

embarking
on a

new


Era



HOUSING
AUTHORITY
OF THE
CITY OF
PITTSBURGH

ANNUAL REPORT • 2001 • 2002

embarking on a **new era**

An aerial photograph of Pittsburgh, Pennsylvania, showing a mix of urban architecture. In the foreground, there are residential neighborhoods with rows of townhouses and a large, modern brick apartment building. The middle ground features a prominent white domed structure, likely the Civic Arena. The background is dominated by the city's skyline, including several tall skyscrapers under a clear blue sky. The text is overlaid on the left side of the image.

The Housing Authority of the City of Pittsburgh (HACP) launched into a new era during fiscal year 2001, a year which marked accomplishments, improvements and met goals that far exceeded expectations. These hallmarks reflect the HACP's purpose and vision: to develop and make available affordable, safe housing and help families achieve the independence they strive to acquire. A brighter future is always within reach thanks to the commitment of HACP and the diligence of every department employee.



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HACP Communities

Addison Terrace • Allegheny Dwellings

Allequippa Terrace • Arlington Heights

Auburn Towers • Bedford Dwellings

Bernice Crawley Manor • Broadhead Manor

Caliguiri/Allentown • East Hills

Finello Pavilion • Garfield Heights

Glen Hazel • Gualtieri Manor

Homewood North • Kelly Street

Manchester • Mazza Pavilion

Morse Gardens • Murray Towers

Northview Heights Estates • Oak Hill

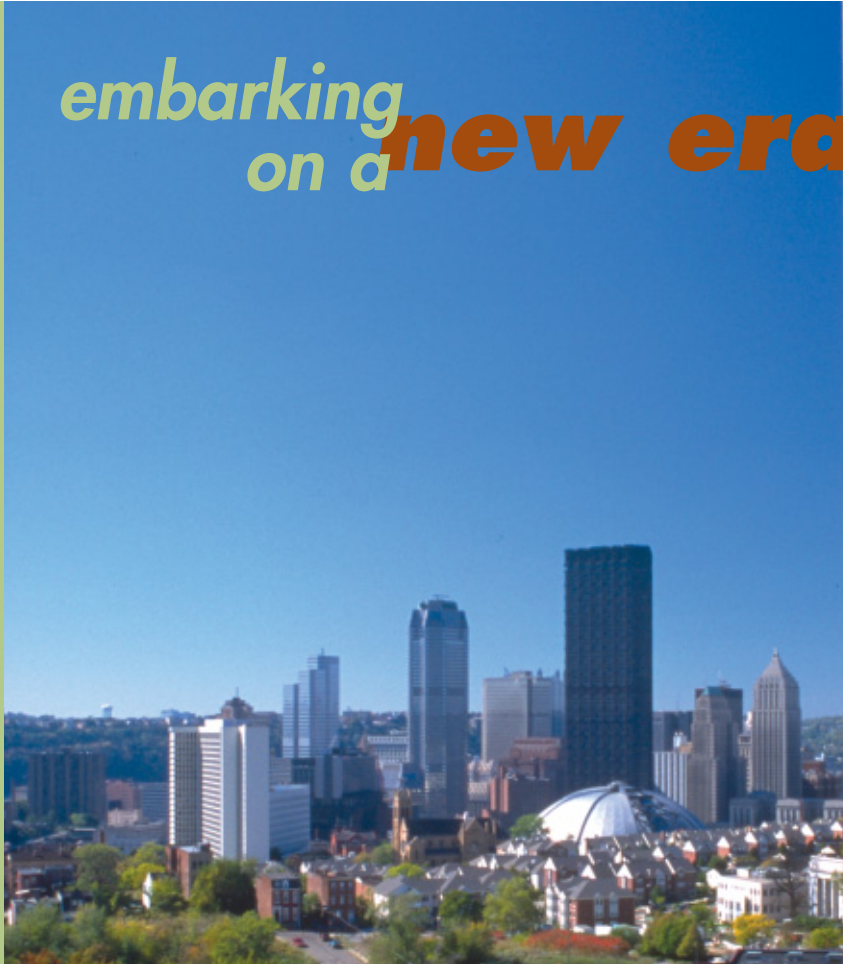
Pennsylvania / Bidwell • Pietragallo Regency

Pressley Street • Silver Lake

St. Clair Village • Scattered Sites



embarking
on a **new era**

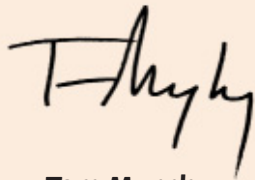


a message from the **mayor**

Everywhere we look today, we see that Pittsburgh is a City on the move. From the construction of new world-class sports facilities for the Pirates and Steelers, to the growth of high technology in our region to the many new housing and recreational opportunities along our riverfronts, there is a true renaissance underway in Pittsburgh.

