# HOUSING AUTHORITY OF BALTIMORE CITY

# Moving To Work Program
# Annual Report for Fiscal Year 2012

**United States Department of Housing and Urban Development: Office of Public & Indian Housing**
**Submitted to HUD: September 27th, 2012**

## Table of Contents

# I. Introduction and Overview

The Housing Authority of Baltimore City (HABC) entered into a ten-year Moving to Work Agreement (MTW Agreement) with the US Department of Housing and Urban Development (HUD) effective as of December 24, 2008. Through a previous agreement between HUD and HABC, HABC has been a full participant in the MTW program since 2005.

MTW is a national demonstration program authorized by Congress which gives HABC the flexibility to waive certain statutes and HUD regulations pertaining to the Public Housing and Housing Choice Voucher (HCV) programs. The MTW statutory objectives include the following:

1) Reduce cost and achieve greater cost effectiveness in Federal expenditures;
2) Give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and,
3) Increase housing choices for low-income families.

The MTW activities undertaken and/or planned by HABC are all designed to promote one or more of the statutory objectives.

This document is the MTW Annual Report for Fiscal Year 2012, which is the period from July 1, 2011 to June 30, 2012. HABC is required to prepare this Annual Report in conformance with the specifications of HUD Form 50900 "Elements for the Annual MTW Plan and Annual MTW Report". For purposes of this document and the required submission to HUD, an "MTW activity" is defined as any activity that requires MTW flexibility to waive statutory or regulatory requirements.

## A. Overview of FY 2012 Goals, Objectives and Activities

HABC's long term goals for the MTW Demonstration include supporting neighborhood revitalization, reducing administrative costs and promoting resident economic self-sufficiency.

During Fiscal Year 2012, HABC undertook a broad range of housing, capital improvement, resident services and development activities consistent with its long-term MTW vision and the MTW Annual Plan. Significant initiatives and accomplishment:

- Public Housing Occupancy – HABC achieved a 98.3% adjusted occupancy rate in its public housing developments at the end of the fiscal year. The average occupancy rate for the year was 98.3%. Actual occupancy (10,551) exceeds the number served in the public housing program at the beginning of the MTW Demonstration by more than 1,000 households.

- Leased Housing Program – Due to uncertainty on the level of funding for CY 2011 and beyond, HABC ceased to issue new vouchers in FY2011. After careful analysis of

CY2012 funding levels HABC began issuing new vouchers in May 2012 to increase households served for FY2013. Overall, HABC served 14,415 households in the leased housing program in FY 2012 which reflects an increase of 60 units over FY2011. During this period, HABC continued to increase the number of households served through a number of special programs. 135 veterans have been housed under the Veterans Affairs Supportive Housing (VASH) program; and 45 families have been housed using Family Unification Program (FUP) vouchers. In addition, 146 more Bailey vouchers and 24 more project-based vouchers for non-elderly persons with a disability (NEDs) have been leased over those in FY2011.

- Thompson Partial Consent Decree – Significant progress continued to be made in meeting the requirements of the Thompson Partial Consent Decree. Included in the MTW Leased Housing program referenced above are 1,875 households assisted under the Thompson Tenant Based and Project Based initiatives. This represents an increase of 159 households assisted since March 2011. Finally, as part of the Thompson Homeownership Demonstration Program, 6 new families became homeowners, resulting in a total of 45 low-income homeowners assisted to date.

- Capital Planning – HABC continued its aggressive program of capital improvements and development activities. HABC expended $61.6 million on capital improvements including the completion of the rehabilitation of 151 long-term vacant units and the continued retrofitting of 5 family developments with a variety of energy conservation measures. HABC's initiatives involving major improvements to the exterior of the mixed population inventory is also continuing.

- Development Activities - HABC, in conjunction with the City of Baltimore made progress on its ten- year; $375 million plan to develop over 3,000 housing units, including an estimated 1,066 low-income rental units to replace severely distressed units in its current inventory. Progress in FY 2012 included the completion of the Barclay Phase 1 rental project, which includes the rehabilitation of 53 scattered site public housing units and construction of 19 new rental units receiving project based voucher assistance. Of the 53 scattered site units completed, twenty-four were completed in FY 2011 and the remaining 29 units were completed in FY 2012. The construction of 8 moderate-income homeownership units in the Barclay neighborhood was also completed in FY 2012. In addition, construction of the Vintage Gardens project (formerly the Poppleton Coop) was completed. Vintage Garden includes the rehabilitation and new construction of 111 affordable rental units, of which 15 are receiving HABC project based voucher assistance.

- Portfolio Strategic Planning –HABC continues to develop a strategic plan for the public housing portfolio that will provide a framework and roadmap for future investments and development activities. With input from residents and other community stakeholders, HABC will conduct a comprehensive review of its assets including analyzing capital needs, waiting list demand, development potential and other relevant factors. In tandem, both traditional and non-traditional sources of funding will be assessed including identifying ways in which MTW flexibility can be used to leverage and support reinvestment in HABC developments.

- Resident Services – HABC served more than 7,000 households through a wide array of self sufficiency, personal development and supportive service program offerings.

- Two Year Recertifications –Under MTW, HCV households continued to be recertified every two years. In FY 2010, HABC began implementation of two year recertifications for public housing households who are seniors or on fixed incomes. Both initiatives continued during FY 2012.

- Family Self Sufficiency – HABC continued to implement FSS activities that provide supportive services and family savings for both public housing and HCV residents.

- Project Based Vouchers – The Project Based Voucher program grew, with 171 new units placed under contract.

- Homeownership – Ongoing efforts to promote homeownership for public housing residents and other low-income households continued through HABC's Homeownership Programs. In FY 2012, eight (8) new families purchased a home under the Housing Choice Voucher (HCV) Homeownership Program. To date, seventy-two (72) homes have been purchased by HCV participants with sixty-two (62) families still active in the program.

# II. General Operating Information

This section of the Annual Report provides detailed information on HABC's current inventory, including actual versus planned leasing activities and waiting lists for both the Public Housing and HCV programs as of the end of FY 2012. It includes details on actual changes to the housing stock as a result of new development, demolition and disposition efforts. Significant capital expenditures are also summarized in this section.

## A. Housing Stock Information

### 1. Public Housing Inventory

Table 1 provides information on HABC's MTW public housing inventory and leasing, comparing the periods ending March 2011 (when the MTW Plan was prepared) and June 2012. As of June 2012, HABC's existing public housing inventory included 11,315 units, of which 10,737 were available for occupancy. This number reflects a reduction in inventory of 621 units over June 2011 due to the disposition of units in HABC's scattered sites inventory.

A total of 10,551 households resided in public housing as of June 2012 which represents an increase of 76 households over the March 2011 figures. HABC exceeded the occupancy rate of 97.1% that was projected in the FY 2012 Annual Plan.

**Table 1:**
**MTW Public Housing Inventory and Leasing**

| | **MARCH 2011** | | | | **JUNE 2012** | | | |
|---|---|---|---|---|---|---|---|---|
| **BR Size** | **Inventory** | **Available for Occupancy** | **Actual Occupancy** | **Adjusted Occupancy Rate** | **Inventory** | **Available for Occupancy** | **Actual Occupancy** | **Adjusted Occupancy Rate** |
| OBR | 1,333 | 1,219 | 1,202 | 98.6% | 1220 | 1,215 | 1,196 | 98.4% |
| 1BR | 3,928 | 3,566 | 3,542 | 99.3% | 3729 | 3,639 | 3,592 | 98.7% |
| 2BR | 3,589 | 3,254 | 3,221 | 98.9% | 3432 | 3,298 | 3.232 | 98.0% |
| 3BR | 2,165 | 1,889 | 1,881 | 99.5% | 2086 | 1,939 | 1,894 | 97.6% |
| 4BR | 668 | 546 | 504 | 92.3% | 664 | 528 | 519 | 98.3% |
| 5BR | 214 | 119 | 107 | 89.9% | 156 | 100 | 100 | 100% |
| 6BR | 39 | 21 | 18 | 85.7% | 28 | 18 | 18 | 100% |
| TOTAL | **11,936** | **10,614** | **10,475** | **98.6%** | ***11,315*** | ***10,737*** | ***10,551*** | ***98.3%*** |

** As of June 30, 2012 the total number of units under HABC's ACC was 14,406 however, available for occupancy figures exclude units that are vacant and exempt consistent with 24 CFR 901.5. These exempt units include units: a) undergoing or identified to undergo renovation and/or vacated due to a consent decree mandated alterations; b) undergoing or identified to undergo modernization; c) approved for deprogramming (disposition or demolition); d) approved for non-dwelling purposes; e) lost due to reconfiguration*

*** Adjusted occupancy rate reflects the percentage of units that are available for occupancy that are actually occupied.*

**** The majority of the vacant four bedrooms are long-term vacant units located at Mt. Winans. HABC will submit a demolition application to HUD for these units in FY2013.*

Please note that none of HABC's MTW Capital expenditures exceeded 30% of the Annual MTW capital fund budget. An update to planned capital activities is described in Section 3 below.

Table 2 identifies units that were added to the public housing inventory in FY 2012. HABC added a total of 30 public housing units during this period most of which are located at The Homewood House which contains 29 public housing units in the Barclay community, and was completed in the first quarter of FY2012.

**Table 2:**
**New Public Housing Units in FY 2012**

| Project Name | Description | BR Size | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | |
| 58 Broadway Replacement Units | Development includes detached, semi-detached and row houses. Program completed in Q3 2012 with purchase of One (1) 4BR UFAS accessible unit. | | | | 1 | | 1 |
| | | | | | | | |
| | | | | | | | |
| Barclay | Scattered Site Development | 29 | 0 | 0 | 0 | 0 | 29 |
| | **TOTAL** | **29** | | | **1** | | **30** |

Table 3 identifies units that were removed from public housing inventory due to demolition and/or disposition. HABC planned to dispose of 32 distressed and obsolete units from the public housing inventory at Barclay in FY 2012. Of these 32 units, 13 were disposed of to the developer to rehab for homeownership in FY 2012. An additional 13 units will be disposed of to the developer for the new construction of affordable rental housing in FY 2013. The disposition of these 13 units was pushed back to FY 2013 as the developer did not obtain financing until a later than anticipated date. The disposition of the remaining six units planned for FY 2012 was actually completed in FY 2011.

Additionally 24 former public housing units in Barclay were demolished in FY 2012. These units previously approved for disposition and demolition were not anticipated to be demolished until after the units had been conveyed to the developer; however, with HUD approval, the units were demolished prior to disposition as additional CDBG funding (non- HABC funds) became available to allow for the demolition at an earlier date.

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**Table 3: Demolition/Disposition of Public Housing Units in FY 2012**

| Project Name | Projected Demo/Dispo Units | Actual Units | Reason for Demo or Dispo | Status as of June 2012 |
|---|---|---|---|---|
| **Barclay Disposition** (Renovation after Disposition) | 32 | 13 | Distressed Obsolete Housing | HUD Approved, Disposition FY 2008. Disposition of 13 units completed. |
| **Barclay Demolition** | 0 | 24 | Distressed Obsolete Housing | The units had been approved by HUD for disposition in FY 2008. HUD approved demolition of the units prior to disposition in FY 2012. |
| **Somerset Homes** (Disposition of Vacant Land) | Vacant Land | **0** | The land exceeds the needs of the development (after DOFA) | Disposition did not occur as development plans are still being contemplated. **Note: Demolition of 257 units was completed the first quarter of FY 2009** |
| **O'Donnell Heights** (Disposition of Vacant Land) | Vacant Land | **0** | The disposition of the property is incidental to, or does not interfere with, continued operation of the remaining portion of the development. | Disposition application for a portion of site representing Phase I of the redevelopment was submitted 2nd quarter 2012, but was disapproved. A new disposition application was submitted 4th quarter 2012.. **Note: Demolition of 596 units was completed the first quarter of FY 2010.** |
| **TOTAL** | **32** | **37** | | |

## 2. Section 8/Housing Choice Voucher Program Inventory

Table 4 lists leasing levels by voucher type as of March 2011 (when the MTW Plan was prepared) and the projected and actual leasing levels as of the end of FY 2012 (June 2012). Due to uncertainty on the level of funding for CY 2011 and beyond, HABC ceased to issue new vouchers in FY2011. After careful analysis of CY2012 funding levels HABC began issuing new vouchers in May 2012 to increase households served for FY2013. The actual number of households served through MTW Tenant Based Non-Consent Decree vouchers was 9,374 (95%) of HABC's projected target).

Overall, HABC reached 99% % of its MTW voucher target: 87.4% of its non-MTW target and 102.9%% of its Thompson target.

The decrease in Non MTW vouchers is due primarily to the discontinuance of HABC's administration of two HUD Substantial Rehabilitation contracts.

**Table 4:**
**Housing Choice Voucher Program Inventory and Leasing**

| | Actual Leased as of March 2011 | Projected FY June 2012 Leasing | Actual Leased as of June 2012 |
|---|---|---|---|
| MTW Tenant Based Vouchers (Non Consent Decree) | 9,729 | 9,873 | 9374 |
| MTW Project Based Vouchers (Non Consent Decree) | 969 | 1,074 | 1013 |
| MTW Tenant Based Vouchers – Bailey | 782 | 850 | 842 |
| MTW Project Based Vouchers – Bailey | 154 | 257 | 240 |
| *Sub-Total* | *11,634* | *11,604* | *11,469* |
| MTW Tenant Based Vouchers – Thompson | 1600 | 1,600 | 1724 |
| MTW Project Based Vouchers – Thompson | 116 | 221 | 151 |
| *Sub-Total* | *1,716* | *1,821* | *1,875* |
| **TOTAL MTW VOUCHERS** | **13,350** | **13,425** | **13,344** |
| Non-MTW Section 8 Moderate Rehab | 342 | 370 | 340 |
| Non-MTW Section 8 New Construction/Substantial Rehab | 596 | 767 | 596 |
| Non-MTW VASH Vouchers | 67 | 89 | 135 |
| *Sub-Total* | *1,005* | 1,226 | *1,071* |
| **TOTAL MTW AND NON-MTW** | **14,355** | **14,651** | **14,415** |

Table 4 also indicates that there were 1,253 MTW Project Based vouchers (non-Thompson) leased as of the end of the Plan year, and 151 MTW Thompson Project Based vouchers. As of June 30, 2012, HABC has 1,424 MTW Project Based vouchers (non-Thompson) under HAP and AHAP which includes the 171 project-based vouchers in Table 5 below.

Table 5 provides a description of new Project Based commitments made during the Plan year. As indicated, in FY 2012 HABC has a total of 171 project-based units under contract:

**Table 5**
**New Project Based Commitments in FY 2012**

| **Project** | **Description** | **Units** |
|---|---|---|
| | | |
| 2301 N. Charles St. | Multifamily Housing for NEDs | 7 |
| Clarksview | Multifamily Housing | 8 |
| North Avenue Gateway | Multifamily Housing | 11 |
| Lillian Jones | Multifamily Housing | 22 |
| Uplands | Multifamily Housing | 62 |
| | | |
| The Greens at Irvington | Senior Housing | 20 |
| | | |
| | | |
| | | |
| Dayspring Square | Multifamily Housing for the Homeless | 18 |
| M. for Madison | Multifamily Housing for NEDs | 23 |
| | | |
| | **Grand Total** | **171** |

- 2301 North Charles St. – 7 units of project based housing for non-elderly disabled residents.
- Clarksview – Multifamily housing which will include 8 project-based units of housing for non-elderly disabled residents.
- North Avenue Gateway – Multifamily housing which will include 11 units of housing for non-elderly disable residents.
- Lillian Jones-74 unit multifamily apartment building which will contain project based units for 14 non-elderly disabled and 8 persons with physical disabilities.
- Uplands – 104 unit multifamily development which will contain project based units for 16 non-elderly disabled and 6 persons with physical disabilities.
- The Greens at Irvington – 100 unit senior building which will provide 20 project-based units for non-elderly disabled residents.
- Lillian Jones – 22 units of NED and UFAS housing
- Dayspring Square – 18 units in a project-based multifamily building dedicated to a transitional program for homeless families who must surmount the barriers of substance abuse. Families will reside in the units for a period of 12 to 18 months;
- M for Madison - 23 units in a project-based multifamily building dedicated to non-elderly persons with a disability;

As of June 2012, HABC has contract authority under its ACC to issue 18,504 MTW vouchers (excluding Thompson), and a total of 1,238Non-MTW vouchers under its ACC (see Table 6 below); however, available HUD funding does not support this level of leasing for MTW vouchers. It is important to note that neither HABC nor any other HCV administering agency is funded based on its ACC.

HABC is authorized to lease a total of 1,238 non-MTW vouchers under its ACC.

**Table 6: Number of Authorized Non-MTW Vouchers**

| **Type of Vouchers** | **Authorized Lease Total** |
|---|---|
| Non-MTW Section 8 Moderate Rehab | 417 |
| Non- MTW Section 8 New Construction/Substantial Rehab | 596 |
| Non-MTW VASH Vouchers | 225 |
| **Total** | **1238** |

The FY2005 Consolidated Appropriations Act changed the method and formula for allocation of HAP funds. The ACC utilization figure reflects the maximum number of families which may be assisted if adequate funds are provided by HUD. The ACC number is now merely a cap on the maximum number of households which may receive assistance, not a "full utilization" goal. Full utilization is considered either a) HAP contracts for a number of units equal to the ACC number; or b) expenditure of all HAP Grant funds.

Under its MTW Block Grant authority, HABC may funge monies between programs for authorized purposes. Therefore, any difference between the HAP Grant amount and expenditures on HAP and UAP which are reallocated to meet other appropriate HABC requirements must be considered “utilized”. Therefore, HABC’s HCV program is at full utilization.

## 3. Capital Planning Expenditures

This section provides an update to the planned capital activities described in HABC’s FY 2012 Annual Plan to reflect actual performance through June 30, 2012. Please refer to the narrative and chart below for specific information on planned vs. actual funding amounts and a discussion and explanation of the variances.

HABC expended $61.6 million (a combination of MTW and non-MTW funding) in capital program activities during the FY 2012 period. Capital expenditures focused on HABC’s six major priorities: (1) 504 UFAS and ADA Compliance (handicap accessibility); (2) vacancy renovation; (3) marketability, security and safety improvements; (4) improvements to major systems, infrastructure, extraordinary maintenance; (5) installation of energy conservation measures; and, (6) creation of economically diverse stable neighborhoods using the mixed finance development approach by leveraging the MTW Block Grant Funds.

Details on planned versus actual capital expenditures are included in Table 6. A narrative discussion of projects completed or underway and a description of variances from planned activities follows in Table 7:

**Table 7:**

**Planned vs. Actual Capital Expenditures for FY 2012**

| Development Name | Description of Work | Planned Spending July 1, 2011 - June 30, 2012 | Actual Spending July 1, 2011 - June 30, 2012 |
|---|---|---|---|
| Authority Wide | Administration, Equipment, A & E, Planning and Legal Fees | 6,609,019 | 6,320,385 |
| Authority Wide | Management Improvements | 1,121,664 | 600,590 |

**Table 7:**

**Planned vs. Actual Capital Expenditures for FY 2012**

| Development Name | Description of Work | Planned Spending July 1, 2011 - June 30, 2012 | Actual Spending July 1, 2011 - June 30, 2012 |
|---|---|---|---|
| Authority Wide | Physical Accessibility Modifications, Central Office Improvements, ACM work for Vacancy Renovation, Emergency Repairs to Heating System, Construction Contingency | 923,595 | - |
| Authority Wide | Relocation | 336,297 | 201,106 |
| Authority Wide | Non-Elderly Disabled Units | 1,800,000 | $ 658,333 |
| Authority Wide | Debt Service (CFFP and EPC) | 8,558,856 | 8,560,847 |
| Barclay | Neighborhood Revitalization | - | 601,908 |
| Bel-Park Tower | Tank Removal, Replace Water Risers, Oil Tank Removal, Cooling Tower Refurbishing and Steel Support | 196,000 | 49,518 |
| B. E. Mason | Exterior Waterproofing & Tuckpointing, & Windows, Tank Removal, 504 Handicap Modifications, Repairing Underground Wiring for Walkway Lighting | - | 1,645,457 |
| The Brentwood | Replace Old Water Lines with New Shut Off Valves, Replace Supply Line Water Pipes, Strainer for Chiller, Landscaping | 100,000 | 96,342 |
| Broadway 58 Units | Acquisition and Renovations of 58 Dwelling Units | - | 322,773 |
| Brooklyn Homes | Wrap Window and Door Lintels, 504 Handicap Accessibility | 925,000 | 28,699 |

| Table 7: Planned vs. Actual Capital Expenditures for FY 2012 | | | |
|---|---|---|---|
| **Development Name** | **Description of Work** | **Planned Spending July 1, 2011 - June 30, 2012** | **Actual Spending July 1, 2011 - June 30, 2012** |
| | Modifications and Landscaping | | |
| Central Office | Central Office Improvements | - | 2,288 |
| Chase House | 504 Handicap Accessibility Modifications, Enclose Lentils on Balconies to Eliminate Painting Needs, Removal and Replacement of HVAC Units, Cooling Tower Replacement | 105,000 | 209,441 |
| Cherry Hill Homes | Security Camera Lighting, Roof Repairs/Replacement, Emergency Replacement of Gas lines, 504 Handicap Modifications, Landscaping and Piping Modernization | 1,731,091 | 2,148,057 |
| Douglass Homes | Installation and Configuration of Switch for Energy Management Control System, 504 Handicap Modifications, Emergency Electrical and Heating Repairs | - | 96,864 |
| Ellerslie | Repair Front Walkways, Sidewalks and Landscaping | 15,000 | 26,391 |
| Gilmor Homes | 504 Handicap Modifications, Interior Security Cameras, Emergency Electrical Upgrades | 279,877 | 169,911 |
| Govans Manor | Sundeck and Balcony Concrete Repairs, Heat Space and Replace Pipes in the Overhang | 70,000 | 47,937 |

