MOVING TO WORK DEMONSTRATION AGREEMENT

This Agreement is entered into by and between the United States of America through the Department of Housing and Urban Development ("HUD") and The Housing Authority of the City of Atlanta, Georgia (the "Agency"). Upon execution of this Agreement, the term of this Agreement shall begin on July 1, 2003 and continue for seven (7) years unless otherwise specified herein.

WHEREAS, Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134) (the "1996 Appropriations Act") establishes the Public Housing/Section 8 Moving to Work Demonstration program ("MTW"); and

WHEREAS, Section 204(a) of the 1996 Appropriations Act provides that public housing agencies ("PHAs") and the Secretary of the Department of Housing and Urban Development (the "Secretary") shall: have the flexibility to design and test various approaches for providing and administering housing assistance that reduce cost and achieve greater cost effectiveness in Federal expenditures; give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and increase housing choices for low-income families; and

WHEREAS, HUD may permit agencies to combine funds from several HUD programs, and may exempt agencies from existing public and Indian housing and Section 8 voucher rules under Moving to Work Demonstration authority; and

WHEREAS, the Secretary has the authority to select up to thirty (30) agencies that administer the public housing and Section 8 programs to participate in the Moving to Work demonstration program; and

WHEREAS, the Secretary has determined that the Agency’s application satisfies the Secretary's selection criteria as set forth in the Notice of Moving to Work Demonstration program and invitation to apply, published December 18, 1996 (61 Fed. Reg. 66856), and selected the Agency to participate in the Moving to Work demonstration; and

WHEREAS, the parties have previously entered into one or more annual contributions contracts ("the ACCs") setting forth the terms and conditions under which the Agency participates in the public housing and/or Section 8 voucher programs administered by HUD; and
WHEREAS, it is the aim of this demonstration to design and test innovative methods of providing housing and delivering services to low-income families in an efficient and cost effective manner, HUD and the Agency agree to fully cooperate with each other in order to make the MTW demonstration a success; and

WHEREAS, the parties desire to state the terms and conditions under which HUD will permit the Agency to participate in the Moving to Work Demonstration program as set forth in the Agency's HUD-approved Statement of Authorizations, attached hereto as the Appendix "A".

NOW, THEREFORE, in reliance upon and in consideration of the mutual representations and obligations hereunder, the parties do agree as follows:

ARTICLE I. HUD Program Requirements and Other Federal Requirements.

A. This Agreement supersedes the terms and conditions of the ACCs and the provisions of the United States Housing Act of 1937, as amended (the "1937 Act") and HUD requirements to the extent necessary for the Agency to implement its MTW demonstration, as approved by HUD in this Agreement. All authorizations contained in this Agreement are for the length of the demonstration only, unless otherwise specified. Except as necessary to implement the Agency's activities described in the Statement of Authorizations, the Agency is subject to the requirements of the ACCs, the 1937 Act, and other HUD requirements. Notwithstanding anything in this Agreement, the following provisions of the 1937 Act, as otherwise applicable, shall continue to apply to the Agency and/or assistance received pursuant to the 1937 Act:

1. The terms "low-income families" and "very low-income families" shall continue to be defined by reference to Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2));

2. Section 18 of the 1937 Act (42 U.S.C. 1437p, as amended by Section 1002(d) of Public Law 104-19, Section 201(b)(1) of Public Law 104-134, and Section 201(b) of Public Law 104-202), governing demolition and disposition, shall continue to apply to public housing notwithstanding any use of the housing under MTW; and

3. Section 12 of the 1937 Act (42 U.S.C. 1437j), governing wage rates, shall apply to housing assisted under MTW unless tenant-based assistance is the only assistance received by participating families and the housing in which they reside receives no other assistance.

B. To the extent described in the Statement of Authorizations, as applicable and as approved by HUD, the Agency may combine operating subsidies provided under Section 9 of the 1937 Act (42 U.S.C. 1437g), capital funding (including development and replacement housing factor funds) provided under Section 14 of the 1937 Act (42 U.S.C. 1437l) and assistance provided
under Section 8 of the 1937 Act for the voucher programs (42 U.S.C. 1437f) to fund HUD approved MTW activities.

C. Unless otherwise provided herein, this Agreement does not apply to Section 8 assistance that is required: (a) to meet existing contractual obligations of the Agency to a third party (such as Housing Assistance Payment contracts with owners under the Agency's Section 8 voucher program); (b) for payments to other PHAs under Section 8 portability billing procedures; (c) to meet particular purposes for which HUD has expressly committed the assistance to the Agency;

D. The Agency agrees to comply with HUD requirements governing the MTW program. Such HUD requirements include, but are not limited to management, financial, accounting, or other requirements designed to adequately track and monitor the Agency's use of HUD assistance. Notwithstanding other provisions of this Agreement, the Agency will be required to submit reports and financial statements as necessary in forms prescribed by HUD.

E. The Agency agrees to cooperate fully with HUD and its contractors in the monitoring and evaluation of the MTW demonstration, to keep records and to submit reports and information to HUD as required of PHAs participating in the MTW program. Except as otherwise provided in this Agreement, the Agency shall submit an Annual Plan and Report as required by Section 5A of the 1937 Act, which shall include a separate section fully describing activities and uses of funding the Agency is undertaking through the MTW demonstration.

F. Pursuant to the 1996 Appropriations Act, the amount of assistance that the Agency receives for public housing operating subsidies, public housing modernization grants, and Section 8 assistance for vouchers will not be diminished by the Agency's participation in the MTW program.

G. Any HUD assistance that the Agency is authorized to use in the MTW demonstration must be used in accordance with the Agency's HUD-approved Statement of Authorizations (Appendix). The Agency hereby certifies that the Agency’s governing board has approved this Agreement, and that a copy of such board approval has been provided to HUD.

H. As required by the 1996 Appropriations Act, the Agency agrees that at least seventy-five percent (75%) of the families assisted by the Agency under the MTW demonstration program will be very low-income families as defined in the 1937 Act. The Agency agrees to comply with the requirements of Section 16(a) (3) of the 1937 Act (as amended). The Agency agrees to continue to assist substantially the same total number of eligible low-income families under MTW, and to maintain a comparable mix of families by family size, as would have been served or assisted if HUD funding sources had not been used under the MTW demonstration. The Agency agrees that housing assisted under MTW will meet housing quality standards established or approved by HUD.

I. The Agency may adopt and implement any reasonable policies for setting rents for public housing, or rents and subsidy levels for tenant-based assistance, notwithstanding the 1937
Act, provided that the Agency submits the policy to HUD annually in the MTW Annual Plan, and upon any material change to the policy, and provided that:

1. The Agency's Board of Commissioners approves of the policy, and any material changes, and approved an analysis of the impact of the policy on current households, and households on the waiting list, including an analysis of the severity of rent burdens on such households that would have rent burdens greater than 30 percent of adjusted income;

2. The Agency reevaluates its rent and subsidy level policies annually, including preparing a revised impact analysis;

3. The Agency adopts a policy for addressing hardship cases;

4. The Agency provides a reasonable transition period for rent increases for existing tenants; and,

5. A public hearing is held regarding the policy modification; provided however, that in the first year of the demonstration, this may be the same public hearing that was held regarding (a) the Agency's MTW application, as long as the policy was included in the MTW application or (b) the Agency's Annual Plan, as long as the policy was included in the Agency's Annual Plan.

The rent policy, or any material changes to the rent policy will be effective upon submission to HUD of a board resolution as provided above. In the first year of the MTW demonstration, this may be the same board resolution as that approving the MTW Agreement.

J. If applicable to activities under the Statement of Authorizations, the Agency agrees to provide HUD with any documentation that HUD needs to carry out its review under the National Environmental Policy Act (NEPA) and other related authorities and otherwise will assist HUD in complying with 24 CFR Part 50 environmental review procedures. The Agency further agrees (a) to carry out mitigating measures required by HUD or select an alternate eligible property, if permitted by HUD, and (b) not to acquire, rehabilitate, convert, lease, repair or construct property, or commit HUD or local funds to program activities involving eligible property without HUD's approval under 24 CFR Part 50.

K. The Agency will comply with all applicable nondiscrimination and equal opportunity requirements set forth in 24 CFR 5.105(a), and will administer its programs and activities in a manner affirmatively to further fair housing. In particular, the Agency must make reasonable modifications and accommodations needed by applicants and residents and must make units accessible in accordance with the Needs Assessment and Transition Plan as required under Section 504 of the Rehabilitation Act of 1973 and its implementing regulations.
ARTICLE II. Revision and Termination of Agency MTW Program

A. With written HUD approval, this Agreement and the Statement of Authorizations may be revised by the Agency during the course of the demonstration. The Agency shall request approval of revisions by written notification to HUD (delivered to the Office of Public Housing Investments, or its successor, in the Office of Public and Indian Housing), accompanied by an approved board resolution, or equivalent, and certification that the Agency has provided for resident and public participation in developing the revision and presented it at public hearing. HUD will review the proposed revision within a reasonable period of time. When proposing amendments to this Agreement, the Agency will provide notice and a reasonable period within which residents may comment. The Agency will consider this comments prior to amending this Agreement.

B. To the extent that MTW activities will not continue past the term of the demonstration, the Agency shall fully cooperate with HUD in developing and implementing a transition plan for terminating the Agency's MTW demonstration program and providing for the continued administration of the public housing and Section 8 programs, as applicable.

C. At any time HUD may terminate this Agreement, and the Agency's MTW demonstration or take any corrective or remedial action as described in Article II. C of this agreement, for Agency default, or other good cause as determined by HUD after providing the Agency with notice, a reasonable opportunity to be heard and a reasonable opportunity to cure the default; unless HUD determines the nature of the default requires that HUD take immediate action.

ARTICLE III. Default.

