
THE CHICAGO HOUSING AUTHORITY



MTW ANNUAL REPORT FY2001

FAMILY DEVELOPMENTS

ABLA Homes
Altgeld Gardens/Murray Homes
Bridgeport Homes
Cabrini Extension North
Cabrini Green
Dearborn Homes
Harrison Courts
Hearts United I and II
Harold Ickes Homes
Henry Horner Homes
Hilliard Homes
Jazz on the Boulevard
Lake Crescent
Lake Parc Place
Lakefront Replacement Housing
Lakefront Scattered Sites
Lathrop Courts
Lawndale Gardens
LeClaire Courts
Loomis Courts
Lowden Homes
Maplewood Courts
Mohawk North
North Town Village
Ogden Courts
Old Town Square; Old Town East; Old Town West
Orchard Park
Prairie Courts
Randolph Towers
Renaissance North
Rockwell Gardens
St. Edmunds Meadows
Stateway Gardens
Robert Taylor Homes
Trumbull Park Homes
Washington Park
Wells/Madden Park/Darrow Homes/Wells Extension
Wentworth Gardens

SENIOR DEVELOPMENTS

150 S. Campbell
4227 S. Oakenwald
4250 S. Princeton
49th & Langley Apts.
64th & Yates Apts.
69th & South Chicago
91st & South Chicago
Albany
Armour Square Annex
Armour Square Apts.
Bridgeport Elderly
Britton/Budd Apts.
Callner
Campbell Apts.
Castleman Apts.
Clark & Irving Annex
Clark & Irving Apts.
Clark & Webster Apts.
Dickens & Burling
Eckhart
Eckhart Annex
Fisher Apts.
Flannery Apts.
Franklin/Drake
Garfield
Green Apts.
Hilliard Senior
Judge Slater Annex
Judge Slater Apts.
Kenmore Apts.
Larrabee Senior Apts.
LaSalle/Division
Lathrop Elderly
Lawrence Apts.
Lincoln & Sheffield
Lincoln & Sheffield Annex
Lincoln Perry Annex
Lincoln Perry Apts.
Loyola & Ridge Apts.
Parkside Apts.
Parkview
Pomeroy Apts.
Racine
Schneider Apts.
Sheridan & Leland
Sheridan & Devon
Shields
Sullivan
Washington Park
Wicker Annex
Wicker Park
Wm. Jones

CHICAGO HOUSING AUTHORITY DEVELOPMENTS

The maps below indicate the locations of the Chicago Housing Authority's (CHA) family, senior, and scattered site properties in the City of Chicago.

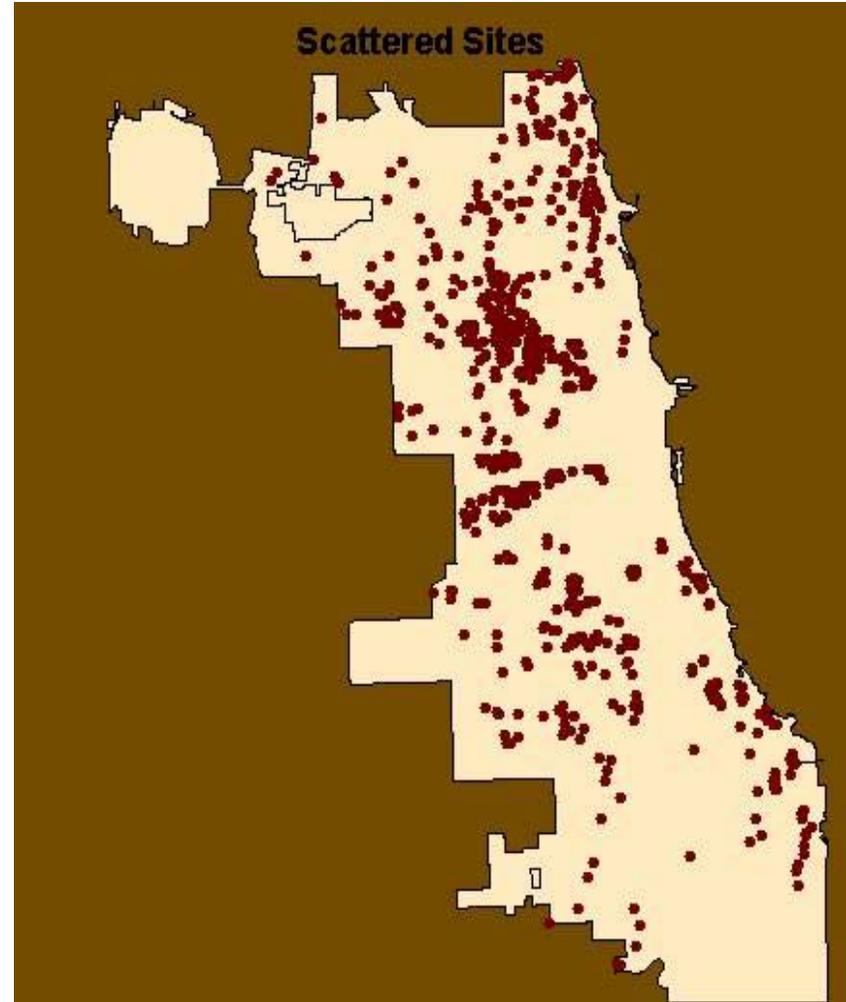
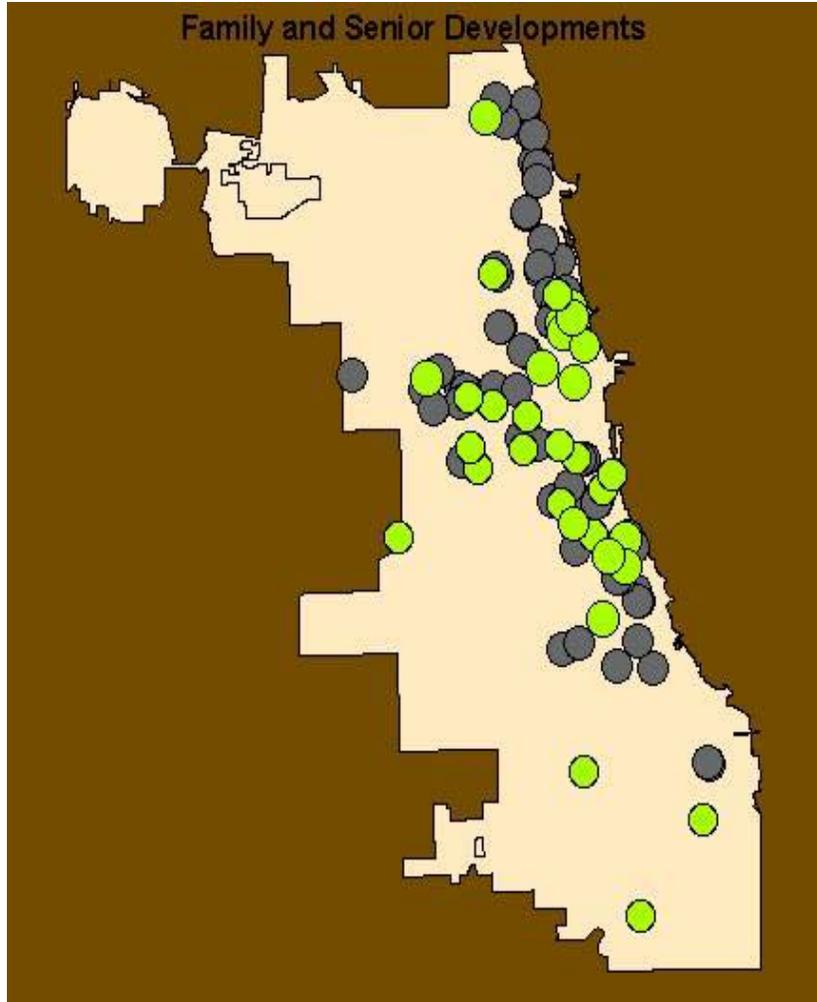


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Introduction

On February 6, 2000, the U.S. Department of Housing and Urban Development (HUD) approved the Chicago Housing Authority's (CHA or Authority) Plan for Transformation (Plan). The Plan called for sweeping changes in the administration and operation of the CHA. The executed Moving to Work (MTW) Demonstration Agreement and its subsequent amendment describe what steps the CHA may take to accomplish the goals and objectives of the Plan for Transformation. The Authority submitted its second MTW Annual Plan, the Plan for Transformation - Year 2, on December 1, 2000.

Under the MTW Amended Agreement, the Authority is required to produce an annual report describing the progress it has made toward implementing its MTW Plan. This document represents the Authority's MTW Annual Report for FY2001 and provides the results of the Plan for Transformation - Year 2's implementation.

In FY2001, the CHA made real and substantial progress towards the goals outlined in the Plan for Transformation. The following are 2001 highlights:

FY2001 HIGHLIGHTS

Capital Program

- The CHA renovated, rehabilitated, or constructed a total of 1,847 units, nearly doubling its published FY2001 goal of 974 units.
- The number of units completed and totally rehabilitated in FY2001 included 1,026 senior and 750 scattered site units. New construction in mixed income developments resulted in 71 new homes for public housing families.
- Senior building rehabilitation was accelerated in FY2001. Structural renovations to senior buildings included the installation of energy efficient electrical and plumbing fixtures, elevator modernization, the installation of air conditioners, and roof repairs and replacement.
- Forty-two percent (42%) of the senior buildings received new roofs and 2,213 new air conditioning units were installed.
- The rehabilitation of scattered site units was also accelerated in FY2001 in order to complete all scattered site units by 2003.
- Three mixed income developments were completed in FY2001. These developments created housing for public housing residents adjacent to affordable and market rate housing. In the Washington Park neighborhood, 27 families moved into the Quincy development (Hearts United II). In the Kenwood/Oakland neighborhood, 12 families moved into the Shakespeare development town homes, and in the Near North area, 32 new homes were completed in the North Town Village I community. Other mixed income developments are under construction in the Near North neighborhood which will provide a total of 197 new units of public housing.
- Two thousand two hundred ninety-three (2,293) units underwent demolition in FY2001. Demolition allowed for the construction of new city infrastructure system that will include water mains, sewer pipes, and streets for new mixed income communities.

- Master Development teams were selected and approved for Henry Horner Homes, Drexel Boulevard, Lakefront Property, Rockwell Gardens, Robert Taylor A & B, and Stateway Gardens. A new development team was selected for the Madden Park Homes/Ida B. Wells development. Requests for Proposals (RFPs) for development teams for the ABLA and Cabrini North developments were issued in the last quarter of FY2001.
- Master planning for redevelopment was completed at ABLA, Henry Horner Homes, Lakefront and Drexel Boulevard, Rockwell Gardens, Robert Taylor A&B, and Stateway Gardens.

Relocation, Building Closures, and Demolition

- Six hundred and six (606) Phase I public housing families relocated in FY2001. Three hundred and one (301) residents moved into public housing units and 305 moved into units in the private market using Housing Choice Vouchers (HCV).
- The *CHA Leaseholder Housing Choice and Relocation Rights Contract* was implemented (Relocation Rights Contract or the Contract).
- Four hundred and ninety (490) Housing Choice Survey Clinics were held at all of the CHA's family developments. Approximately 8,300 residents attended these clinics.
- To enhance its relocation efforts, the CHA created the Relocation Department. This department was created to ensure that the relocation process was conducted in a compassionate yet efficient manner. To accomplish this objective, Relocation Project Teams were established for each building scheduled for closure in FY2001 and in subsequent years.
- An automated/computerized Relocation Management Tracking System was developed in FY2001. When fully functional, this system will monitor, track, and provide reports on resident relocation activities and the resident's status.
- A total of 1,714 residents received Good Neighbor Counseling and training. These 95 training and counseling sessions focused on the development of home management skills e.g., good housekeeping, basic home maintenance and repair, budgeting, and conflict resolution.

Property Management

- Private property managers and CHA asset managers addressed and improved performance in all major Public Housing Assessment System indicators. These improvements included:
 - 1) 99.34% Emergency Work Order Response (EMWOR) time;
 - 2) 44% reduction to the backlog of outstanding non-emergency work orders;
 - 3) 27,763 Housing Quality Inspections (HQS) completed; and
 - 4) Rent collection increased from 95.78% to 97.11%.
- The CHA created a new Quality Control Unit within its Operation Department and initiated regular quality assurance assessments such as standard housing and maintenance procedures.

- In conjunction with the creation of the new Quality Control Unit, asset managers received training in five areas (Housing Choice Survey tracking, finance, electronic budget system, conventional management, and marketing techniques) to improve the effectiveness of monitoring the performance and compliance of the CHA's private property managers and resident management companies.

Lease and Occupancy

- New HUD-required procedures regarding resident income calculations and community service requirements were finalized and approved.
- The CHA coordinated "new lease" training workshops for property managers, the Central Advisory Counsel (CAC), and CHA staff.

Human Capital Development

- The Chicago Department of Human Services began administration of the Service Connector System through a network of six contracted agencies at 20 offices in the CHA's family developments.
- In FY2001, a total of 6,000 residents accessed services through the Service Connector System. Seven hundred and eighty-eight (788) residents were referred to support services. One thousand one hundred eighty-two (1,182) residents were referred to job training services and 1,049 residents were referred to employment services which resulted in 368 full time and 27 part time employment placements.
- Senior residents made more than 34,700 inquires for information and assistance, 48,700 requests for direct services, and participated in 3,862 life enrichment activities through the Senior Service Connector Program; additionally 7,087 referrals were made for various public benefits.

Housing Choice Voucher Program

- The CHA exceeded its targeted lease-up goal of 97%.
- The rent reasonableness goal was exceeded.
- A total of 2,257 Housing Choice Voucher holders enrolled in the Mobility Counseling Program. This program covered the following topics: resident/landlord rights, housing search techniques, search assistance, referrals to available units, fair housing training, access to a security deposit loan fund; and obtaining transportation to view available units. Of those voucher holders who participated in this program, 494 participants (34.6%) moved from a high to a low poverty area.
- The CHA also established a Homeownership Program, "Choose to Own", allowing the use of a HCV subsidy for home mortgage payments for first time home buyers. Of those residents qualifying for this program, 32 residents are in the process of being enrolled, and four preferred lenders have been identified for participation.
- In FY2001, 862 new landlords in low poverty areas were recruited into the Housing Choice Voucher Program. These new landlords represent a 35% increase over the number of landlords in low poverty areas recruited to the program in FY2000.

Procurement

- In FY2001, there were 106 new Section 3 hires. One hundred and one (101) of these hires were residents and five were other Section 3 individuals.
- Residents participating in the Section 3 Program earned \$2,033,700.

Protective Services

- From 1999 to 2001, the CHA experienced an 18% decrease in criminal activity. To expand upon this success, the CHA's Tenant Patrol partnered with the Chicago Police Department and the City of Chicago's Community Alternative Policing Strategy (CAPS). While participating in CAPS, the CHA conducted 108 public safety meetings and completed 22,000 building safety checks.
- The CHA assisted 257 crime victims with crisis response, intervention, and follow-up services.
- As a crime and drug reduction strategy, the CHA established a year-round Inner City Athletic Program for children in family developments.

Financial Management

- The CHA issued \$291 million Capital Program Revenue Bonds.
- In November, the Authority received a Government Finance Officers Association's award for the annual budget.
- The Authority received Government Finance Officers Association recognition for the comprehensive annual financial report.
- An Internal Audit Department was established.
- The CHA raised \$9,670,534 in outside resources for resident services and community development.

CHAPTER I: CAPITAL PROGRAM

In accordance with the Plan for Transformation, the CHA will rehabilitate and/or renovate 25,000 public housing units over a 10 year period. All CHA properties will either be redeveloped as a mixed income/mixed finance property or these properties will be rehabilitated and continue to provide public housing within their existing communities.

Mixed Income and Mixed Finance Redevelopment

Mixed income housing will provide three types of housing for a community: public, affordable, and market rate. In addition to public housing units, members of the community will be able to qualify for units which are either affordable (lower than market rate) or market rate. The affordable and market rate units may be rental or homeownership units. The percentage of public, affordable, and market rate housing will vary from development to development, but in general, a third of the available units will be set aside for each housing category. In the mixed finance redevelopments, public housing financing will only be a part of the overall finance package. Thus, due to the restrictions and uses of other private and public funds, a mixed finance property is generally owned by a private party.

Redevelopment of mixed income and mixed finance properties generally occurs on large development sites with a significant number of housing units within a community. All developments financed with HOPE VI funds and their related off-site developments are mixed finance. Due to the size and the need for a variety of financing resources, mixed income and mixed finance properties are generally built in several phases, with each phase producing housing and related facilities. Each phase of redevelopment covers several activities typically over a period of two to four years.

Establishment of Working Group

In the MTW Annual Plan for FY2001, the CHA committed to convene working groups at every site with new redevelopment projects to ensure resident representation and participation in development activities. Each working group is comprised of two resident representatives, community stakeholders, the CHA, the Receiver (The Habitat Company), the Gautreaux plaintiffs' counsel (BPI), the Chicago Department of Housing, and the Chicago Department of Planning and Development. The resident representatives are appointed by the Local Advisory Council (LAC). The task of each working group is to make recommendations to the CHA and the Receiver concerning selection of developers and to help craft site-specific development proposals. As described below in the property descriptions, working groups have been established at every major redevelopment site.

The Plan for Transformation divided the Authority's properties into five major categories for planning purposes:

- **Existing Redevelopment Projects (Category 1):** These properties were in the process of being redeveloped at the time the Plan for Transformation was initiated in 1999.
- **Senior Properties (Category 2):** These properties are undergoing rehabilitation as public housing for seniors.
- **Scattered Sites (Category 3):** These properties are undergoing rehabilitation as public housing for families.
- **Non-Section 202 Family Properties (Category 4):** These are low-rise properties. Some are undergoing rehabilitation as public housing, and some will be replaced with new housing for families.¹

¹Section 202 refers to Section 202 of the Omnibus Consolidated Rescissions and Appropriations Action of 1996. This law requires that a cost "viability test" be performed on all properties with more than 300 units and with a vacancy rate in excess of 10%. Such properties must be demolished if the monthly cost to renovate and maintain them exceeds the cost of a housing voucher.

- Section 202 Family Properties (Category 5):** Those designated Category 5a are mid-rise properties which are no longer mandated by HUD for demolition. These properties will be evaluated on a property specific basis to determine whether they should be renovated or replaced with new housing. Those properties designated Category 5b are high rise properties subject to Section 202 and are mandated by HUD to be demolished. These properties will be replaced with new housing for families, primarily within a mixed income community.

Chart 1: Planned Units v. Actual 2001

Planned Units v. Actual 2001 FY	Goal FY2001	Actual FY2001	Summary Status as of 12/31/01	Explanation of changes in goals
Category 1				
Gov. Henry Horner Homes	0	0	A development team was selected. The Master Plan was completed. Pre-closing activities are underway.	
Frances Cabrini Extension North - On-site	0	0	A request for proposals was issued.	
Frances Cabrini Extension North - Off-site: 1) North Town I 2) Mohawk partners 3) Old Town Square	56	32	Off-site development was completed in 2001.	Some delays occurred during construction. The construction is expected to be completed in 2002.
4) North Town II 5) Renaissance North			These developments closed in 2001.	
ABLA	0	0	The Master Plan was completed. An RFP was issued to chose a development team for the first phase.	
Wells/Madden/Darrow/Wells Extension	0	0	Master Plan completed; new development team selected for Phase I; pre-closing activities	
Robert Taylor Homes B HOPE VI	0	27	Construction was completed at Quincy. Planning for new off-site developments was completed for Robert Taylor A&B.	
Raymond M. Hilliard Center	152	0	Pre-closing activities are continuing.	Some delays occurred during negotiation with financial partners. Closing anticipated in 2002.
Washington Park Homes	0	0	Pre-closing activities are continuing.	There was a delay in activities in early 2001. The activities resumed by year end. The closing is expected to take place in 2002 closing.
Lakefront properties: 1) Lake Crescent	0	0	The Master Plan was completed, and pre-closing activities are underway.	
2) Drexel: Jazz on the Boulevard			The development team was selected. The Master Plan was completed and pre-closing activities are underway.	
3) Lakefront scattered sites	0	16	The construction of Shakespeare was completed. There are also ongoing activities on other mixed finance redevelopments.	
Subtotal Category 1	208	75		
Category 2: Senior Developments	480	1,026	Rehabilitation activity was completed at 4 prototype buildings. is continuing at an accelerated pace.	The construction was accelerated to complete the 4 prototype buildings.
Category 3: Scattered Sites	286	750	Several units were completed. The rehabilitation continues as planned for the remaining units.	The construction was accelerated to complete 750 units.
Category 4: Non-202 Family Properties	0	0	There were no units scheduled for completion in this category. See narrative for a detailed explanation of construction activities.	
Category 5: 202 Family Properties	0	0	There were no units scheduled for completion in this category. See narrative for a detailed explanation of construction activities.	
Total Units All Categories	974	1,851		

CATEGORY 1: EXISTING REDEVELOPMENT

Category 1 includes eight properties that were already covered under existing redevelopment commitments or were well advanced in the planning stages in 1999 when the Plan for Transformation was initiated. The Plan for Transformation allocated \$189 million in capital funds, in addition to HOPE VI and other financial resources, to these properties. During FY2001, the CHA achieved significant milestones at each of these properties. Development teams were selected, master plans were completed, and financing was secured. Pre-closing activities are ongoing and construction will begin in FY2002 and FY2003.

Governor Henry Horner Homes

The Henry Horner Working Group chose a master development team in May of 2001. The working group and the master development team then conducted community and property planning meetings throughout the summer. In August, the master plan for a mixed income community for Henry Horner Homes was completed. During the fourth quarter, a revitalization plan was submitted to HUD and developers began preparing financial applications. The closing for this development is expected in FY2002.

Cabrini Extension North

Cabrini Extension North received a HOPE VI Grant in 1994. The redevelopment of Cabrini Extension North is occurring both on site and on several off-site parcels in the Near North Redevelopment Area.

Cabrini Extension North On-site redevelopment

The Cabrini Extension North Working Group issued an RFP for a master developer on October 19, 2001. The working group will select a developer in the first quarter of FY2002. The RFP includes a plan for redevelopment that requires the construction of at least 648 units comprised of 30% public, 20% affordable, and 50% market housing units. The redevelopment will take place in accordance with the consent decree.

Cabrini Extension North Off-site redevelopment

The CHA and its community development partners made significant progress on eight mixed income properties during 2001. These properties are in various stages of development in and around the Cabrini Extension North area. Redevelopment of these properties in the Near North Area Redevelopment will provide 776 rental or homeownership units, of which 197 are designated for public housing families.

- North Town Village I, which has 39 units of public housing within a mixed income project of 116 rental units, began leasing in FY2001.
- North Town Village II closed in FY2001. Phase II includes 40 CHA units within a homeownership condominium development of 145 units. The homeownership units pre-sold at a record pace. Lease-up of the CHA units began in FY2001 and will continue throughout FY2002.
- Orchard Park is a 54 unit mixed income condominium development which includes 13 CHA units. These units were temporarily leased to public housing residents with Housing Choice Vouchers.
- Construction of Old Town Square was completed in late FY2001. The CHA will lease 16 units of the 113 total units.
- Old Town Village East is currently under construction. The CHA will lease 28 of the 140 total units to residents in 2002 and 2003.
- Mohawk Partners Infill includes five public housing units in a 15 unit condominium development in the Near North community. These units were completed in FY2001.

- Renaissance North (535 W. North Avenue) closed in November of 2001 and, when leased up in 2003, will include 18 new CHA family units in a 59 unit mixed income development.

Madden Park/Ida B. Wells Homes

The Madden Park/Ida B. Wells Homes Working Group created a master development plan for this property in 2000. The plan received a HOPE VI Grant for Phase I in that same year. In 2001, a new development team was selected for Phase I of this redevelopment effort. Financing applications were also submitted to the City of Chicago and the State of Illinois. In addition, the City of Chicago began planning and bidding for infrastructure improvements.

Jane Addams Homes, Robert Brooks Homes, Loomis Courts, and Grace Abbott Homes (ABLA)

There was significant activity at ABLA in FY2001, as the ABLA Working Group and a master planner developed detailed plans for redevelopment. Community meetings were held over the winter and summer at ABLA to develop plans for the physical and social redevelopment of the community. A master plan was approved by the working group; this was followed by CHA and HUD approval. The CHA also conducted a design competition for new mixed income housing in ABLA that received substantial local and national media attention. The working group issued a RFP for a developer for the Brooks Extension Triangle in late fall 2001, with the anticipation of construction in early FY2003. A second RFP for the Addams site and the remainder of the development is planned for issuance in FY2002.

Lakefront Replacement Housing

The Authority committed to providing 441 public housing units to replace the units demolished on the Lakefront Site. Replacement housing will be provided on the former Lakefront high-rise site (120 units), the Drexel Boulevard Site (30 units), and in scattered site units (291).

Lakefront Site (Lake Park Crescent). The site of the former Lakefront development is the subject of a new proposal called Lake Park Crescent. The working group selected a master development team in FY2000. The Lake Park Crescent Development Team and Working Group developed and approved the development plan in the fall of 2001. Initial financing applications were made to the City of Chicago and the State of Illinois for Phase I of this site. The City also started planning and bidding for infrastructure improvements which are set to begin in FY2002.

Drexel Boulevard (Jazz on the Boulevard). This one block development/complex is located on Drexel Boulevard and will be redeveloped into a mixed income community called Jazz on the Boulevard. The Drexel Boulevard Working Group issued a RFP in late 2000 and interviewed and selected a master development team for this site in FY2001. A master plan for the site was completed in mid-2001 and was approved by the CHA in the fall of 2001. The City of Chicago has received initial financing applications and has begun planning for the construction of infrastructure improvements.

Scattered Sites. To date, the CHA and the Habitat Company have completed 106 units of public housing within mixed income communities. In FY2001, an additional RFP was submitted to plan and develop 20 public housing units in a mixed income town home community.

Robert Taylor B HOPE VI

The CHA continues progress on its approved 1999 HOPE VI Revitalization Plan. This plan outlines the development of 251 units of public housing on non-CHA owned land within mixed income developments, and it provides a housing priority to Robert Taylor B residents. To date, 56 public housing units have been developed under this program. This program will be coordinated with the CHA's 2001 master plan to provide additional off-site housing resources targeted to Robert Taylor residents.

CATEGORY 3: SCATTERED SITES

A total of 750 Category 3 units were rehabbed in FY2001, this exceeded the original goal of 286 units by 162%. The results of a physical needs assessment, coupled with the CHA's need for replacement housing as the high-rise demolition and consolidation move forward, necessitated a primary focus on the rehabilitation of these units. Therefore, fewer than 2% of the units in Category 3 have been found to be possible candidates for demolition.

Unlike the senior rehabilitation program, scattered site rehabilitation was not bid in system packages. Instead, unit repairs were performed under the "Time and Materials" method of contracting, which allowed for the most economical, yet flexible, response to the varying needs of the individual properties. As expected, this method of contracting increased the number and percentage of awards to MBE/WBE firms. Approximately 70% were awarded to MBE/WBE firms, minority joint ventures, or resident-owned businesses during the first year of the program. For more details regarding the CHA's MBE/WBE program see Chapter VIII.

Chart 3: Scattered Sites Completed Units FY2001

	Goal*	Actual
Units Completed	286	750

*This was the original FY2001 goal.

CATEGORY 4: NON-SECTION 202 FAMILY PROPERTIES

This grouping consists of ten properties that were not subject to Section 202. Lawndale Complex was demolished to prepare for new construction. The nine remaining properties are generally smaller walk-up apartment buildings or attached row houses. The Authority allocated \$107 million for the rehabilitation or redevelopment of these properties. Additional funding will continue to be allocated to allow for an equitable level of amenities and building upgrades.

Six of the nine low-rise properties will be rehabilitated as 100% public housing, one property will be replaced with mixed income housing, and two others are under planning consideration as potential mixed income sites. Progress and decisions related to these properties are detailed below.

For the properties that are undergoing rehabilitation as 100% public housing, planning will address both the physical condition of the buildings and the layout of the site to provide resources for families and links to the adjoining communities.

Bridgeport Homes and Lowden Homes

In FY2001, meetings were held with input from the LAC's, construction managers, CHA staff, and architectural design firms. The construction schedule will be set after a contractor is chosen for this project.

Wentworth Gardens

In 2001 a working group was established and community meetings were held to create a preliminary needs assessment to identify existing conditions at Wentworth Gardens. This information is being used to develop plans and specifications for the 2002 start of modernization.

Cabrini-Lincoln/Lake Parc Place/Lawndale Gardens

Each of these properties will undergo moderate rehabilitation as 100% public housing. Construction on these properties is expected to begin following the completion of Bridgeport, Lowden, and Wentworth.

Lawndale Complex

This property was demolished in 2000 and 2001 and will be replaced with mixed income housing. Initial planning started in 2001. However, planning and issuance of a RFQ will not commence until 2002. The work at the Lawndale Complex site is being scheduled to better coordinate other redevelopment activities.

Lathrop Homes/LeClaire Extension

After consideration of the timing required for redevelopment, plans were not developed for Lathrop Homes and LeClaire Extension in 2001. These properties are being considered for potential mixed income and mixed finance communities.

Washington Park Low-Rises

The Washington Park low-rises are comprised of scattered row houses and walk-ups throughout Washington Park and its adjacent neighborhoods. Some of these units were rehabilitated in 2001 to be used as temporary or permanent housing. Other properties in the Washington Park area were demolished in 2001.

CATEGORY 5: SECTION 202 FAMILY PROPERTIES

The Plan for Transformation allocated \$384 million for those properties originally designated as subject to Section 202. This category was further divided into two sub-groupings by building types: Category 5A (low and mid-rise properties) and Category 5B (gallery style high-rise properties).

