Housing Authority of the City of Pittsburgh

Moving to Work Demonstration Year 16 (FY 2016) Annual Report

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Housing Authority of the City of Pittsburgh
Moving To Work Annual Report
2016

Section I. Introduction

A. Table of Contents

Appendices

- Appendix I: Local Asset Management Plan and Supplemental Financial Information
- Appendix II: Families Served and Property Unit and Occupancy Detail Information
- Appendix III: Demographics of Families Served through traditional programs
- Appendix IV: EPC Report

Section 1. Introduction

B. Overview of HACP Moving To Work Goals and Objectives

HACP's overarching Moving To Work Goals are as follows:

1. To reposition HACP's housing stock. These efforts are designed to result in housing that it is competitive in the local housing market, is cost-effective to operate, provides a positive environment for residents, and provides both higher quality and broader options for low-income families; and,
2. To promote independence for residents via programs and policies that promote work and self-sufficiency for those able, and promote independent living for the elderly and disabled.

In pursuit of these goals, HACP has continued Moving To Work Activities initiated in prior years. These initiatives, including information regarding accomplishment of short and long term goals, are summarized below, with details available in Section IV.

Ongoing/Implemented Activities Summary

1. Pre-Approval Inspection Certifications in multi-unit housing

To encourage owners and managers of multi-unit housing properties to lease more units to HCV participants, HACP is streamlining the inspection process for these types of properties. In 2015, The HCV program implemented Pre-Approval Inspection Certifications in multi-unit housing if those units are leased to a HCV program participant within 60 days of the pre-tenancy HQS inspection certification.

HACP experienced positive yet modest results in the first year of implementation. With the on boarding of the landlord advisory council and the addition of the landlord outreach specialist more landlords are applying for the program. HACP expects increased participation in the coming plan year as benefits of the program are realized during unit turnover.

2. The Preferred Owners Program

The program promotes improved quality of properties and properties in quality neighborhoods, with the aim of addressing the statutory objective to increase housing options for HACP voucher holders. It also aims to increase Cost Effectiveness, as it reduces staff time spent on inspections. Owners or property managers accepted to the program pass a rigorous set of guidelines consistent HQS inspection passes; complete online and in-person trainings for owners and property managers, and commitment to leasing to more than one HCV voucher holder.

Total participation was less than expected in the first year. Most of the plan year required extensive outreach to landlords unfamiliar with the program and wary of entering another process. By 2016, HACP recruited several landlords totaling over 600 units. Efforts to target smaller landlords remain a top priority and increased participation is anticipated for 2017. HACP and the landlord outreach team remains committed to forging relations within the community and recruiting new landlords to the HCV program and in turn increasing participation.

3. Modified Rent Policy for the Section 8 Housing Choice Voucher Program

Building on the modified rent policy developed for the Low Income Public Housing Program and approved in 2008, HACP received approval in 2011 to require that any non-elderly, able-bodied head of household who is not working to either a) participate in a self-sufficiency program, including but not limited to the HACP Family Self-Sufficiency program (FSS), other Local Self-Sufficiency program (LSS), welfare to work, or other employment preparation and/or training/educational program or b) pay a minimum tenant payment of $150.00 per month. This policy provides additional incentives for families to work or prepare for work and increases overall accountability.

HACP's objectives for this program include increased participation by voucher holders in self-sufficiency, welfare to work and other training and education programs; increased levels of employment and earned income by participants; and potentially reduced Housing Assistance Payment costs to the Authority.

In 2016, HACP saw positive results from this initiative, with increases in employment rates both overall and among FSS participants. Escrow activity also increased among FSS participants which implies more families earned wage income throughout the year. Participation in training increased in LIPH tenants but decreased among HCV participants, as criteria for training participation remained competitive, and outside resources for training were limited. Other measures remained fairly stable, as expected but more importantly, participants within the impacted population averaged HAP payments that were significantly lower than the program average. Increases in average HAP payments for the entire program are believed to be a result of a tightening rental market and increases in rents generally, not as a result of any change in income among program participants. HACP remains committed to, and optimistic about, the long term impact of this policy and is currently securing new third party evaluators to further analyze HACP's rent policies and the FSS program in 2017.

4. Modified Rent Policy for the Low Income Public Housing Program.

As approved in 2008, HACP requires that any non-elderly, able-bodied head of household who is not working to either a) participate in the Family Self-Sufficiency (FSS) other Local Self-Sufficiency program (LSS), welfare to work, or other employment preparation and/or training/educational program or b) pay a minimum rent of $150.00 per month. Hardship exemptions are permitted. This policy provides additional incentives for families to work or prepare for work. HACP's objectives for this program includes increased participation in the Family Self-Sufficiency Program, increase rent collections, and increased level of families working.

In 2016, HACP continued to see progress as a result of this initiative. Number and percentage of families working, both overall and among participants in the FSS program, increased and 32 participants graduated from the program. Average rents experienced an impressive 13 percent growth rate. FSS participation remained in line despite high populations of elderly disabled households, FSS graduation totals and tightened pre- qualification criteria and reduced availability of training programs. A HACP remains committed to this effort and is currently securing new third party evaluators to further analyze HACP's rent policies and the FSS program in 2017.

5. Revised recertification requirements policy.

As approved in 2009 and 2010, HACP may operate both the Low Income Public Housing Program and the Housing Choice Voucher Program with a recertification requirement modified to at least once every two years. Changes in income still must be reported, and standard income disregards continue to apply. This policy change reduces administrative burdens on the Authority, thereby reducing costs and increasing efficiency. HACP's objectives for this initiative are reduced staff time and thus reduced costs, and improved compliance with recertification requirements by tenants and the HACP.

In 2016, HACP saw an increase in recertifications in the LIPH program due to the Larimer/East Liberty relocation and initial relocation of Allgheny Dwellings redevelopment of residents. The Housing Choice Voucher program total certifications and time spent on has also increased as a result of the reopening of the HCV waiting list in late 2015. Furthermore, reopening of the HCV waitlist and processing of Addison Phase II and Larimer/East Liberty Phase I properties created an influx of new annuals and interim certifications.

6. Homeownership Program Policies

a. Operation of a combined Low Income Public Housing (LIPH) and Housing Choice Voucher (HCV) Homeownership Program;
b. Homeownership Program assistance to include soft-second mortgage assistance coupled with closing cost assistance, homeownership and credit counseling, and foreclosure prevention only;
c. Expansion of Homeownership Program eligibility to persons on the LIPH and HCV program waiting list, and to persons otherwise eligible for housing assistance;
d. Establishing a Homeownership Soft-second mortgage waiting list.

As approved in 2007, HACP operates a single Homeownership Program open to both Low Income Public Housing and Housing Choice Voucher Program households. This approach reduces administrative costs, and expands housing choices for participating households. HACP also believes this program provides incentives for families to pursue employment and self-sufficiency through the various benefits offered; however, as HUD's new standard metrics do not effectively apply to this aspect of the initiative; in 2014 it was removed as a formal goal.

As approved in 2010, HACP's homeownership program includes the availability of soft-second mortgage assistance, which increases affordability and thus housing choice for eligible families while decreasing costs to the HACP. As the number of soft-second mortgages may be limited based upon budgeted spending authority, it was necessary to establish a waiting list for soft-second mortgages to ensure fair award of available funds. However, to date the authorized funds limit has not been reached and therefore the soft-second waiting list has not been established

Also approved in 2010 was expansion of Homeownership Program eligibility and assistance to persons on the HACP waiting lists for Public Housing and the Housing Choice Voucher program. In 2014, HACP modified this provision to include as eligible for the Homeownership Program persons otherwise eligible for the public housing or Housing Choice Voucher Programs but who are not current participants or currently on an HACP waiting list.

HACP's objectives for this program are to maintain or increase the level of participation in homeownership program activities and the number of families achieving homeownership.

HACP experienced success with this program, with 8 families becoming homeowners in 2016 and several closings scheduled for the beginning of 2017. Approximately 90 families attended Homeownership programs, 24 of which completed the program, becoming prepared for future purchases. HACP also received approval through its 2017 annual plan to increase the soft second mortgage maximum to $52,000 and closing cost assistance to $8,000.With a substantial population of potential home buyers and increased assistance HACP anticipates an increase in closings entering 2017.

7. Modified Housing Choice Voucher Program policy on maximum percent of Adjusted Monthly Income permitted.

Originally approved in 2002, HACP's operation of the Housing Choice Voucher Program allows flexibility in the permitted rent burden for new tenancies, or affordability. Specifically, the limit of 40% of Adjusted Monthly Income allowed for the tenant portion of rent is used as a guideline, not a requirement. HACP continues to counsel families on the dangers of becoming overly rent burdened, however, a higher rent burden may be acceptable in some cases. This policy increases housing choice for participating families by giving them the option to take on additional rent burden for units in more costly neighborhoods. HACP's objective for this initiative is to increase housing choices for participating families. In 2016, 34 families took advantage of this option resulting in a decrease from 2015. HACP believes the decrease is a result of implementation of the Success Rate payment standard reducing the burden on families and making contract rents more affordable.

8. Modified Payment Standard Approval.

Originally approved in 2004, HACP is permitted to establish Exception Payment Standards up to 120% of Fair Market Rent (FMR) without prior HUD approval. HACP has utilized this authority to establish Area Exception Payment Standards and to allow Exception Payment Standard as a Reasonable Accommodation for a person with disabilities. Allowing the Authority to conduct its own analysis and establish Exception Payment Standards reduces administrative burdens on both the HACP and HUD (as no HUD approval is required) while expanding housing choices for participating families.

HACP does not currently have any Area Exception Payment Standards, but may do so in future years. HACP will continue to allow an Exception Payment Standard of up to 120% of FMR as a reasonable accommodation for persons with disabilities.

In 2013 HACP received approval of a modification to this activity allowing HACP to establish an Exception Payment Standard of up to 120% of FMR for new construction or rehabilitation that creates fully accessible units meeting the requirements of the Uniform Federal Accessibility Standard (UFAS) in order to promote and support the creation of additional accessible units available to low-income families. HACP's objective for this initiative is to expand housing choices for eligible families.

In 2016, only a limited number of families took advantage of this initiative, but those disabled families that did so had more choices in their search for an affordable home including UFAS units in Addison redevelopment phase II and Larimer/East Liberty redevelopment. Also HACP has authorized project based vouchers to projects expected to be completed in 2017 for additional, new, accessible units.

9. Use of Block Grant Funding Authority to support Development and Redevelopment Activities through the *Step Up To Market Financing Program*.

Originally approved in 2012, HACP is permitted the Use of Single Fund Flexibility to support development and redevelopment via the *Step Up To Market Financing Program*. HACP will expand its use of the Block grant authority authorized in the Moving To Work Agreement to leverage debt to fund public housing redevelopment and modernization in order to address additional distressed properties in HACP's housing stock. Specifically, HACP will identify properties for participation in the *Step Up To Market Program* and will utilize one or more strategies, subject to any required HUD approvals, as authorized under this initiative. Details are included in Section IV.

In 2013, HACP submitted a full development proposal to HUD for Phase I of the Addison Terrace redevelopment, as per standard protocols, utilizing several elements authorized by this initiative. Late in 2013 this was approved, utilizing several aspects of the Financing Program. Construction was completed on 118 new units in 2014 with an additional 50 units completed in early 2015. 40 additional units were constructed as part of Larimer Point a PBV mix finance development which reached full occupancy in 2015. As part of a Choice Neighborhoods Implementation Grant for the Larimer/East Liberty which included elements of the *Step Up To Market Financing Program*, HACP completed in 2016 Phase I of the Larimer Redevelopment.

On-Hold Activities

HACP activities that could be considered as 'on hold' are actually subsets of implemented activities. They are as follows:

1. Exception Payment Standard Areas. Originally approved in 2004 as part of a larger approval on Exception payment standards, HACP suspended its Exception Payment Standard Area in 2007 in order to reduce costs and streamline administration. Depending on future funding, and changes to the local market, HACP may develop new exception payment standard areas to increase housing choices for voucher families. HACP does not currently have a plan or timeline for re-implementation due to uncertainties in near and long-term future funding.

Closed Out Activities

Since entering the Moving To Work Program in 2000, HACP has also instituted a number of Moving To Work initiatives that in 2014 no longer require specific Moving To Work Authority. Some of those initiatives are:

1. Establishment of Site Based Waiting Lists.
2. Establishment of a variety of local waiting list preferences, including a working/elderly/disabled preference and a special working preference for scattered site units.
3. Modified Rent Reasonableness Process.

4. Transition to Site Based Management and Asset Management, including Site Based Budgeting and Accounting.

<u>Other Activities</u>

Several activities that utilized Moving To Work Authority, but are not specified as specific initiatives waiving specific regulations, were previously included in the initiative section but no longer require that separate listing. They are as follows:

- Use of Block Grant Funding Authority to support Development and Redevelopment, Enhanced and Expanded Family Self-sufficiency and related programming, and the HACP MTW Homeownership Program.
    - Originally approved with the initial Moving To Work Program and expanded to include homeownership and resident service programs in subsequent years, HACP continues to use Moving To Work block grant funding to support its Moving To Work Initiatives. Additional information on the use of Single Fund block grant authority is included in other sections of this MTW Plan.
- Energy Performance Contracting
    - Under HACP's Moving To Work Agreement, HACP may enter into Energy Performance Contracts (EPC) without prior HUD approval. HACP will continue its current EPC, executed in 2008, to reduce costs and improve efficient use of federal funds.
    - HACP's current EPC included installation of water saving measures across the authority, installation of more energy efficient lighting throughout the authority, and installation of geo-thermal heating and cooling systems at select communities. It was completed in 2010, with final payments made in 2011. Monitoring and Verification work began in 2011, with the first full Monitoring and Verification report completed for the 2012 year.
- Establishment of a Local Asset Management Program.
    - In 2004, prior to HUD's adoption of a site based asset management approach to public housing operation and management, HACP embarked on a strategy to transition its centralized management to more decentralized site-based
    - Management capable of using an asset management approach. Specific elements of HACP's Local Asset Management Program were approved in 2010. HACP will continue to develop and refine its Local Asset Management Program to reduce costs and increase effectiveness.

