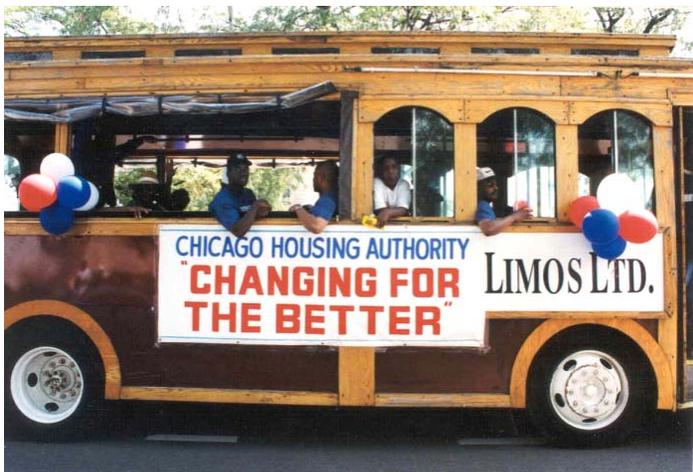




Chicago Housing Authority

Moving To Work (MTW) Annual Report FY2002





LETTER FROM THE CHIEF EXECUTIVE OFFICER

Sharon Gist Gilliam
Chairperson

Lori Healey
Vice-Chairperson

Board of Commissioners

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Mamie Bone

Leticia Peralta Davis

Earnest Gates

Dr. Mildred Harris

Michael Ivers

Sandra Young

Terry Peterson
Chief Executive Officer

Montel Gayles
Chief of Staff

Gail A. Niemann
General Counsel

As we review the results of 2002, I'm pleased to report that the CHA is on pace to fulfill the goals set forth in our Plan for Transformation. Three years into the Plan, we have completed 30 percent of the units designated for redevelopment or rehabilitation. Over half of those units were restored during FY2002, as we rehabilitated approximately 3,400 senior apartments and more than 1,000 scattered site dwellings. We also made critical advancements in plans to redevelop several of our high-rise family properties, where construction of new mixed-income communities is projected to accelerate in FY2003.



And while we are building better places for our residents, we are also working hard to improve their current living conditions. We met goals for addressing emergency work orders at our family properties and for dramatically trimming the backlog of needed work at these locations.

Thanks to these efforts and a strong commitment from Mayor Daley, a better future for the residents of public housing is taking shape before our eyes. But we continue to set our sights higher, as we did during FY2002. While we completed enough units last year to stay on a course for success, we had hoped to achieve even more. Our goal of rehabilitating an additional 1,000 senior units, for instance, was hampered by issues associated with procurement of services and environmental remediation. Nonetheless, rehabilitation activity on more than 800 of these units was underway by the end of the year.

Just as this annual report underscores our successes, it also identifies hurdles that we must overcome. For instance, we are in the process of reviewing and improving our relocation process, and we have already made many adjustments recommended by an independent auditor. In addition, we've ascertained the need to enhance oversight of our private property management firms to ensure quality control.

These challenges come as no surprise. As I have said many times, the Plan for Transformation represents the largest overhaul of public housing in the nation's history, and we will continue to wrestle with encumbrances that naturally affect a program of this magnitude. We welcome both input and participation from our stakeholders as we address these matters. With your help and cooperation, I have no doubt that we will continue to improve upon our success and create a lasting legacy of hope for residents of public housing.

Sincerely,

Terry Peterson
Chief Executive Officer
Chicago Housing Authority

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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 amendments provide a description of the CHA's process for accomplishing the Plan for Transformation's goals and objectives. The Authority submitted its third MTW Annual Plan, the Plan for Transformation - Year 3 (FY2002), on October 16, 2001.

Incorporated as a component of the Plan for Transformation, the MTW Demonstration Agreement requires the Authority to produce an annual report on the Plan's implementation. This document represents the Authority's MTW Annual Report for FY2002 and provides the results of the third year of implementation of the Plan for Transformation.

Highlights of the year include the following:

Development

- Chose and approved a Master Developer for Grace Abbott Homes, Jane Addams Homes, and Brooks Extension (ABLA).
- Completed real estate closing at Henry Horner Homes Phase II, worth nearly \$40 million.
- Selected a Developer for Cabrini Extension North On Site.
- Closed Hilliard Homes Phase I, valued at \$47 million, after securing nine sources of public and private financing. Commenced construction.

Capital Construction

- Met FY2002 goal to rehabilitate 1,063 scattered site units.
- Rehabilitated more than 3,400 senior units.
- Structurally demolished 2,199 non-viable units.

Relocation

- Moved over 275 families into their permanent housing location.
- Completed over 1,000 moves out of non-viable units to prepare for redevelopment.
- Moved nearly 3,000 seniors into their newly rehabilitated units.

Property Management

- Completed 100% of emergency work orders within 24 hours at family properties.
- Decreased the non-emergency work order backlog at family properties by 66% and at senior properties by 11%.
- Decreased the number of past due recertifications at family and senior properties by 64% and 67% respectively.
- Through the Habitability Initiative, distributed or obligated nearly \$25.3 million to make critical repairs to family properties.

Human Capital Development

- Placed 1,703 residents in employment.
- Surpassed its goal of finding jobs for 3,000 residents by FY2005 two years early.
- Served over 1.2 million meals to children at family developments during the summer break.
- Nine thousand, three hundred eighty (9,380) residents completed the Family Service Connector System's intake and assessment process.

Housing Choice Voucher

- Achieved a lease-up rate of 98.7%, surpassing the 98% goal.
- Assisted 16 families in purchasing their first home through the Choose to Own Program.
- Identified 1,616 new unit listings in low-poverty areas.

Procurement and Contracts

- Continued to enforce the MBE/WBE/DBE policy in order to provide major opportunities for small and disadvantaged businesses to work with the CHA.
- Committed over \$200 million to MBE/WBE/DBEs through collaboration with contracts.

Agency Funding

- Received the Bond Buyer's 2002 Deal of the Year Award for the country's first public housing tax-exempt bond issue.
- Received the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation Award from the Government Finance Officers Association.
- Raised \$16.13 million in funding for a Plan to date total of \$40.53 million.

CHAPTER 1: CAPITAL PROGRAM

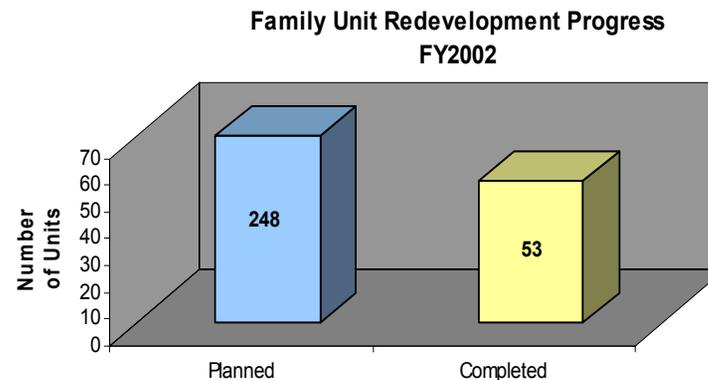
The Chicago Housing Authority's ten year Plan for Transformation calls for the rehabilitation or redevelopment of 25,000 family, senior, and scattered site public housing units. While the FY2002 plan called for 6,193¹ completed units, the CHA encountered and addressed multiple challenges that prevented it from meeting this goal, including unforeseen structural damages, necessary environmental remediation, and procurement barriers. During the year, the CHA completed 4,605 units of housing, bringing the total completed units to 7,457 or 30% of the 25,000 goal.

Unit Completion	2000 and Before Completed	2001 Completed	2002 Planned	2002 Completed
I. Family Properties Redevelopment				
ABLA Homes	329	0	0	0
Cabrini Extension North				
North Town Village I	28	11	0	0
North Town Village II	0	16	24	24
Mohawk North	16	0	0	0
Mohawk Partners Infill	0	5	0	0
Orchard Park	0	0	13	13
Old Town Square	0	0	16	16
Old Town East	0	0	28	0
Henry Horner Homes	553	0	0	0
Lakefront Replacement Housing	90	16	0	0
Rockwell Gardens	0	0	0	0
Stateway Gardens	0	0	0	0
Taylor Homes	29	27	0	0
Madden/Wells/Darrow	0	0	0	0
Rehabilitation as Mixed Income				
St. Edmund's Meadows	0	0	14	0
Hilliard Homes	0	0	153	0
Total	1,045	75	248	53
II. Senior Units Rehabilitated	0	1,026	4,500	3,489
III. Scattered Site Units Rehabilitated	0	706	1,063	1,063
<i>Lakefront Scattered Site Rehabilitation (Counted above in Lakefront Replacement Housing)</i>		44	27	27
IV. Family Units Rehabilitated	0	0	382	0
Total Units Completed	1,045	1,807	6,193¹	4,605
Cumulative Total	1,045	2,852	-	7,457
Percentage of Total (25,000) Complete	4.2%	11.4%	-	29.8%

¹ Originally 6,220, this new number accounts for a minor adjustment made based on a category shift in units. Please see the section on scattered site rehabilitation for a detailed explanation.

REDEVELOPMENT

Redeveloped CHA units in revitalized, mixed-income communities are being planned and built throughout many areas of the City of Chicago. The CHA's FY2002 goal was to complete 248 such units. Fifty-three (53) of the units were built around the Cabrini-Green area at North Town Village II, Orchard Park, and Old Town Square. The FY2002 Plan anticipated that construction would start on 153 units at Hilliard Homes in FY2001. Due to financial restructuring, however, rehabilitation began at Hilliard Homes in FY2002, with the first units to be delivered in FY2003.



In FY2002, the CHA achieved many milestones at its redevelopment sites and the surrounding areas in preparation for additional FY2003 unit delivery. A detailed summary of activity status is provided below.

ABLA - 1,467 Public Housing Units

When completed, ABLA is planned to include 1,467 public housing units. Rehabilitation of Robert Brooks Homes, which was completed in FY2000, represents the first phase of ABLA. In FY2002, a Master Development Team was selected and approved by the CHA Board of Commissioners for the next phase, which is the mixed-income redevelopment of the remaining ABLA development, including Grace Abbott Homes, Brooks Extension, and the historic Jane Addams Homes. This was a change from the original plan for FY2002 to start developing the 8-acre Brooks Extension site separately from the rest of the 75-acre ABLA Development Area. After reviewing and evaluating three proposals for the Brooks Extension site in early FY2002, the selection strategy was revised in April 2002 to ensure a more integrated and holistic development. A new comprehensive request for proposals (RFP) was issued in June 2002 and resulted in the selection of a Development Team in December 2002.

Cabrini Extension North On Site - 195 Public Housing Units

There will be a total of 195 on-site public housing units at Cabrini Extension North. In FY2001, the Working Group released a RFP for a Development Team. The team was selected and approved by the CHA during the latter half of FY2002. Financing applications and a site plan will be completed in FY2003.