**Table 7:**

**Planned vs. Actual Capital Expenditures for FY 2012**

| Development Name | Description of Work | Planned Spending July 1, 2011 - June 30, 2012 | Actual Spending July 1, 2011 - June 30, 2012 |
|---|---|---|---|
| Hollins House | Install Bird Netting | - | (9,518) |
| Lakeview Towers | Emergency Work - Repair Spalling Concrete at 40 Exterior Locations, 504 Handicap Modifications and Landscaping | - | 45,994 |
| Latrobe Homes | Emergency Repairs to Heating System, Security Camera Repairs, 504 Handicap Accessibility Modifications, Environmental Improvements | 509,237 | 193,623 |
| McCulloh Homes | 504 Handicap Modifications, Security Camera Maintenance, Replace Radiator Steam Traps | 40,213 | 83,543 |
| McCulloh Homes, Ext. | Replace Old Water Lines with New Shut Off Valves | - | 116,465 |
| Midtown | Vacancy Renovation | - | 21,621 |
| Monument East | 504 Handicap Modifications, Cooling Tower Replacement | 70,830 | 34,258 |
| Mt. Winans/Westport | Roof Replacement | 664,000 | 634,824 |
| Perkins Homes | Emergency Repairs to Heating System and Handicap Accessibility Modifications | 361,627 | 149,805 |

**Table 7:**

**Planned vs. Actual Capital Expenditures for FY 2012**

| Development Name | Description of Work | | Planned Spending July 1, 2011 - June 30, 2012 | Actual Spending July 1, 2011 - June 30, 2012 |
|---|---|---|---|---|
| Pleasant View Gardens | Security Camera Maintenance, 504 Handicap Accessibility Modifications, Electrical Submetering | | 33,667 | 25,861 |
| Poe Homes | Security Cameras | | 17,372 | - |
| Preston Street | Dwelling Structures | | - | 693 |
| Primrose Place | Exterior Waterproofing & Tuckpointing and Window Replacement, 504 Handicap Modifications, Replace Heating and Cooling System Supply | | - | 346,077 |
| Rosemont Towers | Tank Removal, 504 Handicap Modifications, Install New Generator | | 150,000 | 125,257 |
| Rosemont/Dukeland | Erosion Control (REAC), Vacancy Renovation of 5 units | | 450,000 | 255,533 |
| Scattered Sites | Vacancy Renovation, 504 Handicap Accessibility Modifications, LLF Conversion to Lead Free, Replace Roofs | | 826,871 | 2,066,396 |
| Stricker Street | Vacancy Renovation, Replace Roofs | | - | 57,000 |
| Thompson (22 Units) | Acquisition and Renovation of 22 Dwelling Units | | 814,823 | 602,246 |
| Townes at the Terraces | 504 Handicap Modifications | | - | 3,600 |

| Table 7: Planned vs. Actual Capital Expenditures for FY 2012 | | | |
|---|---|---|---|
| **Development Name** | **Description of Work** | **Planned Spending July 1, 2011 - June 30, 2012** | **Actual Spending July 1, 2011 - June 30, 2012** |
| Van Story Branch (West Twenty) | Tank Removal, Camera Repairs, Replace Old Water Lines with New Shut Off Valves, Exterior Waterproofing & Tuckpointing and Window and Door Replacement, Cooling Tower Replacement, Install New Domestic Water Booster Pump | 4,435,690 | 835,608 |
| Wyman House | Exterior Waterproofing & Tuckpointing, Boiler Replacement, Water Main Replacement | 376,780 | 97,898 |
| | **MTW Total** | **31,522,508.60** | **27,473,629.71** |
| AHI | Affordable Home Ownership | 7,270,000 | 1,486,156 |
| Arbor Oaks | Physical Accessibility Modifications - UFAS (4 units) | - | 335,193 |
| Authority Wide | Administration, Technical and Non-Technical Salaries, A & E, Staffing and Consultant Fees | 2,451,984.95 | 2,244,608.38 |
| Barclay | Neighborhood Revitalization | | 64,673 |
| Bel-Park Tower | Family Service Center | - | (222) |
| Broadway 58 Units | Acquisition of 58 Dwelling Units and Start of Rehabilitation | 655,302 | - |

**Table 7:**

**Planned vs. Actual Capital Expenditures for FY 2012**

| Development Name | Description of Work | Planned Spending July 1, 2011 - June 30, 2012 | Actual Spending July 1, 2011 - June 30, 2012 |
|---|---|---|---|
| Brooklyn Homes | Energy Conservation Measures | 550,000 | 873,293 |
| Cherry Hill Homes | Energy Conservation Measures | 20,809,740 | 12,210,674 |
| Douglass Homes | Energy Management Control Systems | 473,143 | 113,189 |
| Gilmor Homes | Energy Conservation Measures | 3,873,560 | 749,871 |
| Hollander Ridge | Replacement Housing | 5,200,000 | - |
| Latrobe Homes | Energy Conservation Measures | 11,304,383 | 7,786,817 |
| Midtown | Vacancy Reduction | - | 213,848 |
| Perkins Homes | Energy Management Control Systems | - | 142,172 |
| Primrose Place | Waterproofing and Tuckpointing & Windows and Doors Replacement | - | 260,244 |
| Scattered Sites | Vacancy Reduction | 4,394,071 | 5,963,620 |
| Stricker Street | Vacancy Reduction | - | 123,563 |
| Uptown | Vacancy Reduction | - | (3,363) |
| Van Story Branch (West Twenty) | Family Service Center | - | 299 |
| Westport | Energy Conservation Measures | 296,243 | 549,677 |

| Table 7: Planned vs. Actual Capital Expenditures for FY 2012 | | | |
|---|---|---|---|
| **Development Name** | **Description of Work** | **Planned Spending July 1, 2011 - June 30, 2012** | **Actual Spending July 1, 2011 - June 30, 2012** |
| Wyman House | Exterior Waterproofing & Tuckpointing | - | 994,511 |
| | **NON - MTW Total** | **57,278,426.80** | **34,108,824.31** |
| | **GRAND TOTAL** | **88,800,935** | **61,582,454** |

**504 Accessibility Improvements** In FY 12, HABC continued to: (i) modify existing units and sites to meet UFAS regulations; (ii) modify units to meet reasonable accommodation and immediate need requests; and (iii) modify common areas to meet UFAS regulations for providing public housing choices for low-income persons with disabilities. There is a balance of 5 UFAS units to be created under the Bailey Consent Decree's requirement to create UFAS units in HABC's conventional inventory. Four of the five units will be completed in the first half FY13. The fifth unit is occupied by a resident who cannot be moved, even temporarily, for medical reasons. That unit will be made fully UFAS compliant when she is no longer living in the unit.

Under the ARRA Formula Grant, HABC is in the process of renovating approximately 158 long term vacant units; and under the ARRA Competitive Grant, HABC is in the process of renovating approximately 80 long-term vacant units. As part of this renovation process, HABC will create approximately 13 UFAS units or at least 5% of the total 238 units scheduled for renovation. In FY 12 HABC completed 9 of the 13 units. The balance will be completed in FY13.

As outlined in the FY 12 Plan, one of the ways HABC will meet the balance of the UFAS units it needs to create under the Bailey Consent Decree is to produce additional UFAS units: (i) at HABC's conventional sites – (in FY11, 10 units were identified, the relocation and construction process started in FY 12, and construction will be completed in the last quarter of FY13); and (ii) on vacant sites – (in FY11, 5 properties were identified and construction will start in FY 13 to construct 6 new UFAS units).

**Long Term Vacancy Reduction**
HABC completed 4 Phases of its initiative to renovate long-term vacant units. In FY 10 HABC began Phase 5 of this initiative to renovate long-term vacant units. This phase provides for the renovation of approximately 238 long term vacant scattered site units. In FY11 HABC renovated 151 of the 238 scattered sites unit scattered sites and in FY 2012 another 68 units were completed for a total of 219 scattered sites units renovated and placed back in service for rental and homeownership opportunities. The balance will be completed in FY 13. The scattered sites renovations are funded through the American Recovery and Revitalization Act (ARRA) Formula and Competitive program.

**Energy Performance Contracting** Due to the age of boilers, roofs, electrical systems and other infrastructure systems, HABC's consumption of energy is high and will continue to increase until such time as improvements to these systems are implemented. In addition, due to the inefficiencies of these systems and dramatically rising utility rates, HABC's energy costs will also increase unless these issues are addressed.

HABC began implementation of a comprehensive energy reduction capital improvement program in order to lower consumption and energy costs. HABC contracted with an Energy Service Company (ESCO) vendor who completed an Energy Audit in 2006. The energy audit identified all building and site components, which, if replaced or upgraded, will decrease energy consumption. Energy conservation measures (ECMs) that will reduce consumption are also part of the audit findings. HABC anticipates using the annual savings from the reduced energy cost to pay for the debt service that is required to fund energy related capital improvements.

HABC subsequently decided to be its own ESCO and self-perform its own Energy Performance Contracting (EPC). In FY 2010, HABC started Phase 1 of the EPC which involved: i) the installation of energy conservation measures ("ECM") at 5 developments with anticipated energy reductions of approximately $3.2 million; ii) a tax exempt municipal lease for $51,150,000 secured through Grant Capital Management and Crews Associates as the underwriter for the energy reduction capital improvements; and, iii) resident training for the implementation, use and maintenance of the ECMs. .

Baseline consumption and projected savings were updated in 2009. HABC has developed a maintenance and replacement plan and a utility consumption and management system to address the controllable factors. HABC is further updating the baseline and savings projections for the period immediately prior to EPC implementation to reflect increased occupancy levels and other factors impacting energy consumption.

HABC's Energy Performance Contracting Program is currently made up of three funding sources including the American Recovery Reinvestment Act (ARRA) ($24,271,627), a loan from Harbor Bank ($502,204) and a loan from Capital Grant Management ($51,150,000) for a total of $75,923,831. In the first quarter of FY12 the program was approximately 95% obligated with all ARRA funds at 100% obligation.

Approximately 30% of the entire program is expended with 60% of expenditures achieved under the ARRA program. HABC's first payment on the EPC loan was made on April 15, 2010. Additional reporting information on the EPC is included in Appendix D. HABC in FY 12 will begin to collect excessive consumption charges from those developments that were part of HABC's EPC Phase 1 program. In FY11, HABC completed its Energy Audit, which is due every 5 years. In the first half of FY12, an Investment Grade Audit will be performed to develop its next EPC Program (Phase 2).

**Infrastructure and Major Projects**: In FY 12 HABC: (i) completed the exterior waterproofing at Primrose Place, B.E. Mason and Wyman House; (ii) started the exterior waterproofing and window and door replacement at J Van Story Branch; (ii) completed the electrical replacement at Latrobe Homes and Westport Homes and, (iii) started erosion control measures at Rosemont/Dukeland.

*Family Sites:* In FY 12, HABC: (i) continued to develop plans noting physical areas of concern and a course of action to rectify (landscaping, egress, hazards, etc.); (ii) completed concrete walkway projects; (iii) performed major renovations at various developments and a portion of the scattered site inventory to further reduce vacancies; (iv) continued the process to replace the heating system infrastructure at Cherry Hill and Latrobe Homes; (v) began plans to eliminate erosion problems at Cherry Hill; (vii) completed the roof replacement at Westport and Cherry Hill; (viii) completed the electrical replacement at Latrobe Homes and Westport Homes; and (ix) started erosion control measures at Rosemont/Dukeland.

**Marketability Projects**

In FY 12, HABC: completed roof replacements for 20 Scattered Sites properties.

**Security**
Since its inception, HABC has installed 257 interior CCTV cameras at 19 high-rise mixed population buildings and 178 exterior CCTV cameras at 6 family sites to record and monitor criminal activity. In addition to the fixed CCTV cameras, there are 14 PODSS. In FY 12 HABC continued to monitor the interior cameras, while the Baltimore Police monitored the exterior cameras. In addition, in FY12 maintenance contracts have been issued to insure their viability. In FY 11, HABC received its second Safety and Security Grant. This Grant is to install security lighting and Shoot Gun Technology at Cherry Hill to supplement its existing CCTV camera system

**Explanation of Variances in Planned vs. Actual Expenditures** HABC continues to take advantage of the flexibility of the MTW Block Grant, by utilizing planned Housing Choice Voucher Funds to expedite long term planned Capital Fund activities and to reduce vacancies. The ability to utilize the MTW Block Grant increased immediate affordable housing opportunities and improved living conditions resulting in a better quality of life for residents of public housing. Variances in planned activities are primarily the result of planned expenditures versus actual contract amounts and the acceleration or delay in construction schedules resulting from latent or unforeseen conditions. Funding for many of HABC's authority wide activities has been reallocated to actual projects. Other variances are attributed to a number of factors including delays in: 1) A & E designs; and 2) procurement activities. Some planned activities for FY 12 were actually completed and expended in FY 11. Some work activities expected to be completed in FY 11 were delayed and were actually completed in FY 12. Work items planned for FY12 and not completed will be completed in FY 13.

Some of the major variances (more than 15%) and explanations are discussed below. Developments and major projects are listed in alphabetical order:

*Affordable Home Ownership Program* – HABC's consultant took significant steps to implement its strategy for creating project based units through individual development projects. The consultant worked with HUD to obtain approval for rental term sheets submitted by four different developers/investors who have committed to create project based units for occupancy by Program Participants. HUD approved one of the rental term sheets on March 20, 2012 and the remaining three on April 20, 2012. The consultant issued a notice to proceed to one developer on May 22, 2012. The developer began looking for units in Non-impacted Areas to acquire for the project based program. The developer plans to put contracts on five to ten units. The units will be submitted to the local HUD field office for approval before the developer acquires them. After HUD approves the units, the developer will acquire and rehabilitate the units and they will be placed under a fifteen (15) year project based HAP contract. MBQ will not issue notices to proceed to the remaining developers until after the first developer completes the entire process with the first batch of units, which will allow MBQ to work through any issues that arise before proceeding with the remaining developers.

*Arbor Oaks* – Non-MTW Work was estimated to be completed in FY 11. Design issues created delays and the work was actually completed in FY 12.

*Authority Wide - Management Improvements* – HABC is in the process of upgrading their Management Enterprise Data Base. Expenses were planned in FY 12 for the implementation of this system. HABC is currently in the process of awarding a contract and anticipates that the project will be completed in FY 13.

*Authority Wide Physical Accessibility Modifications, Central Office Improvements, Environmental Work involving Vacancy Renovations, Emergency Repairs to Heating Systems, Construction Contingency* - These funds were reallocated to specific developments requiring emergency heating repairs, environmental improvements, reasonable accommodations and immediate needs and unforeseen latent conditions resulting in Change Orders.

*Authority Wide Relocation* – Relocation expenses were overestimated creating the variance in our spending plan.

*Authority Wide - Non-Elderly Persons with Disabilities*— HABC continued to issue Requests for Proposals for project based vouchers associated with providing units for non-elderly persons with disabilities (NEDs) and received proposals for project basing units for NEDs in response. HABC expects to reissue the RFP as needed to create all of the project based NED units required by the Bailey Consent Decree.

*Bernard E. Mason, Sr. Apartments* – Work on the waterproofing and tuck-pointing project is complete. The work was originally scheduled to be completed in FY 11 but was delayed as a result of poor weather conditions. Actual expenses are reflected in FY 12.

*Barclay* - Phase I of this project is completed. Variances are attributed to timing issues involving the close out and final payments on Phase 1.

*Bel-Park Tower* - Variances in the MTW funds are attributed to the acceleration of contract activities that were actually accounted for in FY 11.

*Broadway 58 Units* – This project is funded with MTW and Non-MTW funds. The MTW funds were underestimated in FY 12. The Developer's Fee and Cost Certification was issued August, 2012. Final payments will be reflected in FY 13.

*Brooklyn Homes* – MTW variances are a result of a delay in relocation activities relating to the renovation of units for wheelchair accessibility. Work will be completed in FY 13. Non-MTW variances were created as a result of contingency savings and the addition of increased energy conservation measures which are scheduled to be completed in FY 13.

*Chase House* – Emergency Replacement of Cooling Tower was required creating the variance in the planned expenses for FY 12.

*Cherry Hill Homes* – The piping modernization and gas line repair projects are funded with both MTW and Non-MTW funds. The planned expenses for this work were overstated in Non-MTW. Approved time extensions may be issued based on latent conditions discovered during construction. Work is currently scheduled to be completed by December, 2013. The roofing replacement project funded with MTW funds was originally scheduled to be completed in FY 13 but was accelerated. The project is approximately 80% complete and will be completed in FY 13.

*Douglass Homes* – MTW variances are a result of the direct allocation of expenses related to reasonable accommodations and emergency electrical repairs. Non-MTW activities involving the implementation of an energy management control system were actually completed in FY 11 creating the variance.

*Ellerslie Apartments* – Variances are attributed to the direct allocation of landscaping improvements from an Authority Wide allocation. Planned expenses were underestimated.

*Gilmor Homes* – MTW variances are attributed to emergency electrical repairs and accelerated work involving the installation of security cameras. Non-MTW variances were created as a result of contingency savings and the addition of increased energy conservation measures which are scheduled to be completed by December, 2013.

*Govans Manor* - MTW variances are a result of delays in the design criteria for a new pipe installation in the exterior canopy of the building. Work is anticipated to be completed in FY 13.

*Hollander Ridge* – In FY 2012, HABC received approval from HUD for an Amended Revitalization Plan for use of the Hollander Ridge HOPE VI funds. The new plan is for the purchase and rehabilitation of approximately 100 scattered site units in Baltimore City that will receive a public housing operating subsidy. The FY13 Spending Plan Report will reflect actual expenditures involved in this transaction.

*Lakeview Towers* - MTW variances are a result of the direct allocation of expenses related to reasonable accommodations and emergency repairs to the balconies.

*Latrobe* – MTW variances are a result delays in relocation activities involving the renovation of units for wheelchair accessibility. Non-MTW variances are a result of overstating planned expenditures for energy conservation measures for FY 12. Work is on schedule and expected to be completed by December, 2013.

*McCulloh Homes* – MTW variances were created as a result of construction activity being delayed in FY 11 and completed in FY 12 and the direct allocation of expenses related to authority wide activities involving 504 modifications

*McCulloh Homes Extension* – MTW variances were created as a result of construction activity being delayed in FY 11 and completed in FY 12.

*Midtown* - MTW and Non-MTW variances were created as a result of vacancy renovations work being delayed in FY 11 and actually completed in FY 12.

*Monument East* – Actual cost for the cooling tower replacement was less than anticipated creating the variance in the spending plan.

*Perkins Homes* – MTW variances are attributed to the delay in relocation activities involving renovations for wheelchair accessibility, the direct allocation of expenses related to reasonable accommodations and emergency heating system repairs. All work is scheduled to be completed in FY 13. Non-MTW variances were created as a result of delays in the implementation of the Energy Management Control System. All Non-MTW Work is 100% completed.

*Pleasant View Gardens* – Variances are attributed to the direct allocation of reasonable accommodations from an Authority Wide allocation. Planned activities for Security Camera Maintenance were also overstated. All work is 100% complete and reflects actual expenditures for FY 12.

*Poe Homes* – This project was handled by routine maintenance staff. Capital funds were reallocated.

*Primrose Place* – The waterproofing and tuck-pointing project funded with both MTW and Non-MTW funds was delayed in FY 11 and completed in FY 12. Heating and cooling system upgrades were anticipated to be fully expended in FY 11 but were actually completed in FY 12.

*Rosemont/Dukeland* – Variances were created as a result of the acceleration of vacancy renovation work in FY 11. All work was completed in FY 12.

*Scattered Sites* - MTW and Non-MTW variances were created as a result of vacancy renovation work being delayed in FY 11 and actually completed in FY 12. Expenses were also increased as a result of change orders for latent conditions and underestimated force account labor costs.

*Stricker Street* - Variances are a result of latent conditions determined during construction increasing the actual cost of the project.

*Thompson 22 Units* – Twenty-two units have been acquired. In FY12, rehabilitation was completed on the 18 non-UFAS units. Rehabilitation will be completed on the 4 UFAS units in FY2013.

*Van Story Branch* – Major variances were created as a result of the waterproofing and tuck-pointing project. Redesign was required and the project was rebid. The contract is now awarded and work has started. All work is scheduled to be completed in FY 13.

*Westport Homes* - Non-MTW variances were created as a result of contingency savings and the addition of increased energy conservation measures which are scheduled to be completed by December 2013.

*Wyman House* – This project is funded with both MTW and Non-MTW funds. Construction work planned to be completed in FY 11 was actually completed in FY 12. The project is currently 100% complete.

## 4. Neighborhood Development Activities and Expenditures

As described in the Annual Plan, HABC, in conjunction with the City of Baltimore plans to develop approximately 3,000 housing units, including 1,066 low-income rental units over a ten year period to replace severely distressed units in its current inventory. These figures do not include units in the redevelopment of O'Donnell Heights or Somerset Homes.

Many of the units will be developed using the mixed finance development method, and all units will be developed to assist in the creation of economically diverse, stable neighborhoods. The 1,066 low-income rental units will use MTW resources, Low Income Housing Tax Credits, or other available sources to finance their development. Approximately 654 affordable for-sale units will be developed using MTW and non-MTW sources including private funding. The balance of the units will be developed with private funding. Combined, the mix will provide public housing and HCVP eligible households with expanded housing choices in stable, diverse neighborhoods, and will increase choices for non-elderly persons with disabilities and households that need UFAS compliant accessible features.

**Housing Production Strategies**

HABC's housing development accommodates four distinct strategies, which include MTW funding, and proposed private leveraged funding. Each of the four strategies (Neighborhood Reinvestment, New Housing Production, Thompson Partial Consent Decree Production, and Bailey Consent Decree Housing Production) is summarized below. (See also Table 5: Housing Production from FY 2012 MTW Annual Plan.) As these projects are all in the development and/or pre-development stages, the final unit numbers may vary from those presented below. The narrative below summarizes the activities that occurred during FY 2012 under each of the four strategy areas.