A. Definition of Default. Use of funds subject to this Agreement for a purpose other than as authorized by this Agreement; noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; other material breach of this Agreement; or a material misrepresentation in the MTW Plan submission by the Agency shall be a default under this Agreement.

B. HUD’s Determination of Default. If HUD determines that the Agency is in default, HUD will give the Agency written notice of the default and of the corrective or remedial action required or ordered by HUD.

C. Corrective or remedial actions HUD may require or order under this Agreement for Agency default include, but are not limited to the following:

1. Requiring the Agency to prepare and follow a HUD approved schedule of actions and/or a management plan for properly completing the activities approved under this Agreement;

2. Canceling or revising the affected activities, revising the budget for activities as necessary, and substituting other eligible activities;
3. Prohibiting payment or reimbursement for any MTW demonstration activities or for those activities affected by the default;

4. Requiring reimbursement by the Agency to HUD for amounts used improperly.

5. Terminating this Agreement;

6. Changing the method of payment to the Agency;

7. Suspending the Agency’s authority to make draws or receive or use funds for affected activities;

8. Reducing the Agency's funding in the amount affected by the default;

9. Terminating the Agency’s funding as to further activities under the MTW demonstration;

10. Taking any other corrective or remedial action legally available; and

11. Taking action, as applicable, pursuant to the Section 8 and/or public housing Annual Contributions Contract.

This Agreement is effective upon execution, except as otherwise provided herein.

HOUSING AUTHORITY OF THE CITY OF ATLANTA, GEORGIA

By: [Signature]

Its: President and CEO

Date of Execution by Agency 9/25/03

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By: [Signature]

Its: Assistant Secretary

Date of Execution by HUD 9/25/03
APPENDIX A
TO
MOVING TO WORK DEMONSTRATION AGREEMENT
BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND
THE HOUSING AUTHORITY OF THE CITY OF ATLANTA, GEORGIA

Statement of Authorizations

I. General Conditions

A. This Statement of Authorizations describes the activities that The Housing Authority of the City of Atlanta, Georgia ("AHA") may carry out under the Moving to Work Demonstration program ("MTW Demonstration Program"), subject to the terms and conditions of the Moving to Work Demonstration Agreement ("MTW Agreement") between AHA and the U.S. Department of Housing and Urban Development ("HUD").

B. The term of the MTW Agreement and of AHA’s MTW Demonstration Program is seven (7) years, commencing on July 1, 2003.

C. AHA may review HUD’s evaluation plan for the MTW Demonstration Program in advance of implementation. AHA has 30 days to review the evaluation criteria, and any objections to the evaluation will be forwarded to HUD for further consideration.

D. Unless otherwise provided in this MTW Agreement, AHA’s MTW Demonstration Program applies to all of AHA’s public housing assisted units (including AHA-owned properties and units comprising a part of mixed-income, mixed finance communities); tenant-based Section 8 assistance (hereinafter referred to as the "Housing Choice Program"), project-based Section 8 assistance and Homeownership units developed using Section 8 assistance.

E. AHA intends to partner with for-profit and non-profit entities, including without limitation, mixed-income, mixed-finance development partners and third party management companies ("AHA Partners"), to implement and develop all or some of the initiatives that may comprise AHA’s MTW Demonstration Program. AHA may, with respect to MTW eligible activity and when working with or partnering with such partners, make available to AHA Partners the least restrictive regulatory requirements allowable based on AHA’s participation in the MTW Demonstration Program and that agreements with AHA Partners may reflect the implementation of less restrictive regulatory requirements.

F. The purpose of the Statement of Authorizations is to delegate to AHA the authority to pursue locally driven policies, procedures and programs with the aim of developing better, more efficient ways to provide housing assistance to low and very-low income
families. Therefore, except as otherwise provided in this Agreement, all
authorizations granted in the Statement of Authorizations are intended to have been
granted fully without requiring any additional HUD authorizations and approvals.

G. AHA reaffirms that it will comply with all applicable nondiscrimination and equal
opportunity requirements set forth in 24 CFR 5.105(a), and will administer its
programs and activities in a manner affirmatively to further fair housing. In
particular, the Agency must make reasonable modifications and accommodations
needed by applicants and residents and must make units accessible in accordance with
the Needs Assessment and Transition Plan as required under Section 504 of the

H. AHA agrees that it will comply with the terms of any applicable court orders or
Voluntary Compliance Agreements that are in existence or may come into existence
during the term of the Agreement.

I. HUD shall appoint a liaison as a single point of contact to represent HUD in
implementing this Agreement. HUD shall provide written notice of its appointed
liaison within thirty (30) days of executing this Agreement.

J. Any notice or other communication given or made pursuant to this Agreement shall
be in writing and shall be deemed given or served upon the addressee, following (a)
hand-delivery by receipted courier, (b) five days following deposit in the U.S. mail,
certified mail (return receipt requested), postage prepaid, (c) receipt by electronic
facsimile transmission, with an original sent via first class mail or (d) delivery by a
nationally recognized overnight courier service (e.g. Federal Express) which
maintains evidence of receipt, with all delivery charges paid or provided for,
addressed to a party at its respective address set forth below (or at such other address
as shall be specified by the party from time to time):

If to the Agency to: The Housing Authority of the City of Atlanta, Georgia
230 John Wesley Dobbs Avenue, N.E.
Atlanta, Georgia 30303-2421
Attention: President and Chief Executive Officer
Telecopier: (404) 332-0100

and a copy to: The Housing Authority of the City of Atlanta, Georgia
230 John Wesley Dobbs Avenue, N.E.
Atlanta, Georgia 30303-2421
Attention: General Counsel
Telecopier: (404) 332-0104

If to HUD, to: The Deputy Assistant Secretary for the
Office of Public Housing Investments
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Room 4130
II. Restructure the Annual and Interim Review Process in Section 8 Assisted Housing, Housing Choice Program, Homeownership and Public Housing

AHA is authorized to restructure the annual and interim review process in AHA’s project-based Section 8 assisted housing program, AHA’s Housing Choice Program, any MTW-funded AHA homeownership program and AHA’s public housing program (both conventional and otherwise) and provide for exceptions (e.g. change in income, occupancy requirements or hardship) in order to affect the number of reviews a participant receives in any calendar year. Notwithstanding the above, AHA shall provide Multifamily Tenant Characteristics System (“MTCS”) data to HUD annually.

III. Occupancy Policies

A. General Occupancy Policies

AHA’s occupancy policies under MTW will be designed and focused on the four goals underlying AHA’s delivery and promotion of affordable housing resources in the Atlanta, Georgia metropolitan area. These goals are to:

1. Become a superior provider of quality affordable housing and property and asset management services;

2. Develop AHA into an economically viable and self-sustaining entity;

3. Expand, improve, and diversify AHA’s portfolio and AHA’s influence in the affordable housing market while becoming a catalyst for community revitalization; and

4. Promote and support resident economic self-sufficiency and upward mobility out of public housing and/or the Housing Choice Program.

AHA is authorized to consider one or more of its goals when designing, refocusing, initiating, and implementing occupancy policies for each of its affordable housing programs and initiatives. AHA is authorized to develop or specifically identify to HUD its occupancy policies, and such attendant policies as AHA may deem appropriate, in its MTW Plan. These policies will be designed to allow AHA to further one or more of AHA’s strategic goals and also fulfill the MTW goals/criteria of testing alternative, local alternative housing and self-sufficiency strategies for the assisted families in AHA’s affordable housing programs. Moreover, AHA will continue designing occupancy policies that are
intended to address the quality of housing and lifestyle improvements at its communities and other affordable housing programs that are designed to enhance or promote a greater quality of living at each of the communities.

B. Site Based Waiting List System

AHA will, without further HUD authorization or approval, continue to operate site-based waiting lists in accordance with its existing HUD-approved Site-Based Waiting List Policy which became effective on December 13, 1996, and Mixed-Income, Mixed-Finance Community Site-Based Waiting List Policy Addendum, which became effective on June 25, 1999, and AHA's Site-Based Waiting List Policy for Conventional Communities which became effective on January 1, 2002, as amended or revised. AHA will implement additional site-based waiting lists under this MTW Agreement. Such additional site-based waiting lists will be developed, at AHA's option, to address various situations, including, but not limited to the following: (1) any existing or new or mixed-income, mixed finance communities; (2) any on-site and/or off-site public housing replacement units developed in support of AHA's redevelopment or HOPE VI efforts; (3) any special initiatives and demonstration programs; (4) any specially designated public housing or project-based communities; and (5) combining or separating waiting lists for Housing Choice Program assistance, project-based Section 8 assistance, public housing rental communities, homeownership opportunities, and mixed-income, mixed-finance communities.

IV. Self-Sufficiency/Supportive Services

AHA is authorized to operate any of its existing self-sufficiency and training programs, including without limitation, its Employment Training Program and Family Self-Sufficiency (FSS) Program, and any successor programs exempt from HUD program requirements and without any specific requirements governing program size or participation requirements including whether to establish escrow accounts and other rent incentives and whether to establish mandatory self-sufficiency participation requirements; provided, however that if AHA receives dedicated funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator. In developing and operating such programs, AHA is authorized to establish strategic relationships and partnerships with local private and public agencies and service providers to leverage expertise and funding.

V. Funding Issues

A. Single Fund Budget with Full Flexibility

1. Pursuant to Article I.B. of the MTW Agreement, AHA may combine its public housing operating subsidies and public housing capital funds, and its Housing Choice program assistance into a single, authority-wide funding source ("MTW Funds"). The funding amount for the MTW Funds may be increased by additional allocations of housing choice vouchers to which AHA is entitled to over the term of the
Agreement. Special purpose vouchers will not be included in the MTW Funds during their initial term, though some may be included in the MTW Funds upon renewal.