<u>Long Term Goals and Vision</u>

HACP's vision for its Moving To Work Program through 2028, and potentially beyond, builds upon the vision of HACP's 2001-2016 Moving To Work Plans. This vision is built around two major themes that together will achieve the three statutory objectives of the Moving To Work Demonstration Program.

Theme one is to reposition HACP's housing stock to compete in the local market, improve operational efficiencies, and expand housing choices for low-income families.

Theme two is to promote self-sufficiency and independent living through a variety of enhanced services and policy adjustments. These programs and policies are designed to provide incentives to work for adult, able bodied, non-elderly heads of households and family members, and to promote social and academic achievement for children and youth. In addition to increasing economic self-sufficiency among assisted families, these programs and policies are expected to result in increased revenue for the Housing Authority (increasing the cost effectiveness of federal expenditures) while increasing housing choices for families (with increased work and income they will have additional housing choices both within the HACP portfolio and in the larger housing market).

While the mechanisms to effectively measure all of these expected outcomes continue to be developed (especially those that are cumulative and long-term) shorter-term measures are in place for each specific MTW initiative. In reviewing this report, please note that HUD's Standard Metrics were not yet in place when the 2013 MTW Annual Plan was submitted and approved, and therefore not all Standard Metrics had specific 2013 benchmarks established or corresponding outcomes. See Section IV for more detailed information on the specific initiatives.

Repositioning of HACP's Housing Stock

Since the initial HACP Moving To Work Annual Plan in 2001, a major component of HACP's Moving To Work strategy has been to reposition HACP's housing stock through a) preservation of successful developments and b) revitalization of distressed developments through strategic investments that re-link public housing properties to their surrounding neighborhoods and act as a driver of other public and private investments to revitalize entire neighborhoods.

Initiated prior to Moving To Work through three HOPE VI redevelopment projects and continued through the Moving To Work Program, HACP has achieved great success. Allequippa Terrace, Manchester Apartments, Bedford Additions and Garfield Heights are replaced by Oak Hill, multiple properties across Manchester virtually indistinguishable from their neighbors, the Bedford Hills apartments, and Garfield Commons, respectively. The new senior buildings Silver Lake, the Fairmont, the Commons at North Aiken and the Legacy are new positive anchors in their neighborhoods, replacing the distressed, and neighborhood distressing, East Hills, Garfield, Auburn Towers and Addison High Rises. Redevelopment of Addison Terrace Phase I is also complete.

A by-product of these redevelopment efforts, which feature reduced densities, mixed income, and modern conveniences, is a reduced number of traditional public housing units. This is not inappropriate in Pittsburgh, which has seen city population decline substantially over the last 40 years. More important is that this is balanced by the addition of new affordable units supported by tax credits, and new units rented at market rates. In Pittsburgh, many of the new market rate units are affordable to families of modest income. Section 8 Housing Choice vouchers also support low income families, provide them choices in the housing market, and support occupancy of units available in the private market. These combinations of approaches have enabled HACP to continue serving substantially the same number of families as would have been served absent the demonstration.

In 2016, as in prior years, and in light of continued erosion of funding available for affordable housing development and redevelopment, HACP engaged in extensive collaborative work with HUD and other partners to develop new mechanisms for financing redevelopment of distressed properties. The *Step Up To Market Financing Program* is designed to be a key component of HACP repositioning activities, and has been essential in the financing of the redevelopment of Addison Terrace, now in its third phase.

HACP has also invested in its successful housing in recent years, including modernization activities at Northview Heights, Caliguri Plaza, Morse Gardens, Bedford, and many other improvements at various locations. Additional modernization work at many sites continues, with highlights noted in other sections of this report. HACP continues to create additional UFAS units each year and make improvements to the fully accessible units available at all of its properties. HACP also continues to benefit from an implemented Energy Performance Contract for improvements that include the installation of energy efficient and cost saving geothermal heating (and cooling) systems at several developments.

HACP is committed to continuing these preservation and revitalization efforts, to the greatest extent feasible with the funding available, throughout the Moving To Work demonstration.

The charts at the end of this section show projected sources of funds that can be used for capital projects, and projected uses of those funds over the next five years. All of these numbers reflect projected obligations (not expenditure) of funds, and are projections only and are subject to change based upon funding levels and opportunities, financial and real estate market conditions, new or changing regulations or requirements, and other unforeseen developments.

The highlights of this plan are as follows:

- Revitalize Addison Terrace. Addison Terrace is only two blocks from the key Centre Avenue corridor in the Hill district which includes the following new facilities: the Legacy Apartments, the Hill Public Library, and a branch of the YMCA. HACP worked closely with the larger Hill District Master Planning Process to plan redevelopment of the 1940's era Addison Terrace. Because of projected high costs for this redevelopment effort, including substantial infrastructure costs, and the scarcity of HOPE VI and other major grant programs, HACP worked with HUD and other partners to develop innovative financing strategies through Moving To Work to support this effort, resulting in the *Step Up To Market Financing Program*. Construction was completed on all Addison Phase I units in 2015, and development is fully occupied. Low-income housing tax credits were awarded in 2015 for Addison Phase II and III and construction of Phase II units are now complete.
- Plan for new development in the East End, including Hamilton-Larimer. In parts of the East Liberty neighborhood of Pittsburgh, a significant market and development rebound has occurred. In the adjoining Larimer neighborhood, a long term and ongoing grassroots community planning process led to the completion of the Larimer Vision Plan. The Vision Plan, which focuses on the Larimer Avenue corridor spanning parts of both East Liberty and Larimer, is the basis for a growing consensus around neighborhood revitalization strategies in these neighborhoods. Working with a variety of partners in Larimer and East Liberty, HACP continues pursuing new development opportunities in these neighborhoods, including

the Hamilton-Larimer and former Auburn Towers site on the border of East Liberty and Larimer. HACP continues to work closely with other City agencies and neighborhood organizations to identify the opportunities with the potential for the greatest impact, and has invested in the planning process resulting in the Larimer Vision To Action Plan, which aims to identify specific activities to implement the Larimer Vision Plan. The Vision To Action Plan is the basis for a Choice Neighborhoods Initiative Implementation grant that was awarded in June, 2014. The grant agreement between HUD, The City of Pittsburgh and HACP was signed in December of 2014 ushering in the next step in the development process. The plan includes redevelopment of the nearby East Liberty Gardens project based voucher property in the East Liberty portion of the Vision area in addition to redevelopment of Hamilton-Larimer and the former Auburn Towers site. Low Income Housing Tax Credits were secured for a first phase of construction on the former Auburn site and other adjacent parcels in February of 2014. HACP submitted a full development proposals for Larimer/East Liberty Phase I the following year and construction was completed in 2016.

- Build on investments in Northview Heights. After completing conversion of 63 units into 26 new UFAS units and 26 new non-UFAS units, and the ESCO funded geothermal heating and cooling system, HACP continues to build on these investments to solidify Northview Heights' rebound. In 2010 Force Account staff renovated an additional 30 units in the buildings that received UFAS units. In 2010 and 2011, work to replace the roofs on buildings that had not had roof replacements, and the siding on all of the family buildings, was completed. Continued investment in modernization of additional units, completing replacement of roofs, upgrading electrical systems and other improvements continued in 2016 with the renovation of several units. Also in 2016, HACP continued to secure financing for development of the new Northview Midrise. It is worth noting that as a result of past and continued HACP activities at this site, demand for this property has increased and continues to maintain a sizable waitlist.
- Modernize other successful but aging properties. HACP recognizes that existing properties cannot be neglected. In addition to regular funding for safety and REAC items at all properties, HACP continues to pursue larger modernization efforts at other properties, including window replacement and façade/EFIS repairs at several senior/disabled high rises and continued investment in its successful scattered sites portfolio.
- Pursuit of Rental Assistance Demonstration Conversions. In order to secure the long-term viability of its existing housing stock, HACP continues to evaluate and pursue conversion of some public housing units to HUD contracts for multi-family housing rental assistance through the Rental Assistance Demonstration (RAD) Program. In 2013 HACP submitted RAD applications for the following properties, and received CHAP approval on March 31, 2015:
    - Glen Hazel and Glen Hazel High Rise
    - Murray Towers
    - Oak Hill
    - HACP is evaluating the prospect of future RAD applications

HACP submitted and received a CHAP for New Pennley Place in 2016. The property is a mixed finance community within a mile of the Choice Neighborhoods foot print in Larimer consisting of 38 units. HACP expects to close on these properties by end of year 2017.

Not included in the charts are funding and financing strategies, including those that use MTW funding flexibility and support and leverage MTW funds to support redevelopment of these properties. As funding opportunities and financing mechanisms change, and creative approaches are devised, HACP will adapt and adopt the approaches that are most advantageous to the agency. These approaches include, but are not limited to, the following:

- Low Income Housing Tax Credits
- Federal, State and Local Housing Trust Funds dollars as available.
- Other Federal, State and Local funds such as CDBG, HOME, PA Department of Community and Economic Development Programs, and others as can be secured.
- HUD's new and evolving financing and transformation initiatives, if authorized, or other similar approaches.
- Project basing up to 500 Housing Choice Vouchers.
- HACP's Moving To Work Step Up To Market Financing Program.
- Any and all other opportunities and mechanism that are available or can be identified that will assist HACP in furthering its goals under MTW and under the Low Income Public Housing and Housing Choice Voucher programs.

Other sections of the Annual Report include specifics on the funding strategies utilized in specific development phases that closed in 2016, and future Plans and Reports will include additional details for future phases.

Below are two charts showing project funding obligations over the next ten years.

Draft as of 7/31/15

HOUSING AUTHORITY OF THE CITY OF PITTSBURGH
2016 - 2025 CAPITAL BUDGET OBLIGATION SUMMARY

	PROJECTED SOURCES	2016	2017	2018	2019	2020	5-Year SubTotals	2021	2022	2023	2024	2025	5-Year Subtotals	10-Year Totals
SOURCES	MtW Funding	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	35,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	35,000,000	70,000,000
	CFP Projected Future Funding	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	35,000,000	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000	35,000,000	70,000,000
	RHF Projected Future Funding	5,685,089	4,843,363	4,337,687	2,520,655	2,520,655	19,907,449	2,520,655	671,742	572,220	572,220	572,220	4,909,057	24,816,506
	Choice Neighborhood Grant	15,000,000	4,500,000	0	0	0	19,500,000	0	0	0	0	0	0	19,500,000
	Cove Place - Conventional Mortgage	0	0	0	0	0	0	0	0	0	0	0	0	0
	MtW Reserves	23,000,000	6,000,000	0	0	0	29,000,000	0	14,000,000	0	0	0	14,000,000	43,000,000
	TOTALS ALL PROJECTED SOURCES	57,685,089	29,343,363	18,337,687	16,520,655	16,520,655	138,407,449	16,520,655	28,671,742	14,572,220	14,572,220	14,572,220	88,909,057	227,316,506

	PROPOSED USES	2016	2017	2018	2019	2020	5-Year Subtotals	2021	2022	2023	2024	2025	5-Year Subtotals	10-Year Totals
USES / HACP-WIDE	Administrative	1,900,000	1,900,000	1,500,000	1,500,000	1,500,000	8,300,000	1,500,000	1,500,000	1,900,000	1,500,000	1,500,000	7,900,000	16,200,000
	Security	3,800,000	3,800,000	3,500,000	3,500,000	3,500,000	18,100,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	17,500,000	35,600,000
	504/UFAS misc	100,000	100,000	25,000	25,000	25,000	275,000	50,000	50,000	50,000	25,000	25,000	200,000	475,000
	Equipment (Range/Refrig, Vehicles, Other Misc)	0	500,000	530,000	300,000	300,000	1,630,000	1,678,900	1,729,267	1,781,145			5,189,312	6,819,312
	LBP Abatement - Other Misc Hazmat	100,000	100,000	100,000	100,000	100,000	500,000	100,000	100,000	100,000	100,000	100,000	500,000	1,000,000
	Concrete	100,000	100,000	100,000	100,000	100,000	500,000	100,000	100,000	100,000	100,000	100,000	500,000	1,000,000
		0	0	0	0	0	0	0	0	0	0	0	0	0
	Demolition	100,000	100,000	0	0	0	200,000	0	0	0	0	0	0	200,000
	A/E Technical Services	700,000	700,000	700,000	0	0	2,100,000	0	0	0	0	0	0	2,100,000
	Resident Services	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	9,000,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	9,000,000	18,000,000
	Contingencies	950,000	950,000	950,000	600,000	600,000	4,050,000	600,000	600,000	600,000	600,000	600,000	3,000,000	7,050,000
	SUBTOTAL HACP-WIDE USES	9,550,000	10,050,000	9,205,000	7,925,000	7,925,000	44,655,000	9,328,900	9,379,267	9,831,145	7,625,000	7,625,000	43,789,312	88,444,312
	SUBTOTAL DEVELOPMENT	38,700,000	11,000,000	5,000,000	13,000,000	3,000,000	70,700,000	550,000	20,550,000	550,000	5,000,000	5,000,000	31,650,000	102,350,000
	SUBTOTAL MODERNIZATION	9,359,278	4,108,278	2,083,278	2,783,278	1,983,278	20,317,390	2,783,278	1,883,278	4,503,278	1,783,278	1,833,278	12,786,390	33,103,780
	TOTALS ALL PROPOSED USES	57,609,278	25,158,278	16,288,278	23,708,278	12,908,278	135,672,390	12,662,178	31,812,545	14,884,423	14,408,278	14,458,278	88,225,702	223,898,092
	Annual Surplus/ (Deficit)	75,811	4,185,085	2,049,409	(7,187,623)	3,612,377		3,858,477	(3,140,803)	(312,203)	163,942	113,942		
	Additional Funding Available/ (Needed)	*75,811*	*4,260,896*	*6,310,305*	*(2,926,727)*	*685,650*		*3,858,477*	717,674	405,471	569,413	683,355		683,355