**Neighborhood Reinvestment**

Under the Neighborhood Reinvestment Program, HABC works with private development partners and Baltimore neighborhoods to re-capitalize the distressed scattered site public housing stock in strengthening neighborhood markets, linking their redevelopment to a larger program of market-rate rental and for-sale production. The public housing component of these projects will result in a permanently affordable rental housing resource in gentrifying neighborhoods, ensuring economic diversity. This program achieves the mixed-finance redevelopment of existing ACC (public housing) units. Major activities that occurred through FY 2012 include:

*Barclay* – HABC selected Telesis through a competitive Request for Qualifications in 2006 to redevelop its inventory of distressed housing and vacant City owned property. The Phase 1 Rental portion of the project was completed in FY 2012. This phase consisted of the renovation of 53 public housing units that will receive funding through an Annual Contributions Contract (ACC). Twenty-four of the public housing units were constructed and occupied in FY 2011. The remaining 29 public housing units were completed and occupied in FY 2012. In addition, in FY 2012, Telesis constructed 19 new rental units that are receiving project based section 8 operating subsidy. Nine former public housing units were disposed of to Telesis to renovate for homeownership in FY 2011. The units were converted to eight homeownership units which were completed in FY 2012. Seven of the properties were sold in FY 2012.

*Vintage Gardens (Poppleton Coop)* - The Vintage Gardens project, formerly the Poppleton Coop, involves the complete redevelopment of 111 units of affordable rental housing by Hampstead and the National Housing Trust Enterprise Preservation Corporation. Construction of the project was completed in FY 2012. The 111 units include a mix of one, two, three, and four bedroom units with green energy saving features. Fifteen of the units are receiving a PBV operating subsidy from HABC.

*Johnston Square* - is a part of a larger transformation that is taking place over a broad swath of the Central City beginning in EBDI and continuing to Barclay. The development strategy for Johnston Square is built from a strong base of existing assets including: existing concentrations of homeownership, prominent green and open spaces, St. Frances Academy, and nearby redevelopment activities including Barclay, Oliver/Preston Place, and City Arts.

In FY2012, using LIHTC and other financing, the French Development Company and Empire Homes of Maryland, JV commenced construction on a 74 unit green apartment building in the 1300 block of Greenmount Avenue, representing a $16M investment.

**New Housing Production Program**

HABC's New Housing Production Program for mixed-income, mixed finance development involves the complete transformation of distressed sites. In FY 2012, HABC continued its efforts to sponsor significant mixed-income residential development at several locations across the City, resulting in a variety of housing choices for low-income households in the city:

*Uplands* – –The construction finance closing for Rental Phase I took place in the first quarter of FY 2012. Construction of the 104 units that make up Rental Phase I commenced on August 8, 2011 and was completed and received certificates of occupancy in the last quarter of FY2012. Sixty –two of the 104 units will be subsidized with Project Based Vouchers. Thirty-two of the sixty-two (62) Project Based Voucher (PBV) units have passed Housing Quality Standard inspections. As construction ends on Rental Phase I, the contract to perform mass grading of Sites A and B and infrastructure on Site B was approximately 75% complete as of the end of FY 2012. Additionally, during 2012, significant progress was made to resolve the outstanding Settlement agreement terms with the former residents of Uplands the most important of which was the agreement on the resident selection criteria to be used for screening former residents.

*East Baltimore* – The 88-acre East Baltimore Initiative includes up to 2,100 new and rehabilitated residential units, new green space, and up to 8,000 new jobs and new retail uses. As part of a large-scale public and private investment in Life-Sciences research, commercial and mixed income residential development adjacent to the Johns Hopkins Medical Campus, HABC anticipates PBV support for approximately 200 low-income rental units over the course of the build out. These units will provide replacement rental housing for low-income households displaced by redevelopment activities. Phase I of this effort is on 31 acres and has 215 units of affordable rental housing in three projects, which are complete and leased. Phase I also includes 254 units of for-sale housing. Five new construction townhomes are underway, and East Baltimore Development Inc. is undertaking a series of "green rehabs" that are intended to be sold to east Baltimore residents. In addition, EBDI continues to renovate vacant properties in the 1700 block of East Chase Street that are then occupied by former residents.

*Orchard Ridge (formerly Claremont/Freedom)* – The Claremont/Freedom redevelopment, now known as Orchard Ridge, consists of 444 newly constructed mixed-income rental and for-sale units and a newly constructed 8,200 square foot community center. Of the total, 249 units are rental homes while the remaining 195 will be for sale housing. Construction is complete for Phase I, II and III of the rental development. Phase I homeownership consists of 72 units of which 42 homes have been constructed and sold. In FY2012 the remaining 30 homeownership units were assigned from the developer to Habitat For Humanity of the Chesapeake to construct. Habitat commenced construction of the remaining units during the third quarter in FY2012.

**Thompson Partial Consent Decree Production**
To meet the ACC unit production requirements of the Thompson Partial Consent Decree HABC continued to undertake the following activities during FY 2012:

*Albemarle Square Affordable For Sale Units* – The project consists of 10 affordable for-sale units, of which 6 units have been sold to private owners. HABC has converted the remaining 4 units to ACC units with two of the units being reserved for lease-purchased tenants, and the remaining two units reserved for public housing rental. In FY2012, the two lease-purchase units were occupied in addition to the two units for public housing rental.

The rental phase has been completed and HABC is awaiting final approval of the HOPE VI Close-Out submission.

*58 Unit Program* – In FY 2007, HUD approved the acquisition of 58 units in non-impacted locations in the Baltimore area, including the surrounding counties. In the third quarter of FY12, the last unit for the Thompson 58 program was purchased and occupied.

*Broadway Overlook* has been completed and awaiting final approval of the HOPE VI Close-Out submission. In FY2012 HABC received a preliminary close-out approval from HUD for Broadway Overlook.

*Sandtown-Winchester 22 Thompson Units* – HABC was required to create 22 public housing units in Sandtown-Winchester. The parties to the Consent Decree agreed that these units may be purchased in other areas of the City. All 22 units have been acquired. In FY12, rehabilitation was completed on the 18 non-UFAS units. Rehabilitation will be completed on the 4 UFAS units in the second quarter of FY2013.

*Homeownership Demonstration Program – Homeownership Demonstration Program –* Metropolitan Baltimore Quadel (MBQ) continued to implement the Thompson Homeownership Demonstration Program, which was created pursuant to the Partial Consent Decree. Funding for this program was carved out of the Lafayette HOPE VI Grant to create 168 homeownership opportunities, if feasible, in Non-Impacted Areas. In FY 2012, six (6) families became homeowners for a total of 45 participants in the Thompson Homeownership Demonstration Program. All 45 families received a soft second mortgage through the Lafayette HOPE VI Grant referenced above. Thirty-five (35) families also received a homeownership voucher and receive monthly mortgage assistance in the form of a Housing Assistance Payment (HAP) through an HCV program. The projected target of 60 homeowners by June 30, 2012 was difficult to achieve given continuing challenges posed by the economy and the changing criteria followed by lenders.

## 5. Other Development Activities

*O'Donnell Heights* – HABC's selected developer, the joint development team of Michaels Development Company and AHC Greater Baltimore is moving forward with the first phase of the redevelopment, having received a reservation award for Low Income Housing Tax Credits from the Maryland Department of Housing and Community Development in June 2011. Phase 1 will consists of 76 rental units, of which 39 will be deeply affordable through the issuance of project based vouchers. Under the current schedule, construction closing is planned for the first quarter of FY2013.

HABC submitted request to HUD to accumulate up to five years of first and second increment Replacement Housing Factor funds in December 2011 which was subsequently authorized by the Baltimore HUD Field Office in April of 2012.

*Somerset* – The agency continues to explore alternative funding sources for the redevelopment of Somerset.

*Hollander Ridge HOPE VI Funding* –In FY 2012, HABC received approval from HUD of an Amended Revitalization Plan for use of the Hollander Ridge HOPE VI funds. The new plan is for the purchase and rehabilitation of approximately 100 scattered site units in Baltimore City that will receive a public housing operating subsidy.

The units will generally be individual rowhouses and detached homes. However, the project may include some small multifamily buildings or rowhouses that contain two or more separate units. All of the units will be reserved for public housing residents. Some number of units will be set aside for non-elderly persons with disabilities in order to meet the requirements of the Bailey Consent Decree.

*Mt. Winans* – HABC is planning to submit a demolition application to HUD by the end of FY 2013 for a portion of the Mt. Winans public housing site. A number of apartments in the project are in need of substantial renovation.

*Existing Scattered Site Units* – HABC is using ARRA funds to renovate 238 of its scattered site units located throughout Baltimore that were not in service. In FY 2012, 68 units were renovated and placed back in service for rental and homeownership opportunities. Of the 238 scattered sites units planned for rehabilitation a total of 219 have been completed.

## 6. Homeownership Programs

In addition to the Thompson Homeownership Demonstration Program and various homeownership activities planned or underway as part of HABC development efforts as discussed above, HABC continued to implement two programs to encourage first-time homeownership by eligible low-income households:

*MTW Homeownership Program* – Using its MTW flexibility, HABC submitted a revised MTW Homeownership Plan, which was approved by HUD in 2009. Under the revised Plan, HABC will identify and rehabilitate various vacant scattered sites properties for homeownership sale to eligible residents.

No Scattered Sites homes were sold to HABC families in FY 2012 due to the continuing challenges posed by the economy and the changing criteria of mortgage lenders.

In FY2012 over 250 homeownership interest surveys were sent out to Scattered-Sites residents. Thirty-three (33) responses were received of which 28 families expressed interest in purchasing a home. The remaining five (5) families stated that they were not interested in homeownership. The 28 families were invited to a homeownership orientation and housing tour of which three (3) families attended. Of the three families who attended the tour, two (2) families have attended counseling and are working towards homeownership.

In spite of these efforts, no Scattered Sites homes were sold to HABC families in FY 2012 due to the continuing challenges posed by the economy and the changing criteria of mortgage lenders. HABC will continue to expand its efforts to assist residents in becoming new homeowners and reach its goal to sell fifteen (15) homes by 2018.

*Housing Choice Voucher Homeownership Program* – During FY 2012 eight (8) families purchased a home under the Housing Choice Voucher Homeownership Program (HCVHP). To date, 72 homes have been purchased by participants in the Housing Choice Voucher Homeownership Program with 62families still active in the program.

## B. Leasing Information – Actual

### 1. Public Housing Actual Leasing

As noted in Table 1 above, a total of 10,551 households reside in public housing as of June 2012 which represents an increase of 76 households over the March 2011 occupancy rates used as the benchmark for the FY 2012 MTW Plan. Also, HABC exceeded the occupancy rate of 97.1% that was projected in the FY 2012 Annual Plan and it should be noted that HABC maintained an average occupancy rate exceeding 98% over the course of FY 2012.

### 2. Section 8/Housing Choice Voucher Program Actual Leasing

Statistics on Section 8/HCV program leasing are provided in Tables 4 and 5 above. A total of 14,415 households are leased up under all MTW and Non-MTW Voucher programs as of June 2012. Since submission of the MTW Annual Plan in April 2011, the total number of households served under HABC's Leased Housing programs increased from 14,355 to 14,415 – an increase of 60 vouchers.

In FY 2012 HABC leased 11,469 MTW (non-Thompson) vouchers, a decrease of 90 vouchers over FY 2011 and 236 below FY 2012 targets. Due to the uncertainty over CY 2012 federal funding and outstanding commitments under the Bailey Consent Decree, HABC ceased issuing new MTW Tenant-Based (non-Thompson) vouchers in late 2011 in order to assure that

HAP/UAP payments did not exceed funding levels.  HABC resumed issuing new MTW Tenant-Based (non-Thompson) vouchers from the waiting list in May 2012.

Included in the overall figures are the 1,253 MTW Project Based vouchers (non-Thompson) under lease at the end of the Plan year, and 151 MTW Thompson Project Based vouchers.   As of June 30, 2012, HABC has 1,424 MTW Project Based vouchers under HAP or AHAP which includes the 171 project Based vouchers under AHAP.

The number of MTW Thompson vouchers leased in FY 2012 is 1,875, an increase of 159 units over FY 2011 and 54 units above HABC's projection for FY 2012.

Although the number of Project Based units overall increased during the Plan year, actual leasing for Non-MTW Project Based and Thompson Project Based fell below the projections of 1,331 (94.1% of target) and 221 (68.3% of target) respectively.  HABC has not been as successful in entering into Project Based contracts with developers/property owners as it anticipated because of the complexities of the program, the concern of certain landlords regarding the tenant population, the size of the subsidy, and the availability of other market options.  Second, the federal requirements associated with funding both the PB HCV and the capital subsidy made the process extremely long and arduous.  This kept some participants from coming back for more projects and caused others to drop out entirely.

HABC revised the NOFA/RFP to address these problems.  The subsidy amounts were changed and the processing requirements were negotiated with HUD to reduce the amount of time it takes to process applications.  HABC engaged the services of an outside vendor to handle much of the review work.  The result was a clearer and more streamlined process. The NOFA/RFP process yielded 1-3 contracts per submission.

Leasing of Non-MTW vouchers fell short by 8 units from the projected 1,079 units due to the under-leasing of special programs such as Veterans Affairs Supportive Housing vouchers.  As of the end of FY2012, HABC was below its overall projected leasing targets, due to higher than anticipated attrition from the non-MTW Moderate Rehab and VASH vouchers.

VASH applicants and participants are a very vulnerable population.  Current VA program requirements to complete clinical and supportive services through its health care system create challenges that HABC must overcome when housing VASH participants.  Some of these challenges include applicants homelessness, making it difficult for  case managers to locate them during the different stages of the application process.  Applicants and participants have had difficulties finding landlords that are willing to rent to veterans, especially those requiring security deposits.  Other issues involve voucher turnovers due to participants' incarceration, moving out of state, relapse, moving into facilities for drugs alcohol, or mental health services.

HABC, in partnership with Veterans' Affairs Medical Center (VAMC)  has streamlined the eligibility criteria to make the admissions process more efficient.  HABC and the VAMC also have monthly meetings to work through the various leasing obstacles.  In addition, the VAMC has increased the number of case managers and hired a leasing agent to assist applicants with finding suitable housing.  The VAMC has partnered various agencies to provide security deposit assistance to VASH participants.  Both HABC and VA have reached out to HCVP landlords to educate them on the VASH program, and the VAMC has built a growing list of landlords willing to house VASH program participants.

Continued uncertainty on CY 2013 funding levels mandates a conservative approach to voucher commitments.

## 3. Waiting List Information

HABC maintains its waiting list in conformance with the policies described in the Public Housing Admissions and Continued Occupancy Policy (ACOP) and the Housing Choice Voucher Program Administrative Plan. As of June 2012, there are a total of 34,912 applicants for HABC's programs including: 25,706 public housing-only applicants; 7,038 HCV-only applicants; and, 2,168 applicants on both the public housing and HCV waiting lists. HABC does not prohibit anyone from applying for assisted housing due to income. Eligibility screening is performed once the applicant reaches the top of the waiting list. Demographics on current waiting list households are included in Appendix A.

The HCV waiting list is currently closed, while the Public Housing waiting list remains open. In the MTW Annual Plan for FY 2011, HABC noted that it plans to conduct an update of both the HCV and Public Housing waiting lists; however the update has been rescheduled for FY 2013.

It is expected that a significant number of households may not respond to the queries on continued interest, thus potentially reducing the overall number of waiting list applicants. HABC will reopen the HCV waiting list as necessary to ensure that there are adequate numbers of applicants for available vouchers over a twelve-month period.

In the FY 2012 Annual Plan, HABC made changes to its HCVwaiting list by eliminating two (2) of the local preferences (see below).

- A family displaced as a result of public action; and
- Intimidated crime victims and intimidated witnesses of crime referred by the Maryland States Attorney or Deputy Attorney, the United States Attorney's Office or other authorized persons within a law enforcement agency.

In spite of this activity and due to the urgent financial need to alleviate a funding shortfall in the Housing Choice Voucher Program, HABC was only able to issue vouchers issued through special awards (VASH, FUP and Category II NEDs) and to meet the requirements of the Bailey Consent Decree. In May 2012 HABC resumed issuing vouchers to all applicants on the waiting list.

**Removal from the Site-Based Waiting List for HCV**

Applicants on the site-based waiting list will be withdrawn from that list if:

i. they fail to avail themselves of three or more invitations to apply for available units; or
ii. refuse three offers of occupancy; or
iii. any combination of three occurrences of a. or b., above.

- **Purpose:** To create a more accurate, up to date waiting list.
- **Outcome:** During FY 2012, eighty-two applicants were withdrawn from the site-based waiting list as a result of this change. This has helped in accelerating the process of renting up site-based units.

Demographic statistics on HABC's waiting lists are included in Appendix A.

# III. Non-MTW Related Information

## A. Description of Non-MTW Activities

The MTW Agreement and the revised Attachment B (HUD Form 50900) requires HABC to report separately on "MTW activities" and, at HABC's option, on "Non-MTW activities". MTW activities are those that require use of the authority granted to HABC under its MTW Agreement with HUD *and* that promote one or more of the MTW statutory objectives. HABC's progress in implementing approved MTW activities is described in Chapters V and VI. On a practical level, HABC has incorporated MTW flexibility throughout its operations; however, this section of the Plan summarizes those activities undertaken over the past year which do not specifically require MTW authority to implement with a focus on public housing, HCV and Resident Services.

### 1. Public Housing

HABC's Housing Operations Division has established five broad objectives for the Public Housing program, which are to:

- Maximize Occupancy
- Continuously Improve Customer Service
- Maximize Rent Collection
- Preserve Public Housing Physical Assets
- Provide a Safe Residential Environment for Residents and Neighbors

A brief discussion of progress made during the Plan year for each of these objectives follows:

**Maximize Occupancy**
HABC achieved a 98.3% adjusted occupancy rate at the end of FY 2012, which is 1.2% more than the projected occupancy rate of 97.1%. The average occupancy rate also exceeded 98% for the year.

**Improve Customer Service**
HABC continued to respond promptly and efficiently to work order requests. In FY 2012:

- 99% of emergency work orders were abated within 24 hours

- The average number of days to respond to and complete a routine work order in FY 2012 was 5.5 days.

- HABC implemented customer service surveys using an integrated voice response system (IVR). Based on the lack of response to "robocalls," managers and supervisors at a selected number of sites also make weekly customer service calls to residents whose maintenance requests were completed the previous week. This practice will be broadened to all sites and results will be monitored to ensure improvements in customer service.

**Maximize Rent Collections**
HABC collected 97% of rent during FY 2012. This represents a decrease of over .3% from the previous year.

A key to HABC's success in rent collection in recent years has been the implementation of an automated "Failure to Pay" application that promotes strict rent collection and complaint procedures. Multiple changes in court forms during FY 2011 and early FY 2012 required frequent system changes that hampered the efficiency and effectiveness of the rent collection system as well as consistent communication with residents.

**Preservation of Viable Housing Assets**
In addition to completing over $61.6 million in capital improvements over the past year, HABC:

- Inspected 100% of units at least once.
- Inspected 100% of systems.

HABC has now outsourced its preventive maintenance inspections of units and systems for the past two years. It is expected that thorough inspections will begin to result in long-term reduction in maintenance costs as more maintenance issues are identified and addressed as early as possible.

**Safety and Security**
HABC continued to implement a several initiatives and means to increase resident safety. The Lease Enforcement Unit, Security Cameras (including CCTV), and the Building Monitor Program for high-rise buildings represents key investments and commitments to resident safety:

*Lease Enforcement Unit* – The Lease Enforcement Unit (LEU) was established in January 2005. The LEU staff consists of a Chief, and four (4) investigators, who are sworn police officers and civilian staff. The LEU works in partnership with the Baltimore City Police Department (BPD) and other law enforcement agencies to investigate lease violations resulting from criminal activity in public housing and HCV units. The LEU investigates such information, and in consultation with Housing Operations, initiates lease enforcement actions, including evictions, against those residents who fail to comply with their lease. Additionally, the LEU receives allegations concerning non-criminal lease violations in both public housing and HCV, such as unauthorized occupancy and subleasing, and initiates appropriate action. Further, the LEU investigators are subpoenaed regularly to testify as HABC representatives for Baltimore City prosecutors in cases involving criminal activity on HABC property.

LEU receives weekly crime statistics from BPD, known as Housing Authority Properties Rankings, categorized by crime type and public housing development. In reviewing the weekly crime statistics LEU has noticed an increase in criminal reports involving domestic violence. In light of this increase LEU provided educational workshops and information to residents concerning domestic abuse, which continued through FY 2012.

In FY 2012, LEU continued to conduct building checks at HABC's mixed population developments, consisting of vertical patrols and interaction with residents to establish better relationships with the police department and LEU. LEU also continued to conduct crime prevention awareness meetings at housing developments to inform residents of ways to avoid becoming a crime victim.

*Camera Monitoring Systems* - HABC in collaboration with the BPD has implemented a CCTV system. The CCTV system is a series of permanently mounted cameras that monitor the exterior of some of HABC's family and mixed population developments. HABC has installed 167 fixed exterior security cameras at six family housing sites (Latrobe, Gilmor, Perkins, McCulloh, PVG and Cherry Hill). The cameras are monitored by the BCPD as well as some Senior HABC staff who are able to view the family sites from their desktops. HABC has also installed 252 interior security cameras within nineteen (19) of its mid-and high-rise mixed population buildings.

The CCTV system has been effective, resulting in the reduction of crime in the family developments—especially drug-related crimes—as well as increasing success in prosecutions and lease enforcement. Because the CCTV system has an expandable infrastructure, HABC will continue to pursue the addition of CCTV equipment at other family developments as new funding sources are identified.