2. AHA may use this funding source to carry out the purposes of the MTW Demonstration Program to provide flexibility in the design and administration of housing assistance to eligible families, to reduce cost and achieve greater cost effectiveness in Federal expenditures, to give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient, and to increase housing choices for low-income families, through, but not limited to, the following activities:

a. Provision of Capital funds or operating assistance to housing previously developed or operated pursuant to a contract between HUD and AHA or newly acquired or developed pursuant to section b below.

b. The acquisition, new construction, reconstruction or moderate or substantial rehabilitation of housing (including, but not limited to, assisted living, or other housing as deemed appropriate by AHA, in accordance with its mission), or commercial facilities consistent with the objectives of the demonstration. Such activities may include but are not limited to real property acquisition, site improvement, development of utilities and utility services and energy efficiency systems, conversion, demolition, financing, administration and planning costs, relocation and other related activities; provided, however, that prior HUD approval is required for the development of any incremental public housing units.

c. The provision of housing or employment-related services, such as housing counseling in connection with rental or home ownership assistance, energy auditing, activities related to the provision of self-sufficiency and other services, employment counseling, education, training and other services related to assisting tenants, owners, contractors, and other persons or entities participating or seeking to participate in other housing or training and educational activities assisted pursuant to this section.

d. The provision of management services, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant and project-based rental assistance and management of housing projects or other facilities or operations developed under this program.

e. The provision of safety, security, and law enforcement measures and activities appropriate to protect residents of housing from crime.

f. The provision of Housing Choice Program assistance or project-based rental assistance, alone or in conjunction with other private or public sources of assistance.
g. The preservation of units currently serving people of low income or the acquisition and/or development of new units for people of low income, provided that all rehabilitation and construction is done in accordance with the requirements of Section 504 of the Rehabilitation Act and where applicable, the design and construction requirements of the Fair Housing Act.

3. These activities may be carried out by AHA, by an entity, agent, or instrumentality of AHA, a partnership, a grantee, contractor, or other appropriate party or legal entity.

4. AHA’s expenditures must comply with OMB Circular A-87, which provides basic guidelines for the use of federal funds, and with this MTW Agreement. Program-specific funding regulations governing allowable expenditures are suspended to the extent they are inconsistent with this MTW Agreement.

5. AHA may use capital funds (including development and replacement housing factor funds) from fiscal years prior to its fiscal year 2004 in accordance with this Agreement and subject to section 9(j) of the Act, as amended by the FY 2003 Omnibus Appropriations Act or any subsequent Appropriations Act.

6. Consistent with sound public and private property management practices, AHA must maintain a reasonable operating reserve and may establish and maintain adequate replacement reserves. HUD will not consider reserves in determining funding under this Agreement.

B. Funding Methodology

During the term of the MTW Demonstration Program, HUD will provide AHA with public housing operating subsidies and capital funds, and with Housing Choice Program assistance as provided in Attachment A.

C. Funding Disbursements

AHA will receive its funding in accordance with the following disbursement requirements:

1. Operating Subsidies

   a. The operating subsidies determined in accordance with Attachment A will be disbursed in accordance with standard HUD schedules for the disbursement of public housing operating subsidies.

   b. AHA may use these funds for any eligible MTW activity consistent with this MTW Agreement.
2. **Capital Funds**

   a. The Capital funds determined in accordance with Attachment A will be disbursed in accordance with standard HUD procedures for the disbursement of public housing Capital funds.

   b. In requisitioning these funds, AHA will not be required to provide line item detail, but will request the funds using a single MTW line item; provided, however, that the AHA may not accelerate draw downs of funds in order to fund reserves.

   c. AHA may use these funds for any eligible MTW activity consistent with this MTW Agreement.

3. **Housing Choice Program Assistance**

   a. Housing Choice Program Funds will be determined in accordance with Attachment A and disbursed in accordance with the standard HUD schedules.

   b. AHA may use these funds for any eligible MTW activity consistent with this MTW Agreement.

VI. **Establishment of Housing Choice Program (Tenant Based Section 8)**

A. AHA is authorized to create its own Housing Choice Program. Under such a program, AHA will be authorized to determine the following:

1. Reasonable contract rents and increases;
2. Tenant ability to exceed Brooke Amendment rents or any other regulatory or statutorily prescribed rents, subject to Article I.I. of the MTW Agreement;
3. Lease length, certificate expiration and reissuance policies, including, but not limited to, for the suspension of HUD lease terms, and term of assistance contracts;
4. Income qualification and/or work requirements to participate in rental assistance program, subject to the income eligibility and targeting requirements applicable to the MTW Demonstration Program;
5. Property eligibility criteria, including types of units currently prohibited by Section 8 regulations (including, but not limited to assisted living facilities, nursing homes, or other housing as AHA deems appropriate, consistent with its mission);
6. Waiting list procedures, tenant selection procedures, and criteria and preferences;
7. The content of housing assistance payments contracts with owners;
8. The content of contract rental agreements;
9. Damage claims and/or vacancy loss policy and payments for unoccupied units;
10. The percentage of leased housing assistance that is unit based, and criteria for expending funds for physical improvements on those units.
11. The term of unit-based assistance, up to the term of the MTW Demonstration;
12. Elements to be included in AHA’s Administrative Plan, consistent with the Housing Choice Voucher program;
13. Type of assistance to owners in screening prospective tenants;
14. Adjustments to the payment standard;
15. Standards for utility allowances;
16. Fees and costs to be included in rent;
17. Family obligations to AHA regarding uses and occupancy of units;
18. Determination of rent reasonableness;
19. The flexibility to exceed the limit on local rent subsidy that is project-based for AHA’s entire program and the flexibility to exceed the limit on local rent subsidy that is project based in any project and the flexibility to determine criteria for expending funds of physical improvements on those units provided that each development serves a broad range of incomes;
20. The type and level of supportive services to be provided to tenants;
21. The programs, services and terms available to landlords to insure availability of affordable quality units through the Atlanta metropolitan area and to encourage neighborhood acceptance of the Housing Choice Program; and
22. The structure, terms and implementation of any homeownership program using Housing Choice Program vouchers.

B. Simplification of the Process to Project-Base Section 8 Vouchers

AHA is authorized to develop and adopt a reasonable policy and process for project-based Section 8 leased housing assistance during the MTW Demonstration which includes the components set forth below. For the purposes of this section, “Affiliate of AHA” is defined to include entities which own mixed-income, mixed-finance development projects in which AHA or a non-profit corporation controlled by AHA owns a direct or indirect interest.

1. Project-Based Section 8. AHA is authorized to project-base Section 8 assistance at communities owned directly or indirectly by AHA, subject to HUD’s requirements regarding subsidy layering.

a. Should AHA, in its reasonable business judgment, decide to project-based Section 8 assistance at a community owned directly or indirectly by AHA, AHA may provide such assistance without the need for AHA to engage in any competitive process.

b. AHA will identify and engage an independent third-party to make a determination regarding the reasonableness of the rent structure for communities owned directly or indirectly by AHA.
2. AHA is authorized to establish a reasonable competitive process for project-basing leased housing assistance at units that meet HQS standards, or any standards developed by AHA pursuant to this MTW Agreement, as applicable, and that are owned by non-profit, or for-profit housing entities in Atlanta. In establishing such process, AHA may, using its own best business judgment, to exempt AHA or any Affiliate of AHA from the need to participate in such competitive process in order to access, promote or engage in project-based Section 8 assistance.

3. Site and Neighborhood Standards: AHA will comply with the Fair Housing Act and Title VI of the Civil Rights Act of 1964, and implementing regulations thereto, in determining the location of newly constructed or substantially rehabilitated unit-based housing assistance. AHA shall certify to HUD that HUD site and neighborhood selection requirements have been met; provided, however, that in lieu of the Site and Neighborhood Standards set forth in 24 CFR Section 941.202(b)-(d), AHA will comply with the following requirements:

   a. The project-based assisted units may be located in AHA’s jurisdiction, including within the following types of urban areas: (i) an area of revitalization that has been designated as such by the City of Atlanta, (ii) an area where public housing units were previously constructed and were demolished, (iii) a racially or economically impacted area where AHA plans to preserve existing affordable housing or (iv) in connection with a HOPE VI or other HUD funded master planned development; and

   b. A housing needs analysis indicates that there is a real need for the housing in the area; and

   c. When AHA is developing or substantially rehabilitating six or more project-based assisted units: (i) consult with public housing residents through appropriate resident organizations and representative community groups in the vicinity if the subject property during the planning; (ii) advise current residents of the subject properties (“Residents”) and public housing residents, by letter to resident organizations and by public meeting, of the AHA’s revitalization plan; and (iii) certify to HUD in its MTW Annual Report that the comments from Residents, public housing residents and representative community groups have been considered in the revitalization plan. Documentation evidencing that AHA has met the stated requirements will be maintained at the housing authority and submitted to HUD in its MTW Annual Report.

4. AHA is authorized to adopt selection criteria for units to be included in its project-based program, and to adopt a local process for determining whether units meet certain eligibility requirements, including, but not limited to:
a. AHA may determine the minimum expenditure requirement and the timing of rehabilitation and construction of units.

b. AHA may determine the type of funds that may be used to rehabilitate or construct units.

c. AHA may adopt its own procedures to determine whether or not units meet AHA’s requirements regarding rehabilitation and construction, including what information is required to be submitted by owners to AHA.

5. AHA is authorized to locally determine the effect of subsidy on rent to owner and the duplication of subsidy or excessive subsidy, subject to the requirements regarding subsidy layering.

6. AHA may determine FMR rates or structure for any such project-based activities or initiatives. AHA will base such rates on an independent market study and analysis.

7. HUD reviews and approvals related to the project-basing of Section 8 Vouchers are suspended during the MTW Demonstration, including but not limited to any approvals related to any required assessments for voluntary conversion or disposition applications.

