



Atlanta Housing Authority

July 14, 2006

VIA FEDERAL EXPRESS

Ms. Dominique Blom  
Deputy Assistant Secretary  
Office of Public Housing Investments  
U.S. Department of Housing and Urban Development  
451 Seventh Street, S.W.  
Room 4130  
Washington, D.C. 20410-5000

**RE: The Housing Authority of the City of Atlanta, Georgia (AHA) – FY 2007 Moving to Work (MTW) Annual Plan Including Supplemental Information**

Dear Dominique:

On behalf of AHA, please accept our re-submission of AHA's FY 2007 Implementation Plan. This submission includes supplemental information that we have discussed with Eugene Geritz covering the following topics:

- 1) Clarifications to MTW Program Benchmark Definitions and Measurable Outcomes
- 2) Housing Choice Initiatives Update
- 3) Project-Based and Asset Management Systems
- 4) Fee-for-service Methodology Update
- 5) Utility Allowance Waiver Update
- 6) Investment Flexibility
- 7) Acquisitions
- 8) Accessibility and 504/ADA

We look forward to receiving your approval of our FY 2007 Implementation Plan, as supplemented. Should you have questions or require additional information, please feel free to contact me at 404-817-7201 or Reneé Bentley, Vice President of Strategy & Planning, at 404-817-7213.

Sincerely,

Renee Lewis Glover  
President and Chief Executive Officer

Enclosure

C: Cecil Phillips (Chair, AHA Board of Commissioners)  
Eugene Geritz (HUD)  
Boyce Norris (HUD Atlanta)  
AHA's Senior Executives & Vice Presidents

# Atlanta Housing Authority

**CATALYST**  
Rebuilding Community Building

**Fiscal Year 2007**

**CATALYST**

**Implementation Plan**

**(Including Supplemental Information)**

*"Healthy, mixed-income communities"*



Board Approved  
April 26, 2006

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## Message from the President and Chief Executive Officer

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More than 10 years ago, Atlanta Housing Authority (AHA) embarked on an important and ambitious vision: to transform its delivery of affordable housing by creating healthy, mixed-income communities. AHA has committed itself to creating environments where Atlanta's families, regardless of current income status, can thrive and achieve the American dream. AHA believes that every person has unlimited potential and promise, but the quality of his or her living environment dictates the outcome. AHA's vision is "Healthy Mixed-Income Communities."

We have been able to successfully address the problems associated with concentrated poverty through our mixed-use, mixed-income, mixed-finance developments by leveraging HUD development funds, operating subsidies, and AHA land, engaging private sector developers and private investors, using market principles to create market rate communities with a seamless affordable component. As a consequence, neighborhoods are being transformed to healthy mixed-income communities with great neighborhood schools and great quality of life amenities. The outcomes have been outstanding – dramatically higher work force participation, dramatically lower rates of crime, increasing real estate values, dramatically improved school performance and healthier communities.

The FY 2007 Implementation Plan marks our continued path forward during FY 2007; AHA's focus in the future will continue to be on facilitating or creating housing opportunities that integrate all of the families assisted with AHA subsidies into mainstream, market-oriented residential environments. The FY 2007 Implementation Plan – using the financial flexibility and regulatory relief afforded the agency by AHA's Moving to Work (MTW) Agreement with HUD – rests on three strategic goals: 1) providing quality affordable housing in healthy mixed-income communities with access to excellent quality of life amenities, 2) maximizing AHA's economic viability and sustainability, and 3) facilitating opportunities for families and individuals to build wealth and reduce their dependency on subsidy, ultimately becoming financially independent. Using our MTW authority, AHA will demonstrate to HUD and Congress that there is a solution to the issues created by long-standing poverty in America.

A handwritten signature in black ink, appearing to read "Renée Lewis Glover". The signature is fluid and cursive, with a long horizontal line extending to the right.

Renée Lewis Glover  
President & Chief Executive Officer

## Message from the Chairman of the AHA Board of Commissioners

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Only a few individuals and institutions are given the opportunity to make a real difference in the lives of others. The Atlanta Housing Authority is among those lucky few.

Atlanta's public housing in 1992 was a poster child for despair, unsafe, boarded-up housing, and failed communities—the exact opposite of the purpose and program for the country's public housing. In 2006, Atlanta's public housing is again a poster child— but now for hope, smiles, and safe and emerging communities of mixed income urban living.

As with any successful "turnaround", immeasurable credit is due the men and women throughout the Housing Authority who risked much and endured more to earn the respect and confidence of our customers and our public and private stakeholders. The tipping point came when we all realized the old ways would not work anymore; and furthermore, would never return. That liberated all of us to consider and create new goals and new relationships.

Chief among those goals was to determine what we were good at, and what others could do better. As a result, we outsourced the management of all our communities, with the wonderful outcome that, by every measure, our communities are better and more economically managed than ever before.

In addition, we realized we did not have sufficient capital or experience to redevelop our public housing infrastructure into successful residential communities. So, we sought and won new relationships as we partnered with private firms to finance, develop, and lease new housing on the sites of our old public housing.

One of the most significant measures of our success with our new thinking and new acting has been HUD's designation of the Atlanta Housing Authority as one of the nation's very few "Moving to Work" housing authorities. That vote of confidence and approval by HUD has further freed the Authority to increase the efficiency, and decrease the time and expense of redeveloping our remaining public housing stock into successful communities.

The Authority's Implementation Plan for Fiscal Year 2007 is a detailed and specific action plan to continue and accelerate our success to transform Atlanta's public housing. Our 2007 Plan sets out our goals for the improvement of our physical infrastructure and the development of the capabilities and training of those who live with us.

Our opportunity to continue to make a real difference in the lives of others increases with every success. We are committed to exceeding expectations!

A handwritten signature in dark ink, appearing to read "Cecil Phillips".

Cecil Phillips  
Chairman  
AHA Board of Commissioners

## INTRODUCTION

Atlanta Housing Authority (AHA), an affordable housing provider, determined with the initiation of the revitalization of Techwood/Clark Howell in the fall of 1994 that warehousing poor families in isolated barrack-style buildings was detrimental and perpetuated the cycle of poverty. The social, financial and human costs of concentrating poverty have been devastating to families, the City of Atlanta and the society, as a whole. AHA believes that the better solution is to provide affordable housing seamlessly in market rate, mixed-income communities. Through its strategic revitalization program (Olympic Legacy Program), AHA's approach has demonstrated that families fare better economically and socially when they are given an opportunity to move away from concentrated poverty and into healthy mixed-income communities.

## Vision

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Healthy mixed-income communities.

## Mission

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To provide quality affordable housing for the betterment of the community.

## Guiding Principles

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1. End the practice of concentrating the poor in distressed, isolated neighborhoods
2. Create healthy communities using a holistic and comprehensive approach to assure long-term marketability and sustainability of the community and to support excellent outcomes for families especially the children – emphasis on excellent, high performing neighborhood schools and excellent quality of life amenities, such as first class retail and green space.
3. Create mixed-income communities with the goal of creating market rate communities with a seamless affordable component.
4. Develop communities through public/private partnerships using public and private sources of funding and market principles.
5. Residents should be supported with adequate resources to assist them to achieve their life goals, focusing on self-sufficiency and educational advancement of the children. Expectations and standards for personal responsibility should be benchmarked for success.

## Goals

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1. Quality Living Environments - Provide quality affordable housing in healthy mixed-income communities with access to excellent quality of life amenities.
2. Economic Viability - Maximize AHA's economic viability and sustainability.
3. Self-Sufficiency - Facilitate opportunities for families and individuals to build wealth and reduce their dependency on subsidy, ultimately becoming financially independent.

## AHA Business Lines

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AHA has established four cross-cutting initiatives referred to as business lines that are the core competencies for implementing its business plan activities and achieving its corporate objectives. These business lines have been refined since AHA's FY 2006 CATALYST Implementation Plan.

1. **Real Estate Management** is responsible for the property management of AHA's real estate portfolio.
2. **Housing Choice Administration** consists of providing rental assistance through the use of Housing Choice vouchers and associated program administration.
3. **Real Estate Development & Acquisitions** is responsible for the management of AHA's development, revitalization and acquisition activity.
4. **Asset Management** is responsible for AHA's assets, real estate investments once revitalized properties reach stabilization, and other business relationships.

AHA is continuing to re-align and strengthen its corporate infrastructure, financial and reporting systems, information technology environment and human resources to support its business lines. These activities are described as **Corporate Support**.

## Corporate Strategy Towards FY 2010

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To further its vision, AHA executed its Moving to Work (MTW) Demonstration Agreement (MTW Agreement) with the U.S. Department of Housing and Urban Development (HUD) on September 25, 2003. As a participant in the MTW Demonstration Program, AHA has the financial, legal, and regulatory flexibility to implement local solutions to address local challenges in providing affordable housing. AHA's MTW demonstration period began on July 1, 2003, and will last seven years through June 30, 2010, unless otherwise extended.

The MTW Demonstration Program provides AHA with the opportunity to fulfill its vision and to use AHA's low income operating and capital funds and housing choice subsidies and resources to facilitate better housing opportunities and better outcomes for AHA's families through partnerships with private sector developers, using private sector models and market principles. With its MTW flexibility, AHA has the ability to address local issues with local solutions. AHA, in consultation with residents, resident advisory boards, local public officials, investors, private developers, foundations, service providers and other stakeholders prepared the Business Plan to be implemented during the seven year period of the MTW Agreement. The Business Plan incorporates the Lessons Learned and the Best Practices during the ten year period from September 1994. The Business Plan, as amended from time to time, is referred to herein as the "Business Plan" or "CATALYST." The Business Plan outlines the major initiatives that AHA is undertaking using its MTW flexibility to transform the manner of providing the affordable housing resource in the City of Atlanta. Under the Business Plan, AHA is: (1) continuing to transform distressed public housing communities into healthy mixed-income communities, (2) facilitating opportunities for low income families to live in healthy mixed-income communities, (3) reforming and re-engineering the Housing Choice program, (4) improving the quality of housing for seniors and persons with disabilities, and (5) maximizing its financial resources.

AHA prepared and submitted to HUD its first MTW Plan in June 2004. This comprehensive plan constituted AHA's base plan setting forth the goals and objectives to be accomplished during the MTW seven-year period, utilizing the regulatory relief provided to AHA under its MTW Agreement, as the same may be amended annually and from time to time ("Business Plan"). During the fiscal year ended June 30, 2004 and each fiscal year thereafter as part of the annual MTW Implementation Plan approval process, AHA and HUD have negotiated a number of protocols based on the goals, objectives and initiatives set for in AHA's Business Plan. AHA and HUD agreed that in order to facilitate innovation, such protocols are needed and they are established, such protocols would become part of the operating procedures upon which AHA and HUD would rely during the MTW period, as such period may be extended. Each fiscal year, as a result of a comprehensive planning process, AHA determines which of the initiatives under its Business Plan or what new initiatives would be undertaken during the fiscal year given the affordable housing needs of its local jurisdiction; policies of AHA's Board of Commissioners; AHA's resources (financial and other); ongoing plans and priorities. Each such fiscal year's initiatives and priorities are set forth in AHA's annual MTW Implementation Plan which is submitted to

HUD for approval. As part of that approval process, AHA and HUD determine if additional protocols are needed. For purposes of AHA's Business Plan, as amended by the Annual Implementation Plans, such protocols and Implementation Plan approvals are cumulative and remain in effect during the MTW period, as such period may be extended.

## EXECUTIVE SUMMARY: OVERVIEW OF FY 2007 IMPLEMENTATION PLAN

AHA's FY 2007 MTW Implementation Plan (the "FY 2007 Implementation Plan") establishes AHA's priorities under the Business Plan for FY 2007, which is the fourth year of AHA's seven-year Moving to Work (MTW) Agreement. The FY 2007 Implementation Plan identifies projects and activities that AHA will undertake during FY 2007. In its Business Plan, AHA committed to implementing four demonstrations as part of its MTW demonstration program, namely: 1) Transforming All Public Housing Assisted Communities to Market rate, Mixed-Income Communities, 2) Using Housing Choice Vouchers to Provide Income Eligible Families with Access to Communities of Opportunity, 3) Providing Appropriate and Affordable Housing for Seniors and Persons with Disabilities, and 4) Implementing Policies that Support Building Healthy Communities.

Since adopting its Business Plan, AHA has formalized its strategic planning process in the fall of FY 2005 by establishing the Department of Strategy and Planning. As a result, AHA's senior management team established a "Corporate Roadmap" to guide AHA work toward achieving its vision of creating *Healthy Mixed-income Communities*. The Corporate Roadmap is an executive dashboard that displays at a glance AHA's long-term goals, corporate objectives, strategies and annual projects and activities that AHA will implement under MTW and beyond. (See **Appendix B** for a copy of AHA's FY 2007 Corporate Roadmap.)

The Corporate Roadmap summarizes AHA's Business Plan into three corporate goals: 1) Quality Living Environments, 2) Economic Viability, and 3) Self-Sufficiency, described earlier. AHA is structured with four business lines to implement its Business Plan projects and activities. These business lines include: Real Estate Management, Housing Choice Administration, Real Estate Development & Acquisitions, and Asset Management. AHA is continuing to re-align and strengthen its corporate infrastructure, financial and reporting systems, information technology environment and human resources. These activities are described under Corporate Support. The projects and activities that AHA identified in its Business Plan are now re-aligned around these three goals and four business lines for implementation across fiscal years. **Appendix C** includes a graphic that depicts the implementation of AHA's Business Plan over the past three fiscal years.

During FY 2007, AHA will continue to use its MTW flexibility to transform the manner of providing the affordable housing resource in the City of Atlanta. AHA will continue to remove or streamline regulatory barriers which hinder its ability to provide affordable housing in a more effective and efficient way.

AHA developed its FY 2007 Implementation Plan using an inclusive and comprehensive annual planning process soliciting and considering comments and input from its Board of Commissioners and senior management team, private sector development partners and professional management companies, Resident Association presidents, Advisory Board groups, residents of its affordable housing communities, Housing Choice participants, the Georgia Law Center for

the Homeless, Atlanta Legal Aid Society and other stakeholders. A description of AHA's public review and plan changes process is included in **Appendix D**.

AHA's priorities for FY 2007 include the following strategies:

- Continue to implement, support and enforce the work requirement policy.
- Continue to build a network of supportive services resources to assist families in obtaining and sustaining employment and transitioning to healthy mixed-income communities.
- Continue to improve accessibility, supportive services and housing opportunities for the elderly and persons with disabilities.
- Continue the re-engineering of the Housing Choice Voucher Program including restructuring staff, providing training and capacity building, re-designing business systems, establishing a call center to improve customer service, and implementing technology solutions to allow self-servicing by participants.
- Continue to enhance the relocation database and relocation process including building a network of quality housing options for senior and disabled residents, and families who become ineligible for subsidy during the relocation process.
- Define and implement, on a demonstration basis, various rent initiatives that will assist AHA in determining the right level of affordability for the Atlanta market and its sub-markets and to provide incentives for assisted families and improve the economic viability of the agency.
- Further ongoing revitalizations currently in various stages of development, including implementing community building activities to create high-performing schools, quality retail and recreation amenities to serve the new communities.
- Pursue funding and/or financing options to advance repositioning of AHA conventional public housing communities not currently undergoing revitalization.
- Continue to utilize Project-Based Vouchers as a development tool to create mixed-income housing opportunities for families and quality affordable housing for seniors and persons with disabilities including supportive housing.
- Implement subsidy conversion to improve the economic sustainability and marketability of viable AHA-owned communities.
- Implement a comprehensive homeownership program.
- Develop a comprehensive and integrated asset management system across the agency to better interrelate the management of its financial resources, real estate, and relationships with private sector partners.
- Implement strategies to improve the economic sustainability of AHA-sponsored mixed-income communities.
- Refine AHA's deconcentration policy as a complement to the various AHA initiatives under the Business Plan.
- Continue to enhance inspections systems across subsidy programs to insure high quality opportunities.
- Enhance internal financial systems.
- Implement technology solutions that improve operating efficiency and effectiveness.
- Enhance business systems and corporate infrastructure.

Specific projects and activities that AHA will implement during FY 2007 and their prioritization are outlined in Attachment A of **Appendix C** and are described in more detail in Parts I – V of the Implementation Plan. During FY 2006, AHA's senior management team prioritized projects into four primary categories. These categories are defined as listed below:

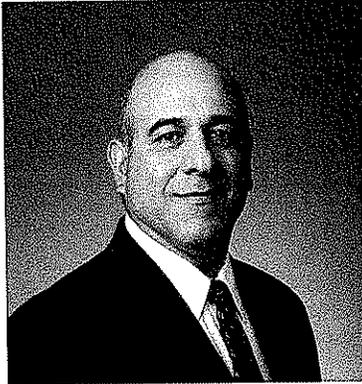
1. **Priority Projects** – Major strategies that AHA is committed to undertaking during FY 2007.
2. **Additional Projects** – Projects that AHA will explore and/or implement during FY 2007 or later.
3. **Operational Activities** – Routine functions, activities, and/or policies and procedures that AHA is continuing to implement to improve the operational performance and accountability of the agency.
4. **Postponed Projects** – Projects identified in AHA's Business Plan where implementation is postponed until FY 2008 or later.