Category 5A: Low- and Mid-rise Properties

This sub-grouping includes five properties with 4,876 units. Review of these five properties in 2000 and 2001 confirmed that none must be demolished under Section 202.

Trumbull Park Homes

Trumbull Park Homes will be rehabilitated and will continue to exist as a 100% public housing development. In 2001, preliminary physical and site analysis was prepared in anticipation of an RFQ for design rehabilitation in 2002.

Altgeld Gardens/Murray Homes

Altgeld Gardens and Murray Homes are two-story low-rises properties located in the Riverdale neighborhood of Chicago. Altgeld/Murray is located in a community which, with some additional planning and significant rehabilitation of the existing properties, would provide quality housing for public housing residents. Therefore, the CHA determined in 2001 that it will provide the Altgeld/Murray development with immediate essential capital improvements and start a planning process to improve these properties, in conjunction with the community, as 100% public housing site.

Cabrini Row Houses/Dearborn Homes/Harold Ickes Homes

Redevelopment of Cabrini Row Houses, Dearborn Homes, and Harold Ickes Homes has not yet been planned. However, each has the potential to become a mixed income and mixed finance property. At the Harold Ickes Homes Site, in coordination with the Chicago Public Schools and the Public Building Commission, the CHA disposed of a family building to create a new Teachers' Academy. The Academy will serve as an education and community center facility.

Category 5B: High-rise Gallery Properties

Category 5B includes 9 properties, originally totaling 8,886 units. These buildings are gallery style high-rises built between 1953 and 1966. The CHA experienced great difficulty with this type of building design ranging from problems with heating systems to frequent elevator failures. Design flaws, coupled with a lack of maintenance and limited capital improvements since initial construction, have rendered these buildings vulnerable to system failures, particularly during winter months. Renovation of these buildings is not economically feasible.

All units in this category failed the HUD Section 202 viability test and are therefore mandated for demolition. A discussion of demolition completed in FY2001 can be found in Chapter II. New units will be constructed on the sites that are a mix of public housing, affordable housing, and market rate.

Robert Taylor Homes

During 2001, this 92 acre property moved aggressively toward a new, redeveloped mixed income and mixed finance community. In January, the Robert Taylor Homes Working Group selected a master development team for the site. The working group and the development team then conducted community and resident meetings to develop a complete master plan for the property. After receiving approval from the Board of Commissioners in June, the CHA, the working group, and the development team submitted the master plan to HUD along with the application for 2001 HOPE VI funding. HUD granted a HOPE VI award of \$35 million in October of 2001. At the end of 2001, the property was in the pre-closing stage, financing projections were being created, and infrastructure planning with the City of Chicago began.

Rockwell Gardens

The Rockwell Gardens Working Group selected a master development team in January of 2001. The development team and the working group conducted community and resident meetings to develop and complete a master plan for the property in June of 2001. The Board of Commissioners approved of the plan in the same month. The plan includes the proposed redevelopment of Maplewood Courts, a City-State property close in proximity to Rockwell Gardens, and incorporates non-CHA properties adjacent to this CHA site. The CHA, the working group, and the development team submitted their plan to HUD along with their application for 2001 HOPE VI funding. In October, HUD granted a \$35 million HOPE VI grant for Rockwell Gardens. The property was in pre-closing at the end of 2001 and was starting infrastructure planning with the City and initiated financing projections.

Stateway Gardens

The Stateway Gardens Working Group selected a master development team at the beginning of FY2001. The development team and the working group then conducted community and resident meetings to develop and complete a master plan. The working group continued to work on the details of the master plan throughout FY2001, beginning pre-development activities with the City of Chicago relative to infrastructure planning, financing, and other pre-closing activities.

DISPOSITION

The CHA submits disposition applications to HUD to enter into ground leases for the redevelopment of CHA developments. Additionally, from time to time, the Authority, as part of its redevelopment process will dedicate or provide parcels to the City of Chicago for the creation of streets and right of ways. No disposition applications were submitted to HUD in FY2001.

CITY/CHA JOINT PLANNING

The CHA is continually working closely with the City of Chicago's Department of Housing and the Department of Planning and Development, as well as other infrastructure and building agencies, to coordinate plans for each of the properties targeted for redevelopment. Through the working groups and other regular meetings, the City and the CHA are working to deploy public resources most efficiently to integrate CHA developments into the Chicago neighborhoods that surround them. Resources being considered in the context of overall redevelopment projects include low income housing tax credits, private activity bonds, the City of Chicago's soft debt and infrastructure funds, and City of Chicago land.

ACCESSIBILITY

Although the Authority procured services to conduct an accessibility evaluation in FY2001, there were amendments to the construction, demolition, and relocation schedules during the year. The Authority will therefore revise the Request for Proposal (RFP) to take into consideration the activities completed in FY2001 and the projected activities for FY2002.

In general, vendors will be required to identify existing barriers to both buildings and program delivery systems for people with disabilities. They will also be required to set forth comprehensive recommendations for the removal of all impediments. The results of the Self-Evaluation will allow the Authority to design a mechanism to ensure equal access to buildings, activities, and functions conducted and supported by the CHA.

Additionally, the CHA has sought the voice of advocacy groups. During FY2001, regular meetings were held with the CHA Equal Access Tenant Advisory Committee, a disability resident counsel group that represents the disabled residents, and Access Living, a disability advocacy group which represents all persons with disabilities. Furthermore, there was collaboration with the City of Chicago, through the Mayor's Office for People with Disabilities, which has agreed to review the architectural drawings for on-going redevelopment and rehabilitation projects, and to assist with the integration of the needs of people with disabilities into the activities of the Authority.

ENVIRONMENTAL ISSUES

The Authority devoted significant resources to address environmental issues. An in-house Environmental Project Coordinator was hired to help identify and address issues during the planning phase of each property. Additionally, an Environmental Compliance Officer will be available to provide technical assistance to the working groups, as well as to ensure that redevelopment plans conform to all local, state, and federal environmental laws. In FY2001, the CHA established an intergovernmental agreement with the Department of Environment (DOE) to act as the "responsible entity" for the Chicago Housing Authority. Understanding this agreement the DOE agreed to undertake or supervise all National Environmental Protection Act (NEPA) required environmental reviews for the Authority. The DOE, in cooperation with the CHA, has started the environmental reviews of Madden Park/Ida B. Wells Homes, Drexel Boulevard, Lakefront, Stateway Gardens, Robert Taylor, and Rockwell Gardens.

CHAPTER II: RELOCATION, BUILDING CLOSURES, AND DEMOLITION

A major part of the physical process of redevelopment is the closure of buildings for consolidation or rehabilitation and their subsequent demolition. Within this process, the major activity for CHA's residents is relocation. The transformation of CHA's housing stock requires two important steps in relocation: moving residents out of existing substandard housing and moving residents into new or substantially rehabilitated units. The CHA made great strides in FY2001 with respect to the first step in this process.

There were 932 families living in buildings that were part of "Phase I Consolidation," which started in FY2001. Consolidation activities move families out of buildings which will be closed. In FY2001, CHA moved 606 of the 932 Phase I families. Please see Chart 4 below. Each phase of consolidation begins in the calendar year when 180/120 day notices, which notify the residents of the impending building closure, are sent to residents. The remaining 326 families have begun relocation but have not yet moved as of the end of FY2001.

The pace of relocation and building activities was slowed and the process redesigned in FY2001 for several reasons. Concerns were raised that the relocation process was moving too fast and residents were not able to make informed choices regarding their temporary or permanent housing choices. The Authority identified key elements of the process that needed improvement and stopped further activities until changes could be made. CHA has ongoing negotiations with resident leadership to discuss the process. Finally, the CHA Leaseholder Housing Choice and Relocation Rights Contract (Relocation Rights Contract or The Contract) was implemented and a Relocation Department created. More information about the department and activities surrounding relocation is available below.

During FY2001, over 1,901 units were closed as described in Chart 7. The decisions to close these units for consolidation or demolition were made in partnership with resident leadership and other stakeholders. The goal of the building closure schedule is to satisfy both redevelopment and residents' needs. To this end, the actual units closed in FY2001 were less than originally projected, as described below.

The original goal for FY2001 was to demolish 2,807 units, many of which were already vacant. Buildings are demolished after the CHA consolidates the residents remaining in the buildings and HUD funding is received. Due to negotiations and partnership with resident leadership, the demolition schedule was slowed down with a total of 2,293 units demolished during the calendar year. FY2001 completed demolition is in Chart 8 below with further information.

RELOCATION

The new Relocation Department focuses on creating and implementing a smooth relocation process for all CHA residents. The Department was created in mid-2001 in response to the need to improve the relocation process. Several improvements were made to the relocation process during the year, as described below, particularly the creation of the Housing Choice Survey Clinics.

Phase I Relocation Moves

In FY2001, CHA moved 606 of the 932 Phase I families: 301 of these were moved to public housing units, and 305 were moved to the private market using Housing Choice Voucher (HCV).

Chart 4: FY2001 Phase I Moves

Type of Move	Actual
Moves to Public Housing	301
Moves using HCV	305
Total Phase I Moves	606

Moves to Replacement Housing

There were 68 moves to replacement housing in FY2001. Replacement housing moves are final permanent moves for residents into new or rehabilitated public housing units or into the private market using Housing Choice Vouchers.

Chart 5: FY2001 Moves to Replacement Housing

Development of Origin	Moves to Replacement Housing
Cabrini Green	27
ABLA Homes	1
Robert Taylor	29
Lakefront	10
Dearborn Homes	1
Total All Developments	68

Housing Choice Voucher Utilization

Although the Authority originally anticipated using 1,200 HCVs in FY2001, actual usage was 391. This number includes residents that were referred both in and before FY2001. A total of 597 families were referred to the HCV program during FY2001. These residents will be leasing using HCVs in subsequent years. Many of these families are still in the process of locating HCV units of their choice.

Chart 6: FY2001 HCV Moves

Type of Move	Actual
Phase I Relocation Moves	305
Non-Phase I Related Moves	86
Total HCV Moves	391

Relocation Rights Contract Implementation

The Relocation Rights Contract provides all lease compliant CHA leaseholders in occupancy on October 1, 1999 the right to return to a new or substantially rehabilitated public housing unit. In January 2001, CHA staff, property managers, and resident leadership (CAC and LAC) were trained on the Contract's provisions. This was followed by training for all residents in March. More than 50 training sessions were held in 2001; at least one session at each of the family developments. Every CHA leaseholder received a copy of the Contract as an addendum to their lease. The Relocation Department worked diligently to ensure compassionate relocation of CHA residents.

Notices

One hundred eighty (180)/One hundred twenty (120) day General Information Notices

In cooperation with affected property management firms, 180/120 day General Information Notices were sent to occupied buildings scheduled to close in FY2001 at the following developments: ABLA Homes, Robert Taylor Homes, Stateway Gardens, Madden Park Homes, and Ida B. Wells Homes. These General Information Notices provided residents with information on the reasons for their building closing. The Uniform Relocation Act requires that relocation services be provided by the CHA and that Relocation Planning Meetings (see below) be scheduled at all affected developments.

Ninety (90) day Notices of Actual Relocation

Ninety (90) day notices, per the Uniform Relocation Act, were also served at all buildings scheduled to close in FY2001. See Chart 7. These notices contain information pertaining to where the resident will be temporarily moved immediately following their building's closure. While 90 day notices were served at Madden Park Homes and Ida B. Wells Homes, the buildings at these developments will not be closing until early 2002.

Relocation Management and Tracking System (RMTS)

In an effort to maximize relocation tracking, monitoring, and reporting capabilities, the Authority designed and began implementation of a Relocation Management and Tracking System (RMTS). This system has been designed to track each leaseholder as they move through the redevelopment process. To date, five of the nine RMTS modules have been implemented - Housing Choice Survey, Relocation Activity Tracking, Scheduler, Lottery/Unit Offer, and Lease. The Department of Information Technology Services is continuing to work with the Relocation Department, Operations, and private property management firms to improve system functionality and to bring into production the remaining four RMTS modules. CHA staff and private property management firms will be trained to use the new RMTS modules in early 2002.

Relocation Project Teams

A relocation project team is now assigned to every building scheduled for closure. The teams consist of a relocation project manager, an asset manager, a service connector representative, a property manager, and a HCV Program Counselor. The teams meet on a weekly basis to discuss the progress of relocation at each development and to examine any issues that have arisen at the development.

RELOCATION COUNSELING AND INFORMATION SESSIONS

Residents are invited to attend counseling and information sessions to ensure their understanding of the relocation process and their rights and responsibilities under the Contract. This includes Good Neighbor Counseling, Relocation Planning Meetings, and Housing Choice Survey Clinics.

Residents who are being moved as a result of building consolidation or demolition also have access to Housing Choice Voucher program counseling which includes Relocation, Mobility, and/or Gautreaux Counseling. (See Chapter VI for more details on these programs.)

- **Good Neighbor Counseling.** Over 95 Good Neighbor Counseling sessions were held with 1,714 participants from ABLA, Robert Taylor Homes, Stateway Gardens, Ida B. Wells, Cabrini Row Houses, Wentworth Gardens, and other targeted developments. The program was designed to focus on home management skills such as housekeeping tips and practices, utilities arrangements, minor home repairs, budgeting, and conflict resolution. The program was revised in FY2001 to provide additional information on lease compliance and an explanation of the Service Connector System.
- **Relocation Planning Meetings.** During FY2001, Relocation Planning Meetings were held at ABLA Homes, Madden Park Homes, Washington Park Homes, Robert Taylor Homes, and Stateway Gardens. Relocation Planning Meetings were held at all developments scheduled for building closure by the CHA. During these meetings, residents were given information on their rights and responsibilities during the relocation process, services provided by the CHA, and relocation options.
- **Housing Choice Survey Clinics.** Housing Choice Survey Clinics were designed to help residents make informed decisions regarding their temporary and permanent housing choices. Facilitators led discussions with small groups of residents (an average of 12-17) on the differences between public housing and the HCV Program. A total of 490 clinics were conducted at all family developments in FY2001 with approximately 8,300 residents in attendance. Pursuant to the Relocation Rights Contract, the CHA conducted Housing Choice Surveys in order to gather information on resident housing choice preferences. To date over 80% of the surveys have been received by the CHA. The Relocation Department developed a five-prong strategy for gathering the remaining outstanding surveys: make-up clinics will be conducted at developments where clinic attendance was low; LAC members will serve as a resource for residents on the importance of the clinics and the surveys; CHA staff will conduct home visits for residents who may be homebound and were therefore unable to attend the clinic; one-day Housing Choice Survey Open Houses will be held for residents who were unable to make their scheduled appointment; and residents will receive phone calls and letters from the CHA to answer questions and emphasize the need to submit completed surveys.

SENIOR HOUSING PROGRAM

Senior buildings are also undergoing rehabilitation, and substantial progress has been made (See Chapter I). Five hundred six (506) seniors moved to new or rehabilitated units during the year at the four prototype buildings: LaSalle & Division Apartments, Albany Terrace, Judge Slater Annex, and Judge Slater Apartments. Seniors that move within their own building are not subject to the Relocation Rights Contract.

However, the CHA is making sure residents are moved in a sensitive manner. CHA partnered with H.O.M.E. (Housing Opportunities and Maintenance for the Elderly) to assist senior residents with their moves using funds provided by the Chicago Community Trust. H.O.M.E. created plans for practical steps to help CHA senior residents orient themselves to their new apartments, assisted with organizing and packing, defined furniture replacement needs, provided replacement furnishings as needed, and supported the elderly individuals with settling into their new surroundings. The Senior Service Connector Program also assists seniors who are relocating. For more information on this program, see Chapter V.

BUILDING CLOSURES

The CHA closed 1,901 units at five developments in FY2001 to accommodate redevelopment and relocation.

Chart 7: FY2001 Building Closures

Property/Building	Total Units
ABLA Homes	
Brooks Extension	300
1410 W. 14 th	150
Henry Horner Homes	
150 N. Hermitage	65
140 N. Wood	65
Stateway Gardens	
3737-39 S. Federal	230
3833-35 S. Federal	230
3517-19 S. Federal	230
Robert Taylor A	
4410 S. State	158
4444 S. State	158
Robert Taylor B	
5201 S. Federal	158
5247 S. Federal	157
Total	1,901

DEMOLITIONS

In FY2001 the CHA was awarded over \$36 million in demolition funds through the HOPE VI program to be applied towards demolition. See Chart 8. Demolition was completed on 25 buildings representing 2,293 units in FY2001, and several others have started structural demolition.

Chart 8: FY2001 HOPE VI Demolition Grants

Development Name	(units)	(\$)
Grace Abbott Homes	600	3,655,401
Jane Addams Homes	128	1,763,403
Brooks Extension	152	923,500
Cabrini Extension	402	4,082,205
Madden Park	235	1,613,000
Rockwell Gardens	427	3,441,002
Stateway Gardens	724	6,311,425
Robert Taylor	1,738	13,018,272
Ida B. Wells	246	1,470,000
Total	4,652	36,278,208.00

Variance in Demolition

The CHA has been meeting regularly with resident leadership to determine the most efficient and compassionate method of moving families due to redevelopment. Therefore only 2,293 of the planned units were demolished in FY2001. Through these discussions, a decision was made to alter the building closure and the demolition schedule to better accommodate the needs of both residents and the CHA. The CHA will continue to promote open communication with residents as the redevelopment process moves forward.

Chart 9: FY2001 Completed Demolition

Property/Address	Planned FY2001	Actual	Variance
Abbott			
1510 W. 14th Pl.**	150	0	-150
1440 W. 14th St.**	150	0	-150
Total	300	0	-300
Brooks Homes			
1215-31 S. Throop	0	9	9
1290A-99B W. Washburne	0	9	9
1280-88 W. Washburne	0	9	9
1262-78 W. Washburne	0	9	9
1244-60 W. Washburne	0	9	9
1226-42 W. Washburne	0	9	9
1208-24 W. Washburne	0	9	9
Total	0	63	63
Brooks Extensions			
1111 W. Roosevelt****	150	150	0
1209 S. Racine****	150	150	0
Total	300	300	0
Cabrini Extension			
500/502 W. Oak Street^	0	262	262
1150/60 N. Sedgewick^	0	262	262
1158 N. Cleveland	65	0	-65
Total	65	524	459
Horner			
141 Wolcott/1847 Lake**	231	0	-231
Total	231	0	-231
Lawndale Complex			
2641 W. 12th Place	0	97	97
1319 S. Washtenaw	0	18	18
1331 S. Washtenaw	0	18	18
1325 S. Washtenaw	0	18	18
2635 W. 12th Place	0	18	18
2647 W. 12th Place	0	18	18
Total	0	187	187
Madden Park			
3837 S. Ellis	0	109	109
3855 S. Ellis	0	109	109
3807 S. Cottage Grove**	18	0	-18
3835 S. Cottage Grove**	18	0	-18
3863 S. Cottage Grove**	18	0	-18
3804 S. Ellis**	18	0	-18
3828 S. Ellis**	18	0	-18
3850 S. Ellis**	18	0	-18
820 E. Pershing **	19	0	-19
3750 S. Ellis**	108	0	-108
Total	235	218	-17

Property/Address	Planned FY2001	Actual	Variance
Robert Taylor			
4444 S. State	158	158	0
5247 S. Federal	157	157	0
5201 S. Federal	158	158	0
4410 S. State**	158	0	-158
Total	631	473	-158
Rockwell Gardens			
2417 W. Adams	0	140	140
Total	0	140	140
Stateway Gardens			
3615-17 S. Federal ^	0	230	230
3517-19 S. Federal**	230	0	-230
3833-35 S. Federal*	230	0	-230
3737-39 S. Federal**	230	0	-230
Total	690	230	-460
Washington Park			
4445 S. Evans	0	158	158
4414 S. Cottage**	155	0	-155
604-06 E. 40th**	12	0	-12
629-33 E. 40th**	6	0	-6
4120 S. St. Lawrence**	9	0	-9
4140 S. Langley**	9	0	-9
4212-14 S. Wabash**	12	0	-12
4216-18 S. Wabash**	12	0	-12
4220-22 S. Wabash**	12	0	-12
4224-26 S. Wabash**	12	0	-12
4016-18 S. Prairie**	12	0	-12
Total	251	158	-93
Wells			
670 E. 38th Pl.**	6	0	-6
689 E. 38th Pl.**	6	0	-6
679 E. 38th Pl.**	7	0	-7
663 E. 38th St.**	6	0	-6
670 E. 38th St.**	12	0	-12
776 E. 38th St.**	6	0	-6
688 E. 39th **	5	0	-5
680 E. 39th St.**	6	0	-6
3802 S. Langley**	4	0	-4
3812 S. Langley**	12	0	-12
3828 S. Langley**	4	0	-4
3840 S. Langley**	12	0	-12
710E. 38th St. **	12	0	-12
748 E. 38th St.**	6	0	-6
Total	104	0	-104
Total all developments	2,807	2,293	-514

*Demolition began in 2001 with completion scheduled in 2002

** Demolition has been deferred to a later Phase (see variance)

***Unit count in the Plan for Transformation Y2 was erroneously reported as

152

^Demolition related activity started in FY 2000

"Completed demolition" for the purposes of the above chart is defined as the complete structural dismantlement and removal of buildings.

CHAPTER III: PROPERTY MANAGEMENT

The CHA assumed a supervisory role in FY2000 when private property management firms and/or resident management companies assumed responsibility of the day-to-day management of all CHA properties. In FY2001, the Authority continued to standardize and strengthen the skill set of asset managers to maximize their ability to monitor and oversee property management firms.

ASSET MANAGEMENT SYSTEMS

In FY2001, the Authority continued to focus on reviewing and negotiating the budgets and management plans of the property management firms; monitoring financial and property performance; and ensuring that residents received optimal service by requiring contract compliance.

Standardization of Procedures

Property managers, CHA asset managers, and outside consultants prepared an asset management manual containing formal procedures for private property management firms. The manual sets forth the Authority's expectations relative to the management of its properties and also enhances the Authority's ability to provide a consistent level of service to the residents of the CHA.

Quality Control Unit

The Operations Department received funds from the MacArthur Foundation to create a Quality Control Unit. The Operations Department scheduled five training programs designed to increase the asset managers' ability to effectively monitor contract performance and contract compliance. Asset managers completed financial training that taught participants how to interpret financial packages submitted by the private firms. Housing Choice Survey Tracking training familiarized property and asset managers with the Relocation Management Tracking System (RMTS). Moreover, asset managers were taught how to compile and use Housing Choice Surveys. An Online Budget System Course familiarized both asset and private property managers with the new uniform budget system. Training on conventional management and marketing techniques enhanced asset manager awareness of strategies that can be used by the private firms. Lastly, asset managers were trained to use HUD's new Uniform Physical Code Standards (UPCS).

Technological Developments

Asset managers continued to work with Information Technology Services (ITS) to ensure the functionality of their evolving new computerized tracking application. They also attended weekly meetings with ITS staff to provide application requirements to the ITS group prior to the application development.

Latino Consent Decree

The CHA created and filled a Director of Latino Affairs position. The Director, who is a member of the executive staff, interfaces with residents and Authority management to facilitate resolution of issues and compliance with the Latino Consent Decree. The Authority continued its standard practice of distributing Authority-wide information in both English and Spanish in locations where the identified Spanish speaking population is statistically significant.

PROPERTY-BASED BUDGETING

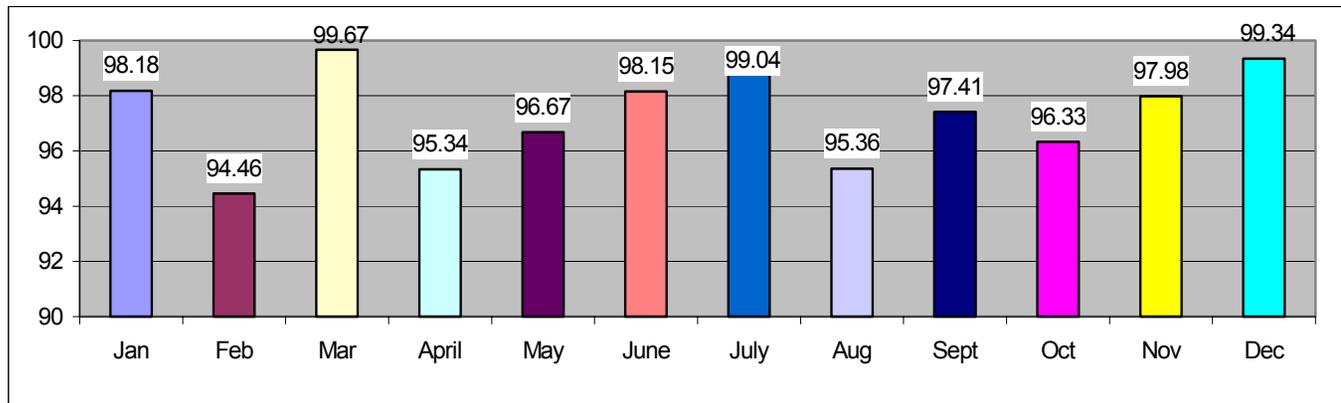
For FY2001, property budgets were assigned based on the same schedule as FY2000. However, these budgets were adjusted for inflation. Family properties that were required to maintain centralized heating plants received an adjustment to offset the added cost of heating plant labor.

PROPERTY MANAGEMENT PERFORMANCE GOALS

As expected, there was improvement in most areas of property management assessment due to the additional expertise provided by professional private property management firms. A comparison of the CHA's major property management performance measurements goals versus actual performance for FY2001 for each program and property can be found in Appendix II.

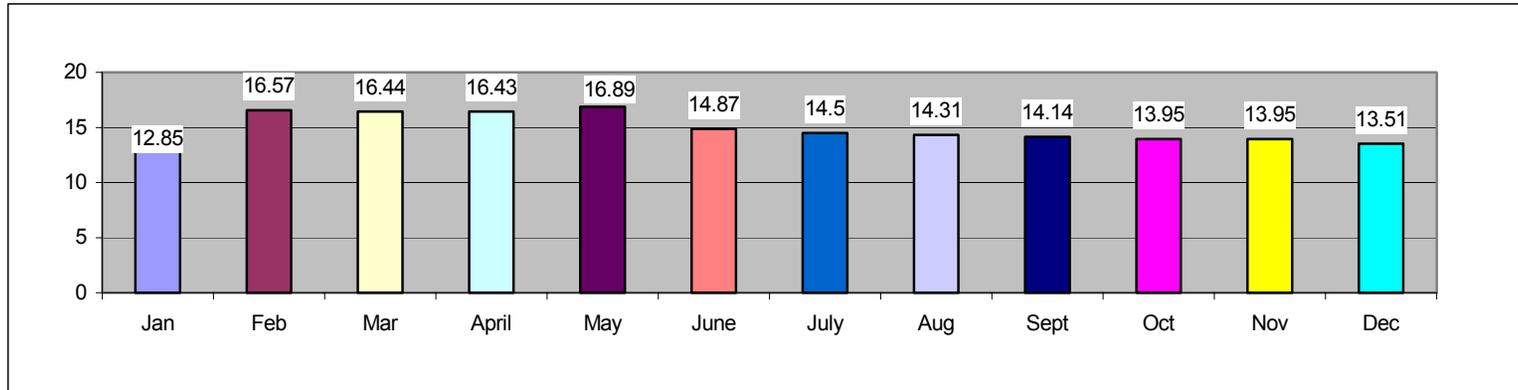
- **Emergency Work Order Response Times (YTD).** The Authority's goal for the number of emergency work orders reported, corrected, or abated within 24 hours is 100%. In FY2001, the CHA responded to 99.34% of its emergency work orders within 24 hours, 34% above the HUD required goal of 99%. The final score represents a 0.66% shortfall from the targeted CHA goal. The CHA continues to strive for a 100% resolution of all emergency work orders within a 24-hour time period. Asset managers communicate with the private property management firms on a monthly basis to monitor their status. The CHA also helps firms develop a plan of action to address performance indicators when the managers fall below the Authority's goal. The chart below depicts the percentage of work orders completed within 24 hours.

Chart 10: Emergency Work Order Response-Percentage Within 24 Hours, FY2001 YTD



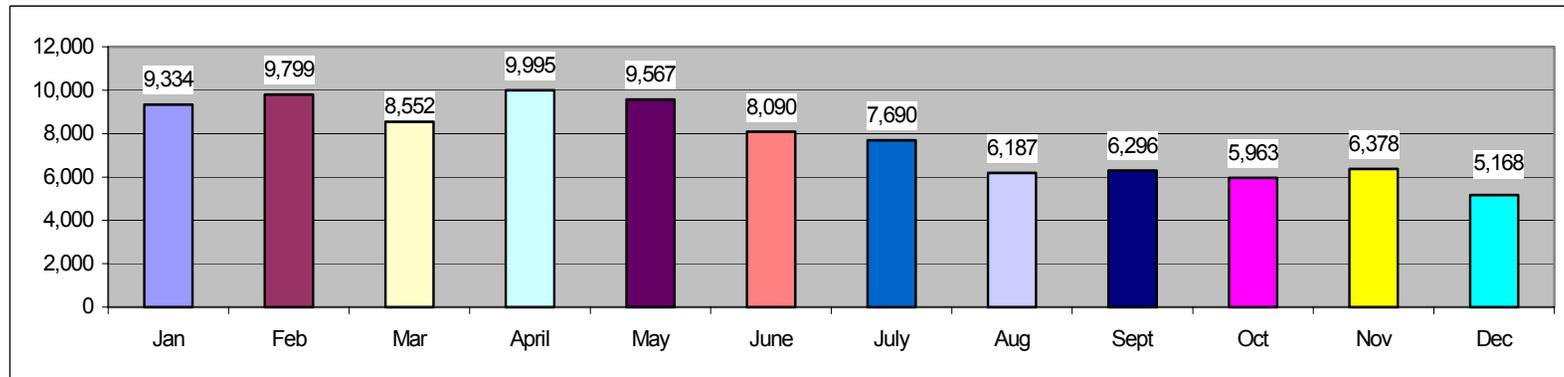
- Routine Work Order Response Times (YTD).** The Authority originally set a goal of five days to close routine work orders. However, once the amount of transition, including rehabilitation and demolition was taken into consideration, the goal was adjusted to ten days. The actual average response time for routine work orders was 13.51 days. The CHA's average response time was 3.51 days over the stated goal. However, the Authority was still well below the HUD required response time of 25 days. During the majority of FY2001, the CHA was able to decrease the number of days to close work orders. The Authority worked with private managers in an effort to achieve the stated goals by addressing these issues in their respective plans of action.