8. AHA’s authority to project-base Section 8 assistance herein, is intended, in part, to facilitate the ability of AHA and AHA’s private developer partners to identify and secure private financing opportunities to rehabilitate or replace existing properties. Therefore, HUD agrees to approve, provide and execute such documents as may be reasonably necessary to confirm AHA’s authority hereunder and to close such financing transactions. HUD also agrees to authorize AHA or AHA’s designee to grant a security interest in such properties and agrees to subordinate any interest HUD may have in such properties to facilitate the financing.

9. All units which receive project-based Section 8 assistance must meet either (i) HQS standards or (ii) a local standard for communities receiving project-based Section 8 assistance developed by AHA pursuant to this MTW Agreement, as applicable.

10. AHA shall be authorized to perform subsidy layering reviews for project-based Section 8 properties; provided, however, that AHA shall identify and engage an independent third party to do the subsidy layering review where AHA is the direct or indirect owner of the property.
11. AHA shall ensure that all newly constructed housing which will receive project based voucher assistance complies with the design and construction requirements of the Fair Housing Act and Section 504's accessibility requirements at 24 CFR 8.22. All rehabilitated housing participating in AHA’s project based voucher program shall comply with either 24 CFR 8.23(a) or 24 CFR 8.23(b), depending upon the extent of the alterations. AHA shall also ensure that it complies with Title VI of the Civil Rights Act and Section 504 of the Rehabilitation Act of 1973, and in particular, 24 CFR 8.4(b)(5), in selection of sites to participate in its project-based voucher program.

12. Notwithstanding the above, all project-based assistance will be provided in accordance with Section VI.A. of this MTW Agreement.

C. Demonstration Program on Project-Based Financing

AHA, in consultation with HUD, is interested in exploring the conversion, as appropriate and feasible, of all or a portion of its public housing assisted units at Affected Communities (defined below) from public housing assistance under Section 9 of the 1937 Act to project-based assistance under Section 8 of the 1937 Act ("Project Based Financing Demonstration").

VII. Administrative Issues

A. AHA Annual MTW Plan and Annual MTW Report

1. During the term of the MTW demonstration, in lieu of the five (5) year plan and annual plan required by Section 5A of the 1937 Act, as amended, AHA will prepare and will conduct its activities in accordance with an Annual MTW Plan and Annual MTW Report. The Annual MTW Plan will serve as a comprehensive framework for AHA’s activities, including resource allocation decisions, and will be submitted to HUD for its review annually, no later than 60 days prior to the start of AHA’s fiscal year (except that in the first year of the MTW Demonstration Program it will be submitted within a reasonable period of execution of this MTW Agreement). The Annual MTW Plan shall be submitted to HUD with a board resolution approving the plan and certifying that a public hearing has been held regarding the plan. HUD will review the Annual MTW Plan for consistency with this MTW Agreement. The elements to be included in the Annual MTW Plan and the Annual MTW Report are described in Attachment B. The Annual MTW Plan and Annual MTW Report will be submitted to HUD in a reasonable format to be specified by HUD.

2. AHA will prepare an Annual MTW Report, including a Consolidated Financial Report describing the sources and uses of funds under this MTW Agreement, which will compare the Agency’s performance with its Annual MTW Plan. The Annual MTW Report will provide the information necessary for HUD
to assess AHA’s performance, in both regular operations and in activities authorized by the MTW Demonstration Program. Except as otherwise provided in this MTW Agreement, the Annual MTW Report will take the place of all other conventional HUD performance measures. All HUD forms and other reporting mechanisms, including any required certifications, will, where appropriate, be included in either the Annual MTW Plan or the Annual MTW Report, and will not be submitted to HUD at other times during the year. However, HUD reserves the right to conduct independent physical inspections of AHA property and to require submission of any other information required by law or for sound administration of the program. The Annual MTW Report will be submitted to HUD for its review annually, no later than 60 days after the end of AHA’s fiscal year, except that the first report will be submitted within a reasonable period of the end of the fiscal year for which there is an Annual MTW Plan. AHA shall submit with the Annual MTW Report, a board resolution approving the Report. HUD will review the Annual MTW Report for consistency with the Annual MTW Plan. The elements to be included in the Annual MTW Plan and the Annual MTW Report are described in Attachment B. The Annual MTW Plan and Annual MTW Report will be submitted to HUD in a reasonable format to be specified by HUD.

3. The submission of AHA’s Annual MTW Plan and Annual MTW Report and the timely submission of other reports as specified in Attachment E will satisfy all program-based reporting requirements applicable to the receipt of public housing operating subsidies and Capital funds and/or Housing Choice Program funds, subject to Attachment A and any future Appropriations requirements which may be enacted.

4. AHA will submit an annual audit that complies with the requirements of OMB Circular A-133 including the OMB Compliance Supplement, as clarified by Attachment E (Catalog of Federal Domestic Assistance) and as determined by the auditor to be relevant to the MTW Demonstration Program.

B. Suspension of Current Evaluation and Reporting Requirements

During the term of this MTW Agreement, AHA shall be evaluated each year based upon HUD's review of AHA's Annual MTW Report in lieu of the Public Housing Assessment System (PHAS), or any successor system, and the Section 8 Management Assessment Program (SEMAP), or any successor system, and other program-based evaluation requirements. HUD will assess AHA's performance each year by comparing the plans and objectives set forth in Annual MTW Plan with AHA's actual performance as stated in the Annual MTW Report. AHA is currently designated a “high performing agency.” Since SEMAP and PHAS review procedures will not apply to AHA during the term of this MTW Agreement, AHA shall be deemed to retain its "high performing agency" designation throughout the term of this MTW Agreement and AHA will be entitled to any and all incentives (including bonus points) that are available based
upon scoring under, SEMAP, PHAS or any successor system for purposes of competing for or receiving HUD funds from any program, initiative, demonstration, pilot or other HUD funded activity.

C. **Simplification of the Development and Redevelopment Process**

AHA is authorized to develop and adopt reasonable policies and procedures that will allow local conditions to determine and control major development decisions as described below in this Subsection C. AHA may choose to implement its development decisions, policies, procedures and strategies in conjunction or in partnership with AHA Partners to: (i) develop innovative residential and/or retail opportunities; (ii) further AHA’s neighborhood revitalization strategies; and/or (iii) further AHA’s affordable housing strategies.

As stated in the MTW Agreement, the regulatory requirements of 24 CFR Part 941 shall not apply to the implementation of the activities of AHA except for the provisions of 24 CFR 941.202, 24 CFR 941.207, 24 CFR 941.208, 24 CFR 941.209, 24 CFR 941.602(d), and 24 CFR 941.610(b) all as modified by the terms of this MTW Agreement; provided, however, that in determining the location of six or more newly constructed or substantially rehabilitated units or developments, the AHA is authorized to adopt the alternative Site and Neighborhood Standards set forth in Section VI.B.3 herein. AHA and HUD agree that AHA may certify to HUD that it has met HUD site selection requirements. AHA agrees to use its HOPE VI funds for eligible HOPE VI activities and its MTW funds for eligible activities under the MTW Agreement. HUD and AHA agree to follow the terms and provisions of the Development Process Protocol, a copy of which is attached hereto as Attachment D and incorporated into this MTW Agreement by this reference.

As stated in Section 1, General Conditions, any authorizations and regulatory relief granted to AHA pursuant to this MTW Agreement will inure to the benefit of AHA Partners with respect to MTW eligible activity, and HUD hereby agrees to the amendment of any and all evidentiaries necessary to implement the least restrictive regulatory requirements allowable.

A good cause justification for this waiver is included in Attachment G.

1. AHA is authorized to utilize a streamlined HUD review process for demolition and disposition applications, which will include a single point of contact at the Special Applications Center for review and to provide requested technical assistance and approve any demolition and disposition request. The Special Applications Center commits to providing a deficiency list to AHA within two weeks of receipt of an application and further commits to responding to all subsequent submissions within ten days from then on, provided that 1) the application is complete, 2) the application is part of an approved MTW plan and 3) an environmental review has been signed off on by the HUD field office.
2. To satisfy the closing, underwriting and diligence requirements of other development or acquisition transaction participants, HUD will, within 3 business days of AHA’s request, provide to AHA any reasonable documentation affirming the terms of the MTW Agreement, including confirmation of AHA’s authority to close mixed-finance transactions during the term of the MTW Demonstration Program without HUD’s approval. HUD will agree to execute, after satisfactory legal review, such other documents as may be necessary to close mixed-finance or acquisition transactions, as provided above.

3. AHA is authorized, without further HUD approval, to establish low-income homeownership programs, such as a lease-to-own program, that are not limited by the existing Nehemiah and Section 5(h) program requirements, provided that any disposition of current public housing units must be approved in advance by HUD. Any disposition application will be submitted and processed in accordance with this Agreement.

4. AHA is authorized to enter into commercial business ventures as part of its neighborhood revitalization or affordable housing strategies or other strategies designed to serve as catalysts for revitalization of public housing or surrounding communities.

VIII. Energy Performance Contracting

1. AHA or its agents may, without prior HUD approval, enter into energy performance contracts (EPCs) with Energy Service Companies (ESCos) and make local determinations of the terms and conditions of EPCs, including the debt service source, in order to satisfy reasonable financing requirements, provided that with respect to each contract (i) the term does not exceed 12 years, (ii) at least 50% of the energy cost savings are used to pay financing and debt service costs, and (iii) AHA maintains adequate file documentation showing the basis for AHA’s determination that debt service payments can be funded from the reasonably anticipated energy cost savings. AHA or its agents may also function as its own ESCo, provided that any financing complies with requirements (i) through (iii) of this paragraph. HUD will honor the terms and conditions of such contracts during and beyond the terms of the MTW Demonstration Program.

2. AHA is authorized to use or pledge its reserves or other funds provided by HUD (for use during and after the term of the MTW Demonstration Program) for energy performance measures and/or to guarantee the payment of debt service in the event that projected energy savings are not adequate to cover the debt service costs for an energy conservation project undertaken during the term of the MTW Demonstration Program.

