

Annual Report FY2003

MOVINGTOWORK

CHANGE.
CHICAGO HOUSING AUTHORITY

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I'm pleased to present the Chicago Housing Authority's FY2003 Annual Report which provides the results of the fourth year of the Plan for Transformation. Working under the leadership of Mayor Richard M. Daley, the CHA made significant progress during FY2003 toward its goal of renewing its housing stock, promoting self-sufficiency among public housing residents, and streamlining its management practices. The results were impressive.

Years ago, Chicago's public housing became nationally known as a place where widespread poverty and crime left residents feeling stigmatized. But from that bleak history, the CHA has forged ahead toward a promising future. More than 3,700 units were built or rehabilitated during 2003. Real estate transactions closed for nine mixed-income communities – more than in any other year of the Plan. Approximately 880 residents were linked to full-time jobs. Four years into the Plan for Transformation, we have completed nearly 45% of the units slated for redevelopment or rehabilitation.

But the story of 2003 is perhaps best glimpsed through the redevelopment of Henry Horner Homes, a large high-rise public housing development on Chicago's west side. 2003 began with a bang, when construction of a new mixed-income community started at the site of Horner Homes. And the year ended on a high note, when public housing families moved into Westhaven Park, one of the new mixed-income communities that replaces Horner Homes. It marked the first time in history when CHA residents moved into mixed-income housing located on a site where high-rises once stood. The Horner Homes site serves as an apt symbol of our progress during the Plan for Transformation.

Westhaven Park, like the nine other CHA sites undergoing redevelopment, features a number of amenities that will blend the mixed-income communities into the existing neighborhoods. The streets are linked to Chicago's street grid, recreational space has been added, and the mixed-income community's architecture resembles the building styles of the neighborhood around it. Unlike the isolated high-rise developments of the past, Westhaven Park is united with the rest of the city.

But the CHA is doing more than giving residents new units. We're also giving them an opportunity for a new lease on life. With more access to the surrounding community our residents will have a better chance of achieving self-sufficiency. To help them overcome personal hurdles, the CHA has continued to link residents to job training, drug counseling, and other vital social services. Our Service Connector System handled more than 69,000 cases with CHA families during 2003.

Of course, the scope of the Plan for Transformation cannot be understated. By rebuilding our communities, we are trying to overcome more than 40 years of institutionalized poverty. This cycle can only be reversed over time, and our success must be measured incrementally. We have much more work to do, and the challenges remain formidable. But I remain confident that our team is up to the task.

I am profoundly grateful to Mayor Daley for providing the City's concerted support of the Plan for Transformation. Under the Mayor's leadership, City of Chicago departments and agencies have played a pivotal role in developing both the physical and human infrastructure that forms the foundation of our new communities. Our resident leaders have also played a critical role in helping residents to manage the changes required under the Plan for Transformation. I am also thankful to our many partners in the civic community, who have supplied funding and other resources to help move the Plan forward. By continuing to work together, we will achieve our vision for change.

Sincerely,

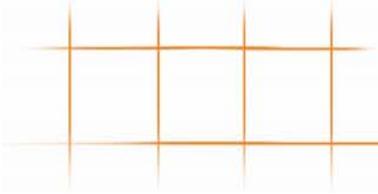
A handwritten signature in blue ink, appearing to read 'T. Peterson', written over a white background.

Terry Peterson
Chief Executive Officer

**DO
YOU
HAVE
A
VISION
FOR
CHANGE?**

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INTRODUCTION

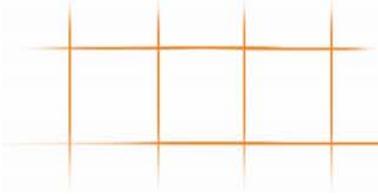
On February 6, 2000, the U.S. Department of Housing and Urban Development (HUD) approved the Chicago Housing Authority's (CHA) Plan for Transformation (Plan), which called for sweeping changes in the administration and operation of the CHA. The executed Moving to Work (MTW) Demonstration Agreement and its amendments provide a description of the CHA's process for accomplishing the Plan for Transformation's objectives. The Authority submitted its Annual Plan on November 1, 2002 to provide its stakeholders with the goals and activities planned for FY2003. This document represents the CHA's Annual Report for FY2003 and provides the results of the fourth year of the Plan for Transformation's implementation.

HIGHLIGHTS OF FY2003

The CHA's Plan for Transformation is the most ambitious effort to improve public housing in the country. The ten-year plan requires continual coordination and planning efforts from all of the CHA's internal and external stakeholders, and in FY2003, the people of Chicago began to see significant and visible results from those efforts. As a result of the Plan, CHA residents are now working toward economic self-sufficiency, making informed decisions about where to live, and becoming an active part of Chicago's neighborhoods.

Renewal of Chicago's Public Housing: Redevelopment and Rehabilitation

- The CHA completed construction of 3,780 units during FY2003, bringing the cumulative total of completed units to 44.9% of the 25,000 revitalized units planned for the Plan for Transformation. Of the completed units, 174 are mixed-income, 2,911 are senior housing, 654 are scattered site, and 41 are rehabilitated family units.
- CHA residents made history when they moved into redeveloped public housing, located on the site of former high-rises.
- A total of nine real estate transactions were closed for mixed-income communities in FY2003, more than in any other single year of the Plan.



Achieving Economic & Social Self-Sufficiency

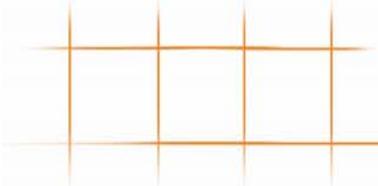
- The Service Connector System managed 69,000 cases with residents in family developments during FY2003.
- 883 residents were connected to full-time jobs during the first three quarters of FY2003. This brings the total number of residents connected to employment since the Plan's inception to 4,021, exceeding the Plan for Transformation's original goal of placing 3,000 residents to full-time jobs by FY2005.
- The CHA won the Publicity Club of Chicago's Silver Trumpet Award for producing its cable television show, "CHA: Building a Better Place."

Supporting Residents through Relocation

- 92 families moved into their permanent home in the private market with a Housing Choice Voucher, and 101 families moved into their permanent rehabilitated or redeveloped CHA unit, totaling 193 permanent moves in FY2003.
- 931 families moved out of non-revitalized public housing units in FY2003 and into temporary housing during revitalization.
- The Supportive Service system was re-engineered to help residents moving out of non-revitalized public housing units with a range of service needs, such as enrolling in school, finding units in the private market, and preparing residents to meet site-specific criteria.

Enhancing Affordable Housing Opportunities

- More than 35,000 low-income families leased private housing units of their choice through the Housing Choice Voucher program in FY2003.
- Since the inception of the CHA's Choose to Own Program, 55 families have been able to purchase their first home, including 39 families who purchased their first home in FY2003.
- As a result of the CHA's outreach efforts, 993 new landlords and 1,511 new units in low-poverty areas were added to the Housing Choice Voucher Program in FY2003.
- 1,543 participants were enrolled in the Family Self-Sufficiency Program in FY2003, a five-year program designed to help participants achieve financial independence via education and job training, self-help workshops, and business development assistance.



Operation of Chicago's Public Housing

- Six of the CHA's seven property management performance benchmarks were met or exceeded in FY2003, including those for unit inspections, building system inspections, rent collection, recertification completions, percentage of completed non-emergency work orders, and number of days for non-emergency work order response.
- The CHA adopted a new Admissions and Continued Occupancy Policy, Residential Lease Agreement and Contract, and Pet Policy in FY2003.

Sustaining Safe Communities

- The Chicago Police Department's Public Housing Section conducted foot patrols in and around CHA developments and coordinated a number of anti-crime strategies at CHA properties during FY2003.
- 99 Resident Outreach Service groups conducted 36,175 building safety checks and 95 public safety meetings during the year.

Advancing the Vision for CHAnge

- The Government Finance Officers Association awarded the CHA's Finance Department a Certificate of Achievement for Excellence in Financial Reporting for the sixth consecutive year and the Distinguished Budget Presentation Award for the third consecutive year.
- \$11.88 million in new resources were leveraged during FY2003, exceeding the CHA's fundraising goal for FY2003 by more than 18%. The grand total of new resources accumulated since the Plan's inception is \$52.41 million.

Promoting Economic Opportunities

- The CHA was able to expose more than 800 MBE/WBE/DBE businesses to potential contract work and partnership opportunities in FY2003 through small business trainings, roundtables, and employment fairs.
- Over \$396,800 in alternative procurements were awarded to resident-owned businesses in FY2003.

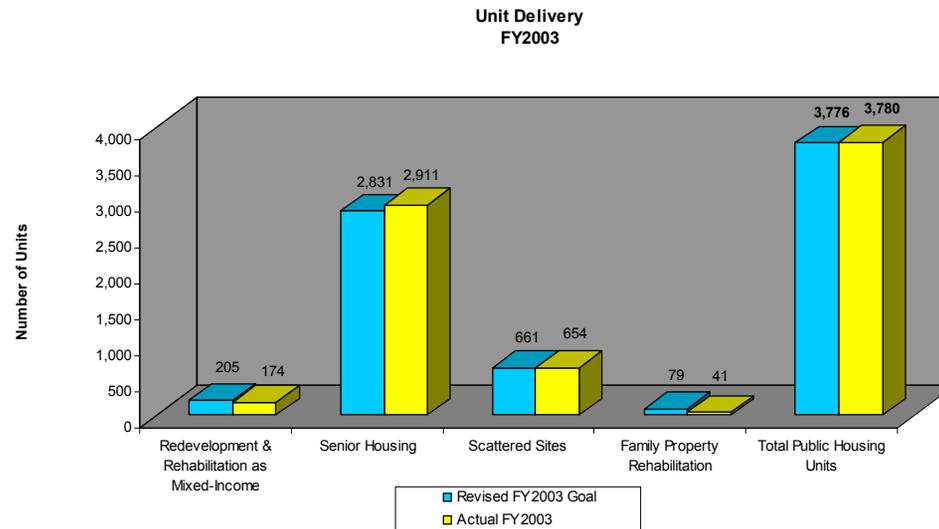


CHAPTER 1: Renewal of Chicago's Public Housing

FY2003 was an historic year for the CHA as it continued its ten-year plan to transform the face of public housing by redeveloping or rehabilitating 25,000 public housing units:

- The CHA completed 3,780 units during FY2003¹;
- More mixed-income deals were closed than in any other year of the Plan for Transformation;
- The first CHA residents moved into newly redeveloped homes located on the site of former high-rises; and
- Residents also continued to move into redeveloped units located near the site of former high-rises.

The successes of FY2003 were not solely the result of the CHA's actions. The support and participation provided by residents, private funding partners, foundations, developers, the City of Chicago, and HUD allowed the CHA to create more viable housing options for low-income households.



¹ In the Annual Plan FY2003-Year 4, the CHA projected that FY2003 unit delivery would be 5,845 units. This was revised in early FY2003 to 3,776 units.

Unit Delivery Plan to Date (FY2003)					
Development Name	Actual Unit Delivery FY2000 & Before	Actual Unit Delivery FY2001	Actual Unit Delivery FY2002	Revised Unit Delivery Goal FY2003 ¹	Actual Unit Delivery FY2003
Redevelopment as Mixed-Income (Includes Off-Site Mixed-Income Residential Properties)					
ABLA Homes	329	-	-	-	-
Francis Cabrini Extension Replacement Housing	44	32	53	73	57
Henry Horner Homes	553	-	-	25	8
Lakefront Replacement Housing	90	16	-	15	15
Rockwell Gardens	-	-	-	-	-
Stateway Gardens	-	-	-	-	-
Robert Taylor Homes	29	27	-	-	-
Madden Park Homes/ Ida B. Wells Homes & Extension/ Clarence Darrow Homes	-	-	-	-	-
Rehabilitation as Mixed-Income					
Hilliard Center	-	-	-	92	94
Washington Park/St. Edmund's Meadows	-	-	-	-	-
TOTAL: Redeveloped & Rehabilitated Mixed-Income Units	1,045	75	53	205	174
Senior Housing Rehabilitation					
Rehabilitation of CHA senior housing	-	1,026	3,489	2,831	2,911
TOTAL: Senior Housing Rehabilitated Units	-	1,026	3,489	2,831	2,911
Scattered Site Housing Rehabilitation					
Scattered Sites North Central, Northeast, Southeast, Southwest, & West	-	706	1,063	661	654
Francis Cabrini Extension	-	-	-	-	-
TOTAL: Scattered Site Rehabilitated Units	0	706	1,063	661	654
Family Properties Rehabilitation					
Altgeld Gardens/Murray Homes	-	-	-	-	-
Bridgeport Homes	-	-	-	25	15
Lake Parc Place	-	-	-	-	21
Lawndale Gardens	-	-	-	-	-
Lowden Homes	-	-	-	54	5
Trumbull Park Homes	-	-	-	-	-
Wentworth Gardens	-	-	-	-	-
TOTAL: Rehabilitated Family Units	0	0	0	79	41
Rehabilitation or Redevelopment					
Francis Cabrini Extension South/William Green Homes/1230 N. Burling (Redeveloped)	-	-	-	-	-
Francis Cabrini Rowhouses (Rehabilitated)	-	-	-	-	-
Dearborn Homes (Rehabilitated)	-	-	-	-	-
Harold Ickes Homes/Prairie Courts Extension (Rehabilitated)	-	-	-	-	-
Lathrop Homes (Rehabilitated or Redeveloped)	-	-	-	-	-
Lawndale Complex (Redeveloped)	-	-	-	-	-
LeClaire Courts Extension (Rehabilitated)	-	-	-	-	-
Randolph Towers (Redeveloped)	-	-	-	-	-
Washington Park High-rises (Redeveloped)	-	-	-	-	-
Washington Park Low-rises (Rehabilitated)	-	-	-	-	-
TOTAL: Rehabilitated or Redeveloped Units	0	0	0	0	0
GRAND TOTALS					
TOTAL NUMBER OF PUBLIC HOUSING UNITS DELIVERED IN YEAR	1,045	1,807	4,605	3,776	3,780
CUMULATIVE TOTAL NUMBER OF PUBLIC HOUSING UNITS DELIVERED	1,045	2,852	7,457	11,233	11,237
CUMULATIVE TOTAL PERCENTAGE OF 25,000	4.2%	11.4%	29.8%	44.9%	44.9%

¹The FY2003 Unit Delivery Goal was revised in early FY2003.

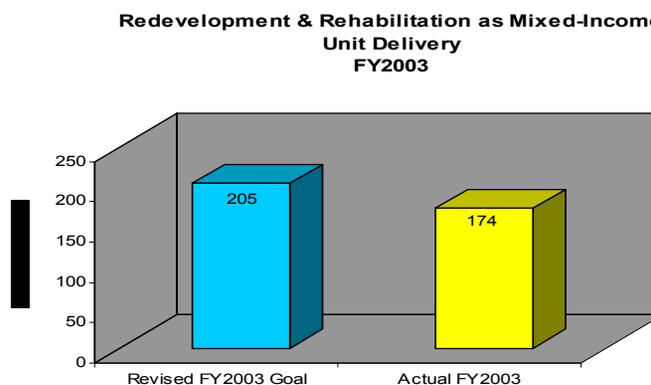
Units Under Construction FY2003		
Development Name	Revised Units Under Construction Goal FY2003 ¹	Actual Units Under Construction FY2003 ²
Redevelopment as Mixed-Income (Includes Off-Site Mixed-Income Residential Properties)		
ABLA Homes	-	-
Francis Cabrini Extension Replacement Housing	125	125
Henry Horner Homes	89	89
Lakefront Replacement Housing	80	80
Rockwell Gardens	18	18
Stateway Gardens	27	27
Robert Taylor Homes	-	-
Madden Park Homes/ Ida B. Wells Homes & Extension/ Clarence Darrow Homes	63	-
Rehabilitation as Mixed-Income		
Hilliard Center	153	153
Washington Park/St. Edmund's Meadows	14	14
TOTAL: Redeveloped & Rehabilitated Mixed-Income Units	569	506
Senior Housing Rehabilitation		
Rehabilitation of CHA senior housing	3,867	4,890
TOTAL: Senior Housing Rehabilitated Units	3,867	4,890
Scattered Site Housing Rehabilitation		
Scattered Sites North Central, Northeast, Southeast, Southwest, & West	661	727
Francis Cabrini Extension	-	-
TOTAL: Scattered Site Rehabilitated Units	661	727
Family Properties Rehabilitation		
Altgeld Gardens/Murray Homes	-	-
Bridgeport Homes	107	107
Lake Parc Place	-	300
Lawndale Gardens	-	-
Lowden Homes	126	126
Trumbull Park Homes	-	-
Wentworth Gardens	-	-
TOTAL: Rehabilitated Family Units	233	533
Rehabilitation or Redevelopment		
Francis Cabrini Extension South/William Green Homes/1230 N. Burling (Redeveloped)	-	-
Francis Cabrini Rowhouses (Rehabilitated)	-	-
Dearborn Homes (Rehabilitated)	-	-
Harold Ickes Homes/Prairie Courts Extension (Rehabilitated)	-	-
Lathrop Homes (Rehabilitated or Redeveloped)	-	-
Lawndale Complex (Redeveloped)	-	-
LeClaire Courts Extension (Rehabilitated)	-	-
Randolph Towers (Redeveloped)	-	-
Washington Park High-rises (Redeveloped)	-	-
Washington Park Low-rises (Rehabilitated)	-	-
TOTAL: Rehabilitated or Redeveloped Units	0	0
TOTAL NUMBER OF PUBLIC HOUSING UNITS UNDER CONSTRUCTION	5,330	6,656

¹The FY2003 "Units Under Construction Goal" was revised in early FY2003.

²Units counted in "Actual Units Under Construction" include all units where construction activity occurred during FY2003 and where unit delivery either: 1) occurred in FY2003 or 2) will occur in FY2004 or later.

REDEVELOPMENT AND REHABILITATION OF MIXED-INCOME COMMUNITIES

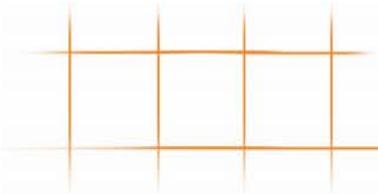
Significant planning, site preparation, and construction occurred in FY2003 at ten CHA redevelopment sites located throughout Chicago. During FY2003, 174 units in mixed-income communities were added to the CHA's housing stock.



The creation of mixed-income communities is a lengthy process that includes a number of steps before construction may begin:

- Creating a working group;
- Identifying a master developer;
- Creating plans for the site and obtaining approvals from the City of Chicago;
- Securing financing;
- Drafting a tenant selection plan and lease;
- Installing and updating infrastructure; and
- Closing the real estate transaction.

Because of the large number of units being constructed and the complexity of the financing, each mixed-income community is divided into multiple construction phases, allowing the developer to secure financing and manage construction at a pragmatic pace. Some of the



construction phases occur on the actual site of former CHA developments (on-site) while other phases occur on surrounding parcels of land (off-site).

Creating a Working Group

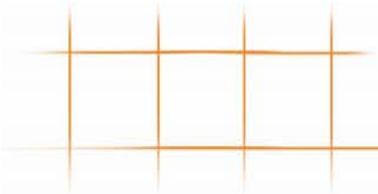
The working group is composed of representatives of residents, the CHA, the local community, the Habitat Company (the Receiver), the City of Chicago, and the Gautreaux Plaintiffs' Counsel. The sites' working groups are responsible for identifying a master developer, helping draft the tenant selection plan, and providing input on plans for the site. By the end of FY2003, a working group had been created for all ten mixed-income communities.

Identifying the Master Developer

The CHA encourages the working groups to participate in the selection of a master developer. Proposals for a master developer are solicited nationally through the CHA's procurement process. After a master developer is selected, the CHA enters into a Master Developer Agreement (MDA) with the developer, which includes a description of the project, the developer's responsibilities, the CHA's responsibilities, and a timeline for unit construction and delivery. The MDA must be approved by both the CHA's Board of Commissioners (Board), the Habitat Company, and HUD. In FY2003, four CHA redevelopment site MDAs were approved. The selected master developer, with input from the working group, then prepares a master development plan for the site, creates tenant selection criteria, conducts environmental remediation, and oversees unit construction.

Creating Plans for the Site

The master developer contracts with a master architect and/or urban planner, who then designs a site plan that seamlessly blends the public housing units with the market-rate and affordable units. The site plans integrate commercial space, residential units, and green space to allow residents to benefit from the community's emerging economic growth.



Securing Financing

The CHA has invested significant resources into creating new units for residents. However, CHA funds alone cannot create these new communities. The master developer and the CHA must work together to secure supplemental financing. The sources of additional financing are from both public and private sources and may include HOPE VI awards, tax credits, private mortgages, and tax-exempt bonds.

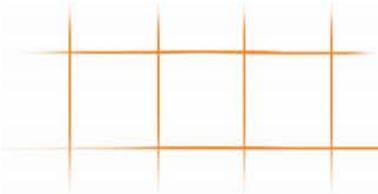
Drafting a Tenant Selection Plan and Lease

Like any privately-owned residential community, mixed-income communities have leases and specific criteria for all families who are interested in renting units (market rate, affordable, or public housing). These criteria are collectively known as a “tenant selection plan” and/or “site-specific criteria.” The CHA held 30-day public comment periods and public hearings for each of the draft mixed-income leases and tenant selection plans created in FY2003.

Comment Periods for Draft Mixed-Income Leases and Tenant Selection Plans FY2003	
Mixed-Income Community	Original CHA Site
Domain Lofts	Francis Cabrini Extension North
Hilliard Center	Hilliard Center
Lake Park Crescent & Jazz on the Boulevard	Lakefront Replacement Housing
Madden Park Homes/ Ida B. Wells Homes & Extension/ Clarence Darrow Homes Phase 1A	Madden Park Homes/ Ida B. Wells Homes & Extension/ Clarence Darrow Homes
Pershing Courts	Stateway Gardens
Robert Taylor Homes Phase C1	Robert Taylor Homes
Rockwell Gardens Phase I	Rockwell Gardens
St. Edmund's Meadow	Washington Park
Westhaven Park	Henry Horner Homes

Installing and Updating Infrastructure

A sound infrastructure is essential to the success of the mixed-income communities. At each of its redevelopment sites, the City of Chicago works with the CHA to review the current infrastructure and establish plans for installing new or updating existing systems that will support the new communities. Installing and updating the sewer, water, and street infrastructure generally requires a minimum of six months and normally occurs before unit construction.



Closing of the Real Estate Transaction

Closing the real estate transaction is a crucial milestone in the redevelopment process that allows construction activity to begin. The CHA has made significant strides in this process since the beginning of the Plan for Transformation. Once arduous and wrought with hurdles, the process leading to a real estate closing has been streamlined and made more efficient with each deal. Building on this experience, the CHA closed a record number of nine real estate transactions in FY2003, paving the way for unit delivery in FY2004.

Mixed-Income Community Real Estate Transaction Closings FY2003		
Mixed-Income Community	Original CHA Site	Month Real Estate Transaction Closed
Lake Park Crescent	Lakefront Replacement Housing	April 2003
St. Edmund's Meadows	Washington Park	June 2003
Old Town Village East I	Francis Cabrini Extension North	August 2003
Old Town Village East II	Francis Cabrini Extension North	August 2003
Rockwell Gardens Phase 1A	Rockwell Gardens	August 2003
South Park Plaza	Prairie Courts	September 2003
Old Town Village West	Francis Cabrini Extension North	November 2003
Domain Lofts	Francis Cabrini Extension North	December 2003
Pershing Courts	Stateway Gardens	December 2003

Additional information on FY2003 activity at each of the CHA mixed-income communities can be found on the following pages.

ABLA
**(Grace Abbott Homes, Robert H. Brooks Homes & Extension,
Loomis Courts, and Jane Addams Homes)**

Roosevelt Square - Phase 1 of ABLA redevelopment, Roosevelt Square, will contain 125 public housing units in a 418-unit, mixed-income community. To prepare for the construction of these units in FY2004, the CHA, the ABLA Working Group, and City of Chicago departments:

- Executed the MDA;
- Completed building design plans;
- Designed new streets and enhanced public infrastructure; and
- Secured tax credit allocations of \$2 million dollars from the Illinois Housing Development Authority (IHDA) and the Chicago Department of Housing (CDOH).

As with other mixed-income communities in Chicago, redevelopment of the ABLA site is spurring redevelopment activity in other parts of the community. Near ABLA, the Public Building Commission of Chicago is constructing a 57,000 square-foot Fosco Park Community Center that will include a swimming pool, daycare facility, and gymnasium.



FOSCO PARK



ROOSEVELT SQUARE

Cabrini-Green (Francis Cabrini Homes & Extensions/ William Green Homes)

Domain Lofts - In the fourth quarter of FY2003, a Tax Increment Financing (TIF) Redevelopment Agreement with the City of Chicago was executed for Domain Lofts, which is across the street from Francis Cabrini Extension North. Several other CHA developments are also located in TIF Districts, which provide the developer and the CHA with access to additional funding from the City of Chicago and often encourage both private residential and commercial investment in the surrounding area. With financing secured, the CHA closed on the real estate transaction for Domain Lofts in December and began construction of 16 public housing units in a 298-unit mixed-income community.

Old Town Village East I & II and Old Town Village West - Three additional real estate transaction closings occurred near the Cabrini-Green site: Old Town Village East I & II and Old Town Village West. Together, these three deals will provide 66 units of public housing in a community comprised of mid-rises, walk-ups, and town homes.

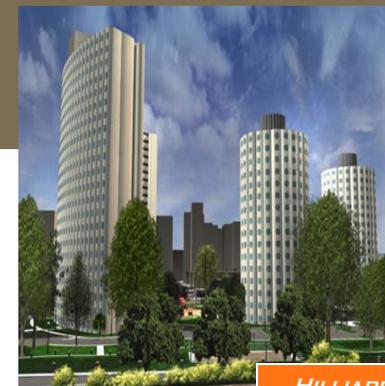


OLD TOWN VILLAGE

Hilliard Center

Phase 1 - Hilliard Center includes two family buildings and two senior buildings that are located near downtown Chicago. Construction on this site is divided into two phases, each containing one senior building and one family building.

During FY2003, significant construction activity occurred during Phase 1. New elevators, windows, and state-of-the-art sprinkler systems were installed in the buildings. The interiors of both buildings were demolished to allow for the substantial rehabilitation of the units. The rehabilitated units have new walls, flooring, and kitchen cabinetry. Construction on one senior building was completed in December 2003, and both the 94 senior public housing units, as well as the 82 senior affordable rental units, are ready to be leased. Interested residents can now visit the model units.

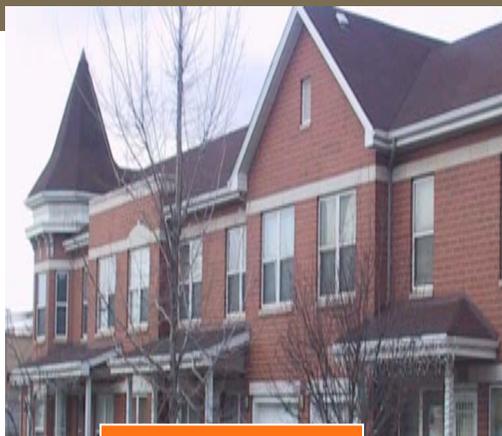


HILLIARD CENTER

Henry Horner Homes

Westhaven Park - For the first time since the beginning of the Plan for Transformation, CHA residents moved into new homes in a mixed-income community where high-rises once stood. In December, a total of seven public housing families moved into Westhaven Park, which is comprised of town homes, single family homes, and mid-rises. They were joined by six non-public housing families who moved into the area's affordable and market rate units.

In preparation for this redevelopment, the City invested significant resources to upgrade the sewer, water, and electrical systems of the surrounding community.

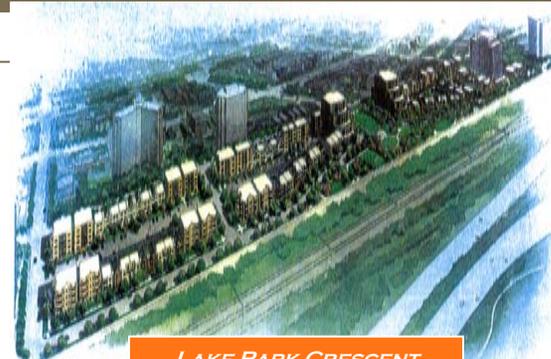


WESTHAVEN PARK

Lakefront Replacement Housing

Lake Park Crescent - In April, the CHA closed the real estate transaction and broke ground on the first phase of Lake Park Crescent, located in North Kenwood-Oakland. The first phase will provide 60 public housing, 36 market rate, and 52 affordable units in town homes and condominiums. The new community will have a three-acre park, easy access to Lake Michigan, and beautiful views of the Chicago skyline.

Hutchinson's Row - The CHA acquired 15 public housing units in the 45-unit Hutchinson's Row mixed-income community. The new units are located throughout the North Kenwood-Oakland neighborhood and blend seamlessly with the existing brick and stone structures.



LAKE PARK CRESCENT

Madden Park Homes/Ida B. Wells Homes and Extension/Clarence Darrow Homes

Phase 1 - The Madden Park Homes, Ida B. Wells Homes and Extension, and Clarence Darrow Homes developments are located on the city's south side in the historic Bronzeville community. To supplement HOPE VI funding, the Chicago City Council supported the creation of a TIF district in the Madden/Wells/Darrow area by approving the TIF developer designation. The City Council also approved the use of a HOME loan for redevelopment. The CHA anticipates closing the real estate transaction for this community in FY2004.