Cabrini Extension North Off Site - 505 Public Housing Units

In total, 505 public housing units will be provided in the Cabrini Extension North off-site area. Prior to FY2002, 76 public housing units were delivered at off-site developments around the area. Work completed on additional smaller, mixed-income developments in FY2002 included:

- All 24 units planned for North Town Village II in FY2002 were delivered to the CHA. Along with the 16 units finished in FY2001, this site is now complete, adding 40 new units to the CHA inventory.
- Closing at the Orchard Park development was completed in FY2002. All 13 units were transferred from Housing Choice Voucher units to permanent CHA units during the third quarter.
- Sixteen (16) units were also delivered at Old Town Square in FY2002.
- Construction at Old Town Village East began and will continue throughout FY2003. Closings will occur as units are finished and delivered. Due to problems in gap financing, units originally planned for delivery in FY2002 will be completed during FY2003. This site will contain a total of 28 public housing units when completed.
- Multiple closings will take place as units are delivered in FY2003 at Old Town Village West. Construction on these units began in the first quarter. Old Town Village West will have 38 public housing units when finished.
- Renaissance North units were under construction in FY2002. Eighteen (18) public housing units will be delivered in FY2003.
- As intended in the Year 3 Plan for Transformation, the CHA also began pre-closing activities on two new developments in the Cabrini Extension North area. The Domain Lofts project is the rehabilitation of the former Montgomery Ward Catalogue Building. This will result in a mixed-use development consisting of 298 residential units, of which 16 units will be purchased as replacement housing for Cabrini Extension North families. During FY2002, non-public housing resources were identified to help alleviate high acquisition and operating costs. Additionally, the City of Chicago released a request for qualifications (RFQ) in June 2002 seeking qualified development teams to redevelop the former Near North High School. Responses are currently under review by the Working Group. The RFQ contemplates the construction of approximately 400-450 units of which 30% will be designated as replacement housing for Cabrini Extension North families.

Henry Horner Homes Phase II - 271 Public Housing Units

Horner Homes will contain a total of 824 public housing units. The first 553 were completed prior to FY2001 and include new on-site and off-site public housing units. The remaining phase, Phase II, will provide public housing units in a mixed-income community on the Henry Horner Homes site. The financial closing of the low-rise rental portion, Horner Homes Phase IIa, took place in FY2002, and notices to proceed with construction activities were issued. The required City planning approval process was also completed in FY2002. Likewise, the environmental planning process for the Phase IIa was concluded; the CHA received a draft No Further Remediation Letter to finalize this process. The City of Chicago completed infrastructure activities at this site as well. These activities included the installation of sewer, water, and gas lines for this entire Phase IIa site.

Lakefront Housing - 441 Public Housing Units

The Lakefront Homes property was demolished in the mid-1990s. Four hundred forty-one (441) units of replacement housing will be provided at Lake Park Crescent, Drexel Boulevard, and in scattered site locations throughout the City. Through FY2001, 106 of the replacement housing units were provided in scattered locations. A RFP for an additional 38 scattered site units in Woodlawn was issued in FY2002, and the City of Chicago has identified vacant and available lots for potential unit development.

The City planning approval process began for Lake Park Crescent in the first quarter and continued throughout the year. This site will include 60 public housing units. The Department of Buildings is expected to issue permits in FY2003. Environmental site planning was completed earlier than expected during the third quarter of FY2002, and a draft No Further Remediation Letter was received. The City of Chicago performed infrastructure activities in FY2002. This included the construction of sewer and water lines, lighting structures, and temporary roads. Also, the initial financing activities, which began in FY2001 when applications were sent to the City of Chicago and the State of Illinois, continued throughout FY2002 as the CHA performed ongoing review and periodic updates to the Mixed Finance Proposal. Although the closing process has begun, it will not be finished until FY2003.

There will be 30 public housing units at Drexel/Jazz on the Boulevard when it is complete. The CHA submitted all required materials for the City planning approval process in FY2002. The process will be completed once the Department of Buildings issues construction permits. Regarding environmental planning, a No Further Remediation Letter is in process, and the CHA is working with the State of Illinois to facilitate its official submission. The City of Chicago performed infrastructure activities, including the installation of sewer and water lines, which began in FY2001 and continued throughout FY2002. Initial financing commitments proceeded as planned in FY2002. At the end of the year, the Developer was in the process of finalizing the construction budget, and closing and construction will subsequently proceed.

Madden Park/Ida B. Wells and Extension/Clarence Darrow Homes Phase 1a - 63 Public Housing Units

In all, 900 rental public housing units will be available at Madden Park/Wells/Darrow Homes. A Developer for Phase 1a was selected in FY2001. Financial negotiations with the Developer took place throughout FY2002, and closing is expected to take place in FY2003. The City has already planned and bid infrastructure activities. The activities include construction of sewer, water, and gas

lines, and are set to take place in FY2003. The City planning approval and environmental site planning processes began in the second quarter and continued throughout FY2002. The start of construction was delayed until FY2003 due to complex financing issues.

Raymond Hilliard Homes Phase I - 153 Public Housing Units

In partnership with Holsten Real Estate Development Corporation, the CHA is creating a totally rehabilitated, affordable rental development at the historic Raymond Hilliard Homes. Hilliard Homes was constructed in 1966. It was designed by Bertrand Goldberg, who also designed Marina Towers and River City. This historic restoration will include a total of 305 public rental housing units and 349 tax credit rental units in a mixed-income neighborhood with a significant amount of new development. Approximately 60% of the public housing units will continue to be designated as senior housing. After securing nine sources of public and private financing, the \$47 million first phase of the Hilliard Homes deal closed, and construction began in the fourth quarter. The Phase I construction includes 153 public housing units scheduled for delivery beginning in late FY2003. These units were originally scheduled for delivery in FY2002, but the closing was delayed due to financial restructuring and complications in securing investors for the historic preservation and low-income housing tax credits.

Robert Taylor Homes On-Site - 297 Public Housing Units

Robert Taylor will contain a total of 851 on- and off-site public housing units when completed. The initial financing activities for the on-site, northern portion of Robert Taylor Homes did not begin in FY2002 as originally planned. The Developer worked throughout the year to increase the community support and incorporate the adjacent neighborhood in planning efforts. The northern portion, containing a total of 297 on-site units, will move ahead in FY2003.

Robert Taylor Homes Off-Site - 251 Public Housing Units

Of the 851 total units, the CHA plans to develop 251 off-site public housing units in the area surrounding Robert Taylor. Already, 56 units have been completed at the Langston and the Quincy. Pre-development work on another off-site development, which will contain an additional 53 public housing units, also began in FY2002. The City planning approval process for this phase began in the third quarter, and the Developer submitted a Tax Credit Application to the City of Chicago.

Rockwell Gardens Phase I - 72 Public Housing Units

In total, Rockwell Gardens will contain 264 public housing units. As planned in FY2002, work on the Mixed Finance Proposal for on- and off-site development of Rockwell Gardens was initiated. The City of Chicago installed a new sewer on Monroe Street between Campbell and California, beginning the extensive infrastructure work at the site. The City's planning approval and environmental site planning processes began during FY2002.

Pre-development work also began on a Rockwell Gardens off-site development. The development will include 14 public housing units in a 42-unit mixed-income development when complete. In FY2002, the Developer was awarded tax credit financing to support the development, and applied for City building permits. The closing is expected in FY2003.

An additional four units are under construction at Archer Courts, a former CHA property that is being redeveloped into for-sale condominiums. As part of the transaction financing for the Archer Courts town homes, the CHA's compensation for the property includes the four public housing units which will be part of the overall Rockwell Gardens redevelopment when completed in FY2003.

Stateway Gardens Phase 1B (on site) - 134 Public Housing Units

The comprehensive Stateway redevelopment plan proposes that 439 public housing units be developed on- and off-site in several phases over the next six years. The first on-site phase, known as Phase 1B, continued its design development and City approval process in FY2002. This includes work on the City's Planned Development and new Tax Increment Financing (TIF) Designation, both which are expected in FY2003. Environmental studies and infrastructure planning that began in FY2002 are near completion, with infrastructure construction to begin in FY2003. Real estate closing for Phase 1B is projected for fourth quarter FY2003.

Stateway Phase 1A (off site) - 28 Public Housing Units

During FY2002, this first off-site development phase received approvals on zoning, TIF issues, and city land disposition, all of which are pending final City Council approval. The physical plans were completed and are progressing through the City Permit Department. The Development Team worked to secure final financing, and the Mixed Finance Proposal was being prepared for submission. Real estate closing for Phase 1A is projected for mid FY2003.

St. Edmund's Meadows - 14 Public Housing Units

The Mixed Finance Proposal for St. Edmund's Meadows, which includes some replacement housing for Washington Park, was reviewed and updated in the last half of FY2002. The closing process also began, and is projected for completion during the first quarter of FY2003. Construction will commence after closing in FY2003. Following closing, there is a 14 month construction period before units are delivered.

NON-TRADITIONAL APPROACHES TO PUBLIC HOUSING

Project-Based Voucher Assistance

In the FY2002 Plan, the CHA committed to project-base a portion of its vouchers for special housing initiatives. The CHA fulfilled these plans in FY2002 by participating in the Regional Housing Initiative and Chicago's Five Year Supportive Housing Program.

Regional Housing Initiative

To encourage regional cooperation and partnership with other housing authorities throughout the Chicago area and to provide housing opportunities to low-income families near jobs and major transportation centers, the CHA approved an intergovernmental agreement to participate in the Regional Housing Initiative (RHI) in FY2002. RHI, a collaborative effort of the CHA, the housing authorities of Cook and Lake Counties, and the Metropolitan Planning Council, creates a pool of project-based Housing Choice Vouchers (HCVs) for developers to use in their affordable rental properties located near regional job centers. This initiative was launched in FY2002 when the first RFP seeking developers to submit their bids for developments for project-based voucher subsidies was released.

Chicago's Five Year Supportive Housing Program

The CHA committed to providing vouchers for special supportive housing initiatives. Thus, it will provide 295 project-based vouchers over five years to the new Supportive Housing Program. These vouchers will provide housing opportunities to families and single persons in need of transitional assistance. This program will be administered through the Chicago Department of Housing. In FY2002, the CHA's Board of Commissioners approved 77 project-based vouchers for a development in the South Loop. If HUD approves this initiative, these units will be ready for occupancy in FY2004.

City of Chicago Collaboration

The CHA increased its collaboration with various City of Chicago departments to ensure a smooth and successful capital redevelopment program that will rejoin public housing to the larger Chicago neighborhoods. Specifically, the CHA continued working with the Chicago Department of Housing (DOH) and the Chicago Department of Planning and Development (DPD) on financing and planning issues at many of the sites. The CHA held weekly coordination meetings as well for current and imminent development projects. Participants included various City agencies such as the Mayor's Office, DOH, DPD, and the Chicago Department of Transportation (CDOT). CDOT works with the City Departments of Water, Sewer, Transportation, the Bureau of Electricity in the Department of Streets and Sanitation to coordinate and perform all public infrastructure improvements at each site. The Mayor's Office for People with Disabilities (MOPD) increased its role to ensure access for residents with disabilities throughout CHA properties. During FY2002, MOPD reviewed and approved all redevelopment projects/plans prior to their submission for City approval. Please see Chapter 4: Human Capital Development for additional collaboration between the CHA and the City of Chicago.

Disposition

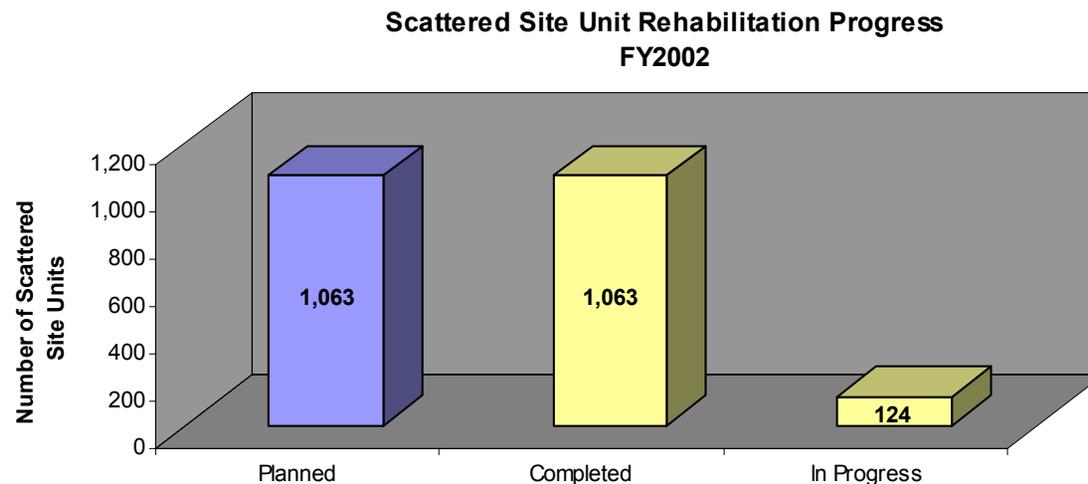
See Appendix 5 for a list of FY2002 dispositions.