** Assumes MTW Program extension to 2028*

HOUSING AUTHORITY OF THE CITY OF PITTSBURGH
2016 - 2025 DEVELOPMENT AND MODERNIZATION SUMMARY

Draft as of 7/31/15

	Proposed Development	2016	2017	2018	2019	2020	5-Year Subtotals	2021	2022	2023	2024	2025	5-Year Subtotals	10-Year Totals	Comments
DEVELOPMENT	Addison Phase 4	2,000,000	0	0	0	0	2,000,000	0	0	0	0	0	0	2,000,000	Replenishment of $2 million from the $36.5 million budgeted for Addison, but used for unforeseen costs associated with hill side remediation & sewer line along Bentley Drive & Homeownership units.
	Hamilton-Larimer (Choice)	15,000,000	4,500,000	0	0	0	19,500,000	0	0	0	0	0	0	19,500,000	Financial commitment from 2016 to 2020 from Choice Funds for Larimer/East Liberty development with 334 units.
	Scattered Sites	3,700,000	6,500,000	5,000,000	3,000,000	3,000,000	21,200,000	550,000	550,000	550,000	5,000,000	5,000,000	11,650,000	32,850,000	Financing for scattered sites units throughout the City of Pittsburgh through acquisition/rehab/turnkey development including veterans' housing
	Arlington	0	0	0	0	0	0	0	0	0	0	0	0	0	Redevelopment may occur under the next 10-year plan
	HACP/ARMDC Office	0	0	0	0	0	0	0	0	0	0	0	0	0	HACP may need a new office in 5 years depending on 200 Ross co-owners decision.
	Allegheny Dwellings Phase 2 & 3	2,000,000	0	0	10,000,000	0	12,000,000	0	20,000,000	0	0	0	20,000,000	32,000,000	In 2016, HACP will commit $2 million for Phase 2 pre-development Activities. Additional funds for Phases 2 & 3 Pre-
	Homewood North	0	0	0	0	0	0	0	0	0	0	0	0	0	This property will be substantially rehabbed, not redeveloped.
	Northview (Midrise)	16,000,000	0	0	0	0	16,000,000	0	0	0	0	0	0	16,000,000	ARMDC will develop a mid-rise senior property to replace the current high-rise that is self destructing.
	Cove Place	0	0	0	0	0	0	0	0	0	0	0	0	0	
	SUBTOTAL DEVELOPMENT	***38,700,000***	***11,000,000***	***5,000,000***	***13,000,000***	***3,000,000***	***70,700,000***	***550,000***	***20,550,000***	***550,000***	***5,000,000***	***5,000,000***	***31,650,000***	***102,350,000***	

	Proposed Modernization	2016	2017	2018	2019	2020	5-Year Subtotals	2021	2022	2023	2024	2025	5-Year Subtotals	10-Year Totals	Comments
901	Addison - Bentley Dr.	0	0	0	0	0	0	0	0	0	0	0	0	0	Redevleopment ongoing.
902	Bedford Dwellings	700,000	600,000	0	100,000	0	1,400,000	0	100,000	0	0	0	100,000	1,500,000	Maintenance of systems, rehab, REAC & Safety Items
915	PA Bidwell	500,000	0	0	50,000	50,000	600,000	1,000,000	0	0	0	0	1,000,000	1,600,000	Interim REAC and Safety Repairs and balcony repair.
917	Pressley	150,000	50,000	50,000	50,000	0	300,000	0	0	0	0	0	0	300,000	Upgrade Community Room & Common Areas.
905	Allegheny Dwellings	700,000	50,000	0	0	0	750,000	0	0	0	0	0	0	750,000	Entrance doors/frames/canopies & Miscellaneous, REAC/Safety items
909	Northview Heights	2,383,278	1,483,278	1,483,278	1,683,278	1,383,278	8,416,390	1,383,278	1,383,278	1,383,278	1,383,278	1,383,278	6,916,390	15,332,780	Concrete work in courtyards, Bathrooms/Kicthens/floors/ windows rehab and painting in 400 units, REAC & safety Items.
920	Homewood North	200,000	25,000	25,000	0	0	250,000	0	0	0	0	0	0	250,000	REAC & Safety Items.
904	Arlington Heights	300,000	0	0	0	0	300,000	0	0	0	0	0	0	300,000	REAC and safety items.
931	Murray Towers	2,000,000	0	0	0	0	2,000,000	0	0	0	0	0	0	2,000,000	HACP investment in the RAD project.
932	Glen Hazel Family (incl. Renova)	0	0	0	0	0	0	0	0	0	0	0	0	0	RAD
933	Glen Hazel Highrise	0	0	0	0	0	0	0	0	0	0	0	0	0	RAD
940	Mazza Pavillion	0	0	0	0	0	0	0	0	0	0	50,000	50,000	50,000	REAC & Safety Repairs
941	Caliguiri Plaza	816,000	50,000	0	100,000	100,000	1,066,000	0	0	0	0	0	0	1,066,000	Interior Upgrades/Exterior Site Work
944	Finello Pavillion	50,000	50,000	0	100,000	0	200,000	0	0	0	0	0	0	200,000	REAC and Safety Repairs
945	Morse Gardens	50,000	50,000	0	100,000	0	200,000	0	0	1,400,000	0	0	1,400,000	1,600,000	Partial Comp. Mod in 2023 & REAC/Safety Items
946	Carrick Regency	500,000	0	100,000	0	0	600,000	0	0	1,320,000	0	0	1,320,000	1,920,000	Partial Comp. Mod in 2023 & REAC/Safety Items
947	Gualtieri Manor	560,000	1,300,000	0	0	50,000	1,910,000	0	0	0	0	0	0	1,910,000	Partial Comp. Mod in 2017 & REAC/Safety Items
922 & 939	Scattered Sites / Hamilton Larimer	450,000	450,000	425,000	600,000	400,000	2,325,000	400,000	400,000	400,000	400,000	400,000	2,000,000	4,325,000	Partial Comp Mod of 10 Scattered Sites per year over 10 years
999	Other Amps	0	0	0	0	0	0	0	0	0	0	0	0	0	
	SUBTOTAL MODERNIZATION	***9,359,278***	***4,108,278***	***2,083,278***	***2,783,278***	***1,983,278***	***20,317,390***	***2,783,278***	***1,883,278***	***4,503,278***	***1,783,278***	***1,833,278***	***12,786,390***	***33,103,780***	

Promoting Self-Sufficiency And Independent Living Through A Variety Of Enhanced Services And Policy Adjustments.

HACP is committed to continuing pursuit of programs and policies that promote self-sufficiency and independent living. This is pursued through programs and policy modifications.

HACP's Family Self-Sufficiency (FSS) Program, called Realizing Economic Attainment For Life or REAL, includes the Resident Employment Program (REP). REAL and REP provide a variety of supports, programs, and referrals to residents to assist them in preparing for, seeking, finding, and retaining employment. The program and the Authority also work constantly to link with other programs, leverage additional services, and create positive environments for families, adults, seniors, and children. REAL and REP are complemented by the programs provided by HACP and its partners that focus on youth of various ages, including the BJWL after school and summer programs, Youthplaces, the Clean Slate Drug Free Lifestyles and Youth Leadership Development Program, and the Creative Arts Corner state of the art audio/video studios at Northview Heights and the Bedford Hope Center. HACP's investments in resident services have leveraged over $4,000,000 per year in additional programs and services in recent years.

HACP policy modifications are also designed to promote self-sufficiency, and the modified rent policy, as described in Sections II and IV, is designed to encourage families to participate in the FSS program.

The goal of these initiatives is to create an environment where work is the norm and personal responsibility is expected. Gradually, HACP is seeing positive results of this effort.

It is HACP's vision to create vibrant, sustainable communities where family members of all ages can thrive and where life choices and opportunities are not limited. HACP will pursue this goal through the interconnected strategies of re- positioning the housing stock through preservation and revitalization, and promoting self-sufficiency through support programs and policy modifications.

Annual MTW Report

II.4.Report.HousingStock

A. MTW Report: Housing Stock Information

New Housing Choice Vouchers that were Project-Based During the Fiscal Year

Property Name	Anticipated Number of New Vouchers to be Project-Based *	Actual Number of New Vouchers that were Project-Based	Description of Project
Larimer East Liberty	28	28	New construction tax credit supported housing in the Larimer Neighborhood; part of the larger Larimer Vision to Action Plan, which is also a Choice Neighborhoods Implementation Grant awardee.

Anticipated Total Number of New Vouchers to be Project-Based *	Actual Total Number of New Vouchers that were Project-Based	Anticipated Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year *	Anticipated Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year *
28	28	446	446

Actual Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year	Actual Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year
446	446

* From the Plan

Other Changes to the Housing Stock that Occurred During the Fiscal Year

HACP and its partners began the process to re-syndicate tax credit units at the pre-exsiting LIHTC property,Crawford Square. HACP will become a partial owner of 188 units, of which 60 will be designated as Project Based Voucher units and 128 will remain as LIHTC units. This process should be completed in 2017

General Description of Actual Capital Fund Expenditures During the Plan Year

Completed:Northview Heights- Paint work and comprehensive modernization of bathrooms, kitchens, floors and windows and balcony repairs for the high rise. Finello- REAC & safety Items. Morse Gardens-Interim REAC/Safety Items. Caliguri- Window replacement hazardous materials abatement as needed. Ongoing: Bedford Dwellings-Cast iron pipes replacement & miscellaneous work and comprehensive rehabilitation at the Bedford Hope Center. Carrick Regency circuit board programming/paving in parking lots. Arlington Heights-Building entrance doors/hardware & a roof joist. Northview Heights-Concrete work throughout the community.Murray Towers- Comprehensive modernization for RAD conversion. PA Bidwell- Balcony Repairs/Exterior. Homewood North- Stoop repairs and paving in courtyards. Pressley St-Community rooms common areas upgrade. Allegheny Dwellings- Canopies, door frames and entrance repairs. Glen Hazel- Comprehensive modernization for RAD conversion.Interior renovations & site work. Gualtieri- Masonry repairs,heating/cooling lines, noise reduction/ exterior site work & trash compactor-Scattered Sites-Partial Comprehensive Modernization of 10 units.

Overview of Other Housing Owned and/or Managed by the PHA at Fiscal Year End

Housing Program *	Total Units	Overview of the Program
Housing Program 1 *	X	Overview of the program
Housing Program 2 *	X	Overview of the program
Housing Program 3 *	X	Overview of the program
Total Other Housing Owned and/or Managed	0	

*** Select Housing Program from:** Tax-Credit, State Funded, Locally Funded, Market-Rate, Non-MTW HUD Funded, Managing Developments for other non-MTW Public Housing Authorities, or Other.

If Other, please describe: Description of "other" Housing Program

B. MTW Report: Leasing Information

Actual Number of Households Served at the End of the Fiscal Year

Housing Program:	Number of Households Served*	
	Planned	Actual
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs **	635	635
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs **	146	144
Port-In Vouchers (not absorbed)	N/A	N/A
Total Projected and Actual Households Served	781	779

* Calculated by dividing the planned/actual number of unit months occupied/leased by 12.

** In instances when a Local, Non-Traditional program provides a certain subsidy level but does not specify a number of units/Households Served, the PHA should estimate the number of Households served.

Housing Program:	Unit Months Occupied/Leased****	
	Planned	Actual
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs ***	7620	7620
Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs ***	1632	1689
Port-In Vouchers (not absorbed)	N/A	X
Total Projected and Annual Unit Months Occupied/Leased	9252	9309

*** In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/Households Served, the PHA should estimate the number of households served.

**** Unit Months Occupied/Leased is the total number of months the housing PHA has occupied/leased units, according to unit category during the year.

