



Philadelphia Housing Authority
Building Beyond Expectations

ANNUAL REPORT 2003

MEASURING OUR PROGRESS





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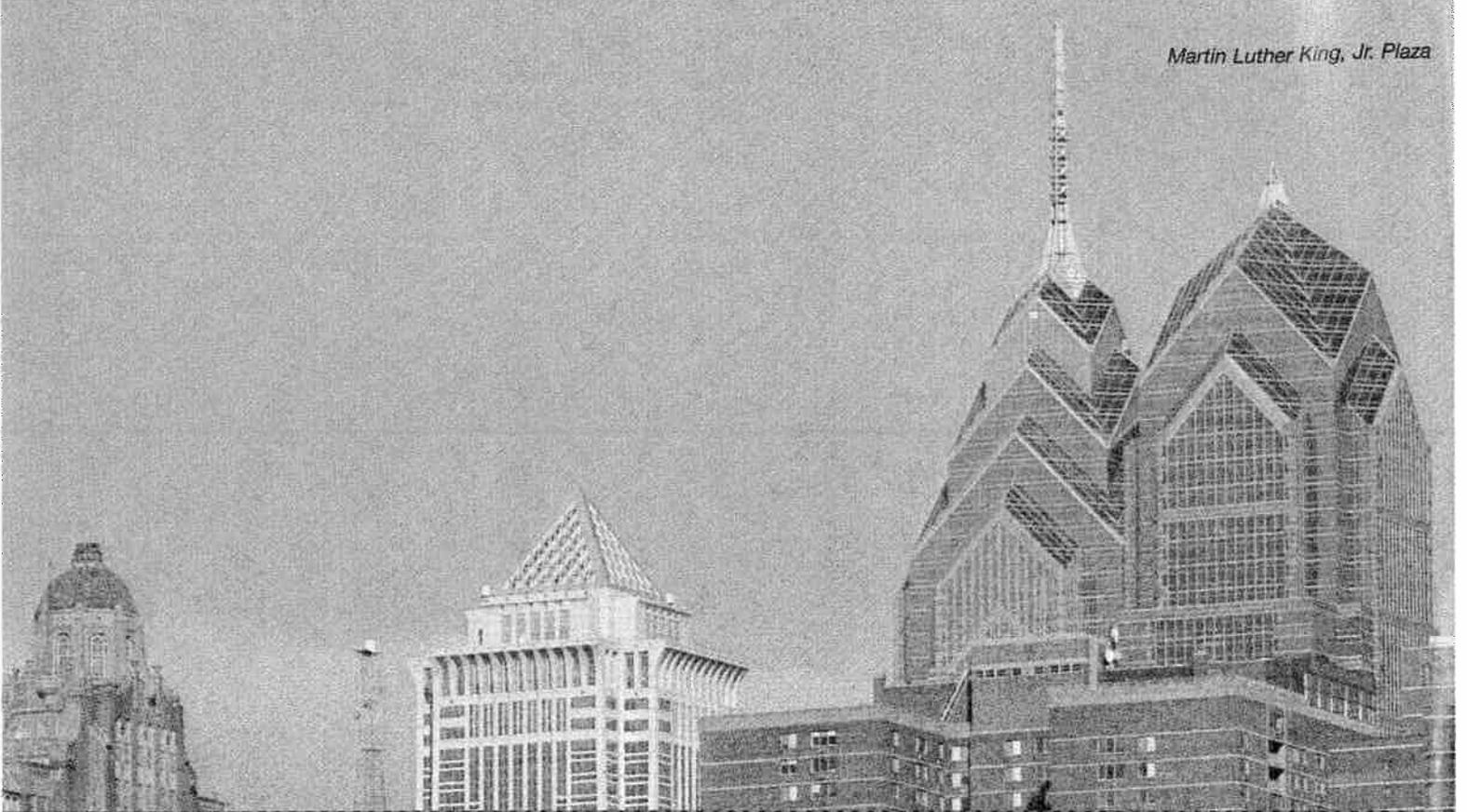
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LETTER FROM THE MAYOR





The phenomenal improvement at the Philadelphia Housing Authority has been one of the greatest successes of our Neighborhood Transformation Initiative. By all measures, PHA is now ranked among the top public housing agencies and among the most dramatic public housing turnaround stories in the country.