3. HUD agrees to freeze AHA’s utility consumption based on a three-year average rolling consumption base, for purposes of entering into EPCs, at such levels as may be identified by AHA in AHA’s Annual MTW Plan.
4. To satisfy financing requirements, HUD will provide to AHA any reasonable documentation affirming the terms of the MTW Agreement, including AHA’s authority to enter into EPCs or function as its own ESCo and HUD’s agreement to freeze AHA’s utility consumption for purposes of calculating operating subsidy eligibility (based on a three-year average rolling consumption base at such levels as may be identified by AHA in AHA’s Annual MTW Plan) during the term of the MTW Demonstration Program and continuing for the term of any contract or financial agreement, as provided above.

IX. Changes to Procurement Requirements

A. AHA may adopt an alternative system of procurement that will include the following exemptions from procurement regulations at 24 C.F.R. § 85.36, as follows: AHA may utilize competitive proposal procurements as described in 24 C.F.R. § 85.36(d)(3), as AHA deems appropriate, for various procurements with the goal of acquiring highly qualified contractors on the terms most beneficial to AHA. A good cause justification for this waiver is included in Attachment F.

B. AHA is authorized to use an alternative system of procurement, in relation to each transaction and will certify to following:

1. The contract price is reasonable for the goods, services, or property, which is the subject of the contract.

2. The selected contractor is qualified to perform the terms of the contract.

3. No present or former member or officer of AHA’s governing body, nor any employee of AHA, nor any public official or State or local legislator who exercises any functions or responsibilities with respect to AHA or its properties, nor any member of the immediate family of any such person, nor any entity owned or controlled by any such person or their immediate family, shall derive any personal financial benefit from nor hold an interest in the contract, direct or indirect, during his or her tenure and for one year thereafter.

4. The procurement was performed consistent with applicable AHA policies and procedures.

A good cause justification for this waiver is included in Attachment F.

X. Simplification of Property Management Practices

1. AHA may develop and adopt reasonable policies and procedures that will simplify, streamline and enhance the delivery of management and maintenance services to AHA owned and operated communities and other properties in which AHA has an direct or indirect interest (e.g., mixed-income, mixed-finance properties or properties receiving project-based Section 8 assistance) that will remain in effect throughout the seven year MTW Demonstration Program.
2. AHA is authorized to develop property and system inspection protocols and standards in lieu of the current or future HUD standards for its public housing, Section 8 and Homeownership Programs. AHA will comply with all applicable city code regulations and any standard developed by AHA will, at a minimum, meet HQS.

3. AHA is authorized to develop and adopt a new form of management plan, administrative plan, Admissions and Continued Occupancy Plan, community rules, lease, addendum, amendment or any other related document for its public housing, Section 8 or Homeownership Programs based on proven private management/private sector models; provided that no-cause evictions are not permitted and a simplified grievance process is retained, and provided that any such new form of document continues to comply with all civil rights laws and related requirements. Any new form of document incorporating material changes would be subject to the same community, resident and Board review process as the Annual MTW Plan.

4. AHA is authorized to develop its own energy auditing protocols and frequencies without regard to any HUD requirement regarding frequency, manner, type or method.
AHA MTW Agreement
Attachment A

Calculation of Subsidies

During the term of the MTW demonstration, HUD will provide the agency with operating subsidy, capital funds, and Section 8 assistance as described below.

Definitions in this Attachment

Initial Year = The AHA fiscal year in which the Agency begins operating under its MTW authority, which may be the same year as that in which the Agreement is executed. (FY2004)

Base Year = The most recently completed Agency fiscal year prior to the Initial Year (FY2003)

MTW Units = Units authorized for participation in MTW activities, as provided in Section 1 of the Appendix to this Agreement.

1. Operating Subsidy

The calculation of operating subsidy eligibility will continue in accordance with applicable operating subsidy formula law and calculation.

2. Capital Fund Program

A. The PHA’s formula characteristics and grant amount will continue to be calculated in accordance with applicable law and regulations.

B. For capital funds (including development and replacement housing factor funds) provided in years prior to the execution of this Agreement, the PHA may submit, and HUD will approve, as permitted by law, a request to reprogram, by grant year, any unobligated funds for eligible MTW purposes. Such requests will be made in accordance with current procedures governing amendments to the Annual Plan, except that no public consultation will be necessary prior to submission of the request.

C. All funds programmed for MTW purposes will be recorded and drawn down from MTW-designated line items on relevant HUD forms.
3. **Section 8 Tenant Based Assistance Units Eligible for Inclusion in Flexible Block Grant**

A. Conversion of existing Section 8 housing vouchers to Moving To Work units will be conducted according to instructions provided by HUD. A list of Section 8 units eligible for inclusion in the block grant ("MTW units") upon execution of this Agreement will be provided by HUD, along with the instructions.

B. The number of MTW units will not be adjusted throughout the duration of this Agreement unless:

1) any units under ACC that are not available upon execution of this Agreement become available for MTW purposes upon renewal or as otherwise authorized by HUD; or

2) the PHA receives incremental Section 8 units, which the PHA may choose to convert into the block grant or to operate as a separate program, as provided by law; and

**4. Calculation of Annual (Section 8) Subsidy**

The calculation of funding is governed by the terms of the FY 2003 Omnibus Appropriations Act, which based renewal funding on utilization in accordance with the terms of the MTW Agreement, and by any future appropriations requirements that may be enacted.

A. **Initial year of MTW Participation:**

For the certificate and voucher programs, respectively, divide Total Funds Required (minus the cost of Family Self Sufficiency Coordinators) by the Number of Unit Months, as provided in year-end settlement data for the base year. Multiply this amount by the inflation factor established for the calculation of renewals (using the inflation factor, or annual adjustment factor (AAF) is published annually in the Federal Register (Table 1, the factor with the highest utility cost included)) to arrive at an inflation-adjusted, MTW program per unit cost (MTWPUC) for the initial year (to be adjusted for funds already paid).


Multiply the MTWPUC by the total number of MTW units and the number of months [MTWPUC X MTW Units x 12] to arrive at a total MTW subsidy amount to be disbursed that year.

B. **Second and Subsequent Years of MTW Participation:**

Multiply the total MTW subsidy established in the previous year (excluding reserves) by the annual inflation factor established for the calculation of renewal of Section 8 contracts to arrive at the current year’s inflation-adjusted Section 8 MTW subsidy.
C. Reserve

1. An amount equal to one month's program costs (based on the initial year voucher program budget) will be made available from existing PHA program reserves for use as program reserves for MTW eligible units. This is a one-time provision of program reserves provided at the beginning of the PHA's MTW program.

2. There will be no year-end settle-up of annual funds provided for MTW Units. All funds provided through this calculation will remain available for authorized purposes.
## MTW Annual Plan and Report Elements

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<thead>
<tr>
<th>ANNUAL PLAN</th>
<th>ANNUAL REPORT</th>
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<td><strong>I. Households Served</strong></td>
<td><strong>I. Households Served</strong></td>
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<tr>
<td>A. Number and characteristics of households served at beginning of period, by:</td>
<td>A. Number served: plan vs actual by</td>
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<tr>
<td>- unit size</td>
<td>- unit size</td>
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<td>- family type (family vs. elderly or disabled)</td>
<td>- family type</td>
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<td>- income group (&lt;30: 30-50; 50-80; &gt;80)</td>
<td>- income group</td>
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<tr>
<td>- housing type (LRPH; leased, other)</td>
<td>- program/housing type</td>
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<td>- race &amp; ethnicity</td>
<td>- race &amp; ethnicity</td>
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<td>B. Identify number and characteristics of households on waiting lists (all housing types). Discuss waiting list issues and proposed actions</td>
<td>B. Changes in tenant characteristics</td>
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<tr>
<td>C. Number projected to be served at end of period</td>
<td>C. Changes in waiting list numbers and characteristics</td>
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<tr>
<td>D. Narrative discussion/explanation of change</td>
<td>D. Narrative discussion/explanation of difference</td>
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<td><strong>II. Occupancy Policies</strong></td>
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<tr>
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<td>A. Changes in concentration of lower-income families, by program</td>
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<td>B. Statement of Rent Policy</td>
<td>B. Changes in Rent Policy, if any</td>
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<td><strong>III. Changes in the Housing Stock</strong></td>
<td><strong>III. Changes in the Housing Stock</strong></td>
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<td>A. Number of units in inventory at beginning of period by program (LRPH, leased, other)</td>
<td>A. Number of units in inventory by program: planned vs actual</td>
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<td>IV. SOURCES AND AMOUNTS OF FUNDING</td>
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<tr>
<td>A. Identify/discuss all sources and amounts of funding included in consolidated budget statement</td>
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<td>B. Identify/discuss sources, amounts, and planned uses of special purpose funds outside the consolidated budget (e.g., DEG)</td>
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<td>C. Consolidated Budget Statement</td>
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<th>IV. SOURCES AND AMOUNTS OF FUNDING</th>
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<td>A. Planned vs actual funding amounts</td>
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<td>B. Narrative discussion/explanation of difference</td>
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<td>C. Consolidated Financial Statement</td>
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<td>A. Previous year expenditures by line item</td>
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<td>B. Planned expenditures by line item</td>
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<td>C. Description of proposed activities/investments by line item/explanation of change from previously approved plan</td>
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<td>D. Reserve balance at beginning of year. Discuss adequacy of reserves</td>
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<tr>
<th>V. USES OF FUNDS</th>
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<td>A. Budgeted vs actual expenditures by line item</td>
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<td>B. Narrative/explanation of difference</td>
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<tr>
<td>C. Reserve balance at end of year. Discuss adequacy of reserves</td>
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<td>A. Describe major capital needs and projects, estimated costs, and proposed timetables</td>
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<td>B. Identify planned expenditures</td>
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<td>C. Demolition and Disposition Requests, if planned</td>
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<td>D. Homeownership activities, if any</td>
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<tr>
<th>VI. CAPITAL PLANNING</th>
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<tr>
<td>A. Planned vs actual expenditures by property</td>
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<td>B. Narrative discussion/explanation of difference</td>
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### VII. MANAGEMENT INFORMATION FOR OWNED/MANAGED UNITS