Chart 11: Routine Work Orders-Average Days Open, FY2001 YTD



- Work Order Backlog (YTD).** During the FY2001, the backlog of outstanding work orders decreased from 9,334 to 5,168. This decrease represents a 44% reduction. Asset managers successfully challenged property managers to close the year with a significant reduction of the number of open work orders from the beginning of the year. These results are significant given the fact that Housing Quality Standard (HQS) inspections impact this number.

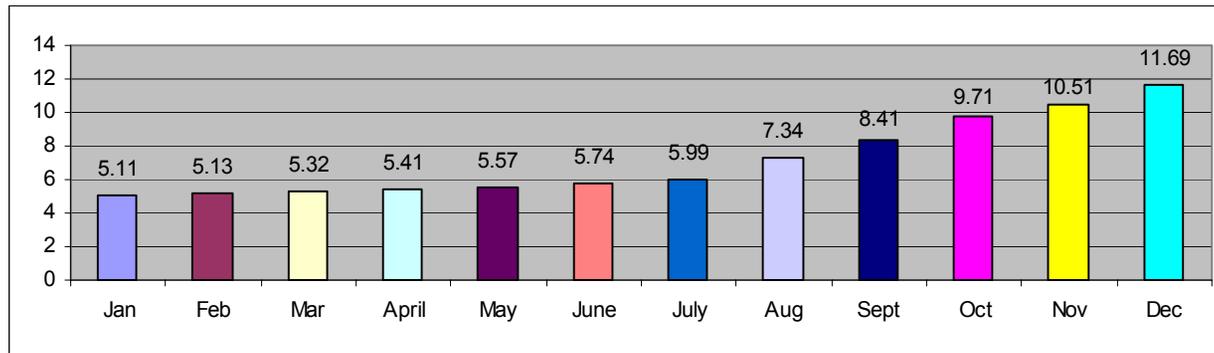
Chart 12: Work Order Backlog, FY2001 YTD



- Vacancy Rate (YTD).** The adjusted vacancy rate was 11.69% at the close of FY2001. The rate should reflect the vacancy after adjustments for units held vacant due to planned demolitions (deprogrammed units) and units pending modernization. During FY2001, the Information Technology Services Department (ITS) began updating the Authority's tracking system to include this adjustment. Once the Authority's re-designed system is implemented, the rate is predicted to decrease.

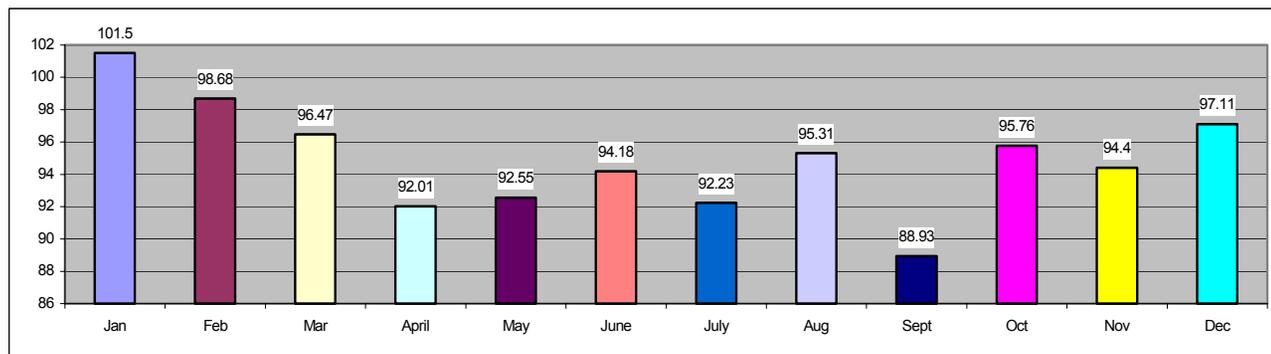
In addition, the Authority is working diligently to ensure that private managers and residents are made aware of available rehabilitated units as soon as possible by perfecting the tracking system. The ITS Department invested significant resources in planning and implementing a new database and tracking system to allow for a decrease in the number of "vacant days" for on-line units. It is expected that this activity will further decrease the adjusted vacancy rate.

Chart 13: Adjusted Vacancy Rate-Percentage, FY2001 YTD



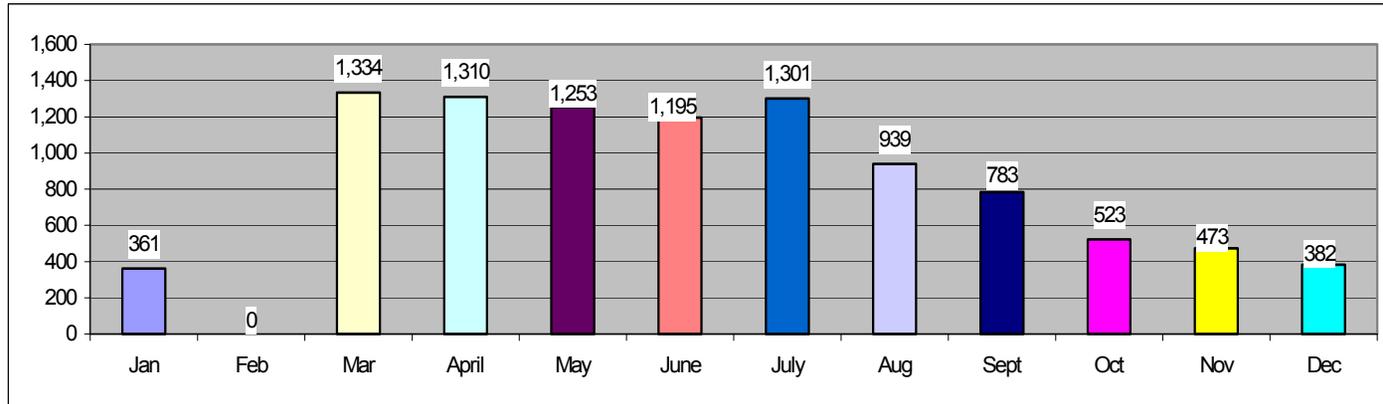
- Rent Collections (YTD).** The Authority's original rent collection goal for FY2001 was a combined 98% for both family and senior properties. However, once the amount of transition, including rehabilitation and demolition, was taken into consideration, the goal was adjusted to 97%. Through the asset managers' vigilance the CHA met the adjusted goal of 97% rent collection. The Authority increased rent collection from 95.87% to 97.11% during FY2001. This includes amounts due from residents in legal action for non-payment of rent or one-strike allegations. Over the past year, rent collection has been one of the main focal points of the Authority.

Chart 14: Percentage of Billed Rent Collected, FY2001 YTD



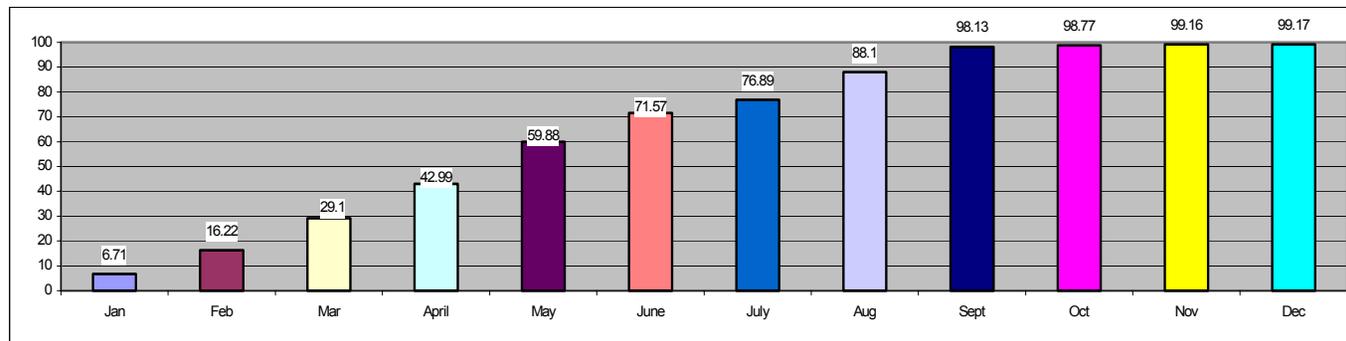
- Recertifications.** Residents are recertified on an annual basis when they renew their leases. The goal was 100% of those eligible for recertifications. It is important to note that residents being processed for lease termination are not eligible for recertification. By the end of FY2001, the CHA completed 98% of its resident recertifications. The CHA is addressing this shortfall by working with private managers to improve performance.

Chart 15: Recertifications Past Due, FY2001 YTD



- Unit Inspections (Housing Quality Inspection, HQS).** The Authority's goal was to have all units inspected by year-end. A total of 27,763 inspections, or 99.17% of all required inspections, were completed in FY2001. Last year the private firms verified completion of both unit and system inspections via an affidavit. The CHA added the Uniform Physical Inspection Standards (UPCS) to the HQS inspection process during FY2001. The asset managers and property managers will receive additional training to allow for a wholesale transition in FY2002.

Chart 16: HQS-Percentage Inspected, FY2001 YTD



SENIORS LIVING IN FAMILY PROPERTIES - PROPOSED INCENTIVE PACKAGE

In accordance with the CHA's Admissions and Occupancy Policy, the Authority has developed an incentive program for seniors (62 years of age or over) currently residing in family housing properties to relocate to senior-only properties. This program will be implemented after the senior building renovations are completed due to the need to utilize vacant units as temporary housing during the rehabilitation of the senior buildings.

As of August 1, 2000, there were 1,932 seniors classified as "head of household" who resided in family developments and were eligible for this incentive program.

INTEGRATED PEST MANAGEMENT PROGRAM

Each of the private management firms, as part of the Management Agreement, is required to implement an integrated pest management control program. The core of any such program is sound property management (e.g., routine extermination services, cleaning and securing vacant units, proper maintenance of dumpster rooms and trash chutes, enforcement of housekeeping standards, etc.). The CHA will continue to work with the CAC and the CHA Environmental Health Task Force to ensure adequate measures are being used to address pest issues.

CHAPTER IV: LEASE AND OCCUPANCY

ADMISSIONS AND OCCUPANCY POLICY

The CHA made technical amendments to its Admissions and Occupancy Policy to include Imputed Welfare Income Procedures, Community Service Requirements Procedures (see below), and Income Disallowance Procedures. Training workshops for property managers on these new procedures will be held in FY2002.

LEASE, GREIVANCE, AND PET POLICY

In FY2001, the CHA coordinated lease training workshops for private property managers, the Central Advisory Council (CAC), and CHA Staff. Training workshops for the grievance and pet policies will commence in FY2002.

COMMUNITY SERVICE REQUIREMENTS

The CHA Board of Commissioners approved Community Service Requirement Procedures in FY2001. The CHA will move ahead with implementing these procedures at all HOPE VI sites in FY2002.

TECHNICAL ASSISTANCE

As planned, in FY2001 the CHA disbursed \$300,000 to the CAC and Local Advisory Councils (LAC) for technical assistance. This money will fund training initiatives to improve residents' knowledge of the Plan for Transformation and related issues.

ADMISSIONS ADVISORY COMMITTEES

The CHA Admissions and Occupancy Policy encourages property managers, LACs, and other recognized resident organizations to work together to develop Admissions Advisory Committees (AACs) to increase resident involvement in the screening process. AAC strategic planning meetings were held in FY2001 to discuss family and senior resident AAC member training on fair housing laws. Additional planning and development will occur in FY2002.

TEMPORARY CLOSING OF THE WAITING LIST

The Family Housing Waiting List was closed on March 15, 2001. The date was changed from December 31, 2000 to provide the appropriate public notice of the impending closure. Once closed, the CHA made corrections to the waiting list regarding Latino applicants who were unintentionally withdrawn or skipped.

CITY-STATE PROPERTIES

In FY2001, the CHA drafted an amended the City-State property lease to make it consistent with recent Federal regulations relating to occupancy and admissions. The following requirements were added: \$25 as minimum rent and the reservation of at least 40% of new admissions for extremely low income residents. Public comment, CHA Board approval and implementation will take place in FY2002.

DECONCENTRATION

Housing Choice Voucher (HCV)

The CHA addressed deconcentration objectives in the HCV Program by fostering mobility moves. Mobility moves are those resident relocations to census tracts with a poverty rate of less than 23.49%. Due to the CHA's efforts, 26.9% of public housing relocatees who have moved to the private sector with a HCV moved to a low poverty area. Moreover, 34.6% of HCV holders, who moved in FY2001, moved from a high poverty area to a low poverty area. Please see Chapter VI for a more detailed discussion of methods used to increase deconcentration.

Public Housing

In FY2001, as a matter of policy, the CHA promoted the deconcentration of low income families in public housing. The CHA brought fundamental change to the type, density, and income mix of family public housing sites through building closures, demolition, redevelopment, and rehabilitation processes. The CHA continued to use income targeting, preferences for working families, and marketing strategies to attract CHA and non-CHA families from various income ranges to its developments to further foster deconcentration. As more building closures, demolition, redevelopment, and rehabilitation take place at CHA developments, the CHA's ability to increase deconcentration of low income families will expand.

CHANGES IN RENT POLICY

The CHA continued to use the existing income-based and ceiling rent structures. The CHA decided in FY2001 that it would not implement a flat rent option due to the current focus on relocation and redevelopment.

FAMILY SITE-BASED WAITING LISTS

The family properties site-based waiting lists were not implemented in FY2001 due to the closure of the family waiting list and the extensive focus on resident relocation. Rather, management used this opportunity to assess the Occupancy Department. Recommendations included:

- 1) Consider privatizing department and allow it to serve as clearing house for all new applications, transfers, and relocation unit assignment activities.
- 2) Form a working group to analyze and evaluate mandated admission practices, HUD regulations, and CHA policy.
- 3) Work with Asset Management before and during any negotiations that would affect resident selection practices.
- 4) Implement monitoring and quality control procedures over this newly privatized department.
- 5) Send "make ready" unit availability through the new department.
- 6) Investigate waiting list accuracy.
- 7) Create and follow new record keeping protocols.
- 8) Assess the current CHA database.

PROPERTY SPECIFIC SCREENING GUIDELINES

As part of the “move in” process for the newly redeveloped mixed income properties, the private owner and property manager will identify property specific screening guidelines. The CHA drafted an internal procedure in FY2001 which will provide residents with advanced notice of the admission criteria for a specific property. The draft procedure also determined that, as part of its due diligence to ensure that the criteria are effective, CHA staff will develop a committee in FY2002 to review and evaluate the effectiveness and results of screening criteria in the properties leased to date, and to develop additional, flexible guidelines and information on future properties.

CHAPTER V: HUMAN CAPITAL DEVELOPMENT

FAMILY SERVICE CONNECTOR PROGRAM

The Service Connector System (System) became fully operational at CHA family developments in FY2001. This System is administered by the Chicago Department of Human Services (CDHS) and monitored by the CHA. The Service Connector System assists residents in accessing service providers through a system of outreach, assessment, referral, and follow-up. Service connectors work at CHA developments to help residents identify their needs and choose services to meet their needs. Residents are referred to services that are provided by a vast array of independent service providers and public agencies.

System Establishment

An Intergovernmental Agreement (IGA) between the CHA and the Chicago Department of Human Services (CDHS) was signed in February of 2001. The agreement sets forth the responsibilities of CDHS as administrator of the Service Connector System. Service Connector site offices were opened in April at Ida B. Wells/Madden Park Homes, Stateway Gardens, Harold Ickes Homes, and Robert Taylor Homes, marking the interim phase of implementation. With the assistance of CDHS staff and resident volunteers, CHA staff managed these offices, which provided a means of testing the Service Connector model prior to the program's full-scale implementation. To further enhance and build upon the Service Connector Model, working sessions with CHA and CDHS staff, Local Advisory Council (LAC) presidents, funding entities, consultants, and other stakeholders were held. Orientation sessions on the Service Connector Model were also held for Asset Management staff and private property managers to foster a better understanding of the relationship between the Service Connector System and the CHA's role as landlord.

In April, CDHS issued a Request for Proposal (RFP) to solicit bids from private entities interested in subcontracting to implement the Service Connector System at each family property. Awards were made to six contractors/lead agencies. Each lead agency was deemed responsible for the management of a minimum of one cluster/service area of CHA developments grouped geographically:

<u>Lead Agency</u>	<u>Cluster/Service Area</u>
Employment & Employer Services	North Cluster
Marcy Newberry Association	West Cluster
William Moorehead & Associates	Greater Grand Boulevard Cluster
Abraham Lincoln Center	Ida B. Wells/Madden Park Cluster
The Woodlawn Organization	Near South Cluster & South Cluster
United Way of Metropolitan Chicago	Scattered Sites

Twenty (20) additional Service Connector offices were opened and over 100 staff hired. The lead agencies were required to staff each office with service coordinators and resident service advocates to conduct screenings, complete family needs assessments, provide information, and provide referrals to residents. In addition, each lead agency was required to provide access to a social worker and/or case manager skilled in handling more complex cases. The lead agency's cluster supervisors were required to provide office oversight and to coordinate with CDHS, other contractors, and service providers. In November, an intensive five-day training session was conducted for the CHA, CDHS, and staff hired by the lead agencies. The training provided practical hands-on activities to demonstrate the implementation of the Service Connector Model to ensure that operations in the field remained consistent with the System's service philosophy.

System Performance

Since its start-up, nearly 6,000 residents have initiated contact with interim and CDHS Service Connector agencies. This includes 788 referrals for family support services, 1,182 referrals for job training, and 1,049 referrals for possible employment opportunities. A total of 368 residents have received full time employment and another 27 received part time jobs.

SENIOR SERVICE CONNECTOR PROGRAM

In FY2001, senior residents made over 34,700 inquiries for information and assistance, and over 48,700 requests for direct services from the Senior Service Connector Program. Senior Service Connectors made 7,087 referrals for various public benefits and conducted 3,862 Life Enrichment activities, including baseball games, the Mayor's senior citizens' picnics, and tours of O'Hare airport, bingo games, theater outings and other trips around Chicago. Additionally, the Housing Opportunity and Maintenance for the Elderly Program (H.O.M.E.) donated used furniture to 408 senior residents.

TRANSFER OF FUNCTIONS

During FY2001, the Office of Community Development and Support monitored programs previously transferred to the Chicago Park District (CPD), Chicago Public Schools (CPS), and the Mayor's Office of Workforce Development (MOWD). The CPD expended \$275,000 committed in the Intergovernmental Agreement (IGA) for FY2001 and reported over 10,000 enrollments by residents in CHA developments, including enrollments in summer camp, youth programs, and adult programs. CPS fulfilled its commitment to maintain staff of the transferred programs per terms established in the IGA, which ended in June 2001. The MOWD administered the delivery of employment service from the Department of Labor Welfare-to-Work grant received by the CHA in FY1999. Through this grant, MOWD subcontracted with three employment service providers and placed over 270 CHA residents in jobs.

RESIDENT LEADERSHIP DEVELOPMENT

In FY2001, the CHA allocated \$1.4 million for resident leadership development. These funds will support the Senior Housing Advisory Councils, the Central Advisory Council, and the Local Advisory Councils in their quest to enhance communication between the CHA and residents.

JOB PLACEMENT AND TRAINING

Jobs Initiative for Persons with Disabilities - The Connections Project

The Connections Project, a program funded under the U.S. Department of Education's Job Initiative for People with Disabilities Demonstration Grant, improves and expands economic opportunities through assessment, personal effectiveness training, support service provision, affordable transportation options, skill development, job placement, and career advancement. The Connections Project was implemented as a pilot program at Ida B. Wells/Madden Park Homes by I AM CARES (International Association of Machinists for Administering Rehabilitation and Employment Services) in partnership with the CHA. During FY2001, the coalition began recruiting participants and developing relationships with residents and resident leadership at the CHA developments. The Connections Project will be expanded to other CHA developments in the coming years.

Employment Training Program

In FY2001 alone, 1,127 job placements were made for CHA residents through the Employment Training Program. Nearly 70% of these (759) were accomplished in partnership with MOWD. This includes the 270 jobs gained through the Department of Labor Welfare-to-Work grant. The remaining full-time jobs received (368) were gained through the use of the Service Connector Program.

ENVIRONMENTAL HEALTH ISSUES

In January 2001, the CHA created an internal, multi-departmental task force to examine environmental health issues. A representative from the internal task force acts as the Environmental Health Task Force liaison. This guarantees that Environmental Health Task Force recommendations are analyzed and implemented, where appropriate, in a timely manner. In addition, the CHA and its community partners applied for multiple environmental health initiative grants in FY2001, including: the Environmental Protection Agency's Environmental Justice Small Grants for integrated pest management and asthma education at Wentworth Gardens; and the Centers for Disease Control and Prevention's Controlling Asthma in American Cities Project Planning Grant for asthma education in schools and the CHA developments in Chicago Public Schools Region 4.

OTHER PROGRAMS AT FAMILY DEVELOPMENTS

In FY2001, the CHA continued to administer the Summer Food Program at its family developments. The program served 1,515,202 meals.

The Authority also conducted or assisted with the implementation of a number of successful programs at CHA family developments in FY2001. These programs included the CARA Program, a pilot program for non-leaseholders at Stateway Gardens; well-being heat checks; Little Kick Soccer Program; Family Zoo Intern Program; All Academic Basketball Program; an Ice Skating Program; an 8-14 year old Resident Camp; Girl Scouts; Christmas Food Baskets Program; Holiday Youth Party; Christmas Holiday Initiatives; and After-School Programs.

CHAPTER VI: HOUSING CHOICE VOUCHER PROGRAM

LEASING INFORMATION

Target vs. Actual Lease-Ups

As stated in the FY2001 Annual Plan, the target lease-up rate for FY2001 was 97.0% of total unit allocation. The total unit allocation at the end of FY2001 was 30,626. The actual lease-up rate for FY2001 was 29,875 units, or 97.5% of total allocation. Thus, the goal for FY2001 was exceeded. See Chart 17 below.

For its Housing Choice Voucher (HCV) Administrator, the CHA set a goal of 29,920 units to be leased. The Administrator nearly met this FY2001 goal; it leased 29,875 units, or 99.8%. See Chart 18 below.

Chart 17: FY2001 Annual Plan Lease-Up Goal

Program	2001 Goal	Units Allocated	Units Leased	2001 Actual
Total	97%	30,626	29,875	97.5%

Chart 18: HCV Administrator FY2001 Lease-Up Goal

Program	2001 Goal	2001 Actual	Percent of Units Leased / Goals Per Leasing Schedule
Total	29,920	29,875	99.8%

Ensuring Rent Reasonableness

Consistent with the Plan, the CHA's HCV Administrator continued to maintain market survey information regarding rents for comparable units in the Chicago area to ensure rent reasonableness. This database contained information on over 5,080 units, 915 of which were added to the database in FY2001. Over 40% of this information is less than 24 months old.

The CHA exceeded its rent reasonableness goal which stated that 95% of all newly leased units and rent increase approvals would be determined by considering the factors required by HUD (location, quality, size, unit type, age of contract unit, amenities, housing services, maintenance, and utilities). On average, 237 rent reasonableness Quality Control (QC) reviews were conducted each month in FY2001. Consistently, 100% of those reviews indicated that the rent was determined using HUD's nine factors.

Deconcentration of Low income Families/Expanding Housing Opportunities

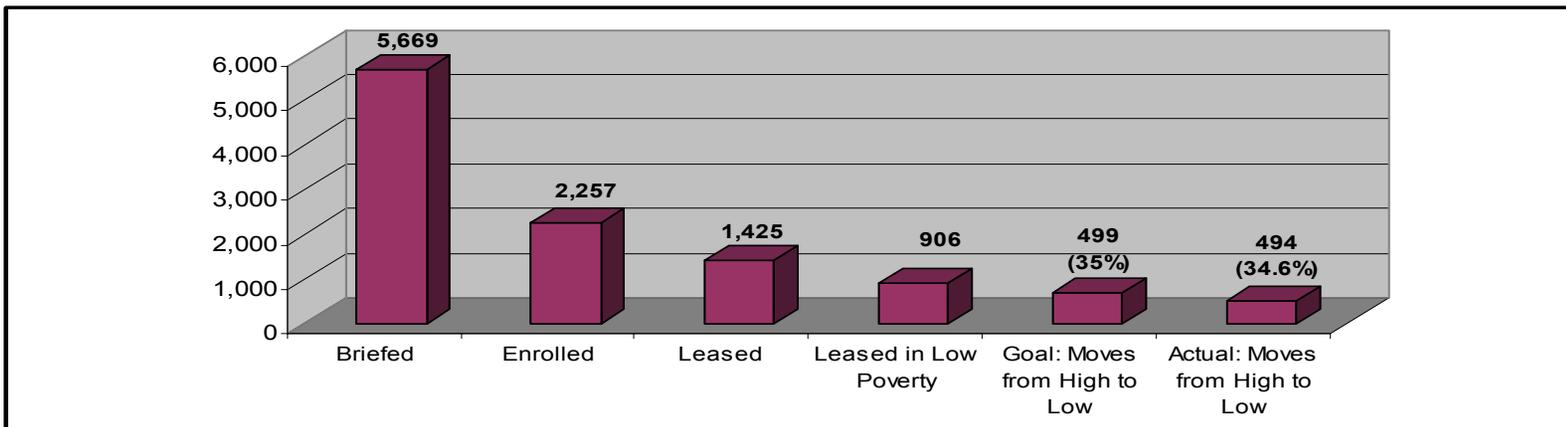
In order to expand housing opportunities and deconcentrate low income families, the HCV Administrator continued to perform the following activities in FY2001: counseling, landlord outreach and incentives, administration of the Modification Fund, and utilization of maximum payment standards. Please see Appendix III for a map of HCV holders by Community Area.

Mobility Counseling for HCV "Second Moves"

A Mobility Counseling Program was provided to current HCV holders who wished to move to a different unit using their HCV. This program included workshops on resident/landlord rights, housing search techniques, fair housing training, referrals to available units, search assistance, transportation, rent negotiations, and access to a security deposit loan fund.

The CHA requested that the HCV Administrator help 35% of Mobility Counseling participants move from a high poverty area to a low poverty area. The Administrator was able to assist 34.6% of the participants in moving from high to low poverty areas. Please see Chart 19 below.

Chart 19: FY2001 Mobility Counseling Report



Relocation Counseling

All CHA public housing residents who chose to participate in the HCV Program received Relocation Counseling. This included assistance in searching for a housing unit and in rent negotiations, performance of credit checks, transportation to view potential units, and follow up visits to ensure that the family was successfully moved into a unit.

Mobility Counseling for Relocating CHA Families

Mobility Counseling (enhanced Relocation Counseling) was given to public housing residents who not only chose to participate in the HCV Program, but who also wanted to make a “mobility move”. A mobility move is a move to a census tract with a poverty rate of less than 23.49%. This program includes all of the features of Relocation Counseling as well as follow up visits over a 2 year period. During the visits, mobility counselors track the family’s self-sufficiency, leasing activity, and social service referrals.

Gautreaux Counseling

Gautreaux Counseling is provided to all families who choose to receive a Gautreaux HCV. Recipients of the voucher move to an area with a poverty rate of less than 23.49% and an African-American population of less than 30% (for moves to the suburbs, the African-American population and the low poverty rate must both be less than 10%). The Leadership Counsel has been contracted to conduct Gautreaux Counseling. The contract allocates 500 vouchers over the next two years for Gautreaux moves. One thousand one hundred families (1,100) contacted the CHA with interest in the program, and 818 of these families were referred to Leadership Counsel to begin the process.

Landlord Outreach

The goal to increase the number of units available in low poverty areas was met. Eleven (11) owner workshops were conducted and attended by more than 600 landlords. Additionally, the HCV Administrator increased its landlord outreach staff by two specialists to assist with this endeavor. In FY2001, 862 new landlords with units in low poverty areas were recruited into the Housing Choice Voucher Program, representing a 35% increase over the number of landlords in low poverty areas recruited to the program in FY2000. In FY2001, there were a total of 1,544 unit listings in low poverty neighborhoods.

In FY2001, the CHA worked with outside organizations to enhance its deconcentration efforts. The CHA, in partnership with two local non-profit counseling organizations, applied for and received a Housing Search Assistance Program grant from HUD to enhance its deconcentration efforts. This grant will provide for expanded housing opportunities and deconcentration for non-elderly, disabled CHA residents who choose to move to the private market with a HCV. Additionally, the CHA participated in a regional partnership with the Cook County, DuPage County, and Lake County Housing Authorities, the City of Chicago Department of Housing, the Mayor's Office of Workforce Development, the Metropolitan Planning Council, and the Illinois Department of Human Services to administer and provide services to Welfare-to-Work Voucher Program participants. This collaboration resulted in 57% of the 700 vouchers allocated being utilized in low poverty areas.