MADDEN PARK HOMES /IDA B. WELLS HOMES AND EXTENSION/CLARENCE DARROW HOMES REDEVELOPMENT

Robert Taylor Homes

Phase A1 - The 253 units in Phase A1 of Robert Taylor Homes redevelopment will be located completely on-site and are approximately 1/3 public housing, 1/3 market rate housing, and 1/3 affordable housing. To prepare the site for construction in FY2004, the CHA submitted the rental term sheet and the Mixed-Finance Proposal (MFP), which details the redevelopment's financing, to HUD. At the end of FY2003, CHA executed the MDA.

Phase C1 - Phase C, which is divided into four sub-phases (C1, C2, C3, and C4), is the only off-site phase of redevelopment at Robert Taylor Homes currently under construction. In FY2003, the CHA asked HUD to approve the rental term sheet, evidentiaries, and the MFP for Phase C1. In addition, a public comment period and hearing were held for the tenant selection plan and lease, which were both subsequently approved by the CHA Board.



ROBERT TAYLOR HOMES REDEVELOPMENT

Rockwell Gardens

Phase 1A - Substantial pre-construction activity occurred at Rockwell Gardens in FY2003. The CHA:

- Executed the MDA, following HUD approval;
- Submitted the MFP for HUD approval; and
- Received building permits from the City of Chicago.

The CHA closed the real estate transaction for Phase 1A of Rockwell Gardens in August and began construction on the site's 42 units, of which 14 are public housing, 18 affordable, and 10 market rate. The new structures will have a number of amenities, including energy-efficient windows, carpeting, and central air conditioning.



ROCKWELL GARDENS
REDEVELOPMENT

Phase 1B - Over the course of FY2003, the CHA took many steps to prepare the Rockwell Gardens Phase 1B site for redevelopment, including designing the unit floor plans, preparing marketing materials, and creating the infrastructure site plan. In addition, the CHA received Low-Income Housing Tax Credits from the Chicago Department of Housing to augment the CHA, HOPE VI, and other public and private funds.

Stateway Gardens

Pershing Courts - The CHA and the Stateway Gardens' master developer received a number of City of Chicago approvals during FY2003. Some of the approvals were:

- Zoning changes;
- TIF financing; and
- Designation of the TIF developer.

In addition to the TIF funds, this redevelopment project is being financed with Low-Income Housing Tax Credits, HOME funds, and a loan from the IHDA Trust Fund. With financing in place and the real estate transaction closed, the CHA was able to start construction on the new mixed-income community of Pershing Courts.

The Illinois Institute of Technology (IIT), located across the street from Stateway Gardens, exhibited its support of the Plan for Transformation by announcing that it will offer \$7,500 forgivable loans to IIT students and faculty who purchase homes in Pershing Courts.



PERSHING COURTS

Stateway Gardens (Continued)

Park Boulevard - A number of planning and pre-construction activities occurred in FY2003 at Park Boulevard, the on-site portion of the Stateway Gardens redevelopment:

- The Redevelopment plan received approval from the City of Chicago Plan Commission;
- Water consolidation and electrical rerouting were completed;
- Rerouting of utility lines began; and
- The MDA was executed.



STATEWAY GARDENS REDEVELOPMENT

Washington Park Homes

St. Edmund's Meadows - For the first time, a non-profit community development corporation, the St. Edmund's Redevelopment Corporation, will administer the rehabilitation of Chicago public housing units. The CHA closed the real estate transaction on 14 public housing units in the St. Edmund's Meadows mixed-income community in June, and construction began shortly thereafter.

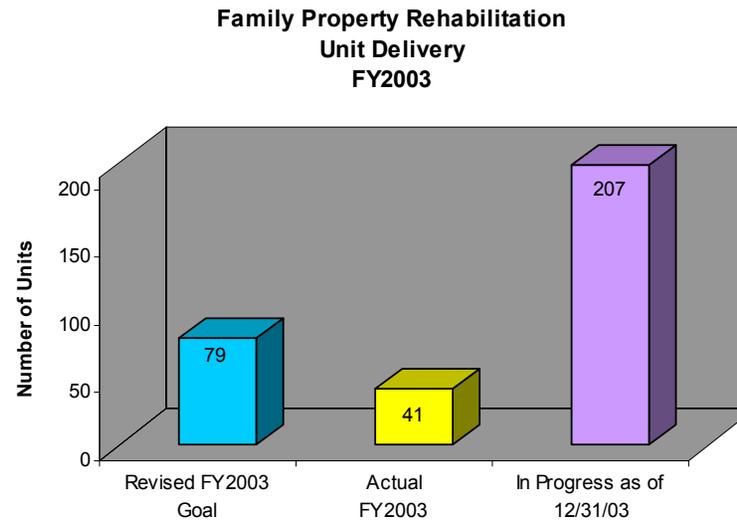


ST. EDMUND'S MEADOWS

FAMILY PROPERTY REHABILITATION

In addition to the significant construction activities at the redevelopment sites, the CHA made great progress in the rehabilitation of traditional public housing communities throughout the year. The Plan for Transformation's first 41 rehabilitated family units were delivered in FY2003 at Bridgeport Homes (15), Lake Parc Place (21), and Lowden Homes (5).

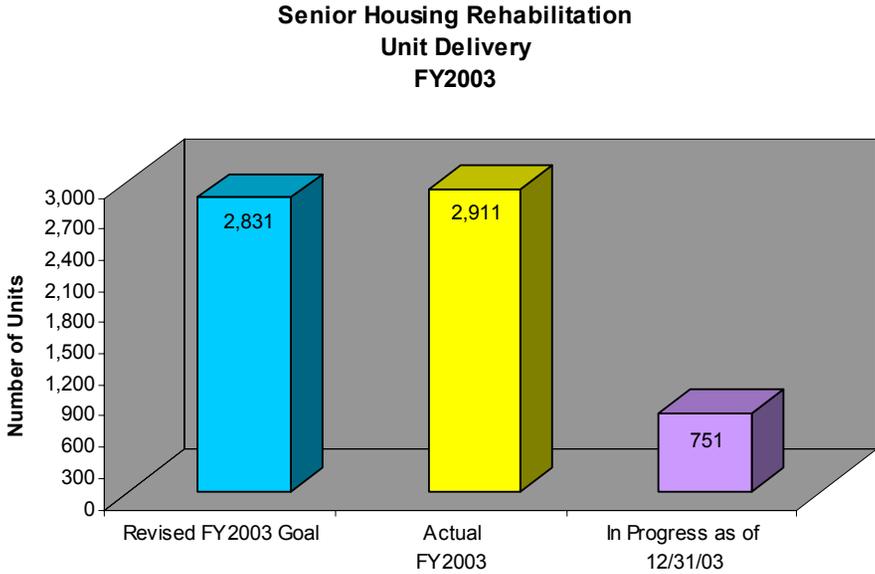
The Annual Plan FY2003–Year 4 established the goal of rehabilitating 716 units in the family properties. The CHA revised this goal to 79 units to allow for time to conduct an in-depth analysis of the condition of these seven sites and the level of construction required for rehabilitation; to expand resident participation in the rehabilitation planning process by meeting with resident leadership about these sites; and to allow for contractor selection.



Family housing rehabilitation includes renovating residents' units and making extensive exterior improvements such as facade restoration, window replacement, additional lighting, new roofing, parking lot resurfacing, and landscaping. The CHA also renovated the common areas, such as hallways and stairwells, and improved the plumbing systems.

SENIOR HOUSING REHABILITATION

The CHA surpassed its revised FY2003 goal for senior unit rehabilitation by three percent with 2,911 units completed. This goal was revised due to construction delays and to minimize the impact on seniors who were relocating from their units and having to tolerate construction activity.



The CHA made renovations to the units, infrastructure, and building exteriors. These repairs improved the residents' quality of life, as well as helped integrate public housing into the neighborhoods. Each unit received new cabinetry and appliances, an individually-controlled air conditioning unit, and other enhancements. All of the buildings received new electrical and updated communications systems, and most common areas were renovated, including the security stations, stairwells, and laundry rooms. Each senior building received facade repairs, window replacement, parking lot resurfacing, additional lighting, and landscaping that promotes outdoor leisure activities.

The rehabilitation of the buildings produced an increase in available Americans with Disabilities Act (ADA)/Section 504 compliant units for residents who require accessible accommodations. Features of these units include accessible kitchens and bathrooms for mobility impaired residents and/or visitors.



MR. BILL LUENINGHOENER, A RESIDENT AT THE HALLIE CALLNER SENIOR BUILDING, IS HAPPY ABOUT ALL OF THE EXCITING CHANGES HE HAS WITNESSED DURING REHABILITATION. HE IS PLEASED TO REPORT THAT BY ATTENDING THE BUILDING MEETINGS, HE WAS KEPT WELL-INFORMED ABOUT THE DIFFERENT PHASES OF THE REHABILITATION PROCESS. HE THINKS THAT "EVER SINCE REHABILITATION WAS COMPLETED, THE BUILDING AND UNITS AT HALLIE CALLNER APARTMENTS ARE MUCH BETTER THAN THEY WERE BEFORE."

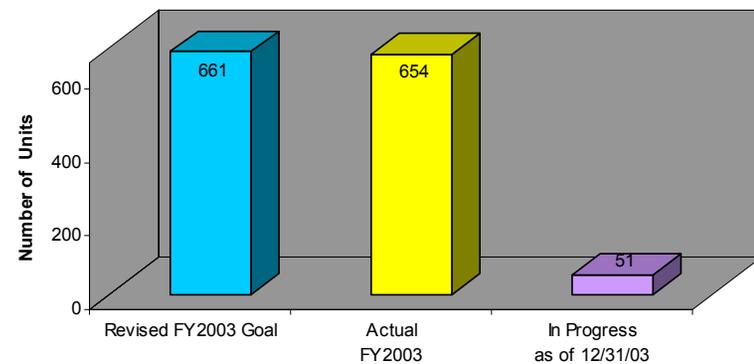
TO EXPAND OPPORTUNITIES FOR RESIDENTS TO CONTRIBUTE TO THEIR NEW ENVIRONMENT, THE CHA PARTNERED WITH THE LOCAL NON-PROFIT ORGANIZATION, URBAN ART RETREAT, TO PROVIDE AN ARTISTS-IN-RESIDENCE PROGRAM AT HALLIE CALLNER APARTMENTS. MR. LUENINGHOENER WAS ONE OF THE MANY RESIDENTS WHO PARTICIPATED IN THE PROGRAM WHICH OFFERED WEEKLY ART CLASSES TO RESIDENTS AT NO COST. CLASSES CULMINATED IN TWO OPEN HOUSE AND ART EXHIBITS, WHICH FEATURED A REVOLVING EXHIBIT OF RESIDENT ARTWORK. IN JUNE 2003, THE CHICAGO READER LISTED HALLIE CALLNER APARTMENTS AS A "CRITICS CHOICE" GALLERY.

SCATTERED SITE HOUSING REHABILITATION

The CHA has more than 2,600 units in its scattered site inventory, including stand-alone homes and units within multi-family apartment buildings. The age range and condition of these units varies greatly, and as a result, the level of rehabilitation required for each unit is different.

In FY2003, the CHA completed 654 scattered site units, bringing the Plan to date total of rehabilitated scattered site units to 2,423 units or 92% of the ten-year Plan for Transformation goal.

**Scattered Site Housing Rehabilitation
Unit Delivery
FY2003**



REHABILITATED OR REDEVELOPED PROPERTIES

At the beginning of the Plan for Transformation, the CHA had not decided whether to redevelop or rehabilitate 12 family properties. In FY2003, the CHA announced plans for the revitalization of 11 of these properties.

Redevelopment Properties	Rehabilitation Properties	Redevelopment or Rehabilitation Property
<p style="text-align: center;">1230 N. Burling Francis Cabrini Extension South Lawndale Complex Randolph Towers Washington Park High-Rises William Green Homes</p> <p>Planning discussions with the working groups will begin in FY2004.</p> <p>The CHA will solicit an urban or land use planner for 1230 N. Burling, Francis Cabrini Extension South, and William Green Homes in FY2004 to help formulate the optimum redevelopment plans.</p>	<p style="text-align: center;">Dearborn Homes Francis Cabrini Row Houses Harold Ickes Homes/ Prairie Courts Extension Washington Park Low-Rises</p> <p>Planning discussions with the working groups will begin in FY2004.</p>	<p style="text-align: center;">Lathrop Homes</p> <p>Lathrop Homes will be evaluated in FY2004 to decide whether the CHA will redevelop or rehabilitate the site.</p>



CHAPTER 2: Achieving Economic and Social Self-Sufficiency

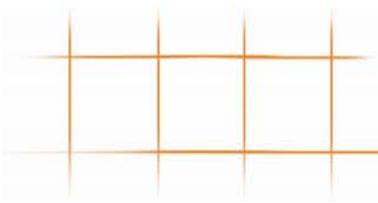
The goals set forth in the CHA's Plan for Transformation reach far beyond transforming the physical environment of Chicago's public housing. The CHA also strives to provide residents with opportunities to achieve and maintain economic self-sufficiency by connecting them with service providers.

In FY2003, the CHA's Service Connector System offered assistance to families and seniors living in both public housing developments and in the private market with a Housing Choice Voucher (HCV). Via this system, counselors referred seniors to a variety of programs, linked families to resources that promote and support family stability and lease-compliance, as well as connected residents and youth to employment opportunities. The CHA also provided Transitional Housing and Supportive Services Counselors for residents relocating to their temporary or permanent housing choices, as described in Chapter Three. To augment these service systems, the CHA continued to support community integration via CHA-sponsored programs and services, as well as by distributing information about the Plan for Transformation's progress to residents and other stakeholders.

THE SERVICE CONNECTOR SYSTEM

The Service Connector System (Service Connector), which is administered through the City of Chicago's Department of Human Services (CDHS), is a network of well-established social service agencies that provide information, inter-agency referrals, service coordination, and case management to residents living in family and senior properties, as well as to those in the HCV Program. Of residents surveyed by the National Opinion Research Center for their April 2003 Resident Relocation Survey, 84% of those participating in Service Connector said that the program was helpful.

In an ongoing effort to improve social service opportunities offered to residents, the CHA nearly doubled the size of the Service Connector in FY2003 by significantly increasing the program's funding from \$7.1 million to \$13.6 million in FY2004. These investments allowed the number of contracted agencies to grow from four to ten, and the CHA expects its resident-to-case manager ratio to drop from 150:1 to 55:1 in FY2004. With a significant decrease in the resident-to-case manager ratio, Service Connector counselors will have the opportunity to spend more time with individual residents creating tailored plans for residents to meet site-specific criteria, obtain needed social services, and become actively engaged in their new neighborhoods.

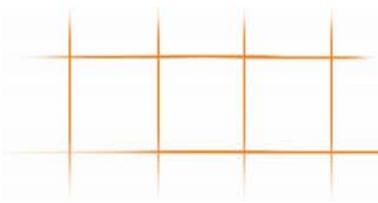


The Service Connector System (Service Connector) managed more than 69,000 cases in FY2003. To maintain client confidentiality, cases are tracked by the number of issues resolved, rather than by the number of residents assisted. Administered through a contract with the Chicago Department of Human Services (CDHS), the Service Connector followed a time-sensitive process of intake, assessment, case planning, and follow-up with families who chose to participate in the program. Counselors tailored services to fit each family's unique needs and assessed whether residents were progressing to meet quality-of-life improvement goals set in their individual Service Plans.

One key focus of the Service Connector System in FY2003 was to ensure that residents were qualified to accept an offer of redeveloped or rehabilitated housing. The CDHS administered the Service Connector by aggregating family developments into geographical clusters staffed by counselors, resident advocates, and service coordinators. These individuals provided direct service, outreach, referrals and management of service delivery and outcomes. After a significant number of families relocated, the Service Connector system re-organized around formal community areas in Chicago neighborhoods, rather than around specific properties. At year's end, 41 neighborhood-based Service Connector offices were operational throughout Chicago.

To enhance the tracking and monitoring of social service provision, the CHA completed planning for a new Service Connector initiative during FY2003. This new initiative included identifying benchmarks and outcomes that will be used to measure the performance of contracted service providers, as well as developing baseline performance standards. The initiative will be used to conduct comparative evaluations of service provision in FY2004. In the interim, the CHA monitored the Service Connector by collecting weekly and monthly reports that tracked the provider's ability to help clients become lease-compliant, as well as the resident's progress toward increasing income.

- *Lease-Compliance Referrals:* The Service Connector System provided more than 8,800 lease-compliance referrals in FY2003. In an effort to maximize resident advancement, Service Connector staff and property managers met regularly to discuss issues of mutual concern. During these meetings, property management companies alerted Service Connector staff and families when residents experienced difficulties that might interfere with their ability to qualify for redeveloped housing. As a result of this joint assessment process, the



Service Connector counselors were able to develop plans with residents to address any issues that could impact their ability to remain lease-compliant.

- ***Family Stability Referrals:*** The Service Connector System’s family stability effort promotes lifestyles that support lease-compliance by working to keep residents mentally and physically healthy. In FY2003, the Service Connector made more than 19,425 family stability referrals to a variety of social service providers.

As part of its efforts, the Service Connector System referred more than 265 families to substance abuse treatment programs for both in-patient and out-patient care, including recovery support and family counseling. Through a Resident Opportunity and Self-Sufficiency Grant project at Altgeld Gardens, families were referred to programs such as The Family Recovery Home, Human Resources Development Institute, Haymarket, and the Southeast Alcohol and Drug Abuse Center

SENIOR RESIDENT SERVICE COORDINATION

The Senior Resident Service Coordination Program provides onsite services to all residents living in CHA senior housing. Through partnerships with the Chicago Department on Aging (CDOA) and property management firms, the CHA’s Resident Service Coordinators (RSCs) provide free, confidential screening for City, State, and Federal benefit programs. Via CDOA’s Red Tape Cutter Program, the RSCs matched a senior’s personal profile to potential benefits, such as Social Security, Food Stamps, and tax relief programs. The RSCs also made referrals and helped monitor residents’ needs to ensure that CHA seniors could age in place to the greatest extent possible. To expand opportunities for resident social interaction, the RSCs administered social activities in each CHA senior building, such as bingo, parties, movies, and shopping trips. The RSCs also provided flu shots, health educational workshops, cooking sessions, and special holiday meals.

Senior Resident Service Coordination	Total
Number of inquiries for information and assistance	35,539
Number of times seniors were provided direct service	71,272
Number of times seniors were referred for service links	7,939
Number of seniors referred for public benefits	11,191
Number of social enrichment activities	3,948
Actual attendance at social enrichment activities	74,500

Since the beginning of the Plan for Transformation, the RSCs have conducted more than 4,000 home inventories and assessments for seniors who were relocating in an effort to ensure that all of their belongings were moved from one unit to the next. Upon request, these senior residents were supplied with movers to pack and unpack their belongings and given assistance in changing utilities, as well as other services. Additionally, Housing Opportunities and Maintenance for the Elderly (H.O.M.E.) delivered furniture to senior residents in need of furnishings for their new home.



THE FY2003 ANNUAL CHA SENIOR GALA

EMPLOYMENT

Resident Employment

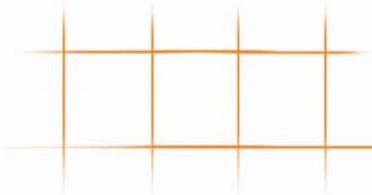
In FY2003, the CHA assisted 883 residents in obtaining full-time jobs. This brought the total number of residents employed since the Plan's inception to 4,021. The CHA set a goal of placing 3,000 residents in jobs by FY2005 in the original Plan for Transformation. The significant achievement of surpassing this goal by 34% in less than five years demonstrates the CHA's commitment to improving the quality of life for its residents.

Youth Employment

The CHA connected 229 youth to employment opportunities in FY2003 via the CHA Summer Youth Pre-Internship Program and the Employability Plus Program. An additional 864 youth participated in the Mayor's KidStart Program, which provided summer employment, pre-internships, mentoring, and an introduction to the workforce for Chicago's youth. Additionally in FY2003, the CHA administered the YouthBuild program, in which 222 CHA youth participated. The program provided GED and on-the-job construction training to young CHA residents



*TERRY PETERSON, CHIEF EXECUTIVE OFFICER OF THE CHA,
MARY MITCHELL, COLUMNIST OF THE CHICAGO SUN-TIMES,
SHARON GIST-GILLIAM, CHAIRPERSON OF THE CHA BOARD OF COMMISSIONERS,
AND
THE HONORABLE RICHARD M. DALEY, MAYOR OF CHICAGO
AT THE CHA'S FIRST ANNUAL ALUMNI POWER BREAKFAST.*



SUPPORTING COMMUNITY INTEGRATION

To end the isolation of CHA families, the CHA worked with residents during FY2003 to help them integrate into their current and future neighborhoods. To obtain this objective, the Service Connector System provided several activities to educate families about the resources available in their immediate community. For example, the CHA held service provider fairs and seasonal events for both CHA and community residents, with more than 11,900 CHA participants in attendance throughout the year. The CHA also engaged in a variety of special initiatives, described below, to support the community integration of CHA residents.

Good Neighbor Workshops

Good Neighbor Workshops helped residents prepare for a successful move by providing sessions on home management skills, such as lease-compliance, housekeeping, budgeting, and parenting. In FY2003, 3,663 residents attended Good Neighbor Workshops at 17 developments, totaling 8,300 residents participating since FY1999.

DEVELOPMENTS WHERE GOOD NEIGHBOR WORKSHOPS WERE HELD IN FY2003:

- | | |
|-------------------------|-----------------------------------|
| ▪ ABLA | ▪ LECLAIRE COURTS EXTENSION |
| ▪ ALTGELD GARDENS | ▪ STATEWAY GARDENS |
| ▪ CABRINI-GREEN | ▪ ROBERT TAYLOR HOMES |
| ▪ DEARBORN HOMES | ▪ ROCKWELL GARDENS |
| ▪ HARRISON/OGDEN COURTS | ▪ TRUMBULL PARK HOMES |
| ▪ HILLIARD CENTER | ▪ WASHINGTON PARK SCATTERED SITES |
| ▪ HAROLD ICKES HOMES | ▪ IDA B. WELLS HOMES |
| ▪ LAKE PARK PLACE | ▪ WENTWORTH GARDENS |
| ▪ LATHROP HOMES | |

In FY2004, the Service Connector System will replace the Good Neighbor Workshops with individual counseling sessions in which the Service Connector counselors will convey information tailored to each family's unique needs.

Partnership with the Chicago Public Schools

The CHA held meetings with the Chicago Public Schools (CPS) and the Illinois Board of Education to develop a process that would help to facilitate a student's transition from one school to another due to relocation. The Service Connector System participated in this process by helping to identify schools in advance of a family's move and by helping to complete school registration and associated admissions paperwork.

Beyond these immediate efforts, the CHA also engaged in a long-term planning effort with CPS to build upon the link between community revitalization and school development. The CHA and CPS partnered with universities, foundations, and think tanks in an exciting Mid-South Initiative to overhaul 25 schools. More than 125 politicians, professors, and foundation officials attended the first planning meeting.



*ARNE DUNCAN, CHIEF EXECUTIVE OFFICER OF
CHICAGO PUBLIC SCHOOLS
AND
TERRY PETERSON, CHIEF EXECUTIVE OFFICER
OF THE CHA*

The Charles Hayes Family Investment Center (FIC) Community Technology Center

During the year, the FIC established five satellite computer labs equipped with new hardware and software at Henry Horner Homes, Wentworth Gardens, Bronzeville Academy, Abraham Lincoln Center, and the Center for New Horizons. The FIC's own computer lab was also equipped with new hardware and software. Also during FY2003, the Adler Planetarium recognized the FIC with their Outstanding Community Partnership Award.

Recreational Activities

In various communities, CHA youth engaged in activities provided by neighborhood anchoring institutions such as the Duncan YMCA and the Chicago Police Department's district-affiliated YouthNet Programs as well as the Chicago Park District. In FY2003, the CHA provided

6,120 Chicago Park District Day Camp Program vouchers to HCV and CHA residents. The vouchers allowed residents to pay only \$10 to participate in any Park District Day Camp Program.

Additional CHA Programs and Services

In addition to the Service Connector System, the CHA provided a variety of programs to residents in FY2003. For example, the CHA:

- Coordinated its Summer Food Program to promote healthy families, serving a total of 971,325 meals to CHA youth during the FY2003 summer school break;
- Monitored the Vegetable Give-Away Program in which 1,990 residents received free produce;
- Provided technical assistance to LACs for the planning of 49 CHA Fun Day Events;
- Chaperoned 100 CHA youth to a Chicago Bears football game and to Toys-R-Us, where the children were each given a \$280 shopping voucher;
- Conducted regular well-being checks and daily visits to seniors during extreme weather conditions; and
- Awarded Target gift certificates for a back-to-school shopping spree to the CHA youth winners of the Annual Plan FY2004-Year 5 Drawing Contest.



*ANNUAL PLAN FY2004-YEAR 5
DRAWING CONTEST WINNERS
1ST PLACE: JEREMY GARRETT
2ND PLACE: JAJUANNE WALKER
3RD PLACE: CHEYENNE WASHINGTON*

Holiday Initiatives

To celebrate the holiday season, the CHA distributed 600 Christmas baskets, 650 Thanksgiving baskets, and, through a donation from Jewel-Osco, more than 2,000 Thanksgiving turkeys and canned goods to CHA residents. Additionally, more than 2,000 seniors attended the CHA's Annual Senior Gala at the Hyatt Regency Hotel. Special holiday meals were offered in all senior buildings during Thanksgiving and

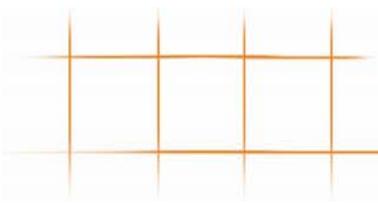
Christmas. In conjunction with Windows of Opportunity, Midway Movers, and Toys-R-Us, a holiday party was also held for 500 CHA youth at the Chicago Cultural Center.

RESIDENT OUTREACH AND COMMUNICATION

In a continuing effort to effectively communicate details about the Plan for Transformation to residents, resident leaders, and other stakeholders, the CHA distributed information through a variety of sources throughout FY2003. These communications included an award-winning cable television show and public comment hearings. During the year, the CHA also:

- Produced and circulated brochures to residents in English and Spanish about the Plan for Transformation;
- Completed a comprehensive overhaul of the CHA website (www.thecha.org);
- Produced and distributed site-specific fact sheets and other materials informing residents of proposed lease changes and tenancy requirements at a number of new mixed-income developments;
- Created a resident information hotline;
- Produced videos on the Housing Offer Process; and
- Presented information on a variety of rehabilitation and redevelopment activities and policy issues to the Central Advisory Council (CAC), Local Advisory Councils (LAC), elected officials, and stakeholders in the foundation community.





Award-Winning Cable Television Show

The CHA won the Silver Trumpet Award from the Publicity Club of Chicago for its cable television show, “CHA: Building A Better Place.” During the 27 new episodes that aired in FY2003, the 30-minute show chronicled the history and future plans for particular CHA sites and highlighted social service resources available to CHA residents. The show also presented stories of individual residents who are working to become self-sufficient and actively involved in their communities.

Public Comment Periods

The CHA remains committed to involving residents and their leadership in the rehabilitation and redevelopment planning processes by providing opportunities to gather input on policy changes that affect residents and families. During FY2003, 10 public comment periods and 12 public comment hearings were conducted. For each public comment period, the CHA:

- Notified residents about policy changes and public comment periods via rent stuffers and other special mailings;
- Placed advertisements in the *Chicago Sun-Times*, *Chicago Defender*, *La Raza*, and *Hoy* (formerly known as *Exito*) Newspapers;
- Placed copies of draft documents on the CHA website;
- Posted copies of draft documents in each management office, LAC and CAC office, Latino Site Office, and all CHA administrative offices; and
- Posted draft Annual Plan FY2004-Year 5 documents at the central Harold Washington Library and other public libraries city-wide.



CHAPTER 3: Supporting Residents Through Relocation

Through the Plan for Transformation, the CHA strives to provide residents with homes and with communities in which they can be actively involved. To that end, the CHA, City of Chicago, and private developers continued to work with residents before, during, and after the relocation process to help them become an active part of their new communities.

THE RELOCATION PROCESS

Obligations of both the CHA and residents during the relocation process are set forth in the CHA Leaseholder Housing Choice and Relocation Rights Contract (Relocation Rights Contract). The Relocation Rights Contract entitles each lease-compliant CHA household that was in occupancy on October 1, 1999, and that remains lease-compliant, the right to return to public housing following rehabilitation and redevelopment. By signing the Relocation Rights Contract, the CHA committed to keeping residents informed of revitalization plans and providing them with notice of upcoming building closures. In FY2003, the CHA chose to extend a separate contract with the Relocation Independent Monitor, who reviewed the relocation process and provided process improvement recommendations to the CHA and the Central Advisory Council.

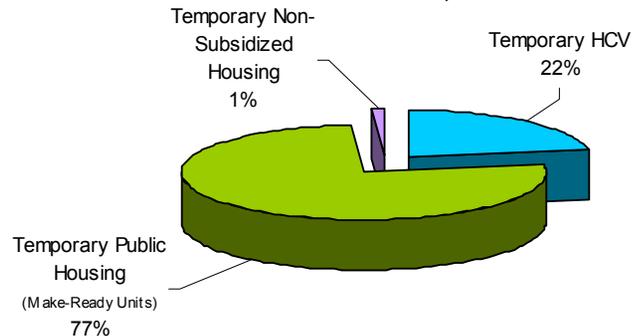
The CHA continued to keep residents informed about relocation through each of the two key steps of the process: move-out and move-in. Monthly building meetings were held at developments where move activity occurred, and Relocation Project Managers addressed resident questions and concerns. Improvements that the CHA made to the relocation process during FY2001 and FY2002 were validated by residents in the National Opinion Research Center's (NORC) April 2003 Resident Relocation Survey. Nonetheless, the CHA will continue to evaluate the relocation process and makes changes to it, as necessary.