Over the past year, I have visited PHA sites in every section of the city, usually to celebrate a groundbreaking or grand opening. The progress is especially significant to me, not only as mayor but also because I served on the PHA Board of Directors as the new developments were planned.

My chief of staff, Joyce Wilkerson, serves as Board chair, further reinforcing the bond between PHA and the City.

Philadelphia can boast of great universities, museums, hotels and restaurants but to truly be called a world class city we must also transform blighted neighborhoods into communities filled with modern, quality, affordable housing. Working with the City, PHA has been fueling that change.

I commend Carl Greene, the management and staff at PHA for all their great achievements over the past year and remain fully confident that the agency will continue to work as our partner to realize the full potential of every Philadelphia neighborhood.

With kind regards, I am

John F. Street, Esquire
Mayor



LETTER FROM THE EXECUTIVE DIRECTOR





The state of PHA is strong, and I can report to you that the forecast says the agency is on course to remain a leader among housing authorities in the nation. That assessment doesn't come from me or anyone else at PHA. It comes from the Standard and Poor's rating service, and it represents one of our proud accomplishments from the past year.

This year had so many highlights. Construction crews remained busy at PHA sites throughout the city, as years of effort to revitalize our most distressed communities came to fruition. We completed the final phase of the HOPE VI Richard Allen development, made substantial progress at Schuylkill Falls, completed the first 49 homes at Martin Luther King, completed the master plan and began demolition at Mill Creek, and finished construction of Phase I at Cambridge Plaza.

PHA passed the test with the U.S. Department of Housing and Urban Development (HUD), too. An intensive Office of Inspector General (OIG) audit of PHA procurement practices found that more than 99.7% of all contracts were in total compliance with HUD rules and regulations. PHA and the HUD field office continue to work together to resolve the remaining expenses. In addition, PHA again far exceeded HUD guidelines for contracting with minority and women-owned business enterprises, awarding 40.6% of all contracts to those firms.

Finally, PHA proved again that it has earned the confidence of its residents and investors. Last year we scored so high on HUD's physical condition assessment that the department decided to skip PHA this year. At the same time, private investors poured \$84 million into eight PHA sites through the Low Income Housing Tax Credit program.

PHA is an agency firing on all cylinders. Our strong evaluations, our unprecedented pace of rebuilding neighborhoods, our technological advances and our sweeping reforms in the Housing Choice Voucher program all reflect the unrelenting effort the 2,000 employees of PHA make every day.

We hope that after reviewing the coming pages you will agree that now more than ever, PHA deserves your support as we continue to rebuild Philadelphia's neighborhoods.

Sincerely,

A handwritten signature in black ink, which appears to read "Carl R. Greene". The signature is fluid and cursive, with a long horizontal line extending to the right.

Carl R. Greene
Executive Director
Philadelphia Housing Authority



2002

2003

14,255
low-income
homes supported

16,000
low-income
homes supported

The program now provides assistance to about 16,000 low-income households throughout the city. This year, 1,750 were added.

HOUSING CHOICE PROGRAM

Helping Our Customers and Community

PHA has been a leader among housing authorities in balancing the needs of voucher families with the needs of the homeowners who live in the same community. In addition to listening to tenants and landlords, we have engaged the community in the search for new solutions. That feedback and our own studies have led to substantial changes in the program.

The most noteworthy of the changes is a seven-year time limit for participants (not including the elderly and disabled). Tenants must now work with PHA to develop an economic action plan. The plan helps establish goals for the entire family in order to guide them toward economic independence – and in some cases homeownership.

Some of the changes came as a result of recommendations from PHA's Housing Choice Citizens Advisory Committee. These twelve unpaid civic leaders continue to meet monthly with PHA's senior executive staff with the goal of making the voucher program an asset for the city's neighborhoods.

We Keep Building On Our Accomplishments

PHA homes
have become
the envy of their
neighborhoods.