Landlord Incentives

To encourage landlords in all areas of the City to participate in the HCV Program, it was determined in FY2001 that landlord Housing Assistance Payments (HAP) for newly leased units could be negotiated to begin on the date the unit passed inspection, the date the unit was approved, or the lease effective date. Additionally, the HCV Administrator began weekly check-runs at the beginning of FY2001 and continued this practice throughout the year. An incentive payment to landlords whose units are located in low poverty areas was also considered in FY2001, and private funding is being sought to develop a pilot program.

Modification Fund

A contract with Access Living was executed in May 2001 which provided training for 150 CHA staff. In addition, a Modification Fund was established to provide money to residents and landlords who modify their unit and/or building to make them accessible to people with disabilities. In FY2001, \$40,000 was disbursed to 20 of the 23 households that requested funds. Also, SCR Medical Transportation was contracted with to provide transportation for mobility impaired clients to help them conduct housing searches.

New Payment Standards

In FY2001, HUD increased the Fair Market Rent (FMR) levels to the 50th percentile of rents in the Chicago metropolitan area. The FMR limit is used to set the HCV payment standard. The CHA adopted payment standards of 110% of the FMR to make it possible for HCV holders to rent units in a wider variety of neighborhoods. In addition, HUD approved exception payments standards of up to 120% of the FMR in six Chicago community areas.

INSPECTION STRATEGY

Annual HQS Inspections and Pre-contract Inspections

Although only 81.7% of annual inspections were completed on a timely basis in FY2001, there was a marked improvement during the last two months of the year. See Chart 20 below. During FY2001, the HCV Administrator hired seven additional staff members to complete annual and pre-contract HQS inspections. This increase in staff resulted in a noticeable improvement in the percentage of completed annual inspections in November and December. The CHA expects the trend to continue as the inspectors continue to reduce the backlog.

Chart 20: FY2001 Annual HQS Inspections Status

Month	Total Due	Number Completed Per Month	Percent Completed Per Month
Jan-01	2,084	1,613	77.4%
Feb-01	1,897	1,394	73.5%
Mar-01	2,246	1,707	76.0%
Apr-01	2,076	1,851	89.2%
May-01	2,360	2,133	90.4%
Jun-01	2,390	1,932	80.8%
Jul-01	2,407	1,925	80.0%
Aug-01	2,390	1,932	80.8%
Sep-01	2,683	2,065	77.0%
Oct-01	1,184	803	67.8%
Nov-01	1,556	1,450	93.2%
Dec-01	1,388	1,310	94.4%
Cumulative Total (YTD)	24,661	20,115	81.6%

HQS Quality Control Inspections

Consistent with the Plan, the HCV Administrator increased the number of Quality Control inspection reviews by 1,531. Of these, 80% were found to have been inspected in accordance with HQS requirements.

HQS Enforcement

As stated in the FY2001 MTW Annual Plan, additional scheduling staff was hired to improve customer service and allow more expeditious HQS scheduling. An abatement clerk was added to improve the response time for placing and lifting rent abatements. HQS Forums were developed and conducted for inspectors, and a new reporting system to analyze inspections was developed and implemented, allowing the HCV administrator to improve its HQS reporting. During a trial period in FY2001, extended hours were implemented, but due to a low volume of customer attendance between 6:00 - 8:00 p.m., regular office hours were reinstated. Likewise, a 24-hour voicemail system was implemented, but abandoned after low utilization.

HCV QUALITY CONTROL UNIT

A CHA Quality Control Unit was established in FY2001 to monitor the performance of the HCV Administrator. Staff was hired and received formal training. The Authority also developed procedures to formalize and ensure in-depth quality control reviews. In FY2001, the QC unit focused on monitoring the administrator's performance on waiting list utilization, annual reexamination process, Mobility Counseling Program, Family Self-Sufficiency Program, and relocation processing times.

FAIR HOUSING COMPLIANCE TESTING

In compliance with the FY2001 Annual Plan, a Request For Proposal (RFP) for a fair housing compliance testing contractor was released in FY2001, but only one response was received. In accordance with the procurement policy, the RFP was rewritten and will be released again in FY2002.

SERVICE CONNECTORS

In FY2000, the Authority developed a Service Connector Pilot Program to assist HCV holders in Chicago's South Shore and South Suburban neighborhoods to access services such as career counseling, home management, budgeting workshops, social services, and mental health services in their communities. In FY2001, the pilot came to an end, and the HCV Administrator recommended that funding be provided to revise and expand the program citywide based upon the residents' needs. The CHA began to evaluate this program to make a decision on program expansion.

HOMEOWNERSHIP PROGRAM

In December 2001, the CHA and the HCV Administrator implemented "Choose to Own", a Housing Choice Voucher Homeownership Program. This program allows the use of a HCV subsidy for home mortgage payments. An applicant must have an annual income of at least \$10,300, be enrolled and actively participating in Family Self Sufficiency Program, be a first-time home buyer, and be willing to participate in pre- and post-purchase counseling to be eligible for this program. Preference will be given to voucher holders who have been continuously employed for the previous two years. Several program exceptions allow seniors and participants with disabilities to take advantage of the homeownership option. The Authority currently is working to enroll 32 families in this program, and expects to expand the program in the future. A second mortgage loan program was also established, and four preferred lenders were identified in FY2001.

EXPANDED USE OF PROJECT-BASED VOUCHERS

The HCV Administrator administered 480 continuing project-based certificates in FY2001. Additionally, in January 2001, the CHA issued an RFP for private developers to create a mixed income housing project, which would include project-based voucher units, in North Lawndale. At the end of FY2001, the project was being considered by City of Chicago officials, CHA executives, and the RFP respondents.

LATINO CONSENT DECREE

In compliance with the FY2001 MTW Annual Plan, the CHA monitored HCV Administrator compliance with the Latino Consent Decree by conducting quarterly review meetings and by reviewing monthly reports submitted by the Administrator. The CHA Director of Latino Affairs also conducted a review of a random sample of files to ensure that selection from the waiting lists was accomplished in accordance with the consent decree.

As planned, the HCV Administrator contracted with the Spanish Coalition for Housing, who has been working to increase the number of Latino/Spanish speaking landlords and to provide mobility counseling to Latino applicant families. During 2001, the Spanish Coalition for Housing recruited 853 landlords and 503 units.

Also in accordance with the FY2001 MTW Annual Plan, the HCV Administrator employed 57 bilingual staff persons, and 100% of Spanish Coalition staff at the site offices was bilingual. Additionally, the CHA expended \$400,000 in funds to support the Latino Site Offices. These offices perform outreach, intake, waiting list follow-up, applicant tracking, and CHA support.

Finally, all 500 vouchers issued as a result of the Latino Consent Decree were leased to Latino families in FY2001, in agreement with the Plan.

LEAD POISONING PREVENTION

In January 2001, the CHA created an internal, multi-departmental task force to examine lead and other environmental issues. Potential strategies developed to increase the percentage of lead safe housing included applying for outside funding sources pertaining to lead poisoning prevention and lead safe housing; creating a lead poisoning prevention and response team at the CHA; and requiring all private managers and Resident Management Corporations (RMCs) to comply with local, state and federal laws pertaining to lead poisoning prevention. Also, as stated in the Plan, eight training sessions on the new HQS procedures were conducted for CHA staff; seven educational sessions on lead were held for 165 landlords; and the HCV Administrator sponsored an on-site lead screening, in partnership with the Chicago Department of Public Health, on four occasions in July. Additionally, over 3,000 lead education flyers were mailed with recertification notices, 62 letters were mailed to clients who had reported children with an elevated blood level (EBL), and flyers in English and Spanish were placed at the HCV Administrator's reception desk and the Resource Room.

FAMILY SELF SUFFICIENCY

The Family Self Sufficiency (FSS) program was expanded in FY2001. FSS staff assisted families to reach educational, training, and employment goals moving them toward economic independence. Families that voluntarily choose to participate in this program sign a five year contract with their immediate and future goals; these goals may include obtaining a job and/or an education or purchasing a house or automobile. The FSS Program also provides an opportunity to create an escrow account for the participant families as their wages increase. At the end of FY2001, 1,279 families were enrolled in FSS. Of these families, 626 (49%) were employed and 572 (45%) had an escrow account with an average of \$1,213 per household.

CHAPTER VII: PROTECTIVE SERVICES

IMPROVING SECURITY

In cooperation with the Chicago Police Department (CPD), its Public Housing Unit, and the City of Chicago, the CHA continued to make security improvements at all developments through a number of programs. These programs include, among others, the Community Area Policing Strategy (CAPS). Since November of 1999, when the CPD took over patrolling at the developments, through June of 2001, there was an 18% drop in crime at CHA properties. In comparison, during this same time period, overall crime in the City decreased by 10%.

FY2001 ended with a safe New Year's Eve throughout all CHA developments. The CPD strategically deployed police officers within each development and as a result, there were no shooting incidents or major gunfire. Details on other initiatives and programs are below.

Tenant Patrol

In conjunction with Community Area Policing Strategy Program (CAPS), Tenant Patrols in family developments conducted 29 crime prevention programs with 231 participants at various CHA developments. During FY2001, the Tenant Patrol unit held 121 public safety meetings, 1,095 monthly operational meetings, and conducted nearly 28,000 building safety checks for potential safety hazards.

Athletic Programs

Three athletic programs implemented to prevent youth from participating in crimes, gangs, and drug activity were initiated. These programs were an Inner City Athletic Program, a "Gang Rescue" Basketball Tournament, and a Late Night Basketball Program.

- The CPD Public Housing Unit in conjunction with the CHA, the Chicago Park District, and major league sports teams developed an Inner City Athletic Program for youth in family developments. In FY2001, the program provided an alternative to gangs throughout the entire year with flag football, basketball, and other sports. Members of the CPD taught youth the values of sportsmanship and fair play.
- A "Gang Rescue" Basketball Tournament was conducted at the Cabrini development. The tournament was the culmination of a summer basketball camp for inner city 12 to 18 year old youth.
- With assistance from the CHA, the Chicago Park District's Late Night Basketball Program recruited 40 players from Ida B. Wells Homes, Robert Taylor Homes, Cabrini-Green Homes, and LeClaire Courts.

Private Property Management Firms

A problem-solving seminar for the private property management firms was held in March 2001. The seminars addressed security-related issues including communicating with the CPD, increasing security awareness, and securing vacant apartments. The CHA's One-Strike Manager also held several meetings with private management firms and their attorneys to address issues related to the One-Strike Process.

Vacant Units

A pilot program was developed with ComEd to eliminate electrical service to vacant units. This program was intended to diminish the number of unauthorized persons in vacant CHA units. The CHA and CPD are evaluating the program to assess if this initiative can be implemented at additional developments.

Senior Program*Senior Housing Security Board*

The CHA, CPD, and the leadership of senior buildings focused on improving security at senior developments in FY2001. Resident leadership formed the Senior Housing Security Board. This Board works with the CPD to identify and address building-specific security problems. The Board has also empowered seniors by encouraging their participation in crime prevention programs.

CPD Initiatives

The CPD increased the number of officers at senior developments in FY2001. The department also committed several Senior Services officers to focus on security at all senior developments. Police presence was also magnified by the "Cop Stop" Program. This initiative involved police officers stopping periodically at senior developments to ensure that senior residents felt comfortable and safe.

Domestic Violence Initiative

As part of the Domestic Violence Initiative, the CPD Public Housing Unit created a database to identify public housing residents who have been victims of domestic violence. The initiative included a four-phase approach: 1) each development was analyzed to determine the scope of the domestic violence problem; 2) victims of multiple incidents were identified and targeted for follow-up investigations. The follow-up investigations were designed to determine if any additional services were feasible; 3) educational Forums hosted by the CPD Public Housing Unit allowed lay and professional speakers to educate the community about domestic violence issues; and 4) domestic violence offenders were identified for follow-up investigations to determine if they were wanted for other domestic or non-domestic related offences.

Victim Assistance Program

The Victim Assistance Program was designed to provide initial and follow-up assistance to residents who were victims of crime. Staff from the Department of Community Development and Support made a presentation on the Victim Assistance Program to private property managers. The Program also hosted the annual "National Crime Victims Rights" Recognition Ceremony at St. Paul CME Church.

Throughout FY2001, the program provided assistance, crisis response, or follow-up services to 257 crime victims. New crime victims were provided with short term counseling and case assessment. In addition to counseling for individuals, the Program held a number of workshops and presentations including: Domestic Violence Workshops at Dearborn Homes, Ida B. Wells Homes, and the Judge Green Senior Building; a senior Abuse Workshop at the Judge Green Senior Building; and a presentation on domestic violence for Altgeld Gardens/Murray Homes residents at the CPD's Healthy Relationship Forum.

Business Liaisons

In cooperation with the City of Chicago, the CPD has taken enforcement actions against commercial establishments in buildings adjacent to CHA developments that attract, create, or facilitate the commission of crime.

COMMUNITY AREA POLICY STRATEGY (CAPS)

The CPD continued to apply its successful Community Area Policing Strategy (CAPS) at CHA developments. The CPD expanded the CAPS strategy by increasing beat meeting attendance and thus, ensuring that productive communication occurs between the CPD Public Housing Unit community policing officers, district community officers, private property management firms, resident leadership, and the resident themselves.

One Strike

The One-Strike initiative continued to improve life for residents at CHA developments. The CHA worked to improve this initiative by streamlining the one-strike process to ensure that every resident's case and circumstances are carefully examined. In FY2001, there were 37 one-strike evictions and 43 residents vacated their units while involved in the one-strike process.

CHAPTER VIII: PROCUREMENT

The CHA remained committed to providing major opportunities to small and disadvantaged businesses and to promote employment opportunities (in construction, management, and services) for residents and other low income individuals. The Authority is accomplishing this goal through a carefully targeted Section 3 and Minority-Owned Business/Women-Owned Enterprises (MBE/WBE) programs. As described in the CHA's MTW Agreement, "the CHA will set goals of 50% for MBE/WBE and Section 3 businesses participating in construction contracts, to the fullest extent permitted by law and will establish a program to encourage local hiring..." The CHA Human Resources Department (HR), resident organizations, and compliance personnel continued to work together to identify qualified residents for employment opportunities generated by the Section 3 program.

SECTION 3 AND APPRENTICESHIP

The CHA Board adopted a new Section 3 Policy in August of 2001. The new Policy is now being implemented through inter-departmental trainings. Furthermore, a schedule is being designed to train the Central Advisory Council (CAC) and the Local Advisory Councils (LAC) on the new policies. The major changes to the policies include the development and implementation of a database, which is managed by HR, that houses information about prospective resident employees. This database allows the Authority to communicate information to contractors regarding the work history and experience of residents. Additionally, contractors are referred to HR when they are awarded contracts so that they may obtain a list of possible resident employees.

The CHA will achieve its Section 3 goals through the implementation of this new procurement policy. Through this policy, vendors are advised of the CHA's preference to ensure that as many CHA residents as possible are employed. Vendors are asked to comply with Section 3 by following a tier structure. First, vendors are asked to hire residents who live on-site. If this is not possible, the next preference requests vendors to hire residents from other CHA properties. If the vendor cannot meet these requirements, then they may contract with businesses that are owned by CHA residents and/or other Section 3 participants. If a vendor is unable to comply with this requirement, then they may provide other economic opportunities in accordance with this Policy. See Appendix IV for entire policy.

The Authority is designing an efficient mechanism to track a vendor's compliance with Section 3. Also, the CHA's procurement personnel are now required to include Section 3 goals and procedures in all applicable procurements. During FY2001, Contract Compliance and Procurement Personnel addressed and explained Section 3 goals to contractors during pre-bid conferences. The Authority also reviewed and approved contractors' Section 3 plans prior to issuance of notices-to-proceed. The CHA's Procurement and Compliance staff attended several public contracting vendor fairs conducted by other public agencies to share information with prospective bidders, regarding how to do business with the CHA.

In FY2001, the CHA had a total of 106 new Section 3 hires. One hundred and one (101) of these hires were residents and five were other Section 3 individuals. The total dollar payments made during the year to Section 3 participants equaled \$2,033,700.

Skillbuilders

As initiated in FY2000, the CHA continued to support and expand resident access to the City of Chicago Public Building Commission's Skillbuilders program. The Skillbuilder program helps prepare residents for apprenticeship opportunities in the construction trades. The CHA worked closely with the Mayor's Office of Workforce Development (MOWD) to ensure that residents were included in recruitment efforts, to increase outreach efforts to residents, and to ensure that service providers were aware of and helped residents access the Skillbuilders program.

MBE/WBE

The overall goals listed in the MTW Agreement for MBE/WBE were met as indicated by Chart 21 below. The Authority's goals for MBE/WBE currently are also set forth below.

Chart 21: MBE/WBE Participation FY2001

Contracts	YTD Total		Minority Participation	
	Awards	Goal	Actual	Actual Percentage
Contracts under \$200,000	\$ 3,688,869	25%	\$ 2,021,400	55%
Contracts \$200,000 to \$500,000	\$ 12,558,592	30%	\$ 7,692,073	61%
Contracts \$500,001 to \$1,000,000	\$ 22,076,456	35%	\$ 9,825,943	45%
Contracts over \$1,000,000	\$ 66,077,702	40%	\$ 30,317,183	46%
Services, Material, and Supplies	\$ 196,144,793	20%	\$ 72,393,803	37%
Total All Contracts	\$ 300,546,412		\$ 122,250,402	41%

NEW PROCUREMENT POLICY

The Procurement policy was amended to reflect the exemption of non-HUD funded procurement from the Section 3 requirement. There were other revisions that streamlined the contracting process for non-HUD funded procurements. Additionally, the CHA identified a need to draft manuals to advise users of the new procurement policies. There will be separate manuals for each of the following: a) buyers; b) users; and c) private property managers. Additionally, the CHA will offer training throughout FY2002 to each group of users to assist these users in understanding this new policy.

A key feature to the new Procurement Policy is the expanded application of Qualification-Based procurement. Under current HUD regulations, Qualification-based (Q-based) procurement can only be applied to architectural and engineering requirements. The CHA has proposed to HUD, the use of Q-based procurement for other professional services requiring professional licensure. These types of procurements include information technology consultancy, private property management, and even construction services by specific trade areas (roofing, elevator repair, etc.). Wider application of this procurement method would greatly enhance the contracting flexibility of the CHA, especially in certain critical professional service areas where time-savings from the identification of the need for such services through contract execution is essential.

Improved Standardization of Solicitation Documents and Contracts

The Authority has also been working with buyers to establish improved standard solicitation documents and contracts. This will help reduce unnecessary variance in essential and common contract terms.

Professional Public Buyer Training

The Business Services/Procurement and Contracts staff received professional certification training. The buyers will sit for their certification tests in the first quarter of FY2002.

Procurement Teams

As a result of re-engineering the procurement process, Procurement Teams (PTeams) were established to improve communication among key service departments. Moreover, PTeams were created to expedite the procurement process, and to streamline the successful execution of the new procurement policy. The Authority will begin to project an annual business/procurement plan that is integrated with the Board of Commissioners' calendar. Once finalized, this annual business forecast will be placed on the CHA website to give prospective vendors advance notice of our upcoming requirements and improve the quality of responses to CHA's solicitations. Additionally, the teams give the Authority an opportunity to address and resolve issues regarding procurement and payment in a prompt and dynamic fashion.

BUSINESS RESOURCE CENTER

In accordance to the Authority's effort to concentrate the majority of its resources on providing affordable housing, the Authority reformulated its strategy to establish and staff a Business Resource Center. Instead, the CHA is now collaborating with a consortium of agencies including the City of Chicago, the Chicago Transit Authority, the Chicago Public Schools, the Chicago Park District, and the Metropolitan Water Reclamation District to provide education, training, and technical assistance services that will equip businesses with the resources and skills necessary to become competitive in the marketplace.

The CHA is also working with the Small Contractors' Network and the Community Economic Development Association to develop the Business LINC program to assist in this effort. This program will help resident-owned businesses and other small businesses develop the skills and relationships needed to continue their growth. Its focus is to establish mentor/protégé matches that will result in long-term and mutually fruitful business relationships. To facilitate access to services, the Business LINC will have a central office location at 1200 West Hastings, in the CHA's ABLA public housing development. The program will consist of three main elements: (1) needs assessment; (2) action plan; and (3) match-making between large and small firms. While the CHA will continue to certify resident-owned businesses, the CHA will not take the lead in the LINC project, but instead will rely on the experience and resources of the consortium.

CHAPTER IX: FINANCIAL MANAGMENT

The Authority has the flexibility to combine all operating, capital, and Housing Choice Voucher grants into one General Fund, and to use these combined funds for any MTW-related purpose. The overall budget for the Authority includes the General Fund (Operating, Capital, and Housing Choice Voucher), HOPE VI, City-State, Housing Choice Voucher Moderate Rehabilitation and 11B Programs, Public Housing Drug Elimination Program (PHDEP), and Other Grants. Below in Charts 22-24 are the Consolidated Financial Statement, the Consolidated Financial Statement by Program, and the Balance Sheet. These are followed by an explanation of the variance.

Awards

FY2001 was the first year that the CHA received an award for its annual budget. The Department of Finance was awarded the Government Finance Officers Association's (GFOA) Distinguished Budget Presentation Award. The Department also received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting.

Bonds

In FY2001, the CHA issued \$291 million Capital Program Revenue Bonds to fund the accelerated rehabilitation of senior and scattered site buildings. The CHA's entry into the Bond Market will significantly help finance the Plan for Transformation.

Policies and Procedures

The CHA instituted a number of new policies in line with improved financial management. In line with the transition, CHA established relationships with new banks to enhance and improve cash management. New construction payment procedures and a model electronic funds transfer program were designed and implemented in FY2001. The new process was designed to reduce the payment period time for vendors from 90 to 30 days.

The CHA also enhanced its internal money management by revising the Budget Policy and Procedures Manual. The revisions included guidance on budget preparation, budgetary control and monitoring, and financial management. Furthermore, an On-Line Budget Preparation System was developed to allow for standardized reports and timely generation of the budget document. The new system allowed CHA to balance the 2002 Comprehensive Budget without the use of reserves.

The Travel Policy and Investment Policy were also amended. The Travel Policy was amended to include travel standards and allowable expenditures, while the Investment Policy was amended in accordance with the Public Funds Act to allow for the investment of bond proceeds. Finally, an Internal Audit Department was developed to evaluate the efficiency of operations and to ensure compliance with policies and procedures.

Chart 22: CHA Combined Schedule of Revenues and Costs (Unaudited) All Programs
All Programs Budgeted vs. Actual (year ended December 31, 2001)

	Final Budget	Actual (Unaudited)	Variance Positive (Negative)	%
OPERATING REVENUES:				
Tenant rent	\$ 37,013,216	\$ 36,029,819	\$ (983,397)	-2.7%
Intergovernmental subsidized rent (HUD)	6,418,494	6,618,298	199,804	3.1%
Administrative fees earned	27,066,310	24,114,457	(2,951,853)	-10.9%
Other revenue	410,000	39,133,379	38,723,379	9444.7%
Total Operating Revenues (1)	70,908,020	105,895,953	34,987,933	49.3%
OPERATING COSTS:				
Administrative	71,278,638	61,753,337	9,525,301	13.4%
Tenant services	51,771,394	43,794,627	7,976,767	15.4%
Utilities	52,430,915	51,819,687	611,228	1.2%
Ordinary maintenance	55,048,770	63,932,976	(8,884,206)	-16.1%
Protective services	19,101,764	20,966,752	(1,864,988)	-9.8%
General expenses	33,632,012	31,712,344	1,919,668	5.7%
Non-routine maintenance	20,250,794	22,109,194	(1,858,400)	-9.2%
Equipment	1,939,218	864,006	1,075,212	55.4%
Total Operating Costs (2)	305,453,505	296,952,923	8,500,582	2.8%
OPERATING LOSS	(234,545,485)	(191,056,970)	43,488,515	-18.5%
NON-OPERATING REVENUES:				
Related to Operations:				
HUD operating subsidy	178,733,211	178,733,211	-	0.0%
HUD housing assistance subsidy (Section 8)	213,788,682	216,583,732	2,795,050	1.3%
HUD operating grants	12,430,594	12,478,035	47,441	0.4%
Operating capital contribution (HUD)	28,272,059	30,321,051	2,048,992	7.2%
Intergovernmental (Other)	14,960,846	7,605,690	(7,355,156)	-49.2%
Interest income	1,158,775	5,372,423	4,213,648	363.6%
Total Non-Operating Revenues (3)	449,344,167	451,094,142	1,749,975	0.4%
NON-OPERATING COSTS:				
Interest expense	1,010,000	1,373,915	(363,915)	-36.0%
Housing assistance payments (Section 8)	213,788,682	216,583,732	(2,795,050)	-1.3%
Loss on disposition of assets	-	2,014,356	(2,014,356)	na
Total Non-Operating Costs (4)	214,798,682	219,972,003	(5,173,321)	-2.4%
NON-OPERATING GAIN RELATED TO OPERATIONS	234,545,485	231,122,139	(3,423,346)	-1.5%
NON-OPERATING CAPITAL REVENUES				
Total Capital Contribution (HUD) (5)	190,156,042	124,010,129	(66,145,913)	-34.8%
NON-OPERATING CAPITAL COSTS:				
Fees and Costs	22,737,677	20,914,209	1,823,468	8.0%
Site improvements	122,705	(894,705)	1,017,410	829.2%
Dwelling structures	134,727,020	80,229,336	54,497,684	40.5%
Non-dwelling structures	-	(38,559)	38,559	-100.0%
Demolition	32,568,640	12,868,195	19,700,445	60.5%
Total Non-Operating Capital Costs (6)	190,156,042	113,078,476	77,077,566	40.5%
NON-OPERATING GAIN RELATED TO CAPITAL	-	10,931,653	10,931,653	na
NET REVENUE		50,996,822		
LESS: DEPRECIATION (7)		(30,410,539)		
REVENUE NET OF DEPRECIATION		20,586,283		
OPERATING RESERVES JANUARY 1		7,108,040		
ENDING OPERATING RESERVES (8)		\$ 27,694,323		

**Chart 23: Combined Schedule of Revenues and Costs (Unaudited) Actual Revenues and Costs-All Programs
(Year ended December 31, 2001)**

	SECTION 8						TOTAL
	GENERAL FUND	HOPE VI	CITY/STATE	MOD-REHAB/11B	PHDEP	OTHER GRANTS	ALL PROGRAMS
OPERATING REVENUES:							
Tenant rent	\$ 35,054,976	\$ -	\$ 960,714	\$ -	\$ -	\$ 14,129	\$ 36,029,819
Intergovernmental subsidized rent (HUD)			6,618,298				6,618,298
Administrative fees earned	21,825,573			2,288,884			24,114,457
Other revenue	38,760,259		10,607	162,212		200,301	39,133,379
Total Operating Revenues	95,640,808	-	7,589,619	2,451,096	-	214,430	105,895,953
OPERATING COSTS:							
Administrative	59,331,951	3,180	859,262	28,307	448,944	1,081,693	61,753,337
Tenant services	35,221,439	589,184	107,572	1,218,894	786,376	5,871,162	43,794,627
Utilities	50,801,701	4,994	1,012,992				51,819,687
Ordinary maintenance	60,464,198	24,561	3,278,767			165,450	63,932,976
Protective services	9,444,507		584,328		10,937,917		20,966,752
General expenses	30,563,052	29	639,401	11,715	304,798	193,349	31,712,344
Non-routine maintenance	21,638,894		470,300				22,109,194
Equipment	823,661		6,345			34,000	864,006
Total Operating Costs	268,289,403	621,948	6,958,967	1,258,916	12,478,035	7,345,654	296,952,923
OPERATING LOSS	(172,648,595)	(621,948)	630,652	1,192,180	(12,478,035)	(7,131,224)	(191,056,970)
NON-OPERATING REVENUES:							
Related to Operations:							
HUD operating subsidy	178,733,211						178,733,211
HUD Housing assistance subsidy (Section 8)	183,989,972			32,593,760			216,583,732
HUD operating grants					12,478,035		12,478,035
Operating capital contribution (HUD)	29,705,497	615,554	291,509				30,612,560
Intergovernmental (Other)						7,314,181	7,314,181
Interest income	5,354,305		18,118				5,372,423
Total Non-Operating Revenues	397,782,985	615,554	309,627	32,593,760	12,478,035	7,314,181	451,094,142
NON-OPERATING COSTS:							
Interest expense	1,373,915						1,373,915
Housing assistance payments (Section 8)	183,989,972			32,593,760			216,583,732
Loss on disposition of assets	1,911,482		(194)			103,068	2,014,356
Total Non-Operating Costs	187,275,369	-	(194)	32,593,760	-	103,068	219,972,003
NON-OPERATING GAIN RELATED TO OPERATIONS	210,507,616	615,554	309,821	-	12,478,035	7,211,113	231,122,139
NON-OPERATING CAPITAL REVENUES:							
Total Capital Contribution (HUD)	99,240,870	24,769,259					124,010,129
NON-OPERATING CAPITAL COST							
Fees and Costs	20,460,442	453,767					20,914,209
Site improvements	(894,705)						(894,705)
Dwelling structures	80,213,021	16,315					80,229,336
Non-dwelling structures	(38,559)						(38,559)
Demolition	(499,330)	13,367,525					12,868,195
Total Non-Operating Capital Costs	99,240,869	13,837,607	-	-	-	-	113,078,476
TOTAL NON-OPERATING GAIN RELATED TO CAPITAL	-	10,931,652	-	-	-	-	10,931,653
NET REVENUE	37,859,021	10,925,258	940,473	1,192,180	-	79,889	50,996,822
LESS: DEPRECIATION	(30,323,668)	-	(85,481)	-	(1,390)	-	(30,410,539)
REVENUE NET OF DEPRECIATION	\$ 7,535,353	\$ 10,925,258	\$ 854,992	\$ 1,192,180	\$ (1,390)	\$ 79,889	\$ 20,586,283

**Chart 24: Combined Balance Sheet (Unaudited) All Programs
As of December 31, 2001**

	2001 (Unaudited)
ASSETS:	
Current Assets:	
Cash and investments	\$ 117,050,604
Tenant accounts receivable, net of allowance	824,314
Intergovernmental receivable (HUD)	51,082,589
Intergovernmental receivable (Other)	1,785,946
Miscellaneous receivable, net of allowance	3,684,295
Prepaid expenses and other assets	3,295,487
Advances to resident and private managers	6,101,552
Total current assets	183,824,787
Noncurrent Assets:	
Pension benefit asset, restricted	8,212,421
Notes and mortgages receivable	9,317,202
Interest receivable	749,280
Construction in progress	14,906,713
Land, structures & equipment, net of accumulated depreciation	846,703,360
Total noncurrent assets	879,888,976
TOTAL ASSETS	\$ 1,063,713,763
LIABILITIES AND EQUITY:	
Current Liabilities:	
Accounts payable	\$ 37,505,788
Intergovernmental payable (HUD)	942,470
Accrued wages & payroll taxes	1,678,843
Accrued compensated absences	1,140,069
Accrued interest payable	1,162,500
Accrued expenses	4,780,210
Tenant security deposits	1,141,118
Deferred revenue	37,247,338
Other current liabilities	6,543,330
Total current liabilities	92,141,666
Noncurrent Liabilities:	
Family self sufficiency liability	2,574,844
Insurance reserves	36,325,550
Long-term debt	40,312,668
Other noncurrent liabilities	9,816,838
Total noncurrent liabilities	89,029,900
Total liabilities	181,171,566
Equity:	
Accumulated deficit	(223,111,761)
Contributed capital	1,105,653,958
Total equity	882,542,197
TOTAL LIABILITIES AND EQUITY	\$ 1,063,713,763

FOOTNOTES:

(1) Total Operating Revenues

Total FY2001 operating revenues are \$35.0 million over budget. Key elements of the operating revenue budget variance are as follows:

Administrative Fees Earned. The variance in administrative fees earned is a result of fewer units leased than anticipated during FY2001.