The work outlined in AHA's Business Plan is ambitious. However, AHA's capacity to undertake this work comes from its interdisciplinary approach and specialized expertise, working across business lines to create a teamwork orientation. The interdisciplinary approach enables decision-making at appropriate levels, creating a comprehensive system of checks and balances. A copy of AHA's corporate organization chart is included in **Appendix E**.

Strategic management and decision-making guiding the development and implementation of the Business Plan are the responsibilities of AHA's executive management team, which is led by the President and Chief Executive Officer, Renée Lewis Glover. Appointed by the United States Congress to the highly acclaimed Millennial Housing Commission, the Commission was charged with making long-term national policy recommendations to Congress regarding how best to provide, preserve, finance and manage affordable housing. Ms. Glover was named Public Official of the Year in the 2002 *Governing Magazine*. In early 2003, a collaboration among the Center for American Women and Politics, the Ford Foundation and the Council for Excellence in Government recognized Ms. Glover as one of the top ten American women in government. She also served on the National Advisory Council of Fannie Mae.

Including Ms. Glover, AHA's executive management team consists of six senior executives, five vice presidents and two private sector program managers who are responsible for guiding the day-to-day implementation of the Business Plan. These professionals, their roles and experiences are outlined on the following pages:

**Senior Executives:**



**Nick Farsi, Chief Administrative Officer (Strategy, Technology & Operations)**

*"I believe that the health and safety of a community is the basic necessity and foundation for human dignity and hope for the future. Through CATALYST, we will implement a number of enhanced business processes and technological solutions enabling AHA in creating healthy mixed-income communities."*

Nick Farsi is a senior executive with over 20 years of diversified experience in Retail, Telecomm, E-Commerce, Real Estate and Web Hosting. As Chief Administrative Officer for AHA, Mr. Farsi is leading business plan initiatives that create strategy that drives the agency's operations and transforms how AHA does business in the 21<sup>st</sup> century.



**Joy Fitzgerald, Chief Operating Officer (Real Estate Development & Acquisitions)**

*"Our agenda is aggressive in terms of repositioning the distressed public housing communities remaining in the AHA inventory. It is aggressive and urgent because of the prolonged effects of concentrated poverty and isolation on families and communities. Through CATALYST, we are making a positive impact today."*

Joy Fitzgerald has more than 25 years of experience in affordable housing and mixed-income revitalization, having served for ten years as the Executive Director of the Houston Housing Authority and most recently for four years as the Director of Affordable Housing for the Georgia Housing Finance Agency. In her AHA capacity, Ms. Fitzgerald provides leadership to AHA's repositioning strategy and oversees the strategic planning and implementation for all AHA redevelopment and acquisition projects.



**Gloria Green, General Counsel & Chief Legal Officer (Legal & Nonprofit Affairs)**

*"As a native of Atlanta, I have a personal commitment to the work that we are doing at AHA. I do not have to look at the before pictures; I have a vivid memory of the before communities. The work that we are doing is extremely important to the citizens of Atlanta, particularly for the children and young people. If you consider for a moment the untapped human potential of our families, you will see what a difference CATALYST will make."*

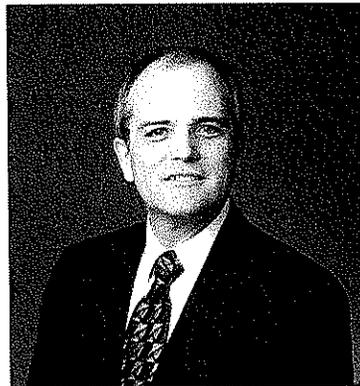
Gloria J. Green's legal career includes serving as an Attorney with the Securities and Exchange Commission in the Office of General Counsel, Washington, D.C. and in the Division of Enforcement, Atlanta Regional Office, and Vice President, Deputy General Counsel and Director of Legal Services for the Federal Home Loan Bank of Atlanta where she directed the day-to-day activities of the Legal Department. Ms. Green is a graduate of Duke University in Durham, N.C. and holds a Juris Doctorate degree from Georgetown University Law Center, in Washington, DC. As an integral member of AHA's senior management team, Ms. Green manages the Legal and Nonprofit Affairs department which provides legal services to support the implementation of the agency's CATALYST Plan.



**Steve Nolan, CPA, Chief Financial Officer (Finance)**

*"Families are the building blocks of society. At AHA, we help create healthy communities for families to live, work, and ultimately flourish."*

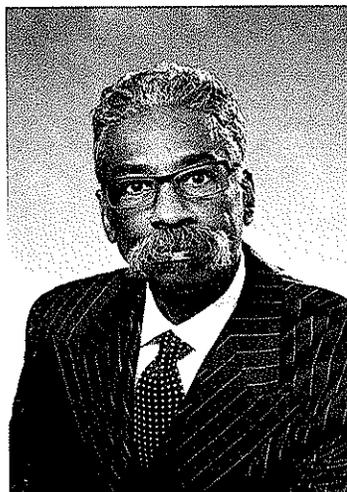
Steve Nolan's 15 years of accounting and auditing experience in the HUD regulated environment has provided him with expertise in the fields of nonprofit organizations, single audits of government financial assistance programs, and HUD and real estate accounting. He also is a Certified Public Account (CPA) and has experience in analyzing and developing systems of internal control, evaluating accounting systems, and developing and implementing accounting procedures for large and small housing authorities. Under CATALYST, Mr. Nolan provides leadership to financial reforms to make AHA a more economically viable agency.



**E. Mike Proctor, Ph.D., Chief Policy Officer (Office of Policy & Research)**

*"The deconcentration of poverty is a complicated issue. Atlanta Housing Authority's core business plan, CATALYST, is poised to challenge this issue with thoughtful, meaningful, and practical policies, and an aggressive repositioning plan, which maps strategies that dismantle the current way of doing business, and assembles an inclusive community approach that serves the organization's public purpose, invests in human capital, and seeks sustainable investment strategies for the future."*

Mike Proctor provides leadership to CATALYST in the areas of policy, asset management, research and evaluation, and new business opportunities. Mike has 30 years experience in housing programs, housing finance, and community development and revitalization. Mike received his doctorate with a specialty in public policy and administration from Georgia State University. He is a Fannie Mae Foundation Fellow having focused on affordable housing issues at Harvard's Joint Center for Housing Studies, and is a graduate of the Harvard Senior Executives in State and Local Government Program at the John F. Kennedy School of Government.

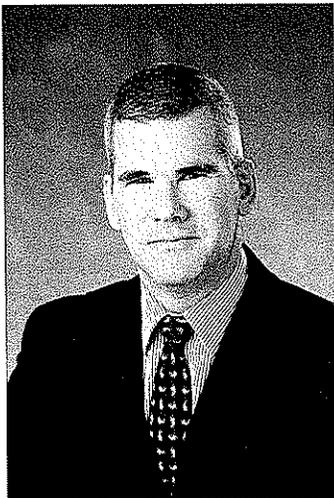


**Barney Simms, Chief of External Affairs (Community, Governmental & External Affairs)**

*"The human potential has unlimited possibilities for growth, development, and realization! It is my belief that through CATALYST, our clients now have enhanced opportunities to discover their unique potentials and easier connections to human service organizations, educational institutions, job training programs, and employment. CATALYST has proven to be a roadmap in the transformation of lives; proving that ordinary people can do the EXTRA ordinary."*

Barney Simms is a renaissance leader well known for connecting to the hearts and spirits of people challenged by at-risk circumstances and situations. His brand of strategic leadership coupled with his compassion for people, changes their lives and unleashes their human spirit. With more than 20 years of experience as a college administrator and advocate for senior and children issues, Mr. Simms provides leadership in implementing strategies that successfully transition families toward economic independence and off of subsidy assistance.

## Vice Presidents:



**Kevin Anderson, Vice President and Deputy General Counsel (Legal & Nonprofit Affairs)**

*"In light of shifting national priorities, we must, more than ever, continue to leverage private-sector expertise and market principles as part of a comprehensive revitalization strategy that delivers economic impact to neighborhoods that have been financially abandoned. Innovation, flexibility and implementing lessons learned from nearly a decade of community building will be vital to ensure AHA meets the needs of the city and our clients."*

Kevin Anderson has 18 years of experience in the areas of contracting, regulated procurement, dispute resolution, business litigation, and real estate matters. He has substantial experience drafting and developing complex contracts and business policies and procedures that mitigate corporate risk and allow for meeting and exceeding management objectives. Mr. Anderson leads reviews of business plans and related initiatives that drive agency operations to ensure they are in compliance with applicable legal frameworks and are in the best interest of AHA.



**Reneé Bentley, CFE, Vice President (Strategy & Planning)**

*"Through CATALYST, AHA is demonstrating that there is a better solution to addressing the issues of long-standing poverty in America. Every citizen regardless of age, race, class, gender, ability or income deserves the opportunity to fulfill their potential, be successful and enjoy a high quality of life."*

Reneé Bentley has over 20 years of executive management experience in strategic planning, program development, and professional fundraising. Ms. Bentley is a Certified Fundraising Executive (CFE) and holds a B.S. Degree in Biology from Mercer University. Under her leadership, AHA has secured four HOPE VI grants totaling \$110 million advancing the revitalization of its distressed public housing communities. Ms. Bentley is leading the development, implementation and performance monitoring of AHA's Business Plan.



**Gary W. Coates, MPA, CFE, Vice President, Asset Management Operations and Account Services Group**

*"The successful implementation of Atlanta Housing Authority's business plan, CATALYST, is an opportunity to provide leadership and direction as we continue to reposition the organization as a leader in the asset management arena."*

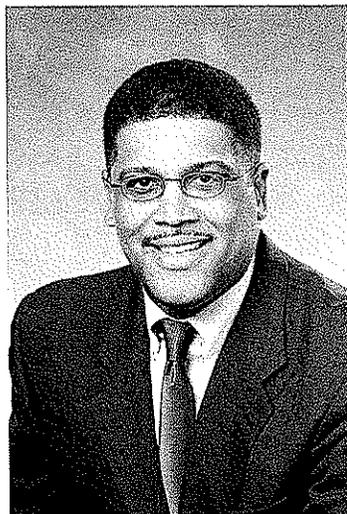
Gary Coates provides leadership in the areas of asset management systems and relationship management. Gary has over 30 years of diversified experience in Retail, Manufacturing, Government, Non Profit, Real Estate and Small Business. Gary has previously served as the Chief Operating Officer at Save the Children Foundation's Atlanta regional office. He is a Certified Fraud Examiner (CFE) and has a Masters of Public Administration degree from Tampa College.



**Bruce D. Collins, Vice President (Contracts & Procurement)**

*"There is no greater reward in public service than to participate in re-building hope, self worth and pride in one's community. CATALYST has afforded AHA the opportunity to utilize private sector business practices to ensure the selection of highly qualified, experienced and service conscious strategic partners in our community building initiatives."*

Bruce D. Collins is a senior executive with over 20 years of strategic sourcing, supplier diversity, acquisition/relocation and environmental planning experience in the both the public and private sectors. As the senior purchasing and socioeconomic official for AHA, Mr. Collins supports the implementation of AHA's business plan through ensuring an open, fair, competitive and respectful procurement and contracting process.



**Michael Simmons, CPA, Vice President (Finance)**

*"When all people in our society are given the opportunity to experience what most in our society come to expect – nice homes, nice neighborhoods, and good schools, they will experience greater possibilities in life and raise the level of expectation for themselves and their children. CATALYST helps those families realize those possibilities and raise their level of expectation."*

Mike Simmons is a senior financial executive with over 20 years experience in finance and operations. His career includes serving as Controller, Senior Director of Finance, Vice President of Credit, and Auditor at various companies. He has served on the boards of several non-profit organizations including the YMCA. Mr. Simmons has an MBA in accounting and is a CPA. As Vice President of Finance, Mr. Simmons leads the financial planning and analysis and accounting processes of AHA.

## Program Managers:

AHA has strategically outsourced the operational program management and oversight of its conventional real estate portfolio (Affordable Communities) and Housing Choice program administration to two private sector industry leaders. As an integral part of AHA's organizational management structure, Pat Jones and Cindi Herrera are leading reforms and enhancements of program delivery systems that are aligned with "best practices" in the private sector. Their backgrounds and AHA leadership roles are described in more detail below:



**Pat Jones, Program Manager (Real Estate Management)**

*"With CATALYST, AHA is taking the next step toward improving our communities by providing the tools and resources to connect residents to opportunities to improve their self sufficiency."*

Pat Jones is Senior Vice President & Managing Principal for Draper & Associates, an Atlanta-headquartered firm specializing in assisting corporate clients in formulating and implementing solutions to business and management challenges. Ms. Jones is currently on assignment to AHA as Program Manager for Supplemental Program Management Consulting Services. With more than 28 years of experience in program management and scheduling of design and construction projects, she provides leadership to the re-engineering and transformation of AHA's Real Estate Management division responsible for the agency's relationship with its private sector partners in the management of AHA's conventional public housing portfolio.



**Cindi Herrera, Program Manager (Housing Choice Voucher Reform)**

*"CATALYST is critical in the delivery of affordable housing in the City of Atlanta because it provides the encouragement and support for families in the Housing Choice Program to obtain higher quality housing in economically diverse neighborhoods with better schools and improved employment opportunities. My personal commitment to the success of CATALYST is to ensure that the families we serve in the Housing Choice Program experience positive change. As we re-engineer the Housing Choice Program, we will streamline and simplify the process through which families receive housing assistance; implement higher inspection standards; and, guide families in the selection of a quality living environment."*

Cindi Herrera has over 30 years of affordable housing experience in both the public and private sectors. Ms. Herrera has served as a national trainer for the Section 8 Program and has provided technical assistance to operationally troubled Public Housing Authorities around the country. She has served as Executive Director of two Public Housing Authorities. In a consultant capacity, Ms. Herrera is leading the reform of AHA's Housing Choice Voucher Program.

## **PART I: REAL ESTATE MANAGEMENT**

The Real Estate Management business line manages AHA's conventional public housing portfolio.

AHA has outsourced the management of its conventional public housing portfolio to three professional private management companies (PMCOs). The PMCOs are responsible for the day-to-day on-site property management functions including rent collections, property maintenance, property planning, client services, capital improvements and other construction activities. AHA's Real Estate Management department articulates AHA's goals and objectives as the owner to the PMCOs. As of June 30, 2005, AHA owns 7,258 units in 17 high-rise communities which serve the elderly and disabled and 16 family communities in its conventional public housing portfolio. Of the 17 high-rises, four are in pre-development as part of the revitalizations of three AHA family communities, namely: 1) the revitalization of Harris Homes includes the repositioning of John O. Chiles, 2) the revitalization of Grady Homes includes the repositioning of Antoine Graves and Graves Annex, and 3) the revitalization of McDaniel Glenn includes the repositioning of M.L. King Tower. Of the 16 family communities, Grady Homes and McDaniel Glenn are undergoing revitalization and University Homes is in pre-development. (See **Appendix F** for a list of these properties.)

During FY 2007, AHA will continue to own, operate and sustain all of the properties in its public housing portfolio until these properties are transitioned through revitalization for development and repositioned by public/private partnerships as mixed-use, mixed-income communities or are otherwise repositioned. To the greatest extent feasible, AHA and the PMCOs will continue to operate AHA-owned properties in a way that achieves AHA's MTW Agreement benchmarks for rent collection levels, occupancy rates, emergency and routine work orders, and inspections. **Appendix G** of this FY 2007 Implementation Plan provides more detail on AHA's goals in reaching these benchmarks during FY 2007. AHA will continue to focus on three priorities for capital expenditures for these properties: (1) the health and safety, (2) security, and (3) sustaining viability.

The following sections describe the projects and activities that AHA will implement during FY 2007 under the Real Estate Management business line.

### **A. Economic Viability**

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#### ***Priority Projects:***

**A1. Affordable Flat Rent Demonstration.** AHA will, if determined to be feasible, select one or more of its conventional public housing communities for participation in an affordable flat rent demonstration. The decision to

implement a flat rent structure will be based on several property-related factors, including, but not limited to, location, size, operating cost, market demand, and community demographics.

**Operational Activities:**

**A2. Elderly Income Disregard.** On October 1, 2004, AHA implemented an income disregard for the Public Housing and Housing Choice programs for employment income earned by elderly residents or participants on fixed income. AHA will continue to recognize this income disregard in FY 2007.

**A3. Minimum Rent.** On October 1, 2004, AHA raised its minimum rent from \$25 to \$125. Households on fixed incomes, where all members are either elderly or disabled, are exempt from the minimum rent increase and will pay rent based on 30% of their adjusted gross incomes. Hardship waivers may be granted by the PMCOs under certain limited circumstances, on a case-by-case basis, based on criteria established in AHA's *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments* (Statement of Corporate Policies). (See AHA's Statement of Corporate Policies in **Appendix D**). AHA will keep its minimum rent at this level during FY 2007.