REHABILITATION

Scattered Site Rehabilitation

It was a productive year for the scattered site rehabilitation program as the CHA met its FY2002 goal to rehabilitate 1,063 units². CHA scattered site units are located throughout Chicago and range from five to 80 years old. As a consequence, the level of rehabilitation required varies from unit to unit. Rehabilitation ranges from modest refinishing, such as painting and patching walls, to substantial rehabilitation, which could include plumbing, electrical work, and new fixtures. In addition to the units completed in FY2002, the rehabilitation of over 200 common areas in scattered site buildings was accomplished. The remaining units in the scattered site rehabilitation program will be completed in FY2003.

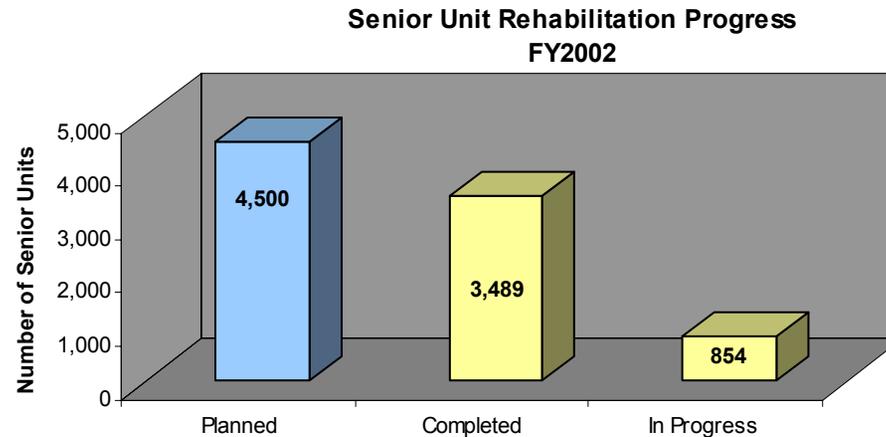
Rehabilitation of scattered site units are bid to maximize the use of MBE/WBE/DBE and smaller construction companies. In FY2002, the MBE/WBE/DBE contractor participation was a soaring 88%, an increase from FY2001. Please see Chapter 7: MBE/WBE/DBE and Section 3 for more detail.



² The total number of scattered site units rehabilitated in FY2002 was 1,090. Twenty-seven (27) of these were Lakefront scattered site units which are counted as replacement units in the family redevelopment properties. Likewise, for FY2001, a total of 750 scattered site units were rehabilitated, but 44 of these were Lakefront scattered sites; thus the CHA counts 706 scattered site units completed in FY2001. To date, the total number of scattered site units rehabilitated and counted under this program is 1,769.

Senior Property Rehabilitation

The original Plan for Transformation stated that 9,480 senior units would be rehabilitated. Currently, there are 9,393³ units in the senior rehabilitation program. The CHA set a goal to rehabilitate 4,500 of these senior units during FY2002. The CHA completed 3,489 units or 78% of the goal during FY2002, and there has been substantial progress toward the completion of an additional 854 units, a truly significant achievement.



The CHA faced multiple challenges in meeting its FY2002 goal. Unforeseen circumstances surrounding health and safety related issues, including the discovery of asbestos in numerous senior buildings, interfered with timely unit delivery. In addition, a lengthy procurement and change order process caused delays in start-up and implementation. The CHA has been working to ameliorate the time consuming change order process by obtaining authority from HUD to become a self-certifying agency, a measure that will save much time in the future. Minor unpredicted delays also occurred as new contractors and new relocation coordinators at the 38 buildings under rehabilitation learned the details and quality required of the comprehensive senior relocation process. For details on the senior relocation process, please see the senior section of Chapter 2: Relocation.

Rehabilitation of senior buildings consisted of roof replacement and repair; tuck pointing; air conditioner installation; emergency generator installation; window and elevator replacement; upgrades to mechanical, electrical, plumbing, and fire protections systems; security improvements; rehabilitated unit interiors; and new landscaping.

³ There are additional units in the CHA senior housing stock. However, these units are classified under a program other than the senior rehabilitation program (i.e. the mixed-income redevelopment program). See the Year 4 Plan for Transformation pages eight and ten for further details.

Family Property Rehabilitation

Rehabilitation of family properties starts with an advisory Working Group. The Working Group at each site is generally comprised of the site's LAC President, an additional LAC site representative, two CHA representatives, the Department of Planning and Development or a designated City agency representative, and a community representative. The Working Group has an advisory role in decisions made during the rehabilitation planning process. The planning and design for each site is developed by an architectural team, and the CHA contracts directly with firms to perform the site's rehabilitation. Relocation at the family properties is coordinated with consideration of the phasing of rehabilitation. Also considered are special housing needs of resident families who plan to return to the site according to their Housing Choice Survey.

The Annual Plan for FY2002 envisioned working quickly through the planning, contracting, and relocation of residents at five properties with the expected completion of 382 units. In this first year of planning for the low- and mid-rise family properties, the CHA and its partners worked through most of the multifaceted issues involved in this type of housing renovation. As a result of these efforts, adjustments were made to the completion schedules to better meet the needs of the families. The status of each of the rehabilitation properties is below.

- **Bridgeport Homes** - The Working Group was formed and an architectural design team selected. The Working Group provided input on all design specifications and site plans. The delay in releasing an Invitation For Bids (IFB) and subsequent construction and unit delivery was due to protracted negotiations and planning regarding environmental remediation at this site.
- **Wentworth Gardens** - The Working Group was formed and a series of meetings were held with the selected architectural team. The overall rehabilitation plan has been completed and accepted. Residents resubmitted their Housing Choice Surveys after they received updated information regarding the rehabilitation plans for Wentworth Gardens. Thus, rehabilitation was postponed for this site.
- **Lowden Homes** - The Working Group was formed and met regularly to provide input on the site plan and design specifications. An IFB for a contractor was released, and a contractor was selected at the end of the year. All residents resubmitted their Housing Choice Surveys after they received additional information regarding the rehabilitation plans at this site. Thus, rehabilitation was postponed for this site.
- **Washington Park Low Rises** - The Working Group met to begin the extensive process of devising a strategy for the Washington Park Low Rises along with other Washington Park properties. These sites are scattered throughout the South side of Chicago.
- **Cabrini Lincoln** - Rehabilitation of these 18 units was completed in FY2002 under the scattered site program.
- **Lake Parc Place** - This development received targeted building improvements through the Habitability Initiative in FY2002.

- **Lawndale Gardens** - This development also received targeted building improvements through the Habitability Initiative in FY2002.
- **Altgeld/Murray Homes** - The Working Group was formed and met on multiple occasions to begin planning. As with some of the other sites, this development also received funding to implement targeted capital improvements that included new sidewalks and new parking lot security lamps.
- **Trumbull Park Homes** - A survey of land and unit inventory was completed in FY2002. An architectural team for design was hired mid-year. A historic preservation firm is part of this team, and will take the historical significance of this development into consideration when designing the rehabilitation plans. A Working Group will provide input into the process in FY2003.

Redevelopment or Rehabilitation Properties

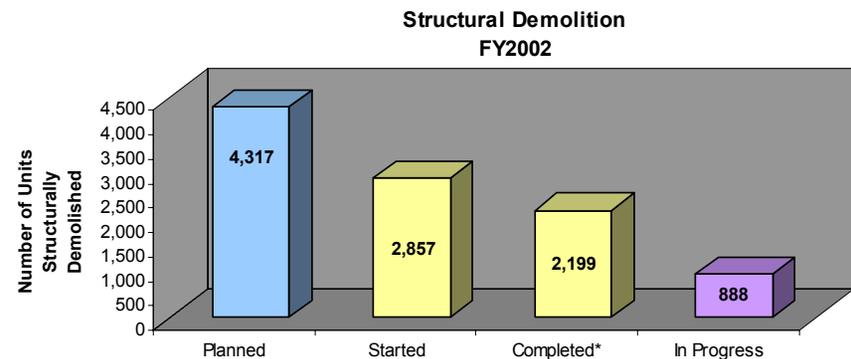
Revitalization plans have not been prepared for the following properties: Cabrini Extension South, William Green Homes, 1230 N. Burling, Cabrini Row Houses, Dearborn Homes, Ickes Homes, Lathrop Homes, Lawndale Complex, LeClaire Extension, and Randolph Towers. Decisions regarding which properties to rehabilitate or redevelop, as well as the timing and sequencing of rehabilitation/redevelopment are based on numerous factors including: funding, the availability of low income tax credits, sources of non-public housing funding, the potential need for units to be reserved as relocation resources, existing property conditions, and development capacity.

Make Ready

Make ready units are public housing units that have been moderately rehabilitated. These units are primarily used as temporary public housing resources for families who are waiting for their new public housing unit to be redeveloped or rehabilitated. During FY2002, a total of 688 make ready units were created.

Structural Demolition

An integral part of the family unit redevelopment process includes the demolition of non-viable buildings. The number of units planned for demolition in FY2002 changed throughout the year to address resident and LAC requests and concerns, environmental issues, and negotiations with developers and community stakeholders. By the end of FY2002, 2,199 units were structurally demolished. See Appendix 6 for a more detailed FY2002 structural demolition status. In general, the CHA expects to demolish all non-viable buildings by the end of FY2005.



*A portion of these demolished units started structural demolition in FY2001.

CHAPTER 2: RELOCATION

A major precursor to redevelopment and rehabilitation is the closure of buildings for consolidation and/or demolition and the necessary relocation of residents. Relocation requires two important steps: moving residents out of existing substandard housing and moving residents into new or rehabilitated units. Most CHA households will need to temporarily relocate at least once. Many of the moves at rehabilitated properties will simply involve transfers within the resident's same development, whereas residents of properties that are planned to undergo redevelopment will move temporarily to another development or to the private market with a Housing Choice Voucher (HCV) while new units are being constructed. The relocation process was completely revised in late FY2001 and early FY2002.

During FY2002, as required in the CHA Leaseholder Housing Choice and Relocation Rights Contract (Relocation Rights Contract or Contract), an independent monitor was hired by the CHA and the Central Advisory Council to evaluate whether this highly complex relocation process was effective, compassionate, and in compliance with the Contract. The monitor identified several problems with the process and outlined 54 recommendations. The report documented areas needing improvement including coordination, communication, and relocation timing. Additionally, recommendations for improvements were suggested for the Service Connector System, the make ready process, and opportunity moves. Along with the suggested recommendations, the monitor pointed out in his report that most families are moving to better places and states, "that [CHA high rises scheduled for demolition] ought to be eradicated, and not replaced with anything similar to their present form...They are not fit places for humans to live." The primary recommendation is to continue relocation but to start earlier in the year, and give people as much time as possible.