Other Revenue. The increase in Other Revenue is due to \$36.1 million in additional MTW funding received through the Housing Choice Voucher Program. Other Revenue also includes proceeds from the sale of equipment and inventory, which were auctioned as part of the Authority's ongoing effort to reduce overhead and create operating efficiencies.

(2) Total Operating Costs

Total operating costs are \$8.5 million under budget. Key elements of the operating costs budget variance are as follows:

Administrative. The positive variance of \$9.5 million is due primarily to \$3.3 million in unspent contingency funds. In addition, fees for technical assistant consultants, budgeted in the amount of \$2.2 million, were unspent due to a delay in the project development schedule. The Authority generated savings in the amount of \$3.9 million in other administrative expense categories relating to salaries, legal, training, travel, accounting and auditing.

Tenant Services. The \$8.0 million variance is due to a delay in scheduled community and supportive service activities due to lower than expected development activity at Madden Park, Cabrini, ABLA and Robert Taylor. The CHA expects to fund planned service activities in FY2002. In addition, actual management fees were less than expected due to unleased units at year-end.

Ordinary Maintenance. The \$8.9 million negative variance is the result of overruns in private management wages and contract costs.

Protective Services. The negative variance in security expenditures is primarily due to the cost of addressing vandalism of vacant units at the ABLA and Horner Homes.

General Expenses. The positive variance is due primarily to timing in the recognition of \$1.1 million of premiums that will be paid for the private manager insurance program in FY2002.

Non-routine Maintenance. The \$1.9 million variance is due to current year expenditures funded from prior-year subsidy held by Resident Management Corporations.

(3) Total Non-Operating Revenues

Total FY2001 non-operating revenues are \$1.7 million over budget. Key elements of the operating revenue budget variance are as follows:

Operating Capital Contributions (HUD). The FY2001 operating capital contributions are \$2.0 million over budget. This is due to reimbursement for additional expenses, relating to roofs, maintenance and boiler repairs, not originally budgeted in FY2001.

Intergovernmental (Other). The variance is due to a decrease in participation in the Summer Food Program and revisions in the implementation plan for the Chicago Works Project and the Illinois Department of Commerce and Community Affairs (DCCA) Grant.

Interest Income. The variance of \$4.2 million is due to income received on investments in the Self-Insurance Fund and the General Fund in the amount of \$3.4 million and \$800,000, respectively.

(4) Total Non-Operating Costs

Total FY2001 non-operating costs are \$5.2 million over budget. Key elements of the operating cost variance are as follows:

Housing Assistance Payments. The variance of the \$2.8 million is a result of an increase in costs related to mobility counseling and family self-sufficiency.

Loss on disposition of assets. This cost is due to the auction of equipment and inventory and a decrease in housing stock due to demolition. This item is a non-cash expense that is not included in the annual budget.

(5) Total Capital Contributions (HUD)

Total FY2001 capital contributions are \$66.1 million under budget. See Footnote (6) for details.

(6) Total Non-Operating Capital Costs

The positive variance of \$77.1 million is due to delays in unit rehab, systems work, and security and fire protection work for senior housing. The remainder of the variance is attributed to delays in the commencement of construction activity caused by changes in the specifications for other new and rehabbed structures. As of year-end, \$58.9 million has been obligated and is expected to be spent in FY2002.

(7) Depreciation

This is a non-cash expense that is not included in the annual budget.

(8) Operating Reserves

The Authority's total operating reserves (net of depreciation) of \$27.7 million are 1.1 times greater than average operating expense, excluding depreciation, and housing assistance payments. Interpreted for adequacy, the Authority's reserve balance is sufficient to operate the Authority for approximately one month without receipt of any additional funding during the period.

CHA FLEET AUCTION

In FY2001, the CHA completed a draft inventory, appraisal, and recovery procedure for CHA fleet. The auction of unused CHA fleet and equipment was held, and \$1.4 million was raised from the sale. The money was used to finance playgrounds and to bolster resident services.

EXTERNAL FUNDING

Fundraising Partnerships

In the FY2001 MTW Annual Plan, the CHA proposed to increase its outside resources for resident services and community development by \$10 million. In FY2001, \$9,670,534 was received, and 24% of the submitted funding requests were still undecided at the time of this report. Please see Chart 25-27 below, for characteristics of the funding submitted and received.

Chart 25: FY2001 Focus Area of Funding Requests

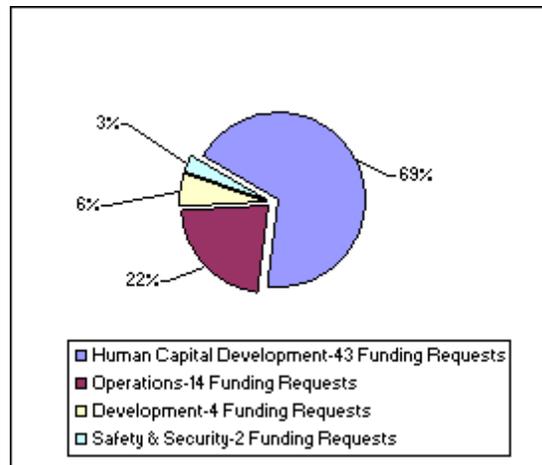


Chart 26: Sources of Funding Received

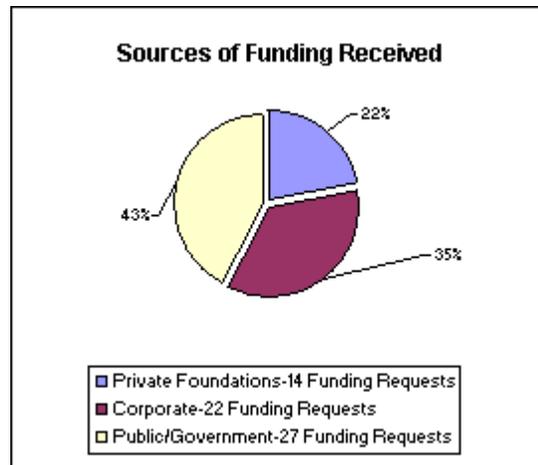
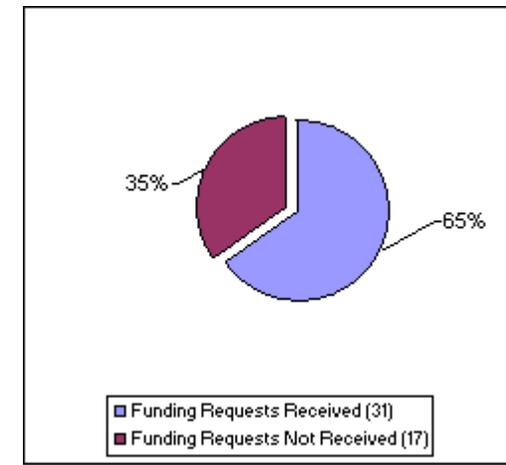


Chart 27: FY2001 Notified Funding Requests Status



Public/Government Grants

The CHA applied for 27 government grants in FY2001. Major funding received included:

- Safer Pest Control Project, the CHA, and other partners received \$794,500 from the National Institutes for Environmental Health Sciences for a study that will examine the effects of peer education on asthma and lead dust exposure in CHA developments.
- The CHA received support from HUD in the amount of \$225,000 to fund multiple facets of the Resident Relocation process. In addition, in-kind assistance was received from Price Waterhouse Coopers.

- The CHA received \$897,993 from the U.S. Department of Commerce's Technology Opportunities Program. This grant will increase public housing residents' access to information systems technology that assists residents in making informed housing choices and plans, resulting in their successful relocation to new communities.
- The CHA received its third Youthbuild Program grant from the U.S. Department of Housing and Urban Development in the amount of \$499,756. The grant will assist 40 disadvantaged, out-of-school youth aged 16-24 from Raymond M. Hilliard and Harold Ickes housing developments to develop apprenticeship skills and complete necessary high school requirements.
- With support from the Chicago Police Department, LeClaire Courts residents, and LeClaire Courts' contracted private management firm, PM One Ltd., the CHA received a \$250,000 New Approach Anti-Drug Program grant award from the U.S. Department of Housing and Urban Development. The grant will be used to implement defensible space strategies, i.e. using architectural and environmental design to reduce crime rates in the 316 unit LeClaire Courts assisted housing complex.

Foundations

The CHA worked closely with the MacArthur Foundation, the Chicago Community Trust, and other foundations on funding initiatives for CHA capacity building and future projects to support the Plan for Transformation. In FY2001 the CHA also coordinated two tours of developments to encourage private foundation involvement and support for the CHA's Plan for Transformation. Touring organizations included the Council on Foundations and the Ford Foundation. Major foundation funding received included:

- The Chicago Community Trust awarded the CHA grants totaling \$748,000 for three projects that aim to remove barriers and address the specific needs of housing residents. The first project is a collaboration of the CARA Program, the Neighborhood Conservation Corps, and the Chicago Christian Industrial League, which will work with resident leaders of Stateway Gardens to identify community residents who are ineligible for a lease. The second program is an elderly assistance program through H.O.M.E. (Housing Opportunities and Maintenance for the Elderly). The third project focuses on planning a supportive services program for CHA "grand families", grandparents raising their grandchildren.
- The MacArthur Foundation granted the CHA \$1,735,958 to support relocation activities including development of a Relocation Management and Tracking System (RMTS), Housing Choice Survey Clinics, and an Asset Management Quality Control Unit. This grant award also made it possible to leverage additional funding secured from the U.S. Department of Commerce that will result in further RMTS enhancements.

Corporate Partners

The CHA and Windows of Opportunity, Inc. the CHA's not-for-profit affiliate, solicited contributions from multiple corporate partners for the CHA's Educational Programs and Special Initiatives, specifically the CHA Scholarship Program, Senior Gala, Traditional Holiday Initiatives, and special initiatives, e.g. the ABLA Architectural Design Competition and the Wentworth RMC Playground Build Project. Funding was elicited by a targeted corporate contribution campaign, utilizing direct mail solicitation, special events, planning and through in-kind contributions. Over \$360,000 in cash and in-kind contributions was raised in FY2001.

Volunteer Initiatives

The CHA has coordinated the construction of three community playground builds, involving a total of 600 volunteers actively engaged in supporting the community transformation efforts of the CHA. Community volunteers have been drawn from major corporations, such as Sprint, CNA Insurance, the Chicago White Sox, the development's private management firms, as well as Chicago Cares, AmeriCorps, the Chicago Park District, college fraternities, and community residents.

Endowment Trust

In FY2001, the Endowment Trust moved beyond the concept stage and toward implementation. To assist with its development, in FY2001 a consultant was hired to help establish the Trust's mission, goals, and identification of partners. Originally known as the Fund for CHA Communities and renamed *The Partnership For New Communities* (Partnership), the Partnership has emerged as a private sector response to the human needs and neighborhood development aspects of the Plan for Transformation, engaging corporations, local and national foundations, and civic leaders.

Current commitments to the Partnership total more than \$2.5 million with additional multi-million dollar requests planned in the upcoming year. Research regarding other potential funders is on-going. Substantial progress has also been made in the structure of the Partnership with the recruitment of Board and Committee Members underway and a search for an Executive Director and support staff planned in early 2002.

APPENDICES

APPENDIX I: MTW REQUIREMENTS/ANNUAL REPORT CROSSWALK

Requirement/Category	Location in MTW Annual Report FY2001
I. Households Served	
A. Number Served: Plan vs. Actual by: Unit Size	Appendix V
Family Type	Appendix V
Income Group	Appendix V
Program/Housing Type	Appendix V
Race & Ethnicity	Appendix V
Changes	Appendix V
B. Changes in resident characteristics.	Appendix V
C. Changes in waiting list numbers and characteristics.	Appendix V
D. Narrative discussion/explanation of difference.	Appendix V
II. Occupancy Policies	
A. Changes in concentration of lower-income families, by program.	Chapter IV: Lease and Occupancy and Chapter VI: Housing Choice Voucher Program
B. Changes in rent policy, if any.	Chapter IV: Lease and Occupancy
C. Narrative discussion/explanation of change.	Chapter IV: Lease and Occupancy
III. Changes in the Housing Stock	
A. Number of units in inventory by programs: Planned vs. Actual	Appendix V
B. Narrative discussion/explanation of difference.	Appendix V
IV. Sources and Amounts of Funding	
A. Planned vs. Actual Funding Amounts	Chapter IX: Financial Management
B. Narrative discussion/explanation of difference.	Chapter IX: Financial Management
C. Consolidated Financial Statement	Chapter IX: Financial Management
V. Use of Funds	
A. Budgeted vs. Actual Expenditures by Line Item	Chapter IX: Financial Management
B. Narrative/Explanation of difference	Chapter IX: Financial Management
C. Reserve Balance at end of year.	Chapter IX: Financial Management
D. Discuss adequacy of reserves.	Chapter IX: Financial Management
VI. Capital Planning	
A. Planned vs. Actual Expenditures by property.	Appendix VI
B. Narrative discussion/explanation of difference.	Appendix VI
VII. Management Information for Owned/Managed Units	
A. Vacancy Rates	
1. Target vs. Actual vacancies by property.	Appendix II
2. Narrative/explanation of difference.	Chapter III: Property Management

Requirement/Category	Location in MTW Annual Report FY2001
B. Rent Collections	
1. Target vs. Actual collections.	Chapter III: Property Management
2. Narrative/explanation of difference.	Chapter III: Property Management
C. Work Orders	
1. Target vs. Actual response rate.	Chapter III: Property Management
2. Narrative/explanation of difference.	Chapter III: Property Management
D. Inspections	
1. Planned vs. Actual inspections completed.	Chapter III: Property Management
2. Narrative/discussion of difference.	Chapter III: Property Management
3. Results of independent PHAS inspections.	The inspections have not been completed by HUD. The results will be available from the HUD REAC website.
E. Security	
1. Narrative: planned vs. actual actions.	Chapter VII: Protective Services
2. Explanation of difference.	Chapter VII: Protective Services
VIII. Management Information for Leased Housing	
A. Leasing Information	
1. Target vs. Actual lease-ups at end of period.	Chapter VI: Housing Choice Voucher Program
2. Information and Certification of Data on Leased Housing, including:	Chapter VI: Housing Choice Voucher Program
Ensuring rent reasonableness	
Expanding Housing Opportunities	Chapter VI: Housing Choice Voucher Program
Deconcentration of low income families	Chapter VI: Housing Choice Voucher Program
3. Narrative/explanation of differences.	Chapter VI: Housing Choice Voucher Program
B. Inspection Strategy	
1. Results of Strategy, including: Planned vs. Actual Inspections completed by category:	Chapter VI: Housing Choice Voucher Program
Annual HQS Inspections	
Pre-contract HQS Inspections	Chapter VI: Housing Choice Voucher Program
HQS QC Inspections	Chapter VI: Housing Choice Voucher Program
2. HQS Enforcement.	Chapter VI: Housing Choice Voucher Program
3. Narrative/discussion of difference.	Chapter VI: Housing Choice Voucher Program
IX. Resident Programs	
A. Narrative: planned vs. actual actions/explanation of difference.	Chapter V: Human Capital Development
B. Results of latest PHAS Resident Survey, or equivalent as determined by HUD.	The resident surveys have not been completed by HUD. The results will be available from the HUD REAC website.
X. Other Information Required by HUD	
A. Results of latest completed 133 Audit.	Appendix VII
B. Required Certifications and other submissions from which the Authority is not exempted by the MTW Agreement.	Appendix VIII
C. Submissions required for the receipt of funds.	Appendix VIII

APPENDIX II: PROPERTY MANAGEMENT PERFORMANCE MEASUREMENT GOALS VS. ACTUAL FY2001

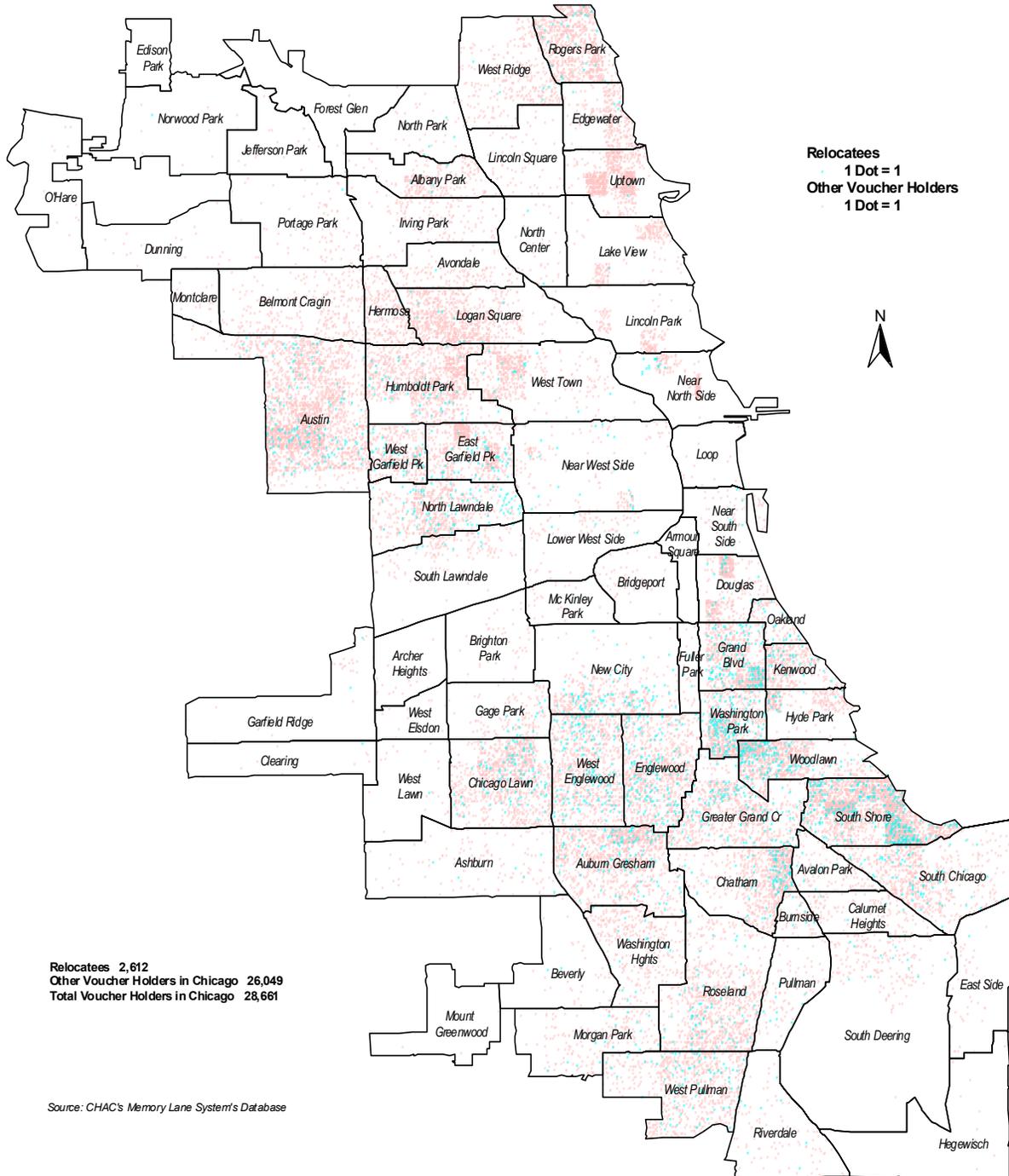
Property	Vacancy Rate (%)		Rent Collected		Emergency Work Orders		Non-Emergency Work Orders		HQS Inspections	
	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY
CHICAGO HOUSING AUTHORITY										
AUTHORITY WIDE EXCLUDING CITY STATE	2%	18.68%	97.00%	94.67%	100.00%	99.34%	5.00	13.51	100%	99.17%
FAMILY PROPERTIES	2%	19.57%	97.00%	94.46%	100.00%	99.45%	5.00	16.94	100%	99.44%
SENIOR PROPERTIES	2%	17.78%	97.00%	95.84%	100.00%	98.76%	5.00	3.21	100%	98.50%
CITY STATE PROPERTIES	2%	36.20%	97.00%	95.95%	100.00%	99.32%	5.00	37.26	100%	100%
CITY STATE PROPERTIES										
C-S HARRISON COURTS	2%	21.95%	97.00%	97.30%	100.00%	100.00%	5.00	50	100%	100%
C-S LATHROP ELDERLY	2%	7.53%	97.00%	96.77%	100.00%	100.00%	5.00	20	100%	100%
LECLAIRE COURTS-CS	2%	6.98%	97.00%	117.99%	100.00%	98.84%	5.00	22	100%	100%
C-S LOOMIS COURTS	2%	13.49%	97.00%	83.45%	100.00%	100.00%	5.00	21	100%	100%
C-S MAPLEWOOD COURTS H-RISE	2%	28.46%	97.00%	92.78%	100.00%	100.00%	5.00	106	100%	100%
C-S OGDEN COURTS	2%	14.93%	97.00%	87.36%	100.00%	100.00%	5.00	72	100%	100%
FAMILY PROPERTIES										
ABLA	2%	4.77%	97.00%	89.97%	100.00%	99.65%	5.00	10	100%	100%
ALTGELD	2%	27.32%	97.00%	94.03%	100.00%	99.88%	5.00	48	100%	100%
BRIDGEPORT	2%	16.78%	97.00%	105.28%	100.00%	100.00%	5.00	2	100%	100%
CABRINI	2%	17.91%	97.00%	87.45%	100.00%	100.00%	5.00	5	100%	100%
DEARBORN	2%	36.92%	97.00%	88.82%	100.00%	100.00%	5.00	25	100%	100%
HILLIARD	2%	73.21%	97.00%	105.48%	100.00%	100.00%	5.00	20	100%	100%
HENRY HORNER	2%	0.52%	97.00%	91.87%	100.00%	96.72%	5.00	4	100%	100%
ICKES	2%	24.62%	97.00%	87.83%	100.00%	98.08%	5.00	7	100%	100%
WELLS	2%	6.81%	97.00%	91.08%	100.00%	99.76%	5.00	12	100%	100%
LAKE PARC	2%	6.81%	97.00%	97.32%	100.00%	99.36%	5.00	2	100%	100%
LATHROP	2%	32.03%	97.00%	90.13%	100.00%	100.00%	5.00	13	100%	100%

Property	Vacancy Rate (%)		Rent Collected		Emergency Work Orders		Non-Emergency Work Orders		HQS Inspections	
	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY
LAWNDALE	2%	24.00%	97.00%	93.36%	100.00%	100.00%	5.00	2.31	100%	100%
LECLAIRE COURTS	2%	12.71%	97.00%	103.73%	100.00%	98.45%	5.00	26	100%	100%
LOWDEN	2%	16.41%	97.00%	106.79%	100.00%	100.00%	5.00	12	100%	100%
MADDEN PARK	2%	0.00%	97.00%	99.25%	100.00%	100.00%	5.00	7	100%	100%
MOHAWK	2%	12.50%	97.00%	77.43%	100.00%	0.00%	5.00	0	100%	100%
RANDOLPH TOWERS	2%	17.42%	97.00%	87.04%	100.00%	100.00%	5.00	7	100%	100%
ROCKWELL	2%	4.69%	97.00%	109.44%	100.00%	100.00%	5.00	25	100%	100%
SCATTERED SITE/NORTH CENTRAL	2%	22.16%	97.00%	98.27%	100.00%	96.73%	5.00	5	100%	100%
SCATTERED SITE/NORTH EAST	2%	8.04%	97.00%	101.62%	100.00%	99.49%	5.00	7	100%	100%
SCATTERED SITE/SOUTH EAST	2%	25.76%	97.00%	112.10%	100.00%	100.00%	5.00	4	100%	97.98%
SCATTERED SITE/SOUTH WEST	2%	18.40%	97.00%	108.01%	100.00%	96.23%	5.00	13	100%	100%
SCATTERED SITE/WEST	2%	39.40%	97.00%	113.98%	100.00%	0.00%	5.00	18	100%	99.70%
STATEWAY	2%	0.00%	97.00%	88.54%	100.00%	100.00%	5.00	8	100%	99.85%
TAYLOR	2%	0.12%	97.00%	90.91%	100.00%	100.00%	5.00	13	100%	100%
TRUMBULL	2%	29.28%	97.00%	91.06%	100.00%	100.00%	5.00	11	100%	100%
WASHINGTON PARK	2%	36.68%	97.00%	98.78%	100.00%	100.00%	5.00	11	100%	100%
WENTWORTH	2%	22.51%	97.00%	84.85%	100.00%	100.00%	5.00	6	100%	100%
CABRINI EXTENSION	2%	0.00%	97.00%	84.38%	100.00%	100.00%	5.00	3	100%	100%
CABRINI ROWHOUSE	2%	22.18%	97.00%	101.84%	100.00%	100.00%	5.00	20	100%	100%
GREEN HOMES	2%	6.33%	97.00%	91.15%	100.00%	100.00%	5.00	11	100%	100%
HORNER - WESTHAVEN	2%	13.84%	97.00%	102.49%	100.00%	100.00%	5.00	5	100%	100%
ROCKWELL 2450	2%	0.00%	97.00%	87.84%	100.00%	100.00%	5.00	9	100%	100%
SENIOR PROPERTIES										
SR. HSNB (S) 91ST S SO. CHGO.APTS	2%	33.00%	97.00%	95.83%	100.00%	95.00%	5.00	3	100%	100%
150 S. CAMPBELL	2%	53.57%	97.00%	93.08%	100.00%	100.00%	5.00	7	100%	99.20%
SR. HSNB CENTRAL-ECKHART	2%	0.00%	97.00%	97.82%	100.00%	97.56%	5.00	3	100%	100%
SR. HSNB (N) FLANNERY APTS	2%	8.94%	97.00%	95.74%	100.00%	100.00%	5.00	1	100%	100%
ARMOUR SQUARE APTS	2%	28.68%	97.00%	93.39%	100.00%	100.00%	5.00	1	100%	100%
SH NORTH CALLNER	2%	21.19%	97.00%	99.34%	100.00%	0.00%	5.00	4	100%	100%
SH-CENTRAL LASALLE/DIVISION	2%	30.95%	97.00%	93.44%	100.00%	100.00%	5.00	8	100%	100%
SR HSNB CNTR - FRANKLIN/DRAKE	2%	1.45%	97.00%	93.10%	100.00%	100.00%	5.00	3	100%	100%
SR. HSNB (N) KENMORE APTS	2%	28.89%	97.00%	95.38%	100.00%	100.00%	5.00	5	100%	100%