**A4. Enhanced Business Systems (Lease Enforcement, Enhanced Criminal Screening, and Health and Safety Standards).** In the Business Plan, AHA identified certain policy and programmatic reforms needed for both the Public Housing and Housing Choice programs. These reforms are designed to improve the health, safety and welfare of families AHA serves and the neighborhoods in which they live. These reforms include improved screening and stricter lease enforcement. AHA will, as a policy and operational matter, recognize the distinction in the severity of certain crimes, creating two major categories of crimes: (1) crimes that are associated with violence or drugs and (2) non-drug related and non-violent crimes. These two categories will inform the intake process as well as the recertification process. AHA will also continue to enforce higher health and safety standards for all of the households served by AHA. Residents will be required to comply with these standards as a condition of receiving or maintaining subsidy assistance. The PMCOs have designed enhanced business systems to enforce these stricter standards and will continue to enforce them during FY 2007.

## **B. Quality Living Environments**

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**Priority Projects:**

**B1. Elderly Admissions Preference and Designated Housing at AHA's Senior High-rises.** As described in AHA's Business Plan and FY 2006 Implementation Plan, AHA plans to implement strategies at its 17 high-rise

communities to address the complex social issues associated with mixing seniors and young disabled persons. These strategies include: (1) implementing a 4:1 elderly/almost-elderly admissions preference (Elderly Admissions Preference), (2) implementing permanent percentage-based mixed-population designations, (3) implementing permanent elderly-only designations, and (4) implementing permanent non-elderly disabled designations. AHA commenced implementation of a 4:1 elderly/almost elderly admissions preference at its 17 high-rise communities as of March 1, 2006. HUD approved Elderly Admissions Preference in its approval of both AHA's Business Plan and FY 2006 Implementation Plan. This admissions preference allows the PMCOs to admit 4 elderly (62 and older) or almost elderly (55-61) residents on the waiting list before admitting a young disabled resident until such time as an optimal mix of elderly/almost elderly and young disabled residents is reached for the community. AHA plans to designate one or more of the communities listed in **Appendix I** as percentage-based mixed population, elderly only or non-elderly disabled only. AHA will apply and implement permanent designations for existing units to support the repositioning of its senior high-rise communities and for new units in the development of designated housing in connection with its revitalization efforts. "Elderly", "Almost Elderly" and "Non-Elderly Disabled" (Young Disabled) have the same respective definitions as set forth in AHA's FY 2006 Implementation Plan. Prior to implementing any percentage-based mixed-population designation, elderly-only designation or non-elderly disabled designation, AHA will (1) consult with any affected residents, (2) obtain the approval of its Board of Commissioners, and (3) submit the appropriate designated housing plan to HUD for approval.

**B2. Accessibility.** Section 504 of the Rehabilitation Act of 1973, 29 U.S.C.A., 794, et. Seq. ("Section 504"), requires all agencies receiving federal financial assistance (e.g. public housing, and some privately-owned housing) to adopt appropriate measures to allow individuals with disabilities to participate in and benefit from programs and activities administered by such agencies to the same extent as participants without disabilities. The Americans with Disabilities Act of 1990, 42 U.S.C.A. '12101-12213 ("ADA") also addresses, among other things, accessibility requirements in public accommodations for persons with disabilities. In addition, Title VIII of the Civil Rights Act of 1968 (Fair Housing Act), as amended, prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents of legal custodians, pregnant women, and people securing custody of children under the age of 18), and handicap disability. Title VI prohibits discrimination on the basis of race, color, or national origin in programs and activities receiving federal financial assistance.

AHA receives federal financial assistance for all of its major programs and is therefore subject to Section 504, ADA and Fair Housing. Moreover, AHA is wholly committed to the commitment, to the greatest extent possible, with the adoption of its policy on access to AHA facilities and programs (the "Accessibility Policy") included in its *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments* (Statement of Corporate Policies) – (**Appendix L**). AHA's approach moving forward includes the following strategies: 1) continued implementation of AHA's transition plan for ongoing accessibility improvements at AHA-owned properties; 2) continued oversight of the reasonable accommodations process and related activities to optimize positive outcomes of disabled applicants and residents; 3)

developing and implementing a proactive strategy to enhance the effective communication function including site-based availability of key documents in alternative formats (e.g. large print and Braille) and a quick response process (i.e. within two business days of request) to engage sign language and foreign language interpreters on an as-needed basis; 4) implementation of additional strategies for enhanced resident/participant awareness of their Fair Housing/504 rights (e.g. routine display of Fair Housing posters at the properties, recurring/updated Fair Housing information in AHA's client newsletter, Fair Housing information on AHA's website, Fair Housing logo on marketing related publications); 5) expanded AHA/504 training program for employees of AHA and its private management partners; and 6) exploring and implementing a super preference for the physically disabled.

AHA is also continuing its aggressive repositioning strategy described in Part III of this plan. AHA's five guiding principles for revitalizing its conventional public housing communities are centered on the need to create fair and equal housing for low income families to achieve the American dream, and to provide this opportunity to families regardless of income, age, race, or disabilities.

***Additional Project:***

**B3. Placed-Based Supportive Services Strategy Pilot.** During FY 2006, AHA and the Georgia State Department of Human Resources (DHR) pursued a "place-based" Medicaid strategy pilot to create the delivery of case management and supportive services to elderly and disabled residents at AHA's high-rises. This initial "place-based" strategy pilot was designed to enroll residents in Medicaid's SOURCE (Service Options Using Resources in a Community Environment) Program which provides case management to clients through a managed care system. The SOURCE Program provides case management services, primary care physicians, personal care plans, and service delivery to SSI/Medicaid eligible individuals. The success of the pilot depended heavily on the voluntary enrollment of current Medicaid clients in the SOURCE Program. Upon enrollment of at least 60 residents, DHR would provide a full-time, on-site case manager to serve Georgia Avenue high-rise residents. During FY 2006, enrollment at the Georgia Avenue high-rise was extremely low because many elderly residents were particularly reluctant to discontinue their relationships with their physicians who were not enrolled in SOURCE. DHR modified the program to actively enroll non-participating physicians. However, even with this modification, enrollment at Georgia Avenue high-rise continued to be low. AHA and DHR will assess, revise and re-launch the SOURCE Pilot at a later time. AHA and DHR initiated an additional pilot to create a Naturally Occurring Retirement Community (NORC) at Marion Road high-rise.

NORC is a national program model that focuses on equipping adults to age in place and building the capacity of the community to support them in that process. Led by the Atlanta Regional Commission's (ARC) Aging Division, the Marian Road NORC is a collaboration among AHA, DHR, The Habitat Company (AHA's PMCO for Marian Road), The Jewish Federation of Greater Atlanta, Visiting Nurse Association of Metropolitan Atlanta, and an alliance of community, state and county partners that are supporting the NORC by providing service delivery, community education and

advocacy. During FY 2007, AHA and DHR will continue to implement the pilot with the purpose of creating a model that leverages resources and coordinates the "place-based" delivery of supportive services to meet the special needs of seniors and disabled residents in AHA high-rise communities.

***Operational Activities:***

**B4. Enhanced Real Estate Inspection Systems.** AHA will continue to refine and improve the quality assurance (QA) inspections process for AHA-owned communities. Through its integrated inspections system, AHA will continue to inspect units at each of its conventional public housing communities, at least one time a year. A description of the integrated inspections system is described in further detail in **Appendix G**.

**B5. Comcast Cable Partnership.** AHA will continue to use technology at the high-rise communities to improve the quality of life for the elderly and disabled. AHA, working through the cable franchise for Atlanta, has established two primary cable information channels at each of its 17 high-rise communities. One channel serves as a "security" channel and is dedicated to security cameras at various locations within each community enabling residents to monitor their own community. The other channel serves as an "information channel" and provides a mechanism to broadcast information and announcements for residents such as recorded public hearings, health information, alerts, fire prevention education, and management announcements.

**B6. Video Call Down Systems.** To date, AHA has installed seven video call down systems at its family communities. Call down systems are a network of cameras with speakers that are monitored by a third party contracted firm to curtail crime from being committed on-site at the conventional public housing communities. The system allows a third party contractor as well as site staff to have visual access to each property being monitored and the ability to actually "call down" and speak to anyone suspicious or observed committing a crime. The Atlanta Police Department has access to the call down systems and monitors AHA communities periodically. During FY 2007, AHA will continue to maintain and enhance these systems to ensure their effectiveness in helping to curtail crime at its family communities.

## C. Self-Sufficiency

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Concentrating families in poverty has resulted in a huge social cost to society. The social contract with the families has been broken. AHA recognizes that changing the housing alone will not address many of the underlying problems faced by the 13,316 residents still residing in its conventional public housing communities as of February 2006. Most of these residents are desperately poor, subsisting on an average annual household income of just over \$9,400. Concentrated poverty, furthered by the on-site delivery of social services, has disconnected families from mainstream society. Many families impacted by the long-term effects of concentrated poverty are no longer regarded as citizens and have been stripped of their dignity and sense of belonging to the larger community.

Given these enormous challenges, AHA has learned several important lessons that have formed the structure of its approach to assisting families to become economically self-sufficient and has adopted three overarching principles. First, all families must be served and benefited by Self-Sufficiency Programs, especially during community revitalization. Second, families who have lived in concentrated poverty must have comprehensive and hands-on support to connect them to mainstream society and new opportunities. Third, Self-Sufficiency Programs must be outcome driven with the expectation of success for all families.

Building on the lessons learned, AHA has adopted a Human Services Delivery Strategy (HSDS) to assist families impacted by community revitalization. This strategy is described in more detail in Part III of this plan. AHA has also adopted a new service delivery strategy for families continuing to reside in its conventional public housing communities until these communities are repositioned. This new strategy has a three-prong approach: 1) Assessing the needs of families, including elderly and disabled individuals; 2) Establishing strategic partnerships with quality service providers to improve access to mainstream services that meet the needs of families; and 3) Building a comprehensive approach to connecting families to mainstream services. AHA has developed the following activities and policy changes that focus on self-sufficiency by facilitating opportunities for families to build wealth and reduce their dependency on subsidy, ultimately becoming financially independent:

### *Priority Projects:*

**C1. Work/Program Participation Requirement.** AHA's work policy generally requires that all able-bodied 18 to 61 year old adult household members maintain continuous full-time employment as a condition of receiving and maintaining subsidy assistance. AHA's policy permits eligible adults to participate in some combination of school, program participation and part-time employment as a substitute for full-time employment. AHA will also continue its Program Participation Requirement in FY 2007. This requirement states that AHA may require residents to attend economic independence or training programs if referred by AHA, its representatives or agents as a condition of receiving and

maintaining subsidy. These programs include, but are not limited to, job skill/training programs, assessment services, coaching and counseling services, the Good Neighbor Program and programs offered by the City of Atlanta Workforce Development Agency (AWDA).

**C2. Connections to the Service Provider Network (SPN).** AHA will continue to implement its referral system that connects AHA-assisted families with the services provided through the Service Provider Network (SPN) - a network of established Atlanta-based service providers that serve as a resource for families to prepare themselves for participation in the workforce and to become part of the mainstream. These processes ensure that families have access to employment, training, and supportive services resources. To link families to the SPN, this referral system uses AHA staff as well as on-site resident services staff at AHA-owned communities, Housing Choice staff, and the providers of Human Services Management described in Part III of this plan. During FY 2007, AHA plans to use the Section 3 requirement as an opportunity to further mainstream families into employment and business opportunities. Section 3 is a provision of the Housing And Urban Development (HUD) Act of 1968 that requires recipients of certain HUD financial assistance such as public housing and Section 8 funding, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low or very low income residents in connection with projects and activities in their communities. As a part of the SPN, AHA plans to expand its contractual relationship with AWDA to serve as the "clearinghouse" for training and preparing AHA clients and client-owned businesses and matching them with employment and contract opportunities offered by AWDA business partners and AHA contractors. Over the past few years, AWDA has created a model Section 3 clearinghouse program for the City of Atlanta. AWDA will use this model and the lessons learned to establish the same type program for AHA.

***Operational Activities:***

**C3. Service Provider Network.** AHA will further develop and maintain a network of established Atlanta-based service providers (the Service Provider Network or SPN) as a resource for AHA-assisted families to prepare themselves for participation in the workforce and to become part of the mainstream. To date, 22 organizations are committed as partners in the Service Provider Network including the City of Atlanta Workforce Development Agency, Atlanta Technical College, and the Georgia Department of Labor. These partnerships provide families with access to resources such as childcare, transportation, job training, life skills training, General Education Diploma (GED) training, literacy training, and substance abuse rehabilitation. The SPN will be expanded to include agencies and organizations in the greater Metropolitan Atlanta area. Additionally, to the extent AHA receives funds from HUD for self-sufficiency programs, AHA will use those funds for self-sufficiency programs to leverage service provider capacity under the SPN.

**C4. CATALYST Resource Access Guide.** AHA recognizes that the lack of knowledge of available community resources and services can become a barrier to self-sufficiency. To overcome this challenge, AHA developed the CATALYST Resource Access Guide (Guide) to support residents in their effort to meet the CATALYST work and

program participation requirements. At least twice a year, AHA publishes and distributes the Guide. The Guide identifies organizations which offer educational services, disability services, employment and training, homeownership counseling services, childcare, and senior supportive services. During FY 2007, AHA will work aggressively to establish partnerships with mental health and substance abuse providers in order to meet the needs of chronically unemployed clients. AHA's Resident Services staff is responsible for performing the due diligence to ensure that organizations listed are reputable and that the resource information listed is current and accurate.

***Postponed Projects:***

**C5. Individual Development Accounts (IDAs).** AHA will eliminate the existing earned income disregard and replace it with Individual Development Accounts (IDA) program for public housing residents who are 18 to 61 years of age and who meet certain requirements. AHA will hold a portion of the residents' rent as a carrying charge in an IDA account for their benefit. AHA believes that this savings plan will appropriately incent families to become self-sufficient. AHA has postponed the development and implementation of this program until FY 2008.

**C6. School Attendance Requirement.** During FY 2006, the Georgia state legislature passed a law that requires minors to be in school in order to receive a work permit. Because of this new law, AHA eliminated its FY 2005 requirement that 16 and 17 year olds work full-time if they are not in school and instead require all minors under 18 years of age to attend school as a condition of the household maintaining or receiving subsidy assistance. During FY 2007, AHA will continue to strengthen its partnership with Atlanta Public Schools, and in FY 2008, undertake a more aggressive enforcement of this requirement.

## PART II: HOUSING CHOICE ADMINISTRATION

The Housing Choice program is responsible for the administration of approximately 10,800 vouchers of which 2,800 are families who have utilized the portability option and moved outside of AHA's jurisdiction. The administrative responsibilities include the day-to-day operations of tenant-based vouchers, project-based vouchers and special program vouchers including Homeownership, Mainstream (for persons with disabilities), Relocation, and Opt-Out vouchers. Operational activities include managing the housing assistance waiting list, qualifying applicants, issuing and tracking lease up and utilization of vouchers, marketing and landlord outreach, determination of rent, inspection compliance, processing of annual recertification, and enforcement of AHA Catalyst work requirements and voucher regulatory compliance.

AHA's Housing Choice voucher program provides housing choices to income eligible households in the private rental market. AHA believes that with the appropriate re-design, the Housing Choice program can help AHA fulfill its mission of providing affordable housing while remaining an asset to the larger community. MTW provides AHA with an opportunity to (1) eliminate administrative burdens and operational costs associated with duplicative processes; (2) better manage subsidy and rent levels so that local markets are not skewed; and (3) improve the receptivity of the Housing Choice program in the local community. MTW is the foundation for all of AHA's voucher reform initiatives.

### A. Economic Viability

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#### *Priority Projects:*

**A1. Re-engineering Housing Choice Operations.** During FY 2006, AHA began a major re-engineering of the Housing Choice Program operations with the vision of creating a paperless state-of-the-art, client self-servicing program. The re-engineering initiative is focused on re-designing the program in the following key areas:

1. **Organizational Structure** – AHA has re-structured the staff and hired new talent to bring on the skills necessary to reform and transform Housing Choice operations.
2. **Systems/Processes** – Twenty-four business systems have been identified for re-design and improvements including site-based management for consistency with mixed-income communities, file purge and e-copy to create electronic files, interactive databases for verification for paperless processing, multi-family property assessments, and automated hearing and fraud recovery database.