Part of the renaissance is due to the redevelopment of existing housing in the Pittsburgh community. From the construction of the Bedford Dwellings Hope VI project to the ongoing commitment to rejuvenating City housing, Pittsburgh is truly a City where one can find varied and affordable housing.

It is through our continued partnership that Pittsburgh is able to remain at the forefront of offering our housing communities safe and vibrant places to live, work and play.



Tom Murphy
Mayor, City of Pittsburgh





Silver Lake Commons

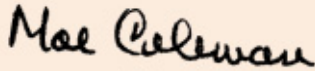
Slated for completion in the fall of 2003, will be the first public housing based supportive care facility for senior citizens in Western Pennsylvania. The complex will include 75 units, 59 of which will be reserved for current HACP residents.

a message from the chairmen

2001 was a year of both controversy and performance. The Housing Authority resolved an internal audit report that stimulated headlines and was the center of political controversy. At the same time, the staff and board continued developing initiatives like the Hope VI Program, tightened its finance and operating procedures and continued to strengthen its relationship with tenants, community leaders and the media.

A national search was conducted to replace the former HACP executive director who resigned after leading the agency through a major restructuring effort.

Keith Kinard, after serving as an excellent acting director, was hired to fill the position. The Housing Authority - with a strong board, under the leadership of Gerald Voros, and with a highly capable staff - is poised for a future of substantial accomplishments.

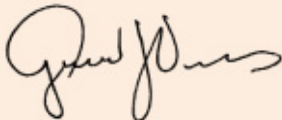


Moe Coleman

Chairman, The Housing Authority of the City of Pittsburgh
(2000 - 2002)

Change is something we all experience in our lives. The Housing Authority of the City of Pittsburgh has experienced major change in the past few years. Change in leadership, in how we house tenants, in how they select the type of housing and location, in how contractors and suppliers are monitored for costs, performance, and compliance with contracts.

It is all aimed at providing safe, affordable, comfortable and quality housing for low-income citizens. All of this has happened and will continue to happen because of some 550 employees of the Authority who know they are doing something to help their neighbors. They deserve a salute for their good work.



Gerald Voros

Chairman, The Housing Authority of the City of Pittsburgh
(2002 - Present)





Oak Hill

HACP's Oak Hill community replaces the former Allequippa Terrace, which was one of the largest and more distressed public housing sites in Pennsylvania. The new development incorporates a mix of middle and low income housing opportunities, as well as homeownership opportunities.

a message from the **director**

During the course of the last two years the Housing Authority of the City of Pittsburgh (HACP) has undergone a major transformation. We sustained a period of scrutiny and a number of internal and external challenges and managed to redefine our mission and reaffirm our commitment to the community. It has been an exciting and challenging period for the Authority; however, I can proudly say that our efforts have produced great improvements and positive results.

As I stepped into the role of Acting Executive Director in 2001, my primary goal was to initiate a process that would insure accountability and stabilize the organization in the midst of turmoil and transition. Shortly thereafter, we adopted a vision for the Authority: to become the highest quality provider of affordable housing in Pittsburgh and, a set of Core Values by which we will conduct our business.

In order to improve public confidence in the agency, we worked diligently to reduce rental delinquency rates, improve customer satisfaction and employee moral and, at the same time, produce balanced budgets for 2001 and 2002. We focused closely on the importance of providing quality customer service and, through a series of employee training sessions, tried to instill the value of customer service in all of our employees.

Our recent efforts have set the tone for continued success. We have demonstrated that perseverance and focus are the keys to meeting your goals. We look forward to the future, poised to build off the success achieved in 2001 and 2002.

We are currently moving forward with a number of substantial development projects (Bedford, Manchester, Oak Hill and Silver Lake) in order to insure that we are providing the highest quality affordable housing in Pittsburgh. I look forward to the completion of several of these projects within the next year.

We are also preparing to launch the Lock Box rent collection system. Once implemented Authority-wide the program should make the rent payment process more efficient and much more convenient for our residents. We plan to continue the implementation of the Moving to Work (MtW) program, and will work to create more opportunities for homeownership through the disposition of Scattered Sites properties.

I believe that things are only going to improve in the future as we pursue the implementation of our new vision statement.



A handwritten signature in black ink that reads "Keith Kinard". The signature is fluid and cursive.

Keith Kinard

Executive Director, The Housing Authority
of the City of Pittsburgh

HACP **achievements and goals** 2001 - 2002

Through the course of the last two years, the Housing Authority of the City of Pittsburgh (HACP) has embarked on a new era - an era that will be defined by our commitment to conducting business in an honest, efficient, and fiscally responsible manner.

Collectively, the Authority has stepped up efforts to:

- Improve our housing communities;
- Maintain accountability in our actions;
- Improve upon our occupancy rates through a series of new initiatives;
- Improve and expand upon the services provided to our residents and our commitment to customer service; and,
- Maintain fiscal responsibility.