Property	Vacancy Rate (%)		Rent Collected		Emergency Work Orders		Non-Emergency Work Orders		HQS Inspections	
	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY	Goal 2001 FY	Actual 2001 FY
SR. HSGN(S) LINCOLN PERRY APTS	2%	14.05%	97.00%	95.69%	100.00%	100.00%	5.00	1	100%	100%
SR. HSGN (N) BRITTON/BUDD APTS	2%	22.09%	97.00%	94.50%	100.00%	100.00%	5.00	7	100%	100%
SR. HSGN (N) CASTLEMAN APTS	2%	11.56%	97.00%	92.67%	100.00%	89.47%	5.00	1	100%	100%
SR. HSGN (N) CLARK & IRVING	2%	18.54%	97.00%	97.70%	100.00%	94.44%	5.00	12	100%	100%
SR. HSGN (N) FISHER APTS	2%	5.70%	97.00%	94.05%	100.00%	100.00%	5.00	2	100%	100%
SR. HSGN (N) POMEROY APTS	2%	5.05%	97.00%	95.54%	100.00%	0.00%	5.00	4	100%	100%
SR. HSGN (N) SCHNEIDER APTS	2%	15.34%	97.00%	99.03%	100.00%	0.00%	5.00	1	100%	100%
SR. HSGN (N) SHERIDAN & LELAND	2%	18.53%	97.00%	96.34%	100.00%	100.00%	5.00	2	100%	100%
SR. HSGN CENTRAL - ALBANY	2%	44.48%	97.00%	94.44%	100.00%	100.00%	5.00	1	100%	100%
SR. HSGN CENTRAL - GARFIELD	2%	0.00%	97.00%	96.16%	100.00%	100.00%	5.00	-3	100%	100%
SR. HSGN CENTRAL - RACINE	2%	0.00%	97.00%	95.84%	100.00%	89.74%	5.00	11	100%	100%
SR. HSGN CENTRAL-PARKSIDE APTS	2%	0.00%	97.00%	97.59%	100.00%	100.00%	5.00	5	100%	100%
SR. HSGN CENTRAL-PARKVIEW	2%	0.00%	97.00%	95.60%	100.00%	100.00%	5.00	2	100%	100%
SR. HSGN CENTRAL-SHIELDS	2%	10.53%	97.00%	95.26%	100.00%	100.00%	5.00	2	100%	100%
SR. HSGN CENTRAL-SULLIVAN	2%	0.88%	97.00%	97.63%	100.00%	100.00%	5.00	0	100%	100%
SR. HSGN CENTRAL-WICKER	2%	0.00%	97.00%	97.45%	100.00%	100.00%	5.00	2	100%	100%
SR. HSGN(N) CLARK & WEBSTER AP	2%	9.09%	97.00%	94.11%	100.00%	0.00%	5.00	1	100%	100%
SR. HSGN(N) DICKENS & BURLING A	2%	7.30%	97.00%	96.79%	100.00%	96.55%	5.00	2	100%	100%
SR. HSGN(N) LARRABEE SENIOR AP	2%	4.94%	97.00%	95.51%	100.00%	100.00%	5.00	0	100%	100%
SR. HSGN(N) LINCOLN & SHEFFIED	2%	21.17%	97.00%	95.18%	100.00%	100.00%	5.00	1	100%	100%
SR. HSGN(N) LOYOLA & RIDGE APT	2%	6.74%	97.00%	96.55%	100.00%	0.00%	5.00	0	100%	100%
SR. HSGN(N) SHERIDAN & DEVON A	2%	12.39%	97.00%	98.50%	100.00%	0.00%	5.00	1	100%	100%
SR. HSGN(S) 4227 S. OAKENWALD	2%	29.03%	97.00%	93.98%	100.00%	100.00%	5.00	3	100%	100%
SR. HSGN(S) 4250 S. PRINCETON	2%	27.56%	97.00%	95.07%	100.00%	100.00%	5.00	4	100%	100%
SR. HSGN(S) 49TH & LANGLEY APT	2%	0.00%	97.00%	94.85%	100.00%	100.00%	5.00	2	100%	100%
SR. HSGN(S) 64TH & YALE APTS	2%	17.56%	97.00%	96.92%	100.00%	100.00%	5.00	5	100%	100%
SR. HSGN(S) 69TH & SO. CHGO AP	2%	26.61%	97.00%	96.70%	100.00%	0.00%	5.00	3	100%	100%
SR. HSGN(S) CAMPBELL APTS	2%	5.93%	97.00%	94.13%	100.00%	100.00%	5.00	7	100%	100%
SR. HSGN(S) GREEN APTS	2%	11.04%	97.00%	96.20%	100.00%	100.00%	5.00	6	100%	100%
SR. HSGN(S) JUDGE SLATER APTS	2%	6.75%	97.00%	90.66%	100.00%	100.00%	5.00	3	100%	99.75%
SR. HSGN(S) LAWRENCE APTS	2%	33.33%	97.00%	92.26%	100.00%	100.00%	5.00	5	100%	89.64%
SR. HSGN(S) WASH. PARK APTS	2%	0.00%	97.00%	97.34%	100.00%	100.00%	5.00	3	100%	100%

APPENDIX III: RELOCATEES AND OTHER VOUCHER HOLDERS BY COMMUNITY AREA (as of December 2001)

**Relocateses & Other Voucher Holders by Community Area
December 2001**



APPENDIX IV: PROCUREMENT POLICY

This Procurement Policy (Policy) is hereby established for the Chicago Housing Authority (CHA) by official action of its Board of Commissioners (Board). It complies with the United States Department of Housing and Urban Development's (HUD) Annual Contributions Contracts (ACCs), HUD's Procurement Regulations set forth at 24 CFR Section 85.36, as modified in accordance with the CHA / HUD "Move To Work (MTW)" Demonstration Agreement and the Illinois Housing Authorities Act 310 ILCS 10/1 et seq. This policy is expressly designed to meet the HUD self-certification requirements established at 85.36 (g) (3) (ii).

I. PROCUREMENT STANDARDS

A. Statement of Purpose

The purpose of this Policy is to:

1. Provide for the fair and equitable treatment of all persons or firms involved in procurement by the CHA;
2. Assure that supplies, services and construction are procured efficiently, effectively and at the best prices available to the CHA;
3. Promote competition in contracting;
4. Provide safeguards for maintaining a procurement system of quality and integrity; and
5. Assure that the CHA's procurement actions are in full compliance with applicable Federal laws and standards, HUD regulations and state and local laws.

B. Authority

The Board designates the Chief Executive Officer (CEO), or other individuals as authorized in writing, as the CHA Contracting Officer. The Contracting Officer shall administer all procurement transactions.

C. The CHA Procurement Manual

The CHA shall establish, and its Board shall approve, a set of procurement procedures in the "CHA Procurement Manual" (the Manual) implementing this Policy. These procedures shall reflect applicable State and local law and conform to applicable Federal standards as described in 24 CFR 85.36 as modified pursuant to the MTW agreement. The Manual shall also establish requirements for contract administration that ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. The Manual and any attachments thereto constitute the method of implementation for this Policy.

D. Annual Procurement Plan

With the expressed intent of maximizing economic value to the CHA as a whole, the CHA's annual procurement goals and objectives shall be developed, implemented and monitored through the adoption of an Authority-wide Annual Procurement Plan. Annual procurement planning and monitoring activities shall be conducted on two levels: 1) the level of the individual CHA administrative / operational department; and 2) the level of the full Authority. The Director of Business Services shall be responsible for coordinating and reporting the CHA's annual procurement planning and monitoring activities and preparing the Annual Procurement Plan for adoption by the CEO for recommendation to the Board.

II. COMPETITION

A. Full and Open

All procurement transactions will be conducted in a manner providing full and open competition consistent with the standards of Section 85.36, including the following examples of restricted competition:

1. Placing unreasonable requirements on firms in order for them to qualify to do business;
2. Requiring unnecessary experience and excessive bonding;
3. Noncompetitive pricing practices between firms or between affiliated companies;
4. Noncompetitive awards to consultants that are on retainer contracts;
5. Organizational conflicts of interest;
6. Specifying only a *brand name* product instead of allowing an *equal* product to be offered and describing the performance of other relevant requirements of the procurement; and
7. Any arbitrary action in the procurement process.

All formal procurements shall be advertised a minimum of 14 calendar days, not including Sundays or CHA holidays. The advertising period for any solicitation shall be extended when determined to be in the best interest of the CHA.

B. Prohibition of Statutory or Administrative Geographical Preferences

The CHA will not apply any non-Federally mandated geographical preference structures within its procurement methodologies. Nothing in this provision preempts State licensing laws.

C. Written Selection Procedures

The Manual shall specify selection procedures for procurement transactions to ensure that all solicitations:

1. Incorporate a clear and accurate description of the technical requirements for the material, product or service to be procured without restricting competition.
2. Identify all offer or requirements and all other factors to be used in evaluating bids, proposals or qualifications.
3. Provide that all lists of persons, firms or products used in soliciting goods and services are current and maximize opportunities for competition.

III. DOCUMENTATION

A. Documentation of all solicitations and responses shall become public record upon action by the Board in accordance with applicable laws. All procurement files shall be maintained in conformance with the Illinois Records Retention Act.

B. Contract Cost and Price

The CHA must perform a cost or price analysis in connection with every procurement action, including modifications.

1. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the CHA must make independent estimates before receiving bids or proposals.

2. A cost analysis must be performed when the offeror is required to submit the elements of its estimated cost, e.g., under professional consulting and architectural engineering service contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless reasonableness can be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation.
3. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.
4. In cases where there is not price competition and in all cases where costs analysis is performed, the CHA will negotiate profit as a separate element of the price for each contract. In the determination of what constitutes a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of the contractor's record of past performance, and industry profit rates in the surrounding geographical area for similar work.
5. Costs of prices based on estimated costs for contracts under grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal costs principles. The CHA may reference its own cost principles that comply with the applicable Federal cost principles.
6. The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.

IV. PROCUREMENT METHODS

A. Small Purchase Procedures

Small purchase procedures shall be used for the acquisition of services, supplies or other property which have a projected cost not to exceed the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). Contract requirements shall not be artificially divided so as to constitute a small purchase under this section.

The CHA Director of Business Services shall generate quarterly reports of all small purchases. These reports shall monitor such purchases in order to identify opportunities for aggregating quantities of like-items and perform strategic sourcing of those items for the CHA as a whole.

1. Small purchases less than \$250 that are not recurring items may be processed through the use of a petty cash account. Such accounts shall be managed as set forth in the Manual.
2. For small purchases of \$2,500 or less, only one quotation need be solicited if the price received is considered reasonable via cost/price estimate and the purchase is rotated among qualified sources.
3. Purchases greater than \$2,500 but less than or equal to simplified acquisition threshold shall be made via informal written solicitations to at least three qualified sources. If non-price factors are used to determine award, such factors shall be disclosed to all those solicited. Written responses shall be received but may not be sealed, as specified in the Manual. Awards shall be based on: the lowest responsive and responsible bid offered in the case of small informal bid solicitation; or the highest ranked proposal offering the greatest value to the CHA.

B. Formal Procurement

Formal procurement methods shall apply to all CHA purchases where the cost for any given product or service is projected to exceed the simplified acquisition threshold. Such formal methods shall include Sealed Bids, Competitive Sealed Proposals, Competitive Sealed Qualifications and Non-competitive solicitations.

1. **Sealed Bids.** Bids are publicly solicited and a firm-fixed price contract (lump sum or unit price) is awarded to the responsive and responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bid, is the lowest in price. The sealed bid method is the preferred method for procuring construction services. For procurements under the Comprehensive Grant Program (CGP), sealed bidding shall be used for all construction and equipment contracts exceeding the small acquisition threshold. For professional service contracts, sealed bidding should not be used.
 - a. In order for sealed bidding to be feasible, the following conditions should be present:
 - (1) A complete, adequate and realistic specification or purchase description is available;
 - (2) Two or more responsible bidders are willing and able to compete effectively for the business; and
 - (3) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
 - b. If sealed bids are used, the following requirements apply:
 - (1) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
 - (2) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond;
 - (3) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
 - (4) A firm fixed-price contract award may, at the discretion of the CHA Board, be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation costs and life-cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - (5) Any or all bids may be rejected when, if by doing so, the best interest of the CHA is served.
2. **Competitive Sealed Proposals.** The technique of competitive sealed proposals is normally conducted with more than one source submitting an offer and either a fixed-price or cost-reimbursement type contract is recommended for award by the Board. This method is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
 - a. Requests for proposals (RFPs) will be advertised publicly and proposals shall be solicited from an adequate number of qualified sources, providing them sufficient time prior to the date and time set for submission of proposals.
 - b. All RFPs shall identify all evaluation factors and their relative importance.
 - c. All responses to RFPs must be received by the date and time of proposal submittal previously published.
 - d. The CHA's method for conducting technical evaluations of the proposals received, negotiating fair and reasonable compensation, and recommending award(s), shall be specified in the Manual.
 - e. Single or multiple awards, as specified in the solicitation documents, shall be recommended to the Board, for the highest ranked firm(s) whose proposal(s) is/are in the best interest of the CHA with price and all other factors considered.

3. **Competitive Sealed Qualifications.** Qualification-based (QB) procurement is most appropriate for selection of professional services such as, but not limited to, architectural services, engineering services, accounting, auditing and financial consulting services, developers, property managers, legal services, etc.
 - a. Subsequent to the issuance of a Request for Qualifications (RFQ) solicitation, contract award may be recommended for either a single firm or multiple firms to satisfy the best interest of the CHA. Where multiple firms are recommended for award, the RFQ shall specify the basis by which work orders shall be issued to each selected firm under contract.
 - b. RFQs may also be used for selection of a pre-qualified pool of construction contractors for a specific trade area of the construction industry when such selection shall be in the best interest of the CHA. Such pre-qualification may be valid, as stated in the RFQ, for a period of up to two years with further extension option periods if needed.
 - (1) In such cases, following the evaluation of all RFQ submissions and identification of those found to be at least three qualified or highly qualified RFQ respondents, contract award may be recommended to the Board for all such qualified companies.
 - (2) Such contracts would specify the process of competitive solicitation by sealed bids exclusively to that pre-qualified pool of construction trade contractors, with award of each such work order to be made to the responsive pre-qualified firm offering the lowest price.
 - (3) At least annually, a new RFQ for such pre-qualification shall be issued to allow additional firms the opportunity to become pre-qualified and subsequently compete with other previously pre-qualified firms.
4. **Non-Competitive Procurement**

Procurement by noncompetitive proposal may be used only when award of a contract is infeasible under small informal purchase procedures, sealed bids, competitive proposals or competitive qualifications, and one of the following circumstance applies:

 - a. The item is available only from a single source or in circumstances when a number of sources are solicited and competition is determined to be inadequate. In every such case regarding non-competitive procurement in excess of \$2,500, a written justification memorandum must accompany the request prior to delivery of goods or services. Such memorandum shall be reviewed and recommended by the Director of Business Services to the Contracting Officer who may approve such transactions within the limits of the small acquisition threshold. The Contracting Officer shall present those non-competitive procurement requests exceeding the small acquisition threshold to the Board for approval.
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation. For purposes of this policy an emergency is defined as an immediate threat to the life, health, or safety of the residents, CHA employees, or any agent of the CHA. Public exigency is defined as, but not limited to, a non-emergency circumstance that: (1) requires immediate action or attention by the CHA to forestall interruptions in critical residential, business or operation services; or (2) Court-ordered building closures where CHA compliance does not allow for procurement by competitive methods
 - c. When there is an emergency or public exigency, the CEO is authorized to approve the use of noncompetitive procurement procedures only when the anticipated costs associated with such procurement does not exceed \$1,000,000. As promptly as possible following such action, the CEO must certify to the Board that the applicable conditions for a noncompetitive procurement apply. Provided that the certification is sufficient with respect to this policy, the Board may ratify the non-competitive procurement action taken.

- d. When there is an emergency or public exigency where the anticipated costs to remediate such emergency or public exigency exceeds \$1,000,000, the CEO must seek immediate Board approval prior to proceeding.

V. CONTRACTING WITH SMALL AND MINORITY FIRMS, WOMEN'S BUSINESS ENTERPRISE AND LABOR SURPLUS AREA FIRMS

- A. It is the policy of the CHA that Minority and Women Business Enterprises (MBE/WBE) as defined in regulations developed by the Secretary of the Department of Housing and Urban Development (HUD) and promulgated in 24 CFR Part 85 HUD Handbook 7460.8 and 7458.1 rev-3 Section 6(a) shall have the maximum opportunity to participate in the performance of contracts financed in whole or in part with federal funds. Bidders, proposers or contractors and their subcontractors or suppliers shall take all necessary and reasonable steps to ensure that MBE/WBEs shall have the maximum opportunity to compete for an perform contracts financed in whole or in part by federal funds.
- B. Affirmative steps to assure that MBE/WBE firms are used when possible shall include:
 - 1. Placing qualified MBE/WBE firms on solicitation lists;
 - 2. Assuring that MBE/WBEs are solicited whenever they are potential sources.
 - 3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by MBE/WBEs;
 - 4. Establishing delivery schedules, where the requirement permits, which encourage participation by MBE/WBEs;
 - 5. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and
 - 6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in this section.
- C. This policy shall be implemented through the CHA's MBE/WBE Utilization Plan and called the MBE/WBE participation Proposal which is incorporated by reference in its entirety and made a part of each and every solicitation for bid, RFP, RFQ and contract or similar procurement document issued or entered into by the CHA.

VI. SECTION 3

The purpose of Section 3 of the HUD Act of 1968 as amended by Section 915 of the Housing and Community Development Act of 1992 is to "ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing and to business concerns which provide economic opportunities to law-and very low-income persons."

The policy of the CHA with respect to Section 3 is expressed in its policy with respect thereto which by this reference is incorporated herein. The goals statement and the preference tiers as described in the CHA "Section 3 Guideline Booklet" (Guidebook). The procedures to implement this policy are also included in the Guidebook. The procedures may be amended periodically by the CEO or designee to insure that the policy requirements are being met or to bring about efficiencies in the implementation of the program based on the practice and experience of running the program.

VII. ALTERNATIVE PROCUREMENT

- A. In addition to the foregoing, the CHA may use the alternative procurement process as provided in 24 CRF 963 to fulfill CHA procurement requirements, if feasible, to utilize a Resident Owned Business (ROB).
- B. For a ROB to qualify, the full-time permanent workforce of the ROB must include people thirty (30) percent of whom are Section 3 residents or who were Section 3 residents within three (3) years of the date of first employment with the ROB.
- C. The total amount of any contracts including any amendments awarded under the Alternative Procurement Section, to a ROB cannot exceed \$1,000,000. No ROB may receive contracts for CHA business in excess of \$1,000,000 under the Alternative Procurement Process.

VIII. COOPERATIVE PROCUREMENT / INTERGOVERNMENTAL ARRANGEMENTS

Whenever economically justifiable in the best interest of the CHA, the CHA may enter into cooperative agreements with governmental agencies for cooperative procurement or use of common goods and services. The Department of Business Services and the primary user department of the CHA will negotiate such agreements and make recommendations to the Contracting Officer. The Board must approve all such cooperative procurement intergovernmental agreements.

IX. CONTRACT AWARDS AND CONTRACT MODIFICATION APPROVAL

- A. Contract award shall be made only to responsible bidders/proposers (i.e., those who have the technical and financial competence to perform and who have a satisfactory record of integrity). Before awarding a contract, the CHA shall review the proposed contractor's ability to perform the contract successfully, considering factors such as the contractor's integrity, compliance with public policy, record of past performance and financial/technical capabilities.
- B. Standard contract provisions shall be developed in cooperation with the Legal Department for all procurement contracts. Such provisions shall be described in the Manual.
- C. Bonding requirements for work services shall conform to 85.36(h) and state law. These requirements shall be specified in the Manual.
- D. The Board must approve contracts, amendments and modifications to contracts that individually or collectively exceed the \$100,000 simplified acquisition threshold. The CEO or his designee may approve contracts, amendments and modifications to contracts below the \$100,000 threshold.
- E. Capital construction contracts may be approved by the Board with a percentage of cost threshold established as contingency for modifications/change orders arising from unknown conditions. The CEO or his designee may approve capital contract modifications/change orders resulting from unknown conditions that are within the percentage of cost threshold identified in the capital contract. This threshold may vary from contract to contract. Standards for determining the appropriate threshold shall be described in the Manual.

- F. Capital contract modifications/change orders arising from or necessitated by other reasons, such as design changes, must be presented to the Board when the cost for such modifications/change orders either individually or in the aggregate exceeds the small acquisition threshold. The CEO or his designee may approve such modifications/change orders valued below the small acquisition threshold.
- G. The percentage of cost threshold for capital contract modifications/change orders resulting from unknown conditions, may vary from contract to contract. The percentage applicable to a particular contract amount will be specified in the Manual.

X. CONTRACT ADMINISTRATION

- A. General. Contract administration shall entail the activities conducted to ensure that the contract is performed in accordance with its terms and conditions by both the contractor and the CHA. Contract monitoring shall entail those activities carried out to evaluate contractor performance and monitor compliance to selected contract terms and conditions.
- B. Suspension and Debarment. No small purchases, purchase orders or contracts shall be awarded to debarred, suspended, or ineligible contractors as declared by HUD or the CHA.
- C. Appeals and Remedies. It is the CHA's policy to resolve contractual issues informally at the CHA level without litigation. Disputes shall not be referred to HUD until all administrative remedies have been exhausted at the CHA level.
- D. Any actual or prospective contractor may protest the solicitation or award of a contract for a substantial violation of this Policy. Any protest against a solicitation must be received before the due date for the receipt of bids or proposals, and any protests against the award of the contract must be received within 10 calendar days after a contract award, or the protest will not be considered.
- E. All bid protests shall be in writing and submitted to the CHA's Contracting Officer or authorized designee who shall issue a written decision as to final disposition of the protest in accordance with the procedures set forth in the Manual. The CHA's Contracting Officer or authorized designee may, with discretion, suspend the protested procurement pending the resolution of the protest.

XI. PROPERTY MANAGEMENT BUDGETS, DELEGATION OF CONTRACT AUTHORITY

Board approval of a CHA property's operating budget by detailed line-item to be administered by a property manager shall constitute approval of those procurement actions necessary to implement the operating budget in amounts not to exceed individual line-item amounts. The Board delegates authority to execute contracts and modifications for these procurements to the CEO or his designee provided such contract and modification totals together do not exceed the individual line-item totals in the approved budget.

The Board makes this delegation provided that all such actions taken by the CEO are reported to the Board in the month that they occur. When, during the operating budget year an additional appropriation may be needed to the approved operating budgets, the Board's approval for such appropriation shall be required.

Further, all contracts authorized under this Section are required to be reviewed by the CHA for conformance to this Policy, the Manual and applicable law, and that this review be incorporated into the annual audit report for CHA.

XII. CODE OF CONDUCT

- A. Ethics Policy. By resolution, the CHA adopted an Ethics Policy which defines financial or other interests by CHA employees or relatives that may result in conflict of interest in the procurement process. The Ethics Policy also prohibits the solicitation or acceptance of gratuities, favors, or anything of monetary value from contractors, potential contractors, or other parties, and sets rules where the financial interest is not substantial or the gift is an unsolicited item of minimum value (\$50.00 or less).

Further, the Ethics Policy provides for financial disclosure, appointment of an Ethics Officer, and penalties for violation.

The Code of Standards established in the Ethics Policy shall apply to all CHA procurement activity governed by this Policy and the associated implementing procedures in the Manual.

The following shall be inserted in all contracts: "No member, officer, or employee of the CHA during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in this contract or the proceeds thereof."

- B. The following additional prohibitions shall apply to CHA contracts/procurement:
1. Restrictions on Employment of Present and Former Employers.
 - a. A present or former CHA official or employee shall not knowingly act as a principal or agent for anyone other than the CHA in connection with any procurement in which the official or employee participated personally and substantially through decision, approval, recommendation, rendering of advice, investigation, or otherwise while being a CHA official or employee where the CHA is a party or has had a direct and substantial interest.
 - b. A business in which a CHA official or employee has a financial interest shall not act as a principal or agent for anyone other than the CHA in connection with any contract/procurement.
 - c. Contemporaneous employment of a CHA official or employee by persons contracting or actively seeking a contract with the CHA is prohibited.
 2. Prohibition to Providing Services to the CHA. As provided in Section 515 of the ACCs, a present or former CHA official or employee shall not provide services or attempt to sell supplies, services, or construction to the CHA for one year following the date such employment ceased except as provided in this Policy. The term "provide services or sell" means signing a bid or proposal, negotiating, discussing or changing specifications, price, costs allowances, or other items of a contract; settling contract disputes, or any other liaison activity with a view toward the ultimate consummation of a sale, although the actual contract is negotiated by another person.
 3. Gratuities. It is a breach of ethical standards:
 - (1) for any person to offer, give, or agree to give any CHA official or employee a gratuity or an offer of employment; or
 - (2) for any CHA official or employee or former CHA official or employee to solicit, demand, accept or agree to accept a gratuity or an offer of employment.

4. Kickbacks and Anti-Collusive Practices. It is a violation of this Policy for any payment, gratuity, or offer of employment to be made by or on behalf of a contractor to a CHA official or employee of a subcontractor, under a contract to the prime contractor or a higher tiered subcontractor or any persons associated therewith, as an inducement for the award of a contract, subcontract or order.
5. Use of Confidential Information. No CHA official or employee shall disclose information related to a bid, proposal or qualification submission before the due date for such documents or before contract award to any person if such information has not been disclosed to the general public. It is a breach of ethical conduct for any official or employee or former official or employee knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.
6. Prohibitions to Contingent Fees. No CHA official or employee shall be retained or retain a person to solicit or secure a CHA contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for retention of bona fide employees or bona fide established selling agencies for the purpose of securing business. This includes the prohibition against influence peddling that might occur when a former CHA official or employee is hired on a contingent basis by a business entity or individual seeking a CHA contract/procurement.

C. Federal Criminal Law

Pursuant to 18 U.S.C. 666 (a) (2) and other Federal Criminal Laws applicable to public contracts, no CHA official or employee shall corruptly solicit or demand for the benefit of himself/herself or any other person, or accept or agree to accept, anything of value from any person or CHA contractor intending to be influenced or rewarded in connection with any CHA contract business transaction or series of transactions involving the CHA.

D. Illinois Criminal Code

All CHA officials and employees shall comply with the Illinois Criminal Code, 720 ILCS 5/33 E-1 et seq. as follows:

1. Section 33-E-5(a). No CHA official or employee shall open any sealed bids any time or place other than is indicated in the public advertisement, solicitation document or outside the presence of witnesses.
2. Section 33E-5(b). No CHA official or employee shall knowingly disclose any information relative to a solicitation proposal to any interested party (bidder or proposer).
3. Section 33E-6(a). No CHA official or employee shall disclose any information directly or indirectly outside of the publicly available official solicitation document.
4. Section 33E-6(e). No CHA official or employee shall knowingly award a contract based on criteria that were not publicly disseminated through a solicitation or any other procurement method.
5. Section 33E-7(a)(2). No CHA official or employee shall either solicit, accept or attempt to accept any bribe or kickback and/or directly or indirectly receive a bribe or kickback that is included in the contract price to be paid by the CHA.
6. Section 33E-7(b). All CHA officials or employees shall report to the CEO, the Inspector General and law enforcement officials any offer of a kickback or bribe made to such CHA official or employee.
7. Section 33E-9. No CHA official or employee shall amend/modify or change or attempt to amend/modify or change a CHA contract unless authorized by law. An amendment/modification or changing a CHA contract is not authorized by law if a CHA official or employee advocates or amends/modifies or changes a CHA contract because such official or employee receives or is offered a kickback, bribe or a promise of current or future employment.

E. Conflict of Interests Involving Contracts

It is a violation of this Policy for:

1. Any CHA official or employee to participate directly or indirectly in a contract/procurement when the official or employee knows or should have known that the official or employee or any of his or her relatives have a financial interest pertaining to the contract/procurement; or
2. A business or organization in which the official or employee, or any relative, has an economic or financial interest pertaining to the contract/procurement; or
3. Any other person, business, organization with whom the official or employee or any of his or her relatives are negotiating or has an arrangement concerning prospective employment is involved in the contract/procurement; or
4. Any CHA official or employee who exercises or has exercised any functions or responsibilities with respect to any CHA contract/ procurement activities, or who is in a position to participate in the decision-making process or gain inside information with regards to any CHA contract/procurement activities, obtain a financial or economic interest or benefit from the contract/ procurement, or have an interest in any contract or subcontract, or agreement with respect thereto or the proceeds thereunder, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure with the CHA or for one year after such individual leave the CHA.

F. Sanctions and Remedies

1. Sanctions. Any person found by a court to be guilty of knowingly violating any of the provisions of this Policy, or of furnishing false, misleading or incomplete information to the Ethics Officer with the intent to mislead, upon conviction thereof shall be subject to disciplinary action up to and including termination.
2. Invalid Actions. All CHA contracts shall include a provision requiring compliance with this Policy. Any contracts negotiated, entered into, or performed in violation of any provisions of this Policy shall be void and/or voidable as to the CHA. Any official action of an agent of the CHA obtained or undertaken in violation of any provisions of this Policy shall be invalid and without force or effect whatsoever.
3. Other Remedies. Nothing in this Policy shall preclude the CHA from maintaining an action for an accounting for any pecuniary benefit received by any person, or to recover damages for any acts or practices in violation of this Policy or other laws.

XIII. USE OF NON-FEDERAL FUNDS

Funds obtained from public sources other than HUD shall use the procurement standards applicable to those funds, provided such standards are consistent with the minimum requirements of this policy.

Procurement transactions funded exclusively by private sources, such as Foundations, shall meet the procurement standards applicable to the grant and specified in the grant agreement with the CHA, and shall be exempt from the following provisions of this policy: Section II. "Competition", Subsections A, B and C; Section III. "Documentation", Subsection. B; Section IV. "Procurement Methods", Subsections A and B 1., 2., 3. and 4.; Section VI. "Section 3"; Section VII. "Alternative Procurement"; and Section XI. "Property Management Budgets".

APPENDIX V: HOUSING STOCK AND DEMOGRAPHIC INFORMATION

The CHA is preparing a new technological environment. Significant monetary and human resources are being expended to update and redesign our computerized database. This process is ongoing and includes preparing the current data for conversion. The Authority's database is dynamic and currently undergoing a major rehabilitation. Therefore although the charts below provide demographic information on CHA residents as of December 31, 2001 v. December 31, 2000 there will be some variance in the numbers set forth in the MTW Annual Report for FY2000.

