

Annual
Report
2002



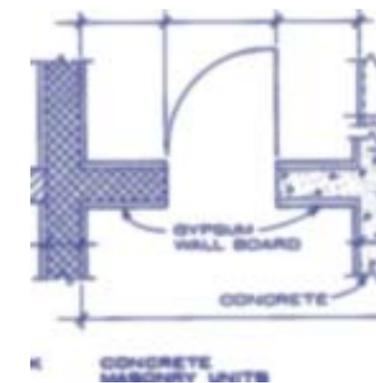
Philadelphia Housing Authority
Building Beyond Expectations





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Letter from the Mayor

On behalf of the City of Philadelphia, I would like to thank the Philadelphia Housing Authority for the dramatic steps it has taken to improve the quality of life for residents of PHA housing and their neighbors. In addition to PHA's efforts to improve the lives of its residents, it also has worked to build better neighborhoods throughout the city one community at a time.

PHA has become a leading developer of new housing in the City of Philadelphia. Its innovative efforts to find and create more funding opportunities have led to an unprecedented expansion in its resources and in its ability to build new housing and expand opportunities for Philadelphia residents.

PHA is a valued partner in the implementation of our Neighborhood Transformation Initiative and is helping to revitalize communities throughout Philadelphia. We are fortunate to have a PHA Board of Directors that is steadfast in its commitment to providing quality affordable housing. I commend Carl Greene, executive director, whose vision, determination and experience is changing the face of public housing in Philadelphia. Finally, thanks to the employees of PHA. Your hard work and dedication has transformed PHA properties into new sources of pride and hope.

With kind regards, I am

John F. Street, Esquire
Mayor



Letter from the Executive Director

The past year marks an extraordinary time of rebuilding in Philadelphia. We at the Philadelphia Housing Authority are very proud of our role in this renaissance. We have initiated a significant number of exciting neighborhood transformations that will benefit not only PHA residents but the entire city.

PHA's ability to leverage resources to identify new funding opportunities is becoming increasingly valuable to our development efforts. PHA is one of a handful of housing agencies awarded the designation as a "Moving To Work" agency by HUD, allowing us the ability to redirect our resources to areas of greatest benefit to residents and our community. This flexibility allows PHA to tailor programs to meet Philadelphia's unique housing needs.

PHA's community revitalization efforts involve much more than building new homes. We are in the business of positively changing lives through the many self-sufficiency programs that help residents receive education, computer and job training, life skills instruction, employment and more. In addition, homeownership is now a key part of every new development, providing opportunities for motivated residents to obtain their piece of the American dream.

PHA's team of 2,600 employees has never been better qualified or more prepared to undertake the mission set before us—to rebuild our community, street by street, neighborhood by neighborhood. This 2002 Annual Report details our efforts and our successes, and the foundation that has been laid for greater accomplishments in the future.

Thank you for your continued support.

Sincerely,

Carl R. Greene
Executive Director
Philadelphia Housing Authority



Creating a New Foundation for Renewal

The Philadelphia Housing Authority (PHA) is working tirelessly to eliminate the stigma of public housing as housing of last resort. Throughout Philadelphia, communities are being revitalized and reborn. On sites where once stood high-rise towers of despair, neglect, and decay will stand viable mixed-income housing that will include rental and homeownership opportunities. These balanced communities will end the isolation experienced by public housing residents, providing them with access to the services and social support mechanisms that are available to people throughout Philadelphia.

PHA's focus on neighborhood renewal is yielding quality housing opportunities and new communities for PHA residents and their neighbors. This massive development effort is the result of PHA's innovative actions to identify and obtain more resources, helping to significantly expand opportunities. PHA's renewal efforts have included the following:

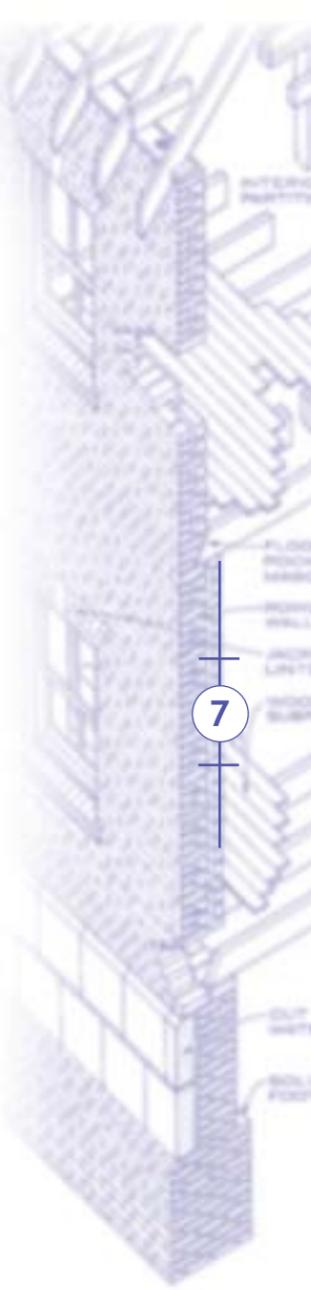
- ▶ Improved the quality of life at PHA developments through completion of approximately \$168 million in capital improvements at developments throughout the city in 2000—2001, compared to \$15.7 million completed in 1999—2000.
- ▶ Implemented a \$9 million capital program as part of Sparkle Plus to install decorative and security lighting at 30 conventional and scattered site locations, and established plans for an additional \$5.6 million in Sparkle Plus improvements during the upcoming year.
- ▶ Completed master planning for the rebuilding of Tasker Homes to create 554 new homeownership and rental units, new infrastructure, a mega community/recreation center, retail space and a workforce training center for residents.

▶ PHA has obtained more resources to significantly expand revitalization throughout Philadelphia.





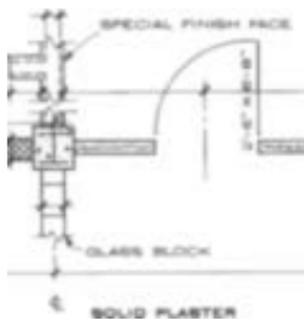
- ▶ Completed 176 additional dwelling units in Phase II of the comprehensive modernization at Blumberg Apartments—a \$32 million project. PHA also completed construction of its first new Family Self-Sufficiency Center at Blumberg, in partnership with the Philadelphia Workforce Development Corporation. This facility provides "one-stop" employment counseling, job training and social service for PHA residents and the community.
- ▶ Completed 102 additional units and a new community center as part of a \$36 million comprehensive modernization project at Abbottsford Homes. This massive project included environmental abatement, complete interior modernization and conversion, new additions for a foyer, laundry facilities, new gable roofs, new community center and management offices, basketball court, site paving, landscaping and parking area.
- ▶ As part of the Richard Allen Homes redevelopment, PHA completed demolition of 1,001 units and commenced construction of Phase III (178 rental units), a HOPE VI development at a cost of \$39 million.
- ▶ Continued progress in implementation of HOPE VI redevelopment initiatives at Schuylkill Falls and Martin Luther King, Jr. developments.
- ▶ Completed market studies for Tasker, Abbottsford, Mill Creek, Cambridge/Ludlow, Suffolk Manor, Mount Olivet, Richard Allen, Liddonfield, Whitehall, Blumberg and Westpark developments.
- ▶ Completed the bid documents for Phase III of the comprehensive modernization of the Wilson Park Apartments. This \$18 million project will completely rehabilitate 153 townhouses and provide environmental abatement, new kitchens and baths, electrical, plumbing and heating replacements, site improvements and utilities.
- ▶ Awarded 2001 HOPE VI Demolition Grant in the amount of \$511,000 for scattered sites in the Ludlow area.
- ▶ Awarded 2001 HOPE VI Demolition Grant in the amount of \$3,701,730 for Passyunk Homes.
- ▶ Awarded 2001 HOPE VI Demolition Grant in the amount of \$1,248,160 for the high-rise buildings at Mill Creek.
- ▶ Awarded an allocation of \$540,469 low income housing tax credits, expected to raise approximately \$4,300,266 in equity for the 44 homes included in Phase I of the Cambridge Plaza development. Three hundred seventy-two units were demolished and cleared in Phase I.
- ▶ Awarded an allocation from the Pennsylvania Housing Finance Agency of \$16.4 million in Volume Cap Bonds with four percent tax credits that are expected to raise \$8,446,000 in equity for the 178 homes in Phase III of Richard Allen Homes.





PHA's innovative financing techniques have accelerated the pace of new construction in Philadelphia.

Leveraging Resources to Expand Development



PHA is tremendously successful in leveraging its resources to rebuild, renovate and transform neighborhoods in a way that would be impossible under the budget provided by HUD. Through innovative funding mechanisms, PHA has successfully secured more than \$1.3 billion in funding from a variety of federal, state, local and private equity sources over the last three years.