The defining act of last two years for the Authority is, without question, the implementation of a Vision Statement and set of Core Values, which will serve as the hallmark for the agency. Our Vision and Core Values represent a radical transformation for the Authority. They will serve as guidelines for how we operate as an agency, as well as how we interact with the community, our clients, and one another.



HACP moves into 2003 focused and fully committed to attaining its vision, to become

"The highest quality provider of affordable housing in the City of Pittsburgh."

Development, Improvement and Property Maintenance

A major goal of the Housing Authority of the City of Pittsburgh (HACP) for 2001 and 2002 has been to maintain and improve upon our properties, in order to provide safe, reliable housing for our residents.

HACP has raised the bar for public housing authorities with the development of Silver Lake Commons, a model concept for public housing for seniors. Construction of Silver Lake began in fall of 2001 and continued throughout 2002 and early 2003, putting us on pace to begin leasing units by the summer of 2003.

The facility will provide low-income seniors with a living environment that allows them an opportunity to maintain an independent lifestyle. Silver Lake Commons will be the first public housing based supportive care facility for seniors in Western Pennsylvania, to offer its residents a number of health, nutritional, recreational and social programs that were previously unavailable to the low-income elderly community.

The development of Silver Lake Commons is also unique in that it has been made possible through a public-private partnership effort, between the HACP and Presbyterian SeniorCare of Oakmont and Affirmative Investments. Of a total of 75 units in the new low-rise apartment complex, 59 will be first offered to current public housing residents.

Another major initiative launched in 2002 was the Bedford Hope VI Redevelopment, a \$135 million, 5-year project designed to revitalize the HACP's oldest public housing community - the Bedford Dwellings. Construction began following a groundbreaking ceremony held in September 2002. We anticipate closing in on the completion of the project's first phase, including the construction of 147 units of new rental housing, by the end of spring 2003.

By redeveloping the Bedford Dwellings, HACP is investing in the entire community and helping to pave the way toward a revitalized Hill District. One of the major goals of the project is to incorporate a mixture of the same diverse levels of income that existed during the heyday of the Hill into the HACP resident population.

Also on the horizon for 2003 is the anticipated completion of the Allequippa Terrace replacement - Oak Hill. Implemented in 1996, the Allequippa/Oak Hill project designed to restore one of the largest and most distressed public housing sites in the state. The project is financed through a Hope VI grant, low-income tax credits, state and local investments and private financing, in all totaling more than \$119 million.

Oak Hill has been transformed into a modern, mixed-income neighborhood that consistently maintains a vacancy rate of less than 5 percent. By the end of 2003, HACP expects to complete the final of four phases of development, realizing our commitment to redeveloping the site. Once completed, the Oak Hill community will be comprised of 770 units, of which the majority will be designated as affordable rental units. However, a significant number of rental units will be designated as fair-market rental units, while a number of units will be for sale.

The finished units at Oak Hill represent some of the most desirable housing options of all the HACP communities. Not only has HACP been able to maintain a very low vacancy rate, the concept of mixing middle to and lower income levels has had a profound effect on our residents, as demonstrated by the

Low-income Public Housing (LIPH) resident employment rate, which consistently remains around 80 percent. After nearly seven years of development, we look forward to the completion of the project's fourth and final phase, and the opportunity to provide additional quality affordable housing.

HACP also looks forward to finalizing Phase IV of development at Manchester, expected by the end of fiscal year 2003. The project is another of HACP's long-term redevelopment efforts, and the first Hope VI initiative taken on in the City of Pittsburgh.

The Manchester redevelopment project was launched in 1995 after HACP was awarded a \$7.5 million Hope VI grant. The project is funded through a combination of Hope VI, low-income tax credits, state and local investments and private investments, totaling more than \$27 million. Like Oak Hill and the Bedford Dwellings Hope VI initiatives, Manchester was designed as a mixed-income community comprised of LIPH rental units in addition to for-sale one, two and three-bedroom units. During the development process special care was taken to maintain the original characteristics of the neighborhood, while leaving significant historical buildings undisturbed.

HACP partnered with the Manchester Citizens Coalition (MCC) and Penrose Property Management in order to better provide supportive services for residents. Great attention has been paid to developing resident programs and job opportunities through the Penrose, MCC, and HACP partnership, and consequently, a number of Manchester residents have been successfully placed into various employment and education programs.

Expanded Services and Programs

The Authority has continually strived to make operations as efficient as possible. We conduct our business with the utmost fiscal responsibility, without sacrificing the quality of service provided to our residents. Throughout 2001 and 2002 HACP has successfully expanded a number of its services and programs making our communities safer and more desirable, and at the same time, simplifying the process of selecting and leasing a home.