2002-2003 was another exceptional year as PHA completed or continued the redevelopment of several of Philadelphia's most blighted neighborhoods.

- The agency has more than \$1 billion in construction activity completed, planned or underway, covering over 6,000 units.
- PHA has raised \$275 million dollars of private investment from the sale of bonds and Low Income Housing Tax Credits.
- Residents have moved into brand new homes at Martin Luther King, Eight Diamonds, and the final phase of Richard Allen.
- Others moved into refurbished homes at Raymond Rosen and scattered sites in the city's Spring Garden neighborhood.
- PHA is completing 117 brand new homes at scattered sites in North Philadelphia, with total occupancy expected before spring 2004.
- By the end of 2003, new homes at Cambridge Phase I will be completely occupied, new homes at Schuylkill Falls Phase I will be complete with occupancy beginning, and new homes at Tasker Phase I will be near completion with occupancy beginning in early 2004.
- The implosion of the old Mill Creek site cleared the way for construction of new homes in West Philadelphia.
- Modernization was completed on Suffolk Manor and Wilson Park Phase III and is nearing completion at Mount Olivet.
- PHA has invested \$3 million in upgrading existing family and senior public housing developments under the Sparkle Plus program. The program improves the "curb appeal" of PHA properties.



2002

2003

HUD gives PHA a 9 out of 10 for resident satisfaction

S&P gives the highest rating of "strong" on the management of our real estate portfolio

PHA's high scores from HUD and S&P are a testament to our commitment to exceeding expectations.

CUSTOMER SATISFACTION

An Agency Under Scrutiny Passes the Test

As a Moving To Work Agency, HUD no longer ranks PHA Customer Satisfaction. Therefore PHA utilized an independent company to perform an evaluation of resident service and satisfaction. PHA housing customers polled indicated that they are satisfied or very satisfied in the following areas:

- ★ 81% satisfaction with living accommodation
- ★ 77% satisfaction with neighborhoods
- ★ 80% satisfaction with buildings and grounds

Maintenance and Repair evaluations for individual units showed an average of 86% of polled customers were satisfied. Residents felt that the maintenance request process was easy to use, repairs were done well and that they were treated well by administrators and repair crews. Residents also confirmed that PHA is providing excellent management and communication. Over 80% agreed that PHA management is doing a great job in responding to questions and concerns. In addition, residents indicated that they are well informed about the rules of their leases, as well as meetings and events.

Survey conducted by Enterprise Customer Corporation

Keeping a Close Eye on the Books

The
Philadelphia
Housing
Authority's
strength lies
in its superior
real estate
standards and
its business
practices.

We are first and foremost property managers with high standards and we are constantly improving our practices:

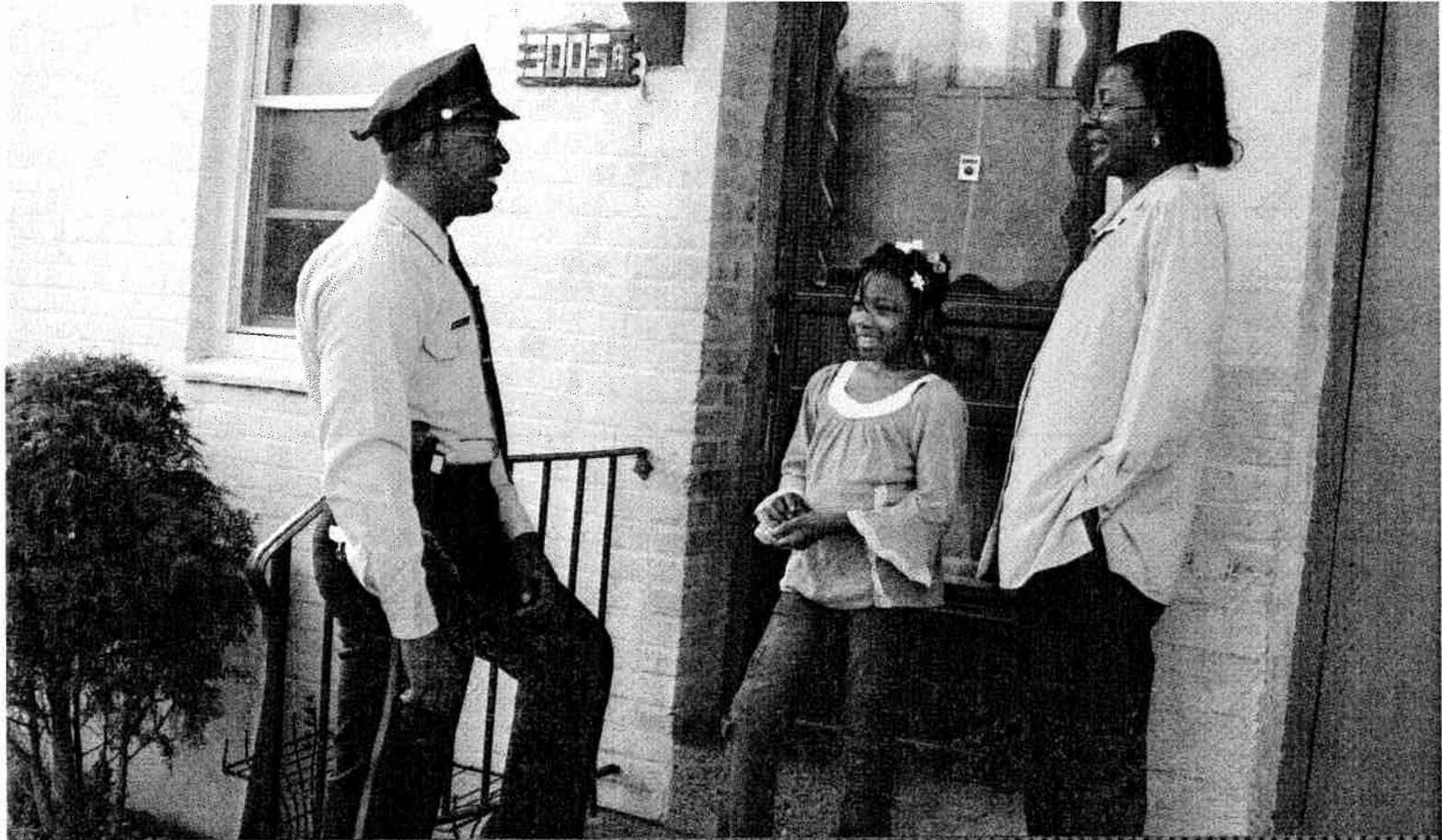
- ✦ Standard and Poor's gave PHA its highest rating of "Strong" on the management of our real estate portfolio.
- ✦ A new system developed internally lets us create comprehensive financial reports at the click of a button.
- ✦ PHA's operating reserve now stands at \$34.3 million, up from \$3.5 million just five years ago.

Two recently released audits by the Office of Inspector General show that PHA is keeping a close eye on the books and following HUD guidelines:

- ✦ The first audit lasting more than two years evaluated \$158 million in expenses and found that 99.7% of them were in total compliance. (The remaining .03% are being resolved)
- ✦ The second audit of the Human Resources Department found complete adherence to HUD guidelines.

PHA has hired a Low Income Housing Tax Credit specialist who trains our employees and monitors our activity. LIHTC has strict requirements, including the tenants who are admitted to PHA developments financed with tax credits.

We are bringing private market standards to our developments, insuring a better quality of life for PHA residents and the best use of public funding.



2002

2003

60 Part I arrests
232 Part II arrests

49 Part I arrests
151 Part II arrests

IMPROVING QUALITY OF LIFE

Helping Our Customers and Community

In the past year, PHA installed new burglar and fire alarm systems to improve community safety. The PHAPD has also been instrumental in the development of state of the art physical security systems at West Park and Norman Blumberg Apartments. These systems are digitally recorded and monitored remotely at the PHAPD radio room. We are also assessing all of the PHA high-rise facilities to determine the most appropriate security systems.

Our Communities Have Become Safer

The PHA Police Department employs site-based, community policing that emphasizes crime prevention, conflict resolution, resident involvement and community partnerships.