From 2000—2002, PHA funding for development, rehabilitation, modernization and related low-income housing activities increased by more than \$307 million.

In 2002, PHA revenues for all funding sources exceeded \$624.7 million, a significant increase of more than 97 percent achieved in the face of increasing competition for scarce public housing funds, both from the federal government and from the private investor community.

These funding increases are also the result of PHA's focus on a broader range of innovative development activities and financing mechanisms to support mixed-use communities including market-rate housing, expanded scattered-site housing, and homeownership opportunities. Social service activities, which at one time were a primary component of the PHA mission, have now been incorporated into master development plans that provide integrated services to PHA residents. To implement these substantial changes in focus, PHA is increasingly results-driven and its management is consistent with the best practices in the corporate development community.

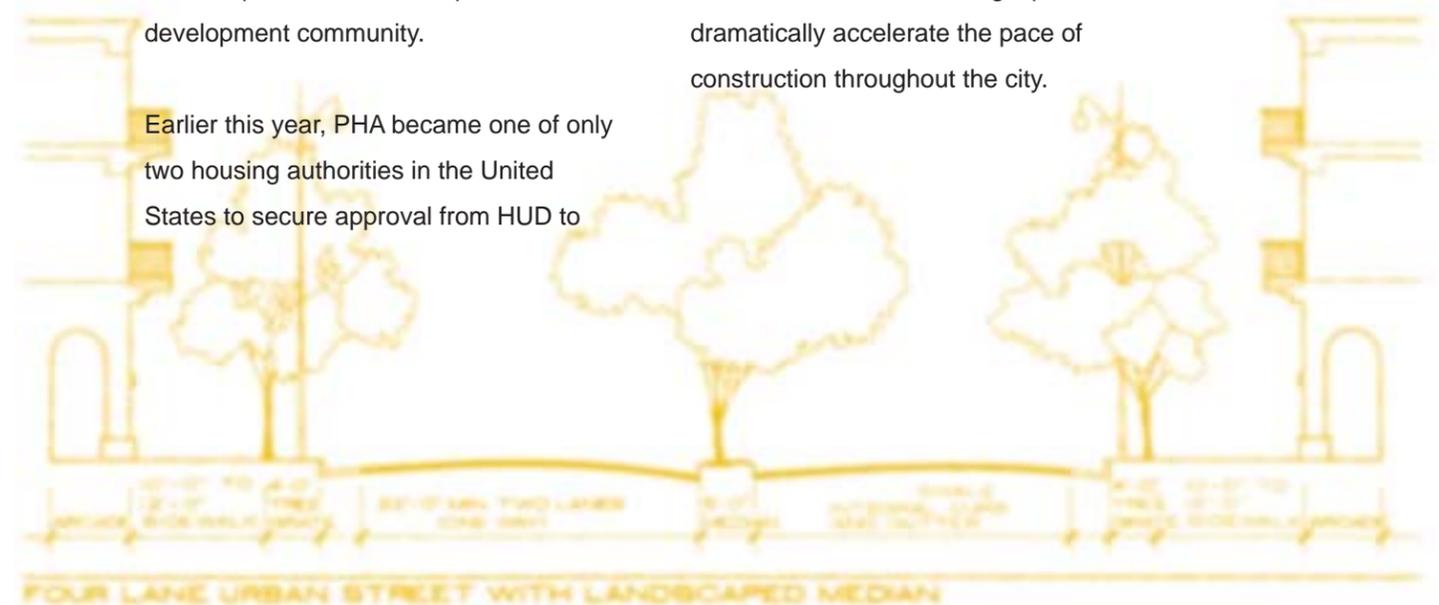
issue general obligation bonds secured by future revenues. The \$85 million generated in this way is going directly toward revitalizing Philadelphia's neighborhoods.

PHA has been highly successful in attracting private equity investment to Philadelphia. In FY '02, the agency secured nearly \$20 million in equity from tax credits and more than \$16 million from private activity bonds.

Looking ahead, PHA will complete the unique financing for the redevelopment of Tasker Homes and associated projects by generating another \$66 million in private activity bonds in FY '03. These funds will be secured by PHA's annual capital fund allocation and \$26 million in equity from tax credits.

Over a two-year period, PHA will have raised \$185 million through these innovative methods, making it possible to dramatically accelerate the pace of construction throughout the city.