HOUSING STOCK AND OCCUPANCY

	Total Units			Occupied Units			Total number of residents		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority-Wide	38594	35,800	-2,794	23,422	21,232	-2,190	56,502	51,103	-5,399
Family	28572	25,778	-2,794	15,629	14,131	-1,498	47,885	43,189	-4,696
Senior	10022	10,022	0	7,793	7,101	-692	8,617	7,914	-703

RACE/ETHNICITY (TOTAL NUMBER OF RESIDENTS)

	Authority-Wide			Family			Senior		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
White	5,331	5,037	-294	2,841	2,649	-192	2,490	2,388	-102
Black	50,215	45,164	-5,051	44,760	40,271	-4,489	5,455	4,893	-562
Native/Alaskan	155	142	-13	87	82	-5	68	60	-8
Asian/Pacific Islander	714	681	-33	177	170	-7	537	511	-26
Other	74	65	-9	14	10	-4	60	55	-5
Hispanic ¹	3,096	2,940	-156	2,627	2,446	-181	469	494	25

¹ Hispanic is categorized as an ethnic code and may be included in several race categories.

GENDER (TOTAL NUMBER OF RESIDENTS)

	Authority-Wide			Family			Senior		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Female	34,429	31,136	-3,293	29,896	26,987	-2,909	4,533	4,149	-384
Male	22,065	19,960	-2,105	17,985	16,199	-1,786	4,080	3,761	-319

UNIT SIZE (NUMBER OF BEDROOMS)

	0			1			2			2000
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance	
Authority-Wide	1,134	996	-138	8,703	7,847	-856	6,150	5,645	-505	6,009
Family	129	106	-23	1,991	1,713	-278	6,111	5,609	-502	5,987
Senior	1,005	890	-115	6,712	6,134	-578	39	36	-3	22

	4			5			6		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority-Wide	1,353	1,233	-120	69	61	-8	4	4	0
Family	1,338	1,216	-122	69	61	-8	4	4	0
Senior	15	17	2	0	0	0	0	0	0

HEAD OF HOUSEHOLD RACE/ETHNICITY

	Authority-Wide			Family			Senior		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
White	3,184	3,008	-176	1,016	944	-72	2,168	2,064	-104
Black	19,586	17,611	-1,975	14,511	13,089	-1,422	5,075	4,522	-553
Native/Alaskan	88	78	-10	30	28	-2	58	50	-8
Asian/Pacific Islander	864	467	-397	432	56	-376	432	411	-21
Other	58	52	-6	5	4	-1	53	48	-5
Hispanic ¹	1,325	1,287	-38	883	828	-55	442	459	17

¹ Hispanic is categorized as an ethnic code and may be included in several race categories.

HEAD OF HOUSEHOLD GENDER

	Authority-Wide			Family			Senior		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Female	17,622	15,971	-1,651	13,724	12,446	-1,278	3,898	3,525	-373
Male	5,789	5,251	-538	1,898	1,678	-220	3,891	3,573	-318

AGE

	0-5 years			6-10 years			11-15 years		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority-Wide	7,317	5,415	-1,902	9,230	7,897	-1,333	7,376	7,057	-319
Family	7,284	5,388	-1,896	9,200	7,867	-1,333	7,332	7,011	-321
Senior	33	27	-6	30	30	0	44	46	2

	16-20 years			21-25 years			26-30 years		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority-Wide	5,010	4,972	-38	3,105	3,039	-66	3,036	2,694	-342
Family	4,979	4,935	-44	3,059	3,006	-53	2,981	2,653	-328
Senior	31	37	6	46	33	-13	55	41	-14

	31-35 years			36-40 years			41-45 years		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority-Wide	2,446	2,229	-217	2,632	2,278	-354	2,563	2,387	-176
Family	2,344	2,148	-196	2,436	2,149	-287	2,235	2,133	-102
Senior	102	81	-21	196	129	-67	328	254	-74

	46-50 years			51-55 years			56-60 years		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority-Wide	2,247	2,069	-178	1,808	1,787	-21	1,482	1,463	-19
Family	1,767	1,676	-91	1,228	1,257	29	847	848	1
Senior	480	393	-87	580	530	-50	635	615	-20

	61+ years		
	2000	2001	Variance
Authority-Wide	8,250	7,816	-434
Family	2,193	2,118	-75
Senior	6,057	5,698	-359

SOURCE OF INCOME¹

	SSI			Social Security			TANF²			Employed			None		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority Wide	9,512	8,713	-799	6,798	6,135	-663	5,737	5,128	-609	5,063	4,665	-398	2,135	1,942	-193
Family	4,691	4,263	-428	2,493	2,281	-212	4,589	4,042	-547	4,844	4,443	-401	2,021	1,829	-192
Senior	4,821	4,450	-371	4,305	3,854	-451	1,148	1,086	-62	219	222	3	114	113	-1

¹CHA residents may have several sources of income. As a result, a resident or household may be counted in several of the above categories

²TANF includes AFDC, Earn-Fare and General Assistance

INCOME RANGE

	Less than \$1			\$1-3,999			\$4,000-7,999			\$8,000-15,999		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority- Wide	2,716	2,450	-266	5,577	5,111	-466	9,638	8,649	-989	3,723	3,380	-343
Family	2,513	2,264	-249	3,240	2,979	-261	5,894	5,239	-655	2,292	2,081	-211
Senior	203	186	-17	2,337	2,132	-205	3,744	3,410	-334	1,431	1,299	-132

	\$16,000-27,999			\$28,000-35,999			\$36,000 and greater		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority- Wide	1,381	1,280	-101	263	245	-18	124	117	-7
Family	1,311	1,214	-97	261	243	-18	118	111	-7
Senior	70	66	-4	2	2	0	6	6	0

AREA MEDIAN INCOME¹

	Below 30% of AMI			30-50% of AMI			50% or more of AMI		
	2000	2001	Variance	2000	2001	Variance	2000	2001	Variance
Authority- Wide	21,062	19,198	-1,864	1,600	1,385	-215	511	417	-94
Family	13,583	12,363	-1,220	1,338	1,165	-173	439	378	-61
Senior	7,479	6,835	-644	262	220	-42	72	39	-33

¹The FY2000 Area Median Income (AMI) for Chicago, IL was \$67,900 for a family of four. The FY2001 AMI was \$70,500 for a family of four.

APPENDIX VI: CAPITAL PLANNING - PLANNED VS. ACTUAL EXPENDITURES BY PROPERTY YEAR ENDING 12/31/01

	HOPE VI Revitalization	HOPE VI Demolition	Capital Grants	City State	Prior Year Funding	Total 2001 Capital Budget	2001 Expenditures	2001 Obligations	Balance As of 12/31/01	% Unspent
CATEGORY 1 (1)										
Hilliard			19,000,000			19,000,000			19,000,000	100.0%
Washington Park (low-rise)		1,694,908	1,400,000			3,094,908	837,380	64,414	2,193,114	70.9%
Henry Homer		2,325,000				2,325,000	674,903	567,370	1,082,727	46.6%
Cabrini Homes Ext.		2,620,000				2,620,000	2,964,388	2,801	(347,189)	-13.3%
ABLA	1,408,532					1,408,532			1,408,532	100.0%
Madden Park/Wells	2,000,000	3,104,604				5,104,604	2,126,610	39,917	2,938,077	57.6%
Robert Taylor B		9,817,750				9,817,750	3,922,051	575,074	5,320,625	54.2%
Brooks Extension	1,473,800					1,473,800	1,509,408	39,656	(75,264)	-5.1%
Brooks Homes	679,500					679,500	522,533	1,388	155,579	22.9%
Total	5,561,832	19,562,262	20,400,000	-	-	45,524,094	12,557,273	1,290,620	31,676,201	69.6%
CATEGORY 2 (2)										
Senior Housing	-	-	88,315,545	-	-	88,315,545	71,491,205	12,345,743	4,478,597	5.1%
CATEGORY 3 (3)										
Scattered Sites	-	-	8,640,000	-	5,200,982	13,840,982	11,366,520	-	2,474,462	17.9%
CATEGORY 4 (4)										
Lawndale Complex		935,000	500,000			1,435,000	958,141		476,859	33.2%
Lathrop Homes			250,000		427,040	677,040	488,653		188,387	27.8%
LeClaire Courts			250,000			250,000			250,000	100.0%
Cabrini, Lake Parc, Washington, Lawndale Gardens, Bridgeport			3,721,600			3,721,600	320,720	78,271	3,322,609	89.3%
Wentworth Homes			3,721,700			3,721,700			3,721,700	100.0%
Lowden Homes			3,721,700			3,721,700			3,721,700	100.0%
Total	-	935,000	12,165,000	-	427,040	13,527,040	1,767,514	78,271	11,681,255	86.4%
CATEGORY 5 (5)										
Rockwell Gardens		3,149,000	1,615,000			4,764,000	841,773	23,386	3,898,841	81.8%
Trumbull Park			2,250,000			2,250,000			2,250,000	100.0%
Robert Taylor Homes			1,615,000			1,615,000	282,708		1,332,292	82.5%
Stateway Gardens		4,615,000	1,615,000			6,230,000	494,448	2,140,906	3,594,646	57.7%
Washington Park (high rise)		2,078,000				2,078,000	284,831		1,793,169	86.3%
Total	-	9,842,000	7,095,000	-	-	16,937,000	1,903,760	2,164,292	12,868,948	76.0%
City/State (6)										
	-	-	-	2,012,068	-	2,012,068	291,509	306,414	1,414,145	70.3%
OPERATIONS (7)										
Capital Construction	313,906		3,990,372		20,871,898	25,176,176	14,191,066	10,013,513	971,597	3.9%
Development Management			3,962,495			3,962,495	3,745,269	125,202	92,024	2.3%
CMHDC			125,000			125,000			125,000	100.0%
Grant Administration			47,250			47,250			47,250	100.0%
Central Advisory Committee			300,000			300,000		278,191	21,809	7.3%
Make Ready			17,800,000			17,800,000	8,938,104	9,346,545	(484,649)	-2.7%
Extraordinary Maintenance			18,000,000			18,000,000	18,200,700		(200,700)	-1.1%
Total	313,906	-	44,225,117	-	20,871,898	65,410,921	45,075,139	19,763,451	572,331	0.9%
Grand Total	\$ 5,875,738	\$ 30,339,262	\$ 180,840,662	\$ 2,012,068	\$ 26,499,920	\$ 245,567,650	\$ 144,452,920	\$ 35,948,791	\$ 65,165,939	27%

**CHICAGO HOUSING AUTHORITY
BUDGET VS. ACTUAL VARIANCE ANALYSIS (UNAUDITED)
CAPITAL BUDGET
YEAR ENDED DECEMBER 31, 2001**

The overall budget for the Capital Program includes funding from Capital Grants, Hope VI, and City/State.

FOOTNOTES:

(1) Category 1 Existing Developments - Total FY2001 Capital Budget for Category 1 is \$31.6 million under budget. Key elements of the budget variances are as follows:

Hilliard. Expected CHA capital contributions to this project were not made due to delays that occurred during negotiations with financial partners. Closing for Phase I is expected to take place during FY2002.

Washington Park. The \$2.2 million variance is due to project delays in early FY2001. Pre-planning activities for the rehabilitation of 56 resumed by year-end. This project is anticipated to close by the end of FY2002.

Henry Horner. The \$1.1 million variance is due to a delay in project planning for Phase II of this development. Demolition is currently underway at 140 N. Wood and 150 N. Hermitage, demolition is 90% and 50% complete, respectively. Demolition will continue in FY2002. Closing for Phase II is expected to occur in FY2002.

ABLA. Development plans for this project were finalized during FY2001 without incurring significant expenditures. It is anticipated that construction will begin in early FY2003, subject to approval of a master plan by CHA and HUD.

Madden Park/Wells. The \$2.9 million variance is due to remaining demolition that has been deferred to a later phase. Demolition at 3837 and 3855 S. Ellis was completed during FY2001. City review and infrastructure planning is currently underway. Closing is expected to occur in the 4th quarter of FY2002.

Robert Taylor B. The \$5.3 million variance reflects costs associated with 158 units that were scheduled to be demolished. To date 473 units have been demolished at the property. Demolition work will be completed in FY2002.

(2) Category 2 Senior Housing - Total FY2001 Capital Budget for Senior Housing is \$4.5 million under budget. The remaining balance will be spent in FY2002 as the rehabilitation of senior properties continues.

(3) Category 3 Scattered Site Housing - At the end of FY 2001, CHA had completed the rehabilitation of 750 scattered units per the Authority's Plan. Expenses associated with this work were approximately \$2.5 million under budget for the year. CHA expects to use unspent capital funds to complete additional units in FY2002.

(4) Category 4 Non-202 Family Properties - Total FY2001 Capital Budget for Category 4 properties is \$11.7 million under budget. Key elements of the Category 4 budget variances are as follows:

LeClaire Courts. No expenditures were incurred for this project in FY2001. Development planning was suspended while the Authority considered potential development plans for mixed income communities at the site.

Cabrini, Lake Parc, Washington, Lawndale Gardens and Bridgeport. Minimal expenditures were incurred for Bridgeport Homes in FY2001. Bridgeport Homes is currently in the architectural planning and design stage. A construction schedule will be determined once a contractor has been chosen for this project. Contractors are scheduled to be selected in FY2002. Cabrini, Lake Parc, and Lawndale will undergo rehabilitation as 100% public housing following the completion of Bridgeport Homes.

Wentworth Homes. No expenditures were incurred for this project in FY2001. In FY2001, a preliminary needs assessment was completed to identify existing conditions. Plans and specifications for modernization will be developed in FY2002.

Lowden Homes. This project is currently in the planning phase. In FY2001, meetings were held with construction managers and architects. A construction schedule will be established once a contractor is selected for this project.

(5) Category 5 - Total FY2001 Capital Budget for Category 5 properties is \$12.9 million under budget. Key elements of the Category 5 budget variances are as follows:

Rockwell Gardens. This project is \$3.9 million under budget due primarily to a delay in demolition caused by issues relating to the heating plant, which affected other developments around Rockwell Gardens. Alternate plans are currently being discussed to resolve these issues. In FY2001, a team was selected to develop and complete a master plan for the property. The plan was approved by the Board and submitted to HUD for approval. In October, a \$35 million HOPE VI grant was awarded to this development. This property is currently in the pre-closing stage and will begin infrastructure planning with the City in FY2002.

Trumbull Park. No expenditures were incurred for this project. In FY2001, a preliminary physical and site assessment was completed in anticipation of an RFQ for design rehabilitation.

Robert Taylor Homes. In October, a \$35 million HOPE VI grant was awarded to this development. This property is currently in the pre-closing stage. An approved master plan was completed in January FY2002. Financing projections and infrastructure planning with the City will continue in FY2002.

Stateway Gardens. To date 230 units have been demolished at the site. Demolition of the remaining 690 units will continue in FY2002. City review and infrastructure planning is currently underway. Phase I of the Development Plan, which includes 90 offsite units, is expected to close by the end of FY2002.

Washington Park. This project is \$1.8 million under budget. Demolition of the remaining 251 units will be completed in FY2002. A working group has been established to create a redevelopment strategy for the site.

(6) City State - Total FY2001 Capital Budget for City/State Properties is \$1.4 million under budget. Roofing and/or tuck pointing contracts have been awarded for Harrison Courts, Loomis Courts and Lathrop Elderly. Work will commence in FY2002.

(7) Total Operations - Total FY 2001 Capital Budget for Operations is approximately \$600,000 under budget. Key elements of the budget variances are as follows:

Capital Construction. Includes \$20.9 million for capital expenses associated with prior year obligations relating to A&E and dwelling structure costs. The positive variance of approximately \$1.0 million is attributable to savings in expense categories related to salaries, training, and travel.

Make-Ready. The negative variance of \$500,000 is attributable to the completion of approximately 302 units under CHA's Make-Ready Program. As the transfer and relocation of families continues, 527 Make-Ready units will be completed in FY2002.

APPENDIX VII: OMB A-133 INDEPENDENT AUDIT

Chicago Housing Authority

*Single Audit Report
(In Accordance With the Single Audit Act of 1984
and Amendments of 1996, and
OMB Circular A-133) for the
Year Ended December 31, 2000*

CHICAGO HOUSING AUTHORITY

SINGLE AUDIT REPORT YEAR ENDED DECEMBER 31, 2000

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INDEPENDENT AUDITORS' REPORT ON GENERAL PURPOSE
FINANCIAL STATEMENTS (INCLUDED IN THE
COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE
CHICAGO HOUSING AUTHORITY FOR THE YEAR ENDED DECEMBER 31, 2000,
WHICH IS INCORPORATED HEREIN BY REFERENCE)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON
THE AUDIT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Deloitte & Touche LLP
Two Prudential Plaza
180 North Stetson Avenue
Chicago, Illinois 60601-6779

Tel: (312) 946-3000
Fax: (312) 946-2600
www.us.deloitte.com



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Chicago Housing Authority
Chicago, Illinois

We have audited the financial statements of the Chicago Housing Authority (the "Authority") as of and for the year ended December 31, 2000, and have issued our report thereon dated April 16, 2001. We did not perform tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants for the Chicago Housing Authority Employees' Retirement Plan (the "Plan"). The financial statements of the Plan for the year ended December 31, 2000 which, in the aggregate, represent substantially all the assets and revenues of the Fiduciary Fund Type, were audited by other auditors, whose report has been furnished to us, and our conclusions herein, insofar as they relate to this fund, are based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However,

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Tohmatsu

we noted other matters involving internal control over financial reporting that we have reported to the Authority's management in a separate letter dated April 16, 2001.

This report is intended solely for the information and use of management, the Board of Commissioners of the Authority, and federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 16, 2001

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO
EACH MAJOR FEDERAL AWARD PROGRAM AND ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Deloitte & Touche LLP
Two Prudential Plaza
180 North Stetson Avenue
Chicago, Illinois 60601-6779

Tel: (312) 946-3000
Fax: (312) 946-2600
www.us.deloitte.com



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Commissioners
Chicago Housing Authority
Chicago, Illinois

COMPLIANCE

We have audited the compliance of the Chicago Housing Authority (the "Authority"), with the types of compliance requirements described in the United States Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to each of its major federal award programs for the year ended December 31, 2000. The Authority's major federal award programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal award programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal award program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

As described in Findings 2000-1, 2000-2, and 2000-3 in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with certain requirements regarding rent determinations, recertifications, tenant eligibility, and MTCS submission that are applicable to its Low Rent Housing Program - CFDA 14.850. Also, as described in Finding 2000-4 in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with certain requirements regarding authorization and supporting documentation, that are applicable to its Comprehensive Grant Program - CFDA 14.859. Finding 2000-5 in the accompanying Schedule of Findings and Questioned Cost indicates that the Authority did not comply with certain requirements regarding Housing Quality Standards enforcement procedures, that are applicable to Section 8 Programs - CFDA 14.855 and 14.857. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with requirements applicable to these programs.

**Deloitte
Touche
Tohmatsu**

- 3 -

In our opinion, except for the noncompliance described in the preceding paragraph, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal award programs for the year ended December 31, 2000.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal award programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal award program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Findings 2000-1 through 2000-5 indicate that certain internal controls were not in place applicable to the Low Rent, Section 8, and Comprehensive Grant Programs.

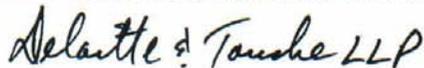
We also noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Authority's ability to administer a major federal award program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2000-1 through 2000-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable conditions described above are not considered to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the general purpose financial statements of the Authority, as of and for the year ended December 31, 2000, and have issued our report, thereon dated April 16, 2001. Such report was based, in part, on the report of other auditors. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. This schedule is the responsibility of the management of the Authority. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Commissioners of the Authority, and federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



April 16, 2001

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CHICAGO HOUSING AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2000**

Fund Number	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Reference Number	2000 Expenditures
U. S. Department of Agriculture				
720	<i>Illinois Summer Food</i> Passed through Illinois State Board of Education Illinois Summer Food Services	10.559	14-016-30110-00	\$ 2,880,406
<i>Other Grants</i>				
811	Child and Adult Food Program (1998/1999)	10.558	14-016-301P-00	47,802
821	Child and Adult Food Program (1999/2000)	10.558	14-016-301	199,866
Total U.S. Department of Agriculture				3,128,074
U.S. Department of Health and Human Services				
<i>Other Grants</i>				
Passed through City of Chicago Department of Human Services				
810	CDHS - Day Care 1998-99 Program	93.575	D8952250391	25,880
816	HeadStart Program (1998/99)	93.600	D8952510364	28,066
817	HeadStart - Collaboration (Horner/Rockwell)	93.600	D8952510428	1,790
819	HeadStart - Childcare Collaboration (1998-1999)	93.600	D8952510429	6,492
826	HeadStart Programs 1999/2000	93.600	D9952510575	453,325
827	HeadStart - Childcare Collaboration (1999-2000)	93.600	D9952510576	451,591
820	CDHS - Day Care 1999-2000 Program	93.667	D9952250463	576,510
Total U.S. Department of Health and Human Services				1,543,654
U.S. Department of Housing and Urban Development				
<i>Low Rent Housing - Operations</i>				
098, 099, 100, 151	Low Rent Housing Operations	14.850	N/A	238,334,126
<i>Low Rent Housing - Contributed Capital</i>				
<i>Revitalization of Severely Distressed Housing</i>				
205	HOPE VI 2000 Demo Stateway Gardens	14.866	IL06URD002D900	480,635
206	HOPE VI 2000 Demo Robert Taylor A & B	14.866	IL06URD002D130	4,239,695
208	HOPE VI 2000 Demo Henry Horner	14.866	IL06URD002D400	471,906
288	HOPE VI - Demolition Grant - Wells Extension	14.852	IL06URD002D596	705,000
290	HOPE VI Grant - URDFY1994 (Cabrini)	14.852	IL06URD002I194	52,514
291	HOPE VI Grant - Robert Taylor Homes	14.852	IL06URD002I196	2,586,212
292	HOPE VI Grant - Ahbla (Brooks Extension) Homes	14.852	IL06URD002I196	25,000
296	HOPE VI - Demolition Grant - Washington Park	14.852	IL06URD002D298	52,780
297	HOPE VI - Demolition Grant - Darrow Homes	14.852	IL06URD002D398	580,700
298	HOPE VI - Demolition Grant - Brooks Homes	14.852	IL06URD002D498	290,500

CHICAGO HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED DECEMBER 31, 2000

Fund Number	Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Grant Reference Number	2000 Expenditures
U.S. Department of Housing and Urban Development (Continued)				
<i>Comprehensive Grant/Capital Fund Program</i>				
190	Comprehensive Grant	14.859	N/A	\$ 11,248,774
222	Capital Fund	14.872	IL06P00250100	10,485,539
257	Comprehensive Grant Program - IL2-709FYY1997	14.859	IL06P002709	975,723
258	Comprehensive Grant Program - IL2-710FYY1998	14.859	IL06P002710	16,285,333
260	Comprehensive Grant Program - IL2-711FYY1999	14.859	IL06P002712	46,426,979
<i>City/State and Section 8 - Substantial Rehabilitation</i>				
500	City/State Section 8 - Substantial Rehabilitation	14.182	N/A	6,804,412
350-380	Section 8 (11b) - Substantial Rehabilitation	14.182	N/A	24,511,894
<i>Section 8 Certificate, Moderate Rehabilitation and Voucher</i>				
310	Section 8 - Existing Housing	14.857	N/A	19,695,900
327-349	Section 8 - Moderate Rehabilitation Housing	14.856	N/A	11,453,670
390	Section 8 - Voucher	14.855	N/A	162,879,962
<i>Public Housing Drug Elimination</i>				
405	Public Housing Drug Elimination Program '98	14.854	IL0DEP0020198	2,270,005
406	Public Housing Drug Elimination Program '99	14.854	IL0DEP0020199	4,120,894
<i>Other Grants</i>				
604	Elderly Services Coordinator	14.864	IL06ESC00200195	379,544
757	Economic Development and Supportive Services	14.864	IL06EDS0020196	92,846
769	Child Health Intervention Program	14.218	D9952670046	2,707
Total U.S. Department of Housing and Urban Development				565,453,250
U.S. Department of Justice				
<i>Other Grants</i>				
Passed through the Illinois Office of Attorney General				
863	Senior Victims Witness Program 1999/2000	16.575	N/A	10,638
864	Victims Assistance Program 1999/2000	16.575	N/A	12,103
865	Victims Assistance Program 2000/2001	17.575	N/A	12,103
Total U.S. Department of Justice				34,844
U.S. Department of Labor				
<i>Other Grants</i>				
866	Met Quantum 1998-1999	17.207	D795200732	115,298
780	Chicago Works	17.253	Y2079008160	90,627
Total U.S. Department of Labor				205,925
GRAND TOTAL				<u>\$ 570,365,747</u>

CHICAGO HOUSING AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2000

1. SCOPE OF ENTITY

The Chicago Housing Authority (the "Authority") is a municipal corporation created and organized under the laws of the State of Illinois for the purposes of engaging in the development, acquisition, leasing, operation, and administration of a Low Rent Housing Program and other federally assisted programs. All significant operations of the Authority are included in the scope of the Office of Management and Budget OMB Circular A-133 audit (the "Single Audit"). The U.S. Department of Housing and Urban Development has been designated as the Authority's cognizant agency for the Single Audit.

Programs Subject to Single Audit - The Schedule of Expenditures of Federal Awards is presented for each federal program related to the following agencies:

- Department of Agriculture
- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Labor
- Department of Justice

Fiscal Period Audited - Single Audit testing procedures were performed for program transactions that occurred during the year ended December 31, 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - Federal financial assistance expenditures are accounted for in the Authority's Enterprise Fund and are recorded on the accrual basis of accounting.

For purposes of this report, certain reporting procedures were followed which disclose the expenditures of the individual programs. All program outlays, including accrued expenditures and capital outlays, are reported as expenditures.

3. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The amounts presented in this schedule have been reconciled to the Authority's general purpose financial statements.

4. FINDINGS AND NONCOMPLIANCE

The findings and noncompliance identified in connection with the 2000 Single Audit are disclosed in the Schedule of Findings and Questioned Costs.

The status of prior year findings has been included in the Schedule of Prior Audit Findings.

Of the federal expenditures presented in the schedule, the Authority provided federal awards to subrecipients under the following programs during the year ended December 31, 2000:

Program Title	CFDA Number	Grant Reference No.	Amount Provided to Subrecipients
Public Housing Drug Elimination	14.854	IL0DEP0020198-99	\$3,651,783
Elderly Service Coordinator	14.864	IL06ESCO0200195	379,544
Economic Development Supporting Services	14.864	IL06EDS0020196	92,846
Chicago Works Project	7.253	Y-7207-9-00-81-60	43,851

In addition to the findings in this report prepared as a result of the Single Audit conducted in accordance with OMB Circular A-133, the following reports resulting from audits conducted by federal or state agencies contain findings and instances of noncompliance.

U.S. Department of Justice - Office of the Inspector General	Audit of Weed and Seed Grants provided in 1992, 1995, and 1996 - report dated July 29, 1999 - The audit report concluded that the Authority's managerial and financial controls over expenditures were not adequate to ensure that expenses were properly accounted for, and that transactions were accurately recorded and supported. As a result, \$531,618 (48%) of costs charged to the grants since June 1994 were unsupported or unallowable. Also, the Authority was unable to obtain \$339,139 in remaining grant funds because it did not submit documentation for budget changes as required. In addition, subgrantee monitoring policies recommended in a prior OIG audit were not implemented timely, and Financial Status Reports were neither timely nor supported.
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Current Status. The Authority has resolved \$307,981 of the \$531,618 of cost charged to this grant and is working with the DOJ to resolve the remaining findings regarding \$223,637 of questioned costs. Target closure date is October 2001.

U.S. Department of Housing and
Urban Development -
Office of the Inspector General

Audit of Community Oriented Policing Services ("COPS") Grants provided in 1996 - Although the audit report did not disclose any significant operational deficiencies, the report noted that the Authority failed to comply with certain procedural requirements. The report recommended that the Authority reclassify the remaining program funds of approximately \$848,000 to other Department of Justice programs.

Current Status. The Authority is working with COPS Monitoring and Compliance Division for resolution by October 2001.

HUD - Status report dated August 30, 1999.

The original report contains 56 comments and recommendations (no questioned cost amounts) regarding the Authority's policies, procedures, practices, internal controls and performance in various areas. The report indicates that certain Authority functions including Security, Preventive Maintenance, Annual Inspections and Risk Management require increased emphasis to resolve problems found in HUD's previous review dated September 30, 1996, of these and other functions.

Current Status. The Authority has resolved 40 out of the original 56 recommendations included in this report. The Authority is working diligently with HUD to resolve the remaining open items. The Authority will provide HUD with an updated status report by July 31, 2001.

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CHICAGO HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2000

CHICAGO HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2000**

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weaknesses? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses? Yes No
- Reportable conditions identified that are not considered to be material weaknesses? Yes None

**Type of auditors' report issued on
compliance for major programs:**

Qualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) YEAR ENDED DECEMBER 31, 2000

Identification of Major Programs

U.S. Department of Housing and Urban Development

CFDA Number	Name of Federal Program or Cluster
14.850	Low Rent Housing
14.857*	Section 8 - Existing Housing
14.856*	Section 8 - Moderate Rehabilitation Housing
14.855*	Section 8 - Voucher
14.182*	Section 11b - Substantial Rehabilitation
14.182*	City/State Section 8 - Substantial Rehabilitation
14.859	Comprehensive Grant Program

* Cluster Program

- Dollar threshold used to distinguish Type A and Type B programs

\$3 million

- Auditee qualified as a low-risk auditee?

 Yes X No

PART II - FINANCIAL STATEMENT FINDINGS SECTION

No findings were noted.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
LOW RENT HOUSING PROGRAM - CFDA 14.850
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
YEAR ENDED DECEMBER 31, 2000

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2000 - 1

QUESTIONED COSTS: NONE

The Authority's procedures for processing tenant applications and conducting annual tenant recertification results in questions regarding the accuracy of tenant monthly rent determinations. Additionally, such procedures do not result in the timely completion of annual recertifications in some instances.