This comprehensive approach to crime reduction produced impressive results:

- ✦ A 24 percent reduction in Part I crimes such as murder, rape, burglary and theft.
- ✦ Part II crimes, which include drug abuse, prostitution and vandalism, dropped by 29 percent.
- ✦ The removal of 383 abandoned cars.

Community partnerships include the Philadelphia Police Department Narcotics Task Force, Drug Enforcement Agency and HUD-OIG.

PHA Police have made a concerted effort to partner with PHA residents and the surrounding neighborhood through several programs:

- ✦ The DARE (Drug Abuse Resistance Education), GREAT (Gang Resistance, Education and Training) and Explorer programs.
- ✦ Quality of Life Initiatives, Town Watch and Weed and Seed.
- ✦ The police advisory board.
- ✦ The PHAPD is part of the citywide Victim's Services Training program. Our officers attend a monthly training session held for and by the Philadelphia Police Department.

PHA
continued a
trend of crime
reduction
at both its
conventional
and scattered
sites.



2001

2002

Statistics for 2003 not available at press time.

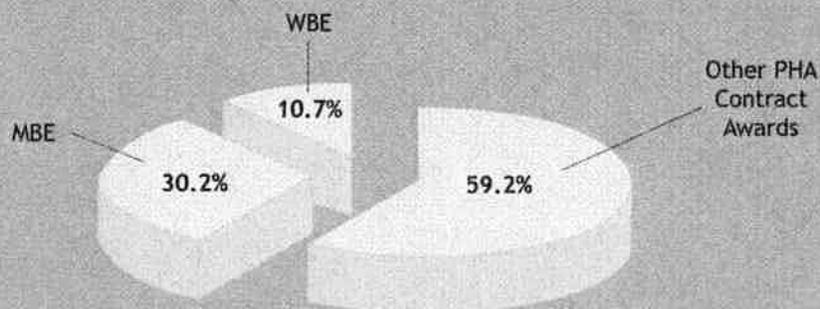
Total MBE/
WBE awarded
contracts:
\$9,499,889

Total MBE/
WBE awarded
contracts:
\$46,708,572

BREAKING BARRIERS

We're Exceeding All Guidelines

PHA again far exceeded all guidelines for contracting with Minority Business Enterprises (MBE) and Women Business Enterprises (WBE). These companies are overcoming historical barriers to help PHA make history as we rebuild decaying neighborhoods.



Technology Advances

The biggest change over the past year is the installation of a new Intranet Portal application, simplifying access to information on our system and improving our effectiveness. We lead the pack in other ways, too:

- ❖ We are the first public agency to use the PeopleSoft Enterprise Resource Planning system, the “gold standard” for private industry.
- ❖ Our ISM Department has completed a major upgrade, installing the new web-enabled 8.4 version of PeopleSoft HRMS.
- ❖ All computer upgrades can now be handled from a central site without having a technician visit individual workstations.

PHA has automated a wide range of internal forms and processes that will improve our overall performance and result in long-term cost savings.

By next year, our ISM Department will have completed an upgrade of all desktop PCs that will:

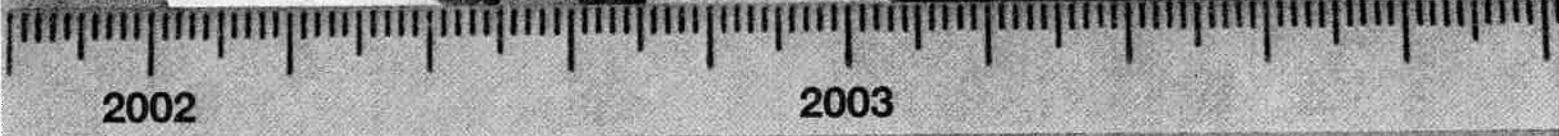
- ❖ Increase protection from Internet viruses
- ❖ Centralize all records
- ❖ Reduce the chance of a systems failure and loss of information
- ❖ Increase storage space and access to records

Our highly sophisticated technology system is one more reason PHA is a national leader and further defines us as a cutting edge agency.