APPROXIMATELY FOUR YEARS AGO, MS. DALPHINE ALLEN-JASPER LIVED AT HENRY HORNER HOMES. HER BUILDING WAS CLOSED IN PREPARATION FOR REVITALIZATION. WHEN SHE LEARNED THAT SHE WAS QUALIFIED FOR A HOME IN A REDEVELOPED MIXED-INCOME COMMUNITY, SHE WAS SO EXCITED THAT SHE DROVE BY HER SOON-TO-BE PERMANENT HOME EVERY DAY UNTIL SHE MOVED IN.

MS. ALLEN-JASPER MOVED INTO A THREE-BEDROOM, TWO-BATHROOM, AIR-CONDITIONED TOWNHOUSE WITH A BASEMENT AND PARKING. ALTHOUGH SHE LOOKS BACK ON HER RELOCATION FONDLY, SHE ADMITS THAT THERE WERE CHALLENGES TO OVERCOME AS SHE ADJUSTED TO HER NEW HOME. NOW SHE GETS ALONG WELL WITH HER NEIGHBORS AND ENJOYS LIVING IN THE MIXED-INCOME COMMUNITY.

**Housing Choice Survey:
Choices for Temporary Housing as of
December 31, 2003**



Most resident households completed their surveys in FY2001 and FY2002 after attending an HCS Clinic. As the actual time for building closure and consolidation approached in FY2003, the CHA met with residents to review their housing choices. Residents were provided with updated information on available housing options and had the opportunity to make changes to their HCS, if necessary. As of December 31, 2003, 88% of relocating households had completed and submitted their HCS. Residents' choices for permanent and temporary housing are reflected below.

Relocation Management Tracking System

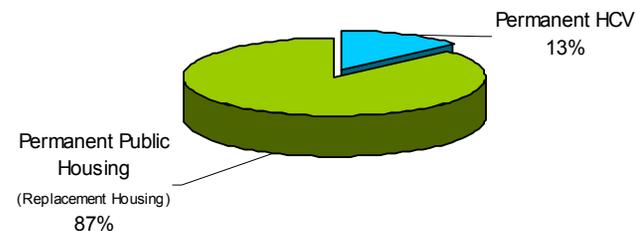
Housing Choice Survey information is stored in the CHA's Relocation Management Tracking System (RMTS), an automated system that allows the CHA to electronically:

- Track residents as they go through the relocation process;
- Generate relocation notices; and
- Administer the Housing Offer Process.

Choosing Future Homes

At the beginning of the relocation process, each CHA household in developments undergoing revitalization completed a Housing Choice Survey (HCS). The HCS allows residents to indicate where they would like to live temporarily during revitalization and state where they would like to live permanently after redevelopment or rehabilitation has been completed. Residents have the option of moving either to public housing or to the private market with a Housing Choice Voucher (HCV) for both temporary and permanent moves.

**Housing Choice Survey:
Choices for Permanent Housing as of
December 31, 2003**



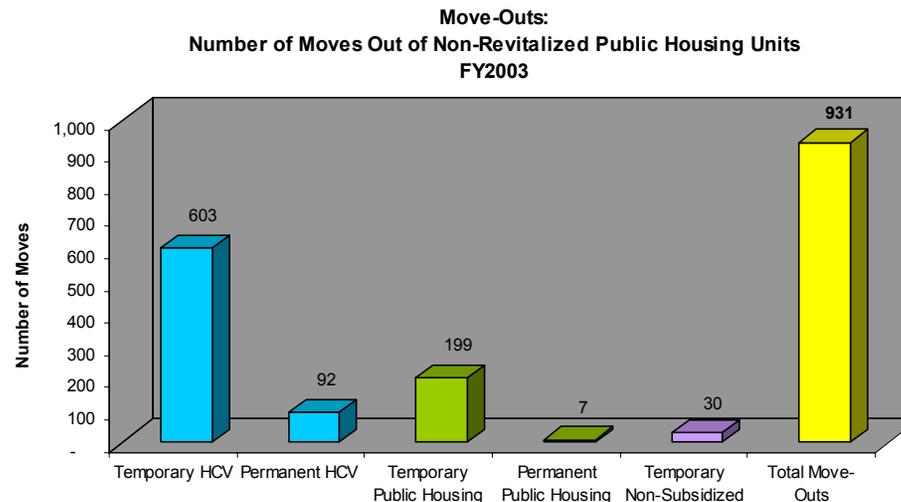
Housing Offer Process (HOP)

As new units become available for occupancy, the CHA will match residents with units in accordance with several steps outlined in the Relocation Rights Contract. One of the required steps is to provide each household with a Housing Offer Process (HOP) number. This number was generated by independent consultants and is used to determine the order in which households are offered redeveloped and rehabilitated units. The CHA created a HOP educational video in FY2003 that explains how HOP numbers were created and the process for new unit offers.

Move-Out

To allow redevelopment and rehabilitation to occur, families must Move-Out of their non-revitalized public housing unit. The CHA sends 180- and 120-day notices to each family to inform them of their pending move. These notices indicate that the resident’s building is scheduled for closure or consolidation and are followed by 90-day notices that inform the families of their temporary or permanent housing location.

In FY2003, there were 931 moves out of non-revitalized public housing units. These moves were primarily to temporary public housing (make-ready units), permanent public housing (redeveloped or rehabilitated units), and temporary and permanent HCV units in the private market.



Residents must remain lease-compliant during the entire relocation process. The CHA, City of Chicago, and mixed-income developers provide residents with a variety of supportive services to help them maintain lease-compliance:

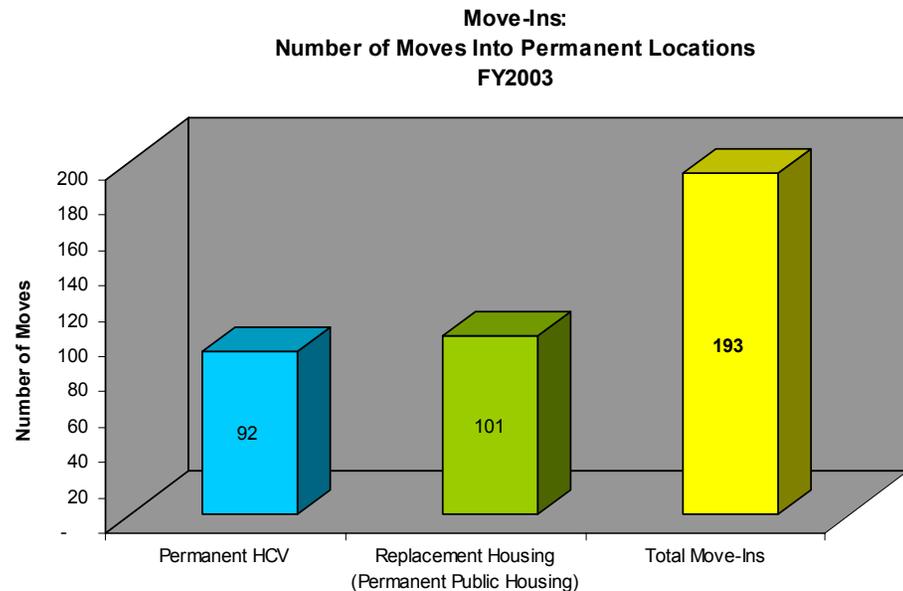
- The Service Connector System, see Chapter 2;
- The HCV program, see Chapter 4; and
- Transitional and Supportive Service Counseling (Move-Out Counseling).

Transitional and Supportive Service Counseling (Move-Out Counseling)

In FY2003, the CHA contracted with counseling agencies to provide residents moving out of non-revitalized public housing units with transitional and supportive service counseling. The counselors help residents address service needs arising from relocation, such as enrolling in school, finding units in the private market, and preparing residents to meet site-specific criteria.

Move-In

The relocation process is complete once residents relocate to their permanent home (move-ins). In an effort to ease the transition into a new community, the CHA offers supportive services to residents who are preparing to move into their permanent housing choice. Move-in counselors meet with the resident and property manager when the resident's family is screened for new unit admission. Residents are encouraged to utilize these supportive services to remain lease-compliant and to meet site-specific criteria.



As new units became available over the course of FY2003, the CHA contacted potential families based upon their HOP number, HCS preference, and family composition. After contacting these families, the CHA conducted tours of new units before residents exercised their right of return.

During FY2003, 92 families moved into their permanent home in the private market with an HCV and 101 families moved into rehabilitated or redeveloped CHA units, totaling 193 move-ins for FY2003. Among these were seven families who moved to Westhaven Park, making history as the first families to relocate to redeveloped public housing units on land where high-rises once stood.

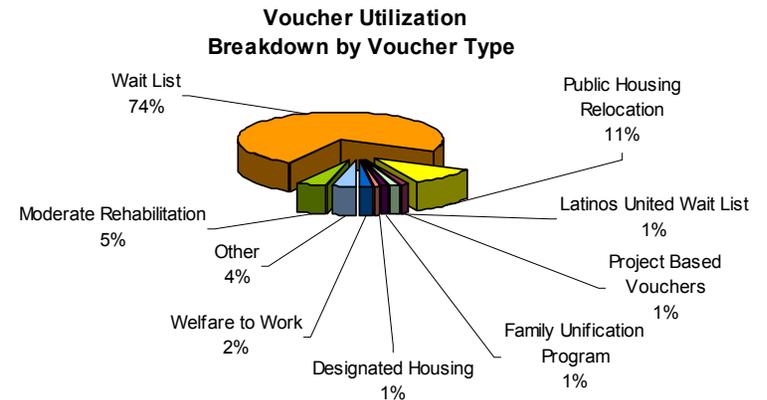


*THE LONG FAMILY IN THEIR
NEW WESTHAVEN PARK HOME*



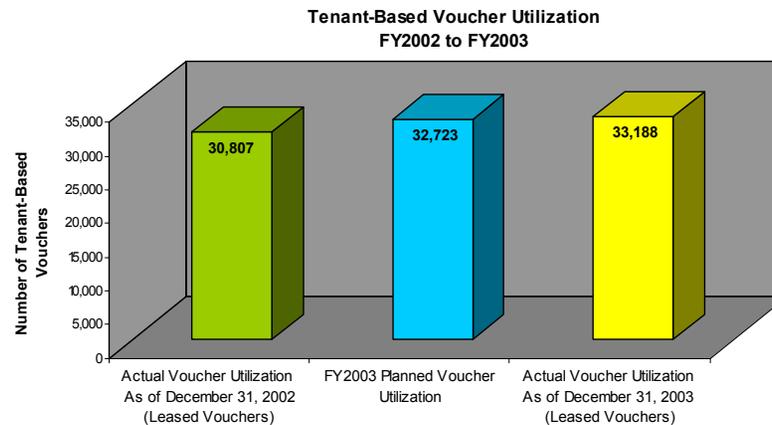
CHAPTER 4: Enhancing Affordable Housing Opportunities

The Housing Choice Voucher (HCV) Program continued to be the CHA's largest program and Chicago's largest single source of affordable housing in FY2003. As of December 31, 2003, more than 35,000 low-income families had selected and leased private housing through the HCV Program. The HCV Program offers low-income families additional housing options by providing a Housing Assistance Payment (HAP) to landlords that supplements the family's contribution to rent. This supplemental payment allows families to lease apartments that previously were outside of their economic reach. Participating families have access to a variety of counseling and outreach programs that provide assistance in locating appropriate units in the private market. These programs also serve as a tool for the CHA to deconcentrate poverty.



TENANT-BASED VOUCHER ASSISTANCE

The CHA and the HCV program administrator, CHAC, Inc., exceeded the FY2003 goal of leasing at least 98% of vouchers planned for utilization.

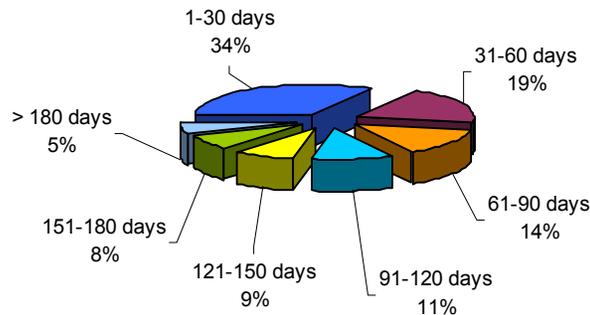


Voucher Leasing Activity

HCV become available through new allocations from HUD or through turnover from previous program participants. As these vouchers become available, applicants are selected to receive them. Once selected, applicants from the wait list or public housing relocatees must schedule and attend an interview with an HCV housing specialist. Following this interview, the applicant will receive a voucher and can begin to search for a home. Once the unit passes a Housing Quality Standards (HQS) inspection and its rent reasonableness has been evaluated and confirmed, the applicant can sign a lease and move into his or her new home.

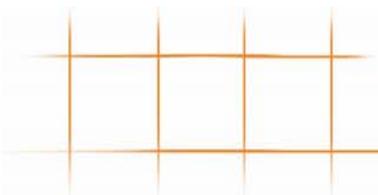
Voucher Leasing Activity FY2003	
Applicants Invited from Wait Lists	3,381
Initial Interviews Scheduled <i>(Includes all initial and rescheduled interviews)</i>	3,836
Initial Interviews Conducted	3,324
Vouchers Issued <i>(Includes vouchers reissued to participants who did not find a unit in FY2002)</i>	3,854
Requests for Inspections Received	4,795
Leases Effective	3,913

**Applicants Referred by the CHA
HCV Unit Search Time
(From Issuance to Request for Pre-contract HQS Inspection)
FY2003**



Unit Search Time

The CHA continually strives to reduce the amount of time a family searches for a home. The CHA measures the time it takes for applicants referred from public housing to identify a unit from the date that an applicant receives a voucher to the date that the applicant requests an HQS inspection of a potential unit. In FY2003, 53% of applicants referred by the CHA found a home within 60 days of voucher issuance, demonstrating that most relocating families are able to find quality housing in a relatively short timeframe.



RENT REASONABLENESS

The CHA conducts rent reasonableness reviews on all units to ensure tenants are not paying excessively high rents and that owners are being properly compensated. Each unit's requested rent amount is reviewed and evaluated by the HCV Program Administrator. The rent is compared to a sample of rents for other units that are of comparable location, quality, bedroom size, and age. Additionally, the CHA evaluates units that have similar amenities, housing services, maintenance, and utilities before establishing how much money a landlord will receive for renting a unit. In most cases, if the CHA determines that the rent requested is too high, a lower amount is negotiated with the owner. Quality Control reviews are performed monthly to confirm rent reasonableness, and errors are swiftly corrected.

INSPECTIONS

To ensure participants live in safe and quality housing, all units in the HCV program must be inspected for compliance using HUD's Housing Quality Standards (HQS). HQS inspections are conducted using 13 performance requirements that allow the CHA to determine whether the unit is of suitable quality. There are three types of HQS inspections: pre-contract, annual, and quality control.

DURING HQS INSPECTIONS, UNITS ARE EXAMINED FOR:

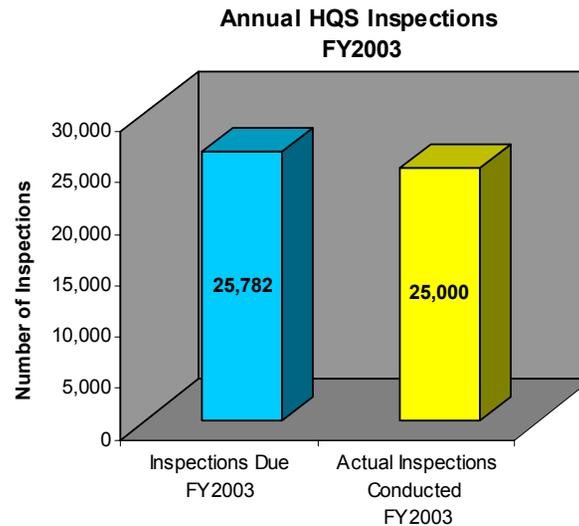
- *SANITARY FACILITIES;*
- *ADEQUATE SPACE AND SECURITY FOR THE FAMILY;*
- *COMFORTABLE THERMAL ENVIRONMENT;*
- *SUFFICIENT ILLUMINATION AND ELECTRICAL SOURCES;*
- *SOUND STRUCTURE AND MATERIALS;*
- *INTERIOR AIR QUALITY;*
- *SUITABLE SPACE AND EQUIPMENT FOR FOOD PREPARATION AND REFUSE DISPOSAL;*
- *CONTAMINATE-FREE WATER SUPPLY;*
- *THE PRESENCE OF LEAD-BASED PAINT;*
- *ACCESSIBLE AND ALTERNATIVE EXITS;*
- *SANITARY CONDITION;*
- *SMOKE DETECTORS; AND*
- *SITE AND NEIGHBORHOOD.*

Pre-Contract HQS Inspections

Every potential HCV unit must pass a pre-contract HQS inspection before the lease is executed and the HAP is initiated. In FY2003, the CHA conducted 100% of the pre-contract HQS inspections, for a year-end total of 7,818 inspections. This year-end total surpassed the goal of 98% of pre-contract HQS inspections.

Annual HQS Inspections

In addition to the pre-contract HQS inspection, the CHA conducts annual inspections to verify continued unit compliance. Of units due to be inspected in FY2003, 97% were inspected, surpassing the CHA's goal of 95%.



HQS Quality Control Inspections

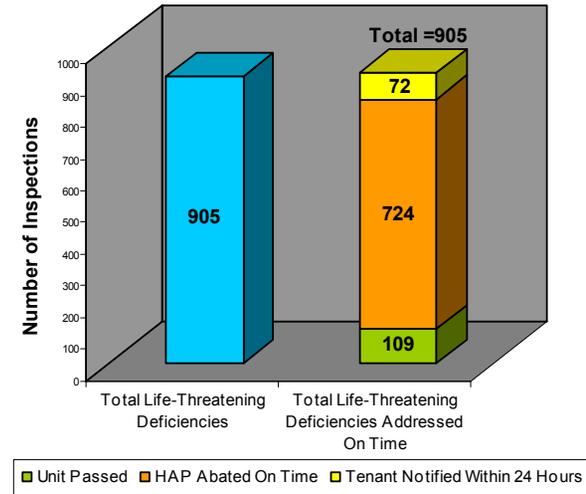
A sample of units must be reinspected to provide the CHA with feedback on the quality of the annual and pre-contract HQS inspections. These reinspections are called Quality Control Inspections. In FY2003, 1,219 Quality Control Inspections were conducted, and 93% passed.

HQS Enforcement for Life-Threatening and Failed Deficiencies

A landlord has a time limit to correct deficiencies found during an inspection: 24 hours for life-threatening deficiencies and 30 days for non-life threatening deficiencies. If the owner fails to correct the deficiency within the appropriate time limit, their HAP will be abated. If the deficiency continues, the landlord’s contract will be terminated. For FY2003, 100% of the reported life-threatening deficiencies were addressed on time, either by the:

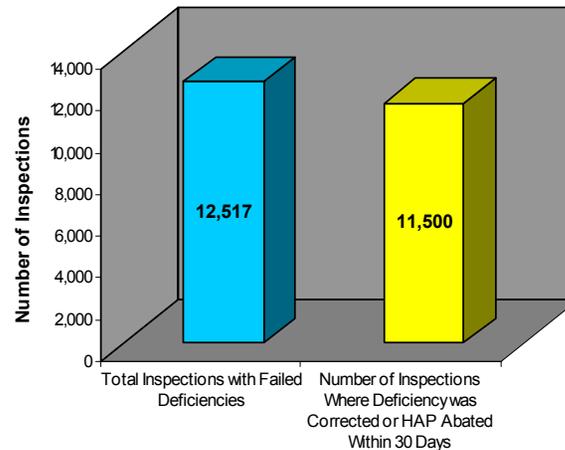
- Unit passing inspection;
- HAP being abated on time; or
- Tenant being notified within 24 hours of CHA’s intent to terminate the contract with the unit owner.

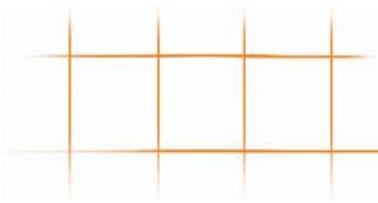
HQS Enforcement for Life-Threatening Deficiencies in FY2003



Of failed deficiencies found during inspections, 92% were either corrected or the HAP was abated within 30 days.

HQS Enforcement for Failed Deficiencies from Inspections in FY2003





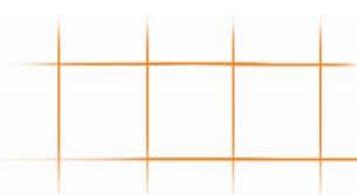
PROJECT-BASED VOUCHER ASSISTANCE

Project-based vouchers (PBV) provide a HAP to unit owners and are directly tied to a unit. In contrast, tenant-based vouchers move with the family from unit to unit. The HCV Program Administrator leased 2,127 project-based vouchers in FY2003. Two initiatives also received CHA project-based vouchers in FY2003: the Regional Housing Initiative and the City of Chicago's Five-Year Supportive Housing Initiative.

Regional Housing Initiative (RHI)

The Regional Housing Initiative (RHI) is an innovative partnership between the CHA, the Illinois Housing Development Authority (IHDA), the Metropolitan Planning Council (MPC), and the Cook and Lake County Housing Authorities. RHI provides financial incentives to developers interested in addressing the shortage of quality affordable housing located near jobs and transit centers in Cook and Lake Counties. In FY2003, the RHI partnership allocated project-based vouchers to support the funding of five developments:

- *Terra Springs Apartments in Volo, Lake County:* Fifteen RHI vouchers were awarded for the development of 96 family homes. This development will include apartments with rent equal to the tax credit amount and market-rate value.
- *Salem Hill Apartments in Hoffmann Estates, Cook County:* Through moderate rehabilitation, an existing four-story apartment building located in Hoffmann Estates, Illinois will be converted into a 75-unit mixed-income development of one-, two-, and three-bedroom homes.
- *Casa Kirk in the South Chicago Neighborhood of Chicago:* Utilizing five RHI subsidies, Casa Kirk will provide affordable two-, three-, and four-bedroom apartments for 26 low and moderate-income families. This development will return 18 vacant lots to productive use and representing a substantial investment in the community.
- *Leland Apartments in the Uptown Neighborhood of Chicago:* Fourteen RHI vouchers were awarded for the redevelopment of the old Leland Hotel. The existing 175 single-occupancy rooms will be converted into 133 larger affordable apartments for low-income residents. This development is located in the heart of Uptown, on Chicago's north side.
- *Wentworth Commons in the Roseland Neighborhood of Chicago:* The Wentworth Homes development will receive RHI subsidies for 10 apartments within a 51-unit building of family supportive housing.



The City of Chicago's Five-Year Supportive Housing Initiative

The City of Chicago's Five-Year Supportive Housing Initiative is designed to bring service-enriched housing to underserved neighborhoods. This initiative has four components:

- Develop transitional centers to provide short-term housing and intensive services for homeless families;
- Create new supportive housing developments for families;
- Create new Single Room Occupancy (SRO) units; and
- Preserve existing SRO units.

One of the key objectives of the Five-Year Supportive Housing Initiative is to develop transitional housing for non-leaseholders who may currently occupy some CHA units in an effort to facilitate their progress toward self-sufficiency. The CHA allocated 250 project-based vouchers to the Initiative, and the City of Chicago announced detailed plans in FY2003 for developing and improving seven SROs, three of which are located near CHA redevelopment communities.

DECONCENTRATION OF POVERTY

To further the CHA's efforts to deconcentrate poverty, the CHA identifies and recruits new landlords within low-poverty areas to participate in the HCV Program and encourages HCV families to move into low-poverty neighborhoods throughout Chicago. The Housing Opportunity Program and Gautreaux Counseling provide families with tools and assistance to successfully complete these moves.

Housing Opportunity Program

Through the Housing Opportunity Program, the CHA supports HCV families in their effort to make informed housing choices. Housing Opportunity Program counselors promote city-wide and regional mobility, as well as support families moving to homes in low-poverty neighborhoods. To join this program, a family must be a current HCV participant who resides in a high-poverty area and is interested in moving to a low-poverty area.

Housing Opportunity Program Activity FY2003	
Families briefed about the program	6,099
Families enrolled in the program	1,461
Families leasing through the program	934

In FY2003, the Housing Opportunity Program:

- Provided transportation to allow families to tour neighborhoods and attend open houses held by landlords in low-poverty areas;
- Escorted individuals to view available units; and
- Provided access to workshops on landlord/tenant law and money management.

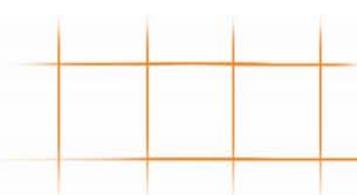


AN HCV PROGRAM PARTICIPANT AND HER FAMILY ENJOY THEIR NEW HOME

Landlord Outreach

The CHA continuously expands housing options by recruiting new landlords, thereby increasing the number and variety of units available to program participants. In addition to landlord outreach and marketing strategies conducted by the HCV Administrator, new landlords are also identified by the HCV Administrator's Landlord Outreach Specialists (Specialists). These Specialists identify potential units in low-poverty areas by monitoring newspaper ads, the Internet, signs, bulletin board notices, and by establishing relationships with rental agencies. In FY2003, Specialists held community meetings, one-on-one discussions, and workshops for potential landlords to educate them on the benefits of program participation.

To further attract landlords with units in low-poverty areas, the CHA began to actively market a new property tax savings initiative that went into effect during the last quarter of FY2003. Under State law, Illinois landlords who rent to HCV Program participants may receive a property tax abatement for up to 19% of a property's assessed value. CHAC held several workshops to explain this program to landlords and developed marketing materials to promote the benefits of the program. All of these efforts resulted in 993 new landlords and 1,511 new units in low-poverty areas being added to the HCV Program in FY2003.



Gautreaux Moves Program

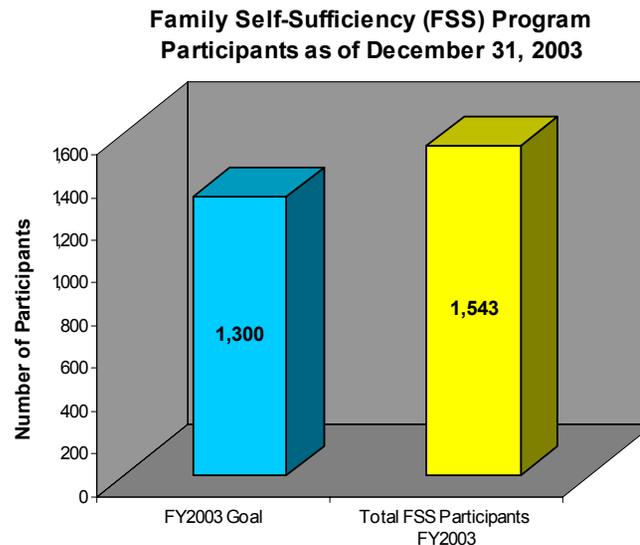
The CHA and the Leadership Council for Metropolitan Open Communities (Leadership Council) initiated the Gautreaux Moves Program to facilitate public housing residents moving to Opportunity Areas. An Opportunity Area within Chicago's city limits is defined as a census tract with a poverty rate of less than 23.49% and an African-American population of 30% or less. Outside of the city of Chicago, Opportunity Areas have both a poverty rate and an African-American population of less than 10%. Families currently living in CHA public housing developments can make a Gautreaux Move to an Opportunity Area using one of the 500 HCVs that the CHA sets aside for this program. If families are interested in a Gautreaux Move, they must attend specialized counseling services offered through the Leadership Council. One hundred and fifty-six (156) Gautreaux Moves were completed in FY2003 and an additional 50 families were enrolled in Gautreaux Counseling as of December 31, 2003.

FAMILY SELF-SUFFICIENCY PROGRAM

The Family Self-Sufficiency (FSS) Program helps HCV families move toward financial independence. To participate in this program, a head of household must enter into a five-year contract outlining a customized action plan which can include steps for eliminating debt, earning a college degree, finding employment, and/or purchasing a car or home.

Family Self-Sufficiency Program FY2003		
Activities	FSS Participants	Percent of Total FSS Participants (1,543)
Participants with an escrow balance	631	41%
Participants with 51% or more of total income derived from wages.	793	51%
Participants living in a low-poverty area	752	49%

As FSS participants achieve their goals, their income may increase. If a family's rent rises due to an increase in income, the CHA makes a monthly deposit equal to the rent increase into an escrow savings account. Upon graduation from the program, the family receives the escrow funds along with any interest earned. In FY2003, more than 100 participants graduated from this program and received escrow funds from their respective savings accounts. As of December 31, 2003, 1,543 participants were enrolled in the FSS program.



Choose to Own Program

The Choose to Own (CTO) Program provides qualified CHA families with an opportunity to purchase a home subsidized by Housing Assistance Payments. To qualify, families must participate in the FSS Program and complete pre-purchase counseling conducted by a homebuyer counseling agency. These programs help increase the likelihood that participants will receive approval for mortgage financing.

Choose to Own Program FY2003	
Number of applications submitted	398
Number of families who completed pre-purchase counseling	64
Number of families who received bank approval	48
Number of closings	39

In FY2003, 39 families purchased their first home through the CTO bringing the cumulative total to 55 families who have purchased homes through the CTO Program since its inception in FY2001. Of the 55 CTO homebuyers, 63% percent moved to lower poverty neighborhoods than the ones they came from and 25% moved from a high- to a low-poverty neighborhood.