	Average Number of Households Served Per Month	Total Number of Households Served During the Year
Households Served through Local Non-Traditional Services Only	X	X

Reporting Compliance with Statutory MTW Requirements: 75% of Families Assisted are Very Low-Income

HUD will verify compliance with the statutory objective of "assuring that at least 75 percent of the families assisted by the Agency are very low-income families" is being achieved by examining public housing and Housing Choice Voucher family characteristics as submitted into the PIC or its successor system utilizing current resident data at the end of the agency's fiscal year. The PHA will provide information on local, non-traditional families provided with housing assistance at the end of the PHA fiscal year, not reported in PIC or its successor system, in the following format:

Fiscal Year:	2011	2012	2013	2014	2015	2016	2017	2018
Total Number of Local, Non-Traditional MTW Households Assisted	644	720	746	750	761	769		
Number of Local, Non-Traditional MTW Households with Incomes Below 50% of Area Median Income	n/a	n/a	737	747	753	761		
Percentage of Local, Non-Traditional MTW Households with Incomes Below 50% of Area Median Income	n/a	n/a	99%	99%	99%	99%		

Reporting Compliance with Statutory MTW Requirements: Maintain Comparable Mix

In order to demonstrate that the statutory objective of "maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration" is being achieved, the PHA will provide information in the following formats:

Baseline for the Mix of Family Sizes Served

Family Size:	Occupied Number of Public Housing units by Household Size when PHA Entered MTW	Utilized Number of Section 8 Vouchers by Household Size when PHA Entered MTW	Non-MTW Adjustments to the Distribution of Household Sizes *	Baseline Number of Household Sizes to be Maintained	Baseline Percentages of Family Sizes to be Maintained
1 Person	1714	994	X	2708	29.61
2 Person	1721	1536	X	3257	35.62
3 Person	1427	1134	X	2561	28
4 Person	300	208	X	508	5.55
5 Person	84	27	X	111	1.21
6+ Person	X	X	X	0	0
Totals	5246	3899	0	9145	1

Explanation for Baseline Adjustments to the Distribution of Household Sizes Utilized	
	At this time, HACP has not requested any adjustments to the baseline for the mix of families served. It should be noted that HACP's total baseline of families to be served has increased to a total of 9563, but these additional authorized units do not have a family size and therefore are not reflected in these charts. Also, HACP has collected data only to 5+, and thus does not have a separate entry for 6+.

Mix of Family Sizes Served							
	1 Person	2 Person	3 Person	4 Person	5 Person	6+ Person	Totals
Baseline Percentages of Household Sizes to be Maintained **	26.61%	35.62%	28.00%	5.55%	1.21%	0.00%	100%
Number of Households Served by Family Size this Fiscal Year ***	3443	2741	2120	427	76	0	8807
Percentages of Households Served by Household Size this Fiscal Year ****	39%	31.12%	24.07%	4.85%	0.86%	0	0.9999
Percentage Change	47%	-13%	-14%	-13%	-0.29	0	

Justification and Explanation for Family Size Variations of Over 5% from the Baseline Percentages	The formulas included are not appropriate for this measure, and result in exaggerated percentages that are not appropriate for evaluation of this requirement. For example on entering MTW, 5.55% of the families served by HACP were 4 person families. In 2016,that percentage has declined to 4.85%. HACP believes this is a change of -13 percent. By this measure, the only increase greater than 5% is in single person households, which HACP attributes to aging in place of families and increased number of single, elderly households, not to any decisions made by the HACP, and not to any impacts of its MTW initiatives.

* "Non-MTW adjustments to the distribution of family sizes" are defined as factors that are outside the control of the PHA. Acceptable "non-MTW adjustments" include, but are not limited to, demographic changes in the community's population. If the PHA includes non-MTW adjustments, HUD expects the explanations of the factors to be thorough and to include information substantiating the numbers used.

** The numbers in this row will be the same numbers in the chart above listed under the column "Baseline percentages of family sizes to be maintained."

*** The methodology used to obtain these figures will be the same methodology used to determine the "Occupied number of Public Housing units by family size when PHA entered MTW" and "Utilized number of Section 8 Vouchers by family size when PHA entered MTW" in the table immediately above.

**** The "Percentages of families served by family size this fiscal year" will reflect adjustments to the mix of families served that are directly due to decisions the PHA has made. HUD expects that in the course of the demonstration, PHAs will make decisions that may alter the number of families served.

Description of any Issues Related to Leasing of Public Housing, Housing Choice Vouchers or Local, Non-Traditional Units and Solutions at Fiscal Year End	
Housing Program	**Description of Leasing Issues and Solutions**
Low Income Income Public Housing	No issues were experienced in leasing public housing units
Housing Choice Voucher Program	Challenges related to leasing Housing Choice Vouchers include ageing housing stock leading to high rate of initial failed inspections; a tightening housing market created more completion of available units with non voucher households and continued reluctance of many landlords to accept families utilizing voucher assistance. HACP identified additional units and landlords through the preferred owners program, continued outreach to landlords and the the implementation of the Success Rate payment standard 2016.
Non-Traditional Local Programs	No issues were experienced in leasing non-traditional housing units

Number of Households Transitioned To Self-Sufficiency by Fiscal Year End		
Activity Name/#	**Number of Households Transitioned ***	**Agency Definition of Self Sufficiency**
# 1 Modified Rent Policy HCV	33	Free of Cash Assistance
# 2 Modified Rent Policy LIPH	32	Free of Cash Assistance
# 5 Homeownership	8	Completed Home Purchase
Households Duplicated Across Activities/Definitions	0	* The number provided here should match the outcome reported where metric SS #8 is used.
ANNUAL TOTAL NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF SUFFICIENCY	73	

C. MTW Report: Wait List Information

Wait List Information at Fiscal Year End

Housing Program(s) *	Wait List Type **	Number of Households on Wait List	Wait List Open, Partially Open or Closed ***	Was the Wait List Opened During the Fiscal Year
Low Income Income Public Housing	Site-Based	3,715	Partially Open	Yes
Housing Choice Voucher Program	Community Wide	3,716	Closed	No
Non-Traditional Local Programs (no wait list for homeownership, combined wait lists at mixed finance, mixed income sites)	Site-Based	n/a	Open	Yes

More can be added if needed.

** Select Housing Program* : Federal MTW Public Housing Units; Federal MTW Housing Choice Voucher Program; Federal non-MTW Housing Choice Voucher Units; Tenant-Based Local, Non-Traditional MTW Housing Assistance Program; Project-Based Local, Non-Traditional MTW Housing Assistance Program; and Combined Tenant-Based and Project-Based Local, Non-Traditional MTW Housing Assistance Program.

*** Select Wait List Types:* Community-Wide, Site-Based, Merged (Combined Public Housing or Voucher Wait List), Program Specific (Limited by HUD or Local PHA Rules to Certain Categories of Households which are Described in the Rules for Program Participation), None (If the Program is a New Wait List, Not an Existing Wait List), or Other (Please Provide a Brief Description of this Wait List Type).

*** For Partially Open Wait Lists, provide a description of the populations for which the waiting list is open.

MTW Publlic Housing: Wait lists are open in all communities for all bedroom sizes except 1 bedroom units in family communities.
MTW Housing Choice Voucher Program: Wait list reopened in 2015 to all populations for a limited time, with position assigned by lottery to over 7,000 applicants. The Wait list remained closed in 2016.
Non-Traditional Programs- tax credit units in mixed finance, mixed income developments have wait lists operated by private management.

If Local, Non-Traditional Program, please describe:

Homeownership: Currently no wait list, program participation is open otherwise eligible families. If demand for soft second mortgage approaches annual budget authority a wait list for participants with mortgage pre approval letters will be established.
Non-Traditional Program-Tax credit units in mixed finance, mixed income developments have wait lists operated by private management.

If Other Wait List Type, please describe:

HACP LIPH Site Based Waiting List- HACP's Site Based Site Preference System allows applicants to choose up to three communities of preference,or the first available from all properties. The number listed above is of unduplicated applicants on the waiting list, although each applicant may be on more than one individual site list. Public housing units in mixed finance/mixed income privately managed properties are not included, as each location operates a separate waiting list.

PBV wait lists operated by HACP open and close based on demand.

If there are any changes to the organizational structure of the wait list or policy changes regarding the wait list, provide a narrative detailing these changes.

HACP maintains a centralized application process however pre-applications can be submitted on site.

Section III. Proposed Moving To Work Activities: HUD Approval Requested

All proposed activities that have been approved by HUD are reported on in Section IV as "Approved Activities."

Section IV. Approved MTW Activities: HUD approval previously granted.

APPROVED MTW ACTIVITIES – HUD APPROVAL PREVIOUSLY GRANTED

Activity	Plan Year Approved	Plan Year Implemented	Current Status
1. Pre-Approval Inspection Certification for Multi-Unit Housing	2015 Annual Plan	2015	Implemented
2. Preferred Owners Program	2015 Annual Plan	2015	Implemented
3. Modified Rent Policy - Work or FSS Requirement or increased minimum tenant payment for non-exempt HCV households	2011 Annual Plan	2011	Implemented
4. Modified Rent Policy - Work or FSS Requirement or increased minimum rent for non-exempt LIPH households	2008 Annual Plan	2008-2009	Implemented
5. Revised Recertification Policy – at least once every other year – for Section 8/HCV	2008 Annual Plan	2008	Implemented
6. Revised Recertification Policy – at least once every other year – LIPH	2009 Annual Plan	2009	Implemented
7. Homeownership Program: Operation of Combined LIPH and Section 8/HCV Homeownership Program; Program assistance to include soft-second mortgage assistance coupled with closing cost assistance, homeownership and credit counseling, and foreclosure prevention only; establish a soft-second mortgage waiting list; expand eligibility to persons on the LIPH and HCV program waiting lists; expand eligibility to persons eligible for LIPH or HCV	Combined Program approved in 2007; other elements approved in 2010; expansion of eligibility to person eligible for LIPH or HCV in 2014.	2007; 2010; 2014.	Implemented
8. Modified Housing Choice	2001 Annual	2001	Implemented

Voucher Program policy on maximum percent of Adjusted Monthly Income permitted.	Plan		
8. Modified Payment Standard Approval - establish Exception Payment Standards up to 120% of FMR without prior HUD approval.	2004 Annual Plan; additional features in 2013.	2004; 2013.	Implemented. Ongoing for persons with disabilities; On Hold for exception areas.
9. Step Up To Market Financing Program	2012 Annual Plan	2013	Implemented

A. IMPLEMENTED ACTIVITIES - ONGOING

1. Pre-Approval Inspection Certification for Multi-Unit Housing

To encourage owners and managers of multi-unit housing properties to lease more units to HCV participants, HACP is streamlining the inspection process for these types of properties. In 2015, The HCV program implemented Pre-Approval Inspection Certifications in multi-unit housing if those units are leased to a HCV program participant within 60 days of the pre-tenancy HQS inspection certification.

The Pre-Approval Inspection Certification process applies to buildings with 4 or more units located within a single structure; the Pre-Approval process cannot be applied to scattered site housing. All units seeking Pre-Approval Inspection Certification must be vacant at the time the HQS inspection occurs and must remain vacant until a Request for Tenancy Approval is submitted for the unit. Pre-Approval Inspection Certification status is accepted for tenancy approvals during the 60 day period after the unit passes HQS inspection. If a Request for Tenancy Approval is submitted after the 60 day qualifying period, a new initial HQS inspection must be performed before the unit is approved for tenancy. HAP payments are not tied to the Pre-Approval Inspection. HAP payments begin from the tenancy certification date only.

Statutory Objective:
This activity addresses the MTW statutory objective to increase housing choices for low-income families.

Authorizations:
Attachment C (D)(5) which waives certain provisions of Sections 8 (o)(8) of the 1937 Act and 24 CFR982 Subpart I

Attachment C(D)(1)(d) which waives certain provisions of Sections 8(o)(9) of the 1937 Act and 24 CFR 982.311.

HACP experienced positive yet modest results in the second year of implementation. With the on boarding of the landlord advisory council and the addition of the landlord outreach specialist more landlords are applying for the program. HACP expects increased participation in the coming plan year as benefits of the program are realized during turnover.

Standard Metric	Unit of Measurement	Baseline	Benchmark	2016 Outcome
Local Metric- Housing Choice: Additional Units of Housing Made Available	Number of new housing units made available for households at or below 80% of AMI as a result of the activity (increase).	Housing units prior to implementation: **0**	Increase the number of units in multi-unit housing structures available to low-income families after implementation: **Initial 1 year increase of 50 units in multi- unit structures and 4% per year thereafter.**	Actual number of units in multi-unit housing structures after implementation. 35
Cost Effectiveness #1: Agency Cost Savings	Total cost of task in dollars (decrease).	Cost of inspections in dollars prior to implementation: **$677,300 annually**	Expected cost of task after implementation: **$674,375 annually**	Actual cost after implementation (in dollars). $65,5720
Cost Effectiveness #2: Staff Time Savings	Total time to complete the task in staff hours (decrease).	Total staff time to complete inspections prior to implementation: **15,662.5 hours annually**	Expected amount of total staff time dedicated to inspections after implementation: **15,630 hours annually**	Actual amount of staff time after implementation (in hours). 20,176
Cost Effectiveness #3: Decrease in Error Rate of Task Execution	Average error rate in completing a task as a percentage (decrease).	Average error rate of task prior to implementation: **0.1%**	Expected average error rate of inspections after implementation: **0.1% (HACP does not expect a change in error rate as a result of this program.)**	Expected average error rate of inspections after implementation: .1%

2. Preferred Owners Program

The Preferred Owners Program promotes improved quality of properties and properties in quality neighborhoods, with the aim of addressing the statutory objective to increase housing options for HACP voucher holders. It also aims to increase Cost Effectiveness, as it reduces staff time spent on inspections.
Owners or property managers accepted to the program pass a rigorous set of guidelines consistent HQS inspection passes; complete online and in-person trainings for owners and property managers, and commitment to leasing to more than one HCV voucher holder.

Incentives provided to member landlords are priority inspection scheduling, biennial inspections, and acceptance of prior inspections conducted less than 60 days ago for vacated units. Other incentives include vacancy payments of no more than two months' HAP payments for most recent tenancy when the landlord commits to leasing to another voucher holder and priority placement on HACP's property listing web page.