Beginning in 2001, HACP became one of approximately 20 housing authorities nationwide to enter into the Moving to Work (MtW) demonstration program. The program offers participating housing authorities with an increased level of latitude to test new housing strategies and encourages the development of effective management techniques, not mandated by HUD. HACP has already been able to use the administrative flexibility of MtW to improve financial and operational activities Authority-wide.

The Moving to Work (MtW) demonstration program played an integral role in our recent success leasing new units, allowing us to well exceed our projected number of leases in 2001 and 2002. HACP also reversed a 10-year trend in 2002 by increasing the occupancy rate in our low-income communities. MtW will forge ahead toward its third year, 2003, with goals of improving resident services Authority-wide and increasing resident participation in the self-sufficiency program. HACP also plans to initiate a number of operational improvements such as a comprehensive site-based property management system at selected sites, new leases for both LIPH and Section 8 housing, and a rent-repayment program for residents.

Through a series of MtW initiatives HACP was able to significantly increase its residency in both LIPH and Section 8 housing since 2001. Finding an apartment is now easier than ever thanks to the Come on Home Fairs - a new, customer-oriented home selection process, and the new website: www.apartmentsinpittsburgh.net, launched in late 2001 by the HACP Section 8 Department. The website benefits landlords and tenants alike by providing simple, direct access to maps and directions of HACP facilities in addition to a complete listing of available Section 8 properties.

The ultimate goal of the HACP is to provide low-income, senior, and disabled persons with quality affordable housing. One of our major MtW initiatives of the last two years, the Come on Home Fair, has made the process of selecting and obtaining an apartment much quicker and more convenient. The first Come on Home Fair was held in 2002 and organized through a collaborative effort between the HACP Occupancy, Maintenance and Property Management Departments. In its inaugural session, more than 300 apartments were selected and leased and, unlike the old Home Selection Process, leasing is completed within seven days.

During Come on Home events residents and apartment hunters are invited to a central location to meet with Authority staff, review community and program information, and most importantly - get to see available HACP units during guided bus tours of the communities and their surroundings.

Come on Home will be continued through 2003 and beyond, with plans already underway to host a series of fairs throughout the year.

Through the MtW program, HACP is either meeting or excelling above the standards for quality maintenance, when compared to the private housing industry. HACP has improved its response time for emergency maintenance calls to approximately 8 hours, well exceeding the standard response time of 24 hours. In regards to non-emergency response time, the Maintenance Department boasts an average time of 4.8 days, again considerably exceeding the required time of seven days.

In 2002, HACP developed a new division of its Maintenance Department, charged with the task of refurbishing apartments damaged by fire. In its first year, the Fire Restoration Crew successfully restored four fire-damaged apartments. The apartments selected for restoration were among the most desirable HACP units in need of work, which allowed us to offer quality apartments in prime locations to prospective tenants.

The HACP Police Department successfully increased its ranks through the hiring of eight new officers in 2002, expanding on the Authority's continued efforts to improve public safety and further deter violence in our low-income housing communities.



Bedford

Through funding provided through the Hope VI program, HACP has been able to redevelop and revitalize its oldest public housing community, Bedford Dwellings.

HACP launched the first phase of redevelopment in September 2002 and is on schedule to have 147 units of new rental housing in 2003.

In addition to bolstering its ranks, the department launched the Park 'n Walk program in order to increase police visibility on the street. In recent years, HACP has continually pushed for the training and professional advancement of our police officers. In 2002, the department began an initiative to attain accredited status. By spring of 2004 the HACP Police Department plans to have completed a state accreditation certification program through the Pennsylvania Law Enforcement Accreditation Commission.

Resident and Staff Development

HACP has placed an increased emphasis on self-sufficiency and training. We have expanded the number of training opportunities we have for all residents, offering different training programs for youths and adults alike. Meanwhile, HACP addressed the training needs of its staff, providing customer service training for all levels of staff.

The HACP Human Resources Department facilitated training for both the HACP staff and residents. Throughout 2000 and 2001, the department hosted training programs such as Youth Build, which was conducted in cooperation with various trade unions. During the program HACP residents age 18 to 24 were provided with construction skills training. Youth Build training participants graduated from the program in early 2001 and, through the assistance of the HACP staff and the local trade unions, were initially provided job placement with a local construction company.

HACP demonstrated a strong commitment to the betterment of public housing youth by hosting a work experience program. During this program HACP high school students were provided with the opportunity to work in a professional office setting. Training opportunities were offered to groups of up to 10 current high school students, at least 15 years of age, in 2001 and 2002.

HACP also hosted the 21st Century Workforce Training Program for adults in 2001 and 2002. This program focused on teaching general office skills, customer service, work ethic, filing and organizational skills, and computer use. In addition, participants were provided with assistance developing resumes, guidelines for how to prepare for a job interview and tips on job search techniques.