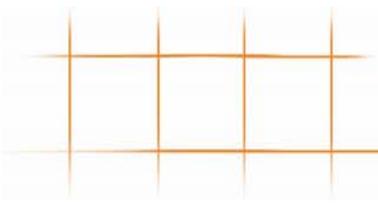
IN 1993, Ms. MARTINA CASEY AND HER FAMILY MOVED TO A HOME IN THE ROSELAND COMMUNITY WITH AN HCV. FOUR YEARS LATER, Ms. CASEY RECEIVED A NEWSLETTER FROM CHAC THAT DESCRIBED THE NEW FSS PROGRAM. ALTHOUGH RELUCTANT AT FIRST, Ms. CASEY WAS INTERESTED IN THE BENEFITS OF THE PROGRAM AND ATTENDED A SEMINAR TO LEARN MORE; SHE LEARNED THAT FSS COULD ASSIST HER IN SETTING PERSONAL GOALS AND MOVING FORWARD ON A PATH TOWARD ECONOMIC SELF-SUFFICIENCY.

FOCUSED ON JOB STABILITY AND HER FAMILY, Ms. CASEY ENROLLED IN A COURSE TO BECOME A LICENSED HOME DAY CARE PROVIDER, RECEIVED HER LICENSE, AND WAS APPROVED TO PROVIDE HOME CHILD CARE SERVICES BY THE END OF THE YEAR. A SELF-PROCLAIMED SELF-STARTER, Ms. CASEY OPENED A SPECIAL SAVINGS ACCOUNT AND DECIDED TO PARTICIPATE IN THE CHOOSE TO OWN PROGRAM.

APPROXIMATELY SIX MONTHS LATER, Ms. CASEY SETTLED INTO A NICE, CLEAN, SAFE NEIGHBORHOOD IN ROSELAND. NOW A HOMEOWNER FOR ALMOST TWO YEARS, Ms. CASEY WAS RECENTLY APPOINTED AS THE FIRST HOME DAY CARE PROVIDER MEMBER OF THE CHICAGO DEPARTMENT OF HUMAN SERVICES' CHILD CARE DEVELOPMENT ADVISORY COUNCIL AND IS A UNION STEWARD UNDER LOCAL UNION 880.

ACCORDING TO Ms. CASEY, FSS AND THE CHOOSE TO OWN PROGRAM AFFORDED HER THE OPPORTUNITY TO WORK, ATTEND SCHOOL, AND OPEN HER OWN BUSINESS WHILE BEING ABLE TO SAVE ADDITIONAL MONEY TO BUY A HOME. SUMMING IT ALL UP, Ms. CASEY SAID, "I AM GRATEFUL TO THE CHA AND THE SECTION 8 PROGRAM FOR PROVIDING ME WITH AN OPPORTUNITY TO BECOME SELF-SUFFICIENT. IT IS A GREAT FEELING. I WAS CONFRONTED WITH MANY OBSTACLES, BUT I DIDN'T ALLOW THEM TO BECOME BARRIERS!"





HCV SATELLITE OFFICES

In FY2003, the CHA established HCV Satellite Offices to better facilitate program administration. Satellite offices offer participants contact with HCV housing specialists, counselors, CHA programs, and workshops at easy-to-access locations in their community. The services provided by satellite office staff include:

- Conducting workshops for the FSS, CTO, and Housing Opportunity Programs;
- Answering participants' questions and assisting them in processing HCV Program paperwork;
- Conducting outreach to landlords in the area; and
- Acting as a liaison with community organizations.

The CHA's first HCV satellite office, the Southwest Regional Office, was opened in October, 2003. The leases for the Northwest and the South Shore Regional Offices were approved by the CHA Board of Commissioners in the last quarter of FY2003. These two offices will become fully functional in FY2004.

SECTION 8 ADMINISTRATIVE PLAN

In FY2003, the CHA amended its Section 8 Administrative Plan, which establishes policies for CHAC, Inc.'s administration of the Housing Choice Voucher (HCV), Project-Based Voucher, and Moderate Rehabilitation Programs. The amendments reflect recent changes to Federal regulations, as well as the CHA's need to add or modify its policies. The amendments:

- Limit landlords to a security deposit equivalent to one month's rent;
- Incorporate revised Federal regulations regarding the presence and abatement of lead hazards;
- Create a limit of one interim recertification during the unit search process and clarify that participating households are responsible for reporting changes in income or family composition;
- Allow senior and disabled participant households a bi-annual re-examination of income;
- Require participating households to provide access to their HCV unit for inspection;

- 
- Clarify the policy on the duration of absence from the unit by the participating household;
 - Require owners to include mandatory language in their leases that establish drug-related and violent criminal activity as grounds for lease termination;
 - Incorporate revised Federal regulations to deny assistance based on evidence that a household member used illegal drugs or alcohol and has, within the past two years, engaged in any other criminal activity that may threaten the health or safety of others;
 - Require criminal background checks on any participant household member, age 17 or older, at every annual recertification for Post-10/1/99 Relocation families, as well as upon the household member's request of a transfer or addition to the lease; and
 - Incorporate revised Federal regulations to deny assistance to any applicant or participant household member who: 1) has any conviction of a drug-related criminal activity for the manufacture or production of methamphetamine on the premises of federally assisted housing; 2) has any conviction of a drug-related or criminal activity within the past two years; or 3) is subject to a lifetime registration requirement under a State Sex-Offender Registration Program.



CHAPTER 5: Operation of Chicago's Public Housing

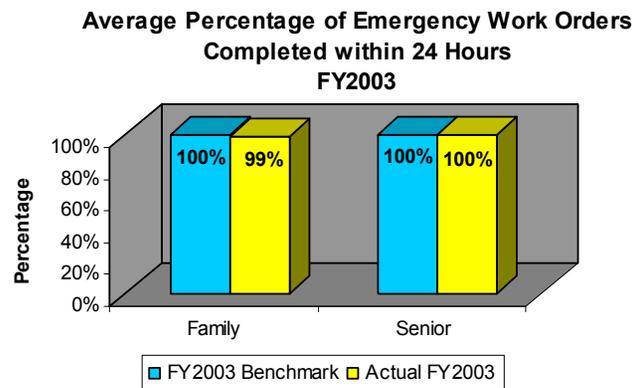
As the Plan for Transformation progresses, the CHA continues to improve its property management operations to provide safe and decent housing for all of the CHA's residents. The CHA contracts property management services to third-party property managers who must adhere to stringent performance measures. Each property management company's performance and budget are monitored by the CHA's Asset Management Department and audited by the Quality Control Department. In FY2003, six of the CHA's seven property management performance benchmarks were met or exceeded. Moreover, the CHA updated its rent, lease, and admissions and occupancy policies to better serve residents.

FY2003 PROPERTY MANAGEMENT PERFORMANCE BENCHMARKS

Property management performance is measured by benchmarks set forth in each of the management companies' contracts. Property management companies that do not meet the established benchmarks are placed on a watch list. If a management company continues to fail to meet the CHA's expectations, it is subject to sanctions, such as reductions of its monthly management fee, or possible contract termination.

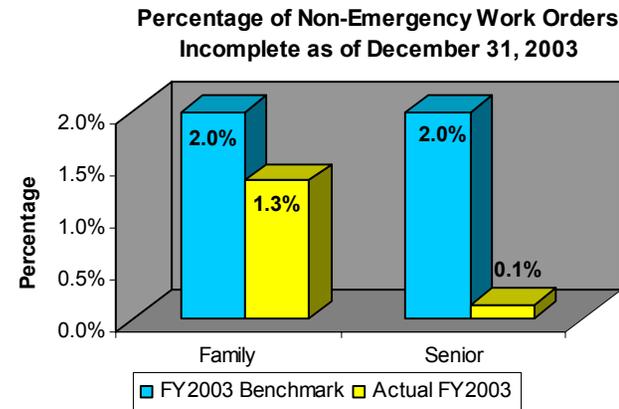
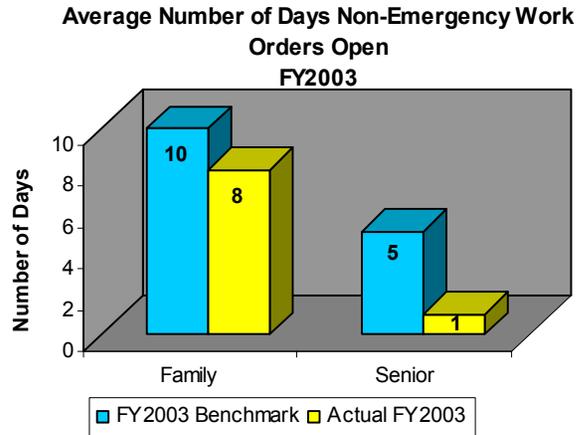
Emergency Work Order Response

Property management companies are required to respond to 100% of emergency work orders within 24 hours or less. For these work orders, an emergency is defined as a condition within a CHA housing unit that poses an immediate threat to life, health, safety, or property, or one that threatens fire safety. During FY2003, the CHA instituted sanctions for management companies that did not meet this standard of unit repair.



Non-Emergency Work Order Response

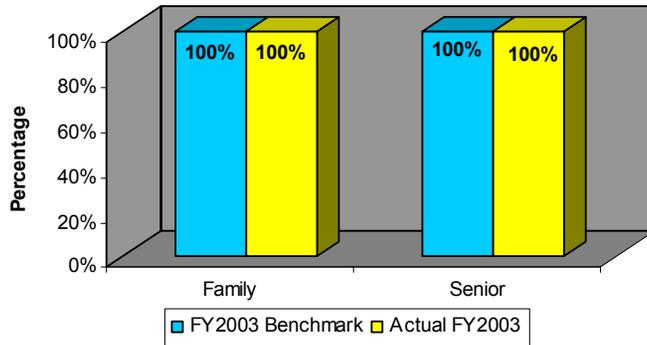
A non-emergency work order is a physical work item that does not pose an immediate threat to life, health, safety, or property, and is not related to fire safety. The benchmarks for non-emergency work orders are as follows: 1) non-emergency work orders will be resolved within five days at senior properties and within ten days at family properties; and 2) less than two percent of work orders at family and senior properties will remain incomplete as of December 31, 2003. The CHA's response to non-emergency work orders exceeded the performance benchmarks in FY2003.



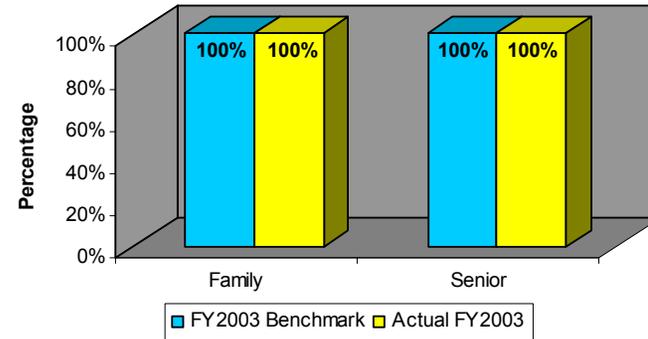
Inspection Completion

Property management companies were instructed to inspect all occupied units that were occupied or re-occupied in FY2003, as well as all building systems in accordance with the HUD Uniform Physical Condition Standards (UPCS). In FY2003, 12,582 family unit inspections, 7,556 senior unit inspections, and 2,171 family and senior building systems inspections were conducted. Work orders were generated for any deficiencies cited during these inspections.

**Percentage of UPCS Unit Inspections Completed
FY2003**



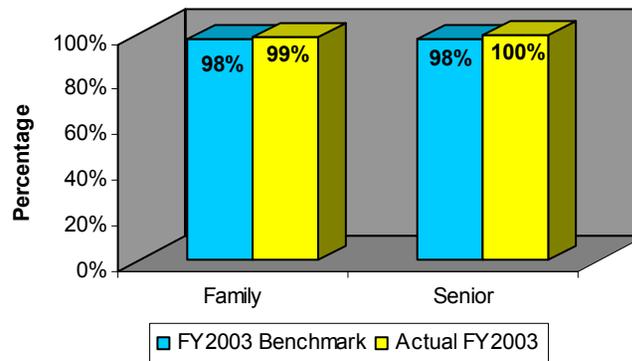
**Percentage of UPCS System Inspections Completed
FY2003**



Rent Collection

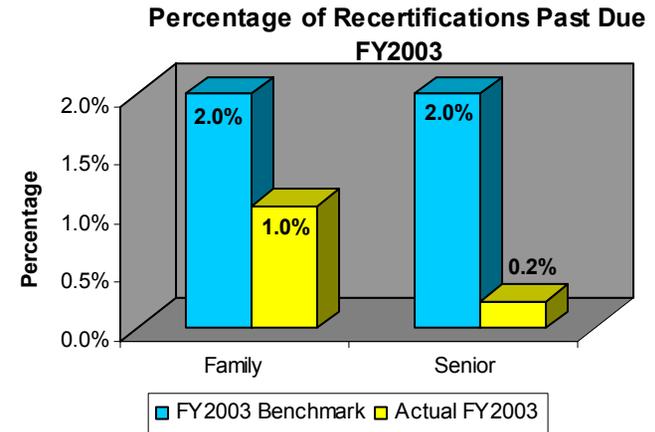
The CHA required property managers to collect at least 98% of rents due in FY2003. Property managers at both family and senior properties met and surpassed this goal.

**Average Rent Collection Rate
FY2003**



Recertification Completion

The CHA's goal was to have less than two percent of recertifications past due at the end of FY2003. As of December 31, 2003, only one percent of recertifications at family properties and 0.2% of recertifications at senior properties were outstanding. During the year, the Asset Management Department created standardized forms to improve the recertification process and provided training to property managers on these new forms.



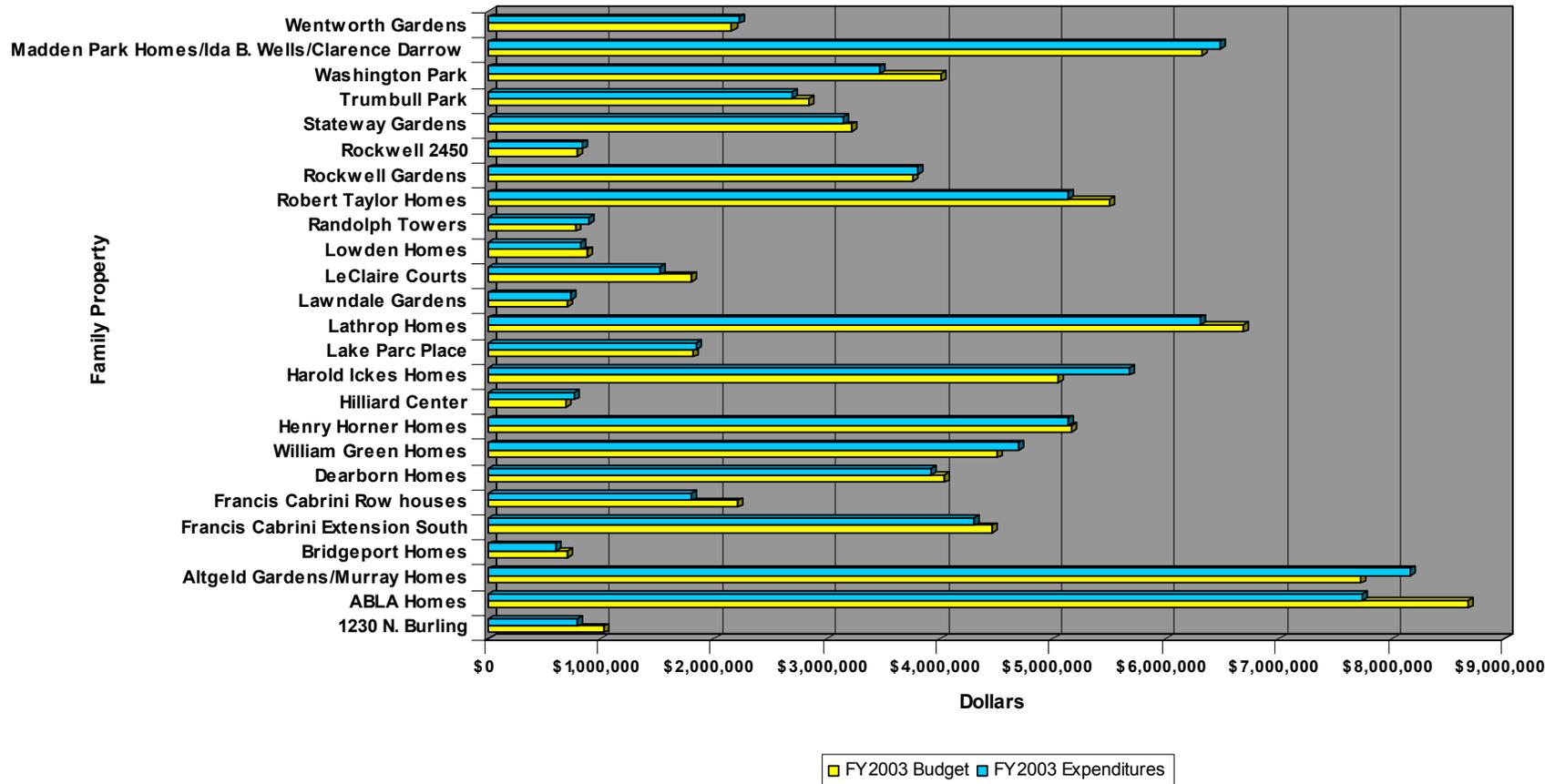
Rental Integrity Monitoring (RIM)

Rental Integrity Monitoring (RIM) is a HUD initiative that helps public housing authorities reduce improper payments, as well as errors in rent and income calculation during initial applicant processing and recertification. In response to this initiative, the CHA and property managers completed a HUD-sponsored training that covered all of the areas relevant to updated recertification guidelines. The training provided information about conducting recertifications such as collecting acceptable documentation, filling out a manual HUD form 50058, conducting a face-to-face interview, and conducting quality file inspections. Subsequently, the CHA made improvements and adjustments to methods for income verification and rent calculation, which included revision of standard forms, implementation of new procedures, and additional training.

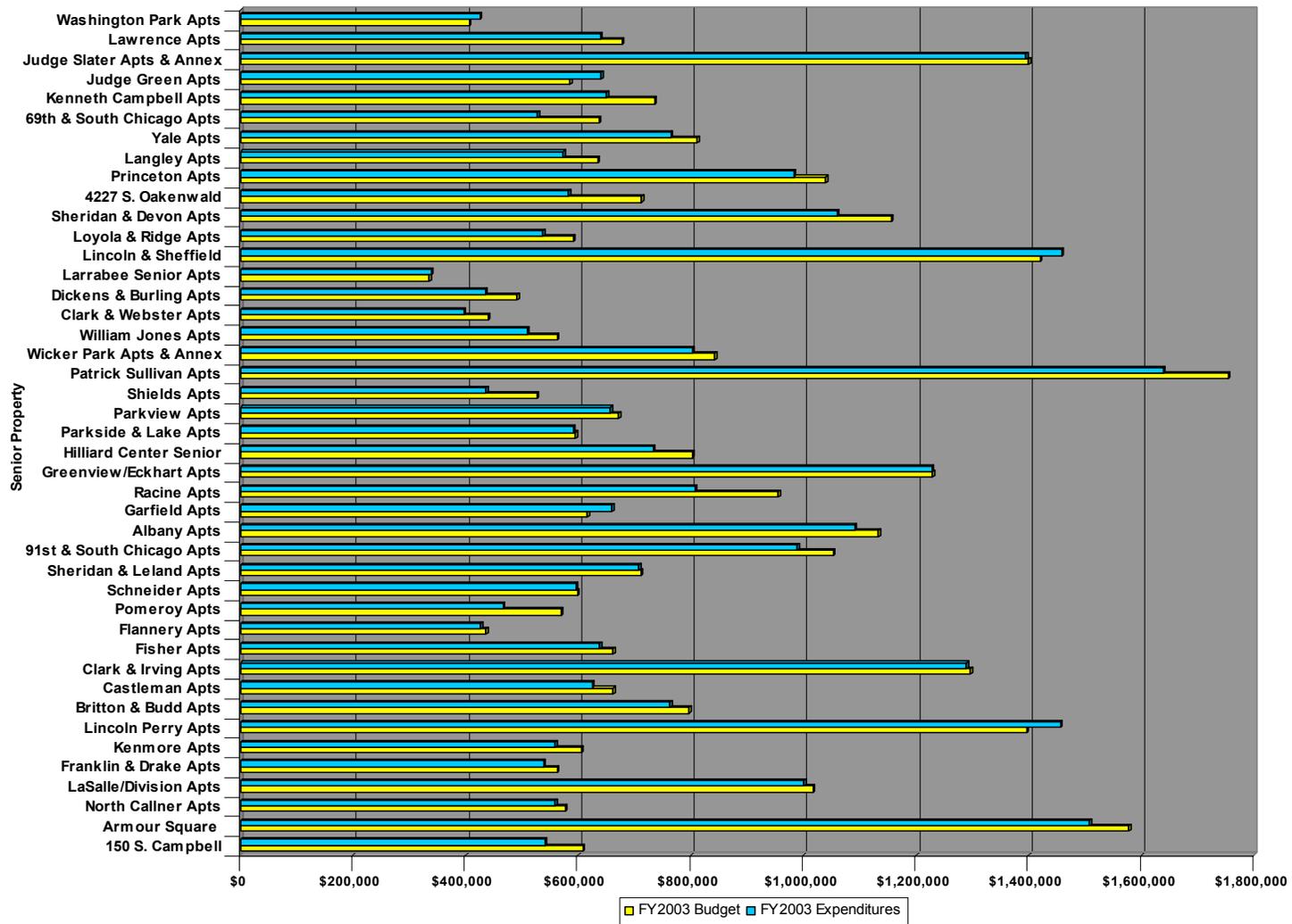
Property Budgets

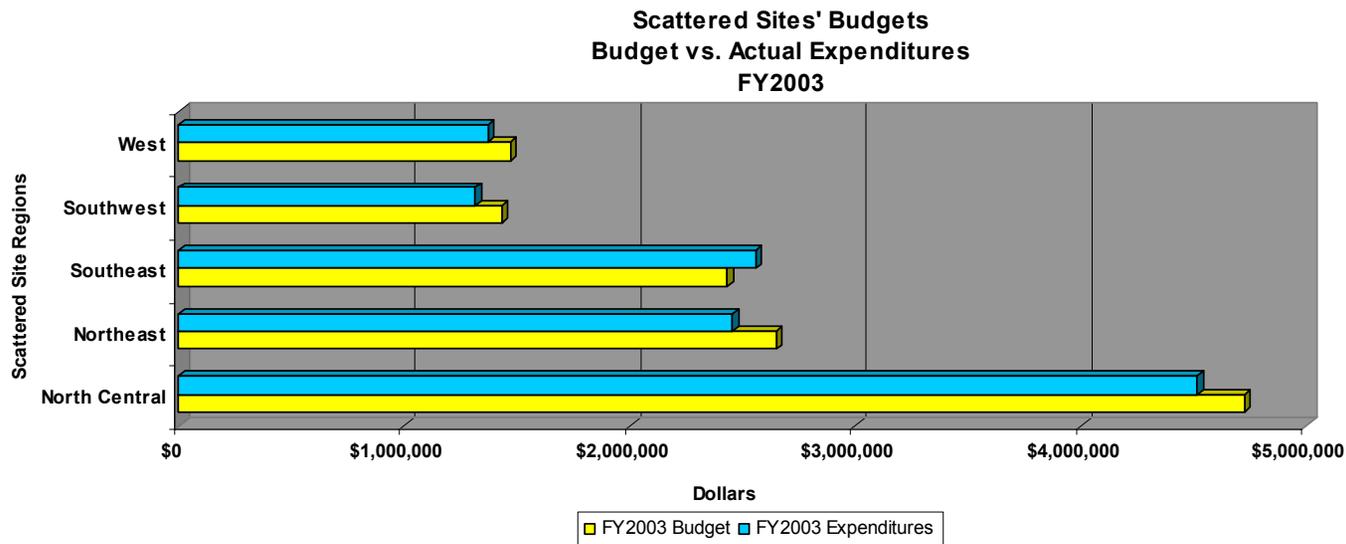
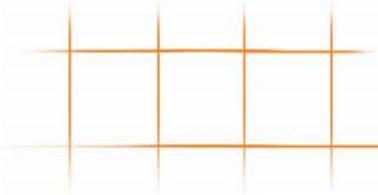
The CHA and property management companies collaborate to allocate an adequate budget for each development at the beginning of each fiscal year. In FY2003, 73% of the CHA family, senior, and scattered site properties operated within their fiscal budgets, representing a six percent increase from FY2002.

**Family Properties' Budgets
Budget vs. Actual Expenditures
FY2003**



**Senior Properties' Budgets
Budget vs. Actual Expenditures
FY2003**

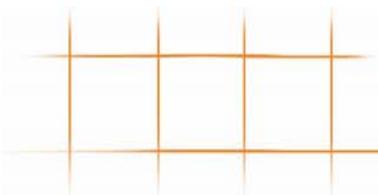




QUALITY CONTROL

The Quality Control (QC) Department serves as the CHA's internal auditor of property management companies' performance. Throughout the year, the QC Department reviewed resident files and conducted building and unit inspections for compliance with HUD regulations.

In FY2003, the CHA implemented a procedure to address deficiencies found during building and unit inspections. This procedure requires the inspector to inform property and asset managers when deficiencies are found, and a corrective action plan is created by the property manager. The action plan is then administered by the asset manager. The QC department conducts follow-up inspections to ensure that the deficiencies are addressed.



Building Inspections – Common Areas and Units

The focus of QC building inspections in FY2003 was to identify health and safety hazards. To accomplish this objective, 87 common areas and 792 units were inspected at various CHA family and senior buildings.

Common areas were inspected to ensure:

- Lighting, trash chutes, elevators, and smoke alarms were operable;
- Stairwells were clean and properly illuminated;
- Fire hoses and fire extinguishers were present and operable; and
- Vacant units were properly secured.

Units were inspected to ensure:

- Smoke detectors were present and operable;
- Heat was operational; and
- Units were pest-free.

File Reviews

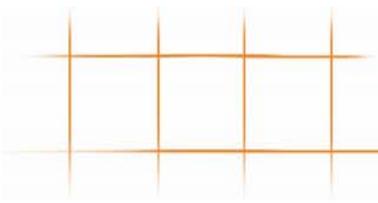
The QC Department conducted 1,876 resident and UPCS file reviews in FY2003. The objective of these reviews was to ensure that accurate and complete resident files were being maintained by the property management companies servicing the CHA.

Resident files were audited to ensure:

- Mandatory documents were present;
- Documents did not lack signatures;
- Proper third-party verification was collected; and
- Rent calculation was correct.

UPCS files were audited to ensure:

- Work orders were entered 48 hours after inspection;
- Work order requests were fulfilled or in the process of being fulfilled; and
- Accurate UPCS forms were used and completed.



LEASING ACTIVITY

In FY2003, the Asset Management Department and the property management companies instituted a marketing strategy to lease vacant units at senior buildings where rehabilitation was complete. The new marketing strategy required prospective resident outreach to begin 120 days prior to the building's availability for leasing by the management companies. In FY2003, 694 units in rehabilitated senior buildings were leased.

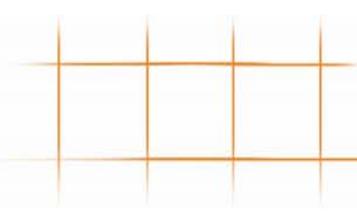
CHA POLICY AND LEASE REVISIONS

Since the Plan for Transformation began, the CHA has continually revised its policies and procedures to meet the ever-changing needs of residents and the CHA. On October 21, 2003, the CHA Board of Commissioners adopted a new Admissions and Continued Occupancy Policy, and updated its rent policies, Residential Lease Agreement and Contract (Lease), and Pet Policy.

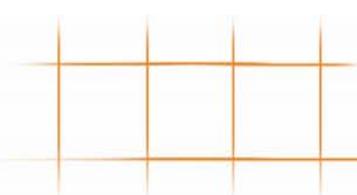
The CHA's Admissions and Continued Occupancy Policy (ACOP)

The CHA's Admissions and Continued Occupancy Policy (ACOP) governs public housing occupancy in traditional public housing developments owned by the CHA. In FY2003, the CHA updated and established the following policies contained in the ACOP that apply to CHA applicants and residents living in family and senior properties:

- *Affirmative Marketing Policy*: The new Affirmative Marketing Policy ensures that eligible families, currently not participating in CHA programs, are made aware of the CHA's housing opportunities via targeted outreach. The policy is designed to reach groups that are under-represented in the CHA's resident population.
- *Applicant Screening Policy*: The enhanced Applicant Screening Policy bars admission to persons who have been convicted of arson or child molestation. The policy also establishes a three-year ban on family members whose criminal history involves crimes of violence to persons or property.
- *Earned Income Disallowance Policy*: The CHA revised the Earned Income Disallowance Policy. Qualifying residents will receive a one-time 100% disallowance from their newly earned income for 12 months. This is then followed by a 50% disallowance for an additional 12 months.

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- *Economic Independence Policy (EIP)*: To encourage adult¹ residents to become economically independent, the CHA established the Economic Independence Policy (EIP), which requires non-exempt adult residents to complete 30 hours of self-sufficiency or neighborhood service activities per month. Eligible activities include attending school, job or skill training sessions, apprenticeships, and any activity required as a condition of receiving Temporary Assistance to Needy Families. The adult resident can also participate in a variety of volunteer service activities that benefit the property, its residents, or the neighborhood. (See ACOP for a more detailed description.)
 - *Incentive Transfer Policy*: The CHA created this new category for voluntary transfers to mixed-income communities. After all residents have exercised their relocation rights, incentive transfers may be given to residents who are fully compliant with their lease, the EIP, and meet the site-specific requirements of their chosen new development. These residents will be given a priority over applicants on the wait list for admission to units in mixed-income properties.
 - *Reasonable Accommodations Policy*: The CHA updated its obligations to provide reasonable accommodations to residents with disabilities. To support this policy, the CHA also updated its Non-Discrimination and Accessibility Policies to specify that the CHA will make reasonable accommodations or modifications to housing units, communication systems, building systems and programs for residents with disabilities.
 - *Time Period for Resident to Consider a Unit Offer*: For consistency between the ACOP and the Relocation Rights Contract, the CHA reduced the time period for an applicant to consider a unit offer from ten to five days.
 - *Unit Size Standards*: The CHA also revised bedroom occupancy standards in traditional public housing developments. Revising this standard allows the CHA to increase its ability to efficiently occupy more units and house larger families.