Authorization: Attachment C (D)(5) which waives certain provisions of Sections 8 (o)(8) of the 1937 Act and 24 CFR982 Subpart I and Attachment C(D)(1)(d) which waives certain provisions of Sections 8(o)(9) of the 1937 Act and 24 CFR 982.311.

Standard HUD Metric	Unit of Measurement	Baseline	Benchmark	2016 Outcome
Local Metric- Housing Choice: Additional Units of Housing Made Available	Number of new housing units made available for households at or below 80% AMI as a result of the activity (increase). If units reach a specific type of household, give that type in this box.	Housing units of this type prior to implementation: **0 (current number of units of landlords in this program).**	Expected housing units of this type after implementation of the activity: 90	Actual housing units of this type after implementation (number). 683
Housing Choice #2: Units of Housing Preserved	Number of housing units preserved for households at or below 80% AMI that would otherwise not be available (increase). If units reach a specific type of household	Housing units preserved prior to implementation of the activity: **0 (number of units currently in the program).**	Expected housing units preserved after implementation of the activity: 90	Actual housing units preserved after implementation of the activity (number). 683
Cost Effectiveness #1: Agency Cost Savings	Total cost of task in dollars (decrease).	Cost of inspecting 90 units in dollars prior to implementation **$5,850 per year**	Expected cost of task after implementation **$2,925 per year.**	Actual cost after implementation (in dollars). $44,395

Cost Effectiveness #2: Staff Time Savings	Total time to complete the task in staff hours (decrease).	Total staff time to complete inspections for 90 Preferred Owner units prior to implementation: **135 hours per year.**	Expected amount of total staff time dedicated to inspecting 90 Preferred Owner units after implementation **67.5 hours per**	Actual amount of staff time after implementation (in hours).
Cost Effectiveness #3: Decrease in Error Rate of Task Execution	Average error rate in completing a task as a percentage (decrease).	Average error rate of task prior to implementation: 0.1%	Expected average error rate of inspections after implementation: 0.1% [HACP does not expect a change in error rate as a result of this program.]	Actual average error rate of inspections after implementation (percentage).

HACP Specific Metric	**Unit of Measurement**	**Baseline**	**Benchmark**	**2016 Outcome**
Landlords are enrolled in Preferred Owners Program.	Landlords enrolled in Preferred Owners Program (number).	Landlords enrolled in Preferred Owners Program before start of the program: zero (0).	Expected number of landlords enrolled in Preferred Owners Program after six months:	Actual number of landlords enrolled in Preferred Owners Program after six months
Increase in landlord satisfaction with HACP.	Landlords who rate HACP as “good” or “excellent” (percentage).	Amount of landlords who rate HACP as “good” or “excellent” before start of the program: 55%.	Expected amount of landlords who rate HACP as “good” or “excellent” after six months of the program:	Actual amount of landlords who rate HACP as “good” or “excellent” after six months of the program (percentage)

Total participation was less than expected in the first year. Most of the plan year required extensive outreach to landlords unfamiliar with the program and wary of entering another process. Toward the end of year, HACP recruited several landlords totaling over 207 units by the end of 2015. Efforts to target smaller landlords are anticipated for 2016. HACP and the landlord outreach team remains committed to forging relations within the community and recruiting new landlords to the HCV program and in turn increasing participation.

3. Modified Rent Policy for the Section 8 Housing Choice Voucher Program

As approved in 2011, HACP requires that any non-elderly, non-disabled head of household who is not working at least 15 hours a week to either a) participate in a local self-sufficiency, welfare to work, or other employment preparation and/or training/educational program or b) pay a minimum tenant payment of $150.00 per month. Voucher holders can claim an exemption from the work or $150 minimum tenant payment requirements as a result of participation in a self-sufficiency program for a maximum of five years. This policy provides additional incentives for families to work or prepare for work and will increase overall accountability. HACP's objectives for this program include increased employment and income by participants, increased participation in local self-sufficiency, welfare to work, and other employment preparedness/training/educational programs, and possibly decreased HAP expenditures.

Because of limited capacity in HACP's REAL Family Self-Sufficiency Program, voucher holders whose rent calculation results in a rent of less than $150 per month are permitted to certify via independent third party to their participation in an eligible local self-sufficiency, welfare to work, or other training or education program. HACP continues to pursue expanded partnerships to maximize the program options available for voucher holders.

HACP initially identified programs that would qualify affected families for an exemption from the $150.00 minimum tenant payment, including the Pennsylvania Department of Public Welfare's Welfare to Work program that is associated with TANF assistance. HACP is working with the Allegheny County Department of Human Services and the Pennsylvania Department of Public Welfare and has identified additional programs and conducted outreach to identified programs to notify agencies of the new requirements and what constitutes acceptable verification.

The provisions of the modified policy are expected to increase the percentage of families reporting earned income and increase the number of families pursuing training and preparation for work through local self-sufficiency, welfare to work, or other employment preparation/training/education programs.

Baselines, Benchmarks, and metrics – benchmarks established as of August 2010 remain and are indicated in the bullets below. Subsequent numbers are included in the charts.

- HACP's August 2010 HCV Program population included 1976 non-elderly, non-disabled families whose tenant payment calculation was less than $150 per month.

- Of those families, 1454 did not report any wage income. This is the group that this policy was expected to impact.
- Participation among all HCV program participants in HACP's REAL FSS program was 371.
- 769 program participants showed TANF income, and thus were assumed to be compliant with state welfare to work requirements. 98 of these families were enrolled in HACP's REAL FSS program.
- HACP also calculated average HAP overall, average HAP for non-elderly/non-disabled households, and average HAP for households whose rent calculation is less than $150 per month prior to application of utility allowances. See charts for results.

Please see the chart below for December baseline information and Benchmark targets for each measure.

Housing Choice Voucher Program

Measure	Baseline	Benchmark	Outcome
	12/2010	12/2016	12/2016
**Non-Elderly, non-disabled families with total tenant payment <$150	1988	1790	734
Average overall HAP	$486	$470	$494
Average HAP for non-elderly, non-disabled	$538	$520	$541
**Average HAP for non-elderly, non-disabled paying <$150	$657	$540	$384

FSS program Stats subdivided by LIPH/HCV	**LIPH or HCV**	**2016**	**2016 Totals**
FSS Participants	LIPH	503	790
	HCV	287	
Number of families working (of FSS Participants)	LIPH	285	470
	HCV	185	
Percentage of families working (of FSS participants)	LIPH	56	60%
	HCV	65%	
Number of participants graduating from FSS	LIPH	34	73
	HCV	39	
Number of participants from Escrow accounts	LIPH	176	341
	HCV	165	

This activity is Authorized by Section D. 2. a. of Attachment C and Section D. 1. of Attachment D of the Moving To Work Agreement.

Information for Rent Reform Activities

Narrative will be updated to reflect current FSS data

- A review of the data above and below indicates the policy is having the anticipated impact, although HACP FSS enrollments, and declines in average HAP payments for non-elderly, non-disabled families paying less than $150 per month rent are behind projections. Mechanisms to confirm participation in non-HACP Local Self-Sufficiency programs (LSS) are continuing to be reviewed to ensure accuracy of collected data and the benchmark for FSS enrollments may be unnaturally inflated as families choose LSS programs. As capacity becomes available, families are encouraged to enroll in HACP's FSS program.
- In 2016, HACP saw positive results from this initiative, with increases in employment rates both overall and among FSS participants. Escrow activity increased among FSS participants which implies more families earned wage income throughout the year. Participation in training declined, as criteria for training participation remained competitive, and outside resources for training were limited. Other measures remained fairly stable, as expected but

more importantly, participants within the impacted population averaged HAP payments that were significantly lower than the program average. Increases in average HAP payments for the entire program are believed to be a result of a tightening rental market and increases in rents generally, not as a result of any change in income among program participants. HACP remains committed to, and optimistic about, the long term impact of this policy and will secure new third party evaluators to further analyze HACP's rent policies and the FSS program in 2016.

- Additional Data and HUD Standard Metrics are included below.
- Hardship Requests: HACP approved two (2) hardship requests in 2016.

Standard HUD Metrics – Self-Sufficiency – modified based on HACP capability			
Unit of Measure	Baseline	Benchmark	2016 Outcome
SS#1: Increase on Household Income: Average Gross Income of all households	$11,802	$11,750	$11,883
SS#2: Increase in Household Savings: Average amount of savings/escrow of households affected by this policy in dollars (increase)	$3,789.66**	$3,100	$2,138.74
SS#3: Increase in Positive Outcomes in Employment Status: Other: Employed full or part time - Number	1475	1600	2083
SS#3: Increase in Positive Outcomes in Employment Status: Other: Employed full or part time – percentage (of all families)	28.61%	33%	36%
SS#3, Increase in Positive Outcomes in Employment Status: Other (3 + 4): Enrolled in Education or training program *number* (of FSS participants)	101	65	21
SS#3, Increase in Positive Outcomes in Employment Status: Other (3 + 4): Enrolled in Education or training program *percentage* (of FSS participants)	22.54%	20%	8%
SS#4: Households Removed from Temporary Assistance for Needy Families (TANF): Number of households receiving TANF assistance (of all households) (decrease)	774	700	769

SS#5: Households Assisted by Services that Increase Self-Sufficiency: Number of households receiving services aimed to increase Self-sufficiency (FSS enrollment)	353	300	280
SS#6: Reducing Per Unit Subsidy Costs for Participating Households: Average amount of Section 8 Subsidy per household affected by this policy in dollars (HAP) (all households) (decrease)	$466.24	$530	$494
SS#8: Households Transitioned to Self-sufficiency: Number of households transitioned to self-sufficiency (graduation)	12	50	33

* All households, elderly and disabled excluded.

HACP Metrics - HCV FSS

	2010	Benchmark	2016 Outcome
FSS Participants	448	300	280
Families working (of FSS participants)	248	210	181
% of families working (FSS participants)	55%	70%	65%
# graduating	12	50	33
# with FSS accounts	191	180	143

4. Modified Rent Policy for the Low Income Public Housing Program.

As approved in 2008, HACP requires that any non-elderly, non-disabled head of household who is not working to either participate in the Family Self-Sufficiency Program or pay a minimum rent of $150.00 per month. Specifically, the HACP lease and ACOP requires that any non-elderly, non-disabled head of household who is not working and is paying less than $150.00 per month in rent will be required to participate in a Family Self-Sufficiency Program. For administrative purposes, this has been presented as a minimum rent of $150 per month with the following exceptions:

- Tenant actively participating in HACP, Department of Public Welfare, or other approved self-sufficiency program.
- Tenant is age 62 or older.

- Tenant is blind or otherwise disabled and unable to work.
- Tenant is engaged in at least 15 hours of work per week.
- Tenant has applied for a hardship exemption.

All other elements of rent calculation remain unchanged, and those in one of the categories listed above may have rents of less than $150.00 per month but not less than $25.00 per month.

HACP may grant a hardship exemption from the rent, including the $25.00 per month minimum required of those exempted from the $150.00 minimum rent, under the following circumstances:

- When the family is awaiting an eligibility determination for a government assistance program;
- When the income of the family has decreased because of loss of employment;
- When a death has occurred in the family; and
- When other such circumstances occur that would place the family in dire financial straits such that they are in danger of losing housing. Such other circumstances will be considered and a determination made by the HACP.

HACP's modified rent policy was expected to have a number of positive impacts on the HACP and HACP residents, including, but not limited to, increased rent collections by the HACP, a changed environment where work by adults is the norm, an increased level of active participation in the HACP self-sufficiency program and, of course, added incentive for residents to become self-sufficient.

HACP established baseline measures in mid-2008 and mid-2009 as the full implementation of the policy was completed, and detailed information on the impact of the activity as compared against the benchmarks and outcome metrics are included below.

In addition to the baseline measures established in mid-2008 and mid-2009 as the full implementation of the policy was completed, HACP has some data dating to 2005 when the LIPH enhanced FSS program was established. LIPH data through 2014 from the Tracking at a Glance Software, Emphasys Elite, and internal reports are included in the tables below.

HACP Metrics - LIPH FSS

FSS Program Stats	Baseline 2005	Benchmark	2016 Outcome
FSS Participants	658	575	492
Number of families working (of FSS participants)	181	328	207
Percentage of families working (of FSS participants)	28%	57%	42%
# graduating from FSS	n/a	50	32
# of FSS participants with escrow accounts	29	190	155

Item	Baseline July 2008	Benchmark	Dec 2016 Outcome
HACP Rent Roll Amounts ($)	$685,682	$605,000	$633,310
HACP Rent collection amounts ($)	$612,027	$638,000	$659,455
Average Rent All Communities	$198.88	$218	$255
Number of families working (reporting wage income)	713	615	772
Percentage of families working	22%	25%	29%

Data is collected via Emphasys Elite software, with periodic reports based on the tenant database.

HACP anticipated that this policy would result in increased rent roll and collections, increased participation in the FSS program, and increased number and percentage of families working. The first three indicators were expected to increase immediately, however, due to recent economic conditions and the time needed for families to prepare for work, the number and percentage of families working was not expected to increase until the second or third year of policy implementation.

At this point of implementation, expected results have actualized and are generally in line with expected outcomes. In 2016, HACP continued to see progress as a result of this initiative. Number and percentage of families working, both overall and among participants in the FSS program, increased and 32 participants graduated from the program. Average rents continued to increase resulting in a 13 percent growth rate. FSS participation remained in line despite high populations of elderly disabled households, FSS graduation totals and tightened pre-qualification criteria and reduced availability of training programs. HACP remains committed to this effort and will secure new third party evaluators to further analyze HACP's rent policies and the FSS program in 2017.