Earlier this year, PHA became one of only two housing authorities in the United States to secure approval from HUD to

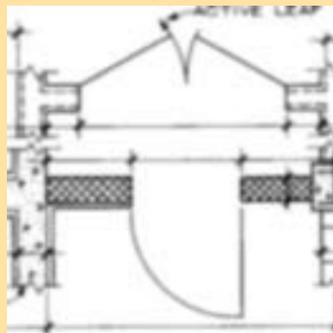


Moving to Work

HUD's Moving To Work (MTW) demonstration program offers selected public housing authorities the opportunity to design and test ways to:

- ▶ Promote self-sufficiency among assisted families
- ▶ Achieve greater programmatic efficiency
- ▶ Reduce costs
- ▶ Increase housing choices for low-income households

To permit the flexibility needed for this type of innovation, participating MTW agencies are given substantial regulatory relief and financial flexibility.



PHA is one of the first large housing authorities selected for the MTW program. The application and selection process included an assessment of the success of PHA's management and operational performance.

Through the MTW program, PHA has the flexibility to redesign or otherwise modify key elements of the public housing and Housing Choice (Section 8) program operations in order to improve services to residents, achieve operational efficiencies, and respond more directly to the needs of the Philadelphia community. MTW provides substantial relief from federal regulations, allowing PHA to tailor programs to meet unique and specific needs.

HUD and PHA signed the Moving To Work Demonstration Agreement in February of 2002. This agreement is effective for a seven-year period that began on April 1, 2001. Since then, PHA has opened its first Family Self-Sufficiency Center, at Blumberg Apartments to provide residents with "one-stop" access to a range of programs operated by PHA and its partners. Five Housing Choice community-based offices have also been established under MTW.



Increasing Resident Self-Sufficiency

PHA believes that every resident deserves the opportunity to accomplish his or her goals. PHA is dedicated to providing a series of wide-ranging resources to support residents in their pursuit of greater self-sufficiency. These include expanded homeownership opportunities, programs that provide job training and education, and life skills instruction and preparation.

PHA's innovative programs aim to assist residents in maximizing their individual potential, building self-sufficiency skills, and becoming involved in positive and inspiring activities. Residents of all ages benefit from the initiatives, which include early childhood development, youth after school, adult employment and training and senior service programs.

Central to PHA's approach is leveraging resources, collaborating with resident leadership, and partnering with qualified agencies and institutions to bring innovative services to PHA residents. In the past year alone, PHA secured an additional \$31.3 million in funding to initiate and enhance resident-oriented programs. Key partnerships were implemented or

continued with organizations including Temple University, Penn State University, The Professional Healthcare Institute, Department of Human Services, Philadelphia County Assistance Office and Philadelphia Workforce Development Corporation.

Specific self-sufficiency efforts include the following:

- ▶ The Housing Choice Homeownership Program provides participants with the opportunity to realize the American dream of owning a home. This program has been greatly expanded to allow qualified low-income families to purchase homes, pay property taxes, and do their part to support Philadelphia's revitalization. To encourage resident self-sufficiency, PHA has imposed a new seven-year time limit on renting with Housing Choice assistance.
- ▶ PHA's Family Self-Sufficiency Program provides assistance to hundreds of Philadelphia's families. In March 2001, 534 families were involved in the program. By March 2002, the number of families involved had grown to 875. The program helps participants save for homeownership, education, or other social and economic goals.

- ▶ The Family Self-Sufficiency Center at Blumberg houses a range of programs, operated by PHA and its partners including employment, training, healthcare, youth development and other supportive services.
- ▶ As part of its self-sufficiency initiatives, PHA strives to fill internal vacancies with qualified residents and encourages their partners to similarly hire PHA residents. In 2002, PHA hired nearly 300 residents. The number of residents employed by PHA has tripled since 1999.
- ▶ Fifty-six residents graduated from PHA's nationally recognized Pre-Apprenticeship Training Program in 2001—2002. PHA, in partnership with building trades unions, has graduated more than 200 residents to date. More than 50 percent of the graduates have obtained union employment in the building industry.

- ▶ This year, more than 100 PHA residents graduated from the Professional Healthcare Institute Certified Nursing Assistant, Medical Billing and Pharmacy Technician programs. PHA's partnership with the Professional Healthcare Institute has continued to give 98 percent of graduating residents careers in their chosen profession.
- ▶ Programs involving PHA's youth in positive career-oriented activities significantly expanded in 2002 to serve more than 670 young people. All of PHA's youth activities adhere to the city's Core Standards for Philadelphia's Youth Programs.





PHA's safety programs protect residents at play and at home.