¹ Adults who are exempt include those who are: 62 or older or disabled; caring full-time for someone with a disability; working at least 30 hours per week; retired from full-time work and receiving a pension; or attending school.



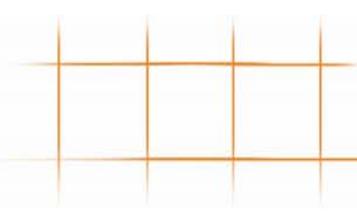
Updates to the CHA's Rent Policies

In FY2003, the CHA reviewed and adjusted its rent policies to promote mixed-income communities and encourage economic self-sufficiency of public housing residents. The following rent policy changes were incorporated into the revised ACOP:

- ***Rents:*** As required by HUD, the CHA revised its rent choices to allow residents to choose between paying an Income-Based or Flat Rent, rather than an Income-Based or Ceiling Rent. Flat Rents are based on the market value of each public housing unit. The CHA therefore abolished the previous two-tiered Ceiling Rent schedules and redefined Ceiling Rents to be equivalent to the Flat Rent plus the resident's utility allowance. Because Flat Rents take market factors into consideration, this policy change helps set CHA rents at more fair and equitable rates.
- ***Minimum Rent:*** The CHA established a monthly minimum rent of \$25 and developed accompanying guidelines for families in need of a financial hardship exemption from minimum rent.
- ***Re-Examination Requirement for Residents Claiming Zero Income:*** Under this new policy, the CHA requires all families claiming zero income to have their income re-examined every 90 days.
- ***Utility Reimbursement Policy:*** For residents receiving utility reimbursements, the CHA revised this process so that the resident's utility reimbursements are paid directly to the utility company, rather than to the resident. The resident's bill, however, will show the amount paid by the CHA. This revision was also made in the Lease.

Updates to the CHA's Residential Lease Agreement and Contract

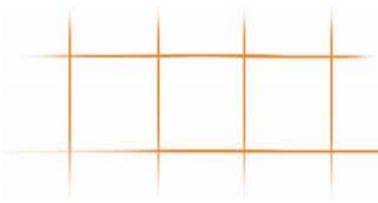
The CHA incorporated all relevant revisions from the ACOP into the Residential Lease Agreement and Contract (Lease). Specifically, the CHA added a minimum rent and clarified the accompanying hardship exemption. The CHA also incorporated the new EIP and included provisions to terminate a Lease for failing to comply with the EIP requirements. Moreover, the CHA removed all references to Ceiling Rents, as described in the ACOP. Additional revisions made to the Lease included:

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- *No Security Deposit Increase for Residents who Transfer:* This new provision states that once a resident pays his or her security deposit, it cannot be increased when he or she transfers to another property, with the exception of residents moving to mixed-income communities.
 - *Responsibility Test for Resident Payment Plans:* With this Lease revision, the CHA will consider a resident's payment history when deciding whether to enter into a repayment agreement for charges beyond rent. These charges could include, but are not limited to, utility charges or maintenance costs.
 - *Permission for Maintenance Staff to Enter Unit:* Previously, when residents submitted maintenance requests, scheduling a time for staff to enter the unit often delayed the work request. A new provision was added to the lease which states that a resident's maintenance request grants management permission to enter the resident's unit to perform the service requested.
 - *Reasonable Accommodation in Utility Use:* The new Lease provides higher utility allowances to residents whose disabilities require them to use equipment that increases utility consumption, such as an in-home dialysis machine.
 - *Guidelines for Reasonable Accommodations Notices:* As part of the CHA's Reasonable Accommodations Policy, all notices will be sent to residents with disabilities in the format requested.

Updates to the CHA's Pet Policy

The CHA also updated its Pet Policy in FY2003. The primary changes were:

- A revised Reasonable Accommodations Policy that provides residents with disabilities with an exemption from the pet deposit and application fee if they require an assistive or companion animal; and
- Clarification that the pet application and deposit requirement for residents with fish is only for aquariums that are 20-gallons, which is the maximum aquarium size allowed in CHA units.



SENIOR DESIGNATED HOUSING PLAN UPDATE

The Senior Designated Housing Plan, which states that all CHA senior buildings are for senior residents only, was approved by HUD in FY2000. In FY2003, the CHA continued to implement the Senior Designation Housing Plan by adhering to the following HUD conditions:

1. Follow through on the CHA's commitment to exceed the five percent wheelchair and two percent sensory accessible unit requirements.

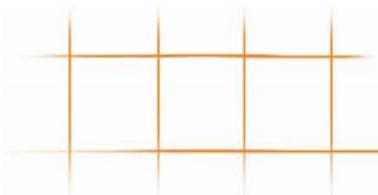
In FY2003, the CHA and the Mayor's Office for People with Disabilities (MOPD) entered into an inter-governmental agreement to conduct accessibility inspections. Inspections will occur during the construction phase, and will ensure that applicable accessibility and visitability requirements are incorporated into redevelopment and rehabilitation properties. This agreement will also ensure that visitability standards are honored. The CHA continues to work on its commitment to exceed the five percent and two percent accessible unit requirement.

2. Maintain records on the number of applicants with disabilities who are affected by the senior housing designation and alternatives they exercised.

In FY2003, the CHA continued to contact qualified applicants with disabilities, who were wait listed for senior developments, as well as qualified disabled residents in senior buildings to offer them HCVs. As a result, 104 HCVs were issued to non-elderly persons with disabilities on the wait list for senior housing, and 101 HCVs were issued to residents with disabilities living in senior housing.

3. Monitor the number of HCV holders with disabilities that applied for funds from the CHA's Modification Fund and the status of the applications.

The CHA's Modification Fund allows HCV holders with disabilities to request financial resources to modify their units and make them accessible. In FY2003, 82 modifications for accessibility were requested, 67 were approved, and 41 were completed.

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- 4. Monitor the number of HCV landlords and voucher holders who requested an increase in the Fair Market Rent. Maintain accurate records of the number of families for which the CHA established a higher payment standard within the basic range as a reasonable accommodation. Provide documentation to support requests to the HUD Field Office for an exception payment standard within the upper range.***

No HCV landlords or HCV holders requested an increase in the Fair Market Rent in FY2003. Consequently, a higher rent payment standard was neither needed nor established.

- 5. Provide HUD with minutes from meetings with representatives of disability advocacy groups, as required in the March 6, 2000 Plan approval letter.***

In FY2003, no meetings were held to discuss the Senior Designated Housing Plan. However, there were monthly meetings with the Equal Access Advisory Committee to discuss issues affecting the CHA's disabled population.

- 6. Maintain minutes of semi-annual meeting with HUD.***

Although semi-annual meetings have not been established with HUD, Senior Designated Plan Updates were provided in February and in November in the Annual Plan FY2004-Year 5.

- 7. Include a provision in the ground lease for the land that the CHA will lease to private developers for construction of housing built with tax credits or private funds.***

Access Living, an advocacy group for persons with disabilities, participated in various redevelopment task force meetings and suggested that additional accessibility language be included in the CHA's HOPE VI RFQs. The suggested language continued to be used by the CHA in FY2003.



CHAPTER 6: Sustaining Safe Communities

As the CHA diligently works to transform Chicago's public housing, it recognizes the continual importance of protecting individuals and families who live throughout its housing inventory. That is why the CHA works closely with the Chicago Police Department, private security firms, and resident volunteers to provide public housing residents and their visitors with the same level of security provided to citizens living throughout Chicago.

CHICAGO POLICE DEPARTMENT (CPD)

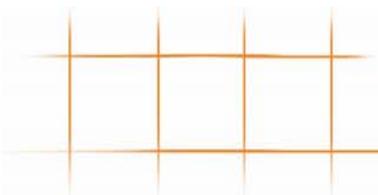
For more than four years, the CHA has relied upon the CPD Public Housing Section to protect individuals residing in and visiting CHA properties. CPD patrols CHA properties, responds to requests for assistance, coordinates anti-crime strategies, and maintains monthly contact with the Local Advisory Council presidents.

Foot patrols in and around CHA developments continued throughout FY2003. During these patrols, police officers walk down hallways and stairwells at high-rises to check lighting, vacant units, electrical rooms, and storage rooms. By maintaining a physical presence in the buildings, the patrols help control vandalism, property damage, loitering and trespassing on CHA property.



*MEMBERS OF THE
CHICAGO POLICE DEPARTMENT*

To further protect CHA residents and their guests, the CPD conducted two under cover operations that resulted in the arrest of more than 30 individuals. Only two of those arrested during these raids were CHA leaseholders. The collaboration between CHA residents and the CPD removed nefarious individuals from within and around CHA developments therefore improving the safety and well-being of CHA residents.



The CPD coordinated a number of anti-crime strategies at CHA properties throughout FY2003, including:

- A police and youth forum at Dearborn Homes where CHA youth interacted with police officers and received information on anti-gang related matters;
- A Domestic Violence Awareness Program in Ida B. Wells Homes; and
- Late night basketball at Harold Ickes Homes in collaboration with Chicago Public Schools.

Chicago Alternative Policing Strategy

The Chicago Alternative Policing Strategy (CAPS) recognizes that the police alone cannot solve crime. Together, police, CAPS, CHA residents, and community members identify and address neighborhood crime problems, rather than simply react to the effects after the fact. CHA residents and members of Resident Outreach Services attend monthly CAP meetings to discuss upcoming CAPS crime prevention workshops and events, among other topics.

ADDITIONAL SECURITY MEASURES

Private Contracted Security Guard Service

At CHA senior buildings, CPD patrols are supplemented by patrols conducted by private security firms. In FY2003, each senior building had private security for at least one eight-hour shift per day, as established in the Annual Plan FY2003-Year 4.

Screening Activities

The CHA requires that the property management companies follow the screening procedures set forth in the Admissions and Continued Occupancy Policy. New applicants must have their criminal history reviewed and analyzed for felony convictions and pending felony arrests.



Victim Assistance Program

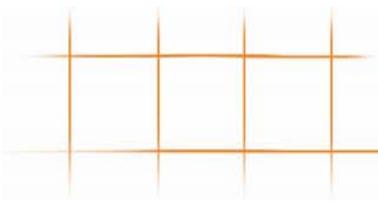
The CHA's Victim Assistance Program, first implemented in FY1991, helps stabilize CHA families who are impacted by violent crime, domestic violence, and ongoing threats to physical safety. Program services provided in FY2003 included:

- Crisis response;
- Short-term counseling to help residents cope with trauma and disasters;
- Social service and long-term counseling referrals;
- Emergency relocations for residents in life-threatening situations or for residents who have been displaced by crime; and
- Court advocacy.

Resident Outreach Services

The CHA continued to encourage residents to join Resident Outreach Services throughout FY2003. These 99 volunteer groups helped the CHA and CPD by providing supplemental security at CHA developments. Participants distributed information to residents that contained safety tips and assisted the CAPS Program with crime prevention workshops and other initiatives. At various developments during the year, Resident Outreach Services:

- Conducted 36,175 building safety checks;
- Held 95 public safety meetings; and
- Assisted CAPS in finding volunteer participants for the CAPS Tenth Anniversary Celebration.



ONE-STRIKE POLICY

Under the federally-mandated One-Strike Policy, the CHA is allowed to evict residents or deny occupancy to applicants engaged in alcohol abuse and/or drug-related criminal activities that threaten the health, safety, or peaceful enjoyment of the premises by other residents. As described in the Admissions and Continued Occupancy Policy, as well as in the CHA's Residential Lease Agreement and Contract, violation of this policy by any household member or guest is grounds for possible eviction. The CHA works with the CPD to track arrests that constitute a violation of the One-Strike Policy.

One-Strike Program FY2003	
Judgments for CHA Pending Eviction	18
Judgments for Residents	15
Agreed Orders	148
Cases Dismissed	49
Cases Canceled	10
One-Strike Executed Evictions	37
Move-outs	62



CHAPTER 7: Advancing the Vision for CHAnge

As the CHA implements the most ambitious urban revitalization project in the country, it recognizes that its ability to create visible results depends upon reliable and diverse sources of funding from a number of public and private partners. CHA funding sources include operating funds and a \$1.6 billion capital funding commitment from HUD as well as external grants. The CHA also relies upon a variety of collaborations with private and public partner including the City of Chicago. Together, these funds allow the CHA to properly administer its public housing and Housing Choice Voucher (HCV) Programs, revitalize its housing stock, and facilitate the provision of supportive services for residents.

FINANCE

The CHA's Finance Division institutes and enforces financial policies, such as the internal control, budget, audit, and investment policies. Together, these policies provide for the sound management and investment of CHA financial resources.

The successful management of the CHA's financial resources received national recognition in FY2003:

- ***Distinguished Budget Presentation Award***

The Distinguished Budget Presentation Award is given by the Government Finance Officers Association of the United States and Canada (GFOA) to governmental entities that publish budget documents that meet GFOA criteria for a policy document, operations guide, financial plan, and communications tool. The CHA has received this award every year since FY2001.

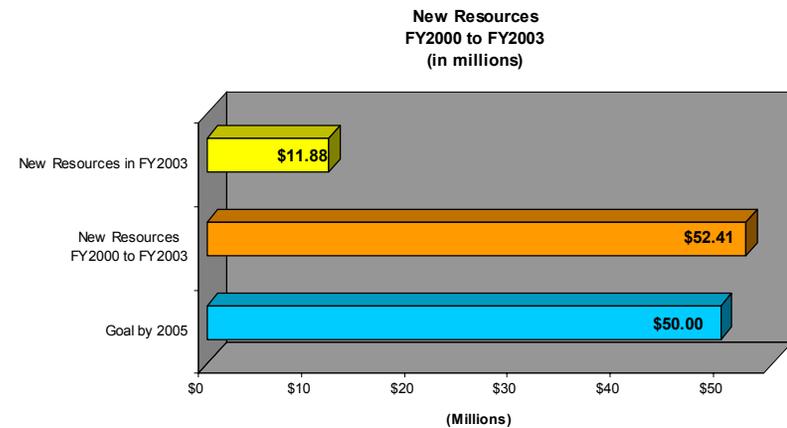
- ***Certificate of Achievement for Excellence in Financial Reporting***

The GFOA also awards a Certificate of Achievement for Excellence in Financial Reporting to government agencies and public employee retirement systems whose Comprehensive Annual Financial Reports achieve the highest standards in government accounting and financial reporting. The CHA has received this award for six years in a row.

See Appendix I for CHA's Financial Statements as of December 31, 2003.

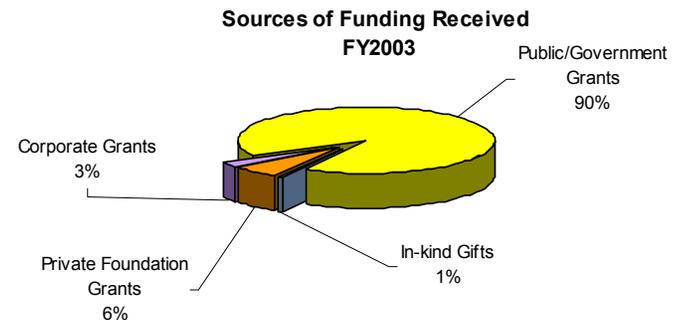
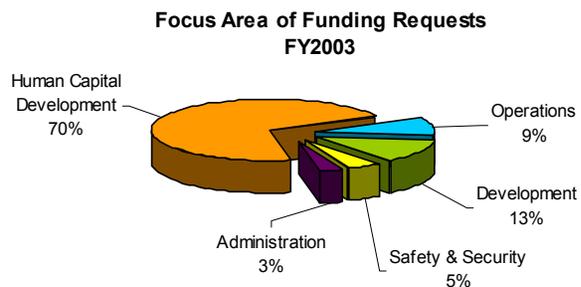
EXTERNAL FUNDING THROUGH RESOURCE DEVELOPMENT

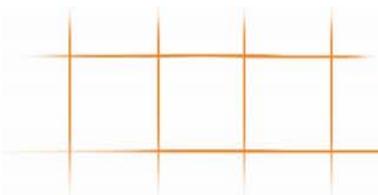
To support the implementation of the Plan for Transformation, the CHA's Department of Resource Development identifies public and private entities that have resources to supplement the CHA's HUD funding. The CHA established a goal of raising \$10 million dollars in FY2003 through both direct and indirect grants. Direct grants are those awarded directly to the CHA and indirect grants are given to CHA partners who wish to support CHA residents and related activities. Through collaborations with these partners, the CHA raised \$11.88 million in FY2003. To date, the CHA and its partners have raised \$52.41 million in support of the Plan for Transformation.



Funding Requests

Each year the CHA makes numerous funding requests in the areas of human capital development, operations, development, safety and security, and administration. In FY2003, the Department of Resource Development concentrated its efforts on community technology, education, youth programs, social services, violence prevention, and fair housing.





Government Grants

Together with external partners, the CHA received more than \$10 million in government grants in FY2003. Some of these grants include:

- **Lead Hazard Control Program Grant** which will provide lead abatement services for CHA families through the Chicago Department of Public Health.
- **Family Self-Sufficiency Grant** to promote the development of strategies to enable families in both the public housing and HCV Programs to achieve economic independence and self-sufficiency.
- **Fair Housing Education and Outreach Grant** which will be used to provide 36 workshops on fair housing, financial management, and homeownership to HCV families. Free legal counseling from the John Marshall School of Law will also be offered at the workshops.

Foundation Partnerships

The John D. and Catherine T. MacArthur Foundation

To date, the CHA has received more than \$3.7 million from the John D. and Catherine T. MacArthur Foundation. In FY2003, the CHA continued to receive generous contributions through two significant grants that supported the Plan for Transformation:

- **Planning Assistance Grant** for Altgeld Gardens, Lathrop Homes, and LeClaire Courts and Extension to support the residents at these properties in creating a comprehensive community redevelopment plan; provide residents with leadership training; and create a plan for the social, environmental, and economic sustainability of the new communities.
- **Communications Grant** to pursue a comprehensive communications strategy that focuses on improving resident outreach; improving communication with external stakeholders; and coordinating information dissemination to residents that have moved with an HCV.

The Chicago Community Trust

In addition to the over \$3 million dollars the Chicago Community Trust has committed to the CHA since FY2000, \$75,000 was awarded in FY2003 to support the CHA's Grandfamilies Pilot Program. The program will provide outreach, case management, and supportive services to senior heads of households and their dependents in Robert Taylor Homes and Washington Park.

The Partnership for New Communities

The Partnership for New Communities (The Partnership) supports the goals of public housing transformation by stimulating large-scale economic revitalization in neighborhoods where CHA mixed-income communities are located; promoting the development of strong institutions that enrich community life and sustain mixed-income diversity; and investing in the human potential of public housing residents. Founded by the Chicago Community Trust and the John D. and Catherine T. MacArthur Foundation in cooperation with the CHA, The Partnership is overseen by a board of Chicago civic and business leaders. In FY2003, The Partnership hired its first Executive Director who met regularly with the CHA to discuss mutual goals and fundraising strategies.

Corporate Partnerships

The corporate partnerships that the CHA made in years past were further cultivated and expanded during FY2003. These partnerships included the Chicago Bears, Toys R Us, Midway Moving and Storage, Leo Burnett, Constellation New Energy, Swingles, and Jewel/Osco.

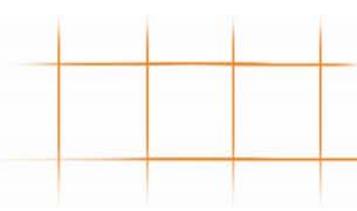


*CHA YOUTH PARTICIPATING IN THE
2003 CHICAGO BEARS' SHOPPING*

Windows of Opportunity, Inc.

Windows of Opportunity, Inc. (Windows), CHA's non-profit affiliate, administers programs, creates partnerships, and raises funds to support public housing residents who are working toward economic self-sufficiency. In collaboration with its external partners in FY2003, Windows administered human service programs and supported CHA residents who pursued a higher education through academic scholarships, including:

- Inner City Little League;
- Music Cultivation Program;
- Public Housing Nutrition Network; and
- Holiday Initiatives.



COLLABORATIONS WITH THE CITY OF CHICAGO

The CHA recognizes the City of Chicago for its ongoing support and coordination, which has been instrumental to the success of the Plan for Transformation. Under the leadership of Mayor Richard M. Daley, the CHA continued to increase its collaboration with various City of Chicago departments and agencies to ensure that the renewal of Chicago's public housing will also rejoin CHA residents to Chicago's neighborhoods.

In an effort to best manage revitalization, the CHA held weekly interdepartmental coordination meetings for current and upcoming redevelopment sites. In addition to those meetings, some of the CHA's collaborations in FY2003 included:

- **Chicago Department of Housing (DOH) and Chicago Department of Planning and Development (DPD):** The CHA continued to work with these departments on financing and planning issues at many of the redevelopment and rehabilitation sites.
- **Chicago Department of Human Services (CDHS):** CDHS administered the CHA's Service Connector System, which provided guidance to residents seeking resources that promote economic self-sufficiency and personal growth.
- **Chicago Department of Transportation (CDOT):** CDOT continued to coordinate public infrastructure improvements on and around CHA properties that are undergoing revitalization, in conjunction with the City Departments of Water, Sewer, and Streets and Sanitation.
- **Chicago Department on Aging (CDOA):** CDOA's Resident Service Coordinators administered the Department's Red Tape Cutter Program in 42 CHA senior buildings.
- **Chicago Park District:** CHA youth engaged in Chicago Park District activities in various communities throughout the year, and the Park District provided vouchers to CHA youth for its Day Camp Program. The Park District also worked on revitalizing and creating new parks near CHA redevelopment and rehabilitation sites.
- **Chicago Police Department (CPD):** The CPD's Public Housing Section patrols CHA properties to protect and ensure resident and visitor safety.
- **Chicago Public Schools (CPS):** The CHA held meetings with CPS in FY2003 to help facilitate students' transition from one school to another due to relocation.
- **Mayor's Office for People with Disabilities (MOPD):** The CHA also worked closely with MOPD which reviewed and approved redevelopment and rehabilitation project plans prior to their submission for City approval.



CHAPTER 8: Promoting Economic Opportunities

The CHA encourages economic self-sufficiency for all individuals. That is one of the many reasons why the CHA created several programs to expand access to employment and contracting opportunities for minorities, women, and disadvantaged business enterprises (MBE/WBE/DBE).

MBE/WBE/DBE

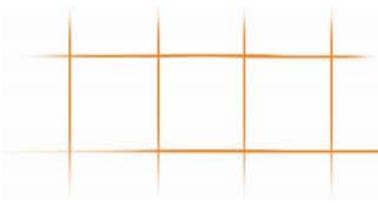
To encourage contracting with minority-, women-, and disadvantaged-business-enterprises through its MBE/WBE/DBE Program, the CHA sponsored and attended a number of events in FY2003 that were targeted to MBE/WBE/DBEs. Through these efforts, the CHA was able to expose more than 800 businesses to potential contract work and partnership opportunities. Existing MBE/WBE/DBEs were invited to attend:

- The CHA's Small Business Vendor Fair;
- Two *How to Do Business with the CHA* trainings;
- The Small Business Association's (SBA) *Business Matchmaking*;
- The City of Chicago's *Building New Partnerships*;
- The CHA *Entrepreneur and Employment Fair*; and
- The CHA *Small Business Roundtable*.



FY2003 GRADUATES OF THE CHA'S
SIX-STEP WORKSHOP
"STARTING AND IMPROVING YOUR BUSINESS"

Low-income individuals who plan to start or grow small businesses were also invited to attend the CHA's Six-Step Series Workshops. The Workshops are designed for individuals who are starting a small business or for existing small businesses who would like to enhance their company. A six-week workshop was held during each quarter of FY2003.



SECTION 3 OUTREACH

The Section 3 Program requires resident hiring at the CHA and companies that contract with the CHA. The CHA requires that 30% of a contractor's new hires on qualifying contracts with the CHA are Section 3 residents from the development where work is being performed. If contractors are unable to meet this requirement, they can provide alternative economic opportunities for Section 3 residents.

In addition to this requirement, the CHA conducted Section 3 outreach in FY2003, including referrals of residents to local organizations to obtain information on MBE/WBE/DBE contracting, child care businesses, and small business loans. The CHA referred more than 120 residents to the City of Chicago, SBA, Women's Business Development Center, and the Small Contractors' Network.

ALTERNATIVE PROCUREMENTS

To further increase the contracting opportunities available to residents, the CHA has established an Alternative Procurement Process. Through this process, the CHA identifies procurements which will only be solicited to resident-owned businesses. In FY2003, over \$396,800 in Alternative Procurements were awarded to resident-owned business.

APPENDIX A: Moving To Work Crosswalk

In April 2003, the CHA and HUD met to discuss revisions to the CHA's Moving to Work (MTW) reporting requirements for the annual plans and annual reports. These discussions resulted in a revised MTW Crosswalk which is below. The revisions included the addition of several reporting elements in order to provide HUD and other stakeholders with more detailed information on the CHA's progress in implementing the Plan for Transformation.

Category	Requirement	Location
Households Served	A. Number and characteristics of households served at the end of the year. I. Include unit size, family type, income group, housing type, race & ethnicity.	Appendix B: Public Housing Stock and Demographic Information
	B. Identify number and characteristics of households on wait	Appendix C: Public Housing Wait List Demographic Information
	C. Changes in tenant and wait list numbers and characteristics and related narrative discussion.	Appendix D: Housing Choice Voucher Program Participant Demographic Information
Occupancy Policies	A. Changes in rent policy, if any.	Chapter 5: Operation of Chicago's Public Housing
	B. Changes in concentration of lower-income families by program.	Chapter 1: Renewal of Chicago's Public Housing Chapter 4: Enhancing Affordable Housing Opportunities Appendix B: Public Housing Stock and Demographic Information
	C. Narrative discussion/explanation of changes in occupancy policy.	Chapter 5: Operation of Chicago's Public Housing
Relocation	A. Report on relocation activities for previous year.	Chapter 3: Supporting Residents Through Relocation
	B. Report on building closures for previous year.	Appendix E: Unit Closure FY2003
Capital Improvements and Development	A. Actual delivery of units in previous year.	Chapter 1: Renewal of Chicago's Public Housing
	B. Actual units under construction for current year.	Chapter 1: Renewal of Chicago's Public Housing
	C. Narrative on progress of capital plan.	Chapter 1: Renewal of Chicago's Public Housing
Capital Planning	A. Finance I. Identified planned vs. actual expenditures by property. II. Include narrative discussion/explanation of difference.	Appendix H: Capital Expenditures FY2003
	B. Demolition and Disposition - Report on actual demolition and disposition for previous year.	Appendix F: Structural Demolition FY2003 Appendix: G: Disposition FY2003
	C. Report on homeownership activities for previous year.	Chapter 4: Enhancing Affordable Housing Opportunities

Category	Requirement	Location
Management Information for PHA Units	A. Work orders: I. Emergency work order percentage. II. Non-emergency work-order percentage. III. Outstanding non-emergency work orders.	Chapter 5: Operation of Chicago's Public Housing
	B. Inspections: I. Percent of annual inspection of dwelling units. II. Percent of annual inspection of building systems.	Chapter 5: Operation of Chicago's Public Housing
	C. Income Verification and Rent Calculation: I. Increase in percent of correct income verification. II. Increase in percent of correct rent calculation. III. Percent outstanding recertifications. IV. Steps taken to reach goal.	Chapter 5: Operation of Chicago's Public Housing
	D. Other management achievements for previous year.	Chapter 5: Operation of Chicago's Public Housing Chapter 7: Advancing the Vision for CHange
Security	A. Narrative reporting on planned vs. actual activities and explanations of differences. Details may include: I. Report on One-Strike activities and coordination with local government on anti-crime strategies. II. Report on screening activities related to security for previous year. III. Report on lease enforcement activities related to security.	Chapter 6: Sustaining Safe Communities
Senior Designated Housing	Update of status of Senior Designated Housing.	Chapter 5: Operation of Chicago's Public Housing
Resident Programs	A. Description of activities, issues, and proposed actions. Details may include: I. Economic self-sufficiency: Report on service delivery for previous year with Chicago Department of Human Services. II. Report on plans for job training, Section 3, and resident initiatives. III. Resident participation: report on activities.	Chapter 2: Achieving Economic and Social Self-Sufficiency Chapter 6: Sustaining Safe Communities Chapter 8: Promoting Economic Opportunities

Category	Requirement	Location
Management Information for Leased Housing	A. Leasing Information I. Units at beginning of previous year and number of units under lease at year-end.	Chapter 4: Enhancing Affordable Housing Opportunities
	B. Actual lease-up rate at end of year related to targets.	Chapter 4: Enhancing Affordable Housing Opportunities
	C. Information and certification of data of Leased Housing Management, including: I. Ensuring rent reasonableness. II. Expanding housing opportunities. III. Deconcentration of low-income families.	Chapter 4: Enhancing Affordable Housing Opportunities
	D. Discussion of differences between Plan and Report.	Chapter 4: Enhancing Affordable Housing Opportunities
	E. Inspection Strategy I. Results of strategy, including: a. Planned vs. actual inspections completed by category: i. Annual HQS inspections ii. Pre-contract HQS inspections iii. HQS Quality Control inspections. b. HQS Enforcement report. II. Narrative/discussion of difference.	Chapter 4: Enhancing Affordable Housing Opportunities
Sources and Amounts of Funding	A. Planned vs. actual funding amounts.	Appendix I: Financial Statements
	B. Narrative discussion/explanation of the difference.	
	C. Consolidated Financial Statement.	
Uses of Funds	A. Budgeted vs. actual expenditures by line item.	Appendix I: Financial Statements
	B. Narrative/explanation of difference and changes from	
	C. Reserve balance at end of year and discussion of adequacy of reserves.	
Other Information Required by HUD	A. Results of latest completed 133 Audit. (including program-specific OMB compliance supplement items as applicable)	Appendix J: OMB Circular A-133 Independent Audit
	B. Required certifications and other submissions from which the CHA is not exempted by the MTW agreement.	Appendix K: MTW Annual Report Required Certifications
	C. Submissions required for the receipt of funds.	Appendix I: Financial Statements

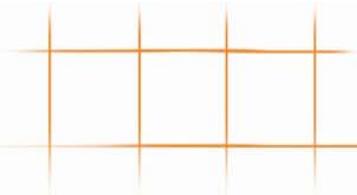
APPENDIX B: Public Housing Stock and Demographic Information

The demographics of the CHA's public housing stock, public housing resident population, public housing wait lists, and Housing Choice Voucher (HCV) Program as of January 1, 2003 through December 31, 2003. The variance in the number of existing units and residents served is due to the monumental changes necessary to implement the Plan for Transformation.