3. **Training and Capacity Building** – AHA is providing training to staff to share the new vision, implement process improvements, mandate technical certifications, create new leaders, teach and utilize project management methodologies, and expand creative thinking.
4. **Customer Service Delivery** – AHA is establishing a customer call center to improve responsiveness, eliminate voice mail and provide a web-based self-servicing component for participants and landlords.
5. **State-of-the-Art Technology** – When fully implemented, AHA's Next Generations Solutions will be a comprehensive and integrated system that automates Housing Choice back office operations creating a paperless, processing system. AHA is committed to technology solutions that promote effectiveness and efficiency. During FY 2007, AHA will implement the following projects to transform Housing Choice back office operations into a paperless processing system:
  - **File Purge and E-copy.** Continue purging all files in accordance with record retention policies and commence creation of electronic files by e-copying all permanent documents.
  - **Automated Rent Reasonableness System.** Secure/develop and implement an automated rent reasonableness system and secure adequate market data to populate the system in accordance with all program requirements.
  - **Annual Re-certification Re-engineering.** Develop new processes and systems to conduct annual re-certifications utilizing a temporary file and moving toward a paperless system.
  - **Program Performance Indicators.** Develop and implement a monthly statistical report that tracks all program performance indicators that will support the overall corporate objectives.
  - **Customer Service Call Center.** Implement a customer service call center to eliminate voice mail, deliver improved customer service and respond more quickly to customer needs.
  - **Pre-qualification of Units.** Establish a methodology to pre-qualify available housing units prior to listing on AHA's website.
  - **Relocation Policies.** Develop corporate policies for discretionary actions under the Uniform Relocation Act (URA) to guide relocation staffing in providing relocation assistance and processing relocation claims.
  - **Mainstream Re-engineering.** Develop new policies and procedures for the administration of the Mainstream Program Housing Choice Voucher Program.
  - **Automated Hearing Database.** Develop and implement an automated system to track proposed terminations, hearing requests, hearing actions and final disposition of terminations in the voucher program.
  - **Automated Collections Process.** Develop and implement an automated system for fraud recovery and tracking of repayment agreements in the voucher program.
  - **Re-engineering Property Owner/Vendor Process.** Re-engineer the process for approval and processing of property owners prior to execution of the Housing Assistance Payment (HAP) contract,

eliminate paper checks and mailing of remittance forms to landlords by creating web-based access for each property owner.

- **Develop Re-occupancy Process.** Define and develop an effective process for the re-occupancy of newly developed mixed-income communities.

The Next Generations Solutions (NGS) system will be designed (1) to make daily operations more professional and efficient, (2) to improve responsiveness to participants, landlords and other customers and (3) to expand the operational capacity of the program to handle a higher volume of Housing Choice customers. NGS will offer "real-time" automated phone assistance to handle customer inquiries similar to that offered by banks and other large corporate entities that manage high-volume customer calls. The web-based access system will provide information on applicant status on the waiting list, subsidy payment amounts, inspection appointments, and other information. Customers will be able to access this information by using personal account numbers to enter the system. NGS will expand AHA's capacity to effectively manage and improve the quality of customer services offered to landlords and participants. During FY 2007, AHA will align NGS with redefined business requirements identified through the Housing Choice Voucher Administration Reform initiative described below.

**A2. Housing Choice Voucher Administration Reform.** AHA will implement the following projects to align the Housing Choice Program with its strategic vision.

**A2a. Project-based Voucher On-Site Administration.** During FY 2006, AHA developed a Project-based Voucher Administration Plan, in accordance with the relief provided by its MTW Agreement that eliminates duplicative administrative processes related to the lease-up of units at a project-based assisted property and the determination of eligibility for a prospective participant in the Housing Choice program. Many of the functions which are currently performed by both AHA staff and property management will be handled on-site at the property. In AHA's FY 2006 Implementation Plan, AHA stated its intent to eliminate duplicative administrative waiting list processes related to the lease-up of units at project-based voucher assisted properties. The revised Project-based Voucher Administration Plan includes the following: 1) revises and adopts an alternative policy and process for project-basing Section 8; 2) removes the 25% limitation for Project-based Assisted (PBA) units for non-elderly projects; 3) removes the 20% poverty rate limitation in a census tract for locating a PBA project; 4) eliminates competition for properties where AHA has direct or indirect ownership interest; 5) establishes modified Site and Neighborhood Standards for PBA projects; 6) revises definitions to classify properties as existing versus rehabilitated or new construction; 7) revises submission requirements for owners of rehabilitation or new construction properties; 8) establishes revised subsidy layering standards for PBA properties; 9) determines inspections and maintenance standards to be utilized for PBA properties; 10) establishes policy and procedures for site-based waiting lists for project-based properties; and 11) revises policy and procedures for determining rent structure in PBA properties. During FY 2007, AHA will begin the full implementation of this

revised plan. In addition, during FY2007, AHA will implement a homeless demonstration program and a supportive housing program for persons with developmental disabilities and chronic mental illness, utilizing project-based vouchers.

**A2b. Program Moves.** Working with landlords and participants, AHA will develop strategies to reduce the number of moves participants make while in the program. Such moves create instability in the family and drive up costs for landlords, AHA and the families. AHA will explore a number of solutions to this problem including limiting the number of residential moves that a participant may make during a specified period. AHA will allow moves only for a limited number of reasons, including, but not limited to, emergencies and foreclosures.

**A2c. Standards for Residency in Single Family Home.** AHA will, if determined to be feasible, set standards for participants who want to use the voucher to live in single family homes. These standards may include, but are not limited to, household compliance with the CATALYST work requirement, a demonstrated ability to maintain a single family home, an acceptable participant household history, and a minimum amount of earned income.

**A2d. Homeownership Standards.** AHA will set certain eligibility criteria and standards for using the voucher for homeownership and open the voucher waiting list for families that demonstrate homeownership readiness. AHA will expand the area in which AHA voucher participants may purchase a home and work with identified homebuyers to provide a set aside for AHA voucher holders in identified subdivisions. Homeownership standards may include, but are not limited to, successful participant history as occupants of a single family unit, a limit on the percentage of a mortgage that can be paid using voucher subsidy, household compliance with the work requirement and minimum household income requirements.

**A2e. Intake/Waitlist Re-engineering.** AHA will design a new intake process, and organize and manage the waiting list in alignment with CATALYST requirements. The waiting list will be subdivided into homeownership readiness applicants, CATALYST compliant applicants and elderly/disabled applicants. AHA will establish a percentage of vouchers to be issued to each subcategory of applicants on the updated waiting list.

**A2f. Housing Choice Fair Market Rent Standards.** AHA will develop its own Fair Market Rents (FMRs) based on local market conditions and identified submarkets that exist within the City of Atlanta. This initiative will allow AHA to set subsidy amounts in accordance with realistic market conditions. AHA will apply these FMRs to both the tenant-based and project-based programs. Rent reasonableness determination will be conducted utilizing the individual FMR schedules for each sub-market area within the City.

To implement these and other voucher related initiatives included in this FY 2007 Implementation Plan and the

Business Plan, AHA will modify certain HUD mandated forms and documents, including but not limited to the Housing Assistance Payment (HAP) contracts, the Agreement to make Housing Assistance Payments (AHAP) and the Housing Choice Voucher. AHA may also create new documents and forms to substitute for the typical HUD mandated forms used with the Housing Choice program.

***Additional Projects:***

**A3. AHA Standards and Incoming/Outgoing Ports.** AHA currently requires voucher families to be in full compliance with the CATALYST standards, including compliance with AHA's work requirement, criminal background screening in accordance with AHA's standards, participation in AHA-approved self-sufficiency programs and the Good Neighbor program prior to approving the family's request to port to another jurisdiction. However, once under contract with a receiving PHA, AHA has no mechanism that allows continued enforcement of these requirements. During FY 2007, AHA will develop standards for outbound port families that will require ongoing compliance with all MTW requirements in order for AHA to continue to make payments on behalf of the family. In addition, AHA will require all incoming portability voucher holders to comply with CATALYST policy requirements. AHA will also establish limits on the number of families that can exercise the outbound portability option and the criteria for families to port out. In addition, inbound portability will only be accepted if the household is in full compliance with the working provisions and other CATALYST criteria.

**A4. Housing Choice Fixed Subsidy Initiative.** During FY 2007, AHA will research and explore the establishment of a "fixed" subsidy structure for Housing Choice participants. To improve cost efficiency and provide an incentive for families, AHA will explore strategies to implement a staged reduction of subsidy assistance to Housing Choice participants based on time in the program and other factors and will implement a single annual recertification process with no interim reporting or subsidy change procedures.

***Operational Activities:***

**A5. Enhanced Business Systems (Family Obligations Document Enforcement, Enhanced Criminal Screening, and Health and Safety Standards.)** As discussed under the Real Estate Management business line, AHA identified certain policy and programmatic reforms needed for both the Public Housing and Housing Choice programs in its Business Plan. These reforms are designed to improve the health, safety and welfare of families AHA serves and the neighborhoods in which they live. These reforms include improved screening and stricter enforcement of family obligations. As a policy and operational matter, AHA recognizes the distinction in the severity of certain crimes, creating two major categories of crimes: (1) crimes that are associated with violence or drugs and (2) non-drug related and non-violent crimes. These two categories inform the intake process as well as the recertification process. AHA will also continue to enforce higher health and safety standards for all of the households served by AHA. Housing Choice

participants will be required to comply with these standards as a condition of receiving or maintaining subsidy assistance. As part of its Housing Choice Reform initiative, AHA will refine the business processes associated with implementing these policies in the Housing Choice program during FY 2007.

**A6. Elderly Income Disregard.** On October 1, 2004, AHA implemented an income disregard for the Public Housing and Housing Choice programs for employment income earned by elderly residents or participants on fixed income. AHA will continue to recognize this income disregard in FY 2007.

**A7. Minimum Rent.** Effective October 1, 2004, AHA raised its minimum rent from \$25 to \$125 under its Public Housing and Housing Choice programs as well. Households on fixed incomes, where all members are either elderly or disabled, are exempt from the minimum rent increase and their total tenant payment continues to be based on 30% of their adjusted gross incomes. Hardship waivers may be granted under certain limited circumstances, on a case-by-case basis, based on criteria established in AHA's Administrative Plan. AHA will keep its minimum rent at this level for FY 2007.

***Postponed Projects:***

**A8. Housing Choice Inspection Fees.** AHA will charge landlords reasonable fees for pre-inspections and subsequent re-inspections following the initial re-inspection, to cover the administrative costs associated with these additional inspections. Additionally, participant households may be charged a fee to cover the administrative costs of re-inspections due to certain deficiencies which are the responsibility of the household and remain unaddressed. AHA is delaying the implementation of this project until FY 2008.

**A9. Housing Choice Landlord Certification and Training.** AHA is delaying its plans to develop a mandatory Landlord Certification Training Program to educate landlords on the requirements for placing and maintaining their properties in the Housing Choice Program, until FY 2008.

## **B. Quality Living Environments**

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***Priority Projects:***

**B1. Enhanced Real Estate Inspection Systems.** During FY 2007, AHA will continue to use higher inspection standards for all subsidized units and integrate various inspection processes and systems. Distinct standards have been developed for multi-family and single family inspections and a property assessment program implemented for

multi-family properties. This assessment property looks at all areas within the land footprint of the property as well as the surrounding neighborhood conditions. Single family standards also include inspection of the surrounding neighborhood as well as the specific property under contract. These standards will continue to be enhanced in FY2007 and the program fully implemented for enforcement pursuant to these standards. More details describing AHA's FY 2007 plan for enhancing its Housing Choice real estate inspection systems are included in **Appendix H**.

**B2. Place-based and People-based Deconcentration Strategy.** AHA will develop a deconcentration strategy with the goal of reducing significant levels of poverty concentration created by the high absorption rate of assisted housing in impacted communities. In seeking to achieve the goals of this strategy, AHA will implement place-based and people-based transformation initiatives. Place-based initiatives will examine the placement of vouchers in neighborhoods impacted by a high level of assisted housing poverty concentration. This approach contemplates the establishment of deconcentration standards which will identify and track assisted housing trends in impacted neighborhoods and establishes benchmarks for analyzing and measuring success in reducing the level of assisted housing poverty concentration. People-based initiatives will address the transformation of very low income families into economically viable citizens who will be able to make informed choices outside of current mobility patterns.

**B3. Enhanced Relocation Process and Database Enhancements.** During FY 2007, AHA will continue to modify its relocation procedures and processes to support AHA's need to manage the relocation process efficiently for an identified community within a specified timeline. This enhanced process will be designed to ensure that AHA and its development partners have the data necessary to track residents and address their needs through the relocation process. AHA will also continue to enhance the relocation process by building strategic partnerships with experienced housing and service providers to provide quality housing options and supportive services to assist families during their transition. AHA will replicate the success Responsible Relocation model described in more detail in Part III of this plan, providing alternative housing options and supportive services to families who are not eligible for the Housing Choice voucher during relocation. In addition, AHA will continue to build its Quality Housing Coalition for Seniors and Persons with Disabilities. During FY 2006, AHA developed a Quality Housing Coalition to provide quality housing options and supportive services to seniors and persons with disabilities that AHA will be relocating during the revitalization of its four high-rise communities currently under predevelopment, namely: (1) John O. Chiles, (2) Martin Luther King Towers, (3) Antoine Graves, and (4) Antoine Graves Annex. (These revitalizations are described in more detail in Part IV Real Estate Development & Acquisitions.) In building the coalition, AHA developed a comprehensive listing of senior/disabled housing and supportive services providers, and conducted phone surveys and site visits to identify quality providers that would meet the needs of seniors and persons with disabilities that AHA serves. On March 1, 2006, AHA held its first coalition meeting and recruited 12 partners initially to the coalition. AHA will continue to build the coalition during FY 2007 to provide support to relocation.

## C. Self-Sufficiency

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All self-sufficiency policies, programs and activities described previously under the Real Estate Management business line and included under the Real Estate Development & Acquisitions business line described in Part III are applicable to Housing Choice participants. These include: (1) Work/Program Participation Requirement, (2) Human Services Management, (3) Service Provider Network, and (4) the CATALYST Resource Guide.

### *Priority Projects:*

**C1. Good Neighbor Program II.** AHA's Good Neighbor Program (GNP) is designed to teach and prepare Housing Choice participants on how to live and blend into the communities where they live and help them understand their role and responsibilities as good neighbors. In FY 2006, over 8,000 Housing Choice participants attended the GNP training. The training is currently provided by Georgia State University; however, their contract will be ending in FY 2006. The day-long training sessions offered through the GNP was a first step in discussing general subject areas such as adjusting to the community, crime prevention, continuing education, parenting skills, and preparing for self-sufficiency. Participants were also given a 20-minute presentation on CATALYST focused on the work/program participation requirement and the personal responsibility component. During FY 2007, AHA will be refining the program components to offer a Good Neighbor Program II. The GNP II will further delve into a number of issue areas discovered during the initial training and place greater emphasis on personal responsibility as well as steps and strategies that promote economic self-sufficiency. This could include, but is not limited to, conflict resolution training, substance abuse and family counseling, and preparing a roadmap for moving off subsidy assistance. AHA will take the necessary steps to continue to offer the Good Neighbor Program building on the lessons and best practices during the first 18-month experience of the program.

**C2. Housing Choice – Connections to the Service Provider Network (SPN).** AHA has restructured its Housing Choice workforce compliance efforts with the intent of developing a coordinated and comprehensive approach to connecting Housing Choice participants to the Service Provider Network and increasing their chances of achieving self-sufficiency. Through this new approach, Housing Choice participants needing assistance in meeting the work requirement or other services will receive more specialized attention from Resident Services staff whose role is to assess their family situations and connect them to the most appropriate service provider. This new approach will ensure that there is consistency in connecting residents in both the Housing Choice and affordable programs to service.

**C3. Housing Choice Family Self-Sufficiency (FSS) Program.** AHA is re-engineering its Housing Choice Family Self-Sufficiency (FSS) program in alignment with its CATALYST goals and to be more successful in assisting the families

in the program with achieving the goals established in their FSS Plans and graduating successfully from the program. The re-engineering focuses on revisiting and possibly re-establishing existing contracts, improving counseling services, connecting families to AHA's Service Provider Network, described earlier, reconciliation of escrow funds and adjustment of guidelines for release and use of the escrow.

### **PART III: REAL ESTATE DEVELOPMENT & ACQUISITIONS**

AHA's vision is 'Healthy Mixed-income Communities.' Since its first revitalization project in 1994, AHA has determined that warehousing poor families in isolated communities was detrimental and perpetuated the cycle of poverty. Through its revitalization efforts, AHA's approach has demonstrated that families fare better economically and socially when they are given an opportunity to move away from concentrated poverty and into healthy mixed-income communities. AHA believes that the better solution is to provide affordable housing seamlessly in market rate, mixed-income communities. AHA's focus is on facilitating or creating housing opportunities that integrate all of the families assisted with AHA subsidies into mainstream, market-oriented residential environments. AHA has learned that until a community is healthy and hopeful, no amount of social intervention has been or can be effective at the level and scale that the problems demand. Simply put, **"Environment Matters!"**

Under its Business Plan, AHA is committed to repositioning its existing conventional public housing communities to create healthy mixed-income communities for families. Five principles guide AHA's strategic repositioning program:

1. End the practice of concentrating the poor in distressed, isolated neighborhoods
2. Create healthy communities using a holistic and comprehensive approach to assure long-term marketability and sustainability of the community and to support excellent outcomes for families especially the children – emphasis on excellent, high performing neighborhood schools and excellent quality of life amenities, such as first class retail and green space.
3. Create mixed-income communities with the goal of creating market rate communities with a seamless affordable component.
4. Develop communities through public/private partnerships using public and private sources of funding and market principles.
5. Residents should be supported with adequate resources to assist them to achieve their life goals, focusing on self-sufficiency and educational advancement of the children. Expectations and standards for personal responsibility should be benchmarked for success.

AHA's Real Estate Development & Acquisitions business line is responsible for implementing AHA's repositioning strategy. Repositioning is not new to AHA. In September 1994, AHA-owned and operated 25 family and 17 high-rise public housing communities. Since 1994, AHA has completed the repositioning of six family communities under the Olympic Legacy Program. Additionally, the revitalization of six family communities is underway. Predevelopment activity is underway for one family community and four high-rise communities. This leaves 12 family communities and

13 high-rise communities which need to be addressed. The compelling need to address the family communities which have not been repositioned is clear.