Focusing on Safety

The safety, security and well being of residents are of great importance to PHA. The PHA Police Department (PHAPD) works continuously to ensure that residents feel safe in their homes, developments and neighborhoods.

PHA's police department approaches crime reduction in a comprehensive way, emphasizing crime prevention, conflict resolution, resident involvement, and community partnerships. The department also relies on an ongoing collaboration with

other law enforcement agencies to provide residents with the best possible public safety programs.

Neighborhood safety has improved dramatically in large part due to an innovative community-based policing initiative undertaken by the PHAPD. Permanent community teams are located at numerous PHA developments on a 16-hour per day basis. Officers partner with PHA management, maintenance, support service staff and resident leadership in order to address community concerns and issues.

PHA's focus on safety has resulted in many positive changes in Philadelphia's neighborhoods this year:

- ▶ A 17 percent reduction in Part I crimes such as homicide, rape, burglary and theft was achieved at PHA's developments, while Part II crimes such as drug abuse, prostitution, and vandalism were reduced by 10 percent.
- ▶ This year, the PHAPD actively participated in the Narcotics Task Force in association with the Pennsylvania Attorney General and the Philadelphia Police Department, which resulted in 385 drug arrests.
- ▶ The PHAPD Support Services and Community Relations units were merged with the PHA Community Resource Development and Social Services Department in order to improve response related to youth programming, mediation, and domestic violence situations.
- ▶ Conflict resolution mediation services increased from 11 instances in 2000 to 78 instances in 2001.
- ▶ Drug Abuse Resistance Education (DARE) and Gang Resistance Education and Training (GREAT) youth activities were implemented at 18 elementary and middle schools attended by young PHA residents.
- ▶ DARE and GREAT programs were also implemented for PHA youth at the following locations: Temple Health Community Connection at Norris Homes, Whitehall Day Camp, Salvation Army Community Center, Westpark Day Care, Smith Memorial Day Care, Westpark Apartments, Tasker Homes, Johnson Homes, Liddonfield Homes and Whitehall Apartments.
- ▶ A remote networking security system was developed to allow for monitoring of PHA sites from the central PHA Police Radio Room.
- ▶ Approximately 8,500 criminal records checks were conducted on new applicants for PHA housing, a 1,653 percent increase over the previous year.
- ▶ More than 600 abandoned vehicles were removed from PHA developments in 2002, while in the previous two years more than 900 cars were removed. This decrease illustrates the positive effects of previous efforts.
- ▶ Important security features were installed at many PHA communities, including the installation of a complete security system at Westpark Apartments that features card access, video surveillance, and an intercom system.
- ▶ PHAPD completed the Commission on Accreditation for Law Enforcement Agencies, a reaccreditation process that allows the department to continue its accreditation status for an additional three years.

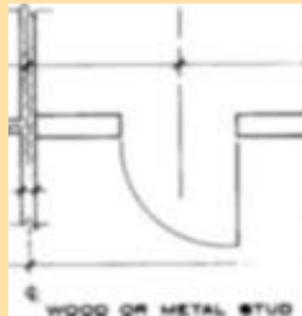
Improving Efficiency and Operations

Efficient use of resources enables PHA to improve the quality of housing and delivery of services to residents. PHA has revamped its internal operations over the past four years to better deliver its services. PHA's application of private sector business practices enhanced the performance of PHA staff in every area. Several ongoing efforts are cutting costs and maximizing the use of available resources.

PHA's designation as an MTW demonstration program (see previous section) will contribute greatly to this initiative. Under MTW, PHA is exempt from a number of HUD regulations and has greater flexibility to utilize available operating, capital and Housing Choice funds to meet Philadelphia's unique housing needs. As PHA moves forward with implementing streamlined management policies and procedures, the benefits of this flexibility will become increasingly evident.

PHA's improvements in efficiency and operations include the following:

- ▶ PHA saved an estimated \$3.5 million on the renewal of PHA property insurance based on a market insurance survey. The average renewal premium for the same insurance to value limit was renewing at an average policy premium of \$4.8 million. PHA's property insurance premium renewed for \$1.3 million.
- ▶ Staff training initiatives were implemented for a wide range of positions involved with housing management.
- ▶ More than \$18,500 was saved through enhanced competition for plywood, drywall and other lumber products.



PHA's efficient use of resources improves the quality of housing and resident services.