In addition, the data will vary as the CHA prepares the data for conversion to a new housing management software program and database. The new software and database will increase the CHA's, CHAC's, and property management companies' ability to efficiently manage the public housing and HCV Programs in the most efficient manner possible. During FY2003, the CHA began to review the basic requirements of the software in order to prepare for transition beginning in FY2004.

Family Housing Demographics from the CCS Database		
Housing Stock & Occupancy	12/31/2002	1/1/2004
Total Units	21,635	19,782
Occupied Units	11,881	10,405
Total Number of Residents	36,423	31,308
Average Family Size	3.1	3.0
Unit Size (All Units)	12/31/2002	1/1/2004
0 Bedrooms	134	121
1 Bedrooms	3,266	3,090
2 Bedrooms	8,592	8,041
3 Bedrooms	7,697	6,829
4 Bedrooms	1,736	1,498
5 Bedrooms	206	199
6 Bedrooms	4	4
7+ Bedrooms	0	0
Gender (All Residents)	12/31/2002	1/1/2004
Female	22,734	19,677
Male	13,688	11,631
Age (All Residents)	12/31/2002	1/1/2004
0-20	21,135	17,724
21-60	13,471	11,870
61 and over	1,817	1,714

Senior Housing Demographics from the CCS Database		
Housing Stock & Occupancy	12/31/2002	1/1/2004
Total Units	9,886	9,886
Occupied Units	6,284	6,118
Total Number of Residents	6,877	6,679
Average Family Size	1.1	1.1
Unit Size (All Units)	12/31/2002	1/1/2004
0 Bedrooms	1,264	1,259
1 Bedrooms	8,545	8,550
2 Bedrooms	76	76
3 Bedrooms	1	1
4 Bedrooms	0	0
5 Bedrooms	0	0
6 Bedrooms	0	0
7+ Bedrooms	0	0
Gender (All Residents)	12/31/2002	1/1/2004
Female	3,613	3,454
Male	3,259	3,217
Age (All Residents)	12/31/2002	1/1/2004
0-20	20	10
21-60	1,657	1,384
61 and over	5,200	5,285



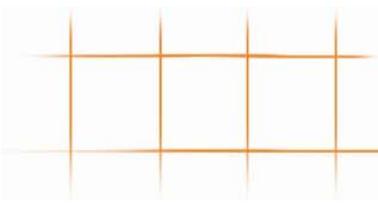
**Family Housing Demographics
from the CCS Database**

Race & Ethnicity (All Residents)	12/31/2002	1/1/2004
White	2,545	2,569
Black	33,629	28,509
Native/Alaskan	84	79
Asian/Pacific Islander	155	149
Other	10	2
Hispanic*	2,311	2,348
Annual Income Range (Number of Households) & Average Annual Household Income	12/31/2002	1/1/2004
\$0-3,999	4,556	4,091
\$4,000-7,999	4,138	3,401
\$8,000-15,999	1,713	1,447
\$16,000-27,999	1,135	1,054
\$28,000-35,999	224	252
\$36,000 and greater	115	160
Average Annual Household Income (\$)	9,722	10,668

**Senior Housing Demographics
from the CCS Database**

Race & Ethnicity (All Residents)	12/31/2002	1/1/2004
White	2,085	1,982
Black	4,190	4,107
Native/Alaskan	56	53
Asian/Pacific Islander	488	490
Other	58	47
Hispanic*	403	428
Annual Income Range (Number of Households) & Average Annual Household Income	12/31/2002	1/1/2004
\$0-3,999	2,052	2,129
\$4,000-7,999	2,938	2,628
\$8,000-15,999	1,228	1,269
\$16,000-27,999	59	78
\$28,000-35,999	4	9
\$36,000 and greater	3	5
Average Annual Household Income (\$)	8,311	8,612

*Hispanic is categorized as an ethnic code and may be listed in several race categories.



**Family Housing Demographics
from the CCS Database**

Selected Income Sources (Number of Households)	12/31/2002	1/1/2004
Employed	3,825	3,681
SSI	3,657	3,294
Social Security	2,056	1,924
TANF**	2,562	1,553
Area Median Income (AMI) (All households)	12/31/2002	1/1/2004
Number of households with income <30% of AMI	10,336	8,805
Number of households with income 30-50% of AMI	986	971
Number of households with income 51-80% of AMI	337	420
Number of households with income 80% or greater of AMI	222	209

**TANF includes AFDC, Earnfare, and General Assistance

**Senior Housing Demographics
from the CCS Database**

Selected Income Sources (Number of Households)	12/31/2002	1/1/2004
Employed	191	206
SSI	3958	3695
Social Security	3485	3587
TANF**	832	867
Area Median Income (AMI) (All households)	12/31/2002	1/1/2004
Number of households with income <30% of AMI	6,084	5,857
Number of households with income 30-50% of AMI	174	219
Number of households with income 51-80% of AMI	21	37
Number of households with income 80% or greater of AMI	5	5

APPENDIX C: Public Housing Wait List Demographic Information

Public Housing Wait Lists Demographics as of January 1, 2004

Wait List	Total Applicants	Total Persons	Area Median Income				Disabled
			Number of applicants with income <30% of AMI	Number of applicants with income 30-50% of AMI	Number of applicants with income 51-80% of AMI	Number of applicants with income 80% or greater of AMI	
Family Wait List	34,239	99,554	32,543	1,412	134	150	3,858
Senior Wait Lists	3,589	4,307	3,423	148	17	1	2,447
No Preference Wait List*	20,303	46,663	18,917	1,128	211	47	6,719
Total	58,131	150,524	54,883	2,688	362	198	13,024

Wait List	Race						Hispanic**
	White	Black	Indian/ Alaskan	Asian/ Pacific Islander	Other	Unknown	
Family Wait List	33,928	62,021	172	1,487	1,046	900	20,945
Senior Wait Lists	1,919	1,960	98	254	50	26	1,004
No Preference Wait List*	6,803	34,289	171	712	2,962	1,726	3,255
Total	42,650	98,270	441	2,453	4,058	2,652	25,204

* Applicants on the Wait List that did not indicate a preference for a type of housing development. The CHA allows these individuals to make their choice during their eligibility interview.

** Hispanic is categorized as an ethnic code and may be listed in several race categories.

APPENDIX D: Housing Choice Voucher (HCV) Program Demographic Information

Demographics of Current HCV Program Participants as of 12/31/03			
Total HCV Program Participants			101,351
	Heads of Household	Other Household Members	Total
Age			
Age 62 and over	5,083	679	5,762
Under age 62	30,228	65,357	95,585
Unknown/Pending	4	0	4
Race			
White	5,118	7,892	13,010
Black	30,074	57,982	88,056
Other	106	127	233
Unknown/Pending	17	35	52
Ethnicity			
Hispanic	4,158	7,441	11,599
Non-Hispanic	31,146	58,577	89,723
Unknown/Pending	11	18	29
Disabled Population	11,814	4,271	16,085

Demographics of Current HCV Program Participants as of 12/31/03	
Bedroom Breakdown	Total
0 Bedroom	1,684
1 Bedroom	5,001
2 Bedrooms	10,547
3 Bedrooms	12,753
4 Bedrooms	3,830
5 Bedrooms	1,142
6 Bedrooms	264
7 Bedrooms	66
8 + Bedrooms	24
Unknown/Pending	4

Rent and Payments	Total
Average Contract Rent	\$897
Average HAP	\$725
Average Total Tenant Payment	\$224

Income	Total
Average Gross Annual Income	\$8,187
Average Adjusted Annual Income	\$8,943
Percentage of households with Wage Income	30%
Percentage of households with > 50% of income derived from wages	29%
Households with annual income above 30% of Area Median Income	4,381
Households with annual income below 30% of Area Median Income	30,930
Unknown/Pending	4

HCV Program Wait List

The HCV program administrator completed a cleansing and update of the program wait list. Demographic information on applicants from the updated wait list as of 12/31/03 is not currently available.

APPENDIX E: Unit Closure FY2003

After relocating residents in accordance with the Relocation Rights Contract, the CHA closed a total of 885 units at four developments in FY2003.

Unit Closure FY2003	
Development and Address	Number of Units Actual
ABLA 1433 W. 13th St.	150
Rockwell Gardens 2514 W. Van Buren 340 S. Western	140 148
Stateway Gardens 3616-3618 S. State	132
Robert Taylor Homes 4037 S. Federal 4946 S. State	157 158
Total Units Closed	885

APPENDIX F: Structural Demolition FY2003

In FY2003, the CHA completed the structural demolition of 2,054 units in preparation for redevelopment. The chart below indicates the number of units planned for demolition in the Annual Plan for Transformation FY2003-Year 4 (Planned for FY2003), the number of units where structural demolition began in FY2003 but was not complete as of December 31, 2003 (Started in FY2003), and the number of units where structural demolition was completed in FY2003 (Completed in FY2003).

Address	Planned for FY2003	Started in FY2003	Completed in FY2003	Variance (Completed in FY2003-Planned for FY2003)
Grace Abbott High-Rises				
1433 W 13TH ST.	150	150		-150
Subtotal:	150	150	0	-150
Jane Addams Homes				
1321-41 W. GRENSHAW ST.	36		36	0
1313-17 W. GRENSHAW ST.	47		47	0
1117 S. THROOP ST.	48		48	0
1100 S. RACINE AVE.	54		54	0
1037 S. LYTLE ST.	54		54	0
1204 W. TAYLOR ST	38		38	0
1224 W. ROOSEVELT RD.	75		75	0
1240 W. ROOSEVELT RD.	21		21	0
1255 W. TAYLOR ST.	63			-63
1269 W. CABRINI ST.	34			-34
902 S. ADA ST.	24			-24
917 S. ADA ST.	41			-41
1207 W. CABRINI ST.	15			-15
1231 W. CABRINI ST.	15			-15
1261 W. CABRINI ST.	24			-24
822 S. LYTLE ST.	38			-38
844 S. LYTLE ST.	32			-32
847 S LYTLE ST./1227 W. CABRINI ST.	29		29	0
907 S LYTLE ST.	39		39	0
1248 W. TAYLOR ST.	38			-38
844 S RACINE AVE.	30		30	0
829 S ADA ST.	28			-28
Subtotal:	823	0	471	-352

Address	Planned for FY2003	Started in FY2003	Completed in FY2003	Variance (Completed in FY2003- Planned for FY2003)
Francis Cabrini Extension South				
364 W. OAK ST.	65			-65
Subtotal:	65	0	0	-65
William Green Homes				
630 W. EVERGREEN AVE.	144			-144
1340 N. LARRABEE ST.	144			-144
Subtotal:	288	0	0	-288
Henry Horner Homes				
1850 W. WASHINGTON BLVD.	65			-65
Subtotal:	65	0	0	-65
Rockwell Gardens				
340 S. WESTERN AVE.	148		148	0
2514 W. VAN BUREN ST.	140	140		-140
2517 W. ADAMS ST.	138			-138
Subtotal:	426	140	148	-278
Stateway Gardens				
3547 S. FEDERAL ST.*	0		230	230
3542 S. STATE ST.*	0		132	132
3616 S. STATE ST.^	0	132		
Subtotal:	0	132	362	362

Address	Planned for FY2003	Started in FY2003	Completed in FY2003	Variance (Completed in FY2003-Planned for FY2003)
Robert Taylor Homes				
4525 S. FEDERAL ST.*	0		157	157
4555 S. FEDERAL ST.*	0		158	158
4950 S. STATE ST.*	0		158	158
4947 S. FEDERAL ST.	158			-158
4037 S. FEDERAL ST.	157	157		-157
4946 S. STATE ST.	158	158		-158
Subtotal:	473	315	473	0

Address	Planned for FY2003	Started in FY2003	Completed in FY2003	Variance (Completed in FY2003-Planned for FY2003)
Washington Park				
Washington Park High-Rises				
4120 S. PRAIRIE AVE.**	0		155	155
Washington Park Low-Rises				
3910-12 S. INDIANA AVE.**	0		12	12
3914-16 S. INDIANA AVE.**	0		12	12
4120 S. ST. LAWRENCE AVE.**	0		9	9
4140 S. LANGLEY AVE.**	0		9	9
123-25 E. 39th ST.**	0		12	12
560-62 E. 40th ST.	0		12	12
600-02 E. 40th ST.	0		12	12
606 E. 40th ST. **	0		12	12
4520-22 S. CHAMPLAIN AVE.**	0		12	12
4524-26 S. CHAMPLAIN AVE.**	0		12	12
4528-30 S. CHAMPLAIN AVE.**	0		12	12
Subtotal:	0	0	281	281

Address	Planned for FY2003	Started in FY2003	Completed in FY2003	Variance (Completed in FY2003-Planned for FY2003)
Ida B. Wells Homes & Extension/ Madden Park Homes/ Clarence Darrow Homes				
Ida B. Wells Homes				
3802-3808 S LANGLEY AV**	0		4	4
3810-3826 (3812) S LANGLEY AV**	0		12	12
3828-3834 S LANGLEY AV*, **	0		4	4
3840-3858 S LANGLEY AV*, **	0		12	12
649-657 E 38TH PL**	0		6	6
650-654 E 39TH ST**	0		6	6
653-661 E 38TH ST**	0		6	6
659-669 E 38TH PL**	0		6	6
660-670 E 39TH**	0		6	6
660-668 (662) E 38TH PL**	0		6	6
663-673 E 38TH ST**	0		6	6
670-680 E 38TH PL**	0		6	6
671-677 E 38TH PL*,**	0		6	6
672-678 E 39TH*,**	0		6	6
679 E. 38TH PL*,**	0		6	6
680-686 (682) E 39TH*,**	0		6	6
688-694 E 39TH ST*,**	0		5	5
689-699 E 38TH PL*,**	0		6	6
698 E 39TH ST. *,**	0		1	1
679-693 E 37TH ST	10			-10
3709 S VINCENNES AV	10			-10
3726 S COTTAGE GROVE	12			-12
3741 S VINCENNES AV	12			-12

Address	Planned for FY2003	Started in FY2003	Completed in FY2003	Variance (Completed in FY2003-Planned for FY2003)
Ida B. Wells Homes (Continued)				
3809 S VINCENNES AV	12			-12
3841 S VINCENNES AV	12			-12
600 E 39TH ST	6			-6
601 E 37TH PL	6			-6
601 E 38TH PL	4			-4
601 E 38TH ST	4			-4
605 E 37TH ST	10			-10
606 E 38TH PL	6			-6
606 E 38TH ST	6			-6
617 E 38TH PL	6			-6
618-620 E 38TH ST	12			-12
610 E 37TH PL	4			-4
612 E 39TH ST	6			-6
618 E 38TH PL/609 E 38TH ST	12			-12
627 E 38TH PL	6			-6
624-630 E 37TH PL	12			-12
629 E 38TH ST/636 E 38TH PL	12			-12
620-624 E 39TH	6			-6
623 E 37TH ST	10			-10
633 E 37TH PL	6			-6
632 E 38TH ST	6			-6
629 E 38TH PL	6			-6
630 E 39TH ST	6			-6
631 E 38TH ST	6			-6
635 E 37TH PL	6			-6

Address	Planned for FY2003	Started in FY2003	Completed in FY2003	Variance (Completed in FY2003-Planned for FY2003)
Ida B. Wells Homes (Continued)				
638 E 38TH PL	6			-6
638 E 38TH ST	6			-6
640 E 37TH PL	4			-4
647 E 38TH PL	6			-6
642 E 39TH ST	6			-6
649 E 37TH ST	4			-4
651 E 38TH ST/650-58 E 38TH PL	12			-12
657 E 37TH ST	4			-4
659 E 37TH ST	10			-10
720 E 37TH PL	4			-4
734 E 37TH PL	12			-12
750 E 37TH PL	4			-4
Subtotal:	310	0	116	-194
Prairie Courts Extension				
2822 S. CALUMET**	0		203	203
Subtotal:	0	0	203	203
Totals				
	2,600	737	2,054	-546

*Structural demolition began in FY2002 and was completed in FY2003.

**Structural demolition was originally planned for FY2002.

^ Structural demolition was revised in the FY2004- Year 5 Annual Plan for Transformation.

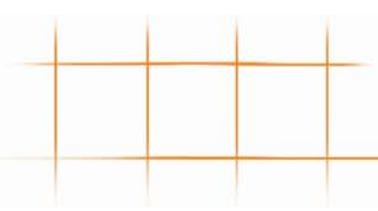
APPENDIX G: Disposition FY2003

Street Disposition Activity FY2003			
Development	New Public Way Created	From	To
Lakefront	41st Place	Lake Park Avenue	Oakenwald Avenue
	Oakenwald Avenue (realignment)	40th Street	42nd Place
	41st Street	Lake Park Avenue	Oakenwald Avenue

APPENDIX H: Capital Expenditures FY2003

CHICAGO HOUSING AUTHORITY BUDGET VS. ACTUAL VARIANCE ANALYSIS CAPITAL BUDGET FY2003 CAPITAL EXPENSES

	FY2003 Capital Budget	FY2003 Actuals	Variance	%
				Variance
CATEGORY 1				
Category Wide	\$ 1,323,722	\$ 1,235,769	\$ 87,953	6.6%
Hilliard Center	17,458,731	15,955,032	1,503,699	8.6%
Washington Park/St. Edmund's Meadows	270,427	226,423	44,004	16.3%
Henry Horner Homes	5,147,201	8,502,100	(3,354,899)	-65.2%
Francis Cabrini Homes Extension	7,290,152	7,700,885	(410,733)	-5.6%
ABLA Homes	2,644,333	3,345,525	(701,192)	-26.5%
Madden Park Homes/Ida B. Wells Homes/Clarence Darrow Homes	2,039,577	2,928,251	(888,674)	-43.6%
Robert Taylor Homes B	710,378	453,658	256,720	36.1%
Lake Park Crescent	5,926,459	2,948,599	2,977,860	50.2%
Drexel	248,095	53,407	194,688	78.5%
Category 1 Total	43,059,075	43,349,649	(290,574)	-0.7%
CATEGORY 2 - Senior Housing Total				
	138,308,378	90,530,686	47,777,692	34.5%
CATEGORY 3 - Scattered Sites Total				
	33,177,000	26,681,784	6,495,216	19.6%
CATEGORY 4				
Category Wide	4,249,657	1,534,232	2,715,425	63.9%
Francis Cabrini	13,103	42,807	(29,704)	-226.7%
Lake Parc Place	2,025,540	1,046,512	979,028	48.3%
Washington Park	3,949,702	1,389,131	2,560,572	64.8%
Lawndale Gardens	801,310	92,582	708,728	88.4%
Bridgeport Homes	7,407,818	2,991,894	4,415,924	59.6%
Wentworth Gardens	1,797,260	96,155	1,701,105	94.6%
Lowden Homes	7,527,212	4,777,818	2,749,394	36.5%
Category 4 Total	27,861,383	11,983,550	15,877,833	57.0%
CATEGORY 5				
Category Wide	2,519,733	1,553,896	965,837	38.3%
Altgeld Gardens/Phillip Murray Homes	507,590	16,683	490,907	96.7%
Rockwell Gardens	4,598,703	4,287,531	311,172	6.8%
Trumbull Park Homes	2,007,836	-	2,007,836	100.0%
Robert Taylor Homes A	5,508,164	5,011,972	496,193	9.0%
Stateway Gardens	3,210,193	1,607,536	1,602,657	49.9%
Category 5 Total	18,352,219	12,477,618	5,874,601	32.0%
CITY/STATE				
City/State Total	2,765,455	296,495	2,468,960	89.3%
OPERATIONS				
Capital Construction (Administrative)	3,645,193	3,124,682	520,511	14.3%
Capital Construction (Board Up)	1,500,000	703,718	796,282	53.1%
Development Management (Administrative)	4,603,203	3,470,085	1,133,118	24.6%
Development Management (Remediation)	4,700,000	2,432,796	2,267,204	48.2%
Development Management (Land Acquisition)	2,000,000	-	2,000,000	100.0%
Other Administrative Costs	5,570,661	3,089,663	2,480,998	44.5%
Extraordinary Maintenance	18,000,000	17,317,967	682,033	3.8%
Interest Expense	15,348,456	15,348,456	(0)	0.0%
Make-Ready	10,682,696	8,819,305	1,863,391	17.4%
Operations Total	66,050,209	54,306,672	11,743,537	17.8%
Grand Total	\$ 329,573,719	\$ 239,626,454	\$ 89,947,265	27.3%



**CHICAGO HOUSING AUTHORITY
BUDGET VS. ACTUAL VARIANCE ANALYSIS
FY2003 CAPITAL EXPENSES**

The overall budget for the Capital Program is \$329.6 million versus actual expenses of \$239.6 million for the fiscal year. This includes funding from Capital Grants, Bond Proceeds, Hope VI, City-state and Other Federal and Non-Federal Grants.

FOOTNOTES:

(1) Category 1 Existing Developments - Total FY2003 Capital Budget for Category 1 is \$291,000 (0.7%) over budget. Key elements of the variances are as follows:

Hilliard Center - The positive variance mainly reflects unspent pre-development funds for Phase II of the project. Senior Housing units for Phase I were completed in the fourth quarter. Family units for Phase I are scheduled to be completed during the second quarter of FY2004. Phase II is scheduled to close in the fourth quarter of FY2004.

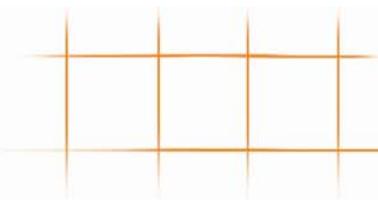
Henry Horner Homes - The difference between planned and actual expenditures reflect spending at a higher level than anticipated due to better than expected weather conditions and the availability of materials and labor.

Cabrini Homes Extension - The differences between planned and actual expenditures represent demolition work that was scheduled to be completed in FY2002, but was not completed until FY2003. The off-site development at Old Town West and Domain Lofts were closed during the fourth quarter. Ground breaking for Phase 1 of on-site development is scheduled for the second quarter of FY2004.

ABLA Homes - The difference between planned and actual expenditures is due to the acceleration of pre-development work. In addition, CHA disbursed a pre-development loan of \$759,721 which was not budgeted for FY2003. Phase I for ABLA is expected to close during the second quarter of FY2004.

Madden Park Homes/Ida B. Wells Homes & Extension/Clarence Darrow Homes - The difference between planned and actual expenditures is due to the acceleration of pre-development work. Pre-development work was accelerated to allow for development of Phase IA, which is anticipated to close during the first quarter of FY2004.

Lake Park Crescent - The difference between planned and actual expenditures reflects construction delays due to unexpected weather conditions which caused on-site damage to the property.



(2) Category 2 Senior Housing – The \$47.8 million (34.5%) positive variance reflects the impact of delays in construction due to the reorganization of the Capital Construction Division and reprioritization of rehabilitated work. A total of 2,911 units were completed during the year, versus 3,867 planned for FY2003.

(3) Category 3 Scattered Site Housing – The \$6.5 million (19.6%) positive variance is due to processing delays in contracts and a reprioritizing of rehabilitation work. Total units completed during FY2003 were 654, versus a planned amount of 936 units.

(4) Category 4 Non Section 202 Family Properties – Total FY2003 Capital budget for Category 4 is \$15.9 million (57.0%) under budget. Key elements of the variance are as follows:

Category Wide – The difference between planned and actual expenditures is due to the deferral of several planned rehabilitation projects to FY2004.

Francis Cabrini – Total expenditures represent unplanned board-up costs for vacant units.

Lake Parc Place – The difference between planned and actual expenditures is due to continued delays in completion of elevator work at one building. A total of 21 units were completed during FY2003. The remaining 279 units are scheduled to be completed first quarter FY2004.

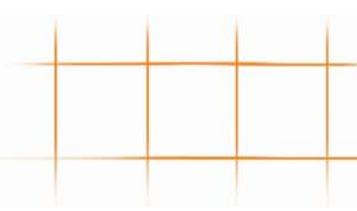
Washington Park – Although demolition work was ahead of schedule due to favorable weather conditions, the difference between planned and actual expenditures reflects delays due to design and procurement issues related to the rehabilitation work. Construction activity is anticipated to commence second quarter FY2004.

Lawndale Gardens – Lawndale is currently under budget due to design issues, as the scope of work increased. The design has since been completed and construction activity is anticipated to commence during the fourth quarter of FY2004.

Bridgeport Homes – The difference between planned and actual expenditures is due to the deferral of work to FY2004. There were a total of 26 units completed, versus 107 planned units.

Wentworth Gardens – The difference between planned and actual expenditures is due to design changes that were modified by the prime design consultant to conform to the budget. Anticipated date for construction is August, 2004.

Lowden Homes – Construction activity was slow during the fourth quarter for the Lowden Homes project. Construction is behind schedule due to procurement, design, and scheduling conflicts with ComEd for changes in service.



(5) Category 5 Section 202 Family Properties – Total FY2003 Capital budget for Category 5 – 202 Properties is \$5.9 million under budget. Key elements of the variance are as follows:

Category Wide - The difference between planned and actual is due to less than anticipated construction management activity. There is a direct correlation between construction management fees and construction activity performed at each property. Total expenditures represent architectural and engineering fees and construction management fees to date.

Altgeld Gardens/Phillip Murray Homes – Altgeld/Murray was delayed due to a shift in focus from Altgeld to the completion of the senior housing unit portfolio.

Trumbull Park Homes – Procurement for Trumbull Park was delayed due to design issues relating to laundry facilities and ADA/Section 504 accessibility to playground equipment. The design was completed in December 2003 and the procurement process is on-going. Construction is now anticipated to commence during the first quarter FY2004.

Robert Taylor Homes – The difference between planned and actual expenditures is primarily due to the deferral of planned demolition work as a result of a delay in the relocation process.

Stateway Gardens – The difference between planned and actual expenditures is due to a delay in the closing of financing for the redevelopment of Stateway Gardens. Stateway was anticipated to close in October 2003. However, delays in transaction processing resulted in a December 2003 closing. Anticipated initial construction draws were made in the first quarter of FY2004.

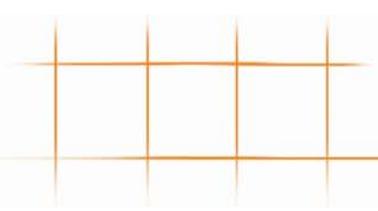
(6) City-state – The variance of \$2.5 million (89.3%) is due to a deferral of rehabilitation activity due to limited resources. In addition, the designs for Loomis, Lathrop, Ogden, and Harrison Courts were not completed until the forth quarter. Construction will commence in the first quarter, 2004.

(7) Total Operations – The total FY2003 operating budget is \$11.7 million (17.8%) under budget. Key elements of the variance are as follows:

Capital Construction (Administrative) - Positive variance is due to vacant positions.

Capital Construction (Board Up) - The difference between planned and actual expenditures is due to board up activity that is currently being reviewed for accuracy. Invoices for this activity have not been processed.

Development Management (Administrative) - Development Management administrative expenses were below projections due to vacant positions and less than anticipated consultant fee expenses.



Development Management (Remediation) – The variance is due to less than anticipated land remediation during the year. Expenditures reflect payments for remediation expenses at Henry Horner Homes, Washington Park/St. Edmund’s Meadows, and Lake Park Crescent.

Development Management (Land Acquisition) - The Office of Development Management did not acquire any land during the year.

Other Administrative Costs - Other administrative costs represent personnel costs in departments such as Finance, the Management Analysis and Planning Department, and the Department of Procurement and Contracts. In addition, certain maintenance cost for private properties, relocation, and Central Advisory Council expenditures are included in the budget. The positive variance is primarily driven by special property initiatives that were deferred to FY2004.