**First, the physical condition of the conventional family communities is obsolete.**

- The average age of AHA's 17 family communities is 41 years, with ages that range from 24 to 68 years old. This is well past any intended "useful life" for the building structures.
- AHA has estimated that over the next five years the cost of capital improvements to keep the family communities safe and sanitary is \$56 million. After AHA funds housing assistance payments, property operations at AHA-owned properties, and corporate overhead, \$25 million remains for capital improvements over this same period of time.
- AHA has also estimated that the cost to upgrade the communities to "Class C" is approximately \$117 million.

Most of AHA's public housing family communities do not have kitchen cabinets, closet doors, showers, kitchen/stove exhausts, dishwashers, disposals, washer/dryer hook-ups, ceiling fans, bathroom exhausts or air conditioning. Most of these properties have (1) combined storm/sanitary sewer systems, (2) undesirable building and unit densities, (3) obsolete floor plans and unit layouts and, (4) heating and electrical systems that are poorly designed and fail to meet modern standards

**Second, AHA's family public housing communities are not financially viable.** An analysis of the net financial impact of the family communities for FY 2005 shows that the family communities do not operate on a break even basis, even with HUD low income operating subsidy.

**Third, AHA's housing product is not market competitive.** AHA's target market is working families, the elderly and the disabled. During FY 2005, AHA implemented enhanced criminal background screening procedures for applicants and residents with the intent to improve the safety and quality of life of the residents at its communities. As a result, the PMCOs have reported that they must review, on average, between 20 and 40 applications of families on the waiting lists to identify a suitable family that meets AHA's eligibility criteria, on average. While its occupancy rates currently meet the performance benchmarks outlined in its MTW Agreement, AHA fully anticipates that occupancy rates will decline with continued implementation of AHA's criminal screening standards. The poor product quality of units in the existing family communities only exacerbates these circumstances. Working income eligible families with choices are not choosing to live in AHA's family communities. AHA's family communities are not market competitive.

**Finally, concentrated poverty has a detrimental effect on families.** Today more than 13,000 of AHA's residents still reside in the older public housing projects ridden by social problems created as a result of concentrating families in poverty. The concentration of impoverished families continues to produce some of the City's worse areas for social ills and personal attitudes of hopelessness. Most of these remaining public communities are characterized by high crime rates, marginal employment, failing schools, poor health, dysfunctional family structures, and disinvestment in Atlanta neighborhoods. In addition, AHA has 17 high-rise communities housing elderly and disabled persons who have their own unique set of challenges, such as life-style conflicts, mental illness, and frail and aging seniors lacking appropriate supportive services.

## **A. Quality Living Environments**

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### ***Priority Projects:***

**A1. Repositioning.** AHA will continue to reposition its conventional public housing assisted properties in partnership with private sector development partners. Repositioning may involve any one or a combination of the following strategies: (1) major revitalization using HUD funds as seed capital to attract private sector development interest and private investment; (2) major revitalization using vouchers (obtained from opting-out of the public housing program) and the value of the land as seed capital and equity to attract private investment; (3) sale; (4) land banking; or (5) acquisitions.

As of March 2006, the following revitalization projects are underway or are in predevelopment and will continue during FY 2007: (1) the revitalization of Carver Homes, (2) the revitalization of Perry Homes, (3) the revitalization of Harris Homes, (4) the revitalization of Grady Homes, (5) the revitalization of McDaniel Glenn, (6) the revitalization of Capitol Homes, and (7) the revitalization of University Homes. As an outgrowth of the revitalization of the foregoing communities, four high-rise properties will be revitalized: (1) John O. Chiles, (2) Martin Luther King Towers, (3) Antoine Graves and (4) Graves Annex. These high-rises are in the predevelopment stage.

AHA does not presently intend to reposition any other AHA-owned communities during FY 2007. However, AHA recognizes that the real estate market is dynamic. If an attractive opportunity is presented to AHA and that opportunity furthers AHA's strategies, goals and objectives, AHA will move forward with that opportunity. As these opportunities are presented to AHA and the determination is made to pursue these opportunities, AHA will engage in real estate transactions necessary to support the repositioning of its entire portfolio, the development of housing or mixed-use projects and the development of other facilities which are consistent with AHA's real estate strategies and goals. AHA will, as necessary and feasible, and if conditions so warrant, dispose of, demolish or voluntarily convert one or more of the public housing properties in AHA's portfolio. AHA may also demolish or dispose of property for other valid business

reasons that are not associated with its repositioning strategies including, but not limited to, the need to address life, safety and health issues of AHA's families. All of AHA's conventional public housing assisted properties are potential candidates for subsidy conversion or full or partial demolition or disposition in FY 2007. A list of such properties can be found in **Appendix J**. In addition, AHA will, if necessary and feasible, acquire improved or unimproved real estate in its jurisdiction in order to expand AHA's real estate portfolio, provide affordable and/or mixed-income housing opportunities, support local revitalization initiatives and stabilize local neighborhoods. During FY 2006, AHA has established an equity investment fund with \$12 million from the Housing Choice program to seek opportunities to invest in real estate for future development or sale in order to maximize return on investment.

AHA has learned that revitalization initiatives must be holistic and focused on community building. Quality housing is obviously important, but good schools and wholesome recreation are keys to strong neighborhoods. As AHA works with its private developers to build new housing, the agency will also continue to engage the school system, YMCA and other service providers to ensure that revitalized neighborhoods will be served by high-performing schools and family-oriented recreation. AHA and Atlanta Public Schools (APS) engaged in a joint strategic planning process during FY 2006 particularly focused on coordinating APS' school reform initiatives with AHA's community revitalization initiatives. AHA believes that high-performing schools are key to the success of mixed-income communities particularly in attracting market rate families. AHA also believes that "Education is the great equalizer" in advancing low income families toward economic self-sufficiency and off of subsidy assistance.

**A2. Subsidy Conversion.** As described above, AHA will use a variety of real estate strategies to reposition its conventional public housing properties into viable and sustainable communities. These strategies will include the use of a subsidy conversion methodology for converting public housing assisted communities to Section 8 voucher rental assisted communities. AHA is proposing to pilot the Public Housing Reinvestment Initiative conceptually proposed by HUD in its FFY 2002 budget. AHA and its selected private sector development partner would seek to raise capital for each affected community using the rents collected and subsidy provided under the Section 8 voucher program as the sources of net operating income. These resources together with the land could be further leveraged to attract additional private resources to create a market rate, mixed-income community. Prior to converting any property, AHA will conduct a financial analysis comparing the cost of providing Section 8 rental assistance to subsidize and operate the property with the cost of continuing to operate the development as public housing. AHA will also consult with affected communities as we move this initiative forward.

AHA may use any of three scenarios for dispositions associated with converting public housing units at AHA-sponsored mixed-income communities, as described in its FY 2006 Implementation Plan approved by HUD. In connection with the submission of a disposition application to HUD, AHA will apply for tenant-based vouchers which will be substituted for the public housing assistance tied to the property. Existing residents will be given the opportunity to relocate or remain at the property using their vouchers. In the event a resident chooses to leave the property, the management agent

representing the Owner Entity may market available affordable units to other eligible families. Households who are not eligible for vouchers may relocate to AHA Affordable Communities or will be offered Uniform Relocation Act (URA) benefits. As stated above, all of AHA's properties listed in **Appendix J** are potential candidates for subsidy conversion.

**A3. Comprehensive Homeownership Program.** During FY 2007, AHA will continue the implementation of homeownership programs that develop affordable homeownership opportunities in healthy, mixed-income communities, and prepare low income families to become successful homeowners. AHA's homeownership plans for FY 2007 are described in more detail below:

***ROSS Homeownership Program***

AHA is currently working with 171 clients in the Resident Opportunities & Self Sufficiency ("ROSS") Program for public housing assisted residents. This program was designed as homeownership outreach to low to moderate income families. The families are required to actively participate in financial literacy, credit and debt management and home buyer education classes to prepare for becoming a homeowner. During FY 2006, AHA partnered with Home Free USA as the service provider for its ROSS clients. In doing so, AHA will achieve a greater number of qualified candidates to create a ready pool of buyers for its homeownership development program. The commitment is to ensure that at least 21 candidates transition from the ROSS program to homeownership during FY 2007.

***Capitol Homes Revitalization Homeownership Plan – HOPE VI***

The Capitol Homes HOPE VI project is committed to the development of 90 single family for sale units; 40 of the units will be affordable and 50 will be market rate. To date, two affordable units and one market unit have been sold. The development partner, Capitol Gateway, LLC (CG), has partnered with Tyler Place CDC, JLV Homes & Communities, Historic District Development Corp., 565 Development, LLC., Oakland Park, LLC., Auburn Avenue Village and Lakewood Hills, LLC to provide new construction for sale homes for the remaining 87 units. During FY 2007, through a Memorandum of Agreement, these home builders will work with the developer and AHA to ensure Capitol Homes' HOPE VI homeownership plans are met. Up to \$20,000 of HOPE VI funds will be available as down payment assistance subsidy for the 40 affordable for sale units.

***Carver Homes Revitalization Homeownership Plan – HOPE VI***

As part of the Carver Homes HOPE VI revitalization plan, AHA will convey 22.93 acres to the development partner, Carver Redevelopment, LLC (CR), for the construction of 202 for sale units. Of the 202 units, 64 will be affordable. For FY 2007, the development partner plans to select a third party home builder to construct these homes. There will be no HUD funds used for homeownership subsidy.

***Grady Homes Revitalization Homeownership Plan – HOPE VI***

The Grady Homes HOPE VI revitalization plan for off-site for sale single family development includes a partnership

among AHA, Grady Redevelopment, LLC (AHA's development partner), and Atlanta Habitat for Humanity (Habitat) to build 18 newly constructed for sale affordable units. AHA will convey 18 lots to Habitat. During FY 2007, Habitat will develop the 18 for sale single family homes, all to be affordable to families at 50% of AMI. Grady Redevelopment, LLC will build three for sale affordable single family homes in the revitalized neighborhood of Grant Park on lots conveyed by AHA. This approach will provide an immediate boost in the revitalization efforts of these neighborhoods and will widen the geographic range of affordable housing.

***Harris Homes Revitalization Homeownership Plan – HOPE VI***

The revitalization plan for the former Harris Homes site is in the predevelopment stage to deliver the first phase of 74 for sale homes committed to in this project. Predevelopment activities began in February 2006; a notice to proceed is anticipated by mid-March; and all due diligence to be completed by the end of April. After the design and financing stage is completed, construction activity is scheduled to begin during the third quarter of 2006, with the first unit delivery or availability the first quarter of 2007. The plan includes 20 affordable units and the use of up to \$22,500 of HOPE VI funds available as down payment assistance to qualified buyers.

***McDaniel Glenn Revitalization Homeownership Plan – HOPE VI***

Demolition is underway at the former public housing site. Presently, the homeownership plan for McDaniel Glenn consists of a total of 297 for sale units, of which 67 will be affordable. For the initial phase, AHA and its developer partner will work in collaboration with SUMMECH to provide 15 homes as part of the first phase of McDaniel Glenn homeownership plan in FY 2007. Nine of the homes will be affordable and the six market rate units have already been completed and sold.

***Perry Homes Revitalization Homeownership Plan – HOPE VI***

The initial phase of this redevelopment project includes 100 on-site, newly constructed for sale single family homes of which 40 affordable are and 60 are market rate. Up to \$12,000 of HOPE VI funds will be available as down payment assistance subsidy for the 40 affordable for sale units in the initial phase of development. Future development phases include an additional 150 on-site for sale single family homes; and approximately 577 off-site for sale single family homes. Twenty percent of these future phases will be targeted as affordable. There will be no HOPE VI down payment assistance funds used beyond the initial forty affordable units.

***Operational Activities:***

**A4. Project-Based Voucher as a Development Tool.** During FY 2007, AHA will continue to use Project-Based Vouchers as a development tool by partnering with private sector partners to develop housing opportunities for income-eligible families. As construction or substantial rehabilitation is completed and project-based assisted units come on-line, AHA will use its voucher allocation to provide project-based assistance as needed to meet its commitments. As of June

2006, AHA has 969 vouchers under Housing Assistance Payments (HAP) contract in 14 communities of which six are elderly and eight are family properties. Additionally, AHA has committed to allocate 1,094 vouchers to 16 communities of which six are family, nine are elderly, and one is serving a Special Needs population.

**A5. Developing Alternative & Supportive Housing Resources.** In support of the Mayor's Regional Homeless Commission master plan to eliminate homeless in the city of Atlanta, AHA established a Homeless Demonstration Program that utilizes Project-based Vouchers to provide rental assistance targeted to the chronically homeless population. Under the program, AHA will allocate 100 vouchers annually for each of the next five years towards the implementation of this program. As part of the Regional Homeless Commission's master plan to develop quality Permanent Supportive Housing, the United Way of Metropolitan Atlanta, Inc. has raised \$2 million for supportive services as a necessary to support the targeted population. During FY 2006, United Way issued a Request for Proposal (RFP) for service providers and selected five organizations that it would fund under this demonstration. AHA issued a RFP for owners of multi-family properties to submit proposals for existing residential developments for housing the Chronically Homeless. Such owners were required to partner with the United Way selected service providers to ensure that adequate services would be available. In FY 2007, a RFP will be issued for Projected-based Rental Assistance that will not be limited to existing housing units.

In addition, AHA will continue its work in partnership with foundations and supportive services organizations to identify alternative housing resources and services that will support relocation. During FY 2005, AHA partnered with the Annie E. Casey Foundation to develop and implement a pilot program called *Responsible Relocation* to identify alternative housing resources for public housing assisted families impacted by the revitalization of McDaniel Glen who are ineligible for Housing Choice voucher assistance or continued public housing assistance. AHA and Casey will explore the expansion of the *Responsible Relocation* "best practice" approach during FY 2007 by engaging additional local and national foundations such as the Zeist Foundation, Enterprise Foundation, and United Way of Metropolitan Atlanta, Inc.

AHA will also work with DHR, the Georgia State Department of Community Affairs (DCA) and public and private sector developers and service providers to explore ways to leverage resources to create new supportive housing and affordable assisted living developments. This collaboration could increase the inventory of quality affordable supportive housing and affordable assisted living for seniors and the disabled, particularly the mentally disabled who are currently inappropriately housed in AHA high-rises which have no supportive services resources to meet their unique needs. AHA will explore the use of existing public and private sector resources including Medicaid Waivers, Low income Housing Tax Credits, and DCA Supportive Housing funds. AHA will also pursue funds under the Public Housing Authority Affordable Assisted Living Demonstration Program, an anticipated joint grant program sponsored by HUD and the U.S. Department of Health and Human Services.

## B. Self-Sufficiency

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AHA is committed to ending the warehousing of low income families and to creating healthy, market rate, mixed-income communities where families can thrive. Market rate, mixed-income communities can offer families quality housing, schools, employment opportunities, retail, amenities, and a wider range of choices and opportunities. To ensure that families are successful, AHA has adopted three guiding philosophies in delivering services to families impacted by revitalization. First, all families must be served and benefited by Self-Sufficiency Programs, especially during community revitalization. Second, families who have lived in concentrated poverty must have comprehensive and hands-on support to connect them to mainstream society and new opportunities. Third, Self-Sufficiency Programs must be outcome driven with the expectation of success for all families.

### *Priority Projects:*

**B1. Human Services Management.** Integral Management Services (IMS) and AHA decided several years ago, that a critical component to the relocation process was investing in the affected residents during the development period, so that families would have an opportunity to work through any barriers to being successful in the newly revitalized community or in their new community with the Housing Choice voucher or in another public housing assisted community. The Human Services Management program was designed by IMS in collaboration with AHA. IMS piloted this program with the intent and purpose of working with each and every affected resident. This program was in direct response to the criticism by Senator Mikulski that the affected residents were not receiving the benefit of supportive services from the HOPE VI grant. The funding is a fixed dollar amount per affected family household. AHA and IMS determined that this was the best way to achieve that vision. The program has been very successful. AHA agreed that this investment in the residents would be made during the development period while the real estate development activities were taking place in parallel. AHA has contracted with IMS to provide coaching and counseling services to affected families at the following former AHA communities: Capitol Homes, Harris Homes, Carver Homes and Grady Homes. AHA has also contracted with 360vu (formerly Sparta Consulting) to provide these services to the affected families from McDaniel Glenn and Perry Homes. The purpose of these services is to help the families transition into the mainstream with a goal of self-sufficiency and economic independence. AHA also contracted with IMS to provide coaching and counseling services for affected families from Gilbert Gardens, a community sold to the City of Atlanta under the auspices of the Airport Noise Mitigation Program. AHA will provide coaching and counseling services to affected families at other communities as needed as part of AHA's repositioning activity, subject to funding availability.

## PART IV: ASSET MANAGEMENT

The Asset Management business line is responsible for: (1) real estate investments, (2) conventional real estate, (3) other AHA assets, and (4) other business opportunities including Fee Based Contract Administration described in more detail below.