To more fully understand the impacts of this policy, HACP has also gathered the following

LIPH Rent Policy Impact Data	Baseline 2010	Benchmark	Outcome 2016
Item		Number	Number
Total non-disabled non-elderly families	1394	1110	990
Number of families working (reporting wage income)	595	625	510
Percentage of non-disabled, non-elderly families working	43%	56%	52%
Number of families impacted (non-elderly non- disabled and rent less than $150)	828	615	455
Number exempt due to disability (disabled, rent <$150)	206	141	61
Number exempt due to elderly (age 62+, rent <$150)	72	70	16
Number enrolling in FSS (not elderly, not disabled, Tenant Rent <= $150 and enrolled in	353	625	273

Standard HUD Metrics – LIPH FSS			
Unit of Measure	Baseline	Benchmark	Outcome 2016
SS#1, additional: Increase in Household Income: Average Gross Income of all households	$11,268	$11,900	$12,714

SS#2: Increase in Household Savings: Average amount of savings/escrow of households affected by this policy in dollars (increase).	1,772	$2,200	$2715
SS#3: Increase in Positive Outcomes in Employment Status: Other: Employed Number (all households)	620	650	546
SS#3: Increase in Positive Outcomes in Employment Status: Other: Employed percentage (all households)	21.72%	26%	20%
SS#3 Increase in Positive Outcomes in Employment Status: Other: (3+4): Enrolled in Education or Training program number (of FSS participants)	88	30	37
SS#3 Increase in Positive Outcomes in Employment Status: Other: (3+4): Enrolled in Education or Training program percentage (of FSS participants)	14%	4.6%	8%
SS#4: Households Removed from Temporary Assistance for Needy Families (TANF): Number receiving TANF (all)	637	365	324
SS#5: Households Assisted by Services that Increase Self-Sufficiency: Number of households receiving Self-sufficiency services (FSS enrollment)	634	550	492
SS#7: Increase in Agency Rental Revenue: PHA Rental Revenue in dollars (increase)	$626,041	$640,000	$659,455
SS#8: Households Transitioned to Self-Sufficiency: Number of households transitioned to self-sufficiency (graduation)	7	50	32

This policy is authorized by section C. 11. of Attachment C, and Section C. 3 of Attachment D of the Moving To Work Agreement.

5. Revised recertification requirements policy.

Approved in 2008 for the Housing Choice Voucher Program and in 2009 for the Low Income Public Housing Program, recertification requirements are modified to require recertification at least once every two years rather than annually. Changes in income still must be reported, standard income disregards continue to apply, and HACP continues to utilize the EIV system in completing recertifications. This policy change reduces administrative burdens on the Authority, thereby reducing costs and increasing efficiency.

HACP has calculated the average time to process a recertification, the number of recerts completed annually, and the resulting costs, and has compared this to the same total calculations subsequent to the change in policy to measure the impact.

Re-certification Policy for HCV	Baseline 2010	Benchmark	Outcome 2016
Number of Annual Recerts	2698	3100	2917
Number of interim Recerts	1889	2400	2832
Total Recerts (2009 Estimated)	4596	5500	5749
Average cost per recert	$53.63	53.63	53.63
Total estimated costs	$246,483	$294,965	$308,319

Re-certification Policy for LIPH	2010	Benchmark	Outcome 2016
Number of Annual Recerts	2587	1300	1534
Number of interim Recerts	1052	1090	1648
Total Recerts	3639	2390	3182
Average cost per recert	$53.63	53.63	$53.63
Total estimated costs	$195,159.57	$128,176	$170,651

In 2016, HACP saw an increase in recertifications in the LIPH program due to the Larimer/East Liberty relocation and initial relocation of Allegheny Dwellings redevelopment of residents. The Housing Choice Voucher program total certifications and time spent on has also increased as a result of the reopening of the HCV waiting list in late 2015. Furthermore, reopening of the HCV waitlist and processing of Addison Phase II and Larimer/East Liberty Phase I properties created an influx of new annuals and interim certifications.

This initiative also provides positive outcomes in accommodating HACP's dominate population of elderly and disabled persons in both programs, whom often have homogeneous incomes from year to year. This policy alleviates some burden from the impediment of transportation and harsh climate in the City of Pittsburgh, particularly during the winter months when the elderly and disabled face additional burden when traveling.

HCV - HUD STANDARD METRICS – Cost Effectiveness- Estimates

Unit of measure	Baseline	Benchmark	2016 Outcome
CE#1: Agency Cost Savings: Total cost of task in dollars (decrease)	$294,965	$246,698	$308,319
CE#2: Staff Time Savings: Total Time To Complete the Task in staff hours (decrease)	11,000 hours	9,200 hours	11,498 hours

Note: provided numbers do not account for fluctuations in program size.

LIPH - HUD STANDARD METRICS – Cost Effectiveness - Estimates

Unit of measure	Baseline	Benchmark	2016 Outcome
CE#1: Agency Cost Savings: Total cost of task in dollars (decrease)	$208,942.48	$187,705	$170,651
CE#2: Staff Time Savings: Total Time To Complete the Task in staff hours (decrease)	7,792 hours	7,000 hours	6,364 hours

Note: provided numbers do not account for fluctuations in program size.

Authorized by Section C. 4. of Attachment C (for public housing) and Section D.1. c. of Attachment C (for Housing Choice Voucher Program).

6. A. Operation of a combined Public Housing and Housing Choice Voucher Homeownership Program.

Initially approved in 2007, with additional components approved in 2010 and 2013. HACP operates a single Homeownership Program open to both Low Income Public Housing and Housing Choice Voucher Program households. This approach reduces administrative costs, expands housing choices for participating households, and provides incentives for families to pursue employment and self-sufficiency through the various benefits offered. By combining the programs, increased benefits are available to some families.

HACP data in 2009 indicated that there were over 800 families receiving Housing Choice Voucher assistance who had income high enough to be considered for homeownership. HACP tracks the number, and success rate, of Homeownership Program participants from the LIPH and HCV program. Further analysis of potentially eligible participants in the LIPH and HCV programs is conducted periodically, followed by appropriate outreach to potentially eligible families. The total number of homeownership sales and the number of participants in the program are also tracked to measure the impact of this initiative.

The tables below show Homeownership Program Statistics relevant to this Section IV. 4., and also to Section IV. 5. below.

Homeownership Program Statistics

Homeownership Statistics	2016 Total	LIPH 2016	HCV 2016	Eligible Non Resident Participant
Closings / Purchase	9	1	6	2
Sales Agreements	13	1	9	3
Pre-Approval Letters	14	1	10	3
Number of applicants completing homebuyers course & 1st mortgage pre-approval)	24	1	15	8
Homebuyer Education Referrals	90	23	67	n/a
HACP funds for closing (total)	$46,905.15	$2,540	$10,379.85	$12,530
Average HACP 2nd mortgage amount*	$29,717.80	0	$29,147.25	$16,000
Average Purchase price	$98,983.33	$142,000	$90,750	$101,500
Amount of non-HACP assistance**	$44,450	$7,000	$36,950	$500
Foreclosures	0	0	0	0

Assistance from other sources was as follows:

	2016
<u>Housing Choice Voucher Program Buyers:</u>	
Seller's assist	$ 5,400
State	0
Dollar Bank 3-2-1	$ 3,000
URA Soft-Second Mortgage	$26,000
First Front Door	$2,550
Bartko Foundation	0
Total	**$36,950**
<u>LIPH Program Buyers:</u>	
Seller's assist	$7,000
State	0
Dollar Bank 3-2-1	0
URA Soft-Second Mortgage	0
First Front Door	0
Bartko Foundation	0
Total	**$7,000**

Foreclosure Prevention: Only two homes have gone into foreclosure in our program's history, with 130 families supported to become homeowners in the last 10 years. The family refused multiple offers of assistance and the resources of the foreclosure prevention component of HACP's homeownership program.

Homeownership Soft-Second Mortgage Waiting List: This has not been established, as at no point have pre-approvals and closings combined approached our budgeted level.

HACP continued to see success with this program, with 8 families becoming homeowners in 2016. In addition, 24 new families continued to enroll in and complete the program, becoming prepared for future purchases. HACP did experience a slight decrease in home purchases in 2016 due mainly to several closing rescheduling to early 2017. In recent years, Pittsburgh has experienced steady growth and demand for housing resulting in increased rental costs. Many applicants were eager to enter homeownership, as mortgage payments became comparable to the rising rental rates. As mentioned, HACP received approval through its 2017 annual plan to increase the maximum second soft mortgage amount to $52,000 and closing cost assistance to $8,000. With increased capacity to provide competitive assistance, HACP expects to experience continuous growth in the program in 2017.

NOTE: Standard HUD Metrics were not utilized in the 2013 MTW Annual Plan.

HUD Standard Metrics - Cost Effectiveness - Homeownership			
Unit of Measurement	Baseline	Benchmark	2016 Outcome
Number of recerts (reduced)	10/year	0	8
CE#1: Agency Cost Savings: Total cost of task in dollars (decrease) (recerts)	$5,330.	0	42,640
CE#2: Staff Time Savings: Total time to complete the task in staff hours (decrease) recerts)	20	0	160
CE#4: Increase in Resources Leveraged: Amount of funds leveraged in dollars (increase)	0	$35,000	$43,950

HUD Standard Metrics - Housing Choice			
Unit of Measurement	Baseline	Benchmark	2016 Outcome
HC#5: Number of households able to move to a better unit and/or neighborhood of opportunity	0	10	8
HC#6: Increase in Homeownership Opportunities: Number of households that purchased a home	0	10	8
HC#7: Households Assisted by Services that Increase Housing Choice: Number of households receiving services aimed at increasing housing choice	0	45	90

This activity is Authorized by Section B. 1. and D. 8 of Attachment C and Section B. 4. of Attachment D of the Moving To Work Agreement.

6. **B. Homeownership Program assistance to include soft-second mortgage assistance coupled with closing cost assistance, homeownership and credit counseling, and foreclosure prevention only; expand eligibility to persons on the LIPH and HCV program waiting list; establish a Homeownership Soft-second mortgage waiting list.**

Initially approved in 2010, the following provisions of the HACP homeownerhsip program are unchanged for 2014:

i. Provide soft-second mortgage financing for home purchases to eligible participants, calculated as follows: eligible monthly rental assistance x 12 months x 10 years, but in no case shall exceed $32,000. The second mortgage is forgiven on a pro-rated basis over a ten year period.
ii. Expand Homeownership Program eligibility to include persons on HACP's LIPH and Section 8 HCV waiting lists who have received a letter of eligibility for those programs from the HACP.
iii. Establish a Homeownership Waiting List to assist in determining the order of eligibility for second mortgage Homeownership benefits.

This program continues successfully, reducing costs for the HACP, providing incentives for families to become self-sufficient homeowners, and expanding housing choices for eligible families. Program enrollment is steady, and as in prior years, only 2 foreclosures have taken place. Please see the program statistics under Section 4. A., above, for statistics, HUD Standard Metrics, and additional information on the results of this initiative.

This activity is Authorized by Section B. 1. and D. 8 of Attachment C and Section B. 4. of Attachment D of the Moving To Work Agreement.

7. **Modified Housing Choice Voucher Program policy on maximum percent of Adjusted Monthly Income permitted.**

Originally approved in 2001, HACP's operation of the Housing Choice Voucher Program allows flexibility in the permitted rent burden (affordability) for new tenancies. Specifically, the limit of 40% of Adjusted Monthly Income allowed for the tenant portion of rent is used as a guideline, not a requirement. HACP continues to counsel families on the dangers of becoming overly rent burdened, however, a higher rent burden may be acceptable in some cases. This policy increases housing choice for participating families by giving them the option to take on additional rent burden for units in more costly neighborhoods.

While this is a long-standing HACP policy, HACP is continuing to pursue data sources in order to identify the percentage of families renting in non-impacted census tracts prior to the policy change to establish a baseline, and to compare this to the percentage of new leases approved in non-impacted census tracts. HACP will also assess the percentage of new leases utilizing the affordability exception. Initial data and calculation assessments determined additional work was needed to ensure accuracy, and this work is ongoing.

In 2016, 34 families took advantage of this option furthering their ability to move to a residence of their choice HACP expects more families to exercise this option in coming years as redevelopment continues throughout the City of Pittsburgh and market costs continue to steadily increase.

This activity is authorized in Section D. 2. C. of Attachment C and Section D. 1. b. of Attachment D of the Moving To Work agreement.

NOTE: Standard HUD Metrics were not utilized in the 2013 MTW Annual Plan.

HUD Standard Metrics – Housing Choice

Unit of Measurement	Baseline	Benchmark	2016 Outcome
HC#1: Additional units made available: Number of new units made available to households at or below 80%AMI*	0	50	34
HC#5: Increase in Resident Mobility: Number of households able to move to a better unit and/or neighborhood of opportunity	0	50	34

* Note: Assumes the unit rented by a family at more than 40% of adjusted monthly income would not be affordable, and thus not available, to low income families.

8. Modified Payment Standard Approval.

Originally approved in 2004, HACP is authorized to establish Exception Payment Standards up to 120% of FMR without prior HUD approval. HACP has utilized this authority to establish Area Exception Payment Standards and to allow Exception Payment Standards as a Reasonable Accommodation for a person with disabilities. Allowing the Authority to conduct its own analysis and establish Exception Payment Standards reduces administrative burdens on both the HACP and HUD (as no HUD submission and approval is required) while expanding housing choices for participating families.