PHA is breaking technology barriers too, incorporating the best private industry standards.



National Guard visits PHA Community Day



Tax Credit Equity raised through PHFA

\$30,263,307

\$39,395,183

WORKING TOGETHER

Building on Our Relationships

Financially, the most important intergovernmental relationship PHA maintains is with the Pennsylvania Housing Finance Agency. The leverage funding PHFA generated through Low Income Housing Tax Credits contributed to the building of more than 400 new rental units in the past year and nearly 800 over the past two years.

Working With Other Governmental Entities

The Philadelphia Housing Authority has many partnerships that help the agency get the best leverage from its resources.

We work with the City of Philadelphia in a number of ways:

- With the Mayor's Office and the Neighborhood Transformation Initiative to eliminate blight
- With the Department of Human Services to reduce homelessness
- With Philadelphia Police to successfully cut the crime rate and set up a unified communications system
- With the Philadelphia Fire Department to train residents in fire prevention
- With the Department of Licenses & Inspections, notably in the Housing Choice Voucher program
- With the Pennsylvania Horticultural Society on its Philadelphia Green Program

We have other partnerships with the Commonwealth of Pennsylvania and the Pennsylvania Housing Finance Agency. These agreements helped PHA obtain tax credit funding for new developments and to support the Pre-Apprenticeship Training Program. The Pennsylvania National Guard seals vacant PHA properties under another agreement.

PHA residents have a better quality of life because of the partnerships we've formed and taxpayers are getting a better return, too.



2002

162 total graduates

2003

238 total graduates

Total number of graduates of the pre-apprenticeship training program since 1999.

RESIDENT SERVICES

B r i d g i n g t h e D i g i t a l D i v i d e

In 2003, PHA continued the on-site computer technology labs as well as the mobile computer lab program. PHA now operates labs at the following Community Centers:

- ★ Tasker Homes
- ★ Harrison Plaza
- ★ Norris Homes
- ★ Whitehall
- ★ Katie B. Jackson
- ★ Spring Garden
- ★ West Park
- ★ Fairhill
- ★ Blumberg

Funding Family Services

In 2003, we established a one-stop Economic Self Sufficiency Center at Blumberg Apartments. The center:

- Houses ten PHA partners including Temple University, Penn State, the Department of Human Services and the Philadelphia Workforce Development Corporation.
- Features a computer lab, training rooms and private office facilities.
- Offers career counseling, computer training, GED preparation and other services to PHA residents.

Many PHA residents have benefited from job training programs:

- 76 people graduated this past year from the Pre-Apprenticeship Training Program, a partnership with the building trade unions.
- 238 residents have graduated since the Pre-Apprenticeship Program's inception in 1999. Over 50 percent found jobs in their trades, and an additional 30 percent found jobs in other fields.
- 59 residents graduated from the training program at the Philadelphia Health Institute Certified Nursing Associates, a PHA partnership organization.
- 307 PHA residents have graduated from this program, and 250 have landed jobs as either Certified Nursing Assistants or Pharmacy Technicians.

PHA also helped needy children through its Head Start, Skills for Life and Summer Food programs. We're doing our part to make sure that no one is left behind.

PHA has put more than \$58 million in grants into social services for its residents since 2000.

Combined Balance Sheet: March 31, 2003

ASSETS

Current assets:

Cash	\$76,156,803
Investments	84,502,570
Restricted cash and investments	133,827,908
Receivables, net:	
Tenants	2,399,817
Due from other governments	17,563,155
Due from other funds	51,736,074
Other current assets	4,139,553
TOTAL CURRENT ASSETS	370,325,880

Noncurrent assets:

Mortgages receivable	\$57,237,685
Capital assets, net of depreciation	966,502,343
Other assets	4,247,375
TOTAL NONCURRENT ASSETS	1,027,987,403

TOTAL ASSETS	\$1,398,313,283
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$35,933,268
Due to HUD	9,063,185
Due to other funds	51,736,074
Compensated absences	4,412,672
Trust and deposits	737,200
Deferred credits and other liabilities	12,560,049
Current portion of long-term debt	16,630,624
TOTAL CURRENT LIABILITIES	131,073,072