### Signature Properties

AHA is also the sponsor of 12 market rate, mixed-income communities (Signature Properties). The mixed-income communities are not owned, controlled or operated by AHA or any of its affiliates. These communities are owned by public/private partnerships formed between an AHA affiliate and AHA's procured private sector development partners, with the private developer as the managing general partner. The limited partnership interests are acquired and owned by entities that purchase the low income housing tax credits. In most cases, greater than 97% of those interests are held by those investors. AHA continues to own the land, on which the mixed-income, multi-family rental apartments are constructed. AHA leases the land to the public/private partnership (Owner Entity) pursuant to a long-term ground lease, typically 50 to 60 years. At the end of the ground lease term, the land and improvements revert to AHA. The Owner Entity executes the development activities, including the construction of the improvements. (See **Appendix K** for a list of these properties.)

The development model for mixed-income communities is a market rate community, with a seamless affordable component. Typically, 30% to 40% of the apartments are reserved for families who are public housing eligible. The remaining 70% or 60% are leased to market rate and tax credit eligible families based on the financial and legal structure. The total development budgets for the mixed-income communities are comprised of various combinations of multiple public and private sources of funds. In all cases, AHA's development funds serve as seed capital to leverage private investment. The Owner Entity borrows conventional first mortgage debt from either a bank or other financial institution, or FHA insured 221 (d) (4) arrangements or private activity bonds with 4% low income housing tax credits. The Owner Entity, subject to limits under the State of Georgia's Qualified Allocation Plan, applies for 9% of low income housing tax credits. If awarded, the credits are sold to investors to raise equity for the development project. AHA loans its funds to the Owner Entity for its proportionate share of the construction budget. AHA's proportionate share is based on the percentage of the apartments reserved for public housing eligible residents pursuant to regulatory agreements with HUD. AHA's loans are second mortgage loans subordinated to the first mortgage and are payable only out of cash flow generated from the property.

The housing assistance payment using Section 9 operating subsidy from HUD for the public housing assisted units in mixed-income communities is calculated to pay the difference between the operating costs (based on operating budgets prepared by the Owner Entity) and resident rents (based on 30% of adjustable income of the assisted family) so that

such apartments operate on a break even basis. Related Partnership Operating Reserves have been established for each mixed-income community to mitigate the financial exposure in the event that AHA does not or cannot meet its housing assistance payment obligation to that property.

For its role in supporting the revitalization and development of mixed-income communities, AHA earns development and other fees. This income can be used for low income housing purposes. During any applicable grant agreement period, however, any such income must be used in conjunction with the revitalization activities for a particular site.

AHA's repositioning strategy uses and builds upon the legal, regulatory and financial model developed in March 1996 in connection with the revitalization of Techwood/Clark Howell, using the 1993 HOPE VI grant. The revitalization of Techwood/Clark Howell, East Lake Meadows, John Hope Homes and John Eagan Homes was packaged by AHA as the "Olympic Legacy Program" and formed the foundation of the repositioning initiative outlined in AHA's Business Plan. This repositioning strategy has had a dramatically favorable impact on the quality of housing subsidized, and has had a major impact on the mix of housing resources offered by AHA and consequently, the composition of AHA's net assets. As AHA continues its repositioning strategy, AHA will continue to reposition its existing portfolio of distressed public housing properties and will subsidize more units in healthy mixed-income communities by using development resources such as HOPE VI and other development funds and Project-Based Housing Choice Vouchers.

## **A. Economic Viability**

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### ***Priority Project:***

**A1. Asset Management Systems.** During FY 2007, AHA will consolidate a number of functions involved in managing its relationships with its private development partners into a comprehensive asset management and accounts relationship system. The new system will consolidate functions involved in the community revitalization process including closing, construction, stabilization and full occupancy of newly developed mixed-income communities. AHA will design a centralized account management system to ensure that the partnership is serviced and that all stages of the revitalization process are completed and due diligence is handled effectively. AHA will design and develop an automated information management system that will track relationship activities from beginning to end.

### ***Additional Projects:***

**A2. Mixed-Income Communities "Working Laboratory" Initiative.** The Owner Entities will use innovative approaches to achieve goals and objectives at their properties. The Owner Entities may adopt and implement their own

occupancy, leasing and rent policies and procedures with respect to their communities and the assisted residents or applicants. These policies and procedures would include, but not limited to, new rent structures (e.g., flat rents), application and waiting list procedures, eligibility and/or suitability criteria, program/training participation requirements and term limits.

**A3. Sustaining Mixed-Income Investments/Disposition of Public Housing Assisted Units at Mixed-Finance Communities.** In order to promote the more effective and efficient operation of low income housing at AHA-sponsored mixed-income communities, AHA will dispose of the public housing units at these mixed-income communities out from under the existing Annual Contributions Contract ("ACC"), as amended by the applicable Mixed-Finance Amendment to the ACC. All of the AHA-sponsored mixed-income communities with public housing assisted units listed in AHA's FY 2006 Implementation Plan are candidates for disposition under this strategy. (See **Appendix J** for a list of candidate mixed-finance communities for disposition.) AHA will implement the dispositions based on scenarios detailed and approved in its FY 2006 Implementation Plan.

**A4. Tax Credit Compliance Model.** In the Business Plan, AHA stated its intent to replace the HUD compliance requirements for the public housing assisted units at the AHA sponsored market rate, mixed-income communities with the Low income Housing Tax Credit compliance regime. In February 2005, AHA's Management and Occupancy Compliance Department (MOCD) developed and implemented AHA's Tax Credit Compliance Model. Going forward, assisted resident files at the mixed-income communities will be maintained in accordance with this new compliance model. AHA will institutionalize and integrate this process in AHA's business systems and processes and will work with HUD officials to institutionalize this process in HUD systems.

***Operational Activities:***

**A5. Fee-Based Contract Administration.** AHA is a founding member of Georgia HAP Administrators, Inc. (GA HAP), an eleven-agency consortium organized to provide project-based administration services to HUD. AHA earns ongoing administrative and incentive fees as a subcontractor to GA HAP for conducting management and occupancy reviews. At present, GA HAP is responsible for a contract administration portfolio of approximately 24,000 project-based Section 8 units in Georgia. AHA provides the oversight for approximately 7,400 of these units in Atlanta and Fulton County. In order to expand the business enterprise, GA HAP submitted a proposal in response to a HUD RFP for the Performance-Based Contract Administration (PBCA) contract for the State of Illinois. HUD awarded the Illinois contract to GA HAP. This award added approximately 40,000 units to GA HAP's PBCA portfolio. Operations for the Illinois PBCA program began on September 1, 2004. GA HAP's Illinois business line has been quite successful. All start-up costs have been repaid and an operations reserve is being funded. Fees earned by AHA through this activity are unrestricted. AHA is also the HUD Contract Administrator for eight properties (690 apartments) under the Section 8 New Construction and Substantial Rehabilitation Program: six properties funded by 11(b) bonds issued by AHA enhanced with FHA multi-

family insurance and project-based rent subsidies; and two properties funded by pension fund financing unrelated to AHA. AHA earns fees for administering HUD's rental subsidy pass-through and monitoring regulatory compliance practices at the eight properties. Contract administration under the Section 8 New Construction and Substantial Rehabilitation Program for HUD is not performance based and fees earned by AHA through this activity are restricted in their use. Contract administration activity will continue through FY 2007.

**A6. Mark to Market Program.** The Mark to Market program was designed to evaluate the rent and debt restructurings of privately-owned FHA-insured multi-family assets with expiring Section 8 project-based HAP Contracts. As a Participating Administrative Entity, AHA conducts multi-family asset restructurings in Georgia and, in doing so, determines whether an asset should receive a rent reduction to market or enter into a debt restructuring to ensure that the asset will remain viable over a specified period of time, usually 20 years. AHA earns unrestricted administrative fees based on its performance and the level of difficulty of the restructuring. AHA's evaluation of 21 assigned assets included reviews of market rents, property appraisals, physical condition assessments, operating expenses, reserve for replacements, and management capacity. AHA prepares a pro forma financial analysis and makes a recommendation to HUD's Office of Affordable Housing Preservation. Although AHA has received a very favorable review of its performance resulting in the renewal of the Portfolio Restructuring Agreement with HUD, the Mark to Market Program is scheduled to sunset on September 30, 2006, unless Congress reauthorizes the legislation that created the program.

**A7. Close-out of the Turnkey III Homebuyers Program.** AHA is currently engaged in the close-out of the Turnkey III Homebuyers Program and anticipates that all close-out activities will be completed during FY 2007. The Turnkey III Close-out strategy contemplates, among other things, the demolition and disposition of 21 deteriorating properties; homeowner association training and independent governance as 501(c) (3) nonprofit community organizations; conveyance of the community centers to the homeowner associations; and an AHA-controlled trust fund for reserves for replacement, contingency improvements and emergency items related to the long-term sustainability of the community.

## **PART V: CORPORATE SUPPORT**

During FY 2007, AHA will implement a number of projects focused on improving its operations and developing its capacity to support the initiatives and projects outlined in Parts I – IV of this plan. These projects include enhancements in the areas of technology, financial reporting and analysis, communications, and workforce development.

### **A. Economic Viability**

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#### *Priority Projects:*

#### **A1. Project-based Accounting and Financial Systems/Quarterly Financial Statements by Business Line.**

During FY 2007, AHA will complete the implementation of a project-based accounting and management system. Under this system, full financial statements will be issued for each AHA-owned property. This new system will enable AHA to comply with HUD's proposed new funding methodology under the Low Rent Operating Subsidy program. As part of the implementation, further improvements will be made to AHA's information technology/financial reporting environment. These and other enhancements to AHA's ORACLE automated system will also allow AHA to produce quarterly financial statements by business line.

**A2. Fee-for-Service Methodology.** During FY 2006, HUD approved AHA's request to use its new "fee-for-service" methodology for allocating costs to HUD grants and programs for administration and overhead. This new methodology uses a fee-for-service approach to replace the cumbersome salary allocation systems traditionally found in public housing agencies. The fee-for-service approach aligns with the purposes of HUD's MTW program which include "the flexibility to design and test various approaches for providing and administering housing assistance that reduce cost and achieve greater effectiveness in Federal expenditures." AHA's fee-for-service system charges and recovers AHA's corporate costs associated with administering HUD programs and grants. Under this system, AHA will charge each property, program, or grant a fixed rate for administration. AHA will continue the implementation of throughout the life of its MTW Agreement.

**A3. Utility Allowance Waiver.** HUD regulations might indicate the need for new utility allowances and new rates for computing excess utility charges on a periodic basis. Utility operations are an integral part of AHA's public housing program which is currently undergoing significant changes under its Business Plan. While neither the utility allowance nor the rates for excess utilities have changed during the MTW demonstration, the average total tenant payment for rent and utilities has increased for our clients putting a higher demand on the tenant income. This is due to the increase in minimum rent from \$25 to \$125 in 2004 under AHA's Business Plan, as well as implementation of the work/program

participation requirement which resulted in increased incomes and corresponding increased tenant rents. Together, these two initiatives were instrumental in increasing the average tenant rent from \$165.36 in February 2004 to \$203.93 in July 2006, an increase of over 23%. It is assumed that these increases subsumed any necessary increase in excess utility charges. Because of the dynamics identified above, AHA believes it is not the appropriate time for AHA to consider changing either its utility allowance or the rate it uses to compute excess utilities. Under the provisions granted by its MTW Agreement, and as part of AHA's comprehensive repositioning effort, the agency will not adjust the utility allowance and has frozen the rates it charges for excess utilities.

**Operational Activities:**

**A4. Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments (Statement of Corporate Policies).** The *Statement of Corporate Policies* was adopted by the Board of Commissioners on June 16, 2004. A Revision 1 publication of this policy document was based on amendments adopted by the Board of Commissioners on April 25, 2005. Revision 1 amended policies relating to: (1) private sector innovation in the management and administration of CATALYST initiatives in AHA-sponsored mixed-income communities; (2) enhanced CATALYST initiatives at AHA-owned communities with respect to work requirements; school attendance; criminal history screening; additional time allowances for elderly and disabled residents requesting deferment of minimum rent payments due to hardship; an expanded relocation policy for moves between AHA-owned communities; and revisions to the resident dispute process; and (3) technical amendments effecting the administration and organization of the *Statement of Corporate Policies*.

The current Revision 2 publication of the *Statement of Corporate Policies* is based on amendments adopted by the Board of Commissioners on September 9, 2005 and December 12, 2005. The September 9, 2005 amendment added provisions for AHA's response to federally declared disasters and other emergencies. The December 12, 2005 amendment included in Revision 2 revised eligibility and selection policies to be consistent with the CATALYST work requirement; removed the income-based working preference and 6-month employment term requirement in the selection of applicants; and authorized a provision for "split-family" transfers which allows under-housed, large families with two distinct heads-of-household to move into separate units. A copy of the *Statement of Corporate Policies* is included in **Appendix L**.

**Violence Against Women Act (VAWA).** The *Violence Against Women and Department of Justice Reauthorization Act of 2005* (Public Law No: 109-162) was signed by the President on January 5, 2006. Recognizing the significance of this law in serving the needs of child and adult victims of domestic violence, dating violence, sexual assault, or stalking, AHA will develop policies and administrative procedures for its housing programs that will ensure compliance with the legal requirements for providing housing assistance to victims while guarding against violent and unlawful behavior in its housing programs that contribute to the degradation of communities.

**A5. Administrative Plan Governing the Housing Choice Voucher Program (Administrative Plan).** The *Administrative Plan*, which is currently the third amended and restated version of the plan, was adopted by the Board of Commissioners on August 25, 2004. The first amended and restated plan was based on amendments adopted by the Board of Commissioners on April 25, 2005, which amended policies relating to enhanced CATALYST initiatives for the Housing Choice Program with respect to work requirements; school attendance; criminal history screening; and additional time allowances for elderly and disabled residents requesting deferment of minimum rent payments due to hardship. The second amended and restated plan adopted September 9, 2005 added provisions for AHA's response to federally declared disasters and other emergencies. The third amended and restated plan adopted December 12, 2005 revised eligibility and selection policies to be consistent with the CATALYST work requirement; and removed the income-based working preference and 6-month employment term requirement in the selection of applicants. A fourth amended and restated plan was adopted on March 28, 2006, which amended the payment standards policy for AHA's Housing Choice Voucher Program. A copy of the revised Administrative Plan is included in **Appendix M**.

**A6. Financial Analysis.** AHA will use financial analysis to support the transformation of AHA to a diversified real estate development company. Financial analysis will be critical to understanding the impact of AHA's MTW initiatives and strategies. Financial analysis will also allow AHA to make informed business decisions based on financial projections.

**A7. Communications Plan.** AHA will continue to execute its communications plan to support the implementation of policy changes and initiatives that impact families and stakeholders. A core component of the plan will be ongoing communications with residents and participants through a variety of communications tools, including newsletters, briefing sessions, and direct mail.

**A8. Corporate Culture Project.** AHA will continue its evolution as an organization that values professionalism, integrity, accountability and collaborative teamwork. This culture change is critical to creating the discipline that AHA will need to execute the Business Plan. AHA plans to implement an enhanced performance assessment program that reinforces these core values and corporate behaviors. AHA will focus on promoting a project-management approach to improve quality of execution and performance.

**A9. Human Resources Development.** AHA will assess the professional skill set of current AHA employees and identify the skills required for AHA to implement the Business Plan. AHA will address any identified "skills gap" through the retention and professional development of existing staff, hiring new staff, or utilizing third party expertise where needed.

**A10. Financial Operations.** In FY 2007, AHA will continue to combine the income from three programs into a Single Fund in carrying out the activities of its MTW program. Low income Operating Subsidy and related income from

property operations, Housing Choice Voucher Income, and Capital Fund Program Income will be used interchangeably for eligible MTW purposes. AHA will also use other program funds such as HOPE VI, Development Grants, and ROSS Grants to carry out activities related to those grants which are aligned with AHA's Business Plan. Sources and amounts of funding for AHA's FY 2007 consolidated budget statement are included in **Appendix O**, and are further explained below.

**Low income Operating Subsidy and Related Income.** In 2006 HUD changed the manner in which it funds Public Housing Agencies (PHAs) and converted to a calendar year. AHA is continuing to operate on a fiscal year from July 1 through June 30. Therefore, AHA's Fiscal Year 2006 crosses two federal funding years. AHA submitted the calculation of its Low income Operating Subsidy for 2006 to HUD on December 14, 2005. HUD will use this calculation as the basis for funding January through December 2006, which includes the first six months of AHA's Fiscal Year 2007. Based on this calculation, AHA estimated that it would be eligible for \$31.4 million in 2006 operating and utility subsidy. Assuming an 84.7% proration, AHA expects to receive approximately \$26.6 million in low income operating subsidy for 2006, of which \$13.3 million will be available for AHA's FY 2007.

HUD will implement a new Low income Operating Subsidy funding methodology for 2007. This funding methodology introduces project (property) based calculations for determining HUD subsidy. HUD estimates that this new methodology will significantly increase its subsidy to AHA and current calculations estimate a funding requirement of \$43.4 million. This amount will be reduced by two factors. First, HUD is applying a transitional funding factor, wherein PHAs that will receive an increase in funding under the new funding methodology will only receive approximately 50% of the increase in 2007, and the entire increase will be received in 2008. Secondly, HUD estimates a proration factor of 81% for all PHAs in 2007. When these two factors are combined, AHA expects \$35.2 million in Low income Operating funding in 2006, of which \$17.6 will be available for use in AHA's FY 2007.