HACP does not currently have any Area Exception Payment Standards, having eliminated them in prior years due to budgetary constraints, but may re-establish such areas in future years.

HACP continues to allow an Exception Payment Standard of up to 120% of FMR as a reasonable accommodation for persons with disabilities and to increase housing choices for persons with disabilities.

In 2013, HACP received approval to establish an Exception Payment Standard for new or substantially renovated fully Accessible Units meeting the Requirements of the Uniform Federal Accessibility Standard (UFAS), up to 120% of FMR. This exception payment standard can be used by HACP in the Project Based Voucher Program or other rehabilitation or new construction initiatives to support the creation of additional UFAS accessible units.

This initiative will increase housing choices for low-income families who require the features of an accessible unit. Implementation of this initiative will increase the availability of affordable accessible units in desirable locations and environments, decreasing wait times and increasing the number of families who can reside in a unit that meets all of their accessibility needs. Most specifically, it will increase the number of fully accessible units (and families) supported by the Housing Choice Voucher (HCV) Program, and will increase the choices for low-income disabled families receiving assistance through the HCV program.

This authorization streamlines the process for approval of the exception payment standard to promote the creation of accessible units in the City of Pittsburgh. Based on the factors of Pittsburgh's topography and older housing stock, few fully accessible units exist outside of senior citizen high rise buildings. These factors also make conversion of existing units more difficult and costly, and make meeting the UFAS standards challenging even in new construction. Therefore, this exception payment standard provides an incentive for engagements of new construction and building renovations to include accessible units, and to cover the added costs associated with meeting those exacting standards.

In 2016, HACP constructed 10 UFAS units in Addison Redevelopment Phase II under this payment standard and few other families took advantage of this initiative, but those disabled families that did so had more choices in their search for an affordable home. 13 Additional project based vouchers UFAS units were also be completed in 2016 as part of Larimer Redevelopment Phase I through the Choice Neighborhoods Implementation grant.

Modified Payment Standard - HUD Standard Metrics – Housing Choice

Measure	Baseline	Benchmark	2016 Outcome
HC#1: Additional Units made available: Number of new units made available for households at or below 80% of AMI	0	8	23
HC#2: Units of Housing Preserved: Number of housing units preserved for households at or below 80% of AMI	0	0	0
HC#4: Displacement Prevention: Number of households at or below 80% AMI that would lose assistance or need to move	0	0	0
HC#5: Increase in Resident Mobility:			

Number of households able to move to a better unit and/or neighborhood of opportunity	0	8	23

HACP Measure:

Measure	A. Baseline	B. Benchmarks	Outcome
New Housing Units Available	0	2014 – 4 2015 – 8 2016 – 13 Total: 25	6 20 23 Total: 35

This activity is authorized under Section D. 2. a. of Attachment C of the Moving To Work Agreement.

9. Use of Block Grant Funding Authority via the *Step Up To Market Financing Program* for Development, Redevelopment, and Modernization

In 2012, HACP proposed and HUD approved the Use of Single Fund Flexibility to support development and redevelopment via the *Step Up To Market Financing Program*.

Throughout its Moving To Work Program, HACP has utilized the block grant funding flexibility of the Moving To Work Program to generate funds to leverage development and redevelopment activities. These development and redevelopment activities are a key strategy in pursuit of the goal of repositioning HACP's housing stock. This strategy increases effectiveness of federal expenditures by leveraging other funding sources and increases housing choices for low-income families by providing a wider range of types and quality of housing.

For example, in 2010 HACP utilized $7,672,994 generated from Housing Choice Voucher Subsidies and Low Income Public Housing Subsidies to support redevelopment of Garfield Heights, specifically Garfield Heights Phase III. This helped produce 23 LIPH units, 9 Tax Credit affordable units, and spurred additional investments that created 9 affordable market rate units. This leveraged $7,291,363 in Low Income Housing Tax Credit Equity and $200,000 in additional investments in the LIPH and Tax Credit units. Closing for Garfield Phase III occurred in 2010, and construction and lease up was completed in 2011.

These investments increase housing choice by creating brand new public housing and low income tax credit units, and are the catalyst for the creation of affordable market rate units available to low-income families. These new units provide a style and quality of housing for low-income families that are not widely available in the Pittsburgh housing market.

This activity is authorized by Section B. of Attachment C of the Moving To Work Agreement, with additional specific authorizations in Attachment C, Section B (1) and D. (7) and Attachment D, Section B (1) and Section D(1).

Closing on Addison Phase II and Larimer/East Liberty Phase I, including elements of the *Step Up To Market financing program*, occurred in late 2015. Section A below describes the overall authorities approved and Section B below describes the specific authorities utilized in 2015.

A. Description:
   - HACP will expand its use of the Block grant authority authorized in the Moving To Work Agreement to leverage debt to fund public housing redevelopment and modernization. The goal is to address additional distressed properties in HACP's housing stock prior to the end of the current Moving To Work agreement. Specifically, HACP will identify properties for participation in the *Step Up To Market Program* and will utilize one or more strategies, subject to any required HUD approvals, including but not limited to, the following:

     i. Project basing HACP units without competitive process
     ii. Determining a percentage of units that may be project-based at a development up to 100% of units
     iii. Project basing units at levels not to exceed 150% of the FMR as needed to ensure viability of identified redevelopment projects. Actual subsidy levels will be determined on a property-by-property basis, and will be subject to a rent reasonableness evaluation for the selected site, and a subsidy layering review by HUD. When units are HACP-owned, the rent reasonableness evaluation will be conducted by an independent third party.
     iv. Extending Eligibility for project based units to families with incomes up to 80% of AMI.
     v. Establishing criteria for expending funds for physical improvements on PBV units that differ from the requirements currently mandated in the 1937 Act and implementing regulations. Any such alternate criteria will be included in an MTW Plan or Amendment submission for approval prior to implementation.
     vi. Establishing income targeting goals for the project based voucher program, and/or for specific project based voucher developments, that have a goal of promoting a broad range of incomes in project based developments.
     vii. Other actions as determined to be necessary to fund development and/or modernization subject to any required HUD approvals. HACP will follow HUD protocol and submit mixed-finance development proposals to HUD's Office of Public Housing Investments for review and approval.

In 2016, HACP utilized elements of the Step Up To Market strategy for financing Addison Phase III and Larimer/East Liberty Phase II Allegheny Dwellings redevelopment, Crawford Square re-syndication and the acquisition of Manchester Commons. HACP and its partners have identified the following strategies that will leverage Low Income Housing Tax Credits and capital contributions by the HACP in order to complete the financing for the following projects: Addison Phase III, Larimer/East Liberty Phase II, Allegheny Dwellings Phase I, Northview Midrise, and Glen Hazel RAD.

1. Project basing HACP units without competitive process (As authorized under Attachment C. Section B. Part 1. b. vi. and Part 1. c.; Attachment C. Section D. 7. a.. authorizing the HACP "to project-base Section 8 assistance at properties owned directly or indirectly by the agency that are not public housing, subject to HUD's requirement regarding subsidy layering.").

2. Determining a percentage of units that may be project based at a development, up to 100% of units. (As authorized under Attachment C. Section B. Part 1. b. vi. (authorizing the provision of HCV assistance or project-based assistance alone or in conjunction with other provide or public sources of assistance) and vii. (authorizing the use of MTW funds for the development of new units for people of low income); and Part 1. c. (authorizing these activities to be carried out by the Agency, of by an entity, agent, instrumentality of the agency or a partnership, grantee, contractor or other appropriate party or entity); Attachment C. Section D. 7. c. (authorizing the agency to adopt a reasonable policy for project basing Section 8 assistance) and Attachment D Section D. 1. c. (authorizing HACP to determine Property eligibility criteria)).

3. Extending Eligibility for project based units to families with incomes up to 80% of AMI. (As authorized under Attachment C. Section B. Part 1. b. vi. and Part 1. c.; Attachment C. Section D. 7. (authorizing the agency to establish a project based voucher program) and Attachment D Section D. 1. a. (authorizing the agency to determine reasonable contract rents).

4. Acquiring units without prior HUD approval item needs to be added, with appropriate language, from MTW Plan amendment.

HACP submitted a full development proposal, including Rental Term Sheet, Pro Formas, Sources and Uses, schedules, Evidentiary documents, and other detailed project information to HUD's Office of Public Housing Investments or other HUD office as directed for approval as part of the mixed finance approval process as per HUD's protocol, and will ensure completion of a subsidy layering review. This process was completed and approved for Addison Phase III in 2016

B. Relationship to Statutory Objectives

- This policy will expand housing choices for low and moderate income families by fostering the redevelopment of obsolete housing and replacing it with quality affordable housing including low income public housing units, and low income housing tax credit units; it will also provide expanded unit style options offering townhouses, as well as apartments where currently only walk-up apartments are available.
- This policy has the potential to improve the efficiency of federal expenditures by stabilizing the long term costs of operating and maintaining low-income housing properties, and leveraging other capital resources (low-income housing tax credits and private market debt, foundation grants, local government matching funds, etc.

C. Anticipated Impacts

- This policy is expected to allow the redevelopment of obsolete properties to continue at a reasonable pace, resulting in improved living conditions and quality of life for residents, reduced costs for the HACP, increases in leveraged resources, improvement and investment in surrounding neighborhoods, reduced crime at redeveloped properties, increased housing choices for assisted families.

In 2015, HACP submitted and received approval of full development proposal from HUD for Addison Phase II and Larimer/East Liberty Phase I, as per standard protocols, utilizing several elements authorized by this initiative. Construction was completed on all Addison Phase II units in 2016, and is fully occupied. Larimer/East Liberty Phase I construction was completed in 2016 as well and is nearing complete occupancy.

In 2016, a four percent low-income housing tax credit application was submitted for Larimer/East Liberty Phase II. The Addison Phase III low-income housing tax credit application submitted in 2015 were awarded in 2016 and financial closing was achieved soon after. HACP was able to complete the master planning processes for Allegheny Dwellings redevelopment which, once completed will yield 300 new units.

HACP completed several notable projects including the acquisition and preservation of affordable housing in the jurisdiction. In partnership with the City of Pittsburgh HACP acquired 348 preexisting units of which 188 units will be Project Based through re-syndication. HACP found additional success though the acquisition of Manchester Commons, a former Hope VI development nearing the end of its affordability period. HACP completed the acquisition thus preserving the affordability of the units and adding 86 units to the Scattered Sites portfolio.

HUD Standard Metrics - Housing Choice

Unit of Measurement	Baseline	2016 Benchmark	2016 Outcome
HC#1: Additional Units of Housing Made Available: Number of new units made available to households at or o below 80% AMI	0	92	92
HC#5: Increase in Resident Mobility: Number of households able to move to a better unit and/or neighborhood of opportunity	0	92	92
HC#6: Increase in Homeownership Opportunities: Number of households that purchased a home	0	10	8

This activity is authorized by the Moving To Work Agreement, Attachment C. Section B. 1 and Section D. 7., and Attachment D. Section B. 1. and Section D. 1. ;

B. **Not Yet Implemented Activities**

HACP does not currently have any approved but not yet implemented activities.

C. **On-Hold Activities**

HACP activities that could be considered as 'on hold' are actually subsets of implemented activities. They are as follows:

2. Exception Payment Standard Areas. Originally approved in 2004 as part of a larger approval on Exception payment standards, HACP suspended its Exception Payment Standard Area in 2007 in order to reduce costs and streamline administration. Depending on future funding, and changes to the local market, HACP may develop new exception payment standard areas to increase housing choices for voucher families. HACP does not currently have a plan or timeline for re-implementation due to uncertainties in near and long-term future funding.

D. **Closed Out Activities**

Since entering the Moving To Work Program in 2000, HACP has also instituted a number of Moving To Work initiatives that in 2014 no longer require specific Moving To Work Authority. Some of those initiatives are:

1. Establishment of Site Based Waiting Lists. Closed out prior to execution of the Standard Agreement as Moving To Work authority was no longer required for this activity.
2. Establishment of a variety of local waiting list preferences, including a working/elderly/disabled preference and a special working preference for scattered site units. Closed out prior to execution of the Standard Agreement as Moving To Work authority was no longer required for this activity.
3. Modified Rent Reasonableness Process. Closed out prior to execution of the Standard Agreement as Moving To Work authority was no longer required for this activity.
4. Transition to Site Based Management and Asset Management, including Site Based Budgeting and Accounting. Closed out prior to execution of the Standard Agreement as Moving To Work authority was no longer required for this activity.

5.

Other Activities

Several activities that utilized Moving To Work Authority, but are not specified as specific initiatives waiving specific regulations, were previously included in the initiative section but no longer require that separate listing. They are as follows:

- Use of Block Grant Funding Authority to support Development and Redevelopment, Enhanced and Expanded Family Self-sufficiency and related programming, and the HACP MTW Homeownership Program.
    - Originally approved with the initial Moving To Work Program and expanded to include homeownership and resident service programs in subsequent years, HACP continues to use Moving To Work block grant funding to support its Moving To Work Initiatives. Additional information on the use of Single Fund block grant authority is included in other sections of this MTW Plan, particularly Section V. on Sources and Uses of funds.

- Energy Performance Contracting
    - Under HACP's Moving To Work Agreement, HACP may enter into Energy Performance Contracts (EPC) without prior HUD approval. HACP will continue its current EPC, executed in 2008, to reduce costs and improve efficient use of federal funds.
    - HACP's current EPC included installation of water saving measures across the authority, installation of more energy efficient lighting throughout the authority, and installation of geo-thermal heating and cooling systems at select communities. It was completed in 2010, with final payments made in 2011. Monitoring and Verification work began in 2011, with the first full Monitoring and Verification report completed for the 2012 year. HACP's objectives include realizing substantial energy cost savings. HACP reports on the EPC in the MTW Annual Report.