CHA Leaseholder Housing Choice and Relocation Rights Contract

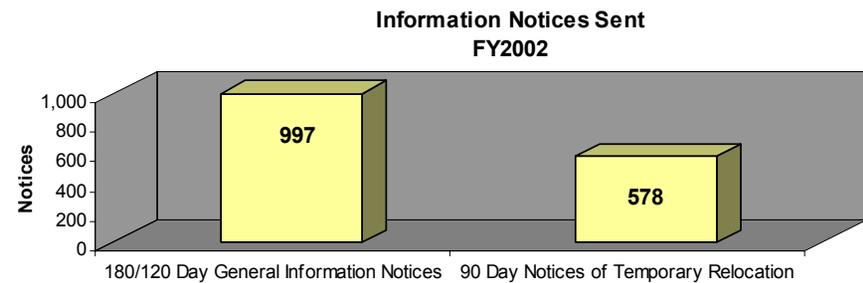
Lease-compliant residents in occupancy as of October 1, 1999 have the right to return to a public housing unit following relocation and rehabilitation/redevelopment as long as they remain lease compliant. The resident's "right to return" is established in the Relocation Rights Contract. The Contract creates an outline of the relocation process, specific notice procedures, resident outreach initiatives, the CHA's obligations, and residents' rights and duties.

In addition to the specific requirements of the Contract, the CHA has been and continues to provide relocation related services to residents as additional needs are identified. For example, during FY2002, the CHA hired residents as relocation coaches in buildings scheduled for closure. The coaches were trained and paid a stipend to assist other residents in the building throughout the relocation process. They disseminated important materials, encouraged engagement in the relocation process, and notified CHA Relocation staff of circumstances that might affect a family's relocation. The CHA also held monthly meetings at each building scheduled to close during FY2002. The frequency of these meetings was increased to weekly as the building closure date drew near. Relocation Assistance Desks were also set up so that residents could obtain information more easily. The CHA likewise created more resident friendly reading materials including a relocation poster and a revised relocation planning packet. Many relocating residents went on tours of rehabilitated senior and make ready units to enhance their permanent or temporary housing selection.

Likewise, as buildings were vacated, the CHA coordinated building walkdowns. During these walkdowns, Service Connector System representatives, Relocation, Property Management, Resident Outreach, and the Chicago Department of Human Services (CDHS) staff went into the buildings to ensure that no one was occupying the building to allow for demolition preparation. CDHS provided on-site services to non-leaseholders and residents that were found in the buildings. Many non-leaseholders were taken to shelters or treatment facilities as a result of this procedure.

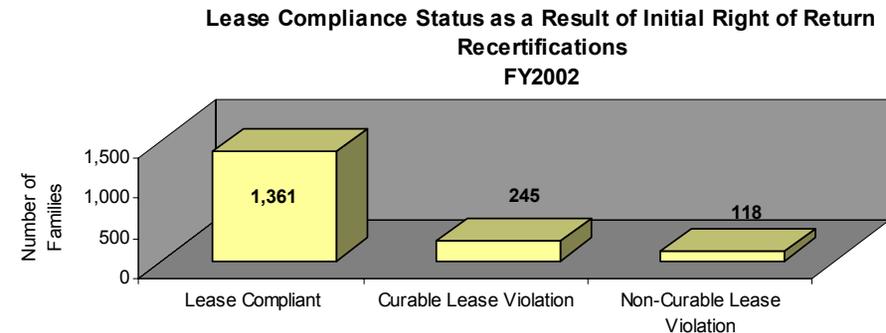
Notices

The Relocation Rights Contract provides that residents will receive reasonable notice of each step of the relocation process. The CHA’s Relocation Management and Tracking System (RMTS) helped to facilitate the distribution of timely notices during FY2002. 180/120 Day General Information Notices were generated in the RMTS by the property managers and sent to residents to inform them that their building was scheduled for redevelopment or rehabilitation in 180 or 120 days. Likewise, 90 Day Notices were sent to remind residents that their buildings were scheduled to close and to give residents their temporary housing address. Some of the residents who moved in FY2002 received their 90 Day Notice in FY2001; others, primarily those at rehabilitation sites, voluntarily moved before they received their 90 Day Notice.



Lease Compliance

Lease compliance is imperative to the relocation process because non-lease compliant residents forfeit their right to return to redeveloped or rehabilitated CHA housing. When the CHA determines that a building is going to be closed due to rehabilitation or redevelopment, residents undergo a lease compliance review, also known as the Initial Right of Return Recertification (ROR). During FY2002, over 1,700 residents underwent an Initial ROR Recertification. Nearly 79% of these residents were lease compliant. In the event that residents are not lease compliant and the lease violation is curable, the CHA gives these residents a period of 180 days to cure the violation. The Authority works to ensure that all residents become and remain lease compliant so that they maintain their right to return to a CHA unit. Of the 19% of residents, who were not lease compliant, 14% had lease violations that were curable.

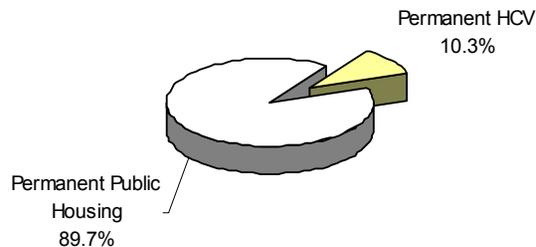


Housing Choice Surveys

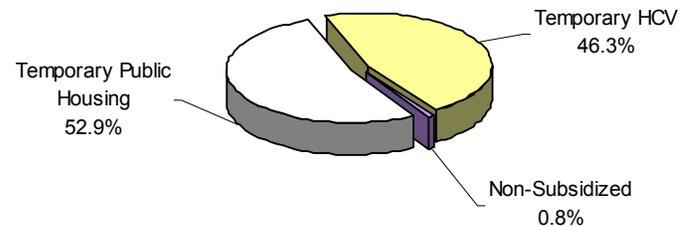
Housing Choice Surveys (HCS) allow leaseholders to indicate where they would like to live temporarily during the rehabilitation or redevelopment of their building as well as where they would like to live permanently once a new or rehabilitated unit has been completed. During FY2002, many residents filled out their HCS at Housing Choice Survey Clinics. These clinics offered residents an opportunity to receive assistance and information to help them make knowledgeable housing decisions.

Residents from all developments have had an opportunity to attend these clinics, and numerous follow-up measures have been taken to ensure that as many residents as possible filled out a HCS. For example, the CHA held make-up clinics; sent reminder letters; conducted home visits; held HCS open houses; sent Spanish language notices; placed phone calls; trained the Local Advisory Council on the importance of completing the HCS; and performed follow up services through the Service Connector System. By the end of the year, approximately 9,900 residents had completed their HCS and had their choices entered into the RMTS. In the coming years, in lieu of holding Housing Choice Survey Clinics when a building is scheduled to close, individual meetings will be held with each relocating resident to review and update their HCS.

**Housing Choice Survey Results:
Residents' Permanent Choices
All Phases as of 12/31/02**



**Housing Choice Survey Results:
Residents' Temporary Choices,
All Phases as of 12/31/02**



Relocation Planning Meetings

The CHA also conducted Relocation Planning Meetings pursuant to the terms of the Relocation Rights Contract. Relocation Planning Meetings were designed to provide residents with information regarding relocation. These meetings covered topics such as the relocation process and timing; the Housing Choice Voucher (HCV) process and timing; the Service Connector System; and other assistance available to residents. They also discussed development plans, including the proposed number of temporary and new units available at various locations. Residents were also given relocation packets that contain easy to understand reference material.

The CHA instituted a new format for the Relocation Planning Meetings held in FY2002. Relocation Planning Meetings were held in a small group format. This allowed each resident to ask more questions and become more familiar with the various services offered. To increase attendance at the meetings, food, child care, and door prizes were provided.

At least two Relocation Planning Meetings took place in each building scheduled for closure. In FY2002, meetings were held at Cabrini Extension North, Stateway Gardens, Robert Taylor Homes, Hilliard Homes, Ida B. Wells Homes, Rockwell Gardens, Washington Park, and Prairie Courts Extension. The CHA Relocation Project Manager, the Local Advisory Council (LAC) president and/or the building president, and the property manager worked together to schedule the Relocation Planning Meetings with the residents.

Counseling

During the year, the CHA provided various types of counseling and assistance to residents to help facilitate a successful relocation process. Assistance the CHA provided included Good Neighbor Counseling, Mobility Counseling, and Gautreaux Counseling. For additional information on these counseling programs see Chapter 4: Human Capital Development and Chapter 5: Housing Choice Voucher Rental Assistance.

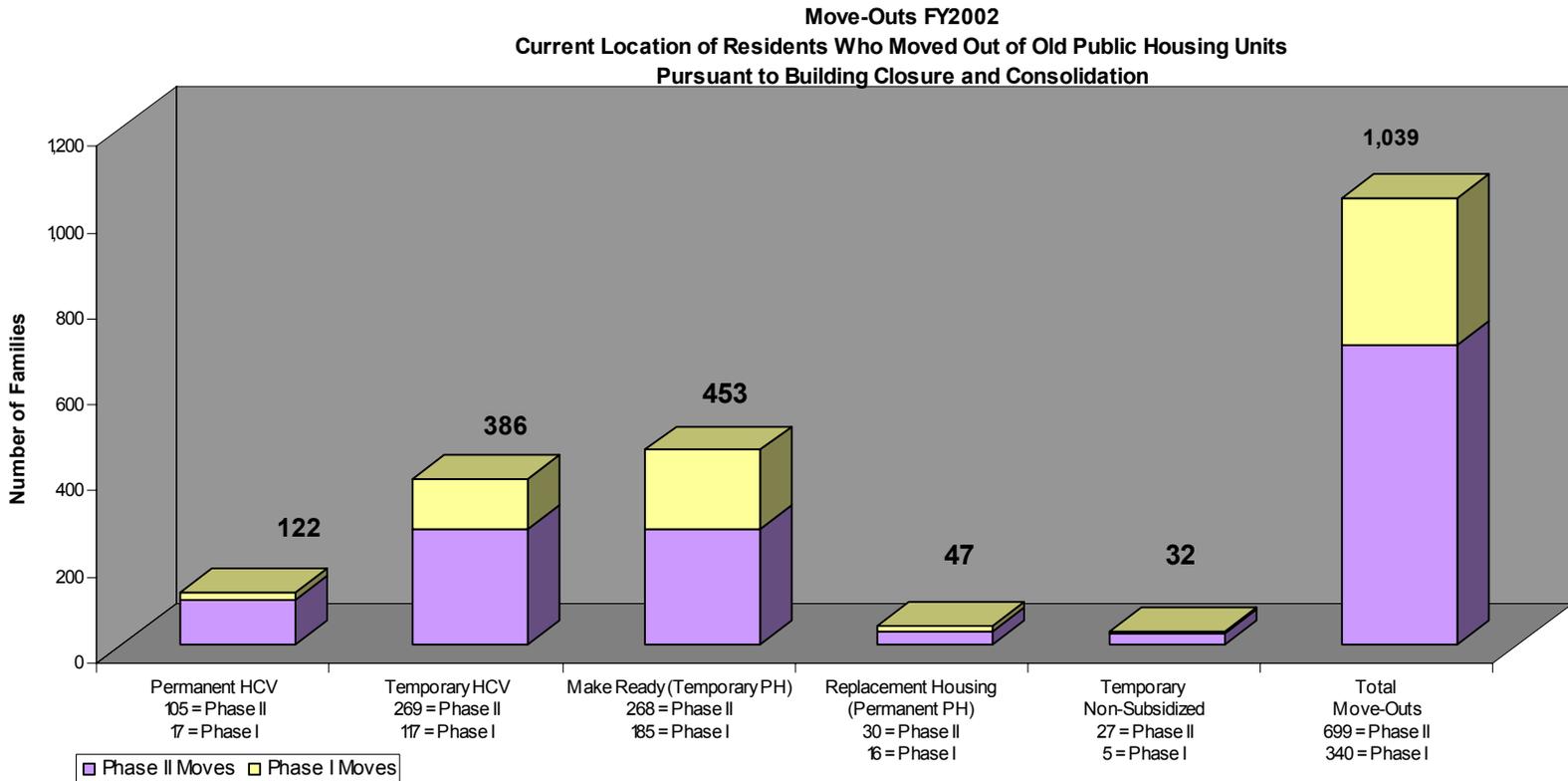
Training

Throughout the year, the Relocation Department completed relocation-related training sessions on various relocation-specific topics. In collaboration with the Office of Community Development and Support, the Relocation Department conducted joint training for Service Connector System providers and property managers. The goal of this training was to ensure that property managers and Service Connectors understand the relocation process, specifically the determination of lease compliance status and the process for curing curable lease violations. Additionally, CHA residents were trained as relocation coaches so they could assist fellow residents through the relocation process. Training on the Relocation Management and Tracking System (RMTS) was conducted for CHA staff as well as property managers.