AHA expects to receive \$15.5 million in resident rental income, another \$537,000 in property related income, and \$600,000 in interest income.

**Housing Choice Voucher Related MTW Income.** AHA estimates that it will receive \$119.7 million in Housing Choice Voucher Related income in the MTW Block Grant. This funding was calculated using the methodology outlined in Appendix A of AHA's MTW Agreement. Because HUD now funds on a calendar year basis, a separate calculation was used for the first and the last six months of AHA's Fiscal Year. The first six months (July – December 2006) reflect MTW Voucher funding rates identified by HUD for 2006 including a 94.6% proration and with no inflation adjustment. The last six months were estimated using the 2006 MTWPUC (MTW Per Unit Count) and assumes a no inflation adjustment and the same level of proration.

**Capital Funding Program Related MTW Income.** Based on current funding methodology, AHA estimates that it will receive a \$12.3 million grant award from the Capital Funding Program (CFP) in the HUD's Federal Fiscal Year 2006

MTW Block Grant. This is a reduction of **\$0.8** million resulting primarily from taking Grady Homes offline and removing those units from the calculation of this year's CFP grant award. The Consolidated Budget is included in **Appendix O**.

## CONCLUSION: MEASURING SUCCESS - MTW BENCHMARKING

In 2001, Dr. Thomas D. Boston, Professor of Economics at the Georgia Institute of Technology and President and CEO of the Boston Research Group, Inc., an Atlanta-based urban planning and research firm, conducted an independent study (Boston Study) to investigate the impact of AHA's revitalization program on the quality of life of public housing assisted families. The Boston Study focused on quality of life changes for residents associated with AHA's revitalization activities and sought to resolve, among other issues, whether the change in environment improved the quality of life of public housing assisted residents. The Boston Study shows that environment matters. A copy of the Boston Study Working Paper is included in AHA's FY 2006 Implementation Plan.

During FY 2006, AHA engaged Dr. Thomas D. Boston of the Boston Research Group, Inc., to conduct an independent study of the success of AHA's MTW program – the MTW Benchmarking Study. Dr. Boston will investigate the impact of AHA's initiatives work under the MTW Program on improving neighborhoods and communities and on the quality of life of families that AHA serves. The benchmarking study will measure quality of life changes for families associated with AHA's revitalization activities and whether the change in environment improves their quality of life. The MTW Benchmarking Study will also measure impact of AHA's revitalization program on a property-by-property basis and will measure changes in levels of crime, poverty, and other social ills associated with concentrated poverty. During FY 2006, Dr. Boston completed the baseline report of the MTW Benchmarking Study which is included in **Appendix M**. Dr. Boston will continue the study and produce an interim report in FY 2008.

Independent studies show that families fare substantially better in mixed-income environments which have access to better housing, amenities, services, schools and employment opportunities. AHA wants to end the destructive policy of concentrating poverty and the devastating social, financial, and human costs associated with it. For nearly a decade, AHA has been on the cutting edge of neighborhood revitalization. The strategy worked and communities experienced unprecedented achievement, restored dignity, and renewed hope. CATALYST is a continuation of lessons learned from this work. AHA's FY 2007 Implementation Plan outlines the steps that AHA will take next year to achieve its vision.

As previously mentioned, AHA will focus its implementation of CATALYST on achieving the agency's three primary corporate goals:

1. Quality Living Environments - Providing quality affordable housing in healthy mixed-income communities with access to excellent quality of life amenities.
2. Economic Viability - Maximizing AHA's economic viability and sustainability.
3. Self-Sufficiency - Facilitating opportunities for families and individuals to build wealth and reduce their dependency on subsidy, ultimately becoming financially independent.

(NOTE: **Appendix A** includes a reference guide for all other submittals required by HUD for the MTW Annual Plan.)

# SUPPLEMENTAL INFORMATION

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**CLARIFICATIONS TO MTW PROGRAM BENCHMARK DEFINITIONS AND MEASURABLE OUTCOMES**

**Program Benchmark Definitions.**

Attachment D of AHA's Moving to Work (MTW) Agreement executed September 25, 2003, provides definitions for each of eleven MTW Program Benchmarks. Since the execution of its MTW Agreement, AHA has revisited these definitions and their corresponding outcome measures in order to align them with AHA's Business Plan objectives. The table below reflects the realignment and further clarification of AHA's MTW Program Benchmarks in comparison with the original language in AHA's MTW Agreement:

**MTW Program Benchmark Definitions**

Clarified Definitions	Original Definitions
<b>Public Housing Program (See Note A below)</b>	<b>Public Housing Program</b>
<b>% Rents Uncollected</b> Gross tenant rents receivable through the last day of the Fiscal Year (FY) divided by the total amount of tenant rents billed during the FY shall be less than or equal to the target benchmark.	<b>% Rents Uncollected</b> Annual percentage of rents that are uncollected.
<b>Occupancy Rate</b> The ratio of occupied public housing units to available units as of the last day of the FY shall be greater than or equal to the target benchmark. (See Note B below)	<b>Occupancy Rate</b> Annual physical occupancy rate.
<b>Emergency Work Orders Completed or Abated in &lt;24 Hours</b> The percentage of emergency work orders that are completed or abated within 24 hours of issuance of the work order shall be greater than or equal to the target benchmark. (Abated is defined as "emergency resolved through temporary measure, and a work order for long term resolution has been issued.")	<b>Emergency Work Orders Completed or Abated in &lt;24 Hours</b> Percentage of emergency work orders that will be completed or abated in less than 24 hours.
<b>Routine Work Orders Completed in &lt; 7 Days</b> The average number of days that all non-emergency work orders will be active during the FY shall be 7 days or less.	<b>Routine Work Orders Completed in &lt; 30 Days</b> Percentage of routine work orders that will be completed in less than 30 days.

<b>Original Definitions</b>	<b>Clarified Definitions</b>
<b>Public Housing Program</b>	<b>Public Housing Program (See Note A below)</b>
<b>% Planned Inspections Completed</b> Percentage of all units inspected and common areas.	<b>% Planned Inspections Completed</b> The percentage of all occupied units and common areas that are inspected during the FY shall be greater than or equal to the target benchmark. (See Note C below)
<b>Housing Choice Program (Section 8)</b>	<b>Housing Choice Program (Section 8)</b>
<b>Budget Utilization Rate</b> Annual percentage of Housing Choice Budget authority spent on housing assistance payments and administration.	<b>Budget Utilization Rate</b> The expenditure of FY Housing Choice Annual Budget allocation for MTW vouchers utilized for MTW eligible activities will be greater than or equal to the target benchmark of 98%.
<b>% Planned Annual Inspections Completed</b> Annual percentage of occupied units inspected.	<b>% Planned Annual Inspections Completed</b> The percent of all units under contract that are inspected directly by AHA or any other agency responsible for monitoring the property during the fiscal year shall be greater than or equal to the target benchmark by the last day of the fiscal year.
<b>Quality Control Inspections</b> Annual percentage of previously inspected units (initial or renewal inspection) that will be inspected again for quality control purposes.	<b>Quality Control Inspections</b> The percent of quality control inspections on units inspected directly by AHA during the fiscal year shall be greater than or equal to the target benchmark.
<b>Community and Supportive Services</b>	<b>Community and Supportive Services</b>
<b>Resident Homeownership</b> Annual number of Public Housing or Housing Choice residents who close on purchasing a home.	<b>Resident Homeownership</b> The number of Public Housing residents, Housing Choice Voucher participants, and other income eligible families who close on purchasing a home during the FY, regardless of participation in a homeownership counseling program, shall be greater than or equal to the target benchmark.

1. Units Approved For Non-Dwelling Use: These are units that are HUD approved for non-dwelling status for the use in the provision of social services, charitable purposes, public safety activities, and resident services, or used in the support of economic self-sufficiency and anti-drug activities.
2. Employee Occupied Units: These are units that are occupied by employees who are required to live in public housing as a condition of their job, rather than the occupancy being subject to the normal resident selection process.
3. Vacant Units Approved For Deprogramming: These are units that are HUD approved for demolition/disposition.
4. Temporarily Off-Line Units: Units undergoing modernization and/or major rehabilitation.

**B. Public Housing Program – Occupancy Rates.** Available Units: Units that are defined as dwelling units (occupied or vacant) under AHA's Annual Contributions Contract (ACC), that are available for occupancy, after adjusting for four categories of exclusions:

**A. Public Housing Program - General.** Information for the Public Housing Program includes information for both AHA-owned public housing communities and the public housing assisted units at AHA-sponsored mixed-income communities ("Signature Properties").

**Notes:**

<b>Original Definitions</b>	<b>Community and Supportive Services</b>	<b>Resident Workforce Participation</b> Annual number of Public Housing or Housing Choice heads of households (excluding elderly and disabled) who are in the workforce.	<b>Household Work/Program Compliance</b> The annual percentage of Public Housing and Housing Choice assisted households that are Work/Program compliant (excluding elderly and disabled members of the households) through the last day of the FY shall be greater than or equal to the target benchmark. (See Note D below)	<b>Finance</b>	<b>Project-Based Financing Closings</b> Annual number of properties refinanced using project based financing demonstration principles.
<b>Clarified Definitions</b>	<b>Community and Supportive Services</b>	<b>Household Work/Program Compliance</b> The annual percentage of Public Housing and Housing Choice assisted households that are Work/Program compliant (excluding elderly and disabled members of the households) through the last day of the FY shall be greater than or equal to the target benchmark. (See Note D below)	<b>Finance</b>	<b>Project-Based Financing Closings</b> The annual number of projects in which AHA will commit project-based vouchers and/or make an investment of MTW funds. (See Note E below)	<b>Project-Based Financing Closings</b> Annual number of properties refinanced using project based financing demonstration principles.

**C. Public Housing Program - % Planned Inspections Completed.** Units exempted from the calculation for this purpose include the following:

1. Occupied units for which AHA has documented two attempts to inspect the unit and where AHA has initiated eviction proceedings with respect to that unit.
2. Vacant units that are undergoing capital improvements.
3. Vacant units that are uninhabitable for reasons beyond AHA's control due to:
  - a) Unsafe levels of hazardous/toxic materials;
  - b) An order or directive by a local, state or federal government agency;
  - c) Natural disasters; or
  - d) Units kept vacant because they are structurally unsound and AHA has taken action to rehabilitate or demolish those units.
4. Vacant units covered in an approved demolition or disposition application.

**D. Community and Supportive Services – Household Work/Program Compliance.** This benchmark is further clarified to align the previous Resident Workforce Participation benchmark with measuring resident and participant compliance with AHA's Work/Program Compliance policy. Since the execution of AHA's MTW Agreement, the agency has implemented a Work/Program Compliance policy requiring one adult (age 18-61, excluding elderly and disabled persons) in the household to work full-time at least 30 hours per week and all other adults in the household to be either work or program compliant (see table below for compliance meanings).

<b>CATALYST Compliance Meanings</b>	
<ul style="list-style-type: none"> <li>• Employed for 30 or more hours per week</li> </ul>	<ul style="list-style-type: none"> <li>Participation in an approved program</li> <li>• attending an accredited school as a "full-time" student</li> <li>• participating in an approved "full-time" training program</li> <li>• attending an accredited school as a "part-time" student, AND successfully participating in an approved "part-time" training program</li> </ul>
<ul style="list-style-type: none"> <li>• Employed as a part-time employee (at least 16 hours) AND successfully participating in an approved training program</li> <li>• Employed as a part-time employee (at least 16 hours) AND successfully participating in an accredited school as a "part-time" student</li> </ul>	<ul style="list-style-type: none"> <li>Part-time Job and Part-time Program Participant</li> </ul>

The following timelines apply to AHA's Work/Program Compliance requirements:

12/31/05: 1 target adult in the household to be work/program compliant

6/30/06 and thereafter: 1 target adult in the household to be work compliant and all other adults in the household to be either work or program compliant

**E. Finance – Project-based Financing Closings.** This benchmark is further clarified with measuring AHA's progress in facilitating the creation of healthy mixed-income communities owned by private entities by committing project-based vouchers to a percentage of the units and/or investing MTW funds to promote or support the development or rehabilitation of housing units that are affordable to low-income families.

**Measurable Outcomes.** Attachment D of AHA's Moving to Work (MTW) Agreement also includes measurable outcomes for each of the eleven benchmarks defined above. AHA is revising the measurable outcomes based on lessons learned during the MTW Agreement period and to align better measurements with the clarified definitions indicated above. As a result and as reflected in the table below, the measurable outcomes for the following program measures have been revised: (1) Household Work/Program Compliance, and (2) Project-based Financing Closings.

**MTW Program Benchmarks – Measurable Outcomes**

Measurable Outcome	Baseline	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr10
<b>Public Housing Program</b>									
% Rents Uncollected	2%	<2%	<2%	<2%	<2%	<2%	<2%	<2%	<2%
Occupancy Rate (See Note A below)	98%	>98%	>98%	>98%	>98%	>98%	>98%	>98%	>98%
Emergency Work Orders Completed or Abated in < 24 Hours	99%	≥99%	≥99%	≥99%	≥99%	≥99%	≥99%	≥99%	≥99%
Routine Work Orders Completed in < 7 Days	5 Days	100%	100%	100%	100%	100%	100%	100%	100%
% Planned Inspections Completed	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Housing Choice Program (Section 8)</b>									
Budget Utilization Rate	98%	>98%	>98%	>98%	>98%	>98%	>98%	>98%	>98%
% Planned Annual Inspections	98%	≥98%	≥98%	≥98%	≥98%	≥98%	≥98%	≥98%	≥98%
Quality Control Inspections	>1.4%	>1.4%	>1.4%	>1.4%	>1.4%	>1.4%	>1.4%	>1.4%	>1.4%
<b>Community and Supportive Services</b>									
Resident Homeownership	6	35	35	70	85	100	110	120	
Household Work/Program Compliance	N/A	N/A	N/A	55%	62%	71%	74%	75%	
<b>Finance</b>									
Project-Based Financing Closings (See Note C below)	0	6	6	6	6	6	6	6	
Investment Deals Involving MTW Funds	0	0	0	1	1	1	1	1	

**Notes:**

**A. Public Housing – Occupancy Rate.** As discussed under Program Benchmark Definitions, AHA will achieve the measurable outcome for the occupancy rate benchmark after recognizing that certain categories of vacant units will be excluded as described in Note B of the performance measure chart.

In the event that the occupancy rate of an AHA-owned public housing community falls below 93% of the total number of units for a period of twelve (12) consecutive months because of the lack of qualified applicants on the site-based waiting list (after exhausting all marketing attempts during that 12 month period), or in the event that the rents collected plus the available subsidy for an AHA-owned public housing community are not sufficient to sustain the property on a cash flow basis at the 93% occupancy level as demonstrated by the audited financial statements for that property, then AHA intends to conduct a viability analysis of the property looking at the following factors:

- (i) physical condition;
- (ii) obsolescence;
- (iii) lack of market interest; and
- (iv) cost of upgrading the property to market conditions compared to allowable Total Development Cost Limits.

If the property viability analysis supports such action, AHA would (1) submit a demolition/disposition application and apply for Section 8 vouchers in accordance with applicable regulations, and (2) pursue one of the following strategies:

- a. implement a revitalization strategy for the property;
- b. Sell the property and use the proceeds to support or promote affordable housing for low-income families; or
- c. Land bank the vacant land for future revitalization or sale, as appropriate.

**B. Community and Supportive Services – Household Work/Program Compliance.** As discussed under Program Benchmark Definitions, this benchmark is further clarified to align the previous Resident Workforce Participation benchmark with measuring resident and participant compliance with AHA's Work/Program Compliance policy. In this regard, AHA has established measurable outcomes for the remaining period of its MTW Agreement. The measurable outcome for Household Work/Program Compliance will exclude from that measurement all non-compliant

households that have been notified of non-compliance and the resulting consequence of either lease or program termination, including in-process evictions or program terminations, as applicable.

**C. Finance – Project-based Financing Closings.** As discussed under Program Benchmark Definitions, this benchmark is also further clarified to align to measure AHA's progress in facilitation of the creation of healthy mixed-income communities owned by private entities by committing project-based vouchers and/or investing MTW Funds to promote or support the development or rehabilitation of housing units that are affordable to low-income families.

Since the initial submission of its FY 2007 Implementation Plan to HUD on April 28, 2006, AHA has updated/revised Part II of the plan in order to ensure incorporation of all initiatives where AHA will exercise its MTW regulatory relief. Revisions and their corresponding references for specific components of Part II (Housing Choice Administration) are as follows:

**A1. Re-engineering Housing Choice Operations**

**Systems/Processes** -- Business systems and standard operating processes have been identified for re-design and improvements. These include:

- **Program Performance Indicators.** Develop and implement a monthly statistical report that tracks all program performance indicators that will support overall corporate objectives.
- **Pre-qualification of Units.** Establish a methodology to pre-qualify available units prior to listing on AHA's website.
- **Relocation Policies.** Develop corporate policies for discretionary actions under the Uniform Relocation Act (URA) to guide relocation staff in providing relocation assistance and processing relocation claims.
- **Mainstream Re-engineering.** Develop new policies and procedures for the administration of the Mainstream Program Housing Choice Voucher Program.
- **Develop Re-occupancy Process.** Define and develop an effective process for the re-occupancy of newly developed mixed-income communities.