The major internal training program conducted by the Human Resources Department, the Customer Service Training Program, was developed to enhance the staff's skills in interacting and providing service to the residents. The program was implemented over a two-year period, assuring that every level of management and all front-line supervisors were prepared to operate under expected standards. Additional training modules, including the Stellar Service Experience and time management training will be rolled out in 2003.





Glen Hazel

Pictured in the background is the Glen Hazel Bernice Washington Crawley Manor.

The high-rise overlooks the Glen Hazel Family Community, pictured to the left, where HACP completed major façade improvements in 2001-2002.

HACP held its first Resident Training Seminar in November 2002, providing the entire resident population with an opportunity to attend workshops on topics such as conflict resolution and mediation, healthy living, organizing community events, fraud awareness and domestic relations. The event kicked off with recognition dinner held in honor of HACP's Tenant Council Residents. The dinner ceremony featured acclaimed radio personality Bev Smith, who served as the guest speaker and commended the tenant council residents for their commitment to making a difference in their communities.

Due to the success of the event, HACP plans to make the seminar into an annual event. In the future HACP will attempt to draw more interest from its young adults and male audiences and is considering a reconfiguration of the schedule in order to accommodate the target audiences. In 2003, an increased emphasis will be placed on the topics of domestic violence and conflict resolution.

Another new initiative slated for 2003 in the development of a Youth Sports Foundation. HACP will attempt to raise \$2 million over a three-year period to finance the program, which will provide year-round opportunities for HACP youth, and concentrate on around scholastic achievement in addition to the athletic component. Youth Sports participants will not only be offered the opportunity to participate in organized athletics, they will be encouraged to participate in a youth mentoring program. Funds generated for the program will also be used to establish an annual scholarship program, which will provide two to three HACP youth with college scholarships.

Outreach and Community Involvement

While stressing our commitment to accountability and responsibility, HACP also took steps to secure its place in the community, enhancing our public image and increasing our visibility in the local media.

The HACP Communications Department brought the Authority to the forefront of the community once again by hosting its signature drug-free event, Clean Slate. Successful events were held in 2001 and 2002, providing entertainment, education and support to thousands of Pittsburgh youth.

HACP is poised to continue to build off the success of past Clean Slate events as it prepares for 2003 with the expansion of the Clean Slate Street Team program. Although HACP youth have been actively involved with the planning of Clean Slate events each year, their efforts were not incorporated into the program until 2000/2001 when the Street Team was officially formed. Beginning in 2003, the Street Team will be expanded to a yearlong program for a group of approximately 30 youth. Street Team activities will consist of planning and preparation for the annual Clean Slate event, in addition to leadership activities and development of the Street Team youth.

Clean Slate received a major boost in 2002, as The Pittsburgh Foundation announced that the program has been awarded a grant in the amount of \$200,000 to fund Clean Slate and Clean Slate Street Team activities through a 3-year period. This represents a major funding source for the program, and the most significant non-government source of funding to date. Carnegie Museum, Carnegie Library, the Pittsburgh Board of Education, AOL/Time Warner, YouthWorks, Pepsi and several local banks and churches, have also partnered with the HACP and made significant contributions to the Clean Slate program.

In 2002, HACP further increased its visibility by opening its doors to local officials and dignitaries, including representatives of the clergy, local banks, and the editorial board of the Pittsburgh Post-Gazette. Several tours of HACP communities were held, in an effort to provide an accurate account of conditions in our and disprove some of the rumors and myths associated with public housing. During these tours, we proved that HACP is doing everything possible to provide Pittsburgh with affordable housing and programs that promote self-sufficiency among our residents.

We plan to continue to increase our visibility in 2003 by hosting additional community tours and through several new endeavors, including the development of a new external website. The site has been in the development stages since 2002 and is expected to be launched by late Spring 2003. Once it is launched, HACP residents, vendors and interested parties will have easy access to Authority services and information, far expanding the capabilities of the present and former websites.

Maintaining Accountability and Fiscal Responsibility

Maintaining fiscal responsibility has been clearly identified as a major goal (and Core Value) of the Authority. During 2001 and 2002 we have taken major steps to ensure that our financial operations are efficient and responsible.

HACP is proud to report that its fiscal year 2001 Maher Duessel Audit Report was released without any findings or questionable costs. This major achievement was attained through teamwork and the efforts of the entire HACP staff.

Another positive result of the last two years has been the improvement of the working relationship between the Authority and the local field offices of Housing and Urban Development. By enhancing the lines of communication with HUD, we have been able to obtain the confidence and trust needed to maintain a constructive working relationship.

HACP also successfully implemented a complete overhaul of the Line of Credit Control System (LOCCS), which in turn simplified the process of receiving funds from HUD. By revising the LOCCS system, internal controls have been greatly improved, the budget has become much easier to update, and the overall efficiency of our financial operations has greatly increased. After seeing HACP's LOCCS system in action, HUD said that it was one of the cleanest systems they have yet to see.