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<th>Description</th>
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| **A. VACANCY RATES** | 1. Vacancy rates by property beginning of period  
2. Narrative: issues and proposed actions  
3. Target rates by property at end of period |
| **A. VACANCY RATES** | 1. Target vs actual vacancies by property  
2. Narrative/explanation of difference |
| **B. RENT COLLECTIONS** | 1. Rents Uncollected (%) beginning of period  
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3. Target % at end of period |
| **B. RENT COLLECTIONS** | 1. Target vs actual collections  
2. Narrative/explanation of difference |
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   - % regular within 30 days  
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| **C. WORK ORDERS** | 1. Target vs. actual response rates  
2. Narrative/explanation of difference |
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2. Planned inspections (% this FY) |
| **D. INSPECTIONS** | 1. Planned vs actual inspections completed  
2. Narrative/discussion of difference  
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| **E. SECURITY** | 1. Narrative: security issues and proposed actions |
| **E. SECURITY** | 1. Narrative: planned vs actual actions/ explanation of difference |
### VIII. MANAGEMENT INFORMATION FOR LEASED HOUSING

#### A. LEASING INFORMATION

1. Units under lease (%) beginning of period
2. Target lease up rate at end of period
3. Plans regarding:
   - Ensuring rent reasonableness
   - Expanding housing opportunities
   - Deconcentration of low-income families
3. Issues and proposed actions

#### B. INSPECTION STRATEGY

1. Description of inspection strategy, including:
   a) Planned inspections completed (% this FY) by category:
      * Annual HQS inspections
      * Pre-contract HQS inspections
      * HQS Quality Control Inspections
   b) HQS Enforcement
2. Narrative/discussion of difference

#### IX. RESIDENT PROGRAMS

1. Description of activities
2. Issues and proposed actions

1. Target vs actual lease ups at end of period
2. Information and Certification of Data on Leased Housing Management, including:
   - Ensuring rent reasonableness
   - Expanding housing opportunities
   - Deconcentration of low-income families
3. Narrative/explanation of differences

1. Results of strategy, including:
   a) Planned vs actual inspections completed by category:
      * Annual HQS inspections
      * Pre-contract HQS inspections
      * HQS Quality Control Inspections
   b) HQS Enforcement
2. Narrative/discussion of difference

1. Narrative: planned vs actual actions/explanation of difference
2. Results of latest PHAS Resident Survey, or equivalent as determined by HUD.
X. OTHER INFORMATION AS REQUIRED BY HUD

<table>
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<tr>
<th>A. Board Resolution</th>
<th>A. Results of latest completed 133 Audit, (including program-specific OMB compliance supplement items, as applicable to the HA’s Agreement)</th>
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<tr>
<td>• Adopting Plan</td>
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<td>• Certifying that Public Hearing</td>
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<td>Requirements were met</td>
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<td>B. Required Certifications and other</td>
<td>B. Required Certifications and other submissions from which the Agency is not exempted by the MTW Agreement</td>
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<td>submissions from which the Agency is</td>
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<td>not exempted by the MTW Agreement</td>
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<td>C. Submissions required for the receipt</td>
<td>C. Submissions required for the receipt of funds</td>
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<td>of funds</td>
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1. Points of Contact

AHA and HUD have identified Eugene Geritz to serve as the HUD point of contact for AHA to facilitate and provide assistance for all real estate development related activities and transactions, including, without limitation, all mixed-finance development transactions, homeownership plans and transactions, acquisition plans and transactions and related HOPE VI reviews. AHA and HUD have further identified Dhoya Bentley in the Atlanta Regional office of HUD to serve as the primary legal contact for all such activities and transactions. In the event that Mr. Geritz or Ms. Bentley is no longer available to serve in this capacity, AHA and HUD will identify a replacement point of contact.

2. Site Acquisition

AHA is authorized to acquire sites without further HUD approval; provided, however, that AHA acknowledges and agrees that (i) the land proposed for acquisition be used for an eligible purpose under either HOPE VI or MTW and (ii) any land acquired using MTW or HOPE VI funds be placed under a Declaration of Trust, as appropriate. Plans for such acquisitions will be included in the Annual MTW Plan as may be amended, and evidence of the consummation thereof is included in the next Annual MTW Report. In lieu of an acquisition proposal, AHA will provide the following documentation solely for informational purposes:

a. For information purposes, no later than 30 days prior to the acquisition, AHA will provide HUD with a summary memo ("Acquisition Summary Memo") detailing the acquisition plan, including the amount of land to be acquired, a description of the site(s), the final budget and sources and uses, the participants, and a description of the proposed development for which the land is being acquired. AHA will also be responsible for conducting due diligence in connection with the acquisition, including, but not limited to obtaining environmental reports. AHA will share the results of its due diligence with HUD upon request when the Acquisition Post-Closing Memo is transmitted to HUD. AHA acknowledges and agrees that a Part 50 or Part 58 Environmental Review must be completed before HUD can release funds. HUD will insure that the requested funds are set up in LOCCS within 2 business days of faxing a written request to Mr. Geritz.

b. No later than 10 business days following the acquisition, AHA will provide HUD with a memo updating all material changes to the Acquisition Summary Memo (the "Acquisition Post-Closing Memo").
3. Mixed Finance Transactions

AHA is authorized to close mixed-finance transactions without further HUD approval. Plans for such closings will be included in the Annual MTW Plan and evidence of the consummation thereof is included in the next Annual MTW Report. In lieu of the development proposal and rental term sheet, AHA will provide the following documentation solely for informational purposes:

a. For information purposes, no later than 30 business days prior to the proposed closing of the mixed-finance transaction, AHA will provide HUD a transaction summary memo (the “Transaction Summary Memo”) to HUD. The Transaction Summary Memo will include a brief narrative which will describe (i) the proposed development, including type of units, number of units and unit mix, (ii) the surrounding neighborhood and other ongoing or planned revitalization activity in the area, (iii) the development project participants, including financing participants, their role and the type and amount of financing to be provided such participants and (iv) a final budget and sources and uses. AHA will also be responsible for conducting due diligence in connection with the mixed-finance transaction. AHA will share the results of its due diligence with HUD upon request when the Mixed-Finance Post-Closing Memo is transmitted to HUD. AHA acknowledges and agrees that a Part 50 or Part 58 Environmental Review must be completed before HUD can release funds. HUD will insure that the requested funds are set up in LOCCS within 2 business days of faxing a written request to Mr. Geritz.

b. No later than 10 business days following the closing, AHA will provide HUD with a memo updating all material changes to the Transaction Summary Memo (the “Mixed Finance Post-Closing Memo”).

c. In connection with each closing, AHA shall prepare and deliver to HUD, and HUD and AHA shall execute a Mixed-Finance Amendment to the Consolidated Annual Contribution Contracts. AHA will also prepare and execute a certificate regarding certain compliance requirements. HUD and AHA will agree upon the form, which will become Exhibit 1 to the MTW Agreement.

d. AHA will submit a copy of all evidentiaries associated with the closing described in the Transaction Summary Memo no later than 30 business days following the closing.
4. **Model Documents**

AHA will identify and submit to HUD’s points of contact for AHA, a model set of regulatory and loan agreements that incorporate HUD’s critical statutory and policy requirements for affordability and operations, based on evidentiary documents which have been used by AHA and approved by HUD in one or more prior closings. HUD agrees that these documents may be used as a model in subsequent project financing efforts and may be modified to reflect the terms and provisions of specific transactions and that no further approval of the documents will be required.

5. **Other Documentation**

AHA and HUD acknowledge that HUD may, from time to time, request other information in connection with AHA’s development and revitalization activities. AHA agrees to cooperate with HUD to provide the information requested; however, both AHA and HUD agree that such information shall be provided for review only and not for approval.
## Attachment D

### MTW Program Benchmarks

<table>
<thead>
<tr>
<th>Measurable Outcome</th>
<th>Baseline</th>
<th>Yr1</th>
<th>Yr2</th>
<th>Yr3</th>
<th>Yr4</th>
<th>Yr5</th>
<th>Yr6</th>
<th>Yr7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Housing Program</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Rents Uncollected</td>
<td>2%</td>
<td>≤ 2%</td>
<td>≤ 2%</td>
<td>≤ 2%</td>
<td>≤ 2%</td>
<td>≤ 2%</td>
<td>≤ 2%</td>
<td>≤ 2%</td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
</tr>
<tr>
<td>Emergency Work Orders Completed or Abated in &lt;24 Hours</td>
<td>99%</td>
<td>≥ 99%</td>
<td>≥ 99%</td>
<td>≥ 99%</td>
<td>≥ 99%</td>
<td>≥ 99%</td>
<td>≥ 99%</td>
<td>≥ 99%</td>
</tr>
<tr>
<td>Routine Work Orders Completed in &lt;30 Days</td>
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<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>% Planned Inspections Completed</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Housing Choice Program (Section 8)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget Utilization Rate</td>
<td>98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
</tr>
<tr>
<td>% Planned Annual Inspections Completed</td>
<td>98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
<td>≥ 98%</td>
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</tr>
<tr>
<td>Quality Control Inspections</td>
<td>≥ 1.4%</td>
<td>≥ 1.4%</td>
<td>≥ 1.4%</td>
<td>≥ 1.4%</td>
<td>≥ 1.4%</td>
<td>≥ 1.4%</td>
<td>≥ 1.4%</td>
<td>≥ 1.4%</td>
</tr>
<tr>
<td><strong>Community and Supportive Services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Homeownership</td>
<td>6</td>
<td>35</td>
<td>35</td>
<td>70</td>
<td>85</td>
<td>100</td>
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<td>Resident Workforce Participation</td>
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<td>7015</td>
<td>7415</td>
<td>7615</td>
<td>7815</td>
<td>8015</td>
<td>8315</td>
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<tr>
<td><strong>Finance</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Based Financing Closings</td>
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<td>1</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
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</tr>
</tbody>
</table>
## MTW Program Benchmark Definitions