In FY2002 a Relocation Move-Out Guide was created. This guide contains a specific month-by-month description of the move-out process, role definitions, a detailed description of each step in the process, and instruction on how to use the RMTS to support the process. The guide was created by a cross-departmental team, known as the Housing Offer Process (HOP) Team, comprised of members from Management Analysis and Planning, Development Management, Asset Management, Occupancy, Relocation, Housing Choice Voucher Program, Community Development and Support, and Information Technology Services. Training was rolled out to the property managers involved in Phase II relocation.

Family Relocation Activity – Move-Out

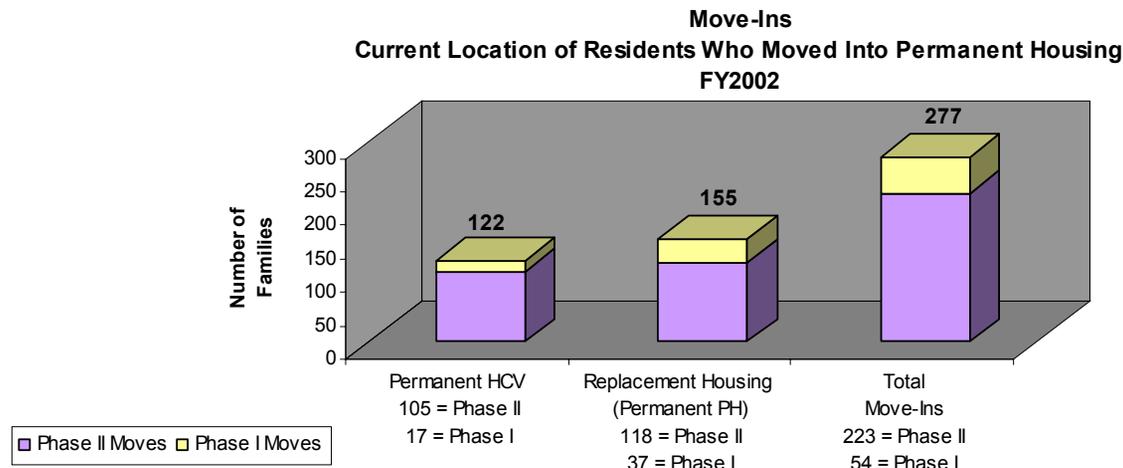
The move-out process is defined as a family moving from their old public housing unit. To comply with comments, concerns, and negotiations with resident leadership, the pace of resident relocation was slowed this year. One thousand thirty-nine (1,039) move-outs took place in FY2002 pursuant to building closure and consolidation. A portion of these moves were originally scheduled for FY2001, also known as Phase I.



In addition to the move-outs mentioned above, that were directly related to imminent redevelopment, there were a number of other move-outs to the Housing Choice Voucher (HCV) program in FY2002. Special programs such as Gautreaux, Senior Designated, and others were responsible for 379 move-outs. Thus, in total 887 moves to the HCV program took place in FY2002.

Family Relocation Activity – Move-In

The move-in process is defined as a family moving into their permanent housing location. A family can move permanently to a rehabilitated or newly constructed public housing unit, known as replacement housing, or into a private market unit with a permanent Housing Choice Voucher. During FY2002, a total of 277 families were relocated to their new permanent home. Residents moved to various locations including rehabilitated senior developments, scattered site units, and new public housing at Quincy, Langston, North Town Village II, Orchard Park, and Mohawk Partners.



Senior Building Relocation Activity

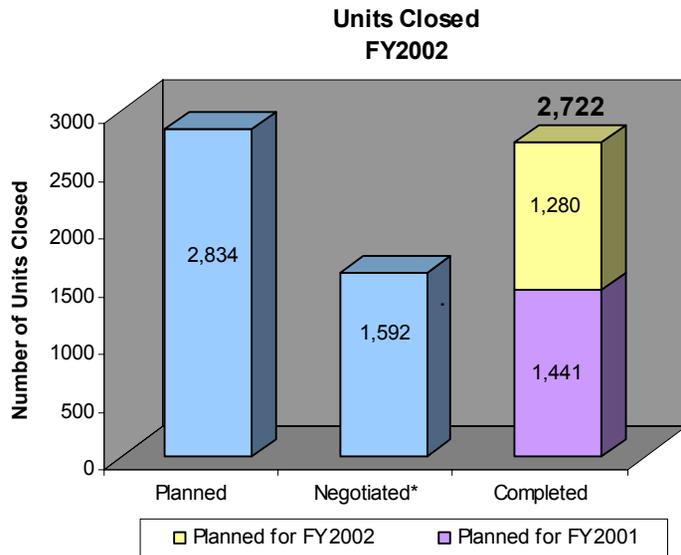
The relocation process implemented in senior buildings is different than the relocation process implemented in family developments. The senior relocation process begins with the renovation of all the vacant units in the building. When these units are completely rehabilitated, seniors living on the top floor (or two floors depending on the occupancy rate) are moved into the newly rehabilitated vacant units. With the units on the top floor unoccupied, renovation begins on the entire floor. After these units are completed, seniors from the floor below are moved up one floor, in turn, leaving the floor below unoccupied and ready to be renovated. This process continues one floor at a time until the building is completely rehabilitated.

Because these residents do not have to move from their building, the Relocation Rights Contract is not applied. To ensure that senior residents living in buildings being rehabilitated moved in the least disruptive manner, the following measures were taken: notices were distributed; a rehabilitation assessment, apartment inventory assessment, and post move survey were completed for each resident; residents in need of housekeeping services and residents with health problems were identified and assisted as necessary; residents in need of furniture and other basic household items were identified and appropriate items were provided; units were coded according to quantity and weight of resident contents; lease compliance counseling was provided as needed; and relevant referrals to case management and social service agencies were made. The original Plan Year 3 goal for senior move activity in FY2002 was 3,976. In total, 2,797 seniors moved within their respective buildings.

H.O.M.E. (Housing Opportunities and Maintenance for the Elderly) also provided supportive services to elderly residents requiring individual assistance. Such assistance included: the provision of furniture and other items to those in need; workshops held to counsel residents on organizing, packing, and decorating their new units; development and administration of sensitivity training to the professional moving companies who moved senior residents; coaching to help residents identify the items they should keep with them during the move (i.e. medication and valuables); provision of one-on-one assistance to residents on their moving day; and participation in town hall meetings.

Relocation Management and Tracking System

Information Technology Services (ITS), Relocation, and a number of other CHA departments worked diligently on the Relocation Management and Tracking System (RMTS) this year. RMTS is the CHA’s automated system for tracking residents through the Plan for Transformation. Throughout the year, the ITS development team focused on advancing RMTS modules while addressing system errors and implementing suggested user enhancements for the system as a whole. Development of the RMTS is continuing in FY2003 to add more relocation-related modules to the system. Additionally, training on the system was conducted for property managers of buildings where relocation activity occurred in FY2002. The training encompassed the modules of Notice Activity Tracking and Housing Choice Survey. Post-training visits at these sites were performed to ensure that the RMTS was being used properly by the property manager.



*Negotiated: The building closure plan was reviewed by the CHA and resident leadership in the summer of FY2002. This represents the plan per negotiations ending on 08/01/02.

Unit Closures

The FY2002 Plan listed all units that may have been required to close during the year due to redevelopment. The Plan established a goal of 2,834 units to close in FY2002. After internal negotiations and discussions with resident leadership, the CHA amended its unit closure goal to 1,592 units. This goal does not include those buildings that will temporarily close for the purpose of rehabilitation. The CHA closed 80% of the units negotiated for closure during FY2002. The remaining buildings at Rockwell Gardens and Jane Addams Homes will close in FY2003. Additionally, 1,441 other units were closed at multiple properties originally scheduled to close in FY2001. Please see Appendix 7 for a detailed list of unit closures.

CHAPTER 3: PROPERTY MANAGEMENT

As the third largest public housing authority in the United States, the CHA administers an extensive and diverse housing stock of more than 32,000 units. In FY2002, the CHA's overall goal was to improve its public housing asset management program and to continue to monitor and administer its outsourced property management contracts. To that end, the Asset Management Unit, which oversees property management firms, increased its vigilance in monitoring property management contracts and budgets. While great strides were made, there is still work to be done and improvements continue to be made to this program. In recognition of this fact, the Operations Department created a Quality Control Unit to provide supplemental information to CHA asset managers relative to the performance of property management firms. These factors combined have and will continue to help the CHA provide residents with better-maintained units.

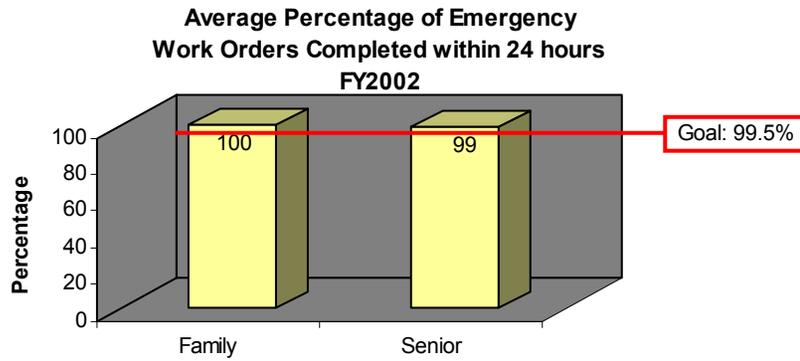
FY2002 Performance of Property Management Firms

In order to meet its overall goal for FY2002, the CHA established goals for several key property management performance indicators. By the end of FY2002, private property management firms and resident management corporations achieved many of these established goals. Especially noteworthy is the CHA's demonstrated ability to complete emergency and non-emergency work orders within a predetermined timeframe, collect rent, and conduct unit inspections in a timely fashion.

