*D. Deviations in Cost Allocation and Fee For Service Approach - Approach to Asset Management*

In implementing its Moving To Work Initiatives, the HACP's Local Asset Management Approach includes some deviations in cost allocation and fee for service approaches, as well as other variations to HUD asset management regulations.  Because these all relate to accounting and sources and uses of funds, the information on the HACP's Local Asset Management Program and Site Based Budgeting and Accounting is included in this section.

*E. Use of Single Fund Flexibility*

The HACP had budgeted its single fund flexibility from the HCVP and LIPH programs to support the authority's Moving to Work (MTW) initiatives and other activities. This included budgeting $10,639,757 towards development, $19,039,210 for modernization, protective services and resident services. During 2019, the HACP used $3,131,370 from MTW Section 8 and Public Housing. The MTW funds used to support protective services was $3,131,37.