In addition to improving the way we do business with HUD, HACP initiated a much-needed upgrade to its computer systems in 2001, replacing older hardware and upgrading the Novell System, allowing all office employees to communicate and operate more efficiently. HACP further improved internal technologies by implementing the Emphasys Elite Waiting List module in 2002.

HACP also entered into a partnership with Parkvale Bank and Custom Energy in order to cut utility costs through the implementation of comprehensive energy services performance contract. The resulting energy plan has been designed to reduce energy consumption and is expected to save the Authority more than \$4 million in the next 10 years.



In accordance with the contract, HACP will benefit from several energy conservation measures installed at eight of its public housing communities. The plan will include the installation of a lighting retrofit, water conservation and temperature control devices, boiler controls, and radiator control valves. Custom Energy will monitor energy usage throughout the duration of the contract, ensuring that HACP receives maximum savings while maintaining peak performance.

Parkvale Bank has provided HACP with a \$2.9 million loan, which will be used exclusively to finance the energy conservation initiative, covering the cost of new equipment and the services provided by Custom Energy. HACP will then cover the cost of the loan through the savings generated by the energy conservation initiatives. The project is expected to produce a unique balance between tenant comfort and energy cost savings - a win/win situation for HACP, its partners and tenants.

HACP was indeed very active during the past two years, improving internal controls, increasing efficiency and taking every measure to cut costs. Another aspect of being fiscally responsible, however, focuses on the protection of our assets and interests.

Throughout 2001 and 2002 HACP diligently performed inquiries, investigations and audits in order to protect our assets, as well as our integrity. The Audits and Housing Integrity Department leads such efforts each year in order to ensure compliance with HACP regulations and, in turn, allow the Authority to continue to provide housing for those in need.

In 2001, the department uncovered \$167,000 in fraud, saving the Authority from a projected loss of \$517,655 over a five-year period. In 2002, the department uncovered \$295,000 in fraud, preventing the Authority from a projected loss of more than a million dollars in a five-year period. As we strive to realize our vision and Core Values, prevention of fraud and abuse will be a continued focal point in 2003 and beyond.

HACP can look back on 2001 and 2002 with great pride. During this time period we have laid the foundation for a brighter future for the City of Pittsburgh. We look forward to a new era, as we strive to achieve Our Vision and continue to act in accordance with our Core Values.





Homewood North, Family Investment Center

During the last two years HACP has broadened the scope of programs provided to residents, with an emphasis on encouraging resident self-sufficiency. At the Homewood North Family Investment Center we have recently launched a head start daycare program and a computer skills training program for residents of all ages.



our **vision**

We are the highest quality provider of affordable housing in the City of Pittsburgh.

our **core values**

- ***We treat all people with dignity and respect.***
- ***We create residential environments where people feel safe.***
- ***We conduct our business in an honest, responsible and accountable fashion.***
- ***We operate our finances in a way that is fiscally responsible.***
- ***We create environments that are socially and economically diverse.***
- ***We recognize our responsibility to forge links among our residents and social services.***



embarking on a **new era**

- A. Local clergy tour the Bedford Hope Center during HACP's 2001 Public Housing Tour.
- B. The Clean Slate Celebrity Basketball Game.
- C. Students at Fort Pitt Elementary School during the Clean Slate Public School Tour.

A



B



C



financial **report**

statements of net assets

for years ended december 31, 2001 & 2000

Current assets:	2001	2000
Cash and cash equivalents:		
Cash:		
Cash - unrestricted	\$ 2,698,223	\$ 6,351,740
Cash - other restricted	337,783	139,649
Total cash	3,036,006	6,491,389
Investments (cash equivalents):		
Investments - unrestricted	6,001,000	5,349,340
Investments - restricted	4,558,500	4,753,317
Total investments	10,559,500	10,102,657
Total cash and cash equivalents	13,595,506	16,594,046
Accounts and notes receivables, net of allowances for doubtful accounts:		
Accounts receivable - HUD other projects	9,957,232	10,880,623
Accounts receivable - miscellaneous	1,731,082	1,864,801
Accounts receivable - tenants - dwelling rents	688,104	766,868
Allowance for doubtful accounts - dwelling rents	(329,074)	(304,426)
Accrued interest receivable	-	37,634
Total accounts and notes receivables, net of allowances for doubtful accounts	12,047,344	13,245,500
Prepaid expenses and other assets	278,374	218,408
Inventories	235,786	205,015
Total current assets	26,157,010	30,262,969
Noncurrent assets:		
Fixed assets, net of accumulated depreciation:		
Land	13,251,320	12,900,000
Buildings	343,877,367	391,264,685
Furniture, equipment & machinery - dwellings	3,332,798	3,698,590
Furniture, equipment & machinery - administration	6,448,382	6,860,521
Construction in progress	5,828,480	3,324,140
Accumulated depreciation	(243,250,566)	(257,819,383)
Total fixed assets, net of accumulated depreciation	129,487,781	160,228,553
Interest in mixed finance activities	54,611,542	44,261,482
Total noncurrent assets	184,099,323	204,490,035
Total Assets	210,256,333	234,753,004