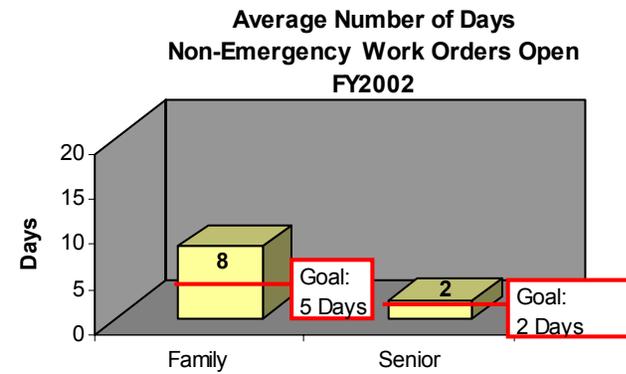
Firms that did not meet CHA's key goals were placed on a watch list. The CHA's Asset Management Unit formulated action plans to help these firms reach the CHA's property management goals. After being placed on a watch list, firms that were still unable to meet the CHA's goals were subject to sanctions that included fines and possible contract termination. The overall performance of property management firms for FY2002 is depicted below:

Property Management Performance Indicators and Definitions	
Indicator	Definitions
Emergency Work Order Response	The total number of emergency work orders completed/abated within 24 hours. An emergency work order is a physical work item that poses an immediate threat to life, health, safety or property or that is related to fire safety.
Response Time for Non-Emergency Work Orders	The number of days taken to complete non-emergency work orders. A non-emergency work order is defined as a physical work item that does not pose an immediate threat to life, health, safety or property or that is not related to fire safety.
Outstanding Non-Emergency Work Orders	The number of non-emergency work orders that have not been completed.
Rent Collections	The percentage of current rent collected. This percentage includes amounts due from residents in legal action for non-payment or One-Strike.
Recertification Completion	The number of recertifications outstanding. All residents must be recertified annually.
Adjusted Vacancy Rates	The vacancy rate after adjustments for units held vacant due to planned demolitions (deprogrammed units) or pending rehabilitation.
Unit Inspection Completion Rate	The number of units inspected as a percentage of the total number of units requiring inspection. All units that have been occupied for any length of time during the year by residents, employees, or for non-dwelling purposes must be inspected annually.
Budgetary Performance and Financial Reporting	Comparison of the expenditures versus budgeted income and expenses of each property.

Emergency Work Order Response

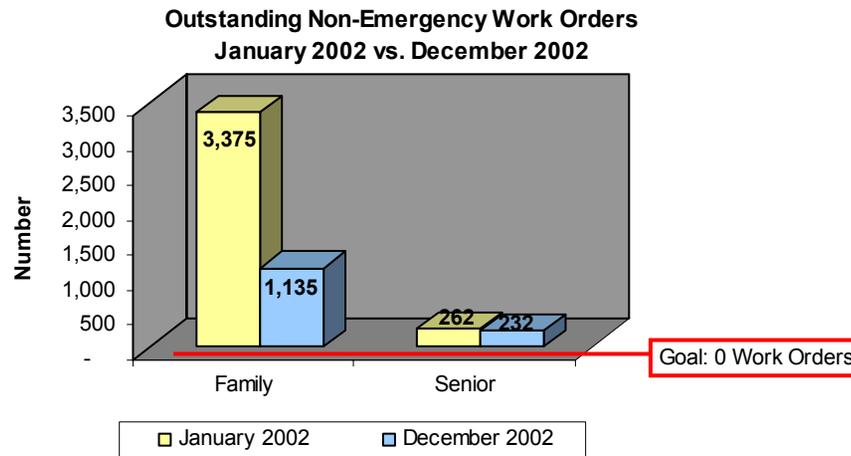


Response Time for Non-Emergency Work Orders



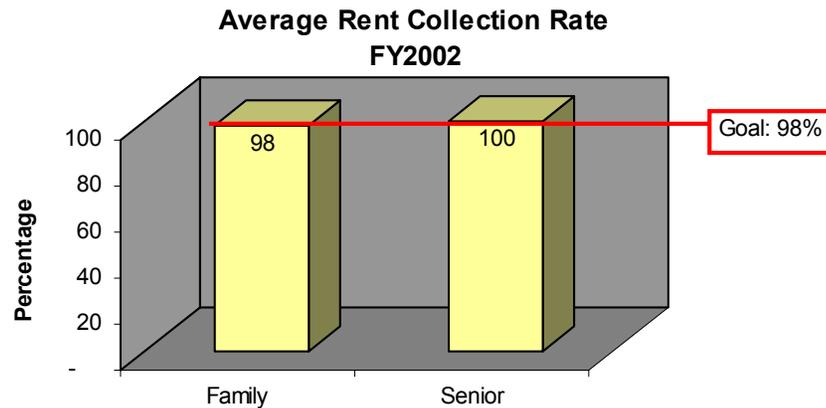
Outstanding Non-Emergency Work Orders

The Asset Management Department conducted an authority-wide campaign during the year to reduce the number of outstanding, non-emergency work orders. Asset managers visited properties to encourage property managers to correctly code work orders and to complete as many work orders as possible. This campaign produced dramatic results at the family properties. From January 2002 to December 2002, there was a 66% decrease in the number of outstanding work orders at family properties. During this same time period, the senior properties experienced an 11% decrease in outstanding work orders.



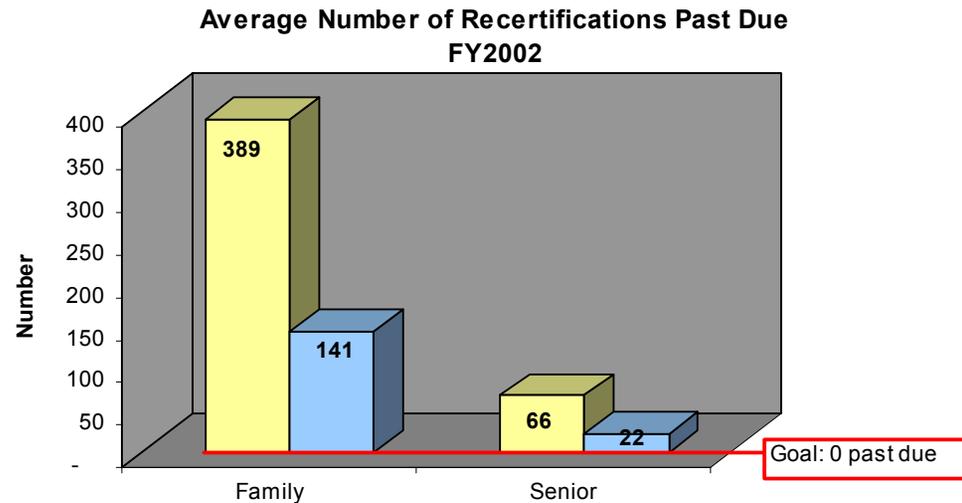
Rent Collections

The CHA continued to use existing income-based and ceiling rent structures and did not make changes to its rent policy in FY2002.



Recertification Completion

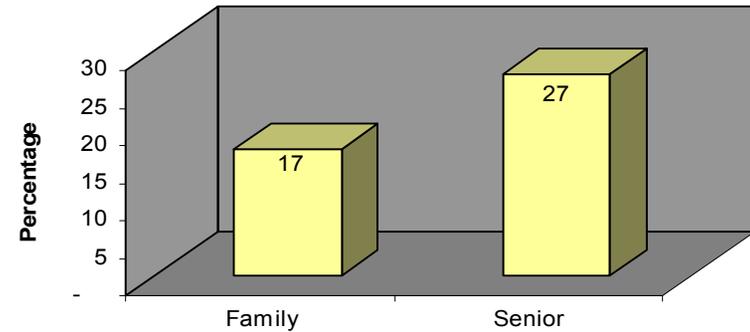
Resident recertification is important for both the general management of low rent programs and to the relocation of residents. In cooperation with the property management firms, the CHA reduced the number of past due recertifications from the beginning of FY2002 at both the family and senior properties. These properties saw decreases of 64% and 67% respectively from January 2002 to December 2002.



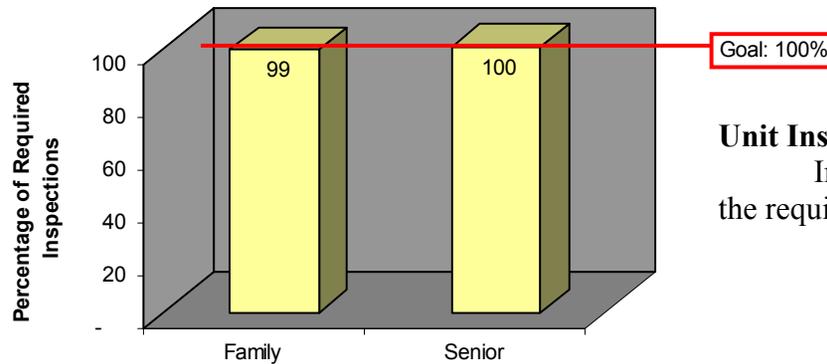
Adjusted Vacancy Rate

As the CHA continues to implement the Plan for Transformation, the adjusted vacancy rate will fluctuate due to relocation, rehabilitation, and redevelopment. Currently, units at family developments are not being occupied by new leaseholders. Instead, many of these units are being held as relocation resources or being prepared for redevelopment or rehabilitation.

**Adjusted Vacancy Rate
as of December 31, 2002**



**Percentage of UPCS Inspections Completed
FY2002**



Unit Inspection Completion

In compliance with HUD regulations, the CHA conducted nearly all of the required unit inspections in FY2002.

Property Budgets

It is important that the property management firms comply with the budget created for their respective properties. The CHA works with property management firms each year to create a budget that will provide quality housing for residents while at the same time keeping CHA operational fees down. In FY2002, 67% of the CHA scattered site, family, and senior properties operated within their fiscal year budget. The other 33% of the properties were over budget during FY2002. This was primarily due to increased security at the developments and increased maintenance costs as a result of the Asset Management Unit’s campaign to reduce the number of outstanding non-emergency work orders.

Quality Control Unit

The CHA is committed to providing safe and decent housing for all of its residents. To aid in this effort, the Quality Control (QC) Unit was created. The unit has several teams that inspect buildings and review resident files to ensure property management firms' compliance with HUD regulations and to ensure that accurate files are maintained. QC findings are submitted to the CHA's Asset Management Unit for resolution.

Building Inspections

In FY2002, the Quality Control Unit conducted nearly 6,000 unit and common area inspections. These units were checked for compliance with safety regulations and the results were sent to the development's property management teams, as well as CHA asset managers. For developments where a problem was observed, follow-up inspections were also conducted to document that either remediation steps were taken or that an action plan was developed to address the cited problem.

Resident File Reviews

In addition to building inspections, QC reviewed more than 2,400 resident and property management files. These files were reviewed for accurate rent calculations, complete information for recertifications, and compliance with HUD regulations regarding resident record-keeping practices.

Habitability Initiative

The Habitability Initiative was a \$25.3 million fund created to make critical repairs at family properties. These repairs were needed to ensure the critical infrastructure functions would be maintained for developments that would not be undergoing rehabilitation or redevelopment for a number of years. Through the collaborative efforts of property managers, residents, and the CHA, critical repairs at each of the affected family developments were identified. The repairs completed during FY2002 included roof replacement and building systems improvements. Funding was typically dispersed twice a month to management firms to make repairs. As of December 31, 2002, only 1% of the original \$25.3 million remained undistributed or un-obligated.

Admissions and Occupancy Policy

In compliance with the Quality Housing and Work Responsibilities Act (QHWRA), the CHA implemented two new procedures in FY2002: Imputed Welfare Income and Income Disallowance. Both policies were submitted for public comment in FY2001 before being incorporated into the CHA's Admissions and Occupancy Policy.

Imputed Welfare Income

QHWRA requires that public housing residents and Housing Choice Voucher participants whose welfare grants were discontinued either for welfare fraud or for failure to comply with economic self-sufficiency requirements would not have their rent reduced in either the public housing or resident-based Housing Choice Voucher programs.