Noncurrent liabilities:

Compensated absences	\$2,941,780
Long-term debt	195,750,420
Other long-term liabilities	22,544,914
TOTAL NONCURRENT LIABILITIES	221,237,114

TOTAL LIABILITIES	352,310,186
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Net assets:

Invested in capital assets	754,121,297
Restricted	129,151,922
Unrestricted	162,729,878
TOTAL NET ASSETS	1,046,003,097

TOTAL LIABILITIES AND NET ASSETS	\$1,398,313,283
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Combined Statement of Revenues, Expenses and Changes
in Net Assets: Year Ended March 31, 2003

Operating revenue:	
Tenant revenue	\$18,964,070
Operating subsidies	267,791,599
Other income	1,124,901
TOTAL OPERATING REVENUE	287,880,570
Operating expenses:	
Administrative	\$56,322,909
Tenant services	6,190,517
Utilities	25,200,305
Maintenance	51,161,765
Protective services	13,470,054
General	13,655,183
Housing assistance payments	95,686,534
Depreciation and amortization	55,153,630
TOTAL OPERATING EXPENSES	316,840,897
OPERATING LOSS	(28,960,327)
Nonoperating revenue (expenses):	
Interest and investment earnings	2,690,513
Interest expense	(284,760)
NET NONOPERATING REVENUE	2,405,753
Loss before capital subsidies	(26,554,574)
Capital grants	97,503,771
Change in net assets	70,949,197
Net assets at beginning of year:	
As previously reported	969,363,680
Prior period adjustments	(676,916)
As restated	968,686,764
Equity transfers of component units	6,367,136
NET ASSETS AT END OF YEAR	\$1,046,003,097

Combined Statement of Cash Flows:
Year Ended March 31, 2003

Cash flows from operating activities:	
Receipts from residents and others	\$17,761,054
Payments to landlords	(95,686,534)
Payments to suppliers	(78,512,800)
Payments to and on behalf of employees	(90,442,516)
Interest income	3,120,881
Interest expense	(284,760)
Other receipts	1,102,690
NET CASH USED IN OPERATING ACTIVITIES	(242,941,985)

Cash flows from noncapital financing activities:	
Operating subsidies	264,035,902

Cash flows from capital and related financing activities:	
Purchases of capital assets	(118,093,884)
Proceeds from debt	137,233,772
Debt principal payments	(1,170,000)
Capital subsidies	152,833,856
Proceeds from capital contributions	5,854,610
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	176,658,354

Cash flows from investing activities:	
Purchases of investments	(155,296,098)
Advances on mortgages receivable	(19,567,222)
NET CASH USED IN INVESTING ACTIVITIES	(174,863,320)
NET INCREASE IN CASH	22,888,951