Liabilities:**2001****2000****Current liabilities:**

Accounts payable < 90 days	\$ 3,909,879	\$ 5,605,441
Accrued wage/payroll taxes payable	84,421	787,205
Accrued compensated absences current	99,669	44,636
Accrued contingency Liability	1,856,000	2,269,342
Accounts payable - HUD PHA Programs	196,878	978,151
Tenant security deposits	276,930	288,356
Deferred revenue	382,530	1,894,364
Other current liabilities	2,159,887	3,040,284

Total current liabilities**8,966,194****14,907,779****Noncurrent liabilities:**

Other liabilities	3,888,254	3,430,765
Accrued Compensated Absences-noncurrent	779,584	848,083

Total noncurrent Liabilities**4,667,838****4,278,848****Total Liabilities****13,634,032****19,186,627****Fund Equity:**

Contributed capital:		
Net HUD PHA contributions	146,886,948	173,032,101
Other contributions	19,731,1422	2,631,141
Total contributed capital	166,618,090	195,663,242

Retained earnings	30,004,211	19,903,135
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Total Fund Equity**196,622,301****215,566,377****Total Liabilities and Fund Equity****\$ 210,256,333****\$ 234,753,004**

financial **report**

statements of revenues, expenses, and changes in net assets for years ended december 31, 2001 & 2000

Operating Revenues: **2001** **2000**

Tenant revenue:

Net tenant rental revenue	\$ 9,945,839	\$ 10,872,738
Tenant revenue - other	40,011	47,371

Total tenant revenue **9,985,850** **10,920,109**

Government grants	76,929,956	71,430,865
Investment income - unrestricted	276,470	1,598,084
Fraud recovery	28,313	26,498
Investment income - restricted	830,289	5,898,542
Other revenue	240,723	275,975

Total operating revenues **88,291,601** **90,150,073**

Operating Expenses:

Administrative:

Administrative salaries	5,283,105	4,654,775
Auditing fees	130,020	74,436
Outside management fees	-	911,166
Compensated absences	-	193,935
Employee benefit contributions - administrative	1,500,115	1,986,496
Other operating - administrative	31,409,965	28,096,595

Tenant service:

Tenant services - salaries	14,861	14,583
Employee benefit contributions - tenant services	4,326	4,393
Tenant services - other	107,374	388,739

Utilities:

Water	2,025,028	2,451,605
Electricity	2,477,075	2,762,372
Gas	4,132,487	4,745,259
Labor	796,872	817,427
Employee benefit contributions - utilities	232,461	245,223
Other utilities expense	1,173,469	1,393,938

Operating Revenues:**2001****2000****Ordinary maintenance and operations:**

Ordinary maintenance and operations, labor	\$ 6,805,596	\$ 7,220,873
Ordinary maintenance and operations, materials & other	3,198,046	2,355,076
Ordinary maintenance and operations, contract costs	1,266,050	1,217,593
Employee benefit contributions, ordinary maintenance	1,985,298	2,165,818

Protective services:

Protective services other contract costs	-	346,104
Protective services other	-	18,761

General expenses:

Insurance premiums	1,966,781	1,654,941
Bad debt - tenant rents	452,311	359,525

Total operating expenses	64,961,240	63,714,768
Operating Income	23,330,361	26,435,305

Non-Operating Revenues (Expenses):

Extraordinary maintenance	(110)	-
Severance expense	-	(28,431)
Housing assistance payments	(22,673,364)	(18,265,275)
Casualty loss - non capitalized	(2,387)	-
Gain/Loss on the sale of fixed assets	8,849,510	5,665
HUD capital grants	18,296,086	-
Depreciation and amortization expense	22,838,201	(22,866,105)

Total non-operating revenues (expenses)	(36,067,486)	(41,154,146)
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Net (Loss)	(12,737,125)	(14,718,841)
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Depreciation and amortization on assets acquired with contributed capital	22,838,201	22,866,105
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Increase in Retained Earnings	\$ 10,101,076	\$ 8,147,264
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financial **report**