HABC has also installed fourteen (14) PODSS at various developments. PODSS are "flashing blue light", mobile-mounted exterior cameras that are easily relocated as needed. Strategic deployment of these camera units has been successful at interrupting and reducing criminal activity in targeted areas.

These efforts have been complemented by revised building rules and procedures regarding visitors to the buildings to achieve greater effectiveness in controlling access to the buildings and to discourage any behavior and activity that pose a threat to residents and visitors

*Building Monitor Program* – All mixed-population high rises continued to be staffed with a building monitor, whose primary responsibility is to control access into and out of the buildings. This is a 24-hour, 7 days-a-week operation. In addition to being strategically located to ensure that only residents and authorized staff and visitors are allowed to enter the buildings, staff in this program monitors the security cameras installed in and around their buildings. All residents are required to show their HABC-issued photo IDs when they enter their buildings. Visitors are required to leave their IDs with the monitor and retrieve them upon departure.

## 2. Housing Choice Voucher Program

HABC's Leased Housing Division has established four objectives for the Leased Housing programs, which are to:

- Maximize Occupancy
- Expand Housing Choice
- Improve the quality of leased housing units
- Efficiently allocate subsidy resources

A brief discussion of progress made during the Plan year for each of these objectives follows:

**Maximize Occupancy**
As of the end of FY 2012, HABC was 236 units below its overall projected leasing targets, due in large part to the following:

- Discontinuance of two non MTW contracts administered by HABC for HUD totaling 170 units; Fewer than anticipated new MTW project-based units (both Thompson and non-Thompson) added to the inventory;
- Higher than anticipated attrition from the MTW tenant-based (non-Thompson) voucher program.
- Under-leasing of special programs such as: Family Unification Programs, Veterans Affairs Supportive Housing, Non-Elderly Disabled Vouchers Category II, and Opt-Outs.

Due to the uncertainty over CY 2012 federal funding and outstanding commitments under the Bailey Consent Decree, HABC ceased issuing new MTW Tenant-Based (non-Thompson) vouchers in late 2011 in order to assure that HAP/UAP payments did not exceed funding levels. HABC began issuing new MTW Tenant-Based (non-Thompson) vouchers again in May 2012; however, continued uncertainty on CY 2013 funding levels mandates a conservative approach to voucher commitments. In spite of the foregoing, when HABC resumed issuing vouchers from the waiting list in May 2012 it was able to reach 98.4% of its targeted utilization.

**Expand Housing Choice**
HABC continued its initiatives to increase housing choice by program participants. In FY 2012, HABC:

- Increased the number of Project Based Vouchers (PBV) committed by 171 units.
- Entered into an AHAP for 18 units of transitional housing for homeless families who must surmount the barriers of substance abuse; execution of this lease is expected to occur by September 2012.
- Entered into long-term affordable PBV contracts (15 years) that reflect the owner’s obligation to request renewals of the HAP contract for PBV’s to subsidize housing for the non-elderly disabled (NED), and to set forth what rights, privileges and benefits must be afforded the NEDs.

**Improve the Quality of Leased Housing Units**
HABC completed pre-contract HQS inspections on 100% of new units and conducted annual HQS inspections on 100% of leased units.

**Efficiently Allocated Limited Subsidy Resources**
HABC continued to conduct a careful analysis of all proposed rents at initial occupancy and throughout the term of the HAP agreement. Furthermore, as of November 1, 2010, HABC implemented a rent freeze on all MTW tenant-based non-Thompson accounts. Effective July 1, 2012 HCVP lifted the rent freeze. Since then HABC has begun evaluating requests and moved forward with issuing rent increases.

In January 2008, Baltimore City launched the Ten Year Plan to End Homelessness, which includes commitments from HABC and City agencies to provide assistance to chronically homeless persons in the City. HABC set aside 500 vouchers, subject to appropriations, for the Housing First Initiative, which is administered through the HCV Program, to assist chronically homeless persons referred by Baltimore Homeless Services (BHS) in obtaining housing. As of June 2012, 289 households were being assisted under this initiative. HABC stopped accepting referrals under this initiative in late 2011 but was able to resume accepting referrals in of July 2012.

HABC has made a change to its eligibility criteria for site-based units:

1. Applicants on the site-based waiting list will be withdrawn from that list if
    a. they fail to avail themselves of three or more invitations to apply for available units; or
    b. refuse three offers of occupancy; or
    c. any combination of three occurrences of a. or b., above.

It is believed these changes will lead to greater housing opportunities for program participants and to more rapid occupancy of vacant site-based units and will assist in creating a more accurate, up to date waiting list.

## 3. Resident Services

Through continued service coordination and resource development activities, the Office of Resident Services was able to exceed its goals for self-sufficiency and supportive services by providing services to over 7,000 residents. This increase in service delivery was due primarily to increased service coordination staff funded to HABC and the various Tenant Councils through HUD/ ROSS Service Coordinator grants and the many expanded and ongoing partnerships with service providers. Resource development continued to be a main goal for ORS in this effort to expand and maintain needed services to help improve the quality of life for our residents. Through HABC and the non-profit Resident Services, Inc. (RSI) an additional $1.7 million in services were secured this year.

The planning grant with the Annie E. Casey Foundation concluded its activities in FY 2012 with the completion of a Health Strategy for HABC. Resident Services, Inc. applied for a grant from the Department of Health and Human Services to hire community workers, a substantial recommendation for implementation of a long range health strategy. While the grant was not funded, HABC continues its quest for improvements in resident health through partnering with the Baltimore City Health Department.

In promoting self-sufficiency, important partnerships continued with the Department of Social Services to provide targeted employment services to TANF customers residing in public housing and Housing Choice Voucher housing and the Mayor's Office of Employment Development (MOED) to provide training and employment opportunities to unemployed youth. Much of what has been accomplished would not be possible without the many partnerships and agreements with local universities, hospitals, churches, public agencies, non-profit organizations and concerned businesses. Unfortunately the contract with the Baltimore City Department of Social

Services terminated during FY 2012 and was not refunded as did the HUD/ROSS grant that funded the bulk of employment services for residents.

Under supportive services, the service coordination staff increase resulted in greater service delivery to residents and the ability provide the more problematic sites with full-time counselors. Activities were increased with the Building Communities Initiative to address the escalating problems at the mixed population sites. This expanded initiatives seemed to make some progress in addressing site issues and resulted in the development of a model program to be used at other mixed population sites.

The outcomes and accomplishes for specific program areas for self-sufficiency and support services programs for FY 2012 are highlighted below. This section also provides a summary of progress made with proposed initiatives and implementing ongoing and existing programs during this fiscal year.

**Table 8:**
**Residents Served in Self-Sufficiency Programs FY 2012**

| Service Program Area | Projected # Residents Served | Actual # Residents Served |
|---|---|---|
| Family Self-Sufficiency | 450 | 649 |
| Job Training Services | 100 | 144 |
| Employment Services | 300 | 1392 |
| Resident Training and Technical Assistance | 75 | 146 |
| Total | 925 | 2331 |

**Table 9:**
**Residents Served in Support Service Programs FY 2012**

| Service/Program Area | Projected # Residents Served | Actual # Residents Served |
|---|---|---|
| Crisis Intervention/Service Coordination | 2500 | 3763 |
| Child Daycare Program | 65 | 81 |
| Our House Family Support Center | 200 | 246 |
| Pre and Post Occupancy | 750 | 778 |
| Building Communities Initiative | 200 | 433 |
| Mega Resource Center | 500 | 137 |
| Totals | 4215 | 5519 |

## New Initiatives in FY 2011

For FY 2011, ORS proposed to implement a Targeted Unemployment Initiative (TUI) as a strategy to help reduce the unemployment rate among residents. TUI was not designed to test rent incentives, but to use monetary incentives and other strategies to more aggressively work with the unemployed families to become gainfully employed. The idea was to compare the outcomes of using monetary incentives versus the rent incentives in supporting residents in seeking and retaining employment. However, due to limited resources for the needed staff and monetary incentives the plan was not fully implemented. The goal was revised again to target

200 unemployed residents for employment services, but absent the incentives. During 2012, staff were able to support 317 unemployed residents in obtaining employment. The average job wage obtained was $9.25 per hour.
The Mega Resource Center, envisioned as a centralized repository of information and service referrals linked to a network of agencies was piloted at the Pleasant View Gardens Computer Lab. The design of the resource center supports and enhances service coordination and provides greater efficiency and effectiveness in service delivery with the partners in the community through staff contact and using technology to locate resources. The website, rsibaltimore.org has experienced over 2,000 hits. Staff will focus on refining the website and developing mechanisms to follow up for outcome performance during FY 2013. The web site for the resource center was designed and completed in partnership with Resident Services, Inc. and community partners. The Mega Resource Center has been renamed The Self Empowerment Network and since its kick-off in May 2012, has served 137 residents.

**Ongoing Initiatives**
*Family Self-Sufficiency* – The Family Self-Sufficiency Program (FSSP) continued to operate under the restructured MTW format. However, most of the staff funding is from the HUD FSS ROSS grants. This year three additional staff were added: one for public housing and two under the HCVP. HABC only funds one position that follows the MTW goals For the total program in FY 2012, ORS proposed to serve 300 residents and to graduate 45. Because of the increased staff, ORS served 532 residents and graduated 27. This is the second year that the FSS program has not met its graduation goal. The poor state of the economy in the Baltimore Metro area resulted in numerous lay-offs or an inability to find employment for several months at a time for most FSS families which has impacted the graduation rate. Of the graduates, the average income was $36,979 the average rent increased from $110.00 to $699.00 .

*Pre and Post Occupancy* – Pre and Post Occupancy (POP) was designed under MTW to assist new and existing residents with understanding their responsibilities as they apply to the lease; complying with the community service requirement; becoming self-reliant in the upkeep and maintenance of their units; and being informed on the resources and programs that exist within their communities and the city of Baltimore. New public housing residents attend the Occupancy Training Class as a requirement of initial tenancy. Existing public housing residents who have violated their lease, and/or are at risk of eviction due to poor housekeeping may be required to attend Occupancy Training Class as an alternative to eviction proceedings. The goal for the POP for FY 2012 was to provide occupancy training services to 750 residents. During this period, POP training was provided to 778 residents.

*Building Communities Initiative* – Efforts continued to address the growing challenge of the social integration of seniors and residents with disabilities in our mixed population sites. The Building Communities project was designed as one way to foster positive and healthy interactions. The core component consists of community boards comprised of both populations and designed to intervene and negotiate conflicts between the two groups and to develop programs and activities that promote safe and friendly environments. The second component under BCI is the Adopt-A-Resident (ARP). The purpose of ARP is to provide companionship and personal care assistance to seniors and residents with disabilities.

In 2012, the Office of Resident Services focused on assuring that the existing 12 community boards were functioning effectively. Service Coordinators and Counselors located at each site assist with staff support to the boards. .. This year 239 resident leaders participated in community board activities located at Monument East, Rosemont Tower, Wyman House, Lakeview Towers, Brentwood homes, Chase House, Bel-Park Towers, Bernard E. Mason, J. Van Story Branch, Ellerslie Apartments and Govans Manor. Recruiting residents to serve on the boards and maintaining ongoing participation continues to be a challenge. BCI partners continue to offer support for program development. Under the ARP, services and activities were provided to 194 residents.

During FY 2012, special attention continued on Bel-Park Towers due to the special challenges at that site and the increased need for enhanced services. A Task Force was developed consisting of HABC Housing Operations, HABC Maintenance, HABC Resident Services, HABC Lease Enforcement, resident leaders, and the building occupants to work together to bring about change. The Task Force met regularly (once every two weeks) to uncover the core problems and strategies for addressing them. One of the major focuses of the Task Force was to schedule monthly activities for the residents. These activities appeared to bring greater peace and harmony between the two populations. In addition, making physical changes to the building along with safety improvements provided solutions to some of the problems raised by the resident population. From the work of the Task Force, a model was developed for improvements at the other mixed population buildings. The Bel-Park Community Board played an important role in the resolution of critical problems at the site.

Due to the successful implementation of the Bel Park Community Board and the Task Force, a second site was added for special attention: the J. Van Story Branch building. While the same model for membership on the Task Force was followed, the solutions to problems with this location were customized to the needs and recommendations of the elderly and non-elderly disabled living in this community. A community policing room was established and staffed by the Baltimore City Police Department, the Baltimore City Sheriff's Department and the HABC Lease Enforcement Division due to crime related concerns. An important partnership was also established with the greater Charles Village community which proved to be most beneficial in incorporating J. Van Story Branch into the entire community.

*Youth Services –*
During FY 2012, eight youth leadership clubs were established for the purpose of supporting the growth and development of youth who reside in public housing and the surrounding communities via a structured format of youth activities. Youth develop skills in leadership and communication and enhance social, academic development and civic involvement. Clubs are currently located in Cherry Hill Homes, Gilmor Homes, Pleasant View Gardens, Albemarle Square, Perkins Homes, Brooklyn Homes, Westport/Mt. Winans and the O'Donnell Heights family developments.

In addition to the Youth Leadership Clubs, the Boys and Girls Clubs operated at three sites: O'Donnell Heights, Brooklyn Homes and Westport/Mt.Winans Homes serving a total of 1,364 youth. This partnership has proven successful in these times of eliminated funding for youth activities. The Carmello Anthony Youth Development Center also provides a vital link for youth in the Pleasant View Gardens community.

*HABC/RAB Scholarship Program* – The Rising Star scholarship program through Resident Services, Inc. continued during FY 2012. The purpose of the scholarship program is to provide assistance to public housing and HCVP student seniors planning to enter college in the fall. The program is funded through sponsors and solicitations from foundations and the private sector. Scholarships of $1,000 were awarded this year to ten rising stars. The students will attend Coppin State University, Capitol College, the Maryland Institute of Art, Stevenson University, University of Maryland, Warren Wilson College, Baltimore City Community College, and the University of Baltimore.

*Resource Development* – – Through the combined efforts of ORS and Resident Services, Inc, HABC met its goal of securing $1 million dollars in new resources. The Resource Development Unit secured approximately $992,000 in funding for HABC and $760,000 for RSI. In addition to the direct funding for HABC and RSI, Resource Development, via the provision of technical assistance, was instrumental in the receipt of more than $241,500 by various resident organizations. In total, these grants created five (5) new positions: three (3) new positions for on-site service coordinators which continued to fill a critical gap in on-site service delivery and two (2) new FSS coordinators for the HCVP.

HABC also continued to offer a number of existing programs aimed at promoting self-sufficiency and improving the overall quality of life for our residents. The following are examples of these initiatives.

*Self-Sufficiency, Personal Development and Supportive Service Programs* partnerships with local agencies, non-profit organizations and employers continued this year. The Family Self-Sufficiency and PACE program continued to provide a broad array of services to promote self-sufficiency and personal development among residents. These programs focus on job training, employment readiness, placement and retention services, literacy training, drivers education, and computer training. Supportive service programs continue with child day care services, Our House Family Support Center and on-site crisis intervention services. As another example of our employment services outcomes, the PACE program served502 residents and placed 317 in jobs. As Tables 13 and 14 (?) illustrate over 7,000 residents were provided services in these critical areas.

In addition, ORS continued to operate two (2) Neighborhood Network Centers that provided computer based learning, life-skills training, financial literacy and supportive services to promote resident employment and self-sufficiency. Funding ended for two of the four centers reported last year. Currently, resident volunteers are helping to keep the computer labs open for community use. Staff is seeking resources to continue the core level of services provided previously by the centers.

The Cybernet program computer training and access also continued at our sixteen mixed population computer labs and Douglass Homes – the resident operated learning center. Job training opportunities were again extended through our partnership with Sojourner Douglass College offering customized training in various health-related fields and HABCo for pre-apprenticeship training through the Step-Up program.

*Training and Technical Assistance for Resident Organizations -*

The ORS continues to provide ongoing support to our resident organizations (the HABC Resident Advisory Board and HABC Resident/Tenant Councils). Technical assistance and training is providing in areas such as leadership development, capacity building and resource development. This year HABC provided technical assistance to ten resident councils. With ORS's assistance, resident organizations applied for and received various grants totaling $241,500. Fostering the development of highly functioning, capable and self-sufficient resident organizations will continue to be a main focus of HABC.

*Resident Academy* – One of the proposed goals under MTW was supporting the Resident Advisory Board (RAB) in developing a Resident Academy. The Academy represents HABC's commitment to foster resident leadership growth and development within our communities through an institutional framework. During FY 2012, leadership training was held for Tenant Council leaders (President, Vice President, Treasurer and Secretary from each council. A total of 85 leaders attended this full time training.

## 4. Information Technology

In support of the MTW Annual Plan initiatives, HABC's Information Technology Department will undertake and/or complete the following initiatives in FY 2012:

**Project:** HABC will solicit proposals for a turnkey Document Management System capable of handling current and future housing application needs. The system must be flexible and scalable and have the capacity for future growth and meet all current specifications and requirements.

**Status:** The project is fully installed and implemented for the divisions of Planning and Development, Office of Legal Affairs, Housing Operations Admissions and Leasing, and the Office of the Board of Commissioners. Additionally, we created in-house documentation for the Help Desk staff and thoroughly trained them on the installation process, as well as, created end-user quick and easy documentation on the use of the document management system.

**Project:** HABC will issue an RFP for a vendor to replace the current Housing Management Enterprise System (HMES). An HMES is a complete suite of software that will offer an integrated solution to our Agency's day-to-day management. It allows you to maximize your ability to manage Housing Choice Vouchers, conventional Low-Rent Public Housing, Project-Based leased housing, and many special state and locally subsidized programs. The following is a sample list of integrated housing management modules:

- Waiting Lists
- Housing Choice Voucher Program
- Rent Reasonableness
- Affordable Housing (50059, TRACS)
- Public Housing & Property Management
- Work Orders
- Utility Billing
- Handheld Inspections

HABC will be looking for superior functionality and forward-thinking technology to help streamline daily business processes, improve productivity and promote cost efficiency in all operations.

**Status:** We narrowed our software selection to two vendors. We completed our site visits to three housing authorities to review their use of the vendor's software. On 06/27/2012 the evaluation committee met to evaluate the vendor's best and final proposals and made a selection which was sent to the Executive staff and the Executive Director for review and then to Board Commissions for approval.

**Project:** HABC will procure and implement an Interactive Voice Response system (IVR) to accomplish the following tasks:

- Allow HABC to interact with our Waitlist clients to verify identifiable information such as name, address and phone number.

- Allow HABC to conduct surveys, and polls to collect certain information about our customer service to our residents.

**Status:** We selected Angel; a Cloud based IVR Company for Housing Operations. IVR is an acronym for Interactive Voice Response technology. With Angel IVR, callers will appreciate a seamless and consistent experience. The Outbound IVR automates the outreach process, enabling you to better manage staff resources and reduce costs through more efficient call handling. Angel is currently being use by Housing Operations to conduct surveys to update the Public Housing Waitlist.

**Project:** HABC will evaluate the feasibility of installing a Kiosk for the Applications Department. This is to explore the effectiveness of our clients using a Kiosk to self-serve their Waitlist applications.

**Status:** HABC decided to suspend moving forward with this project until June of 2013 because the software vendors evaluated, have Vendor and Resident Portals as part of their housing software systems.

## B. Planned vs. Actual Sources & Uses of Other HUD Funds (Excluding HOPE VI)

This section of the Annual Plan provides information on HABC's planned vs. actual sources and uses of non-MTW HUD funds. As required by the MTW Agreement, information on HABC's planned sources and uses for MTW, State and Local funds is included in Chapter VII. This section also includes a summary of HABC's planned vs. actual non-MTW activities, i.e. activities that do not specifically require use of MTW Agreement authority in order to be implemented.

HABC's Other HUD or Other Federal Funds (excluding HOPE VI) include the following funding sources:

- Formula American Recovery Reinvestment Act (ARRA)
- Competitive ARRA
- Resident Opportunity Self Sufficiency (ROSS)
- Other Section 8 Programs, which include the moderate rehabilitation, substantial rehabilitation and the new construction programs

**Table 10:**

**FY 2012 Planned vs. Actual Sources of Other HUD Funds excluding HOPE VI**

| UNAUDITED | Budget | Actual | Variance |
|---|---|---|---|
| | | | |
| Housing assistance payments | 8,340,930 | 8,218,751 | (122,179) |
| Ongoing administrative fees earned | 734,713 | 699,107 | (35,606) |
| FSS Coordinator | 264,000 | 344,040 | 80,040 |
| HUD Operating Grants | 1,002,919 | 399,590 | (603,329) |
| **Total Operating Grants** | **10,342,562** | **9,661,488** | **(681,074)** |
| | | | |
| Capital Grants - Hard cost Only | 10,481,892 | 10,264,629 | (217,263) |
| Other Government Grant | 316,681 | 545,556 | 228,875 |
| Investment Income | 3,493 | 2,203 | (1,290) |
| Other Revenue | 9,000 | 2,274 | (6,726) |
| **Total Other HUD Funds Sources** | **21,153,628** | **20,476,150** | **(677,478)** |
| | | | |

**Narrative Explanation of Differences**

1. Revenue for Housing Assistance Payments under budget due to the disposition of Sub Rehab program (Franklin Square). Revenue is based on actual HUD TRACS submissions and is reimbursed by HUD dollar for dollar.

2. Ongoing Administrative Fees were below budget due to the disposition of Sub Rehab program (Franklin Square).

3. FSS Coordinators was over budget because HUD funded two additional positions than was projected.

4. HUD Operating Grants were under budget due to decreased revenue for reduced administrative costs in ARRA.

5. Capital Grants – Hard Cost was slightly under budget in the ARRA construction activities. These costs are reimbursed dollar for dollar by HUD.

6. Other Government Grants include the ROSS grant, in which activities were budgeted based on actual grants activity. The grants are reimbursed by HUD dollar for dollar.