<table>
<thead>
<tr>
<th>Public Housing Program*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>% Rents Uncollected</td>
<td>Annual percentage of rents that are uncollected.</td>
</tr>
<tr>
<td>Occupancy Rate</td>
<td>Annual physical occupancy rate.</td>
</tr>
<tr>
<td>Emergency Work Orders Completed or Abated in &lt;24 Hours</td>
<td>Percentage of emergency work orders that will be completed or abated in less than 24 hours.</td>
</tr>
<tr>
<td>Routine Work Orders Completed in &lt; 30 Days</td>
<td>Percentage of routine work orders that will be completed in less than 30 days.</td>
</tr>
<tr>
<td>% Planned Inspections Completed</td>
<td>Percentage of all units inspected and common areas.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Housing Choice Program (Section 8)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Utilization Rate</td>
<td>Annual percentage of Housing Choice Budget authority spent on housing assistance payments and administration.</td>
</tr>
<tr>
<td>Success Rates (Lease-Up)</td>
<td>Annual percentage of families issued vouchers in that year who actually lease units.</td>
</tr>
<tr>
<td>% Planned Annual Inspections Completed</td>
<td>Annual percentage of occupied units inspected.</td>
</tr>
<tr>
<td>Quality Control Inspections</td>
<td>Annual percentage of previously inspected units (initial or renewal inspection) that will be inspected again for quality control purposes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Community and Supportive Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Homeownership</td>
<td>Annual number of Public Housing or Housing Choice residents who close on purchasing a home.</td>
</tr>
<tr>
<td>Resident Workforce Participation</td>
<td>Annual number of Public Housing or Housing Choice heads of households (excluding elderly and disabled) who are in the workforce.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Finance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Based Financing Closings</td>
<td>Annual number of properties refinanced using project based financing demonstration principles.</td>
</tr>
</tbody>
</table>

*“Public Housing Program” is defined to include AHA’s conventional public housing communities and the public housing components of AHA sponsored mixed-income communities.
ATTACHMENT E

AHA MTW Program Compliance Requirements

I. INTRODUCTION

Compliance requirements are based on the funding source meeting major program status and being assigned a number under the Catalog of Federal Domestic Assistance (CFDA). Under the Single Audit Act of 1984, audits of State, Local Governments and Non-Profit Organizations are provided standards for consistency and uniformity among Federal agencies in the Office of Management and Budget (OMB) Circular A-133. The A-133 circular provides specific requirements and responsibilities of the Federal agencies and non-Federal entities awarded Federal funds. It also provides general guidance for the Independent Public Accountant (IPA) performing audits of entities awarded Federal funds. The general audit guidance provides specific detail on how the auditor shall approach, prepare and carry out the Single Audit. Compliance supplements to the A-133 provide specific program compliance guidance by major program as defined by OMB. As MTW is a demonstration program, no specific guidance exists for MTW as a major program. Follows is the specific compliance guidance for which AHA as a Moving to Work agency will be audited for program compliance.

There are three primary funding sources for which the AHA would draw Federal funds under the Moving to Work Agreement. Correspondingly, these primary funding sources will be consolidated into one MTW Block Grant for compliance review and audit by the IPA. Funds are made available to achieve and maintain adequate operations, maintenance services, reserve funds, capital improvement funds, and asset management fees for public housing units and contract administration fees and rental assistance for housing voucher program units leased from the private market. The three funding sources are: Public Housing Performance Funding Subsidy, Housing Choice Voucher Program (HCVP)(Section 8) and Capital Program Funding. Compliance with the MTW program assumes no differentiation between funding streams, except where specifically noted in the Agreement. Compliance is based on program performance and eligibility requirements as defined in the MTW agreement and/or MTW annual plan.

II. PROGRAM PROCEDURES

AHA accepts applications for rental assistance (HCVP or public housing) based on the preference of the applicant. Both types of assistance are based on three core occupancy procedures: (1) determination of eligibility; (2) determination of income and rent; and (3) leasing and continuing occupancy. Eligibility beneficiaries are lower income families that include citizens or eligible immigrants. "Families" includes but is not limited to: (1) a family with or without children; (2) an elderly family (head, spouse, or sole member 62 years or older), (3) near-elderly family (head, spouse, or sole member 50 years old but less than 62 years old); (4) a disabled family; (5) a displaced family; (6) the remaining member of a tenant family; or (7) a single person who is not elderly, near-elderly, displaced, or a person with disabilities.

Each type of assistance is administered according to a policy plan and lease. HCVP is administered by an administrative plan and public housing is administered by an administrative and continued occupancy plan (ACOP).

Performance Funding System (PFS)

The PFS is the formula used to calculate the amount of operating subsidy for each PHA. Basically the operating subsidy is equal to the Allowable Expense Level (AEL) plus the Allowable Utilities Expense Level (AUEL) plus Other Costs minus the estimated Operating Income of the Project. The methodology and procedures for this calculation are found in 24 CFR part 990.

The AEL consists of the non-utility costs for each PHA and is premised on what it would cost a well-managed PHA of comparable location and characteristics to operate based on certain variables. These costs may be updated annually based on inflation and changes in the PHA's characteristics included in the equation.
III. PERFORMANCE REPORTING

Performance reporting for AHA's assisted housing is solely determined in the Moving to Work Agreement, which provides for reporting criteria and evaluation of the effectiveness of program objectives.

IV. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for this Moving to Work Program, the auditor should consider the following:

A. Activities Allowed or Disallowed

1. Activities allowed are outlined in the Moving to Work Agreement and are approved by HUD in the Moving to Work annual plan. AHA prepares the annual MTW plan in accordance with the original program goals and objectives as outlined in the Moving to Work Agreement. HUD reviews and approves the activities in the annual plan before AHA can use funds for these activities.

B. Eligibility

1. Eligibility for Individuals

AHA devises its own application forms, filled out during an applicant interview. The potential head of household signs: (a) a certification that the information provided to AHA is correct; (b) one or more release forms to allow the AHA to get information from third parties; (c) a federally prescribed general release form for employment information; and (d) a privacy notice. Under some circumstances, other members of the family may be required to sign these forms.

AHA must:

a. As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for AHA to verify income eligibility.

b. For both family income examinations and reexaminations, obtain and document in the family file third party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent.

c. Determine income eligibility and calculate the tenant's rent payment in accordance with the MTW Annual Plan.

d. Select tenants from the appropriate site-based public housing or HCVP waiting list.

e. Re-examine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary.

C. Reporting

1. Financial Reporting

a. Annual Financial Data Schedule, which includes the entire operations of AHA, is included in the audit report and opined upon by the IPA.

b. MTW Annual Report
c. HUD-52837, Annual Statement/Performance and Evaluation Report (OMB No. 2577-0157) - At the end of the Capital Grant program year AHA reports total actual cost for each grant with a separate Capital Grant Number for which funds are still being expended in a single MTW line.

2. Special Reporting

a. HUD-50058, and HUD-50058 MTW Family Report - AHA is required to annually submit one of these forms electronically to HUD to reporting each time AHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for either an MTW or non-MTW family. AHA must also submit one of the Family Reports when a family ends participation in the program or moves out of AHA's jurisdiction under portability. There are additional special instructions for submitting data on the HUD-50058 MTW.

b. HUD-51234, Report on Occupancy for Public and Indian Housing (OMB No. 2577-0028) Annually

c. HUD-52723, Calculation of Performance Funding System Operating Subsidy (OMB No. 2577-0029) This form is prepared at least 90 days before the end of the fiscal year and is used by HUD to calculate funding for the next year. The form's data is based upon historical information and calculation details outlined in the PHA's MTW Agreement. The auditor is not expected to audit the column headed "HUD Modifications (PUM)."

d. HUD 52722-A, Calculation of Allowable Utilities Expense Level (OMB No. 2577-0029) The form's data is based upon historical information and calculation details outlined in the PHA’s MTW Agreement.

e. HUD 52722-B, Adjustment for Utility Consumption and Rates (OMB No. 2577-0029) The form's data is based upon historical information and calculation details outlined in the PHA’s MTW Agreement.

D. Special Tests & Provisions

1. Public Housing & HCVP Waiting Lists

Compliance Requirement - AHA must establish and adopt written policies for admission of tenants. AHA tenant selection policies must include requirements for applications and waiting lists, description of the policies for selection of applicants from the waiting lists, and policies for verification and documentation of information relevant to the acceptance or rejection of an applicant.

Audit Objective - Determine whether AHA is following its own tenant selection policies in placing applicants on the waiting lists, in selecting applicants from the waiting lists to become tenants.

2. Reasonable Rent – Housing Choice Vouchers Program

Compliance Requirement – AHA must determine that the rent to owner is reasonable in comparison to rent for other comparable unassisted units and/or point system. The determination must consider unit attributes such as the location, quality, size, unit type, and age of the unit, and any amenities, housing services, maintenance and utilities provided by the owner.

Audit Objective - Determine whether AHA is documenting the determination that the rent to owner at initial leasing, before any increase in the rent to the owner, or at HAP contract anniversary (if there is a five percent decrease in the published Fair Market Rent (FMR) in effect
60 days before the HAP contract anniversary) is reasonable in accordance with AHA’s administrative plan.

3. Utility Allowance Schedule

**Compliance Requirement** - AHA must maintain a utility allowance schedule.

**Audit Objective** - Determine whether AHA has periodically reviewed utility rate data and has adjusted its utility allowance schedule if there has been a rate change of 10 percent or more in a utility category or fuel type since the last time the utility allowance schedule was revised.