Make-Ready - The positive variance is due to a less than anticipated make-ready activity. The higher utilization of Housing Choice Vouchers for relocated residents resulted in lesser demand for temporary units

APPENDIX I: Financial Statements

**CHICAGO HOUSING AUTHORITY
PROPRIETARY FUND TYPE - ENTERPRISE FUND
COMBINED SCHEDULE OF REVENUES AND EXPENSES
BUDGET VS. ACTUAL
YEAR ENDED DECEMBER 31, 2003**

	Annual Budget	Actual	Positive (Negative)	%
OPERATING REVENUES:				
Tenant Rent	\$ 33,960,799	\$ 31,119,140	\$ (2,841,659)	-8.4%
Intergovernmental subsidized rent (HUD)	6,196,330	5,294,293	(902,037)	-14.6%
Administrative Fees	24,234,867	7,444,693	(16,790,174)	-69.3%
Other Revenue	439,081	3,772,449	3,333,368	759.2%
Total Operating Revenues (1)	64,831,077	47,630,575	(17,200,503)	-26.5%
OPERATING EXPENSES:				
Administrative	83,648,011	73,157,877	10,490,134	12.5%
Tenant Services	64,074,066	58,300,482	5,773,584	9.0%
Utilities	46,488,111	51,538,345	(5,050,234)	-10.9%
Ordinary Maintenance	98,066,579	90,085,300	7,981,279	8.1%
Protective Services	24,775,958	27,990,111	(3,214,153)	-13.0%
General Expense	33,532,607	46,712,702	(13,180,095)	-39.3%
Depreciation		47,782,646	(47,782,646)	-100.0%
Total Operating Expenses (2)	350,585,332	395,567,463	(44,982,131)	-12.8%
NET OPERATING INCOME/(LOSS)	(285,754,255)	(347,936,888)	(62,182,634)	
NON-OPERATING REVENUES:				
Intergovernmental Revenue (HUD)	562,791,864	578,572,196	15,780,332	2.8%
Intergovernmental (Other)	7,093,669	4,264,279	(2,829,390)	-39.9%
Other Operating Grants	1,395,046	801,244	(593,802)	-42.6%
Investment Income	1,104,000	6,721,937	5,617,937	508.9%
Total Non-Operating Revenues (3)	572,384,579	590,359,656	17,975,077	3.1%
NON-OPERATING EXPENSES:				
Interest Expense	15,348,456	7,609,249	(7,739,207)	-50.4%
Housing Assistance Payments (Section 8)	264,134,121	310,958,165	46,824,044	17.7%
Loss on Disposition of Assets		583,464	583,464	100.0%
Total Non-Operating Expenses (4)	279,482,577	319,150,878	39,668,301	14.2%
INCOME (LOSS) BEFORE CONTRIBUTIONS	7,147,747	(76,728,110)	(83,875,858)	
Intergovernmental Capital Contributions (HUD) (5)	166,338,535	141,179,120	(25,159,415)	-15.1%
CHANGE IN NET ASSETS	173,486,282	64,451,010	(109,035,273)	
Capital Revenue Bonds (6)	97,827,592	38,012,037	(59,815,555)	-61.1%
NON-OPERATING CAPITAL EXPENSES				
Fees and Costs	19,405,454	10,712,533	8,692,921	44.8%
Equipment	2,757,290	1,955,922	801,368	29.1%
Site improvements	378,301	272,819	105,482	27.9%
Dwelling structures	212,844,819	128,355,440	84,489,379	39.7%
Non-dwelling structures	529,650	-	529,650	100.0%
Contingency	21,395,258	-	21,395,258	100.0%
Demolition	14,003,102	9,466,904	4,536,198	32.4%
Total Non-Operating Capital Expenses (7)	271,313,874	150,763,618	120,550,256	44.4%
NON-OPERATING GAIN (LOSS) RELATED TO CAPITAL	\$ (173,486,282)	\$ (112,751,581)	\$ 60,734,701	-35.0%
NET LOSS	-	(48,300,571)	(48,300,572)	
LESS: DEPRECIATION		47,782,646		
LOSS ON DISPOSITION OF ASSETS		583,464		
REVENUE NET OF DEPRECIATION AND DISPOSITION OF ASSETS		65,539		
TOTAL NET ASSETS, JANUARY 1		909,505,444		
TOTAL NET ASSETS, DECEMBER 31 (8)		\$ 909,570,983		

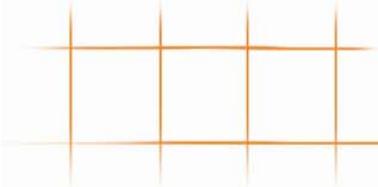
**CHICAGO HOUSING AUTHORITY
ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2003**

	GENERAL FUND	HOPE VI	CITY STATE HOUSING	SECTION 8 MODERATE REHAB	DRUG ELIMINATION	OTHER GRANT PROGRAMS	Total
OPERATING REVENUES:							
Tenant rent	\$ 30,117,893	\$ -	\$ 967,002			\$ 34,245	\$ 31,119,140
Intergovernmental subsidized rent (HUD)			5,294,293				5,294,293
Administrative fees	1,391,769			6,052,924			7,444,693
Other revenue	2,125,639		13,473	56,492		1,576,845	3,772,449
Total Operating Revenues	33,635,301	-	6,274,768	6,109,416	-	1,611,090	47,630,575
OPERATING EXPENSES:							
Administrative	67,781,495	771,291	906,227	1,441,739	146,699	2,110,426	73,157,877
Tenant Services	49,204,647	1,112,315	42,952	2,634,167	250,282	5,056,118	58,300,482
Utilities	50,379,028		1,148,903	10,414	-		51,538,345
Ordinary Maintenance	85,247,202		4,539,472	38,902	-	259,724	90,085,300
Protective services	27,228,972		702,834	17,660	40,645		27,990,111
General Expense	44,288,088	32,340	689,426	1,167,689	78,073	457,086	46,712,702
Depreciation	47,761,999		12,457		1,390	6,800	47,782,646
Total Operating Expenses	371,891,431	1,915,946	8,042,271	5,310,572	517,089	7,890,154	395,567,463
NET OPERATING INCOME/(LOSS)	(338,256,130)	(1,915,946)	(1,767,503)	798,844	(517,089)	(6,279,064)	(347,936,888)
NON-OPERATING REVENUES:							
Intergovernmental Revenue (HUD)	516,652,576	1,915,945		57,978,702	515,700	1,509,273	578,572,196
Intergovernmental (Other)						4,264,279	4,264,279
Other Operating Grants						801,244	801,244
Investment Income	6,618,608		14,791			88,538	6,721,937
Total Non-Operating Revenues	523,271,184	1,915,945	14,791	57,978,702	515,700	6,663,334	590,359,656
NON-OPERATING EXPENSES:							
Interest Expense	7,609,249						7,609,249
Housing Assistance Payments (Section 8)	251,402,555			59,555,610			310,958,165
Loss on Disposition of Assets	583,464						583,464
Total Non-Operating Expenses	259,595,268	-	-	59,555,610	-	-	319,150,878
INCOME (LOSS) BEFORE CONTRIBUTIONS	(74,580,214)	(1)	(1,752,712)	(778,064)	(1,389)	384,270	(76,728,110)
Intergovernmental Capital Contributions (HUD)	129,476,545	11,384,475				318,100	141,179,120
CHANGE IN NET ASSETS	54,896,331	11,384,474	(1,752,712)	(778,064)	(1,389)	702,370	64,451,010
Capital Revenue Bonds	38,012,037						38,012,037
NON-OPERATING CAPITAL EXPENSES							
Fees and Costs	10,593,663	118,870					10,712,533
Equipment	26,103	1,929,819					1,955,922
Site improvements	272,819						272,819
Dwelling structures	128,355,440						128,355,440
Non-dwelling structures	-						-
Contingency	-						-
Demolition	131,119	9,335,785					9,466,904
Total Non-Operating Capital Expenses	139,379,144	11,384,474	-	-	-	-	150,763,618
NON-OPERATING GAIN (LOSS) RELATED TO CAPITAL	(101,367,107)	(11,384,474)	-	-	-	-	(112,751,581)
NET LOSS	(46,470,776)	-	(1,752,712)	(778,064)	(1,389)	702,370	(48,300,571)
LESS: DEPRECIATION	47,761,999	-	12,457	-	1,390	6,800	47,782,646
LOSS ON DISPOSITION OF ASSETS	583,464	-	-	-	-	-	583,464
REVENUE (LOSS) NET OF DEPRECIATION AND DISPOSITION OF ASSETS	\$ 1,874,687	\$ -	\$ (1,740,255)	\$ (778,064)	\$ 1	\$ 709,170	\$ 65,539

CHICAGO HOUSING AUTHORITY
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
 STATEMENTS OF NET ASSETS
 AS OF DECEMBER 31, 2003 AND 2002

	2003	2002
ASSETS:		
Current Assets:		
Cash and Cash Equivalents, Unrestricted	\$ 77,743,723	\$ 40,431,555
Cash and Cash Equivalents, Restricted	2,409,697	2,667,009
Investments at Fair Value, Unrestricted	178,030,714	283,212,018
Tenant Accounts Receivable, Net of Allowance	744,432	1,002,686
Intergovernmental Receivable (HUD)	57,359,691	57,455,485
Intergovernmental Receivable (Other), Net of Allowance	431,446	2,067,043
Miscellaneous Receivable	1,732,054	2,239,031
Interest Receivable, Current Portion	558,058	2,451,217
Notes and Mortgages Receivable, Current Portion	66,514	59,662
Prepaid Expenses	2,017,010	2,223,300
Advances to Resident and Private Managers	806,659	3,324,748
Total Current Assets	321,899,998	397,133,754
Noncurrent Assets:		
Cash and Cash Equivalents, Restricted	3,311,029	3,815,846
Investments at Fair Value, Restricted	32,500,000	32,500,000
Pension Benefit Asset, Restricted	8,068,072	8,139,927
Notes and Mortgages Receivable, Net of Current Portion	56,875,863	24,180,348
Interest Receivable	2,024,516	1,296,047
Other Noncurrent Assets	2,685,344	2,817,845
Land, Structures & Equipment, Net of Accumulated Depreciation	1,110,092,184	991,303,770
Total Noncurrent Assets	1,215,557,008	1,064,053,783
TOTAL ASSETS	\$ 1,537,457,006	\$ 1,461,187,537
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts Payable	\$ 23,249,264	\$ 24,946,571
Intergovernmental Payable (HUD)	4,489,823	3,351,815
Accrued Wages & Payroll Taxes	2,231,046	2,053,952
Accrued Compensated Absences	1,158,701	1,151,411
Accrued Interest Payable	7,705,769	7,685,006
Accrued Liabilities	80,208,894	89,382,594
Tenant Security Deposits	983,040	996,874
Deferred Revenue	1,980,310	2,142,821
Insurance Reserves, Current Portion	8,267,352	6,304,532
Capital Lease Obligations, Current Portion	95,783	81,946
Current Maturities, Long-Term Debt and Current Portion of Net Unamortized Bond Premium	4,616,764	3,043,034
Other Current Liabilities	26,263,881	26,030,418
Total Current Liabilities	161,250,627	167,170,974
Noncurrent Liabilities:		
Family Self-Sufficiency Liability	2,413,201	2,969,399
Insurance Reserves, Net of Current Portion	33,874,390	26,590,936
Capital Lease Obligations, Net of Current Portion	12,457,706	11,338,316
Long-Term Debt, Net of Current Maturities and Current Portion of Net Unamortized Bond Premium	349,834,565	340,328,470
Other Noncurrent Liabilities	3,205,673	3,283,998
Total Noncurrent Liabilities	401,785,535	384,511,119
Total Liabilities	563,036,162	551,682,093
Net Assets:		
Invested in Capital Assets, Net of Related Debt	856,861,276	776,512,724
Restricted for:		
Capital Projects and Demolition Grants	3,915,551	3,857,096
Pension Benefit Asset	8,068,072	8,139,927
Unrestricted	105,575,945	120,995,697
Total Net Assets	974,420,844	909,505,444
TOTAL LIABILITIES AND NET ASSETS	\$ 1,537,457,006	\$ 1,461,187,537

The notes to the basic financial statements are an integral part of these statements.



**CHICAGO HOUSING AUTHORITY
COMBINED SCHEDULE OF REVENUES AND EXPENSES (UNAUDITED)
BUDGET VS. ACTUAL VARIANCE ANALYSIS
ALL PROGRAMS
YEAR ENDED DECEMBER 31, 2003**

The total FY2003 Budgeted Expenses were \$901.4 million versus actual expenses of \$865.5 million for the fiscal year. Major variances in revenue and expenses were due to: 1) a significant increase in HCV utilization; 2) a reduction in operating funding allocated by HUD; and 3) delays in the senior and family rehabilitation programs.

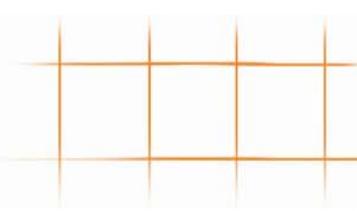
FOOTNOTES:

(1) Total Operating Revenues - The CHA has the flexibility to combine all operating, capital, and HCV grants into one General Fund (Operating, Capital, and Housing Choice Voucher Program). The combined funds can be used for any MTW-related purpose. Total FY2003 Operating Revenues are \$17.2 million under budget. Key elements of the operating revenue budget variance are as follows:

Tenant Rent - The \$2.8 million (8.4%) negative variance is a result of a 5.0% decrease in occupancy from anticipated levels. The difference between budgeted and actual occupancy levels is due to greater tenant utilization of Section 8/Housing Choice Vouchers (HCV). The budget is based on a projected occupancy of 80.0% vs. 75.0% actual occupancy as of the fourth quarter.

Intergovernmental Subsidized Rent (HUD) - The \$902,000 (14.6%) negative variance is primarily due to a 12.0% decrease in occupancy rates at LeClaire Courts, which accounts for 38.0% of the entire City-state program's intergovernmental housing assistance revenue. The decrease in units leased is the result of the lack of available resources to make needed repairs to increase the number of units available for leasing. Funds have been allocated in the FY2004 Budget to begin rehabilitation of the City-state housing portfolio.

Administrative Fees - The negative variance of \$16.8 million (69.3%) is due to a shortfall in funding to cover the administration cost of the MTW HCV program. Currently, the total amount paid by HUD for each HCV is not sufficient to cover the housing assistance payments due to a rapid increase in market rents over the past 2 years. Therefore, no funds are available to be recognized as Administrative Fees. A request has been submitted to HUD for an increase in the HCV program funding to adequately cover both the housing assistance payments and the Authority's cost of administering this program.



Other Revenue - The \$3.3 million (759.2%) positive variance is due to unanticipated funds received from Peoples' Gas as a contribution to the Bridgeport Homes Remediation.

(2) Total Operating Expenses - Total Operating Expenses are \$45.0 million over budget. Key elements of the operating expenses budget variance are as follows:

Administrative - A positive variance of \$10.5 million (12.5%) is primarily due to: (a) \$2.6 million of savings related to vacant positions; (b) approximately \$1.7 million in savings related to budgeted legal, accounting and auditing fees that were not incurred; (c) \$1.1 million of unspent consultant fees related to architectural and engineering work associated with the Authority's rehabilitation program; (d) \$2.3 million in unspent contingency funds; and (e) \$2.5 million in savings related to Administrative Sundry expenses (Office Supplies, Printing & Duplication, Office Equipment and Membership Dues & Fees).

Utilities - The \$5.1 million (10.9%) negative variance is due to an increase in the average price per therm for the purchase of natural gas. Planned spending for natural gas is based on \$.55 cent per therm estimate versus the actual average price per therm of \$.61 cent.

Ordinary Maintenance - The \$8.0 million (8.1%) positive variance is primarily the result of less than anticipated contract expenses for the following: (a) \$2.3 million for special property initiatives, particularly the installation of new trash chutes at Dearborn Homes, which was deferred to FY2004; (b) \$2.2 million for make-ready; and (c) \$1.5 for the private management companies. Also, \$2.0 million in planned capital expenses for land acquisition and remediation was also deferred to FY2004.

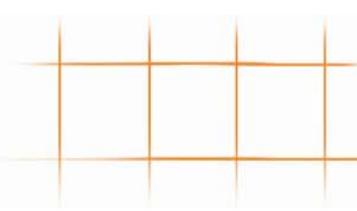
Protective Services - The \$3.2 million (13.0%) negative variance is due to additional supplemental security costs for Henry Horner Homes and Francis Cabrini-William Green Homes that were not budgeted in FY2003.

General Expense - The \$13.2 million (45.7 %) negative variance is primarily due to: (a) an \$11.1 million claim related to Altgeld Gardens due to an increase in the general liability reserve requirements; and (b) \$2.1 million to adjust the insurance reserve balances.

Depreciation - This non-cash expense is not included in the annual budget.

(3) Total Non-Operating Revenues - Total FY2003 Non-Operating Revenues are \$18.0 over budget. Key elements of the non-operating revenue budget variance are as follows:

Intergovernmental Revenue (HUD) - The \$15.8 million (2.8%) positive variance is the result of \$20.1 million in annual contributions received through the HCV Program in excess of the budgeted amount. This is due to a 23% increase in the average Housing Assistance Contribution.



Intergovernmental (Other) - The \$2.8 million (39.9%) negative variance is primarily due to the difference in timing of actual and planned revenue recognition for the Summer Food Program (\$1.4 million). In addition, there was a timing difference between the planned and actual beginning of the Chicago Works Project (resulting in a \$1.4 million variance) due to contractor issues.

Other Operating Grants - The \$594,000 (42.6%) negative variance is primarily due to the difference in timing of actual and planned revenue recognition for a number of small grants (Youth build, ROSS, RSDM, TOP, MTW technical assistance and anti-drug grant).

Investment Income - The \$5.6 million (508.9%) positive variance is due to unbudgeted interest income received from General Fund investments.

(4) Total Non-Operating Expenses – Total Non-Operating Expenses are \$39.7 million over budget. Key elements of the non-operating expense budget variance are as follows:

Interest Expense - The positive variance of \$7.7 million (50.4%) is due to the transfer of interest expense to the balance sheet as a result of capitalizing interest from the Capital Revenue Bonds.

Housing Assistance Payments (HAP) - The \$46.8 million (17.7%) negative variance is primarily due to a greater than planned tenant utilization of HCVs. In addition, the FY2003 budget is currently based on an average HAP amount of \$614 versus actual average HAP cost of \$714.

Loss on Disposition of Assets - This non-cash expense is not included in the annual budget.

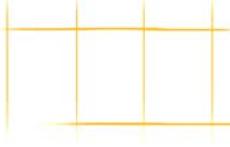
(5) Intergovernmental Capital Contributions (HUD) – Total FY2003 Intergovernmental Capital Contributions are \$25.2 million (15.1%) under budget. This variance is due to less than anticipated construction activity, and the deferral of capital activities to FY2004 for the family properties. Please see Appendix H (Capital Expenditures) for details.

(6) Capital Program Revenue Bonds – Usage of FY2003 Capital Program Revenue Bond proceeds are \$59.8 million (61.1%) under budget. This variance reflects delays in projected spending for the senior and scattered site rehabilitation programs.

(7) Total Non-Operating Capital Expenses – Total Non-Operating Capital Expenses are \$120.6 million (44.4%) under budget. Key elements of the non-operating capital expenses budget variance are located in Capital Section [Appendix H] of the Annual Report.

(8) Total Net Assets - The CHA's Net Assets changed slightly (\$65,539), this is due to savings generated primarily by operating efficiencies and the deferral of several planned capital initiatives.

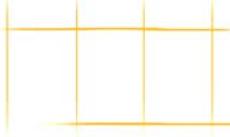
Note: The Real Estate Assessment System (REAC) no longer refers to the use of Operating Reserves. This is now referred to as Total Net Assets.



APPENDIX J: OMB Circular A-133 Independent Audit

Chicago Housing Authority

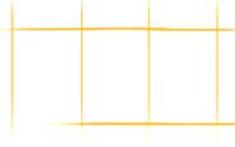
*Single Audit Report
(In Accordance With the Single Audit Act of 1984
and Amendments of 1996, and
OMB Circular A-133) for the
Year Ended December 31, 2002*



CHICAGO HOUSING AUTHORITY

SINGLE AUDIT REPORT YEAR ENDED DECEMBER 31, 2002

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**INDEPENDENT AUDITORS' REPORT ON BASIC
FINANCIAL STATEMENTS (INCLUDED IN THE
COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
CHICAGO HOUSING AUTHORITY FOR THE YEAR ENDED DECEMBER 31, 2002,
WHICH IS INCORPORATED HEREIN BY REFERENCE)**



we noted other matters involving internal control over financial reporting that we have reported to the Authority's management in a separate letter dated April 4, 2003.

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

Deloitte & Touche LLP

April 4, 2003

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO
EACH MAJOR FEDERAL AWARD PROGRAM AND ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Commissioners
Chicago Housing Authority
Chicago, Illinois

COMPLIANCE

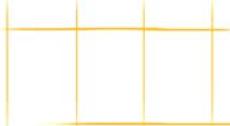
We have audited the compliance of the Chicago Housing Authority (the "Authority"), with the types of compliance requirements described in the United States Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to each of its major federal award programs for the year ended December 31, 2002. The Authority's major federal award programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal award programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

As described in Findings 2002-1 and 2002-2 in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with certain requirements regarding rent determinations, recertifications, and tenant eligibility that are applicable to its Low Rent Housing Program—CFDA 14.850. Finding 2002-3 and Finding 2002-4 in the accompanying Schedule of Findings and Questioned Costs indicate that the Authority did not comply with certain requirements regarding Housing Quality Standards enforcement procedures and tenant eligibility that are applicable to Section 8 Programs—CFDA 14.856, 14.857 and 14.871. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal award programs for the year ended December 31, 2002.

**Deloitte
Touche
Tohmatsu**



INTERNAL CONTROL OVER COMPLIANCE

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal award programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal award program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Findings 2002-1 through 2002-4 indicate that certain internal controls were either not in place or were not operating effectively applicable to the Low Rent or Section 8 Programs.

We noted certain matters involving the internal control over compliance and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Authority's ability to administer a major federal award program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2002-1 through 2002-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weakness. However, the reportable conditions described above are not considered to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the Authority, as of and for the year ended December 31, 2002, and have issued our report thereon, dated April 4, 2003. Such report was based, in part, on the report of other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the Authority. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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

Deloitte & Touche LLP

April 4, 2003

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CHICAGO HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2002

Fund Number	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Reference Number	2002 Expenditures
U.S. Department of Agriculture				
<i>Illinois Summer Food</i>				
720	Passed through Illinois State Board of Education Illinois Summer Food Services	10.559	14-016-301P-00	\$ 2,707,258
	Total U.S. Department of Agriculture			2,707,258
U.S. Department of Health and Human Services				
827	Head Start-Childcare Collaboration (1999—2000)	93.600	D9952510576	316,060
	Total U.S. Department of Health and Human Services			316,060
U.S. Department of Housing and Urban Development				
<i>Low Rent Housing</i>				
095, 098, 099, 100				
151, 399, 200	Low Rent Housing—Operations	14.850	N/A	251,525,302
200	Low Rent Housing—Development	14.850	N/A	1,523,604
<i>Comprehensive Grant Program</i>				
260	Comprehensive Grant Program—IL2-711FY 1999	14.859	IL06P00271299	37,287,979
<i>Revitalization of Severely Distressed Housing</i>				
192	HOPE VI 2002 Redevelopment Program	14.866	N/A	6,486,834
205	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D900	9,410
206	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D130	93,652
208	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D400	416,251
210	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D120	363,471
211	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D110	3,239,954
212	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D150	906,731
213	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D800	29,965
214	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D140	56,128
215	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D500	26,126
273	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D701	70,062
274	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D301	264,097
275	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D111	3,224,626
276	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D401	1,081,241
277	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D801	1,718,280
278	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D901	166,889
279	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D601	2,140,941
287	HOPE VI 2000 Demolition Grant	14.866	IL06URD002I198	909,878
288	HOPE VI 1998/ Demolition	14.866	IL06URD002D598	23,613
289	HOPE VI 1998/ Demolition	14.866	IL06URD002D698	41,848
291	HOPE VI 1996/ Revitalization Grant	14.866	IL06URD002I196	410,972
292	HOPE VI 1996/ Revitalization Grant	14.866	IL06URD002I296	294,909

CHICAGO HOUSING AUTHORITY

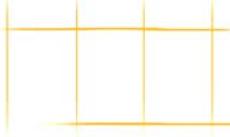
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued) YEAR ENDED DECEMBER 31, 2002

Fund Number	Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Reference Number	2002 Expenditures
U.S. Department of Housing and Urban Development (Continued)				
<i>Capital Fund Program</i>				
222	Capital Fund Program—FY 2000	14.872	IL06P00250100	\$ 53,143,955
223	Capital Fund Program—FY 2001	14.872	IL06P00250101	71,150,571
224	Capital Fund Program—FY 2001	14.872	IL06R00250101	250
225	Capital Fund Program—FY 2002	14.872	IL06R00250102	8,091,308
<i>City/State - Substantial Rehabilitation</i>				
500	City/State Section 8—Substantial Rehabilitation	14.182	N/A	7,823,361
350-380	Section 11b—Substantial Rehabilitation	14.182	N/A	24,635,657
<i>Section 8 Housing Choice and Moderate Rehabilitation</i>				
390, 392, 393	Section 8—Housing Choice Vouchers	14.871	N/A	255,654,396
327-349	Section 8—Moderate Rehabilitation Housing	14.856	N/A	9,879,658
<i>Public Housing Drug Elimination</i>				
406	Public Housing Drug Elimination Program 1999	14.854	IL0DEP0020199	578,098
407	Public Housing Drug Elimination Program 2000	14.854	IL0DEP0020100	169,430
408	Public Housing Drug Elimination Program 2001	14.854	IL0DEP0020101	8,635,818
<i>Elderly and Resident Services</i>				
878	ROSS—Elderly Services Coordinator	14.864	IL06RSV002P012	597,225
885	ROSS—Elderly Services Coordinator	14.864	IL01RSV002P0028	275,642
870	ROSS—Resident Service Delivery Model	14.864	IL99RSF002P0037	117,030
888	ROSS—Resident Service Delivery Model	14.864	IL01RSF002P0036	159,844
<i>Other Grants</i>				
872, 873	HUD Youth Build 2000	14.243	Y00-IM-IL-0151/01	308,100
881	Moving to Work Technical Assistance	14.412	MTWGI002	63,178
Total U.S. Department of Housing and Urban Development				753,596,283
U.S. Department of Justice				
<i>Other Grants</i>				
865, 880	Passed through the Illinois Office of Attorney General Victims Assistance Program (2001—2002 and 2002—2003)	16.575	N/A	24,205
Total U.S. Department of Justice				24,205
U.S. Department of Labor				
<i>Other Grants</i>				
780	Chicago Works	17.253	Y-7207-9-00-81-60	1,820,470
Total U.S. Department of Labor				1,820,470

CHICAGO HOUSING AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED DECEMBER 31, 2002**

Fund Number	Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Reference Number	2002 Expenditures
	U.S. Environmental Protection Agency			
	<i>Healthy Homes</i>			
883	Passed through the Environmental Protection Agency EPA Healthy Homes Education	66.951	NE-829222201-0	<u>57,318</u>
	Total U.S. Environmental Protection Agency			<u>57,318</u>
	U.S. Department of Commerce and Community Affairs			
	<i>Other Grants</i>			
886	Technology Opportunities Program (TOP)	11.552	17-60-101056	<u>59,989</u>
	Total U.S. Department of Commerce and Community Affairs			<u>59,989</u>
	GRAND TOTAL			<u>\$758,581,583</u>



CHICAGO HOUSING AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2002

1. SCOPE OF ENTITY

The Chicago Housing Authority (the "Authority") is a municipal corporation created and organized under the laws of the State of Illinois for the purposes of engaging in the development, acquisition, leasing, operation, and administration of a Low Rent Housing Program and other federally assisted programs. All significant operations of the Authority are included in the scope of the Office of Management and Budget OMB Circular A-133 audit (the "Single Audit"). The U.S. Department of Housing and Urban Development (HUD) has been designated as the Authority's cognizant agency for the Single Audit.

Programs Subject to Single Audit—The Schedule of Expenditures of Federal Awards is presented for each federal program related to the following agencies:

- Department of Agriculture
- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Justice
- Department of Labor
- Environmental Protection Agency
- Department of Commerce and Community Affairs

Fiscal Period Audited—Single Audit testing procedures were performed for program transactions that occurred during the year ended December 31, 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—Federal financial assistance expenditures are accounted for in the Authority's Enterprise Fund and are recorded on the accrual basis of accounting.

For purposes of this report, certain reporting procedures were followed which disclose the expenditures of the individual programs. All program outlays, including accrued expenditures and capital outlays, are reported as expenditures.

3. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The

amounts presented in this schedule have been reconciled to the Authority's general purpose financial statements.

FINDINGS AND NONCOMPLIANCE

The findings and noncompliance identified in connection with the 2002 Single Audit are disclosed in the Schedule of Findings and Questioned Costs.

The status of prior year findings has been included in the Schedule of Prior Audit Findings.

Of the federal expenditures presented in the schedule, the Authority provided federal awards to subrecipients under the following programs during the year ended December 31, 2002:

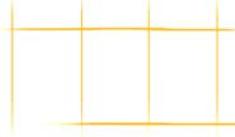
Program Title	CFDA Number	Grant Reference No.	Amount Provided to Subrecipients
Public Housing Drug Elimination 1999	14.854	IL06DEP0020199	\$ 527,336
Public Housing Drug Elimination 2001	14.854	IL06DEP0020101	8,625,895
Chicago Works	17.253	Y-72707-9-00-81-60	1,820,470
ROSS—Elderly Service Coordinator	14.864	IL06ESCO0200198	597,225
ROSS—Resident Service Delivery Model	14.864	IL99RSF002P0037	110,912
ROSS—Resident Service Delivery Model	14.864	IL01RSF002P0036	1,540
HUD Youth Build 2000	14.243	Y00-IM-IL-0179	308,100
EPA Environmental Justice Grant	66.951	NE 829222201-0	46,105

In addition to the findings in this report prepared as a result of the Single Audit conducted in accordance with OMB Circular A-133, the following reports resulting from audits conducted by federal or state agencies contain findings and instances of noncompliance.