Income Disallowance

This procedure permits the disallowance of certain increases in earned income for families that live in public housing in accordance with State and Federal laws. By disallowing certain income increases from resulting in increased rent, the families are provided with additional incentives as they work toward becoming more economically self-sufficient.

In addition, the CHA completed a detailed Transfer Procedure in FY2002.

Transfer Procedure

This procedure covers priorities for the transfer of residents at all CHA owned properties in a manner which is consistent with the Relocation Rights Contract.

All CHA asset and property managers were trained on the new admissions and occupancy procedures in FY2002. Following the training, the property managers began implementing the procedures.

Admissions Office

The CHA completed the assessment of the role and structure of the central admissions office known as the Occupancy Department. The determination was reached in FY2002 not to privatize the facility, but to realign its activities to assist with relocation and the unit transfer procedures.

Senior Designated Housing Plan Update

The Senior Designated Housing Plan was approved by HUD with several conditions. In FY2002, the CHA continued to meet these conditions. Progress on each commitment is listed below:

1. *Follow through on its commitment to exceed the 5% and 2% accessible unit requirement.*

During FY2002, the CHA continued to include and enforce the accessible unit requirements during the redevelopment and rehabilitation of buildings. The Mayor's Office for People with Disabilities (MOPD) reviewed all larger redevelopment and rehabilitation projects for initial compliance. The CHA and MOPD are entering into an intergovernmental agreement (IGA) for MOPD to continue the initial compliance review and to conduct follow up reviews of the CHA's compliance with the unit requirements. In FY2003, the IGA will be presented to the CHA Board of Commissioners and the Chicago City Council for approval.

2. *Maintain records on the number of applicants with disabilities who are affected by the designation and alternatives they exercised.*

A total of 1,048 applicants were affected by the designation. The CHA received 292 requests for a Housing Choice Voucher, and of these requests, 121 applicants have moved utilizing a HCV. Additionally, letters were mailed to applicants with disabilities whose were on the wait list for senior housing. The letters offered HCVs as an additional housing option.

-
3. *Monitor the number of housing choice certificate/voucher holders with disabilities that applied for funds from the CHA's Modification Fund and the status of the applications.*

The Modification Fund provides funding to voucher holders with disabilities to allow expanded access to accessible housing. In FY2002, there were 70 clients that applied for modification funds, and 63 of these applications were approved.

4. *Monitor the number of HCV landlords and voucher holders who requested an increase in the Fair Market Rent. Maintain accurate records as to the number of families for which the CHA established a higher payment standard within the basic range as a reasonable accommodation. Provide documentation to support request to the HUD field office for an exception payment standard within the upper range.*

The rent requests made by HCV landlords for person with disabilities did not exceed the Fair Market Rent under 24 CFR 8.28 (5). A higher rent payment standard for reasonable accommodations for a family that includes a person with a disability was not established.

5. *Provide HUD with minutes from meetings with representatives of disability advocacy groups as required in the March 6, 2000 Plan approval letter.*

Meetings were held with local HUD officials and representatives of Access Living in FY2002. The meeting minutes were provided to all participants, including officials from the local HUD office. The CHA will continue to coordinate meetings with Access Living to discuss future outreach strategies for persons with disabilities affected by the designation.

6. *Maintain minutes of semi-annual meeting with HUD.*

Semi-annual meetings were not held in FY2002. The Senior Designated Plan Update was included in the CHA's FY2002 MTW Annual Plan submitted to HUD in November of 2002.

7. *Include a provision in the ground lease for the land that the CHA will lease to private developers for the construction of housing built with tax credits or other private funds.*

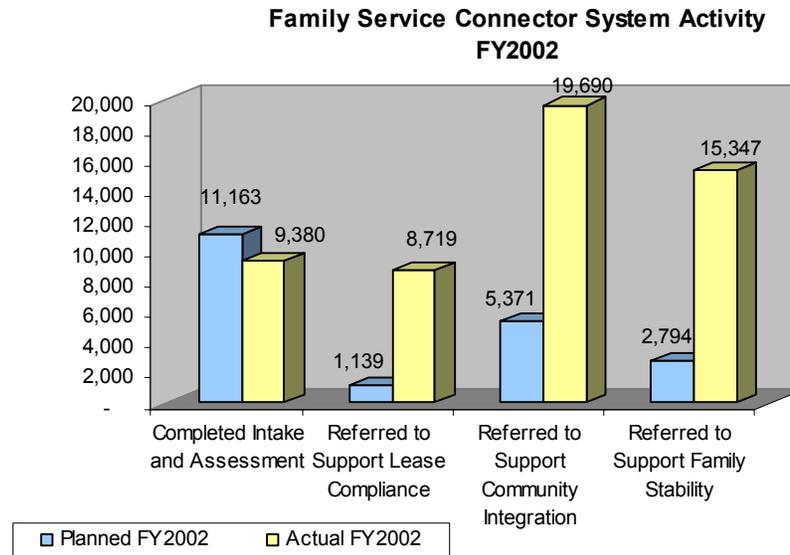
The CHA is committed to enforcing accessibility requirements throughout the rehabilitation and redevelopment processes.

CHAPTER 4: HUMAN CAPITAL DEVELOPMENT

Through the Plan for Transformation, the CHA seeks to not only transform the residents' physical environments but also to provide them with opportunities to move toward self sufficiency. During FY2002, the Authority continued to make strides toward achieving that goal through a variety of programs including the Service Connector System, Good Neighbor Workshops, and Resident Outreach Services. The Authority has established partnerships with City of Chicago departments such as the Chicago Department of Human Services (CDHS), the Chicago Department of Aging, the Mayor's Office for People with Disabilities (MOPD), and the Mayor's Office of Workforce Development (MOWD) to administer many of these programs.

Service Connector System Family Developments

FY2002 was the first full year of operation for the Service Connector System at CHA family developments. Over the year, 9,380 residents completed the Service Connector intake and assessment process. During this process, residents worked with the Service Connector counselors at site offices to identify areas where they needed assistance. Some of the areas included lease-compliance, community integration, family stability, and employment. Additionally, the Service Connector System was able to help 1,284 residents find jobs. The CHA has and will to continue to work with the CDHS to refine baseline data and reporting of the progress and services provided to residents.



The Service Connectors are available to assist all CHA families who request assistance. The CHA recognized the need to focus the Service Connector System on families participating in the relocation process during FY2002. As families moved into temporary housing, the Service Connector System began working to help them remain lease compliant and prepare for their final, permanent move. A second priority for the System is reaching the needs of harder to serve residents throughout the CHA. The System will continue to be reviewed and modified to optimize its effectiveness and utilization in FY2003.

Senior Resident Services

Senior Resident Services are offered at senior buildings. This program is focused on helping seniors improve their lives and on decreasing the sense of isolation and loneliness seniors often feel. Over the course of FY2002, senior residents attended 3,590 social enrichment activities and received 7,580 referrals for service links. The program also worked to help senior residents obtain assistance by providing 12,331 referrals for public benefits such as social security. There is a Resident Service Coordinator at each senior building, who hosts regular meetings with each building president and their residents, to provide access to the program. This program also includes an annual assessment for each resident to identify their needs and identify potential resources.

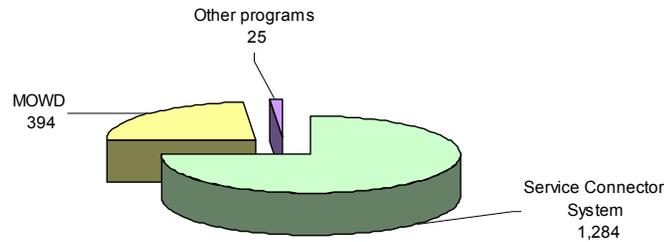
Good Neighbor Workshops

The Good Neighbor Workshops were created with two purposes in mind: to introduce residents to the Service Connector System and to help residents become and remain lease compliant. Over the past couple of years, the CHA conducted the majority of workshops at developments where relocation was occurring. During FY2002, the Authority expanded the number of workshops conducted at other developments where relocation was not occurring. This effort resulted in 2,970 residents attending these workshops. The CHA's goal was to reach as many residents as possible. As a result, during the third and fourth quarters of FY2002, additional and new creative outreach methods such as the Good Neighbor Resource Fairs were created and implemented.

Employment

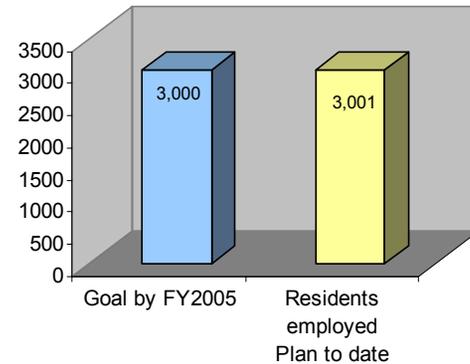
Obtaining gainful employment allows CHA residents to become more economically self sufficient and increases the number of opportunities available to them. The Authority established the lofty goal of placing 750 residents in employment in FY2002 as part of its larger goal of placing 3,000 residents in full-time employment by FY2005. Both goals were exceeded in FY2002 when 1,703 residents gained employment. This brought the number of residents employed since the start of the Plan for Transformation to 3,001. Although the original goal has been reached early, the CHA will continue to help residents find employment and work to improve job retention and wage progression.

**Residents Placed in Full-Time Employment
FY2002**



Total FY2002 Employment: **1,703**

**Residents Employed
Plan Year 1 (1999) through Plan Year 3 (2002)**



Legend: ■ Goal by FY2005 ■ Residents employed Plan to date

Summer Employment and Pre-Internship Training

Young people from the CHA have access to a number of summer job programs, including those at the Chicago Public Schools, Chicago Park District, Gallery 37, Cooperative Initiatives, and the Mayor’s Office of Workforce Development (MOWD). One-thousand eight hundred twenty six (1,826) young people received employment through these programs in FY2002.

As part of Mayor Daley’s KidSmart: Summer Youth 2002 Program, approximately 200 CHA teenagers received training on searching for employment positions and acquiring job skills. During this six week program, participants attended daily four hour training sessions on topics such as creating a resume, budgeting, and starting a bank account.

Resident Outreach Services

In FY2002, Tenant Patrol was renamed the “Resident Outreach Services Unit” to reflect the program’s revised dual role of providing relocation assistance and security protection. Resident Outreach Services staff transported families in need to shelters and other housing where necessary, escorted residents on site visits to other housing developments in search of temporary housing, and assisted with the relocation of families in buildings slated to close at Stateway Gardens, Robert Taylor Homes, and Cabrini Extension North. During FY2002, an average of 99 groups of resident volunteers were in operation at family and senior developments. The CHA made a concentrated effort to increase enrollment in Resident Outreach Services Units at developments where participation was low or non-existent. Resident Outreach Services held an awards ceremony in September 2002 to recognize outstanding volunteers. Awards were given in several categories such as Outstanding Performance by a Program Coordinator and Resident Coordinator and Outstanding School Patrol Group.

Other Programs at Family Developments

Summer Food Program

During the FY2002 school summer break, the CHA hired residents and enlisted volunteers to serve more than 1.2 million meals to school age children at family developments. This total included 535,400 breakfasts and 688,425 lunches. Through this program the CHA was able to promote family stability by both employing residents and feeding children.

Summer Camp

As part of the Chicago Park District's Camp Chicago, CHA youth were able to enroll in summer day camps across the City of Chicago. As another example of the City's commitment to supporting the CHA and its residents, the Park District allowed CHA families to enroll children in Camp Chicago for \$10 in lieu of the normal \$175 fee.