**Table 11**
**FY 2012 Planned vs. Actual Uses of Other HUD Funds excluding HOPE VI**

| UNAUDITED | Budget | Actual | Variance |
|---|---|---|---|
| | | | |
| Administrative | 1,585,141 | 900,513 | 684,628 |
| Tenant Services | 519,348 | 767,223 | (247,875) |
| Ordinary Maintenance & Operations | - | - | - |
| Protective Services | 2,523 | 566 | 1,957 |
| General Expenses | 149,769 | 116,880 | 32,889 |
| **Total Operating Expenses** | **2,256,781** | **1,785,182** | **471,599** |
| | | | |
| Housing Assistance Payments | 8,340,930 | 7,968,248 | 372,682 |
| Hard Costs | 10,481,892 | 10,264,629 | 217,263 |
| **Total Other HUD Funds Uses** | **21,079,603** | **20,018,059** | **1,061,544** |

**Narrative Explanation of Differences**

1. Administrative expenses were under budget because of reduced units under lease in the Other Section 8 program. As the unit decreased, the prorata share of the expenses went down.

2. Tenant Services were over budget due to the increased activities in the ROSS grant. These costs are reimbursed by HUD dollar for dollar.

3. General Expenses were under budget die to lower insurance premiums. Housing Assistance Payments (HAP) was below budget due to the disposition of Sub Rehab program (Franklin Square).

4. Hard Costs include ARRA activities for vacancy renovations, tenant metering, waterproofing, tuck pointing and water riser repairs agency wide. These capital improvement activities are discussed in more detail under the Capital Plan section.

## C. Planned vs. Actual Sources and Uses of Non- MTW Funding

Programs under the Non-MTW activities include the following:

- Energy Performance Contract (EPC)

- HOPE VI
- Other business activities, which include Partnership Rental Housing Programs (PRHP) market rate units, HABC's forced account – HABCo, and the resident service grant – Friends of the Family.

**Table 12**

**FY 2012 Planned vs. Actual Sources of Non-MTW Activities**

| UNAUDITED | Budget | Actual | Variance |
|---|---|---|---|
| | | | |
| Net Tenant Revenue | 1,138,646 | 1,230,030 | 91,384 |
| Tenant Revenue Other | - | 8,842 | 8,842 |
| **Total Tenant Revenue** | **1,138,646** | **1,238,872** | **100,226** |
| | | | |
| HUD Operating Grants | 558,741 | 65,896 | (492,845) |
| Development Grant Hard Cost | 11,911,259 | 2,009,776 | (9,901,483) |
| Other Government Grant | 254,500 | 250,700 | (3,800) |
| Investment Income | - | - | - |
| Other Revenue | 35,460,352 | 22,753,155 | (12,707,197) |
| **Total Non-MTW Source** | **49,323,498** | **26,318,399** | **(23,005,099)** |
| | | | |

**Narrative Explanation of Difference:**

1. Net Tenant Revenue was over budget due to higher rental income for the Partnership Rental Housing Program (PRHP) market rate units managed by HABC's privatized firms.

2. HUD Operating Grant Revenue was planned to pay for the administrative costs of the HOPE VI program for Hollander Ridge, which was not implemented in FY 2012.

3. Development Grant Hard Cost was under budget because the planned construction activities in HOPE VI for Hollander Ridge were not implemented due to various ACLU issues.

4. Other revenue was under budget because of lower EPC spending. HABC shifted its focus to ensure that all ARRA funds would be fully expended ahead of the required deadlines. EPC spending is expected to accelerate in FY 2013.

**Table 13**
**FY 2012 Planned vs. Actual Uses of Non-MTW Activities**

| UNAUDITED | Budget | Actual | Variance |
|---|---|---|---|
| | | | |
| Administrative | 3,060,478 | 1,938,181 | 1,122,297 |
| Tenant Services | 261,808 | 261,282 | 526 |
| Utilities | 131,144 | 156,619 | (25,475) |
| Ordinary Maintenance & Operations | 771,314 | 1,299,902 | (528,588) |
| Protective Services | 26,207 | 1,027 | 25,180 |
| General Expenses | 876,577 | 2,159,875 | (1,283,298) |
| **Total Operating Expenses** | **5,127,528** | **5,816,886** | **(689,358)** |
| Extraordinary Maintenance | - | (655,448) | (655,448) |
| Casualty Loss | - | (53,433) | (53,433) |
| Hard Costs | 44,169,575 | 21,686,261 | 22,483,314 |
| **Total Non-MTW Uses** | **49,297,103** | **26,794,266** | **22,502,837** |

**Narrative Explanation of Differences**

1. Administrative expenses were under budget because the HOPE VI administrative costs for Hollander Ridge were not implemented in FY 2012.

2. Tenant Services include salaries and benefits of the Friends of the Family grant. Also included in this expense category is materials and contract costs relating to this resident services area.

3. Utilities include expenses for water, electricity, and gas consumed by the market rate units in the PRHP.

4. Ordinary Maintenance & Operations include maintenance materials and contract for the PRHP. Actual Ordinary Maintenance exceeded budget due to renovation of various PRHP market rate units.

5. General Expenses were over budget due to additional workers compensation insurance premium charged to HABCo, HABC's force- labor department. Also, as recommended by the Actuary, HABC made an additional pension contribution totaling $6.24 million, of which $800k was applicable to the Non-MTW fund.

6. Extraordinary Maintenance included adjustments for the capitalized assets by the PRHP market rate units.

7. Casualty Loss included reimbursements from the State for repair of the fire damaged units.

8. Hard Costs was budgeted with construction activities of $11.9 million in HOPE VI for Hollander Ridge Replacement Housing and the Affordable Housing Program. The activity was not implemented in FY 2012 due to various ACLU issues. Also, there was delay in several EPC funded projects. Designs of the EPC projects are under way. EPC spending is expected to accelerate in FY 2013. These capital Improvement activities are discussed in more detail under the Capital Plan section.

# IV. Long-Term MTW Plan

In its initial request for MTW designation, HABC expressed the intention to implement a number of initiatives in both the HCV and public housing programs to support neighborhood revitalization, reduce administrative costs and promote resident economic self-sufficiency.

HABC is committed to creating new affordable housing opportunities for City residents at a wide range of incomes. Within its financial constraints and consistent with site and neighborhood standards, HABC plans to replace lost public housing units through the production of new homes for existing public housing residents and others with incomes that would qualify for public housing. In its redevelopment efforts, HABC will strive to create vibrant, mixed-income neighborhoods that will benefit both local residents and the wider community.

By making funds available to the public housing program utilizing MTW authority and an aggressive strategy for vacancy renovations/modernizations, HABC has been able to increase the number of households housed in public housing by approximately 1,000 households between June 2006 and June 2012. In addition, as HABC nears completion of major renovation efforts to bring long-term vacant and uninhabitable units back on line, resources shifted back to the Housing Choice Voucher program in FY 2011 which resulted in HABC serving 2,133 more households during the same period (this number excludes Substantial Rehab, New Construction and Thompson Tenant and Project Based Vouchers).

HABC is also planning to undertake a portfolio wide asset review to help shape its capital spending and development priorities. This effort will provide a roadmap and framework for future investments and development activities. HABC will explore ways in which MTW flexibility can help to support the agency's ability to leverage both traditional and non-traditional sources of funding.

Other long-term MTW initiatives include:

- Reducing the frequency of recertifications as a way to lower administrative costs, promote household savings, and minimize the burden imposed by this process on resident households. Over the term of the MTW Agreement, HABC will also implement other MTW initiatives designed to simplify program administration and reduce costs;
- Implementing modified Project Based leasing programs to support City-sponsored targeted neighborhood revitalization. HABC continues to implement an ambitious Project Based Voucher program that incorporates MTW flexibility and expands housing choice for program participants, as described herein. Utilization of Project Based resources is a key component of HABC's neighborhood reinvestment, new housing production, Thompson Partial Consent Decree and Bailey Consent Decree production initiatives;
- Developing 1066 low-income rental units over the next ten years, as part of the City of Baltimore's plans to develop an overall total of 3,080 new housing units. MTW funds will be combined with Low Income Housing Tax Credits and other financial resources in support of this goal. Specific development plans are summarized above, and discussed in the FY 2012 Annual Plan.

- Streamlining income, deduction and rent calculation policies and procedures.  For instance HABC is considering performing a full reexamination only every 36 months with expedited recertifications in the interim years.
- Retrofitting vacant public housing units to allow accessibility by persons with disabilities;
- Replacing or renovating several public housing sites that have substantial unmet capital needs.  Utilization of MTW funding and development flexibility is an essential component of these efforts; and
- Establishing flexible homeownership initiatives that combine vouchers, soft second mortgages and family economic self-sufficiency components.  As an example, HABC's Homeownership Plan uses MTW flexibility to promote first time home buying opportunities for public housing residents.

HABC will continue to pursue this long term vision – and identify new ways to utilize MTW flexibility in support of the MTW statutory objectives - over the ten-year term of the new MTW Agreement.

# V. Proposed MTW Activities

Approval of proposed MTW activities is accomplished through the Annual Plan process. For the Annual Report, HUD requires that this section identify any MTW activities for FY 2012 that have already been proposed by HABC and approved by HUD, but have not yet been implemented.

As part of the FY 2012 Annual Plan, HABC adopted a new rent policy for all public housing developments similar to that of the Gilmor Demonstration policy. The policy has been approved but due to delay in approval, the implementation was postponed to FY 2013. This activity will be reported on in the FY 2013 Annual Report.

Table 14 identifies ANY activities that have not been implemented along with a statement of HABC's future intentions.

**Table 14:**
**MTW Activities Not Implemented**

| MTW Plan Year | Activity | Status Update for FY 2012 |
|---|---|---|
| 2012 | Rent Reform Policy | Not yet implemented. Implementation planned for FY 2013. |

**New Public Housing MTW Activity: Agency Wide Rent Reform.** As summarized in Table 14, HABC proposes to implement a significant new MTW Activity in the Public Housing program. HABC will implement an agency wide rent policy modeled on the previously approved MTW program adopted for Gilmor Homes. The policy is designed to (a) ensure affordable rent (no more than 30% of adjusted income); (b) encourage getting a job; (c) encourage keeping the job and/or getting a better paying job; and, (d) encourage savings. All features of the current rent policy will be maintained with the exceptions of those changes listed below:

- **No employed resident will pay more than 30% of adjusted income.** Unless a resident with employment as a primary source of income chooses to pay the flat rent currently in effect, no resident will pay more than 30% of their adjusted income for rent or a minimum rent (if and when implemented). This provision is consistent with HABC's existing policy.

- **Application to all residents.** The policy will apply to all residents. For those who do not become employed or are already employed, all provisions of the existing policy will apply, with the exceptions stipulated below regarding the Earned Income Disregard. The incentives in the policy will also apply to residents who are elderly or disabled, even if they are on fixed incomes. In other words, if an elderly person becomes employed, the same benefits created by the policy will apply. More than 20% of households with employment incomes are either elderly households or households with a head or spouse who has a disability.

- **Rent Cap 1.** During the first 24 months following an annual rent recertification at which income from employment is reported for the first time, rent will be the lower of 30% of adjusted income or $275 (the equivalent rent at a minimum wage job minus $75). **Employment, Job Retention and Wage Progression Incentive**: Any household with at least one full-time minimum wage job will pay less than 30% of adjusted income for rent. The household will be free to earn as much money as it can for 24 months without the "fear" of a rent increase. This rent cap will be reviewed annually to determine if it needs to be adjusted. However, once a resident's rent is set at a rent cap, it will not change until the rent cap expires.

- **Rent Cap 2.** During the year following the expiration of Rent Cap 1, rent will be the lower of 30% of adjusted income or $450 (equivalent of a rent based on a $9 per hour full-time job). **Job Retention and Wage Progression Incentive:** A household under Rent Cap 1 will know that their rent will not exceed 30% or $450 after 24 months of employment. Regardless of the number of household members employed or their income, residents will be assured of a reasonable rent or rent increase and will not give up employment just to avoid a high rent. This rent cap will be reviewed annually to determine if it needs to be adjusted. However, once a resident's rent is set at a rent cap, it will not change until the rent cap expires.

- **Replaces the Earned Income Disregard**. The rent incentives in this policy replace the Earned Income Disregard. Residents who have taken advantage of the EID will not be eligible for the two rent caps but will be eligible for the savings account discussed below. Their rent will be 30% of their adjusted income, unless they choose a flat rent.

- **Eligibility of Already Employed Residents.** If a resident has had the full benefit of the Earned Income Disregard, they will not be eligible for the two rent caps. However, they will be allowed to complete the 24 months of disregard under the EID. Other employed residents will be eligible for the rent caps if their rent at the time of the adoption of the policy is below one of the caps. Their rent will be capped at the cap that is immediately above their rent prior to their next annual recertification. For example, if a household's rent is $300 and their 30% of their adjusted income is $600 at their next recertification, their rent will be capped at Rent Cap 2 ($450) for 24 months.

- **Rent After Rent Cap 2.** After the expiration of Rent Cap 2, rent will be set at 30% of adjusted income or the site's Flat Rent, whichever is lower.

- **Savings Account.** After Rent Cap 2 expires, HABC will deposit the difference between the Rent Cap 2 amount and the resident's rent or $100, whichever is lower, into an interest-bearing account. Such deposits will be made for three years after the expiration of Rent Cap 2. Residents will be able to request up to 50% of the deposits made during a year at the time of their annual recertification. When a resident moves out of public housing, HABC will issue them a check in the amount of their remaining savings less any amounts owed to HABC.

- **Hardship Policy.** Since this policy does not mandate that a resident's rent be above 30% of adjusted income, there is no need for changes to the existing hardship policy. The hardship policy is described in Section 6 of Volume 3 of the MTW FY2012 submission. The policy will apply when and if HABC implements a minimum rent.
- **Impact Analysis.** HABC expects that more residents will become employed as a result of this activity. An increase in the percentage of employed households of 1% per year is estimated. Currently, only 20% of residents have employment as a source of income. 2. HABC also expects that more residents will retain employment as a source of income than those who lose employment as a source of income. During FY2011, 422 households become unemployed while 361 different households became employed. 3. HABC expects average annual household incomes to increase due to increased employment rates. Also, HABC also expects incomes of employed households to increase annually. 4. HABC also expects that rent revenue will increase due to expected increases in employed residents. All indicators will be tracked against the baseline as well as a comparison from year to year.
- **Transition Period.** The policy will not result in higher rents than the current policy. Therefore, there is not need for a transition for residents to get used to a higher rent. The new policy will be phased in at residents' annual recertifications within three months after HUD approves HABC's MTW Plan.
- **Board Adoption and Public Hearing.** This policy was adopted by HABC's Board of Commissioners as part of the FY12 MTW Annual Plan Board Resolution attached as Appendix A in the Plan. The public hearing for the Annual Plan also served as the Public Hearing for the Rent Policy. The policy was presented to residents as well as the Resident Advisory Board at several meetings prior to the Public Hearing.

# VI. Ongoing MTW Activities

## A. Updates to Ongoing Activities

HABC continues to implement a wide array of MTW activities in support of HABC's mission and the national MTW statutory objectives. This section of the Annual Report provides an update on approved MTW activities including progress in meeting agency-specified benchmarks. Note that for MTW activities approved prior to 2010, HABC has developed required benchmarks and metrics as part of this Annual Report process. For MTW activities approved from 2010 on, benchmarks and metrics were specified during the MTW Annual Plan approval process. At this point, HABC does not intend to use external evaluators to assess progress in meeting MTW initiatives. Internal reports are generated on a periodic basis to assess performance against proposed targets.

Table 15 provides FY 2012 updates to ongoing MTW activities in the public housing program.

**Table 15:**
**Ongoing MTW Activities for Public Housing – FY 2012 Update**

| | |
|---|---|
| **MTW Plan Year/Activity** | FY 2006 – Two Year Recertifications - This activity was originally approved in the FY2006 MTW Plan and subsequently implemented in FY2010 for fixed income households only. |
| **Description** | HABC is responsible for the annual reexamination and verification of household income, household composition and other eligibility data. Using MTW authority, HABC will conduct a full reexamination of household income and composition for households with fixed income one time every twenty-four (24) months in order to achieve greater efficiency and effectiveness. In the year between full reexaminations, an expedited review will be done that adjusts rents based on annual adjustments in Social Security and SSI payments.<br><br>Statutory Objective: To reduce cost and achieve greater cost effectiveness in Federal expenditures.<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C (C)(4) to waive the requirement that HABC conduct annual recertifications. |
| **Projected vs. Actual Impact** | This MTW activity is projected to simplify the rent policy for staff and residents by only requiring fixed-income households to submit income verification once every two years. The program began with recertifications due on February 1, 2010. Once fully implemented, HABC expects that 100% of recertifications will be completed and 98% will be completed in a timely manner.<br>**Impact Analysis:** 1. Because rents are still be based on annual income, there is no impact on rent revenue. 2. Residents' rents continue to be calculated based on 30% of their adjusted income, so there is no increase in rent burden. 3. Staff are able to complete their recertifications more efficiently because half of all recertifications of fixed income households have expedited rent reviews in any one year. 4. As the changing population in HABC's high rises becomes more demanding and challenging for management, staff will be able to devote more time to deal with their tenants.<br><br>**Actual Impact:** 99.4% of recertifications due on July 1, 2012, were completed while 99.2 were completed in a timely manner. The timeliness of the recertifications exceeded the projected percentage, while the less than 100% completions reflect noncompliance by three residents rather than inefficiency of staff. These outcomes represent a significant improvement over the June 30, 2009 benchmark, when only 93% were timely and 94% were complete by the due date.. They also reflect staff's ability to complete their recertifications more efficiently. In addition 0 residents requested a rent reduction due to this activity.<br><br>**Hardship Policy:** Under the policy, no resident will be required to pay more than 30% of their |

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| | adjusted income. The hardship policy and criteria are described in Section 6 of Volume 3 of the MTW Plan (ACOP)..<br><br>**Annual Reevaluation of the Policy:** Annually, the outcomes of the policy are evaluated to determine the effectiveness of this activity (see **Progress in Meeting Benchmarks/Metrics**, below). |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline As of June 30, 2009**, HABC staff had completed 94% of required recertifications due on July 1, 2009. 93% were completed timely. Furthermore, 97% and 96% of fixed income households' July 1, 2009 recertifications were completed and timely, respectively, by June 30, 2009.<br>**Benchmark for June 30, 2012: 100**% of recertifications due on July 1, 2012, are to be completed while 98.5% are to be completed in a timely manner.<br><br>**Outcome as of June 30, 2012:** 99.4% of recertifications due on July 1, 2012, were completed while 99.2 were completed in a timely manner. The timeliness of the recertifications exceeded the projected percentage, while the less than 100% completions reflect noncompliance by three residents rather than inefficiency of staff. These outcomes represent a significant improvement over the June 30, 2009 benchmark, when only 93% were timely and 94% were complete by the due date. |
| **Data Collection Method** | Internal reports are used. Only data gathered during the recertification process is used. Snapshots of end of fiscal years are used to compare outcomes. |
| **Challenges** | N/A |
| **Results of Hardship Requests** | There were no hardship requests for this initiative. |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2010 – Gilmor Homes Demonstration – Implemented FY 2010 |
| **Description** | Gilmor Homes has the lowest average rents ($190 versus $240) and household incomes ($8,800 versus $11,250) of all HABC family sites. Within HABC, it also represents a higher poverty concentration than other public housing communities. Using MTW authority, the activity described below will allow HABC to simplify the rent calculation process while encouraging residents to achieve self-sufficiency. The demonstration program has several components:<br><br>**1. Employment Services**: Residents at the site receive enhanced employment services, including, but not limited to, job placement and "replacement" services. Special efforts are be made to connect qualified residents with jobs offered by HABC and its contractors.<br><br>**2. Admissions Preference**: HABC's Admissions and Leasing Office ensures that at least 50% of all new residents have employment as a primary source of income. This admissions "preference" is in effect until the demonstration site's average rent equals the average rent of an HABC resident.<br><br>**3. Rent Policy:** HABC implemented a demonstration rent policy designed to (a) ensure affordable rent (no more than 30% of adjusted income); (b) assist residents in obtaining employment, (c) give residents incentive to retain employment, (d) encourage residents to obtain job skills that maximize their earning potential and encourage savings.<br><br>**4. Hardship Policy:** Under the policy, no resident is required to pay more than 30% of their adjusted income. The current hardship policy will apply as described in Section 6 of Volume 3 of the MTW Plan (ACOP).<br><br><u>Statutory Objective:</u> The statutory objective is to give incentives to families with children whose heads of household are working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient.<br><br><u>Statute/Regulatory Waiver</u>: MTW Agreement, Attachment C (C)(11. ) and ( C)(6 to waive certain admissions and rent calculation provisions of the 1937 Housing Act. . |

| | |
|---|---|
| **Projected vs. Actual Impact** | **<u>Projected Impact:</u>** This MTW activity was projected to simplify rent policy for staff and residents; encourage employment, job retention, and wage progression; and provide increased resident choice by providing residents with an additional rent policy option and applicants with a choice of the demonstration site with its enhanced self-sufficiency services and rent policy versus other available public housing sites.<br><br>**<u>Actual Impact:</u>**, The average amount of income at Gilmor does not yet equal or exceed the average amount of income at other family developments, although it is growing at a faster rate. Since the start of the demonstration, the average Gilmor household income has increased 19% compared to 2% at other sites, Over the past year, Gilmor incomes have increased an average of 6% compared to 2% for other family sites. In addition, the incomes of residents who were at Gilmor at the beginning of the demonstration and who are still there increased by 28% compared to 5% for residents of other family sites.<br><br>Employment rates at Gilmor have increased by 1% from 26% to 27% over the course of the demonstration compared to a decrease at other sites of 4%. While the increase in the rate of employment at Gilmor is significant, even more important is the fact that the poor economy has not resulted in a decrease equal to that of other sites. Gilmor average rents also increased by 6% over the past year and 20% since the start of the demonstration compared to 3% and 3% for other family sites, respectively.<br><br>Even though HABC did not achieve its benchmarks this year, rapid growth in the average amount of income and the average amount of rent were realized. This may be attributed in part to the preference created for working families at Gilmor but can also be attributed to existing families entering the job market. |
| **Progress in Meeting Benchmarks/Metrics** | HABC measures this activity by assessing changes to average household income, average rent, and number/percent of households with at least one full-time employed household member. The baseline and the projected benchmarks are shown below:<br><br>**<u>Baseline as of 6/30/09:</u>** Average household income of $8,880; average rent of $190; and, percent of households with an employed household member is 26%.<br><br>**<u>Proposed Benchmarks:</u>** Average household income of $11,250; average rent of $239; and, 29% percent of households with an employed household member.<br><br>**<u>Benchmark as of 6/30/12</u>**: Average household income of $10,174; average rent of $224; and, 27% percent of households with an employed household member. Even though HABC did<br><br>Actual Outcome as of 6/30/12: Average household income = $9,598; average rent = $211; and percent of households with an employed family member = 26% |
| **Data Collection Method** | Internal reports based on information gathered during initial certifications and regular recertifications are used to measure outcomes. |
| **Challenges** | Loss of grant funding at Gilmor Homes has reduced employment services and may have affected the success of the demonstration. |
| **Results of Hardship Requests** | No hardship requests were submitted. |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2006: Family Self Sufficiency - Implemented FY 2006 |
| **Description** | HABC established a combined Public Housing and HCV Family Self Sufficiency program. Using MTW authority Program requirements will vary from the existing regulatory framework: 1) eliminated mandated thresholds for number of participants in the HCVP program and expanding the program to include public housing residents; 2) enhanced program design to target the populations in need; 3) focused outcomes toward homeownership and unsubsidized economic independence; 4) changed the maximum contract period from five (5) to four (4) years; and developed new .procedures/regulations regarding the release of the escrow funds. In addition, to maximize program effectiveness a caseload limit was set for staff to client ratio of 1:75. |