- ▶ PHA saved an average of \$141 per power vehicle (a total of \$103,635) on the liability cost of its insurance. The rate was reduced to \$1,459 from \$1,600 in 2000.
- ▶ PHA achieved a Public Housing Assessment System score of 79 for 2001, up from 75 in 2000 and 70.66 in 1999, signifying improvement on key management indicators.
- ▶ PHA developed program compliance, reporting, performance and accountability processes including the Asset Management Protocol, for all public housing sites and Alternatively Managed Entities.
- ▶ PHA conducted an internal review of human resources practices, which resulted in a detailed action plan to improve operations. Improvements included: a new employee application process, a new comprehensive employee filing system, and a PeopleSoft Enterprise Resource Planning (ERP) System.
- ▶ Completed Phase I on the implementation of the PeopleSoft 7.5 Education and Government ERP System on September 1, 2001. The modules procured and implemented are Human Resources Management System, payroll, time and labor, general ledger, procurement, accounts payable and inventory.
- ▶ PHA began Phase II of the PeopleSoft ERP implementation project, which includes enhancement of project-cost and grant-tracking capabilities.
- ▶ PHA implemented a centralized file storage system to eliminate costly repairs and file recovery fees for documents and files lost due to hard drive failures. It also provides PHA a secure, centralized repository for its documents.

Combining Balance Sheet: March 31, 2002

	Low-Income Public Housing Programs	Housing Choice Programs	Capital Grant Programs	Other Programs	Total PHA Programs	Low-Income Public Housing Programs	Housing Choice Programs	Capital Grant Programs	Other Programs	Total PHA Programs	
ASSETS						LIABILITIES					
Current Assets:						Current Liabilities:					
Cash	\$35,640,409	\$15,965,847		\$1,661,596	\$53,267,852	Accounts Payable	\$16,425,389	\$647,235	\$3,625,705	\$5,189,261	\$25,887,590
Investments	40,205,326	3,781		1,315,891	41,524,998	Due to Other Governments	22,830,532	327,885		1,097,115	24,255,532
Restricted Cash and Investments	739,007			16,827,258	17,566,265	Due to Other Funds	2,514,069	20,770,520	9,017,027	14,535,221	46,836,837
Receivables, Net	1,368,826	262,047		336,826	1,967,699	Compensated Absences	4,663,630				4,663,630
Due from Other Governments	1,281,758	48,202,366	7,698,047	15,111,640	72,293,811	Trust and Deposits	560,344			122,988	683,332
Due from Other Funds	27,340,461	1,977,982		17,518,394	46,836,837	Bonds, Notes and Loans Payable				16,053	16,053
Other Assets	3,376,356	16,277,372		(15,669,076)	3,984,652	Deferred Credit and Other Liabilities	433,952	10,037,683		1,107,499	11,579,134
Total Current Assets	109,952,143	82,689,395	7,698,047	37,102,529	237,442,114	Total Current Liabilities	47,427,916	31,783,323	12,642,732	22,068,137	113,922,108
Non-Current Assets:						Non-Current Liabilities:					
Mortgage Receivable	\$3,221,287			\$34,449,170	\$37,670,457	Compensated Absences	\$3,303,517				\$3,303,517
Capital Assets, Net of Depreciation	111,299,896	250,623	610,508,017	180,917,423	902,975,959	Bonds, Notes and Loans Payable				61,497,165	61,497,165
Other Assets	2,405,707			449,503	2,855,210	Other Liabilities	28,265,190	75,205	570,176	3,946,705	32,857,276
Total Noncurrent Assets	116,926,890	250,623	601,508,017	215,816,096	943,501,626	Total Long-Term Liabilities	31,568,707	75,205	570,176	65,443,870	97,657,958
TOTAL ASSETS	\$226,879,033	\$82,940,018	\$618,206,064	\$252,918,625	\$1,180,943,740	TOTAL LIABILITIES	78,996,623	31,858,528	13,212,908	87,512,007	211,580,066
NET ASSETS						NET ASSETS					
						Net Investment in Capital Accounts	\$111,299,896		\$610,508,017	\$181,168,045	\$902,975,958
						Restricted	178,663			16,704,270	16,882,933
						Unrestricted	36,150,014	51,133,867	(5,514,861)	(32,264,237)	49,504,783
						TOTAL NET ASSETS	147,882,410	51,081,490	604,993,156	165,406,618	969,363,674
						TOTAL LIABILITIES AND NET ASSETS	\$226,879,033	\$82,940,018	\$618,206,064	\$252,918,625	\$1,180,943,740



Philadelphia Housing Authority

Building Beyond Expectations

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