- Establishment of a Local Asset Management Program.
    - In 2004, prior to HUD's adoption of a site based asset management approach to public housing operation and management, HACP embarked on a strategy to transition its centralized management to more decentralized site-based management capable of using an asset management approach. During HACP's implementation, HUD adopted similar policies and requirements for all Housing Authorities. Specific elements of HACP's Local Asset Management Program were approved in 2010, as described in the Appendix, Local Asset Management

Program. HACP will continue to develop and refine its Local Asset Management Program to reduce costs and increase effectiveness.

Annual MTW Report

V.3.Report.Sources and Uses of MTW Funds

A. MTW Report: Sources and Uses of MTW Funds

Actual Sources and Uses of MTW Funding for the Fiscal Year

PHAs shall submit their unaudited and audited information in the prescribed FDS format through the Financial Assessment System - PHA (FASPHA), or its successor system

Describe the Activities that Used Only MTW Single Fund Flexibility

HACP had budgeted to utilize its single fund flexibility to direct funding from the HCVP and Low Income Public Housing programs to support the authority's Moving to Work initiatives and other activities. This included budgeting $30,953,684 towards development, $9,385,222 for modernization, protective services and resident services. During 2016 the Authority used $18,268,987 from MTW Section 8 and $9,060,449 from Public Housing. The MTW funds used to support the current development deals at Northview Mid-Rise, Addison and Larimer came to $18,268,987. The amount of $2,766,071 was used to support the Energy Performance Contract, Extraordinary expenses and Administrative costs. Lastly, $4,208,484 was spent on protective services and $2,185,878 on resident services.

V.4.Report.Local Asset Management Plan

B. MTW Report: Local Asset Management Plan

Has the PHA allocated costs within statute during the plan year?	Yes		
Has the PHA implemented a local asset management plan (LAMP)?	Yes	or	

If the PHA is implementing a LAMP, it shall be described in an appendix every year beginning with the year it is proposed and approved. It shall explain the deviations from existing HUD requirements and should be updated if any changes are made to the LAMP.

Has the PHA provided a LAMP in the appendix?	Yes	or	

C. MTW Report: Commitment of Unspent Funds

In the table below, provide planned commitments or obligations of unspent MTW funds at the end of the PHA's fiscal year.

Account	Planned Expenditure	Obligated Funds	Committed Funds
1499	Gap Financing Supporting Project Based Vouchers	$6,000,000	$10,000,000
1499	Allegheny Dwellings Phases II & III	$0	$1,253,684
1499	Northview Mid-Rise Development	$15,900,000	$16,000,000
1499	Scattered Sites Acquisitions	$0	$3,700,000
1499	Addison Phase I	$1,886,511	$1,886,511
1499	Manchester Phases I-IV	$482,476	$482,476
1460	Authority Wide Modernization	$3,550,707	$3,550,707
1475	Vehicles & Fire Alarms	$512,013	$512,013
1408	Resident Services	$2,085,894	$2,342,980
1408	Protective Services	$4,208,484	$4,519,253
4520	Energy Performance Contact	$2,766,071	$2,766,071
	Total Obligated or Committed Funds:	$37,392,156	$47,013,695

Section VI. Administrative

A. Description of any HUD reviews, audits, or physical inspection issues that require action to address the issue.

- HACP takes appropriate action on any REAC identified Physical Condition issues.
- HACP had no other HUD reviews or audits requiring action by HACP at the end of 2014.

B. Results of PHA-directed evaluations of the demonstration.

- Please see Appendices IV and V for HACP directed third-party evaluations of HACP MTW Modified Rent Policy, and HACP Homeownership Program.

C. Certification that HACP has met the statutory requirements of the MTW Demonstration.

HACP hereby certifies that it has met the Statutory Requirements of 1) assuring that at least 75% of the families assisted by the Agency are very low-income families; 2) continuing to assist substantially the same total number of eligible low-income families as would have been served absent the demonstration; and 3) maintaining a comparable mix of families by family size, as would have been served or assisted had the amounts not been used under the demonstration.

Section VII. Sources and Uses of Funding

A. B. C. Planned Sources and Uses of Funds (MTW, Non-MTW, State and Local)

Please see the charts at the end of this Chapter, which show sources and uses of MTW and non-MTW funds.

D. Deviations in Cost Allocation and Fee For Service Approach - Approach to Asset Management

In implementing its Moving To Work Initiatives, HACP's Local Asset Management Approach includes some deviations in cost allocation and fee for service approaches, as well as other variations to HUD asset management regulations. Because these all relate to accounting and sources and uses of funds, the information on HACP's Local Asset Management Program and Site Based Budgeting and Accounting is included in this section.

Approach to Asset Management

HACP followed HUD's guidelines and asset management requirements including AMP-based financial statements. HACP retained the HUD chart of accounts and the HUD crosswalk to the FDS. Under the local asset management program, HACP retained full authority to move its MTW funds and project cash flow among projects without limitation. The MTW single fund flexibility, after payment of all program expenses, was utilized to direct funds to the HACP development program, wherein HACP is worked to redevelop its aging housing stock.

HACP's plan is consistent with HUD's ongoing implementation of project based budgeting and financial management, and project-based management. Operations of HACP sites were coordinated and overseen by Property Managers on a daily basis, who oversaw the following management and maintenance tasks: maintenance work order completion, rent collection, leasing, community and resident relations, security, unit turnover, capital improvements planning, and other activities to efficiently operate the site. HACP Property Managers received support in conducting these activities from the Central Office departments, including operations, human resources, modernization, Resident Self-Sufficiency, Finance, and others.

HACP Property Managers developed and monitored property budgets with support from the HACP Finance staff. Budget training was held to support the budget development process. HACP continues to develop and utilize project-based budgets for all of its asset management projects (AMPs). Property managers have the ability to produce monthly income and expense statements and use these as tools to efficiently manage their properties. All direct costs were directly charged to the maximum extent possible to the AMPs.

HACP utilized a fee for Service and frontline methodology as outlined in 24 CFR 990 and in the HACP Operating Fund Rule binder, which describes the methodology used for allocating its expenses.

New Initiatives and Deviations from General Part 990 Requirements

During FY2016 the authority undertook the following initiatives to improve the effectiveness and efficiency of the Authority:

- HACP maintained the spirit of the HUD site based asset management model. It retained the COCC and site based income and expenses in accordance with HUD guidelines, but eliminated inefficient accounting and/or reporting aspects that yielded little or no value from the staff time spent or the information produced.

- HACP established and maintained an MTW cost center that held all excess MTW funds not allocated to the sites or to the voucher program. This cost center and all activity therein was reported under the newly created Catalog of Federal Domestic Assistance number for the MTW cost center. This cost center also held some of the large balance sheet accounts of the authority as a whole. Most notably most of the banking and investment accounts were maintained within the MTW cost center.

- The MTW cost center essentially represented a mini HUD. All subsidy dollars were initially received and resided in the MTW cost center. Funding was allocated annually to sites based upon their budgetary needs as represented and approved in their annual budget request. Sites were monitored both as to their performance against the budgets and the corresponding budget matrix. They were also monitored based upon the required PUM subsidy required to operate the property. HACP maintained a budgeting and accounting system that gave each property sufficient funds to support annual operations, including all COCC fee and frontline charges. Actual revenues included those provided by HUD and allocated by HACP based on annual property-based budgets. As envisioned, all block grants were deposited into a single general ledger fund.

- Site balance sheet accounts were limited to site specific activity, such as fixed assets, tenant receivables, tenant security deposits, unrestricted net asset equity, which were generated by operating surpluses, and any resulting due to/due from balances. Some balance sheet items still reside in the MTW fund accounts, and include such things as workers compensation accrual, investments, A/P accruals, payroll accruals, payroll tax accruals, employee benefit accruals, Family Self-sufficiency escrow balances, etc. The goal of this approach was to minimize extraneous accounting, and reduce unnecessary administrative burden of performing monthly allocation entries for each, while maintaining fiscal integrity.

- All cash and investments remain in the MTW cost center during the year. Sites had a due to/due from relationship with the MTW cost center that represented cash until the authority performed its year-end accounting entries and allocated to each site a share of the cash and investments. This is a one-time entry each year for Financial Data Schedule presentation purposes and is immediately reversed on the first day of the next calendar year. This saves the authority the time and effort of breaking out the cash and investments monthly on the General Ledger.

- All frontline charges and fees to the central office cost center were reflected on the property reports, as required. The MTW ledger did not pay fees directly to the COCC. As allowable under the asset management model, however, any subsidy needed to pay legacy costs, such as pension or terminal leave payments, were transferred from the MTW ledger or the projects to the COCC.

- ❖ The Energy Performance Contract accounting was broken out to the sites. This included all assets, liabilities, debt service costs, and cost savings.

- ❖ No inventory exists on the books at the sites. A just in time system has been implemented. This new inventory system has been operational and more efficient, both in time and expense.

- ❖ Central Operations staff, many of whom performed direct frontline services such as home ownership, self-sufficiency, and/or relocation, were frontlined appropriately to the low income public housing and/or Section 8 Housing Choice Voucher programs, as these costs are 100 percent low rent and/or Section 8.

- ❖ Actual Section 8 amounts needed for housing assistance payments and administrative costs were allotted to the Housing Choice Voucher program, including sufficient funds to pay asset management fees. Block grant reserves and their interest earnings were not commingled with Section 8 operations, enhancing the budget transparency. Section 8 program managers have become more responsible for their budgets in the same manner as public housing site managers.

- ❖ Information Technology costs were directly charged to the programs benefiting from them, e.g. the LIPH module cost was directly charged to AMPs; all indirect IT costs were charged to all cost centers based on a "per workstation" charge rather than a Fee for Service basis. This allowed for equitable allocation of the expense while saving time and effort on allocating out each invoice at the time of payment.

- ❖ MTW initiative funded work, such as contributions to the HACP development program, also funded a 10 percent administration budget. This is done in order to adequately and commensurately fund the administrative work to support the MTW initiatives. The authority used MTW initiative flexibility to fund various development and modernization projects during FY 2016.

<u>Flexible use of Phase in of Management Fees –</u>
As a component of its local asset management plan, the Housing Authority of the City of Pittsburgh elected to make use of phase-in management fees for 2010 and beyond. The HUD prescribed management fees for the HACP are $57.17 PUM. HACP proposed and received approval on the following phase-in schedule and approach:

Schedule of Phased-in Management Fees for HACP –

2008 (Initial Year of Project Based Accounting)	$91.94
2009 (Year 2)	$84.99
2010 (Year 3)	$78.03
2011 (Year 4 and beyond)	$78.03

The above numbers reflect 2011 dollars.

HACP has diligently worked to reduce its staffing and expenditure levels and reduce unnecessary COCC costs; it continues to do so, in an effort to cut costs further, in order to comply with the COCC cost provisions of the operating fund rule. It is also working to increase its management fee revenues in the COCC, through aggressive, and we believe, achievable, development and lease up efforts in both the public housing and leased housing programs. As such, HACP is continuing to lock in at current level phase in fees as approved in the 2016 Annual Plan. HACP, as indicated above, has made cuts to its COCC staffing, in virtually every department. It has reduced staff, reduced contractors, cut administration, and made substantial budget cuts to move toward compliance with the fee revenue requirements. Nevertheless, we are not yet able to meet the PUM fee revenue target until we grow our portfolio size. Fortunately, a major component of the HACP strategic plan is to grow its public housing occupancy, both through mixed finance development and management, as well as in house management, so as to better serve our low income community and to recapture some of the fees lost to demolition. This requires central office staff, talent and expense. To make this plan work, i.e. to assist in the redevelopment of the public housing portfolio, we will need the continued benefit of the locked in level of phase in management fees.

As further support for this fee lock, we should note that HACP has historically had above normal central office costs driven by an exceedingly high degree of unionization. HACP has over a half dozen different collective bargaining units; this has driven up costs in all COCC departments, especially in Human Resources and Legal. In addition, HACP is governed by City laws that require City residency for all its employees. This has driven up the cost to attract and retain qualified people throughout the agency. This is especially the case in the high cost COCC areas, where HACP has had to pay more to attract the necessary talent to perform these critical functions.

The phase in fee flexibility, coupled with HACP’s planned growth in public housing occupancy and increases in voucher utilization, will enable HACP's COCC to become sustainable in the long term and fully compliant with the operating fund rule. It should also be noted that this fee flexibility will come from HACP’s MTW funds, and will require no additional HUD funding. This flexibility is the essence of the MTW program, and will go a long way towards enabling HACP to successfully undertake and complete its aggressive portfolio restructuring efforts.

Use of Single Fund Flexibility

HACP had budgeted to utilize its single fund flexibility to direct funding from the HCVP and Low Income Public Housing programs to support the authority's Moving to Work initiatives and other activities. This included budgeting $30,953,684 towards development, $9,385,222 for modernization, protective services and resident services. During 2016 the Authority used $18,268,987 from MTW Section 8 and $9,060,449 from Public Housing. The MTW funds used to support the current development deals at Northview Mid-Rise, Addison and Larimer came to $18,268,987. The amount of $2,766,071 was used to support the Energy Performance Contract, Extraordinary expenses and Administrative costs. Lastly, $4,208,484 was spent on protective services and $2,085,894 on resident services.