<table>
<tr><td></td><td>Statutory Objective: The statutory objective is to give incentives to families with children whose heads of household are working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient.<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C(E), and Attachment D(E). ).</td></tr>
<tr><td>Projected vs. Actual Impact</td><td>Projected Impact: This activity was projected to increase the level of contact with FSS clients/families; increase participation level of public housing residents; target the populations of residents who are employed, in a self-sufficiency/training program and other families in need; increase knowledge base amongst clients/families in the areas of private market rental training and homeownership education; decrease length of time to release escrow funds to clients/families; provide more time and quality services to clients by setting caseload limits; increase incomes and rents of graduating participants by at least 50%.<br><br>Actual Impact: While the Program shows an increase in the total number of families enrolled in the MTW Self-Sufficiency Program, some metrics depict volatility in meeting the benchmarks from year-to-year (see Table below). When a resident expresses interest in the FSS program, orientation and enrollment follow quickly. It is critical that residents are captured during the time of their interest. Over the past year, Metric #8 shows a decline in the number of employed families applying for entrance into the Program, and a significant increase in the number of families engaged in a self-sufficiency program. Given the table below the trend is toward more unemployed families applying for participation in a self-sufficiency program.<br><br>Public Housing Residents Enrolled in the MTW Family Self-Sufficiency Program<br>Metric #8<br><br>
<table>
<tr><td>Fiscal Year</td><td>Total Number of Families Enrolled</td><td>Residents who are Employed<br><br>Benchmark: 25%</td><td>Engaged in a Self-Sufficiency Program<br><br>Benchmark: 50%</td><td>Residents Enrolled in Other Programs<br><br>Benchmark:25%</td></tr>
<tr><td>FY 09 (Baseline)</td><td>25</td><td>36%</td><td>40%</td><td>24%</td></tr>
<tr><td>FY 2010</td><td>35</td><td>15%</td><td>40%</td><td>45%</td></tr>
<tr><td>FY 2011</td><td>42</td><td>7%</td><td>27%</td><td>66%</td></tr>
<tr><td>FY 2012</td><td>34</td><td>11%</td><td>74%</td><td>15%</td></tr>
</table></td></tr>
<tr><td>Progress in Meeting Benchmarks/Metrics</td><td>I) Baseline FY-09: There were 35 clients/families enrolled in FSS<br>Proposed benchmark (FY-12): An additional 10 public housing clients/families to be enrolled in FSS.<br>Outcome (FY-12): An additional 32 public housing clients/families enrolled in FSS.<br><br>2) Baseline FY-09: 9 graduating families.<br>Proposed benchmarks (FY-12) 5 graduating families.<br>Outcome (FY-12): 11 graduating families.<br><br>3) Baseline FY-09: average earned ending income increased by $13,120; average ending rent increased by $274 for FSS graduates.<br>Proposed benchmarks (FY-12) – Average earned ending income increase and rent increase by 30% for FSS graduates<br>Outcome (FY-12): average earned ending income increased by $15,201(152%) and rent increased by $317.00 (66%) for FSS graduates.<br><br>4) Baseline FY-09: The ratio staff to client was 1:67.<br>Proposed benchmark (FY-12): Staff to client 1:75.<br>(Ratio is in accordance to level of case management needed per family.)<br>Outcome (FY-12): 1: 82 (Ratio is in accordance to level of case management needed per family.)<br><br>5) Baseline FY-09: 12 residents were exposed to training in the homeownership education. No curriculum was established for private market rental training.<br>Proposed benchmarks (FY-12) All FSS clients to attend both topic areas prior to graduating from FSS program.<br>Outcome (FY-12): 11 families graduated from the FSS Program and 11 families attended</td></tr>
</table>

| | |
|---|---|
| | homeownership education and private market rental training prior to graduation.<br><br>6) **<u>Baseline FY-09</u>**: 19 escrow accounts.<br>**<u>Proposed benchmarks (FY-12):</u>** 8 escrow accounts.<br>**<u>Outcome FY-12</u>**: 10 escrow accounts<br><br>7) **<u>Baseline FY-09</u>**: 9 escrow disbursements.<br>**<u>Proposed benchmarks (FY-12):</u>** 5 escrow disbursements.<br>**<u>Outcome (FY-12)</u>**: 11 escrow disbursements.<br><br>8) **<u>Baseline FY-09</u>**: 25 clients/families were enrolled in the FSS program. Of the 25 clients/families, 10 were involved with (pre-FSS) self-sufficiency activities, 9 were employed and 6 were other families in need.<br>**<u>Proposed benchmarks (FY -12)</u>** 25 % of slots targeted to employed residents; 50% target to residents in self-sufficiency activities; and 25% targeted to other interested residents<br>**<u>Outcomes (FY-12):</u>** 34 clients/families enrolled in the FSS program. 11% of enrolled residents were employed, 74% of enrolled residents were involved in self-sufficiency activities and 15% were enrolled as other interested residents. |
| **Data Collection Method** | Internal reports are utilized to measure outcomes. |
| **Challenges** | Continuing challenges exist in motivating clients to achieve their goals, as well as with the state of the economy, which severely limits job opportunities. |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2009 – Homeownership Program –Implemented FY 2011 |
| **Description** | HABC modified its existing Section 32 Homeownership Plan using MTW authority. It incorporates a number of features that differ from the standard Section 32 homeownership requirements: Using MTW authority HABC's plan will not place a firm cap on the percentage of adjusted income that is considered "affordable" for homeownership purposes; HABC will be able to extend the recapture period for net sales appreciation to a total of 10 years using a declining scale; and, HABC's plan will be open in terms of timetable and the number of scattered site units to be covered under the Plan, i.e. potentially over time, all scattered site units could be eligible for homeownership for qualified households.<br><br><u>Statutory Objective:</u> To increase housing choices for low-income families.<br><br><u>Statute/Regulatory Waiver:</u> MTW Agreement, Attachment C (C)(7)(b))(i), (ii); 24 CFR 906.27(4); and 24 CFR 906.39(2) respectively. |
| **Projected vs. Actual Impact** | **<u>Projected Impact:</u>** HABC projects that this activity will help to increase the number of first time homebuyers occupying scattered site units. A benchmark of 15 homes sold over 10 years has been established.<br><br>**<u>Actual Impact:</u>** Despite numerous efforts by HABC, the benchmark of this MTW activity has been very difficult to achieve. HABC holds orientation/workshops, conducts tours of newly renovated homes, distributed a survey (see "Challenges" below), and given numerous referrals for housing counseling. In spite of these efforts interest and participation in this program remains at three (3) homes sold. Modifications to this MTW activity may appear in the next annual plan. |
| **Progress in Meeting Benchmarks/Metrics** | **<u>Baseline as of June 30, 2009:</u>** There were 0 homeowners for the Scattered Sites Homeownership Program.<br>**<u>Outcome as of 6/30/12:</u>** three (3) of 15 homes sold.. |
| **Data Collection Method** | Internal reports are utilized to measure outcomes. |
| **Challenges** | A survey was mailed to 265 Scattered Sites residents. Of that number HABC received 33 responses; 55% of the residents who responded want to purchase a HABC home; 30% want to purchase a home but not one owned by HABC; and 15% don't want to purchase a home at all because they either have credit issues or they don't want the responsibility.<br><br>Of the 18 families who expressed an interest in the Scattered Sites Homeownership Program, two (2) orientations were scheduled to begin entering them into the Program; 5/23/12 and 11/20/12. On 5/23/12 three (3) of the 18 families attended the orientation and four (4) of the 18 families attended orientation on 11/20/12.<br><br>On March 25, 2013 when HABC followed-up with the three families who attended on 5/23/12, it |

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| | was discovered that one family lived in a unit that was part of a joint venture between HABC and a developer; the remaining two families were still interested but had not yet attended homeownership counseling;<br><br>On March 26, 2013 a follow-up meeting was held with the four (4) families who attended the orientation on November 20, 2012 where HABC discovered that one head of household (HOH) was no longer employed; another HOH rescinded her application, because she wasn't sure if she was able to handle the financial responsibility; and the remaining two families had not yet attended homeownership counseling. HABC will continue to follow up with families who express an interest in homeownership. |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2009: TDC Limits – Implemented FY 2009 |
| **Description** | HABC has established a local Total Development Cost policy to acquire the 58 scattered site units under the Thompson Consent Decree. . HUD approval was received by letter dated March 12, 2009. This MTW activity was necessary to implement a TDC policy that reflects general local marketplace conditions and the cost of acquiring housing in Baltimore City.<br><br>Statutory Objective: To increase housing choices for low-income families.<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment D (C)(1) |
| **Projected vs. Actual Impact** | **Projected Impact:** At the time of implementation, HABC projected that this activity would facilitate the acquisition and rehabilitation of the remaining 43 of 58 rental units needed to complete one of HABC's obligations under the Thompson Partial Consent Decree. Under the terms of the Decree, former residents of the Broadway public housing development would be provided with greater choice and opportunity. Units would be located in scattered sites in non-impacted areas of Baltimore City and surrounding counties. Acquisition and rehabilitation activities were coordinated by Homes for America.<br><br>**Actual Impact:** Since FY 2009, and with the help of local TDC Limits, HABC purchased, rehabilitated and occupied all 43 scattered site units as obligated under the Decree. |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline as of FY 2009:** The Baseline is zero(0) which reflects the onset of the project for the Thompson 58 development in FY 2009<br><br>**Outcome as of FY 2012:** Since implementation of the new MTW TDC limits, 58 units have been acquired, rehabilitated and occupied. |
| **Data Collection Method** | Internal reports are used to measure outcomes. |
| **Challenges** | |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2011: Asset Self-Certification |
| **Description** | HABC will implement a rent policy designed to (a) ensure affordable rent (no more than 30% of adjusted income); (b) assist residents in obtaining employment, (c) give residents incentive to retain employment, (d) encourage residents to obtain job skills that maximize their earning potential and encourage savings. MTW authority was needed to waive some of the regulatory requirements when determining the amount of asset income.<br><br>Statutory Objective: To reduce cost and achieve greater cost effectiveness in Federal expenditures.<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C, paragraph (C)(11) |
| **Projected vs. Actual Impact** | **Projected Impact**: The administrative burden of third party verifications will be greatly reduced. Over 1,000 households report some from of asset verification. At the time of implementation, this number was 1,105. Only 112 households had total assets exceeding $5,000. HABC projects approximately 1,000 fewer asset verifications per year.<br><br>**Actual Impact**: HABC met 83.7% of its benchmark this year however. |
| **Progress in Meeting** | HABC implemented this change by Operating Order in June 2011, and it became effective for |

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| **Benchmarks/Metrics** | recertifications that were due on September 1, 2011.<br><br>**<u>Baseline June 2011:</u>** 993 families had assets of less than $5,000 (1,105 families had assets of which 112 exceeded $5,000).<br><br>**<u>Benchmark June 2012</u>**: 1,000 fewer asset verifications per year.<br><br>**<u>Actuals for June 2012</u>**: 837 fewer asset verifications |
| **Data Collection Method** | Annual recertification data will be used. |
| **Challenges** | None |
| **Results of Hardship Requests** | No hardship policy required for this change. |
| **Changes to Authorizations** | None |

Table 16 provides FY 2010 updates to ongoing MTW activities in the Leased Housing program.

**Table 16:**
**Ongoing MTW Activities for Leased Housing – FY 2012 Update**

| | |
|---|---|
| **MTW Plan Year/Activity** | FY 2006: Risk Based Inspections - Not yet Implemented |
| **Description** | HABC is moving to a Risk-Based inspection process in order to ensure that the highest housing quality standards are maintained and that HABC resources are utilized in an efficient and effective manner. Units, which have consistently met annual inspection standards, will be inspected every two (2) years. Units, which do not have such a track record, will be inspected annually. HABC reserves the right to set and modify the inspection schedule for each unit. Special inspections may be scheduled at any time at HABC's discretion. MTW authority is needed to waive the requirement that all units be inspected annually.<br><br><u>Statutory Objective:</u> To reduce cost and achieve greater cost effectiveness in Federal expenditures.<br><br><u>Statute/Regulatory Waiver:</u> MTW Agreement, Attachment D, paragraph (D)(2) |
| **Projected vs. Actual Impact** | This MTW activity will assist HABC in more closely monitoring those units which consistently fail HQS inspections. The activity will also allow HABC to make a more efficient use of the HCVP Inspectors as they concentrate on problem properties. |
| **Progress in Meeting Benchmarks/metrics** | This MTW activity is not yet implemented however, upon implementation HABC's metrics will be:<br>**<u>Baseline:</u>** the number of units inspected and then re-inspected (because of HQS violations prior to implementation,<br>**<u>Benchmark:</u>** the number of units inspected and then re-inspected after implementation, and any savings incurred as a result. |
| **Data Collection Method** | Internal reports will be used to measure outcomes. |
| **Challenges** | Baltimore City has a lot of at-risk inventory. As more of the inventory is rehabilitated, HABC will take a closer look at implementing this MTW activity. HABC will look at this initiative marginally and implement incrementally. |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| **MTW Plan Year/Activity** | FY 2006: Risk Based Inspections - Not yet Implemented |
| | |
| **MTW Plan Year/Activity** | FY 2006: Two Year Recertifications - Implemented FY 2007 |
| **Description** | HABC was responsible for the annual reexamination and verification of household income, household composition and other eligibility data. Using MTW authority, HABC will conduct a reexamination of household income and composition for all households one time every twenty-four (24) months instead of the required once a year. The 24-month reexamination policy does <u>not</u> |

<table>
<tr><td></td><td>apply to:
<ul>
<li>Residents living in Mod Rehab and Mod Rehab SRO units</li>
<li>Residents with other vouchers that do not qualify based on HUD funding restrictions</li>
<li>Residents with Homeownership vouchers</li>
</ul>
<u>Statutory Objective:</u> To reduce cost and achieve greater cost effectiveness in Federal expenditures.
<u>Statute/Regulatory Waiver:</u> MTW Agreement, Attachment C (D)(1)(c) </td></tr>
<tr><td>Projected vs. Actual Impact</td><td> <u>Impact Analysis</u> - This activity is projected to lower the overall costs related to annual recertifications by reducing the number of recertification staff which would otherwise be required to process HABC's HCV program workload.
<u>Actual Impact:</u> HABC has realized significant savings under this MTW activity (see "Progress in Meeting Benchmarks")
Hardship Criteria – <u>Interim Reexamination Prompted by Decreases in Gross or Adjusted Income:</u> "Participants may report a decrease in income and other changes, such as an increase in allowances or deductions that would reduce the amount of household rent at any time. Once verified, if the reexamination results in a lower household rent share, the new household rent share shall become effective as of the next monthly rent payment schedule" (FY 2011 Administrative Plan, Ch 12, Sect B).
Annual Reevaluation of the Policy: Annually, the outcomes of the policy are evaluated to determine the costs avoided by its implementation (see Progress in Meeting Benchmarks/Metrics, below). In FY 2011 the policy met its goals. </td></tr>
<tr><td>Progress in Meeting Benchmarks/Metrics</td><td> The average caseload for a recertification specialist is about 450 cases (requiring 450 recertifications per year). Implementing a 2-year recertification schedule and interims for changes to family income and composition has allowed for the performance of recertifications using a staff level lower than that required to perform annual recertifications and avoid $461,260 in staff costs.
<u>Baseline as of June 30, 2010</u>
<ul>
<li>Number of participants: 12,023</li>
<li>Projected # of recertifiers needed to perform annual recertification: 27 (12,023/450)</li>
<li>Actual # of recertifiers employed to perform biennial recertification: 16</li>
<li>Actual # of recertifiers as a percentage of the projected #: 59.2%</li>
<li>Average cost per recertifier: $46,126</li>
</ul>
*Used 2010 as baseline to determine the # of recertifications needed for 2012.
<u>Proposed Benchmark for June 30, 2012</u>:
<ul>
<li>Number of participants: 11,700</li>
<li>Projected # of recertifiers needed to perform annual recertifications: 26 (11,700/450)</li>
<li>Actual # of recertifiers employed to perform biennial recertifications: 16</li>
<li>Actual # of recertifiers as a percentage of the projected #: 61.5%</li>
<li>Average cost per recertifier: $46,126</li>
</ul>
<u>Outcome as of 6/30/12:</u> HCVP Performed recertifications with 62% of the staff and staff costs which would normally be required and expended to perform annual recertifications.
<ul>
<li>Count of tenant-based recertifications needed: 11,725</li>
<li>Projected # of recertifiers needed to perform annual recertifications: 26</li>
<li>Actual # of recertifiers employed to perform biannual inspections and interims: 16</li>
<li>Actual # of recertifiers as a percentage of projected # of recertifiers: 61.5%</li>
<li>Average cost of a recertifier: $46,126.</li>
</ul>
Annual Savings: Difference in number of recertifiers required)<br>
*(Average cost of a recertifier) 10 * $46,126 = $461,260</td></tr>
</table>

| | |
|---|---|
| **Data Collection Method** | Internal reports and projections are used |
| **Challenges** | N/A |
| **Results of Hardship Requests** | No requests received. |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2006: Limits on Project Based Vouchers – Implemented in FY 2006 |
| **Description** | Using MTW authority, HABC reserves the right to allocate up to 30% of its Tenant Based HCV funding for Project Based Vouchers and also to waive the per-building and per-project cap on the percentage of units, which may be designated as project-based units.<br><br>Statutory Objective: To increase housing choices for low-income families.<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C, paragraph D1(e) |
| **Projected vs. Actual Impact** | N/A |
| **Progress in Meeting Benchmarks/Metrics** | HABC no longer requires this separate authorization in light of two other approved Project Based voucher MTW activities, i.e. allowing HABC to enter into PBV HAP contracts for greater than 25% of the units in a building and allowing HABC to enter into PBV HAP contracts for greater than 25% of the units in a project or development regardless of the family or household type that will occupy the units provided that the households must be eligible. |
| **Data Collection Method** | N/A |
| **Challenges** | N/A |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2006 – 2012 Special Admin Plan |
| **Description** | To facilitate the activities required under the Thompson Partial Consent Decree, MTW-authority was needed to waive several regulations regarding payment standards, rent calculation annual inspections, annual recertifications, and applicant eligibility criteria. These activities have been included here and incorporated into the Special Administrative Plan. As such, these apply to the units administered by MBQ:<br><br>1. Implementation of exception payment standards subject to funding availability (Plan year FY 2007 – Implemented FY 2007)<br>2. Verification of eligibility allowable up to 180 days before issuance of voucher or tenant enters into project-based lease ; (Plan year FY 2007 – Implemented FY 2008)<br>3. Recertifications conducted every 24-months ; Plan year FY 2006 – Implemented FY 2007<br>4. Implementation of risk-based inspections. Plan year FY 2010 – Implemented FY 2010<br>5. Exclude all assets from income when the cash value of the asset is less than $50,000-Implemented FY 2012<br>6. Create a standard expense deduction for working families – Implemented FY 2012<br><br>Statutory Objective: To reduce cost and achieve greater cost effectiveness in Federal expenditures.<br><br>Statute/Regulatory Waivers: Attachment C sections (D)(2)(a); (D)(3)(b); (D)(1)(c); and (D)(5). |
| **Projected vs. Actual Impact** | **Projected impacts of this activity include**:<br>• To increase the availability of affordable housing in non-impacted, higher opportunity areas.<br>• Extending the expiration date on verification needed to determine eligibility allows clients the opportunity to find suitable housing without having to re-certify prior to leasing. This reduces the number of staff needed to do initial recertifications.<br>• Lowers the overall costs for completing annual recertifications by reducing the number of staff required to process them |

| | |
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| | • Lowers the overall costs related to annual HQS inspections by eliminating unnecessary annual HQS inspections. .Lowers the overall costs for completing annual recertifications by reducing the time staff need to process them.<br><br>**<u>Actual Impacts:</u>** Substantial progress has been made in meeting benchmarks discussed below:<br><br>1. 201families have been leased in non-impacted, higher opportunity neighborhoods; as of 6/30/12, 186 of those families are still living in those areas.<br>2. Out of a possible 201 new lease-ups only 8 initial recertifications were needed. Total savings: $11,119.<br>3. Savings at end of FY 2012 for recertifications: $**105,891.60**.<br><br>4. Savings at end of FY 2012 for inspections: $79,747.80.<br>5. Savings at end of FY 2012 for excluding assets: $6,942.71<br>6. Savings at end of FY 2012 for standard deductions: $11,961.50 |
| **Progress in Meeting Benchmarks/Metrics** | **1.** The number of families leased in non-impacted, higher opportunity areas.<br><br>**<u>Baseline as of 6/30/09:</u>** The number of families leased in non-impacted, higher opportunity areas is 1,246.<br><br>**<u>Proposed Benchmark for FY 2012:</u>** The cumulative number of families to be leased in non-impacted, higher opportunity areas. = 1,246 + 300 = 1,546<br><br>**<u>Outcome as of 6/30/12</u>**: 201 new families have been leased in non-impacted, higher opportunity neighborhoods; during FY 2012; 186 of those families are still living in those areas with 21 families making subsequent moves to non-impacted census tracts. The total number of households living in non-impacted census tracts as of June 30, 2012 is 1254. The cumulative number of households that moved to non-impacted census tracts as of June 30, 2012 is 1860.<br><br>**2.** By extending the expiration date on verification needed to determine eligibility MBQ has reduced the number of staff needed to execute initial recertifications.<br><br>The average caseload for a recertification specialist is about 450 recertifications per year.<br><br>**<u>Baseline as of June 30, 2009:</u>**<br>▪ Number of new leasings: 279<br>• Number of initial recertifications completed: 98<br>• # of recertifiers needed to perform initial recertifications: .22 (98/450)<br>• Average cost of a recertifier: $52,945.80.<br><br>**<u>Proposed Benchmark for FY 2012:</u>**<br>▪ Number of new leasings: 250<br>• Number of initial recertifications completed: 200<br>• # of recertifiers needed to perform initial recertifications: .01 (4/450)Average cost of a recertifier: $52,945.80.<br><br>**<u>Outcome as of 6/30/12:</u>**<br>▪ Number of new leasings: 201<br>• Number of initial recertifications completed: 8<br>• # of recertifiers needed to perform initial recertifications: .02 (8/450).<br>• Average cost of a recertifier: $52,945.80.<br>Annual Savings: Annual Salary + benefits ($52,945.80) X the number of staff no longer required to process initial recertifications (.21) = **$11,119**<br><br>**3.** The average caseload for a recertification specialist is about 450 recertifications per year. Implementing a 2-year recertification schedule and interims for changes to family income and composition will allow for the performance of recertifications using a staff level lower than that required to perform annual recertifications.<br><br>**<u>Baseline as of June 30, 2009</u>:** |