CASH - BEGINNING OF YEAR 53,267,852

CASH - END OF YEAR \$76,156,803

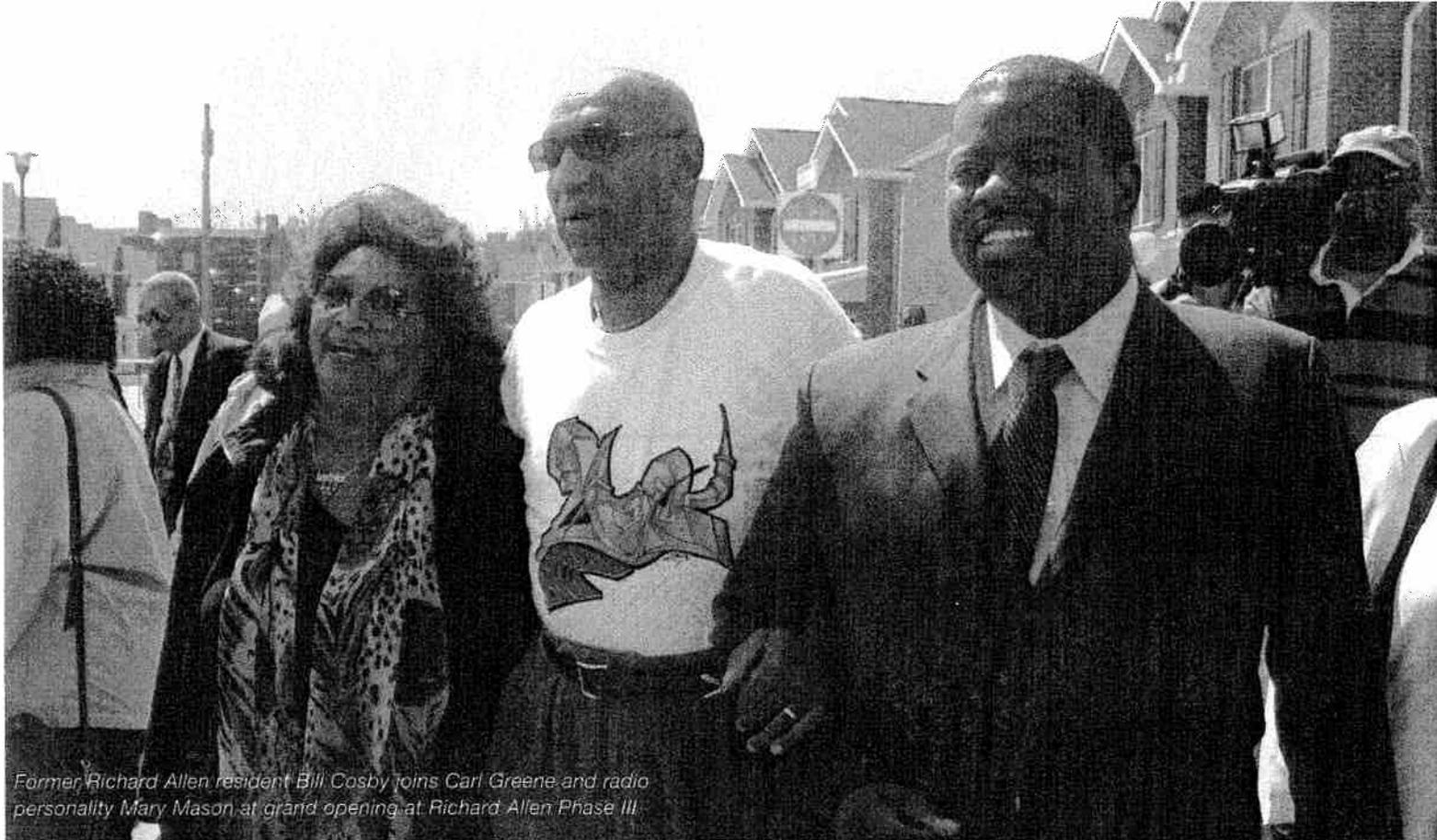
Reconciliation of excess of current expenditures over revenues to net cash provided by (used in) operating activities:

Operating loss (\$ 26,554,574)

Adjustments to reconcile excess (deficiency) of total revenues over (under) total expenses to net cash provided by (used in) operating activities:

(Increase) decrease in accounts receivable - general	(432,119)
(Increase) decrease in deferred charges and other assets	(3,030,563)
(Increase) decrease in accounts payable	9,781,761
(Increase) decrease in accrued liabilities	2,954,736
Increase (decrease) in deferred credits and other liabilities	(13,023,257)
Depreciation	55,153,630
Government revenues reported in noncapital financing activities	(267,791,599)

NET CASH USED IN OPERATING ACTIVITIES (\$242,941,985)



Former Richard Allen resident Bill Cosby joins Carl Greene and radio personality Mary Mason at grand opening at Richard Allen Phase III.

C O N T I N U I N G O U R P R O G R E S S . . .

2004

Governor Edward Rendell helps celebrate grand opening at Falls Ridge



Schuylkill Falls

Executive Director

Carl R. Greene

Board of Commissioners

Joyce S. Wilkerson, Chair

Jannie L. Blackwell

Debra L. Brady

Patrick J. Eiding

Nellie W. Reynolds



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Building Beyond Expectations

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