**Customer Service Delivery** – AHA is establishing a customer service call center to improve responsiveness, eliminate voicemail, and provide a web-based self-servicing component for participants and landlords. In a further effort to increase customer service, an exterior drop-box will also be provided to allow customers to leave documentation during non-business hours.

**State-of-the-Art Technology** – AHA's Next Generations Solutions, a comprehensive and integrated Oracle-based software system, will automate Housing Choice's back office operations. AHA is committed to technology solutions that promote effectiveness and efficiency. During FY 2007, AHA will implement the following projects to transform Housing Choice back office operations into a paperless processing system:

- **File Purge and E-copy.** Continue purging all files in accordance with record retention policies and commence creation of electronic files by e-copying all permanent documents.

• **Automated Rent Reasonableness System.** Develop and implement an automated rent reasonableness system and secure adequate market data to populate the system in accordance with all program requirements.

• **Annual Re-certification Re-engineering.** Develop new processes and systems to conduct annual re-certifications utilizing a temporary file and moving toward a paperless system.

• **Customer Service Call Center.** Implement a customer service call center to eliminate voice mail, deliver improved customer service, and respond more quickly to customer needs.

• **Automated Hearing Database.** Develop and implement an automated system to track proposed terminations, hearing requests, hearing actions and final disposition of terminations in the voucher program.

• **Automated Collections Process.** Develop and implement an automated system for fraud recovery and tracking or repayment agreements in the voucher program.

• **Re-engineering Property Owner/Vendor Process.** Re-engineer the process for approval and processing of property owners prior to execution of the Housing Assistance Payment (HAP) contract, eliminate paper checks, and provide all other communication, including inspection results, to landlords through a web-based access system.

• **Develop Re-occupancy Process.** Define and develop an effective process for the re-occupancy of newly developed mixed-income communities.

### **Next Generation Solutions**

The Next Generation Solutions (NGS) system will be designed (1) to make daily operations more professional and efficient, (2) to improve responsiveness to participants, landlords and other customers and (3) to expand the operational capacity of the program to handle a higher volume of Housing Choice customers. NGS will expand AHA's capacity to effectively manage and improve the quality of customer services offered to landlords and participants. During FY 2007, AHA also will align NGS with redefined business requirements identified through the Housing Choice Voucher Administration Reform initiative described below.

**A2a. Project-based Voucher On-Site Administration.** AHA will eliminate the use of the Agreement to Enter into a Housing Assistance Payments (AHAP) Contract and will process Project-Based Vouchers (PBV) HAP contracts upon completion of rehabilitation and/or construction pursuant to letter agreement. AHA will develop its own forms of letter agreement to be used in lieu of the AHAP Contract incorporating the applicable provisions and conditions set forth in AHA's PBV procedures. In addition, AHA will develop its own form of HAP contracts to, among other things, transfer applicable regulatory relief under the MTW Agreement to the owners of properties administering the Project-based Assistance.

**Intake/Waitlist Re-engineering.** AHA will design a new intake process, and organize and manage the waiting list in alignment with CATALYST requirements. The waiting list will be subdivided into homeownership readiness applicants and all other applicants. Mainstream applicants will be pulled from those persons on the general waiting list that indicate a disability. AHA will establish a percentage of vouchers to be issued to each subcategory of applicants on the updated waiting list.

**Additions:**

To implement these and other voucher related initiatives included in this FY 2007 Implementation Plan and the Business Plan, AHA will modify certain HUD mandated forms and documents including but not limited to the Agreement to make Housing Assistance Payments (AHAP) and the Housing Choice Voucher. AHA may also create new documents and forms to substitute for the typical HUD mandated forms used with the Housing Choice program. AHA will also explore the implementation of a debit card system for Utility Housing Assistance Payments (UHAP).

**Voucher Management System Reporting.** AHA will revise its reporting under the Voucher Management System (VMS) to only report on the non-MTW vouchers. All other Housing Choice reports will be submitted in accordance with the reporting requirements under the MTW Agreement.

**Tenant Characteristic Report.** AHA will explore and develop a new mechanism to report program characteristics in lieu of the current HUD 50058 format. AHA will also develop a mechanism to enable Atlanta metropolitan PHA's to report 50058 data on AHA portability families that will enable enforcement of MTW requirements without a PIC error notice.

## PROJECT-BASED AND ASSET MANAGEMENT SYSTEMS

For over ten years, AHA has been transforming the agency from a public sector/government public housing model to a private sector real estate business model. As a result, AHA has become a diversified real estate company, with a public mission and purpose. The Moving to Work designation and regulatory relief has allowed AHA to be more nimble in the Atlanta real estate market to leverage real estate opportunities and private sector investment opportunities. Moreover, the MTW relief has allowed AHA to become a more effective and efficient business enterprise. Since 2001, all of AHA-owned public housing properties have been managed by professional private management companies, including their day-to-day management, maintenance and capital improvement. AHA commenced decentralizing its operations in FY1996 and as of FY2002 began preparing property-based financial statements. Under the MTW Agreement, AHA will continue to enhance its project-based accounting, project-based management and asset management systems.

Since the fall of 1994, AHA began the process of transforming and revitalizing all of its distressed public housing properties to healthy mixed-income communities. All of the revitalization has been implemented through public/private partnerships, resulting in the creation of market rate communities, with a seamless affordable component. These new mixed-income communities are owned by public/private partnerships, with the private partner, as the managing general partner.

To date, 12 of the family communities have undergone transformation and one family community has been sold, leaving 12 family communities and 17 elderly/disabled communities to be transformed. The repositioning of all of AHA's conventional public housing communities is the centerpiece of AHA's MTW Business Plan.

Under the New Operating Subsidy Rule, HUD is establishing a new regulatory structure related to project-based accounting, project-based management and asset management, including changes that will limit the property management and asset management fees that can be charged to the properties by the PHA's Central Office. HUD's approach to the New Operating Subsidy Rule methodology focuses strictly on property operations without regard to the agency's overall strategy and without considering the full life cycle of the property. The New Operating Subsidy Rule states that the funding methodology reflects "the costs of services and materials needed by a well-run PHA to sustain the project." Given AHA's heavy focus on repositioning and revitalizing all of its conventional public housing communities, AHA will continue to incur expenditures (including administrative costs and overhead) associated with comprehensive revitalization,

including relocation of families, demolition of properties, development related activities and human services support for affected families. None of these expenditures was contemplated by the Harvard Study, the New Rule, or HUD's implementing regulations and notices. The Harvard Study assumes that the properties are in market competitive conditions and that an agency is asset managing such properties. It is essential that AHA continues to maintain the full flexibility (financial and other) provided under its MTW Agreement with HUD, including, but not limited to, administering the Low Income Operating funds, MTW Section 8 budget allocation and capital funds as a single fund.

Throughout its MTW Agreement period, AHA will continue to exercise its regulatory flexibility in how it operates its project-based accounting, project-based management and asset management systems versus complying with the new system that HUD is proposing.

## CLARIFICATION TO FINANCIAL OPERATIONS

The following revision of Part V, pages 46-48 (Financial Operations) of the FY 2007 Implementation Plan provides further clarification for AHA's Single Fund:

**A10. Financial Operations.** In FY 2007, AHA will continue to combine the budget allocations from three programs into a Single Fund in carrying out the activities of its MTW program. Low income Operating Subsidy and related income from property operations, Housing Choice Voucher budget allocation for MTW Vouchers, and Capital Funds will be used interchangeably for eligible MTW purposes. AHA will also use other program funds such as HOPE VI, Development Grants, and ROSS Grants to carry out activities related to those grants which are aligned with AHA's Business Plan. Sources and amounts of funding for AHA's FY 2007 consolidated budget statement are included in **Appendix O**, and are further explained below.

**Low income Operating Subsidy and Related Income.** In 2006 HUD changed the manner in which it funds Public Housing Agencies (PHAs) and converted to a calendar year. AHA is continuing to operate on a fiscal year from July 1 through June 30. Therefore, AHA's Fiscal Year 2006 crosses two federal funding years. AHA submitted the calculation of its Low income Operating Subsidy for 2006 to HUD on December 14, 2005. HUD will use this calculation as the basis for funding January through December 2006, which includes the first six months of AHA's Fiscal Year 2007. Based on this calculation, AHA estimated that it would be eligible for \$31.4 million in 2006 operating and utility subsidy. Assuming an 84.7% proration, AHA expects to receive approximately \$26.6 million in low income operating subsidy for 2006, of which \$13.3 million will be available for AHA's FY 2007.

HUD will implement a new Low income Operating Subsidy funding methodology for 2007. This funding methodology introduces project (property) based calculations for determining HUD subsidy. HUD estimates that this new methodology will significantly increase its subsidy to AHA and current calculations estimate a funding requirement of \$43.4 million. This amount will be reduced by two factors. First, HUD is applying a transitional funding factor, wherein PHAs that will receive an increase in funding under the new funding methodology will only receive approximately 50% of the increase in 2007, and the entire increase will be received in 2008. Secondly, HUD estimates a proration factor of 81% for all PHAs in 2007. When these two factors are combined, AHA expects \$35.2 million in Low income Operating funding in 2006, of which \$17.6 will be available for use in AHA's FY 2007.

AHA expects to receive \$15.5 million in resident rental income, another \$537,000 in property related

income, and \$600,000 in interest income.

**Housing Choice Voucher Related MTW Income.** AHA estimates that it will receive \$119.7 million in Housing Choice Voucher budget allocation in the MTW Block Grant. This funding was calculated using the methodology outlined in Appendix A of AHA's MTW Agreement. Because HUD now funds on a calendar year basis, a separate calculation was used for the first and the last six months of AHA's Fiscal Year. The first six months (July – December 2006) reflect MTW Voucher funding rates identified by HUD for 2006 including a 94.6% proration and with no inflation adjustment. The last six months were estimated using the 2006 MTWPUC (MTW Per Unit Count) and assumes a no inflation adjustment and the same level of proration.

**Capital Funding Program Related MTW Income.** Based on current funding methodology, AHA estimates that it will receive a \$12.3 million grant award from the Capital Fund Program (CFP) in the HUD's Federal Fiscal Year 2006 MTW Block Grant. This is a reduction of \$0.8 million resulting primarily from taking Grady Homes' offline and removing those units from the calculation of this year's CFP grant award. The Consolidated Budget is included in **Appendix O.**

## FEE-FOR-SERVICE METHODOLOGY UPDATE

During FY 2006, HUD approved AHA's request to use its new "fee-for-service" methodology for allocating costs to HUD grants and programs for administration and overhead. This new methodology uses a fee-for-service approach to replace the cumbersome salary allocations system required of public housing agencies. The fee-for-service approach aligns with the purposes of HUD's MTW program which include "the flexibility to design and test various approaches for providing and administering housing assistance that reduce cost and achieve greater effectiveness in Federal expenditures." AHA's fee-for-service methodology charges and recovers AHA's corporate costs associated with administering HUD programs and grants. Using this approach, AHA will charge each property, program, or grant a fixed rate for administration. AHA will continue the implementation of this fee-for-service methodology throughout the life of its MTW Agreement.

In continuing the implementation of the fee-for-service methodology, AHA will use the same criteria it used in FY 2006 to determine reasonable fees to be charged to its various properties, grants and programs. AHA will not implement any caps on fees to be charged to the public housing assisted properties as contemplated by HUD in its implementation of the New Rule for the Public Housing Operating Fund Program (24 CFR 990).

As discussed earlier under Project-based and Asset Management Systems, given AHA's heavy focus on repositioning and revitalizing all of its conventional public housing communities, AHA will continue to incur expenditures associated with comprehensive revitalization, including relocation of families, demolition of properties, development related activities and human services support of affected families and associated administrative cost and overhead. None of these expenditures was contemplated by the Harvard Study, the New Rule, or HUD's implementing regulations and notices. It is essential that AHA continues to maintain the full flexibility (financial and other) provided under its MTW Agreement with HUD.

## UTILITY ALLOWANCE WAIVER UPDATE

The following update provides further clarification and rationale for AHA's Utility Allowance Waiver discussed in Part V, pages 44-45 of the FY 2007 Implementation Plan:

A3. Utility Allowance Waiver. HUD regulations may, from time to time, result in new utility allowances and new rates for computing excess utility charges on a periodic basis. Utility operations are an integral part of AHA's public housing program which is currently undergoing significant changes under its MTW Business Plan. While neither the utility allowance nor the rates for excess utilities have changed during the MTW demonstration, the average total tenant payment for rent and utilities has increased significantly. This is due to the increase in minimum rent from \$25 to \$125 in 2004 under AHA's Business Plan, as well as implementation of the work requirement which has resulted in increased incomes and corresponding increased tenant rents. Together, these two initiatives have been instrumental in increasing the average tenant rent under the public housing program from \$165.36 in February 2004 to \$229.34 in May 2006, an increase of over 38%. Under the provisions granting authority to develop its own energy auditing protocols and frequencies in its MTW Agreement, (paragraph X. 4 of the Statement of Authorizations) and as part of AHA's comprehensive repositioning effort and implementation of the work requirements, AHA has determined not to adjust the utility allowance and has frozen the rates it charges for excess utilities (especially given obsolete and, in many cases, inadequate electrical, heating and air, and water and sewer infrastructure at AHA-owned public housing communities).

The owners of mixed-income communities and project-based voucher properties (in collaboration with AHA) will implement project specific utility allowances for tenant paid utilities at such properties utilizing project specific utility consumption data to more appropriately reflect the actual costs of utilities at those properties.

## INVESTMENT FLEXIBILITY

AHA intends to use its Moving to Work (MTW) authority to invest, through grants or loans, MTW Funds in residential properties owned by private entities in order to facilitate the creation of mixed-income communities by promoting and supporting the development and rehabilitation of housing units that are affordable to low-income families. These properties will not be subject to an Annual Contributions Contract (ACC) between AHA and the United States Department of Housing and Urban Development (HUD) nor will they be subject to a Declaration of Trust in favor of HUD. Loans made by AHA will be secured by a mortgage which will be recorded against the property based on the priority of AHA's loan in a given transaction, and any grant will be subject to a grant agreement setting forth any applicable use restrictions imposed by AHA. Properties in which AHA invests will typically receive the benefit of low-income housing tax credits and the long-term affordability of the units will be ensured pursuant to a Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits. The affordability of the units for low-income families will be maintained through the provision of project-based vouchers under Section 8 of the 1937 Act for a minimum period of ten years, subject to extension. The requirements applicable to the housing choice voucher program shall be as set forth in the MTW Agreement. This investment flexibility will support AHA's efforts to increase the affordable housing units available to low-income families in the City of Atlanta.

## ACQUISITIONS

AHA intends to use its Moving to Work authority and funds to acquire parcels of real estate. These acquisitions will be in support of AHA's charter to provide affordable housing for low-income families. Parcels acquired will be utilized for a variety of purposes including rental, for sale and for retail and commercial projects supporting primarily the affordable housing for low-income families.

Since the fall of 1994, AHA has been addressing the problems associated with concentrated poverty through its strategic development program with the intent of providing affordable housing opportunities in healthy mixed-income communities in the City of Atlanta. Since that time, AHA has been implementing a comprehensive program to reposition all of its conventional public housing communities: (a) primarily through revitalization of distressed public housing communities in partnership with excellent private sector development partners and creating mixed-use, mixed-income communities; (b) land banking; or (c) sale. As a consequence, AHA's mix of affordable housing resources has changed from approximately 14,300 public housing assisted units in AHA-owned communities and 4,500 Section 8 certificates and vouchers as of December 31, 2004 to approximately 7,258 public housing assisted units in AHA-owned communities, approximately 1,515 AHA-assisted units in mixed-income communities owned by third party private/public partnerships and approximately 11,352 housing choice vouchers as of June 30, 2005.

During the 2005 fiscal year, AHA commenced a strategic program of converting its tenant-based Section 8 vouchers to ten-year project-based vouchers with the intent of using such vouchers as a development tool. As of June 30, 2006, AHA has executed with private owners (a) housing assistance payment contracts or (b) agreements to enter housing assistance payment contracts relating to approximately 1,361 units in mixed-income communities. AHA has also committed project-based vouchers to an additional 1,355 units in mixed-income communities.

Because all of the mixed-income communities have been financed in part with (a) equity from the sale of low-income housing tax credits and (b) federal housing development funds, such communities are required to meet the requirements of the fair housing laws.

AHA intends to continue to meet the need in the City of Atlanta for accessible affordable housing for disabled persons with accessible housing needs in AHA-assisted units in mixed-income communities (regardless of whether the subsidy assistance is provided under Section 9 or Section 8 of the U.S. Housing Act of 1937, as amended), through appropriate contractual relationships with the private owners and, where appropriate and financially feasible, in AHA-owned properties, recognizing that such properties are undergoing transition.