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|---|---|
| | • Number of participants: 1,246<br>• Projected # of recertifiers needed to perform annual recertifications: 2.75 (1,246/450)<br>• Actual # of recertifiers employed to perform biennial inspections and interims: 1.5.<br>• Actual # of recertifiers as a percentage of the projected #: 54.5%<br>• Average cost of a recertifier: $52,945.80.<br><br>**<u>Proposed Benchmark for 6/30/12:</u>**<br>• Number of participants: 1,988<br>• Projected # of recertifiers needed to perform annual recertifications 4.4 (1,988/450)<br>• Actual # of recertifiers employed to perform biennial inspections and interims: 2.<br>• Actual # of recertifiers as a percentage of the projected #: 45.2%<br>• Average cost of a recertifier: $52,945.80.<br><br>**<u>Outcome as of June 30, 2012:</u>**<br>• Number of participants: 1,859<br>• Projected # of recertifiers needed to perform annual recertifications: 4.13(1859/450)<br>• Actual # of recertifiers employed to perform biennial inspections and interims: 2.<br>• Actual # of recertifiers as a percentage of the projected #: 48.4%<br>• Average cost of a recertifier: $52,945.80.<br><br>Annual Savings: Difference in number of recertifiers required)*(Average cost of a recertifier)<br>2.1 * $52,945.80 = **$105,891.60**<br><br>**4.** Risk-Based Inspections: Units which have consistently met HQS will be inspected on a bi-annual basis.<br><br>**<u>Baseline as of June 30, 2009:</u>**<br>▪ 1,246 participants; 560 units scheduled for inspection; of the 560 units scheduled for inspection 179 were re-inspected due to HQS violations. For FY 2009 a total of 739 inspections were completed.<br>▪ Inspections normally take around 1.5 hours to complete (including travel time and write-up of results).<br>▪ Cost of an inspection: Salary + benefits = $65,943 or $37.47/hr. (220 days per year; 8 hours/day). Cost of an inspection (including travel time, inspection time and time to record/report results) = 1.5/hours X $37.47 = $56.20.<br><br>**<u>Proposed Benchmark for 6/30/12:</u>**<br>• Number of participants: 1860<br>• Projected # of inspections to perform772<br>• Number of re-inspections to perform: 386<br>• Average cost of an inspector: $65,943.<br><br>**<u>Outcome as of 6/30/12:</u>**<br>▪ 1,859 participants; 772 units scheduled for inspection; of the 772 units scheduled for inspection 332 were re-inspected due to HQS violations. For FY 2011 a total of 1453 inspections were completed a decrease of 149inspections compared to the benchmark.<br>▪ Inspections normally take around 1.5 hours to complete (including travel time and write-up of results).<br>▪ Cost of an inspection: Salary + benefits = $65,943 or $37.47/hr. (220 days per year; 8 hours/day). Cost of an inspection (including travel time, inspection time and time to record/report results) = 1.5/hours X $37.47 = $56.20.<br>Annual Savings: The number of annual inspections that would have been conducted (1,859 + 332) minus the number of actual inspections under the risk-based program (772 + 332) X the cost of an inspection = $62,044.80<br><br>**5.** The average time spent for a specialist to verify assets and to calculate the income from the assets is 44 minutes per recertification. Excluding assets and asset income from recertification will reduce staff time needed per recertification. However due to the approval process this methodology was only implemented in May 2012. |

<table>
<tr><td></td><td>
<u>Baseline as of June 30, 2009</u>:
<ul>
<li>Number of participants with assets: 1,246</li>
<li>Projected time needed to perform assets reviews for annual recertifications: 926 hours (44*1246)</li>
<li>Average hourly cost of a specialist: $25.45</li>
</ul>
<u>Proposed Benchmark for 6/30/12:</u>
<ul>
<li>Number of participants with assets: 980</li>
<li>Projected time needed to perform assets reviews for annual recertifications: 718 hours (44*980)</li>
<li>Average cost to determine assets annually: $18,293.41.</li>
</ul>
<u>Outcome as of June 30, 2012:</u>
<ul>
<li>Number of participants with assets: 608</li>
<li>Projected time needed to perform assets reviews for annual recertifications: 446 hours (44*608)</li>
<li>Cost to determine assets annually: $11,350.70</li>
</ul>
Annual Savings: $6,942.71<br><br>
6. The average time spent for a specialist to determine the various deductions per file is 45 minutes. Implementing a standard deduction reduces the time a specialist spends on calculating recertifications annually. However due to the approval process this methodology was only implemented in May 2012.<br><br>
<u>Baseline as of June 30, 2009</u>:
<ul>
<li>Number of participants: 1,246</li>
<li>Projected time needed to determine deductions for annual recertifications: 872 hours (42 minutes*1246)</li>
<li>Hourly cost for a specialist: $25.45</li>
<li>Average cost to determine deductions annually: $22,192.40</li>
</ul>
<u>Proposed Benchmark for 6/30/12:</u>
<ul>
<li>Number of participants with deductions:1,859</li>
<li>Projected time needed to determine deductions for annual recertifications: 1301 hours (42*1859)</li>
<li>Average cost to determine deductions annually: $33,110.45.</li>
</ul>
<u>Outcome as of June 30, 2012:</u>
<ul>
<li>Number of participants with deductions: 1,187</li>
<li>Projected time needed to determine deductions for annual recertifications: 831 hours (42*1187)</li>
<li>Average cost to determine deductions annually: $21,148.95.</li>
</ul>
Annual Savings: $11,961.50
</td></tr>
<tr><td>Data Collection Method</td><td>MBQ uses Visual Homes software to manage the Special Mobility Housing Choice Voucher Program and the MTW activities. Where necessary, the database has been modified/customized to meet the data collection and reporting requirements to administer the MTW Program. All voucher program information is entered into and reported from the Visual Homes database, including eligibility, recertification, HQS inspection and mover information. Upon request and periodically, MBQ provides ongoing reports to HABC regarding the operation and administration of the special mobility housing choice voucher program.</td></tr>
<tr><td>Challenges</td><td>Indicator #1: Market issues and limited program availability in Baltimore County</td></tr>
<tr><td>Results of Hardship Requests</td><td>Hardships requested for Indicator #6; standard deductions = 21<br>Hardships approved as of June 30, 2012 = 21</td></tr>
<tr><td>Changes to Authorizations</td><td>N/A</td></tr>
<tr><td></td><td></td></tr>
<tr><td>MTW Plan Year/Activity</td><td>FY 2007: PBV Special Admin Plan – Implemented FY 2010</td></tr>
</table>

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| **Description** | Using MTW authority this activity authorizes MBQ, in the Project Based Voucher Program, to allow floating units instead of identifying specific units in the HAP contract. MTW authority was needed to waive the requirement of identifying all units by address in the HAP contract.<br><br>Statutory Objective: to increase housing choices for low-income families<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment D(D)(3)(b). |
| **Projected vs. Actual Impact** | **Projected Impact:** The activity is projected to increase the number of project-based units at multi-family housing developments by giving developers an opportunity to operate in concert with their business model.<br><br>**Actual Impact:** This provision has facilitated 151 floating units being placed under a HAP contract in multi-family developments. This activity has increased housing choices for low-income families. |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline as of June 30, 2009**: The number of floating units in multi-family housing developments under a HAP contract = 55.<br><br>**Benchmark:** 55 floating units in multi-family housing developments under a HAP contract with the intention of adding up to 100 more units within the next 5 years<br><br>**Outcome as of June 30, 2012:** The number of floating units in multi-family housing developments under a HAP contract 151 |
| **Data Collection Method** | MBQ uses Visual Homes Software to manage the Special Mobility Housing Choice Voucher Program and the MTW activities. Where necessary, the database has been modified/customized to meet the data collection and reporting requirements of the MTW Program. All voucher program information is entered into and reported from the Visual Homes database, including eligibility, recertification, HQS inspections and move information. Upon request and periodically, MBQ provides ongoing reports to HABC regarding the operation and administration of the special mobility housing choice voucher program. |
| **Challenges** | Market issues and limited program availability in Baltimore County |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |

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| **MTW Plan Year/Activity** | FY 2007-2008 – Project-Based Transitional Housing (Implemented November 2012) |
| **Description** | HABC will enter into HAP contracts to provide Project-Based voucher assistance for units in transitional housing facilities with wrap-around services. MTW authority was necessary to waive the regulation prohibiting PHA's from using project-based vouchers to subsidize housing in these types of facilities.<br><br>Statutory Objective: To increase housing choices for low-income families.<br><br>Statute/Regulatory Waiver: Attachment C(B)(4). |
| **Projected vs. Actual Impact** | **Projected Impact:** HABC projects that this initiative will increase housing opportunities for low-income families.<br><br>**Actual Impact:** 18 units of transitional housing will become available to low-income families in the first quarter of 2013. Such families will receive wrap-around services such as medical screenings, crisis interventions and life management skills. |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline as of 6/30/08:** 0 new transitional project-based units.<br><br>**Benchmark:** Increase the number of transitional project-based units by 10.<br><br>**Outcome as of 6/30/12:** HABC entered into an AHAP with one development (Dayspring Square) for 18 units of transitional housing. The units are a mixture of new construction and the rehabilitation of an old school building. Construction is still under way and is expected to be completed in first quarter FY2013. The HAP contract was signed and leasing began in November, 2012. |
| **Data Collection Method** | Internal reports are used to measure outcomes. |

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| **Challenges** | N/A |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2009: Incentives for NED and UFAS Units |
| **Description** | **<u>Section 811 Supportive Housing for Persons with Disabilities</u>** – HABC reserves the right, to combine capital funds made available from HCV or public housing funds, with Section 811 funds to create units for non-elderly persons with disabilities pursuant to the Bailey Consent Decree. HABC indicated it would make these funds available through a competitive process and would require developers to demonstrate through specified documentation that the project had a gap that could not otherwise be addressed. MTW authority was necessary to allow HABC to combine capital funds with Section 811 funds.<br><br>Statutory Objective: To increase housing choices for low-income families<br><br>Statute/Regulatory Waiver: See MTW Agreement, Attachment C, Section B(1)(ii) and ; Attachment D, "Uses of MTW Funds". |
| **Projected vs. Actual Impact** | **<u>Projected Impact:</u>** The incentive to provide additional housing for the disabled in return for gap funding will hopefully increase housing choices for low-income disabled families.<br><br>**<u>Actual Impact:</u>** Despite HABC's best efforts to date, HABC has not been able to implement these incentives. One application was submitted, which was expected to result in 5 NED units; however the developer lost his 811 funding because of an inability to meet HUD requirements. |
| **Progress in Meeting Benchmarks/Metrics** | Baseline for units with 811 funding = 0.<br><br>Proposed Benchmark as of June 30, 2012 = 5 Units<br><br>Actual Benchmark as of June 30, 2012 = 0 |
| **Data Collection Method** | Internal reports are used to measure outcomes. |
| **Challenges** | All NOFA's for project-based units for families with disabilities include the MTW 811 program but in the four (4) years this program has been in existence only one application was submitted which ended in the developer losing his funding for failure to meet HUD requirements. The state of Maryland has filed for 811 federal funds; however if granted the funds disabled families from the HABC waiting list may not necessarily be chosen for PB housing as the units will be selected from the State's portfolio of affordable rental housing projects. |
| **Results of Hardship** | N/A |
| **Changes to Authorizations** | N/A |
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| **MTW Plan Year/Activity** | FY 2009: Payment Standards at 50th Percentile - Implemented in FY 2009 |
| **Description** | Using MTW authority to waive the regulatory mandate that PHA's use the HUD published Fair Market Rent as the basis for determining payment standards, HABC used the HUD-published 50th percentile rent estimates to calculate such payment standards. .<br><br><u>Statutory Objective:</u> To increase housing choices for low-income families.<br><br><u>Statute/Regulatory Waiver:</u> MTW Agreement, Attachment C(D)(2)(a). |
| **Projected vs. Actual Impact** | N/A |
| **Progress in Meeting Benchmarks/Metrics** | Since HUD has adjusted the area FMR to the 50th percentile, this MTW activity is not operational. |
| **Data Collection Method** | N/A |
| **Challenges** | N/A |
| **Results of Hardship Requests** | N/A |

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| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2010 – Unit Size Policy – Implemented 2010 |
| **Description** | Using MTW authority to waive the regulation that allows a family to select a unit size greater than that listed on the family's voucher, participating families are now required to select a unit size consistent with and not greater than the unit size listed on their voucher. Exceptions to this rule may be granted at the discretion of HABC where the voucher holder can demonstrate that a good faith and exhaustive effort has been made to find an appropriately sized unit or based on a reasonable accommodation request.<br><br>Statutory Objective: To reduce cost and achieve greater cost effectiveness in Federal expenditures.<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C(D)(2)(a).. |
| **Projected vs. Actual Impact** | **Projected Impact:** HABC projects that this policy will result in lower average contract rent costs, and will help to reduce illegal occupancy by household members that have not been approved by HABC.<br><br>**Actual Impact:** HABC has realized significant savings from this MTW activity.. |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline: In FY 2009:** 23.9% of new units rented had more bedrooms than the authorized voucher size. The percentage of new rentals where the unit size exceeded the voucher size: 23.9% (baseline period: 7/1/08 – 3/31/09, 2344 new rentals).<br><br>**Benchmark:** No more than 15% of new units rented to have more bedrooms than the authorized voucher size.<br><br>**Outcome as of 6/30/12:**<br>Actual: In FY2012, only 2.0% of new units rented had more bedrooms than the authorized Voucher Size (1663 units rented; 34 units larger than voucher size).<br>▪ 94.1% below the baseline<br>▪ 92.7% below the benchmark<br>▪ New Rentals - 1663<br>▪ Avg HAP/UAP for New Rentals - $888/mo<br>▪ Rental of Units larger than Voucher - 34<br>▪ Additional cost associated with Oversize Rentals - $3,026/Mo ($89/unit/mo)<br>▪ Additional Cost if 23.9% were Oversized Rentals - $50,787/Mo (570 units)<br>▪ Savings due to lower % of Oversize Rentals - $47,761/Mo ($573,132/Yr)<br>Savings in Rental Unit HAP/UAP equivalent = 54 (Savings due to lower % of Oversize Rentals/Avg HAP/UAP for New Rentals)) |
| **Data Collection Method** | Internal reports are used to measure outcomes. |
| **Challenges** | A lack of suitable inventory in Baltimore City. |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2010 – PBV Unit Limits – Implemented FY 2010 |
| **Description** | Using MTW authority to waive the regulation that prohibits PHA's from entering into project-based voucher contracts for greater than 25% of the units in a project or development, HABC entered into Project-Based Voucher HAP contracts for greater than 25% of the units in a project/development regardless of the family or household type that will occupy the units provided that the households must be eligible.<br><br>Statutory Objective: to increase housing choices for low-income families<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C(D)(1)(e) |
| **Projected vs. Actual Impact** | **Projected Impact:** By exceeding the number of project based vouchers allowed in a project/development, HABC is able to create more housing choices for low-income families. |

| | |
|---|---|
| | **Actual Impact:** As of June 30, 2012, an additional 389 project-based voucher units have been made available under MTW for low-income families. |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline as of 6/30/10:** 0 (HABC had not previously approved projects that had PBV units in excess of 25%)<br><br>**Outcome as of June 30, 2012:** Projects approved to exceed 25% cap = 14.<br>No, new contracts were approved during FY2012 that exceeded 25% of the units in a project; however, there are a total of 612 units of which 389 units created in excess of the 25% cap. |
| **Data Collection Method** | Internal reports are used to measure outcomes. |
| **Challenges** | N/A |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2010: PBV Unit Limits – Implemented FY 2010 |
| **Description** | Using MTW authority to waive the regulation that prohibits PHA's from entering into project-based voucher contracts for greater than 25% of the units in a building, HABC entered into Project-Based Voucher HAP contracts for greater than 25% of the units in a building regardless of the family or household type that will occupy the units provided that the households must be eligible.<br><br>Statutory Objective: to increase housing choices for low-income families<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C(D)(1)(e)<br>• |
| **Projected vs. Actual Impact** | **Projected Impact:** By exceeding the number of project based vouchers allowed in a building, HABC is able to create more housing choices for low-income families.<br><br>**Actual Impact:** HABC has increased housing choices for low-income families |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline as of June 30, 2010:** 0Benchmark: Three (3) buildings<br><br>**Outcome as of June 30, 2012:** No, new contracts were approved during FY2012 that exceeded 25% of the units in a building; however, to date, there are eight (8) buildings and six (6) projects where more than 25% of the units have been designated as project-based voucher in each building. HABC will continue to look for opportunities to use this MTW authority. |
| **Data Collection Method** | Internal reports are used to measure outcomes. |
| **Challenges** | N/A |
| **Results of Hardship Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2010 – The Long-Term Affordable Project-Based Voucher Program |
| **Description** | HABC will create a Housing Assistance Payment (HAP) contract to: increase the term of the contract from 10 to 15 years; reflect the owner's obligation to request renewals of the HAP contract between HABC and the owner for Project-Based Voucher's to subsidize NED residents in LTA units; and set forth what public housing rights, privileges and benefits must be afforded the NED residents in LTA units. |
| **Projected vs. Actual Impact** | **Projected Impact:** HABC projects that this policy will result in increased housing choices for low-income families.<br><br>**Actual Impact:** 174 Long-Term Afforadble Units created |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline as of June 30, 2010:** 0<br><br>**Benchmark for June 30, 2012**: 300 PBV and LRA units by 2015.<br><br>**Outcome as of June 30, 2012:** 174 LTA Units created |
| **Data Collection Method** | Internal reports will be used |
| **Challenges** | N/A |
| **Results of Hardship** | |

| | |
|---|---|
| **Requests** | N/A |
| **Changes to Authorizations** | N/A |
| | |
| **MTW Plan Year/Activity** | FY 2012 – Changes in Utility Allowances Based on Voucher Size |
| **Description** | Using MTW authority, to waive how utility allowances are calculated for purposes of setting rent, HABC implemented a change in utility allowances used to calculate gross rents. The utility table used will be the lesser of the actual unit size or the voucher unit size. This change will apply to the tenant-based voucher program and HCVP Homeownership program.<br><br>Statutory Objective: This rent policy will promote the statutory objective of efficiently allocating subsidy resources by lowering Housing Assistance Payment costs in a time of severe financial uncertainty and budgetary constraints.<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C(D)(2)(a) |
| **Projected vs. Actual Impact** | **Projected Impact:** HABC projects that this policy will reduce the extra utility cost associated with families in units larger than the authorized voucher size. This policy will allow HABC to provide housing assistance to additional households. HABC requires families to select a unit consistent with their voucher size on all initial move-ins and moves.<br><br>**Actual Impact:** Implementing this policy was delayed due to implementation of Unit Size policy. Utility changes would have imposed extreme hardship on families that were over-housed. |
| **Progress in Meeting Benchmarks/Metrics** | **Baseline:** The difference in costs to HABC between a unit-based utility allowance and a voucher-based utility allowance is calculated as $91,357 per month ($1,096,284 per year).<br><br>**Benchmark:** By the end of FY 2012 it is HABC's goal to decrease its monthly expenditures by the amount it would otherwise be expending if the previous policy remained in place. For FY 2012, assuming no change in the utility allowance schedules, and that this policy will be in effect for 6 months, HAP/UAP savings are estimated to be approximately $548,142 (the equivalent of providing assistance to an additional 54 households.<br><br>**Outcome: as of 6/30/12:** In FY 2012, 161 families had changes to their familiy compositions that were consistent to the unit size. An additional 47 families moved to the appropriate bedroom size units, reducing the utility costs associated with leasing a larger unit than the actual voucher size.<br><br>• Savings due to lowering utility allowances - $1,880 monthly / $22,560 annually.<br><br>Of the 1,322 families that had completed recertifications in 2012, 208 families or 15.7% either moved to an appropriate size unit, or had a family composition change consistent with the unit size. |
| **Data Collection Method** | Internal reports are used to measure outcomes |
| **Challenges** | HABC's initial expected outcome included families that were not scheduled for re-examination in 2012. HABC will continue to monitor changes to households to ensure they remain compliant with the administrative plan. HABC will also continue to evaluate and to correct utility allowance of underutilized units. The best way for HABC to meet this challenge head on is to ensure that all new participants coming into the program are appropriately housed with the appropriate utility allowances. |
| **Results of Hardship Requests** | 47 families had to move due to this change in policy. |
| **Changes to Authorizations** | N?A |
| | |
| **MTW Plan Year/Activity** | FY 2012 Special Mobility Definition of Continued Assistance |
| **Description** | Using MTW authority to waive some of the criteria required to determine applicant eligibility, the definition of Continued Assistance was expanded to include participants in the Direct Homeownership Program in order to provide a safety net to those who may become income eligible for the HCV program and to avoid possible foreclosure.<br><br>Statutory Objective: To increase housing choices for low-income families<br><br>Statute/Regulatory Waiver: MTW Agreement, Attachment C(D)(3)(b). |
| **Projected vs. Actual Impact** | **Projected Impact:** This activity will increase housing choices for low-income families. |

| | |
|---|---|
| | **Actual Impact:** To date 0 families in the Direct Homeownership Program have applied for homeownership in the HCV Program. |
| **Progress in Meeting Benchmarks/Metrics** | FY 2012 Baseline = 0<br><br>FY 2012 Benchmark – Five (5) families over the next three years<br><br>Actual Benchmark = 0 |
| **Data Collection Method** | MBQ uses Visual Homes Software to manage the Special Mobility Housing Choice Voucher Program and the MTW activities. |
| **Challenges** | N/A |
| **Results of Hardship Requests** | N/A<br>N/A |
| **Changes to Authorizations** | N/A |