Condition

Our follow-up procedures conducted pursuant to an audit of the housing application and annual recertification process conducted by the Authority's Office of Inspector General ("OIG") noted the following:

- There are inconsistencies in obtaining tenant Social Security numbers. Tenant Social Security numbers are a data element used to collect and verify tenant wage and income information. Tenant wage and income amounts are one of the elements used to determine monthly rent. In some instances, tenant Social Security numbers were entered into the Authority's tenant accounting computer system as 111-11-1111.
- We received conflicting responses from Authority personnel as to whether applications can be approved and tenants can move in prior to receiving Social Security numbers and verifying wages and income.
- The tenant accounting system does not generate edit reports to identify tenant applications and files with missing or incorrect Social Security numbers.
- The annual tenant recertification process is time-consuming and protracted, particularly in instances where tenants, employers and other income providers do not provide timely responses to the Authority's requests for data.
- The annual tenant recertification process includes a number of manual procedures for processing applications, confirming wages and income data, scheduling tenant interviews, generating and mailing notices, updating databases, etc.
- Housing Clerks at each of the developments conduct annual recertifications. Recertifications are conducted based upon tenants' lease anniversary dates. Housing Clerks are responsible for conducting annual recertification procedures for an average of 350-400 housing units each. Again, delays in scheduling tenant interviews and receiving current wage and income data, along with the Housing Clerks' other day-to-day responsibilities, result in a backlog of completed recertifications.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM - CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 1 (Continued)

- The Authority's aging report shows approximately 632 uncompleted recertifications and approximately 524 of these are a year past due. In instances where tenants do not provide the necessary data to complete recertification procedures, the Authority can withdraw assistance and/or initiate legal and eviction proceedings.
- The Authority's OIG performed a wage and income cross-match with the Illinois Department of Employment Security ("IDES"). This match of the Authority's tenant computer files against the IDES employer wage reporting indicated instances where the potential exists for unreported wages. The Authority has not completed its review of the results of this cross-match to determine the impact of unreported wages and income.

Cause

The above conditions appear to be caused by a number of factors. The Authority has policies and procedures in place for processing housing applications and conducting annual recertifications. However, employees do not consistently adhere to such policies and procedures. Also, the Authority is allowed to process applications for potential tenants, where such tenants have applied for a Social Security card. However, the Authority's follow-up procedures to ensure the cards were ultimately obtained are deficient. The application intake and annual recertification processes have not been reviewed (prior to our follow-up and the OIG's audit) with the objective of addressing procedural deficiencies and inefficiencies which contribute to the inconsistent application of policies and procedures and which result in instances of noncompliance with such policies and procedures. Lack of timely cooperation from tenants, employers and other income providers also contributes to the above conditions. Management and employee priorities in balancing the completion of recertification procedures against other responsibilities also appear to contribute to these conditions and circumstances.

Additionally, the Authority's annual recertification process does not require regular wage and income cross-match procedures.

Criteria

The Housing and Community Development Act of 1987 requires applicants to provide the Authority with the Social Security numbers of household members six years old and older. HUD Handbook Regulations require the Authority to obtain and maintain adequate documentation for the determination of tenant eligibility, order of selection, income and rent. The Authority is also required to re-examine the income and family composition of all tenants at least once every twelve months.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM - CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 1 (Continued)

Effect

Inconsistencies in obtaining tenant Social Security numbers and in completing annual recertification procedures can result in ineligible tenants, noncompliance with HUD regulations and incorrect computations of monthly rent. In instances where tenant wages and income are not reported or are underreported, the Authority may request reimbursements from tenants for excess housing assistance provided. The impact on tenant accounts receivable (and corresponding allowance for uncollectible accounts) resulting from potential unreported tenant income cannot be determined until follow-up procedures have been completed.

Recommendations

- Obtain missing Social Security numbers and document such numbers in tenants' files.
- Conduct employee training, as required, to reinforce data collection and applications processing requirements.
- Reinforce communications with tenants and income providers regarding data and information requirements.
- Generate edit reports to identify missing Social Security numbers and other required data.
- Conduct an in-depth study of the housing application and annual recertification process to identify and correct noncompliance issues and to implement recommendations for processing efficiencies.
- Automate various stages of the application and recertification process via use of scanning technology, computer-generated lease violation letters, computer-generated rent increases and notifications, etc.
- Consider contracting out all or portions of the application intake and annual recertification process.
- Hire temporary personnel to eliminate the current recertification backlog.
- Establish a target date for completion of the follow-up to the OIG's cross-match results. Make a determination regarding the collectibility of rents paid by the Authority in excess of tenant eligibility, if applicable.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM - CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 2

QUESTIONED COSTS: NONE

The Authority did not maintain some of the required records needed to support tenant eligibility and order of tenant selection for the Low Rent Housing program.

Condition

- 15 of 25 (60%) files selected did not contain landlord verification or any other third-party evidence to suggest that a tenant check for prior lease violations was performed.
- 2 of 25 (8%) files selected did not include copies of the tenant Social Security card or any other verification of Social Security numbers for all members of the household.
- 2 of 25 (8%) files selected did not contain a signed form HUD 9886 - Authorization for Release of Information for the year under audit.
- 1 of 25 (4%) files selected contained a rent amount per the tenant ledger, which appeared to be inconsistent with the rent amount per the lease agreement.

Cause

The Authority deviated from established policies and procedures.

Criteria

In accordance with HUD Handbook 7465.1 REV-2 and 24 CFR Parts 901, a Public Housing Authority ("PHA") must keep adequate documentation for the determination of tenant eligibility, order of selection, income and rent, which includes maintaining the required HUD forms in the tenants' files. Also, in accordance with 24 CFR 882.212, a PHA must reexamine the income and family composition of all families at least once every 12 months.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM - CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 2 (Continued)

Effect

Documentation deficiencies could indicate instances where public housing is provided to ineligible tenants. Additionally, there could be incorrect rent amounts assessed for tenants if rent amounts differ from the actual lease and the Tenant Rent Roll.

Recommendation

Implement procedures for periodic file reviews and monitoring to ensure that appropriate documentation is maintained. These file reviews should include a standard checklist of required documentation. Follow-up procedures should be implemented for all instances of missing documentation.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM - CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 3

QUESTIONED COSTS: NONE

The Authority did not correct the errors noted on the Multifamily Tenant Characteristics System ("MTCS") HUD form 50058 as of December 31, 2000.

Condition

Public Housing Authorities are required to submit the demographics (name, age, ethnicity, citizenship, rent, unit address, FSS participation, and disability) along with income information on individuals who participate in Public Housing, Indian Housing, and Section 8 programs to the MTCS. The information contained in the MTCS report helps assess the quality of program implementation and allows the Housing Authority to compare information to other Housing Authorities at a county, state, or national level. The MTCS error report that the Authority received identified several discrepancies. During the months of July through December of 2000, MTCS error reports were not corrected and resubmitted to HUD. HUD requires that the MTCS report be filed on a monthly basis. As a result, the Authority did not reconcile the six reports which stated that there was no valid project number, no valid Social Security number, no income amount, no ethnicity selected, and incorrect birth dates. The Authority is responsible for the corrections of the error report and the resubmittal to HUD.

Cause

The Authority deviated from established policies and procedures. Additionally, the Authority's follow-up procedures were not adequate to ensure that such reconciliations were completed and resubmitted to HUD.

Criteria

HUD issued Notice PIH 99-2 on January 28, 1999, to clarify the Form HUD-50058 reporting policy. PHAs under contract to receive and spend funds for public housing operations and Section 8 tenant-based assistance must submit data on the Form HUD-50058 to HUD electronically. Each month, HUD determines PHAs' reporting rates with respect to families assisted in public housing and Section 8 certificates and vouchers. Reporting performance is determined separately for public housing and Section 8. The minimum reporting rate is 85 percent for each program.

Effect

If a PHA does not meet or surpass the minimum reporting rate at the time of a semi-annual assessment (following the June and December semi-annual assessments), the PHA is subject to sanctions. Failure to meet or surpass the minimum reporting rate at the time of the semi-annual assessment could result in a suspension of the Authority's Public Housing Drug Elimination Program drawdowns until the minimum reporting rate is met.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS LOW RENT HOUSING PROGRAM - CFDA 14.850 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 3 (Continued)

Recommendation

Implement procedures for periodic review and monitoring, to ensure that the error reports are corrected and resubmitted in a timely manner.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS COMPREHENSIVE GRANT PROGRAM - CFDA 14.859 U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 4

QUESTIONED COSTS: NONE

The Authority did not follow proper policies and procedures concerning certain authorization of construction payments, waiver liens on property, prevailing wage compliance, and support documentation for the Comprehensive Grant Program ("CGP") Modernization Projects, specifically grants IL06P002709 (Fund 257) and IL06P002710 (Fund 258).

Condition

Testing of several CGP construction payments for Funds 257 and 258 noted the following variances that are not in compliance with the Authority's policies and procedures:

- 8 out of 69 (11%) construction expenditures totaling \$3,891,628 were approved by employees who were not authorized to approve such payments. Additionally, the Authority's Construction/Modernization Division did not provide a payment recertification verifying the services rendered.
- 3 out of 69 (4%) construction files were not in compliance with the Davis-Bacon Act, which requires the payment of prevailing wages for construction activities.
- 3 out of 69 (4%) construction files did not contain waiver of liens in the file.

Cause

The above conditions appear to be caused by a number of factors. The Authority has policies and procedures in place for processing purchase orders and check requests. Under the current policy, for a construction bill payment, there are several documents that must be submitted before payment: (1) a periodic estimate for partial payment (HUD 51001) work itemization; (2) a sworn statement for contractor and subcontractors; (3) a waiver of lien to date and contractor's affidavit; (4) a summary of material stored (HUD 51004); (5) a schedule of materials stored (HUD 51003); and (6) the payment certification properly authorized. In addition, Davis-Bacon files are to be maintained with every construction contract and invoices should not be paid unless there is some notification from Contract Compliance that payments are to be made to satisfy Davis-Bacon requirements. The control procedures in the Construction/Modernization Division were not operating effectively to ensure all construction files contained verification of waiver of liens. Additionally, the Authority's priorities in balancing the monitoring of contract compliance against other responsibilities appear to contribute to these conditions and circumstances.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS COMPREHENSIVE GRANT PROGRAM - CFDA 14.859 (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 4 (Continued)

Criteria

In accordance with the Authority's policies and procedures, all purchase orders or check requests submitted for payment are required to have sufficient levels of approval; however, prior to approval, each purchase order is to be reviewed to assure that it conforms with the terms, conditions, and pricing specified in the purchase order document. When a contract is approved, it is the responsibility of the Purchasing and Contracts Department to assure that a requisition has been properly authorized prior to issuing a purchase order or contract. In cases where the purchase order is not properly authorized, the Authority's procedures state that the purchase order has to have a hold placed on it in the Creative Computer Systems ("CCS"), and will not be released until there is written approval to do so from the responsible party in Legal or the Contract Compliance unit.

Also, according to the Davis-Bacon Act, the Authority must maintain a file with all construction contracts to ensure that all laborers and mechanics working on construction projects financed by federal assistance funds are paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor ("DOL").

Effect

Inconsistencies in following established procurement and payment policies and procedures diminishes the effectiveness of the Authority's system of internal controls. Additionally, the Authority's ability to demonstrate compliance with the prevailing wage requirements is hindered in instances where the appropriate Davis-Bacon files are not maintained.

Recommendation

Update procurement documentation to identify the number and level of employees who are authorized to enter into contracts, issue purchase orders, and otherwise make binding commitments on behalf of the Authority. The Authority's policies and procedures for the Business Service Division have not been updated since 1997.

Also, establish formal written procedures for the Contract Compliance department to ensure that each contract is in compliance with HUD regulations, which includes the Davis-Bacon Act and waiver of liens on CHA property, for the duration of the contract agreement.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION 8 - (VOUCHER - CFDA 14.855; MODERATE REHABILITATION HOUSING - CFDA 14.856; AND EXISTING HOUSING - 14.857) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 5

QUESTIONED COSTS: \$1,992

Instances were noted where the Authority did not properly comply with Housing Quality Standards ("HQS") enforcement procedures.

Condition

Six regular inspections and three emergency (life-threatening) inspections were reviewed and the following was noted:

- 2 out of 6 (33%) instances where the Authority did not perform the required second follow-up inspection 30 days after an initial failed inspection. When a first inspection fails, the Authority should make the second inspection 30 days later to properly follow up and correct the inspection deficiency. The second inspection for these instances was performed subsequent to the 30-day period.
- 1 out of 6 (16%) instances where the Authority failed to abate Housing Assistance Payments ("HAP") and terminate the property manager contract in a timely manner, resulting in the overpayment of HAP of \$1,992.

Cause

The Authority deviated from established policies.

Criteria

In accordance with 24 CFR Section 982.404 and HUD Section 8 Handbook Guidelines 7240.3 and 4350.3, the Authority must perform housing quality inspections at the time of initial occupancy and at least annually thereafter to ensure that the units are decent, safe, and sanitary. For units under contract that fail to meet HQS, the Authority must require the property manager to correct any cited life-threatening HQS deficiencies within 24 hours of the inspection and all other HQS deficiencies within 30 calendar days or within a specified PHA-approved extension. If the property manager does not correct the cited HQS deficiencies within the specified correction period, the PHA must abate HAP beginning no later than the first of the month following the specified correction period or must terminate the HAP contract.

Effect

Untimely second inspections can result in uncorrected property deficiencies. Untimely abatement procedures can result in improper payment of HAP and noncompliance with HUD guidelines.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION 8 - (VOUCHER - CFDA 14.855; MODERATE REHABILITATION
HOUSING - CFDA 14.856; AND EXISTING HOUSING - 14.857) (Continued)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 5 (Continued)

Recommendation

Implement procedures to ensure reinspection of deficiencies within 30 days of inspection and to ensure the timely abatement of HAP in instances of noncompliance by property managers.

CHICAGO HOUSING AUTHORITY
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2000



The Chicago Housing Authority

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN YEAR ENDED DECEMBER 31, 2000

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Chairperson

Rahm Emanuel
Vice-Chairman

Board of Commissioners
Hallie Amey
Mamie Bone
Michael Darcy
Leticia Peralta Davis
Earnest Gates
Dr. Mildred Harris
Andrew Mooney
Sandra Young

Terry Peterson
Chief Executive Officer

G.A. Finch
General Counsel

FINDING 2000 - 1

Tenant Recertification

The Authority's procedures for processing tenant applications and conducting annual tenant recertification results in questions regarding the accuracy of tenant monthly rent determinations. Additionally, such procedures do not result in the timely completion of annual recertifications, in some instances.

Corrective Action Plan

The Private Management and Resident Management firms are required to make sure all application documentation and the annual recertification process conforms with established policies and procedures. Presently, all residents living in the developments are required to be recertified to ensure that they are lease compliant under the Plan for Transformation. The Authority's Asset Management Department is currently working with the private and resident management firms to complete all recertification by October 2001. Asset Management has developed a Trend Report, listing the number of recertifications outstanding as their management tool for this project. Social Security number verification is part of this process and Asset Management has provided the management firms with a Social Security number exception report from the Authority's information system and is refreshed monthly.

To ensure that this area is administered correctly in the future, and that proper documentation is being gathered, the Operations Division is establishing a Quality Control Unit ("QCU"). QCU's main responsibility will be to ensure all rules and regulations are being adhered to at all sites. This includes, but is not limited to, making sure tenant files include all required documents and the recertification process is performed annually and timely. The Authority is currently in the process of increasing the staff to comply with this development by the Fourth Quarter 2001.

The Authority's OIG income cross-match with the Illinois Department of Employment Security ("IDES") was performed in 1998. This IDES information is available to the Authority as a result of a "Data-Sharing Agreement" between the Authority and IDES that expired June 30, 2001. The Authority is in the process of renewing this Agreement so that a current cross-match can be created. However, it is not certain how this information can be used. The "Agreement" allows the Authority's OIG access to the data for auditing purposes, but it is not certain how, or if, this data can be used in the recertification process. This is being considered as the Authority reviews the renewal of the agreement.

626 West Jackson Boulevard • Chicago, Illinois 60661-5601 • (312) 791-8500

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 2

Low Rent Eligibility Testing

The Authority did not maintain some of the required records needed to support tenant eligibility and order of tenant selection for the Low Rent Housing program.

Corrective Action Plan

The Private Management and Resident Management firms are required to make sure all tenant files include the necessary documentation for eligibility. Presently all residents living in the developments are required to be recertified to ensure that they are lease compliant under the Plan for Transformation. To ensure that this is being administered correctly and that proper documentation is being gathered, the Operations Division is establishing a Quality Control Unit ("QCU"). QCU's main responsibility will be to ensure all rules and regulations are being adhered to at all sites. This includes but is not limited to making sure tenant files include all required documents. The Authority is currently in the process of increasing staff for this initiative by the Fourth Quarter 2001.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 3

Low Rent Tenant Eligibility

The Authority did not correct the errors noted on the Multifamily Tenant Characteristics System ("MTCS") HUD form 50058 as of December 31, 2000.

Corrective Action Plan

The CHA will implement a policy by June 30, 2001 that will require Property Management firms to enter data in the CHA database (currently CCS - "Creative Computer Solutions") for use in HUD 50058 - Family Report generation. The interim policy of data corrections will continue until the existing contracts with property management firms are either renewed with new terms and conditions, or until new contracts are entered into with specified criteria for service levels, including validation of data entered in the centralized database repository and the recertification of erroneous data. The CHA Information Technology Services Department will generate an error report from CCS to indicate the instances of data error in the HUD 50058 report. Information Technology Services will provide the CCS error report to the CHA Asset Managers for dissemination to the appropriate property managers.

Property management firms will have a period of five days following receipt of the CCS error report to correct information and cure the data error. The property management firms will provide notice of the data correction to the responsible CHA asset manager within the five-day cure period. Upon the validation of data and receipt of notice, the Information Technology Services Department will generate an additional CCS error report prior to generating the HUD 50058 report to ensure that the report is free of error prior to submission to HUD.

The Asset Management Department will provide notice to the Department of Business Services of any property management firm not complying with the data correction request within the five-business-day cure period. This information will be maintained with vendor performance information for use in future vendor evaluations.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 4

Comprehensive Grant Program

The Authority did not follow proper policies and procedures concerning proper authorization of certain construction payments, waiver liens on property, and prevailing wage compliance for the Comprehensive Grant Program Modernization Projects, specifically grants IL06P002709 (Fund257) and IL06P002710 (Fund 258) as of December 31, 2000.

Corrective Action Plan

The audit of the above Comprehensive Grant Programs covered 3½ years, starting in 1997 and ending in 2000.

The majority of the exceptions noted are pre-2000. In fact, all of the findings related to approval were for 1998 and 1999. During this period, CHA encountered substantial changes in employee turnover, management, and organizational structure. Authorization policy was not kept current with these changes. The employees approving these payments were assumed to be authorized at the time until the policy could be updated. The Authority's current management team is reviewing the policies and procedures and making revisions as necessary.

The current CHA Procurement Policy was evaluated and a new policy was proposed to HUD in December 2000. Since March 2001, a not-for-profit consulting organization has been re-mapping our existing procurement process, identifying inefficiencies, and will be proposing a new process in July 2001. Once this new process is reviewed and approved, the Department of Business Services will begin drafting a new Procurement Procedures Manual, based on the December HUD proposed policy. This new Procedures Manual will address the number and level of employees who are authorized to enter into contracts, issue purchase orders and otherwise make binding commitments on behalf of the Authority.

Formal written procedures for the Contract Compliance Department, ensuring that each contract is in compliance with HUD regulations concerning the Davis-Bacon Act, for the duration of the contract agreement, are currently in existence and being adhered to. All other procurement procedures will be addressed in the above-referenced new Procurement Manual.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2000

FINDING 2000 - 5

QUESTIONED COSTS: \$1,992

Instances were noted where the Authority did not properly comply with Housing Quality Standards ("HQS") enforcement procedures.

Corrective Action Plan

CHAC, CHA's third-party Administrator for the Section 8 program, has written procedures which outline the requirements for inspection and enforcement of Housing Quality Standards. Computer reports and a manual tracking log are maintained to ensure compliance with the HQS enforcement requirements. The staff is aware of the specific HQS enforcement standard which requires either a pass inspection or the abatement of the subsidy within 24 hours of the initial inspection citing the emergency item. In addition, the staff is aware of the requirements to have either a passed inspection or an abatement of the subsidy placed within 30 days of the initial failed inspection. In the three instances cited in the audit, CHAC acknowledges that it failed to reinspect two of the units in the required timeframe, and terminate the contract on the third unit. The owner of the third unit has been informed, in writing by certified mail, that the overpayment of \$1,992 must be repaid. CHAC has and will continue to improve its procedures to meet HQS enforcement requirements and implement such improvements in procedures by October 31, 2001.

**CHICAGO HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2000**



The Chicago Housing Authority

CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2000

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Chairperson

Rahm Emanuel
Vice-Chairman

Board of Commissioners

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Mamie Bone
Michael Darcy
Leticia Peralta Davis
Earnest Gates
Dr. Mildred Harris
Andrew Mooney
Sandra Young

Terry Peterson
Chief Executive Officer

G.A. Finch
General Counsel

FINDING 1999 - 1

The Authority's procedures for processing tenant applications and conducting annual tenant recertification results in questions regarding the accuracy of tenant monthly rent determinations, in some instances. Additionally, such procedures do not result in the timely completion of annual recertifications, in some instances.

Status

The Authority is working with the Private Management firms to resolve the backlog in recertifications by October 2001. Monitoring procedures are in place for the Asset Management Department to ensure they are in compliance. This finding was repeated as Finding 2000-1.

FINDING 1999 - 2

The Authority did not maintain some of the required records needed to support tenant eligibility and order of tenant selection for the Low Rent Housing Program.

Status

During 2000, the Authority's housing operations' reorganization limited the number of reviews performed to ensure completeness of tenant files. In order to remedy this situation, the private management firms were given the responsibility to verify that resident files are maintained in accordance with HUD regulations. The Asset Management Department will ensure that firms conduct a management audit of resident files to ensure compliance. This finding was repeated as Finding 2000-2.

FINDING 1999 - 3

The Authority did not reconcile the physical inventory results to the corresponding equipment records as of December 31, 1999.

Status

During the fiscal year the Authority had an inventory observation performed by McCright & Associates. Prior to this year, there had not been a complete inventory performed since 1996. Accordingly, this finding was resolved and not repeated in 2000.

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CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS (Continued) YEAR ENDED DECEMBER 31, 2000

FINDING 1999 - 4

The Authority's private contractor, CHAC, Inc., overpaid certain landlords for portability tenants.

Status

CHAC has implemented procedures to monitor compliance with all HUD regulations and ensure the required documentation is in the tenant files. Also, as part of the regular monitoring of Quadel's (CHAC's Parent Co.) contract, HUD and the Authority review CHAC tenant files to assure compliance with contract performance standards. Quadel has consistently met the performance standards related to tenant eligibility and rent determination. This finding was resolved and was not repeated in 2000.

FINDING 1999 - 5

The Authority did not prepare and submit various required reports within the required filing deadlines.

Status

The Authority and CHAC met to establish timelines to ensure timely submission of future budgets and other HUD reports. The 2000 Budgets were submitted to HUD before the October 1, 1999, due date for fiscal year 2000. The fiscal year 1999 reports were filed late. This finding was not repeated in 2000.

FINDING 1999 - 6

The Authority has not completed its documentation of the policies, procedures, practices and controls that will be used to guide the financial, operational and administrative practices of the Family Investment Center ("FIC"). Additionally, control and procedural deficiencies exist with regards to the FIC's concrete and fencing contract; furniture, appliance, and related services contract; and construction contract.

Status

The Family Investment Center assigned their Chief Financial Officer the task of finalizing the policies and procedures for FIC. The policies and procedures were developed, approved and implemented during the fiscal year 2000.

The FIC has obtained the services of a certified public accountant firm to prepare their annual financial statements and all federal and state informational returns. A separate 2000 audit was conducted of the FIC's 501(c)(3) activity and all required federal and state reports were submitted timely.

FIC did respond to the OIG audit findings by providing the OIG with detailed explanations and support documentation to close the audit findings. Accordingly, this finding was not repeated in 2000.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS (Continued) YEAR ENDED DECEMBER 31, 2000

FINDING 1999 - 7

The Authority has not completed certain procedures (audit agreed-upon procedures) to close out the Modernization Programs.

Status

For the years ending December 31, 1999 and 2000, independent auditors were hired to perform agreed-upon procedures in order to close these programs. The Authority will continue to follow this action in subsequent years. Based upon the above information, this finding is not repeated in 2000.

APPENDIX VIII: MTW ANNUAL REPORT REQUIRED CERTIFICATIONS



CHICAGO HOUSING AUTHORITY

February 19, 2002

GENERAL ITEM NO. 1

**APPROVAL OF THE CHICAGO HOUSING AUTHORITY'S FY2001
MTW ANNUAL REPORT**

To the Honorable Board of Commissioners

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached "FY2001 MTW Annual Report", and grant authorization to submit it to the United States Department of Housing and Urban Development (HUD).

EXPLANATION

On January 6, 2000, the Board of Commissioners of the Chicago Housing Authority (CHA) approved the agency's Plan for Transformation, calling for sweeping changes in the administration and operation of the CHA. The Plan for Transformation was approved by HUD and incorporated into a Moving to Work (MTW) Agreement, executed on February 6, 2000. The agreement was subsequently amended in February 2001, requiring CHA to produce and submit an Annual MTW Plan to HUD no less than 60 days prior to the start of CHA's fiscal year. The Board of Commissioners approved CHA's Annual MTW Plan on October 16, 2001.

The February 2001 Amendment to the MTW Agreement also required CHA to prepare an Annual MTW Report to compare the CHA's performance with its Annual MTW Plan. With the Annual MTW Report, CHA is required to "provide the information necessary for HUD to assess the CHA's performance, in both regular operations and in activities authorized by the MTW Demonstration Program". HUD requires that this report be submitted annually, along with a board resolution approving the report, no later than 60 days after the end of the CHA's fiscal year.

The "FY2001 MTW Annual Report" follows the format of the Annual MTW Plan and tracks CHA's progress over the last year in implementing its Plan for Transformation. A draft report is available for the Board's review and the final report will be available no later than March 1, 2002. Although the draft report is substantially completed, there may be minor revisions subsequent to the Board meeting.

Based upon the foregoing, it is in the best interest of the CHA to approve the "FY2001 MTW Annual Report", and grants authorization to submit the report to the United States Department of Housing and Urban Development.

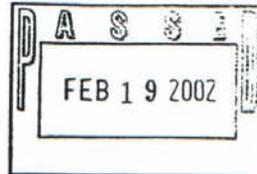
626 West Jackson Blvd., Chicago, Illinois 60661 • Tel (312) 567-1831 • Fax (312) 441-0846

RESOLUTION NO. 2002-CHA-14

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated February 19, 2002 requesting approval of the "FY2001 MTW Annual Report", attached hereto;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners approves the attached "FY2001 MTW Annual Report", and grants authorization to submit the report to the United States Department of Housing and Urban Development.



DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure.)

Approved by OMB
0348-0046

1. Type of Federal Action: <input type="checkbox"/> NA a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> NA a. bid/offer/application b. initial award c. post-award	3. Report Type: <input type="checkbox"/> NA a. initial filing b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, if known: Chicago Housing Authority 626 W. Jackson Blvd. Chicago, IL 60661 Congressional District, if known: 7th	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency: US Department of Housing and Urban Development	7. Federal Program Name/Description: MTW Annual Report Certification CFDA Number, if applicable: NA	
8. Federal Action Number, if known: NA	9. Award Amount, if known: \$ NA	
10. a. Name and Address of Lobbying Registrant (if individual, last name, first name, MI): NA	b. Individuals Performing Services (including address if different from No. 10a) (last name, first name, MI): NA	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature:  Print Name: Terry Peterson Title: Chief Executive Officer Telephone No.: 312-791-8500 x4181 Date: 02/27/2002	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

**Certification of Payments
to Influence Federal Transactions**

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Applicant Name

Chicago Housing Authority

Program/Activity Receiving Federal Grant Funding

MTW Annual Report Certification

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

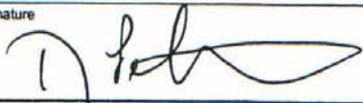
Name of Authorized Official

Terry Peterson

Title

Chief Executive Officer

Signature



Date (mm/dd/yyyy)

02/27/2002

Previous edition is obsolete

form HUD 50071 (3/98)
ref. Handbooks 7417.1, 7475.13, 7485.1, & 7485.3

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name
Chicago Housing Authority

Program/Activity Receiving Federal Grant Funding

MTW Annual Report Certification

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

- (1) The dangers of drug abuse in the workplace;
- (2) The Applicant's policy of maintaining a drug-free workplace;
- (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
- (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

- (1) Abide by the terms of the statement; and
- (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. Sites for Work Performance. The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

See Attachment

Check here if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties.
(18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official Terry Peterson	Title Chief Executive Officer
Signature 	Date 02/27/2002

form HUD-50070 (3/98)
ref. Handbooks 7417.1, 7475.13, 7485.1 & .3

**Certification for
a Drug-Free Workplace**

Attachment

Sites for Work Performance

Chicago Housing Authority Central Office, 626 W. Jackson Blvd. Chicago, Cook County, IL
60661

Chicago Housing Authority Office, 600 W. Jackson Blvd., Chicago, Cook County, IL 60661

Chicago Housing Authority General Counsel Office, 200 W. Adams, #2100, Chicago, Cook
County, IL 60606

Chicago Housing Authority Office, 833 W. 115th Street, Chicago, Cook County, IL 60628