4. Inspections Standards – Public Housing Units

**Compliance Requirement** - AHA must inspect the units leased to a family at initial leasing and periodically thereafter to determine if the unit meets AHA regulatory standards as determined in the MTW agreement and/or MTW annual plan.

**Audit Objective** - Determine whether AHA documented the required inspections and quality control re-inspections as applicable.

5. Inspection Standards Enforcement – HCVP units

**Compliance Requirement** - For units under HAP contract that fail to meet AHA inspection standards, AHA must require the owner to correct any life threatening inspection standards deficiencies within 24 hours after the inspections. All other inspection standards deficiencies must be corrected by the owner within 30 calendar days or within a specified AHA-approved extension.

If the owner does not correct the cited inspection standards deficiencies within the specified correction period, AHA must stop (abate) HAPs beginning no later than the first of the month following the specified correction period or must terminate the HAP contract. The owner is not responsible for a breach of inspection standards as a result of the family’s failure to pay for utilities for which the family is responsible under the lease or for tenant damage. For family-caused defects, if the family does not correct the cited inspection standards deficiencies within the specified correction period, AHA must take appropriate action to enforce the family obligations.

**Audit Objective** - Determine whether AHA documented enforcement of the inspection standards.
Applicable Documents:

- OMB A-133, Single audit act and this MTW compliance supplement.
- Code of Federal Regulations, Title 24 as pertaining to calculations and funding and as specified in the Moving to Work Agreement.
- Federal Registers issued in regards to Title 24 as pertaining to calculations and funding and as specified in the Moving to Work Agreement.
- October 1, 1999, Federal Register, Notice of Obsolete Housing Documents. The guidebooks are for information only and are not intended to be regulatory. For example the Low-Rent Housing Accounting Guidebook, suggests a standard chart of accounts. However, the implementation of the GAAP accounting requirements added to the standard chart of accounts. The account numbers are not significant, but the description and purpose as relating to the FDS is significant.
- Public Law 104-134, April 26, 1996 outlines the requirements for the MTW designation. Each agency “shall require 75 percent of the families assisted by participating demonstration public housing authorities shall be very low-income families as defined by the Housing Act.” The eligibility requirements would need to be audited for compliance, in determining whether the program objectives are met.
- The Public Law 104-134, also requires an annual report or series of reports. Due to the fact that the auditor must determine compliance with program objectives, and that preparation of the Management Discussion and Analysis is required by the GASB 34, the entire audit package can be used as the reporting package. The standard financial statements, the FDS, the required supplemental information, the requested supplemental information and the MD & A must be included in the reporting package. The objectives and outline of the audit reporting package could be tailored to meet these reporting requirements.

The main objective of the auditor will be to audit compliance with the annual plan and operating budget. General agency administration compliance and audit requirements are considered in the general audit approach as defined in OMB A-133 and in accordance with the MTW agreement and/or MTW annual plan. General agency administration includes such areas as: financial management, Davis-Bacon compliance, procurement, property acquisition, eligibility, and allowable cost principles.
AHA MTW Agreement
Attachment F

Good Cause Justification for Alternate System of Procurement

Good Cause Justification for Provision IX.A.1

AHA will use the competitive proposal procurement method to procure construction services and other scopes of work with design specifications. The discretionary use of this procurement method will (i) primarily impact The Housing Authority of the City of Atlanta, Georgia’s (AHA) procurement of general contractors for various construction related projects, including, among others, demolition projects, and (ii) expand the applicability and use of the competitive proposals procurement method for construction and other detailed design projects (e.g., with specifications that precisely describe the work such as certain dimensions, tolerances and material types). See 24 CFR § 85.36(d) (3). Consistent with the vision for the Moving To Work (“MTW”) statute and the overarching goals of AHA’s MTW Agreement, AHA believes that the use of the competitive proposals procurement method for such projects will result in substantial cost savings to AHA, without limiting competition.

As stated in 24 CFR § 85.36(d)(2), the “preferred method” for procuring construction services is through the use of the sealed bids method of procurement. However, the regulation does not prohibit the use of the competitive proposals procurement method for procuring construction services. It is our goal to position AHA so that the use of the competitive proposals procurement method is at AHA’s discretion, similar to the selection of other procurements methods. By using the competitive proposals method for construction services, AHA will have the opportunity to drill down into a bidder’s relevant qualifications and experience, and negotiate a price most advantageous to AHA. The end result is the selection of a highly qualified and experienced contractor at a competitive price.

The use of the competitive proposals procurement method for construction and other design specification projects is simply a different method of procurement and will in no way limit competition. This procurement method is more consistent with private sector business practice and, as such, we believe will attract a higher caliber of contractors. As stated in the preamble to AHA’s MTW Agreement, AHA intends to implement a private sector business model, which we believe will result in improved operating effectiveness and efficiency. Implementing a private sector procurement approach is consistent with AHA’s proposed business model. AHA will continue to publicize such procurements to the public in an effort to reach a very broad range of potential respondents. AHA believes the monetary savings obtained by broadening the use of the competitive proposals procurement method will be substantial.

Historically, AHA has expended significant additional administrative costs and manpower associated with doing business with contractors selected on the basis of the lowest responsive and responsible bid. Under this approach, AHA has had no discretion
to select bidders based on reasons other than bid price. The technical responsibility check performed through the sealed bid process is a poor substitute for the in-depth evaluation of matters such as quality of staff, quality of work, and relevant experience that are evaluated and made a basis for selection in the competitive proposals process. Notwithstanding AHA’s best efforts (including using a professional private sector program manager to manage the process), AHA’s selection of construction contractors through the sealed bid process has in a number of instances resulted in the selection of non-performing contractors. These non-performing contractors have caused substantial increased costs to AHA because of the need to (i) use additional management staff resources to overcome poor performance, (ii) in some cases, engage legal counsel to draft correspondence relating to poor performance, (iii) respond to unjustified contract claims for additional monies, and (iv) terminate poorly performing contractors and re-procure replacement contractors.

We believe the use of high performing construction contractors obtained through the competitive proposals process will significantly reduce costs by limiting the burdens of administering poor performing contractors through completion of their contracts. An additional critical component of the competitive proposals procurement method is the negotiation of the best price with the selected contractor. This practice is very effective in the private sector and we believe will result in substantial cost savings to AHA.

**Good Cause Justification for Provision IX.B**

AHA would like to implement electronic procurement. AHA would establish, through the use of the internet and the Oracle system, an electronic acquisition process. AHA’s eAtlantaHousingAuthority.com may include but not be limited to the following:

(i) On-line registration for vendors;

(ii) Website-based synopsizing of AHA solicitations,

(iii) Electronic notifications to vendors of AHA solicitations;

(iv) On-line receipt of bids, quotes and proposals;

(v) AHA’s procurement of products by browsing multiple on-line vendor catalogs made available to the general public and making product purchases based on the lowest listed price; and

(vi) AHA’s procurement of products or services by open “reverse auction” whereby bidders may submit multiple bids on AHA’s Website while viewing bids from other bidders and the lowest responsible bid is selected at the published deadline.

The use of the internet to place solicitations, register vendors, receive bids and proposals, and make payments to vendors will dramatically eliminate the administrative
costs associated with the procurement and contract administration process. Multiple savings will be realized through the following: (i) generation of competitive pricing (lower cost to submit a bid/quote), (ii) consolidation of key suppliers into centralized marketplace, (iii) reduction in acquisition cycle and administrative review, (iv) reductions and/or elimination of requisitions, (v) reduction of development of contract folders (self contained in secure backed-up file within system), and (vi) reduction in administrative overhead.
AHA MTW Agreement
Attachment G

Good Cause Justification for Waiver of Sections of 24 CFR 941


Increased Flexibility. First, this waiver will provide AHA maximum flexibility in the formation and implementation of its development policies, procedures and strategies. AHA intends to use this flexibility to identify additional innovative ways to deliver the affordable housing resource in a market rate, mixed-income context for the benefit of AHA’s residents and the City of Atlanta. During the MTW demonstration period, AHA intends to evaluate the viability of each of its communities and determine how to reposition those properties to increase the quality of both the housing provided and the surrounding community. The results of the evaluation will likely require AHA to undertake additional community revitalization activities. AHA intends to explore new financing structures, including structures incorporating project based financing principles, to support this additional activity. The regulatory flexibility provided by this waiver will be a significant component in structuring and implementing any new model.

Local Market Dynamics. The waiver will allow AHA to make key development decisions, e.g., decisions regarding development cost limits, design and unit size guidelines and unit amenity guidelines, which will reflect local market dynamics. This will ensure that AHA is providing an affordable housing product that is sensitive to Atlanta market principles, so that the new communities will be market-competitive.

Increased Efficiencies and Reduction in Costs. A significant amount of time and effort is needed to gather and prepare the documentation needed to obtain HUD approval of development proposals and to negotiate the various agreements needed to reflect the transaction. While, we understand that HUD may need to provide greater oversight and monitoring with respect to less experienced public housing agencies, AHA has a proven track record of closing 23 mixed-income, mixed-finance transactions since 1996. Moreover, because the layered nature of the financing involves many private sector financing participants, HUD can be assured that the transactions are given due attention and are carefully underwritten using market driven principles to support viability and sustainability. In light of the private sector focus and AHA’s experience level, the more streamlined submission and approval process identified in the MTW Agreement will reduce costs associated with the transaction and expedite the delivery of affordable housing, enabling AHA to meet required deadlines, subject to market conditions. This streamlined approach will also be more consistent with the transaction environment and context created by private sector driven timetables.

Increased Incentive for Private Sector Participation. The waiver and the implementation of the streamlined process will incent more private sector partners, including developers, lenders and investors, to consider partnering with AHA. The resulting simplification will serve to attract new participants who otherwise would not have considered mixed-income, mixed-finance transactions as viable business opportunities.