U.S. Department of Justice (DOJ)—
Office of the Inspector General

Audit of Weed and Seed Grants provided in 1992, 1995, and 1996—report dated July 29, 1999—The audit report concluded that the Authority's managerial and financial controls over expenditures were not adequate to ensure that expenses were properly accounted for, and that transactions were accurately recorded and supported. As a result, \$531,618 (48%) of costs charged to the grants since June 1994 were unsupported or unallowable. In addition, subgrantee monitoring policies recommended in a prior OIG audit were not implemented timely, and Financial Status Reports were neither timely nor supported.

Current Status. The Authority has resolved the \$531,618 of cost charged to this grant with DOJ and is waiting on a final closeout notice from DOJ.



Audit of Community Oriented Policing Services (“COPS”) Grants provided in 1996—Although the audit report did not disclose any significant operational deficiencies, the report noted that the Authority failed to comply with certain procedural requirements.

Current Status. The Authority implemented the recommendations from this audit effective June 30, 2002.

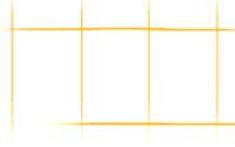
U.S. Department of Housing and
Urban Development—
Office of the Inspector General

HUD—Status report dated October 2, 2001. The original report contains 56 comments and recommendations (no questioned cost amounts) regarding the Authority’s policies, procedures, practices, internal controls and performance in various areas. The report indicates that certain Authority functions including Security, Preventive Maintenance, Annual Inspections and Risk Management require increased emphasis to resolve problems found in HUD’s previous review dated September 30, 1996, of these and other functions.

Current Status. This report was closed by HUD after a workplan was established for the remaining open item.

U.S. Department of Housing and
Urban Development—
Chicago Multifamily Hub

Audit of Section 8—The Chicago Housing Choice Voucher Program (CHAC)—2002 Contract Administrator Review—report dated September 30, 2002. The audit report concluded that: 1) CHAC management reviews and unit inspections were not being conducted using Form HUD-9834 and HUD-9602, respectively; 2) Special Claims were not reviewed in accordance with the HUD Special Claims Guidebook; and 3) HUD noted that replacement reserve escrow balances were not being increased when a rent increase is processed for the FHA insured properties.



U.S. Department of Housing and
Urban Development—Illinois Office
of Public Housing Region V

Current Status. CHAC has begun to use Form HUD-9834 effective October 1, 2002 to conduct the management reviews. However, CHAC has requested clarification on which form to use HUD-9602 or HUD-52580 (REAC) to conduct the unit inspections. CHAC has requested that the procedure that has been in place for several years be continued for the review of special claims. CHAC will implement HUD's recommendation on the third item and requested clarification and further guidance of any actions beyond this that will be required. CHA is currently awaiting a closure notice from HUD.

Audit of Section 8—The Chicago Housing Choice Voucher Program—Rental Integrity Monitoring Review—Audit conducted in August 2002 contains 51 comments and recommendations (no questioned cost amounts) regarding the resident files for the Housing Choice Voucher Program. 51 out of 184 resident files reviewed by HUD had one or more exceptions. For one out of 184 files reviewed by HUD, the current 50058 form was not in file.

Current Status. The CHA responded on February 18, 2003 to HUD concurring with nine out of the 51 findings and questioning the remaining findings. HUD responded on March 6, 2003 stating that all findings remain open. The documents in questioned were submitted to HUD. CHA is currently awaiting a response from HUD.

Audit of Section 8—The Chicago Housing Choice Voucher Program—On-Site Section 8 Housing Choice Voucher management review—report dated December 18, 2002. Although the audit report did not disclose any significant operational deficiencies, the report noted that the CHAC failed to comply with certain procedural requirements.

Current Status. The CHA has followed up on each of the items and provided a response to HUD. CHA is currently awaiting a close-out notice from HUD.

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**CHICAGO HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2002**

CHICAGO HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2002**

PART I—SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None

Type of auditors' report issued on compliance for major programs:

Qualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

CHICAGO HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED DECEMBER 31, 2002**

Identification of Major Programs

U.S. Department of Housing and Urban Development

CFDA Number	Name of Federal Program or Cluster
14.850	Low Rent Housing—Operations
14.854	Public Housing Drug Elimination
14.859	Comprehensive Grant Program
14.872	Capital Fund Program
14.856*	Section 8—Moderate Rehabilitation Housing
14.182*	City/State Section 8—Substantial Rehabilitation
14.182*	Section 11b—Substantial Rehabilitation
14.871**	Section 8—Housing Choice Vouchers

* Section 8 Project-Based Cluster

** Section 8 Cluster

• Dollar threshold used to distinguish Type A and Type B programs

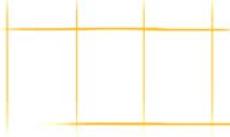
\$3,000,000

• Auditee qualified as a low-risk auditee?

_____ Yes X No

PART II—FINANCIAL STATEMENT FINDINGS SECTION

No findings were noted.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM—CFDA 14.850 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2002

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2002—1

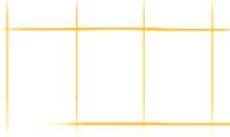
QUESTIONED COSTS: NONE

The Authority's procedures for processing tenant applications and conducting annual tenant recertification results in questions regarding the accuracy of tenant monthly rent determinations. Additionally, such procedures do not result in the timely completion of annual recertifications in some instances.

Condition

Our follow-up procedures conducted pursuant to an audit of the housing application and annual recertification process conducted by the Authority's Office of Inspector General ("OIG") noted the following:

- There are inconsistencies in obtaining tenant Social Security numbers. Tenant Social Security numbers are a data element used to collect and verify tenant wage and income information. Tenant wage and income amounts are one of the elements used to determine monthly rent. In one instance, a tenant Social Security number was entered into the Authority's tenant accounting computer system with no actual verification found in the file.
- We received conflicting responses from Authority personnel as to whether applications can be approved and tenants can move in prior to receiving Social Security numbers and verifying wages and income.
- The tenant accounting system does not generate edit reports to identify tenant applications and files with missing or incorrect Social Security numbers.
- The annual tenant recertification process is time-consuming and protracted, particularly in instances where tenants, employers and other income providers do not provide timely responses to the Authority's requests for data.
- The annual tenant recertification process includes a number of manual procedures for processing applications, confirming wages and income data, scheduling tenant interviews, generating and mailing notices, updating databases, etc.
- Housing Clerks at each of the developments conduct annual recertifications. Recertifications are conducted based upon tenants' lease anniversary dates. Housing Clerks are responsible for conducting annual recertification procedures for an average of 350-400 housing units each. Again, delays in scheduling tenant interviews and receiving current wage and income data, along with the Housing Clerks' other day-to-day responsibilities, result in a backlog of completed recertifications.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM—CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2002

FINDING 2002—1 (Continued)

- The Authority's OIG performed a wage and income cross-match with the Illinois Department of Employment Security ("IDES"). This match of the Authority's tenant computer files against the IDES employer wage reporting indicated instances where the potential exists for unreported wages. The Authority has not completed its review of the results of this cross-match to determine the impact of unreported wages and income.

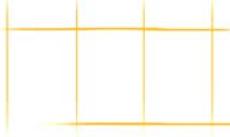
Cause

The above conditions appear to be caused by a number of factors. The Authority has policies and procedures in place for processing housing applications and conducting annual recertifications. However, employees do not consistently adhere to such policies and procedures. Also, the Authority is allowed to process applications for potential tenants, where such tenants have applied for, but not obtained, a Social Security card. However, the Authority's follow-up procedures to ensure the cards were ultimately obtained are deficient. The application intake and annual recertification processes have not been internally reviewed with the objective of addressing procedural deficiencies and inefficiencies which contribute to the inconsistent application of policies and procedures and which result in instances of noncompliance with such policies and procedures. Lack of timely cooperation from tenants, employers and other income providers also contributes to the above conditions. Management and employee priorities in balancing the completion of recertification procedures against other responsibilities also appear to contribute to these conditions and circumstances.

Additionally, the Authority's annual recertification process does not require regular wage and income cross-match procedures.

Criteria

The Housing and Community Development Act of 1987 requires applicants to provide the Authority with the Social Security numbers of household members six years old and older. HUD Handbook Regulations require the Authority to obtain and maintain adequate documentation for the determination of tenant eligibility, order of selection, income and rent. The Authority is also required to re-examine the income and family composition of all tenants at least once every twelve months.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM—CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2002

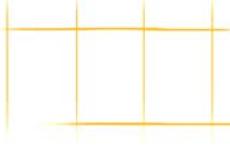
FINDING 2002—1 (Continued)

Effect

Inconsistencies in obtaining tenant Social Security numbers and in completing annual recertification procedures can result in ineligible tenants, noncompliance with HUD regulations and incorrect computations of monthly rent. In instances where tenant wages and income are not reported or are underreported, the Authority may request reimbursements from tenants for excess housing assistance. The impact on tenant accounts receivable (and corresponding allowance for uncollectible accounts) resulting from potential unreported tenant income cannot be determined until follow-up procedures have been completed.

Recommendations

- Obtain missing Social Security numbers and document such numbers in tenants' files.
- Conduct employee training, as required, to reinforce data collection and applications processing requirements.
- Reinforce communications with tenants and income providers regarding data and information requirements.
- Generate edit reports to identify missing Social Security numbers and other required data.
- Conduct an in-depth study of the housing application and annual recertification process to identify and correct noncompliance issues and to implement recommendations for processing efficiencies.
- Automate various stages of the application and recertification process via use of scanning technology, computer-generated lease violation letters, computer-generated rent increases and notifications, etc.
- Consider contracting out all or portions of the application intake and annual recertification process.
- Hire temporary personnel to eliminate the current recertification backlog.
- Establish a target date for completion of the follow-up to the OIG's cross-match results. Make a determination regarding the collectibility of rents paid by the Authority in excess of tenant eligibility, if applicable.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM—CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2002

FINDING 2002 – 2

QUESTION COSTS: NONE

The Authority did not maintain some of the required records needed to support tenant eligibility and order of tenant selection for the Low Rent Housing program.

Condition

Out testing of documentation required for twenty-five tenant files noted the following:

Initial Occupancy Folder

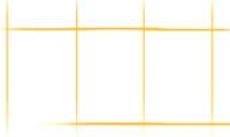
- One file (4%) did not contain an original application for registration.
- Two files (8%) did not contain certified statements that the information provided is accurate.
- One file (4%) did not contain a release form to obtain information from third parties.
- One file (4%) did not contain a federally prescribed release form for employment information.
- Two files (8%) did not contain a copy of birth certificates/passports.
- One file (4%) did not contain a lead base paint certification.
- Eight files (32%) did not contain a master checklist.
- Six files (24%) did not contain prior landlord verification report, credit report, or criminal background report.

Lease Agreement Folder

- One file (4%) did not contain a current 2002 lease agreement.

Income Review Folder

- Two files (8%) did not contain HUD form 50058, MTCS Family Report.
- Two files (8%) did not contain a current 2002 application for continued occupancy.
- Three files (12%) did not contain annual income verification from third party sources.
- One file (4%) did not contain a family composition form.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM—CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2002

FINDING 2002—2 (Continued)

- One file (4%) did not contain support from third parties for handicapped, disabled, elder, medical or childcare expenses deductions.

Cause

The Authority's lack of effective file completion, review and audit procedures resulted in the instances above.

Criteria

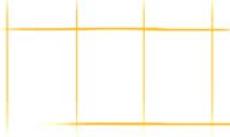
In accordance with HUD Handbook 7465.1 REV-2 and 24 CFR Parts 901, a Public Housing Authority ("PHA") must keep adequate documentation for the determination of tenant eligibility, order of selection, income and rent, which includes maintaining the required HUD forms in the tenant's files. Also, in accordance with 24 CFR 882.212, a PHA must reexamine the income and family composition of all families at least once every 12 months.

Effect

Documentation deficiencies could indicate instances where public housing could be provided to ineligible tenants. Additionally, there could be incorrect rent amounts assessed for tenants if rent amounts differ from the actual lease and the Tenant Rent Roll.

Recommendation

Implement procedures for periodic file reviews and monitoring to ensure that appropriate documentation is maintained. These file reviews should include a standard checklist of required documentation. Internal follow-up and file audit procedures should be implemented. Obtain the required documentation for all tenant file exceptions noted in this finding.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION 8 (HOUSING CHOICE VOUCHERS—CFDA 14.871; MODERATE REHABILITATION HOUSING—CFDA 14.856; AND SUBSTANTIAL REHABILITATION—14.182) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2002

FINDING 2002—3

QUESTIONED COSTS: NONE

The Authority did not maintain some of the required records needed to support tenant eligibility for the Section 8 Housing program.

Condition

Two out of twenty-five (8%) files selected did not have the required documentation. The files selected were duplicate files that were created because the original files were misplaced. The duplicate files did not contain various documents that support the tenant's eligibility. Missing documents included a lease contract; tenant identification; a verification of family income form; an inspection report; and a family composition form.

Cause

The Authority's tenant file review procedures did not detect the missing documents noted above.

Criteria

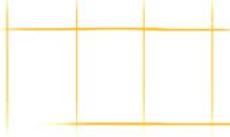
In accordance with HUD Housing Choice Voucher Guidebook, HUD handbook 7420.7 and 24 CFR Parts 982 and 985, a Public Housing Authority ("PHA") must keep adequate documentation for the determination of tenant eligibility, order of selection, income and rent, which includes maintaining the required HUD forms in the tenants' files. Also, in accordance with 24 CFR 982.516, a PHA must reexamine the income and family composition of all families at least once every 12 months.

Effect

Documentation deficiencies should indicate instances where public housing could be provided to ineligible tenants. Additionally, there could be incorrect rent amounts assessed for tenants if rent amounts differ from the actual lease.

Recommendation

Obtain the required documentation for the tenant file exceptions noted in this finding. Be more diligent when performing file documentation review procedures.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION 8 (HOUSING CHOICE—CFDA 14.871; MODERATE REHABILITATION HOUSING—CFDA 14.856; AND SUBSTANTIAL REHABILITATION—14.182) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued) YEAR ENDED DECEMBER 31, 2002

FINDING 2002—4

QUESTIONED COSTS: \$3,260

In some instances, the Authority did not correctly abate housing assistance payments to property owners in accordance with Housing Quality Standards (“HQS”) enforcement procedures.

Condition

Fifteen regular inspections and ten emergency (life-threatening) inspections applicable to private Section 8 property owners were tested and the following was noted:

- One regular inspection where the Authority did not abate Housing Assistance Payment (“HAP”) in a timely manner, resulting in the overpayment of HAP of \$719.
- One emergency inspection where the Authority did not abate HAP in a timely manner, resulting in the overpayment of HAP of \$2,541.

Cause

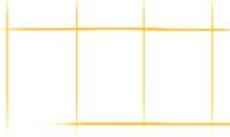
These overpayments were not detected because the monthly check run for HAP was completed prior to the completion of follow-up procedures applicable to inspections.

Criteria

In accordance with 24 CFR sections 982.401, the PHA must perform housing quality inspections at the time of initial occupancy and at least annually thereafter to ensure that the units are decent, safe, and sanitary. For units under contract that fail to meet HQS, the Authority must require the property owner to correct any cited life-threatening HQS deficiencies within 24 hours of the inspections and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension. If the property owner does not correct the cited HQS deficiencies within the specified correction period, the PHA must abate HAP beginning no later than the first of the month following the specified correction period or must terminate the HAP contract.

Effect

Untimely abatement procedures results in overpayment of HAP and noncompliance with HUD guidelines.



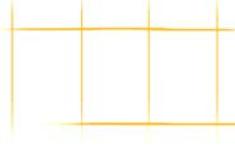
CHICAGO HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION 8 (HOUSING CHOICE—CFDA 14.871; MODERATE REHABILITATION
HOUSING—CFDA 14.856; AND SUBSTANTIAL REHABILITATION—14.182)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Continued)
YEAR ENDED DECEMBER 31, 2002**

FINDING 2002—4 (Continued)

Recommendation

Implement procedures to ensure the timely abatement of HAP in instances of noncompliance by property owners.



**CHICAGO HOUSING AUTHORITY
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2002**



Sharon Gist Gilliam
Chairperson

Lori Healey
Vice-Chairperson

Board of Commissioners
Hallie Amey
Mamie Bone
Leticia Peralta Davis
Earnest Gates
Dr. Mildred Harris
Michael Ivers
Sandra Young

Terry Peterson
Chief Executive Officer

Montel Gayles
Chief of Staff

Gail A. Niemann
General Counsel

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN YEAR ENDED DECEMBER 31, 2002

FINDING 2002—1

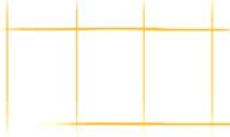
Tenant Recertification

The Authority's procedures for processing tenant applications and conducting annual tenant recertification results in questions regarding the accuracy of tenant monthly rent determinations. Additionally, such procedures do not result in the timely completion of annual recertifications, in some instances.

Corrective Action Plan

The Authority's Asset Management department has implemented a program with the assistance of HUD to revamp the process used by the Authority and the property management firms to gather documentation when conducting recertification and to revamp the manner in which rent is calculated. HUD has identified and hired a consulting firm to work with the CHA on the issues cited. There will be a series of training sessions held in 2003 with the Asset Management Division, the Quality Control Department, property management firms and the Occupancy Department. The first training was held on April 4, 2003 with the property management firms to address the proper method to calculate rent and to complete documentation verification.

All forms for conducting file reviews will be updated with the assistance of the consulting firm. Periodic training sessions will be held in 2003 on the use of such forms. Additionally, these forms will be used by both the Asset Management Division and the Quality Control Department to conduct random file audits. This process will begin in June 2003.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2002

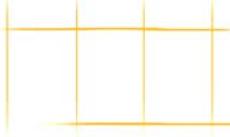
FINDING 2002—2

Low Rent Eligibility Testing

The Authority did not maintain some of the required records needed to support tenant eligibility and order of tenant selection for the Low Rent Housing program.

Corrective Action Plan

HUD has identified and hired a consulting firm to work with the CHA on identifying the proper documents required to support tenant eligibility. All forms for conducting file reviews will be updated with the assistance of the consulting firm. Periodic training sessions will be held throughout the year in the use of the revised forms. Additionally the revised forms will be used by both the Asset Management Division and the Quality Control Department in conducting random file audits starting in June 2003.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2002

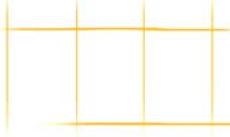
FINDING 2002—3

The Authority did not maintain some of the required records needed to support tenant eligibility for the Section 8 Housing program.

Corrective Action Plan

Pursuant to the Single Audit Finding in 2001, a Duplicate File Procedure was implemented in July 2002. The two files noted in this year's finding were in the process of being handled according to the Duplicate File Procedure. The duplicate files contained documentation soliciting appropriate documents from participants.

The Authority does not believe the effect of this finding indicates that either housing assistance payments were provided to an ineligible family or that an incorrect rent amount was assessed for the tenant. The original paperwork was received and processed prior to the HAP Contract execution. Upon receipt of the replacement documentation from the tenant, the file would be reconstructed, thereby verifying eligibility and rent calculation.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2002

FINDING 2002—4

Instances were noted where the Authority did not properly comply with Housing Quality Standards (“HQS”) enforcement procedures.

Corrective Action Plan

The specific owners cited in the Single Audit finding were notified of the overpayments and instructed to contact CHAC to make repayment arrangements.

CHAC plans to implement procedures to collect Housing Assistance Payments that are issued to owners whose units have been placed under abatement for HQS violations, but were inadvertently issued payments because of the timing of the monthly check run. These procedures will be implemented by June 15, 2003. These procedures will provide the owner with the option to either:

- a) Return the overpaid Housing Assistance Payment to CHAC;
- b) Allow CHAC to recapture the overpayment for the appropriate amount from the unit, once the unit reaches pass status and the payments are reinstated; or
- c) Allow CHAC to recapture the overpayment from another account, if the owner has multiple units on the program.

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**CHICAGO HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2002**



Sharon Gist Gilliam
Chairperson

Lori Healey
Vice-Chairperson

Board of Commissioners

Hallie Amey

Mamie Bone

Leticia Peralta Davis

Earnest Gates

Dr. Mildred Harris

Michael Ivers

Sandra Young

Terry Peterson
Chief Executive Officer

Montel Gayles
Chief of Staff

Gail A. Niemann
General Counsel

CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2002

FINDING 2001—1

The Authority's procedures for processing tenant applications and conducting annual tenant recertification results in questions regarding the accuracy of tenant monthly rent determinations. Additionally, such procedures do not result in the timely completion of annual recertifications, in some instances.

Status

The Authority's Asset Management department has implemented a program with the assistance of HUD to revamp the process the Authority and the property management firms gather documentation when conducting re-certification and the manner in which rent is calculated. HUD has identified and hired a consulting firm to work with the CHA on the issues cited. There will be a series of training held in 2003 with the Asset Management Division, the Quality Control Department, property management firms and the Occupancy Department. The first training was held on April 4, 2003 with the property management firms to address the proper method to calculate rent and documentation verification.

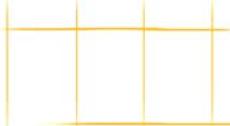
All forms for conducting file reviews will be updated with the assistance of the consulting firm. Periodic trainings will be held in 2003 on the use of such forms. Additionally, these forms will be used by both the Asset Management Division and the Quality Control Department to conduct random file audits. This process will begin in June 2003. This finding was repeated as finding 2002-1.

FINDING 2001—2

The Authority did not maintain some of the required records needed to support tenant eligibility and order of tenant selection for the Low Rent Housing Program.

Status

HUD has identified and hired a consulting firm to work with the CHA on identifying the proper documents required to support tenant eligibility. All forms for conducting file reviews will be updated with the assistance of the consulting firm. Periodic trainings will be held throughout the year in the use of the revised forms. Additionally the revised forms will be used by both the Asset Management Division and the Quality Control Department in conducting random file audits starting in June 2003. This finding was repeated as Finding 2002-2.



CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2002

FINDING 2001—3

The Authority did not submit the monthly Family Report HUD Form 50058 to Multifamily Tenant Characteristics System ("MTCS") for the months of September, October, November, and December.

Status

The CHA is continuing to work with HUD to resolve this issue by developing an alternative method of providing interim data to HUD as the CHA develops a new application system. At this time the system is not capable of uploading the data to HUD. The new system is replacing the current computer system, CCS, with an Oracle and browser based housing management system. The new system, which is currently in development starting with building and unit data, will have built in Form 50058 and other deliverables. We will continue to work with HUD to resolve this issue. This finding is not repeated in 2002.

FINDING 2001—4

Instances were noted where the Authority did not properly comply with Housing Quality Standards ("HQS") enforcement procedures.

Status

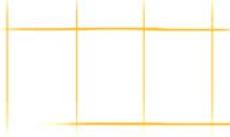
CHAC recovered the HAP overpayments from the appropriate property owners. Also, the abatement procedures were reviewed with the inspections departments and CHAC has assigned staff to handle the placement and removal of abatements. This finding was repeated as 2002-4.

FINDING 2001—5

The Authority did not maintain some of the required records needed to support tenant eligibility for the Section 8 Housing Program.

Status

CHAC issued and implemented procedure notice No. 105 on July 24, 2002. This notice outlined the procedures for the creation of duplicate files when the original is misplaced. This finding was repeated as 2002-3.



APPENDIX K: MTW Annual Report Required Certifications

CHANGE. CHICAGO HOUSING AUTHORITY

January 13, 2004

ITEM NO. 1

APPROVAL OF THE CHICAGO HOUSING AUTHORITY'S FY2003 MTW ANNUAL REPORT

To the Honorable Board of Commissioners,

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached "FY2003 MTW Annual Report" and grant authorization to submit it for approval to the U.S. Department of Housing and Urban Development (HUD).

EXPLANATION

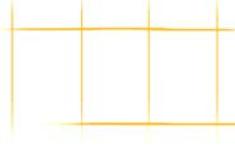
The Plan for Transformation was approved by HUD and incorporated into a Moving to Work (MTW) Agreement, executed on February 6, 2000. The MTW Agreement provides guidelines on the content and submission requirements for the CHA to produce and submit an Annual Report to HUD outlining the progress toward the commitments made in the Plan for Transformation.

The FY2003 Annual MTW Report provides information necessary for HUD to assess the CHA's performance, in both regular operations and in activities authorized by the MTW Demonstration Program. HUD requires this report to be submitted annually, along with a Board of Commissioners' resolution approving the report, no later than 60 days after the end of the CHA's fiscal year.

Included with this resolution is a draft of the FY2003 MTW Annual Report for the Board of Commissioners' review and approval. The FY2003 MTW Annual Report will be submitted to HUD no later than March 1, 2004. There may be corrections necessary subsequent to this Board of Commissioners' meeting.

Based upon the foregoing, it is in the best interest of the CHA to approve the FY2003 MTW Annual Report and grant authorization to the Chief Executive Officer to make such corrections as he may deem necessary and to submit the report to HUD.

626 West Jackson Boulevard • Chicago, Illinois 60661-5601 • (312) 742-8500 • www.thecha.org



RESOLUTION NO. 2004-CHA-20

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated January 13, 2004 requesting approval of the "FY2003 MTW Annual Report," attached hereto;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners approves the attached "FY2003 MTW Annual Report," and grants authorization to the Chief Executive Officer to make such corrections as he may deem necessary and to submit the report to the U.S. Department of Housing and Urban Development.



Certification of Payments to Influence Federal Transactions

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

Applicant Name

Chicago Housing Authority

Program/Activity Receiving Federal Grant Funding

MTW Annual Report Certification

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

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

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

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

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

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

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

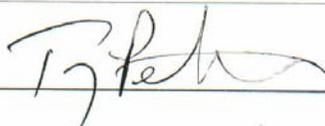
Name of Authorized Official

Terry Peterson

Title

Chief Executive Officer

Signature

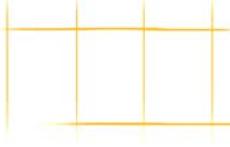


Date (mm/dd/yyyy)

02/27/04

Previous edition is obsolete

form HUD 50071 (3/98)
ref. Handbooks 7417.1, 7475.13, 7485.1, & 7485.3



Certification for a Drug-Free Workplace

The following is a list of CHA locations:

35 South Paulina, Chicago, IL 60612

200 West Adams, Chicago, IL 60606

500 East 37th Street, Chicago, IL 60609

600 West Jackson Boulevard, Chicago, IL 60661

626 West Jackson Boulevard, Chicago, IL 60661

833 West 115th Street, Chicago, IL 60643

4700 South State Street, Chicago, IL 60615

4859 South Wabash, Chicago, IL 60615

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

Chicago Housing Authority

Program/Activity Receiving Federal Grant Funding

MTW Annual Report Certification

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

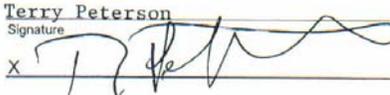
g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

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

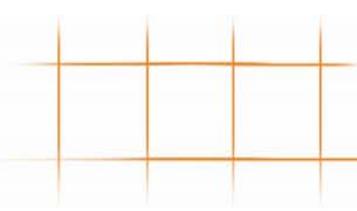
Check here if there are workplaces on file that are not identified on the attached sheets.

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

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

Name of Authorized Official	Title
Terry Peterson	Chief Executive Officer
Signature	Date
	02/27/04

form HUD-50070 (3/98)
ref. Handbooks 7417.1, 7475.13, 7485.1 & .3



COLLABORATIONS

Below is a list of some of the partners who have helped in shaping a vision for **CHAnge**:

American Lung Association of Metropolitan Chicago
Assets for Independence Individual Development Accounts Program
Business and Professional People for the Public Interest
CHAC, Inc.
Chapin Hall
Charles A. Hayes Family Investment Center
Chicago Community Trust
Chicago Connections
Chicago Department of Administrative Hearings
Chicago Department of Consturction and Permits
Chicago Department of Housing
Chicago Department of Human Services
Chicago Department of Planning and Development
Chicago Department of Public Health
Chicago Department of Transportation
Chicago Department on the Environment
Chicago Fire Department
Chicago Homemakers
Chicago Park District
Chicago Police Department
Chicago Project for Violence Prevention
Chicago Public Schools
Chicago Transit Authority
Chicago Youth Programs
The Community Builders, Inc.
Department of Commerce and Economic Opportunity Ogden Courts
Developing Communities Project, Inc.
Environmental Law and Policy Center
Ford Foundation
Generations Online
Grand Boulevard Foundation
H.O.M.E. Housing Opportunities and Maintenance for the Elderly

Harris Bank
Healthcare Consortium of Illinois
HUD Elderly Service Coordinator Renewal
Hull House Association/The Housing Resource Center
The John D. and Catherine T. MacArthur Foundation
John Marshall School of Law Fair Housing Legal Clinic
kaBOOM!
Lakeside Community Committee, Inc.
Leadership Council for Open Communities
Legal Assistance Foundation of Metropolitan Chicago
Levy Foods
Loyola University
Mayor's Office of the City of Chicago
Mayor's Office for People with Disabilities
Metropolitan Planning Council
Mid-America Institute on Poverty/Heartland Alliance
National Center on Poverty Law
Norwegian American Hospital Foundation
Openlands
Pediatric Case Management
Prevention Partnerships
Roosevelt University
The Rotary Foundation
Safer Pest Control
Shorebank Neighborhood Institute
Target Group Inc.
Tech 37/Gallery 37 After School Matters
U.S. Department of Housing and Urban Development
Ujima
University Illinois-Chicago
Urban Art League

CHANGE.

CHICAGO HOUSING AUTHORITY

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Sharon Gist Gilliam, *Chairperson*
Lori Healey, *Vice-Chairperson*

Hallie Amey
Mamie Bone
Earnest Gates
Dr. Mildred Harris
Michael Ivers
Martin Nesbitt
Carlos Ponce
Sandra Young

Chief Executive Officer
Terry Peterson

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Montel Gayles

General Counsel
Gail A. Niemann