statements of net assets

for years ended december 31, 2002 & 2001

Current assets:	2002	2001
Cash and cash equivalents:		
Cash:		
Cash - unrestricted	\$ 1,053,167	\$ 2,698,223
Cash - other restricted	374,270	337,783
Total cash	1,427,437	3,036,006
Investments (cash equivalents):		
Investments - unrestricted	31,180,084	6,001,000
Investments - restricted	7,533,514	4,558,500
Total investments (cash equivalents)	38,713,598	10,559,500
Total cash and cash equivalents	40,141,035	13,595,506
Accounts receivable, net of allowances for doubtful accounts:		
Accounts receivable - HUD other projects	8,052,738	9,957,232
Accounts receivable - miscellaneous	711,647	1,731,082
Accounts receivable - tenants - dwelling rents	695,293	688,104
Allowance for doubtful accounts - dwelling rents	(337,157)	(329,074)
Accrued interest receivable	34,904	-
Total accounts and notes receivables, net of allowances for doubtful accounts	9,157,425	12,047,344
Prepaid expenses and other assets	298,735	278,374
Inventories	122,318	235,786
Total current assets	49,719,513	26,157,010
Noncurrent assets:		
Capital assets:		
Land	13,487,122	13,251,320
Buildings	319,392,030	343,877,367
Furniture, equipment, and machinery - dwellings	3,102,150	3,332,798
Furniture, equipment, and machinery - administration	6,675,244	6,448,382
Construction in progress	5,837,093	5,828,480
Accumulated depreciation	(238,936,297)	(243,250,566)
Total capital assets, net of accumulated depreciation	109,557,342	129,487,781
Interest in mixed finance activities	60,619,377	54,611,542
Total noncurrent assets	170,176,719	184,099,323
Total Assets	\$ 219,896,232	\$ 210,256,333

Liabilities:**2002****2001****Current liabilities:**

Accounts payable < 90 days	\$ 7,509,349	\$ 3,909,879
Accrued wage/payroll taxes payable	717,631	84,421
Accrued compensated absences - current	115,654	99,669
Accrued contingency liability	1,404,229	1,856,000
Accounts payable - HUD PHA programs	140,831	196,878
Tenant security deposits	282,311	276,930
Deferred revenue	517,022	382,530
Current portion of long-term debt - capital projects	240,444	-
Other current liabilities	2,071,536	2,159,887
Total current liabilities	12,999,007	8,966,194

Noncurrent liabilities:

Long-term debt, net of current portion - capital projects	2,303,171	-
Other liabilities	4,131,044	3,888,254
Accrued compensated absences - noncurrent	818,676	779,584
Total noncurrent liabilities	7,252,891	4,667,838
Total Liabilities	20,251,898	13,634,032

Net Assets:

Invested in capital assets, net of related debt	107,013,727	129,487,781
Restricted net assets	64,353,853	56,636,072
Unrestricted net assets	28,276,754	10,498,448
Total Net Assets	199,644,334	196,622,301
Total Liabilities and Net Assets	\$ 219,896,232	\$ 210,256,333

(Concluded)

financial **report**

statements of revenues, expenses, and changes in net assets for years ended december 31, 2002 & 2001

Operating Revenues:	2002	2001
Tenant revenue:		
Net tenant rental revenue	\$ 9,555,888	\$ 9,945,839
Tenant revenue - other	489,983	538,393
Total tenant revenue	10,045,871	10,484,232
Government grants	95,284,746	76,929,956
Investment income - unrestricted	240,430	276,470
Fraud recovery	52,450	28,313
Other revenue	71,614	331,907
Investment income - restricted	69,663	240,723
Total operating revenues	105,764,774	88,291,601
Operating Expenses:		
Housing assistance payments	25,273,008	22,673,364
Administrative:		
Administrative salaries	5,867,660	5,283,105
Employee benefit contributions - administrative	1,466,713	1,500,115
Other operating - administrative	30,470,247	31,539,985
Tenant service:		
Tenant services	211,999	126,561
Utilities:		
Water	2,529,411	2,025,028
Electricity	2,164,281	2,477,075
Gas	3,776,941	4,132,487
Labor	787,519	796,872
Employee benefit contributions - utilities	222,962	232,461
Other utilities expense	1,321,148	1,173,469

Operating Revenues:**2002****2001****Ordinary maintenance and operations:**

Ordinary maintenance and operations, labor	\$ 7,574,567	\$ 6,805,596
Ordinary maintenance and operations, materials & other	2,103,262	3,198,046
Ordinary maintenance and operations, contract costs	1,311,562	1,266,050
Employee benefit contributions, ordinary maintenance	2,314,575	1,985,298

General expenses:

Insurance premiums	1,303,853	1,966,781
Other general expenses	369,412	452,421

Total operating expenses **89,069,120** **87,634,714**

Operating Income **16,695,654** **656,887**

Non-Operating Revenues (Expenses):

Casualty loss - non capitalized	(2,009)	(2,387)
HUD capital grants	11,173,319	18,296,086
Gain (loss) on disposition of fixed assets	(4,335,988)	(8,849,510)
Depreciation and amortization expense	(20,508,943)	(29,045,152)

Total non-operating revenues (expenses) **(13,673,621)** **(19,600,963)**

Change in Net Assets 3,022,033 (18,944,076)

Total net assets - beginning **196,622,301** **215,566,377**

Total net assets - ending **\$ 199,644,334** **\$ 196,622,301**