## B. Bailey Consent Decree Housing Production

In order to meet its obligations under the Bailey Consent Decree, HABC may devote Housing Choice Voucher funds available as part of the MTW Block Grant to create, through private production, Project Based Voucher units for non-elderly persons with disabilities and "long term affordable" units that are subsidized by Project Based Vouchers but treated like public housing units. Two types of Long Term Affordable units are being created: (1) for non-elderly persons with disabilities; and (2) units that comply with the Uniform Federal Accessibility Standards (UFAS) for wheelchair accessibility. HABC has implemented various options, including incentive payments for existing units that will be project based for NEDs and loans or grants to cover funding gaps for new construction units and units that are being substantially rehabilitated to create either NED units or units that comply with UFAS. Sources of funding for such payments, loans, grants and incentives include City HOME funds, HCV funds, and other discretionary funds available to HABC. An update of Bailey-related activity in FY 2012 follows:

*Incentives for NED Units* – Developers seeking support from HABC and Baltimore City for Low Income Housing Tax Credits had to agree to set aside at least 15% of the LIHTC units for non-elderly persons with disabilities (NED) in order to obtain that support.

*Incentives for UFAS Units* – Developers proposing new construction or substantial rehabilitation and who receive certain federal capital funds must make at least 10% of the units UFAS compliant.

Beginning in FY 2010 and continuing through FY2012, as an incentive to developers to create more units for non-elderly persons with disabilities and UFAS compliant units, HABC offered, via a request for proposals (RFP), financial incentives to developers who agree to create in excess of 15% of the LIHTC units for non-elderly persons for disabilities and/or in excess of the 5% UFAS requirement**]** HABC also offered the same incentives to owners and developers of new construction or rehabilitation projects that are not receiving LIHTC where the hard cost of the construction or rehabilitation was at least $1,000 per unit. Smaller incentive fees were offered to owners of units where the cost of rehabilitation is less than $1000. Under this program, HABC added 32 units to serve NED and persons with disabilities in FY2012.

*Section 811 Supportive Housing for Persons with Disabilities* – HABC reserved the right, in its sole discretion, to combine capital funds made available from HCV or public housing funds, with Section 811 funds to create units for non-elderly persons with disabilities pursuant to the Bailey Consent Decree. HABC indicated it would make these funds available through a competitive process and would require developers to demonstrate through specified documentation that the project had a gap that could not otherwise be addressed. In FY 2012 there were no opportunities to take advantage of this MTW activity.

# VII. Sources and Uses of Funding

This section of the Annual Report describes HABC's planned versus actual sources and uses of MTW, State and Local funds.

## A. Planned vs. Actual Sources and Uses of MTW Funding

HABC's Moving-to-Work (MTW) Block Grant includes three major funding sources:

- Low Income Public Housing (LIPH)
- Section 8 Housing Choice Voucher (HCV)
- Capital Fund Program (CFP) /Replacement Housing Factor Fund (RHFF)

Table 17 and the following notes provide information on planned versus actual sources of MTW funds for FY 2012.

**Table 17**
**FY 2012 Planned vs. Actual Sources of MTW Funds**

| UNAUDITED | Budget | Actual | Variance |
|---|---|---|---|
| | | | |
| Net Tenant Revenue | 30,336,048 | 30,107,444 | (228,604) |
| Tenant Revenue Other | 390,808 | 624,519 | 233,711 |
| **Total Tenant Revenue** | **30,726,856** | **30,731,963** | **5,107** |
| | | | |
| Housing assistance payments | 144,600,606 | 148,806,946 | 4,206,340 |
| Program Reserve - HCV | 3,303,152 | 2,373,704 | (929,448) |
| Ongoing administrative fees earned | 10,081,370 | 11,876,478 | 1,795,108 |
| Thompson Set-Aside Funds | - | 4,347,697 | 4,347,697 |
| HUD Operating Grants | 80,741,691 | 87,606,462 | 6,864,771 |
| **Total Operating Grants** | **238,726,819** | **255,011,287** | **16,284,468** |
| | | | |
| Capital Grants - Hard cost Only | 7,562,382 | 8,501,698 | 939,316 |
| Investment Income | 140,597 | 70,867 | (69,730) |
| Fraud recovery | 5,000 | 47,851 | 42,851 |
| Gain or (Loss) on Sale of Assets | - | (12,366,662) | (12,366,662) |
| Other Government Grants | - | 3,894,913 | 3,894,913 |
| Other Revenue | 11,358,454 | 10,113,856 | (1,244,598) |
| **Total MTW Source** | **288,520,108** | **296,005,773** | **7,485,665** |

### Narrative Explanation of Differences

1. Rental Income was planned with a 1.5% increase in average rent. The actual Rental Income was slightly under budget due to the economy. Nonetheless, HABC maintained high occupancy with the fiscal year ended at 98%.

2. Actual “Other Tenant Revenue” exceeded the budget due to additional income from maintenance charges and court fees paid by the tenants.

3. Actual Housing Assistance Payments (HAP) subsidies exceeded the budget because of the previous year HAP in the amount of $2.6 million received in the current fiscal year as a result of the HAP reconciliation process. In addition, a higher than planned annual adjustment factor from 1.00 to 1.018 also contributed to the higher HAP funding in FY 2012.

4. The Program Reserves for HCV was budgeted to pay for the funding shortfall of the Thompson consent decree vouchers. Although within the MTW block grant, HABC does not use Non-Thompson funds for the Thompson vouchers. The actual amount received in FY 2012 was under budget because HUD held back $914k from the amount billed for the shortfall of the Thompson HAP.

5. Actual Ongoing administrative fees were budgeted at 77% and HUD funded administrative fees at 83% for FY 2012. Also, as a result of the reconciliation process, HABC received the prior year administrative fees in the amount of $1.2 million from HUD in the current fiscal year.

6. To address the Thompson funding issues, HUD agreed to provide $4.89 million Thompson Set-Aside Funds to HABC in August 2011. For the fiscal year ending June 30, 2012, HABC incurred actual expenditures of $4.35 million for mobility counseling and administrative expenses. Of this amount, HABC has a receivable due from HUD in the amount of $3,113,621.

7. The HUD Operating Grants include both public housing subsidies and the Capital Fund Program (CFP) soft cost for administrative and management improvements. The public housing operating subsidy was budgeted at 87.4%; the actual operating subsidies were funded at 100% for the first six months of the fiscal year.

8. Actual Capital Fund Program (CFP) and Replacement Housing Factor Fund (RHFF) hard cost revenues were based on construction activities as described in the Capital Improvement Plan and are reimbursed dollar for dollar.

9. Investment Income was below budget due to much lower interest rates earned from the banking institutions.

10. Fraud Recovery exceeded the budget because of increased activities in the recovery of HUD funds.

11. HABC recognized the “Loss on Sale of Assets” in FY 2012 for the disposition of 466 scattered sites units.

12. Other Government Grants include funds in the amount of $3,095,458 provided by the City of Baltimore for the weatherization of various HABC sites (Cherry Hill, Poe

Homes, Heritage Crossing, Spencer Gardens, Shipley Hills, Dukeland, Rosemont and Terraces Townhomes). This category also includes the City's Community Development Block Grant funding in the amount of $799,455 for renovation of the scattered sites units.

13. Other Revenue was under budget because of a shift of $2 million funding for modification of 10 UFAS units. This revenue was accrued in FY 2011 as result of the independent audit that restricted these funds in the prior year equity.

Table 18 and the following notes provide information on planned versus actual Uses of MTW funds for FY 2012.

**Table 18:**
**FY 2012 Planned vs. Actual Uses of MTW Funds**

| UNAUDITED | Budget | Actual | Variance |
|---|---|---|---|
| Administrative | 16,864,414 | 13,464,297 | 3,400,117 |
| Public Housing - Site Management | 13,410,980 | 13,901,219 | (490,239) |
| Section 8 HCV Management | 12,286,509 | 12,509,752 | (223,243) |
| Tenant Services | 3,286,435 | 2,815,032 | 471,403 |
| Utilities | 28,891,646 | 22,099,714 | 6,791,932 |
| Ordinary Maintenance & Operations | 33,469,001 | 35,762,631 | (2,293,630) |
| Protective Services | 3,085,819 | 4,153,381 | (1,067,562) |
| General Expenses | 25,059,193 | 25,630,055 | (570,862) |
| **Total Operating Expenses** | **136,353,997** | **130,336,081** | **6,017,916** |
| | | | |
| Extraordinary Maintenance | 400,000 | 3,256,181 | (2,856,181) |
| Casualty Loss | 400,000 | 721,229 | (321,229) |
| Housing Assistance Payments | 157,402,775 | 140,038,718 | 17,364,057 |
| Hard Costs | 14,842,110 | 12,502,084 | 2,340,026 |
| **Total MTW Uses** | **309,398,882** | **286,854,293** | **22,544,589** |
| | | | |

**Narrative Explanation of Differences**

1. Administrative expenses include salaries, benefits for administrative staff. Also included are administrative operating expenses such as office rent, telephone, computer materials and contracts, postage, supplies and allocated overhead. Actual administrative expenses were under budget due to less than estimated CFP consulting contract and technical support cost. Also, cost for Lease enforcement in the amount of $458k was reclassified to Protective Services and non-owned privately managed sites expenses in the amount of $2.5 million was properly reclassified to the Ordinary Maintenance category.
2. Public Housing – Site Management include salaries, benefits for administrative staff and housing management staff in the public housing sites. Also included are the related administrative operating expenses such as telephone, computer

materials and contracts, postage, supplies and allocated overhead. Actual Site Management expenses exceeded the budget because of the outside contract costs that were directly relating to the housing sites.

3. Section 8 HCV Management expenses include salaries, benefits for administrative staff and housing management staff in the HCV program. Also included are administrative operating expenses such as office rent, telephone, computer materials and contracts, postage, supplies and allocated overhead. Actual Section 8 HCV Management expenses were slightly over budget due to equipment paid for the needed office expansion.

4. Tenant Services include salaries, benefits, related materials and supplies used to support tenant councils and the Resident Advisory Board, and to provide services to residents of public housing. Actual Tenant Services expenses were under budget because of lower contract and relocation costs.

5. Utilities include water, electricity, gas, steam and fuel consumed in the public housing sites. Utilities were under budget due to reduced consumption and favorable utility rates. As a result of successful procurement, HABC received favorable electric and gas rates. Also, consumption showed a decreasing trend as a result of the Energy Performance Contract (EPC) in some of the housing sites.

6. Ordinary Maintenance & Operations include salaries and benefits of ordinary maintenance workers assigned to public housing units. It includes ordinary maintenance materials and ordinary maintenance contracts. This category also includes outside contract costs to privatized firms, who operate some of HABC's public housing and affordable housing units. Total maintenance expenses exceeded budget due to reclassification of $2.5 million from Administrative to Maintenance contract costs for the non-owned privatized sites.

7. Protective Service includes salaries, benefits and other related costs of building monitors assigned to public housing developments. The over-budget amount was due to some overtime incurred by the building monitors to safeguard the housing sites. Also, the Lease Enforcement unit in the amount of $458k was reclassified from Administrative to Protective Service and approximately $500k was related to the cost for CCTV at various sites.

8. General Expenses include insurance premiums for General Liability, Worker's Compensation, automobile, etc. This category also includes collection losses for uncollected rent and deductible amounts not covered by the insurance carriers for casualty losses incurred by HABC. Additionally, to comply with GASB Statement No. 45, this category also includes the Other Post Employment Benefit (OPEB) expenses. General Expenses were over budget because the Agency made an additional contribution of $6.24 million to the Pension fund, of which $5.4 million was applicable to the MTW block grant. The additional pension

contribution was recommended by the Actuary to fund the minimum retirement benefit liability.

9. Housing Assistance Payments (HAP) include rent subsidies paid to landlords and utility assistance paid to tenants by the Section 8 programs. HAP was budgeted with an aggressive lease up plan. Because of the projected budget constraints, HABC cut back on the units leased. Also, the actual cost per unit was lower than planned, contributing to lower HAP expenses.

10. Extraordinary Maintenance exceeded the budget primarily due to recognition of the weatherization expenses of $3,095,459 that was fully funded by the City of Baltimore. In addition, there were also some major repairs beyond normal maintenance paid by HABC for units at various Housing Sites.

11. Casualty Loss exceeded the budget due to damages paid for various housing sites beyond the insurance deductible amounts.

12. Construction (Hard) Costs include activities paid by Capital Fund Program and prior year HAP funds. Capital activities included waterproofing, tuck pointing and window replacement at various sites, replacement of Scattered Sit roofs, Barclay redevelopment, 504 unit modifications, heating and mechanical upgrades agency wide. Detail of these capital improvement projects are discussed in the Capital Planning and Development section.

## B. Planned vs. Actual Sources and Uses of State and Local Funds

Programs that are included in the State and Local Funds category include the following funding sources:

- City of Baltimore - Housing and Community Development (HCD) pass-through reimbursable expenses
- Various Resident Services Grants

Table 19 and the following notes provide information on planned versus actual sources of State and Local Funds for FY 2012).

**Table 19**
**FY 2012 Planned vs. Actual Sources of State and Local**

| UNAUDITED | Budget | Actual | Variance |
|---|---|---|---|
| Other Government Grants | 1,370,812 | 1,366,698 | (4,114) |
| Other City Grants | - | - | - |
| Other Revenue | 12,852,340 | 9,032,049 | (3,820,291) |
| **Total State/Local Source** | **14,223,152** | **10,398,747** | **(3,824,405)** |

## Narrative Explanation of Differences

The State and Local Fund Source during FY 2012 was below budget for the following reasons:

1. Other Government Grants were within budget for the revenues received from the Department of Social Services and the Maryland State Department of Education for Family Self-Sufficiency and Child Care Program.

2. Other Revenue was under budget due to the lower than anticipated pass-through activities by the City of Baltimore. HABC received instantaneous reimbursements from the City of Baltimore for the pass-through activities.

Table 20 and the following notes provide information on planned versus actual uses of State and Local Funds for FY 2012.

**Table 20:**
**FY 2012 Planned vs. Actual Uses of State and Local Funds**

| UNAUDITED | Budget | Actual | Variance |
|---|---|---|---|
| Administrative | 4,856,768 | 4,438,237 | 418,531 |
| Tenant Services | 1,558,678 | 1,181,048 | 377,630 |
| Ordinary Maintenance & Operations | 6,634,432 | 3,748,019 | 2,886,413 |
| General Expenses | 1,173,274 | 1,031,443 | 141,831 |
| **Total State/Local Uses** | **14,223,152** | **10,398,747** | **3,824,405** |

## Narrative Explanation of Differences

1. Actual Administrative expenses were under budget due to lower than planned staffing costs for Resident Service Inc., a separate non-profit organization for various resident services activities.

2. Tenant Service expenses were under budget for the reduced staffing and program costs to support day care activities. The Family Self-Sufficiency program operated within budget to provide services to residents for job placement and case management.

3. Ordinary Maintenance expenses were under budget because of the reduced pass-through activities by the City of Baltimore. HABC received instantaneous reimbursements from the City of Baltimore for these expenses.

4. General expenses were under budget due to lower insurance expenses.

Table 21 and the following notes provide information on HABC's reserves and the intended use for those funds.

Table 21: HABC Reserves

| Per Audited FDS | Restricted Net Assets | Unrestricted Net Assets |
|---|---|---|
| **MTW** | | |
| Beginning Balance @ 7/1/2011 | $46,995,551 | $47,258,094 |
| Additions (Subtractions) | $4,604,903 | ($1,018,853) |
| Ending Balance @ 6/30/2012 | $51,600,454 | $46,239,241 |
| **Non-MTW** | | |
| Beginning Balance @ 7/1/2011 | $9,816,085 | ($2,164,360) |
| Additions (Subtractions) | $917,169 | ($561,665) |
| Ending Balance @ 6/30/2012 | $10,733,254 | ($2,726,025) |
| Total Ending Balance @ 6/30/2012 | $62,333,708 | $43,513,216 |

**Narrative Explanation:**

1. The Restricted Net Assets have been dedicated to future capital improvement and UFAS activities.
2. The Unrestricted Net Assets are working capitals to support day-to-day operations of the Agency.

## C. Sources and Uses of the COCC

This section is not applicable to HABC's FY2012 Annual Report. HABC has elected to implement a cost allocation approach since FY 2009. HABC did not adopt HUD's fee for service approach. There was no Central Office Cost Center (COCC) reported in the annual Financial Data Schedule (FDS).

## D. Local Asset Management Plan

HABC has fully implemented its Local Asset Management Plan as approved by HUD in the FY 2012 MTW Annual Plan. No property management, asset management or bookkeeping fees were charged to the AMPs. Through the Cost Allocation approach, HABC applied an overhead rate of 11.37% to all MTW programs and 11.11% to all non-MTW programs.

As discussed in the Annual Plan, the accounts that deviate from HUD's Asset Management Requirements are listed as follows:

- Cash and Investments
- Inter-fund Accounts Receivable or Payable
- Prepaid Expenses and Deferred Charges
- Material Inventory
- Accounts Payable and Accrued Liabilities
- Payroll Liabilities
- Compensated Absence
- Other Post Employment Benefits (OPEB) Liability
- Unrestricted and Restricted Net Assets

The approved Local Asset Management Program is attached in Appendix B for additional detail.

## E. Single Fund Flexibility

The restated MTW Agreement allows HABC to combine public housing operating and capital funds (including development and replacement housing factor) provided under Section 9 and tenant-based voucher program funds provided under Section 8 of the 1937 Act into a single, authority-wide funding source. HABC uses this funding source to carry out the MTW program activities to provide flexibility in the design and administration of housing assistance to eligible families, to reduce cost and achieve greater cost effectiveness in federal expenditures.

Due to inadequate HUD funding for capital improvement needs, HABC estimated that $4,643,571 of Section 8 tenant-based HCV HAP funds would be needed to supplement various capital improvement and development activities. The actual amount used in FY 2012 was $4,000,386, which was included in the "Hard Costs" category as discussed above. The remaining amount has been deferred for uses in FY 2013. Actual hard costs were below budget due to the shift of construction activities to ARRA. Details are discussed separately in the Capital Planning and Development section.

Without the Single Fund flexibility, HABC could not have provided the needed capital improvements to its housing sites. These capital improvement activities improve HABC's residents' qualities of lives as windows were replaced, more accessible units were made available, heating and mechanical systems were upgraded, etc. Also, HABC may use MTW Funds to provide gap financing for the construction of Section 811 units.

## F. Results of Agency-Directed Evaluations

Not applicable.

## VIII. Administrative

For a description of the progress made on correcting or eliminating observed deficiencies cited in monitoring visits, physical inspections or other oversight and monitoring mechanisms, please see **Appendix G**: the FY 2011 Audit Report with REAC Corrections.

The Annual Report provides a series of appendixes including materials required by HUD pursuant to the MTW Agreement and other information provided by HABC to inform HUD and the public of its MTW activities. The following is a list of appendices:

Appendix A: Demographic Characteristics of Households on the Waiting List
Appendix B: Local Asset Management Plan
Appendix C: Energy Performance Contract Information
Appendix D: ARRA Competitive Contracts
Appendix E: ARRA Formula Contracts
Appendix F: Emergency Safety and Security Grant
Appendix G: The FY 2011 Audit Report with REAC Corrections
Appendix H: Certification of Compliance
Appendix I: Other HABC Housing