Athletic and After-School Initiatives

Studies have shown that participation in after-school programs such as athletic teams or academic clubs decrease the likelihood of children and teens becoming involved in illicit criminal activities and improves both school performance and attendance. For this reason, the CHA and the City of Chicago co-sponsored a number of athletic and after-school programs for CHA children. Residents were invited to participate in the Duncan YMCA Little Kick Soccer Program, Mayor Daley's Holiday Sports Festival, and the Youthbuild Program.

Family Recovery Program

The CHA partnered with the City and the Residential Recovery Program, L.L.C. to create and support the Family Recovery Program. The Family Recovery Program is a six month program which provides families with drug and alcohol treatment, case management for assisted living, basic life skills, education, job training and placement, recovery support, and family counseling. The goal of the program is to guide affected families to an improved quality of life. During FY2002, there were 11 families comprised of 41 individuals living in the Recovery Home.

Victim Assistance

The Victim Assistance program provides initial and follow-up assistance to residents who were victims of crime. Throughout FY2002, the program provided assistance, crisis response, or follow-up services to 207 crime victims who received counseling and case assessment.

Holiday Initiatives

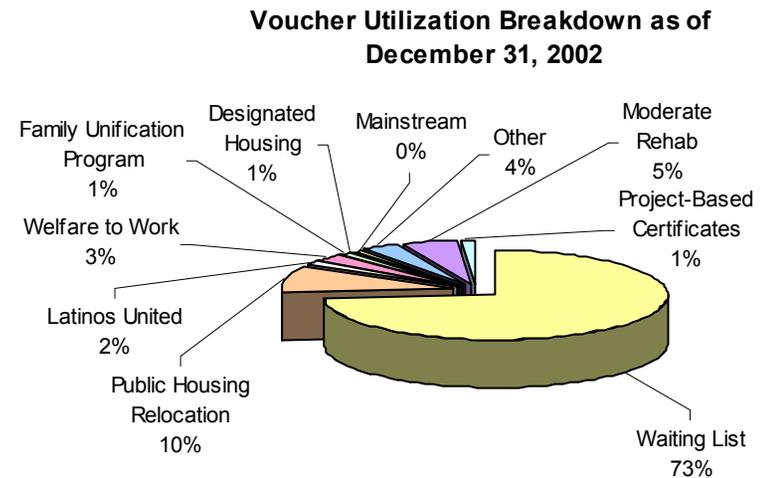
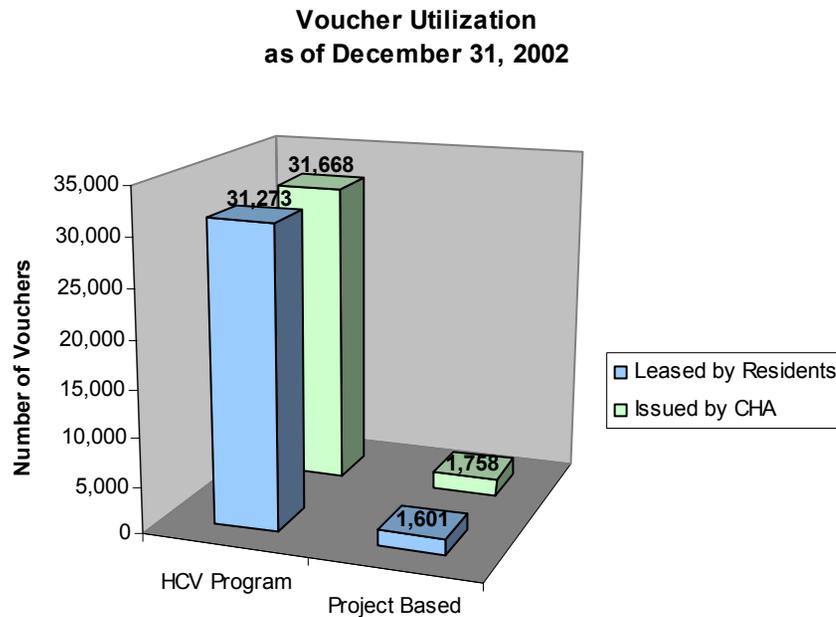
The holiday season can be a time of great strain for low-income families: The CHA worked to reduce this strain during the FY2002 Holiday Season by providing food, coats, and toys for households. Residents at family and senior developments along with residents in the Housing Choice Voucher Program and scattered site housing property inventory received 750 food baskets and 2,000 turkeys donated by local corporations. CHA employees and fellow Chicagoans donated more than 200 coats to help residents stay warm during the cold Chicago winter. Additionally, nearly 6,200 toys were donated to children in CHA family developments. One hundred (100) tickets were donated so that children could attend a Chicago Bears football game. Each child who attended the football game received a \$220 shopping spree at Toys-я-Us. Young residents were also invited to a Christmas party at the South Shore Cultural Center co-sponsored by the CHA, Toys-я-Us, and Midway Movers.

CHAPTER 5: HOUSING CHOICE VOUCHER RENTAL ASSISTANCE (LEASED HOUSING)

In FY2002, the Housing Choice Voucher (HCV) Program helped nearly 32,000 families rent housing units in the private housing market throughout the City of Chicago. Because some homes in the private market are outside of the financial reach of low-income families, the HCV program provides landlords with Housing Assistance Payments (HAP). These payments supplement the program participants' contribution thereby allowing low-income families to afford market rate rental units.

Housing Voucher Utilization

In FY2002, the HCV Program administered by CHAC, Inc. exceeded the lease up goal of 98%. As of December 31, 2002, the lease-up rate was 98.7% with 31,273 vouchers leased out of the 31,668 issued.



Housing Choice Voucher Leasing Activity

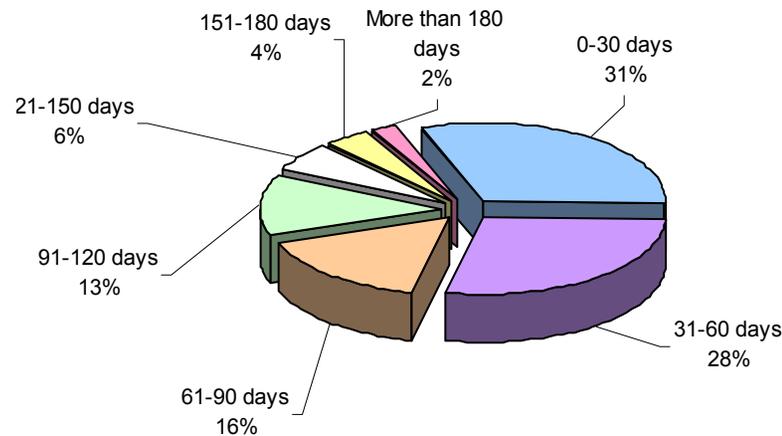
As vouchers become available through new allocations from HUD or through turnover from previous program participants, applicants are selected from the General and the Latinos United Wait Lists. The first step for selected applicants to obtain an HCV is to schedule and attend an interview with a housing specialist. Following the interview, the applicant receives a voucher and can begin to search for a unit. Units selected by applicants must pass an inspection certifying compliance with HUD regulations for cleanliness and safety. After the unit passes inspection, the applicant can sign a lease and move into their new home.

Leasing Activity FY2002*	
Interviews scheduled	6,927
Interviews conducted	4,223
Vouchers issued	3,490
Requests for inspections received	4,012
Leases effective	2,140

*The number of interviews scheduled includes all initial invitations and re-scheduled interviews. Interviews conducted includes all individuals that attended the initial interview or re-scheduled interviews.

During FY2002, the CHA and CHAC, Inc. worked to decrease the timeframe between when households were issued a voucher and when the applicant requested an inspection. This timeframe is also known as the unit search time. While this time frame is important for all HCV households, it is particularly important for households relocating from public housing due to building closure and consolidation. Of the public housing relocatees, who moved during FY2002, 59% were able to find a housing unit and request an inspection within 60 days or less. The fact that such a high percentage of public housing relocatees were able to identify a unit in such a short time frame demonstrates that while the Chicago rental market is competitive, there are units available for Housing Choice Voucher holders.

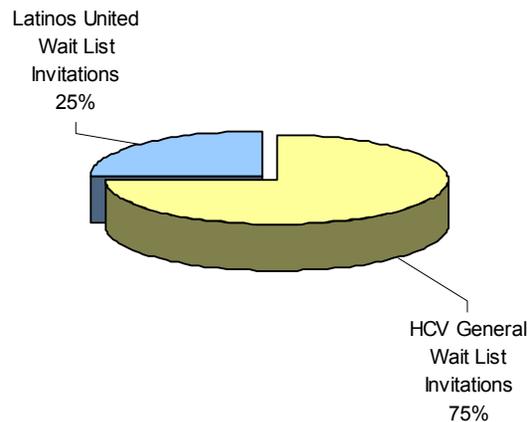
**Relocatees' HCV Unit Search Time
(Issuance to Request for Inspection)
FY2002**



Latino Consent Decree

Pursuant to the Latino Consent Decree, in FY2002, for every three families invited to enter the HCV Program from the General Wait List, one family was invited from the Latinos United Wait List. During FY2002, the Spanish Coalition for Housing continued to work with the CHA and CHAC, Inc. to increase the number of both Latino and Spanish speaking landlords. The Coalition also provided housing search assistance for Latino voucher holders during the year. Of these voucher holders who leased units in FY2002, 69% were able to find homes in low-poverty areas.

**HCV Wait List Invitations: Latino Consent Decree
FY2002**



Spanish Coalition for Housing Leasing Activity FY2002	
Number enrolled	818
Number leased	753
Number leased in low-poverty	516
Number who moved from high-poverty to low-poverty	320

Fair Housing

The CHA reviewed the options and resources for contracting with a third party to conduct fair housing testing of the Housing Choice Voucher Program. Other entities in the metropolitan area conduct regular fair housing testing, which will be supplemented as needed in FY2003 through a CHA initiative.

Rent Reasonableness

In accordance with HUD procedures, CHAC, Inc. determined reasonable rent payments of units rented by HCV Program participants. The rents were determined using the nine HUD-required factors of location, quality, unit size, unit type, age of contract unit, amenities, housing services, maintenance, and utilities. In order to confirm that the rent determination procedures were properly followed, the administrator also performed quality control reviews on 3,255 randomly selected units. The quality control review confirmed that all of the units selected had properly determined rent.

Rent Reasonableness Activity FY2002	
New unit rents approved	10,663
Rent increases approved	7,936
Total number of rents determined	18,599

Deconcentration and Expanding Housing Opportunities

The HCV Program encourages the deconcentration of poverty by allowing families to move to any part of the City and away from housing areas with high concentrations of poverty. The CHA and CHAC, Inc. have established the Family Self-Sufficiency (FSS), the Choose to Own, and the Mobility Counseling programs to help families expand their housing opportunities. Landlord outreach was also conducted to identify new landlords to participate in the HCV program.

Family Self-Sufficiency

The CHA expected the Family Self-Sufficiency program to grow to 1,350 families in FY2002. As of December 31, 2002, there were 1,373 enrolled participants. Households who chose to participate in this program signed five-year contracts that lay out their self-sufficiency goals. These goals included obtaining employment, education, and/or purchasing a car or a home. For those participants seeking employment, monthly job fairs were held as well as workshops on work-related topics. CHAC, Inc. also held its Third Annual FSS Job Fair in October of 2002 to help those seeking employment. For participants who wanted additional education, the FSS program offered the Self-Directed Search Test. This test helped participants identify educational strengths as well as areas where they needed some improvement. And for the families interested in purchasing a car or home, the FSS program allowed them to build an escrow account and provided additional subsidy. During the year, 105 participants graduated from the FSS program, all with gainful employment. Before enrolling in the FSS program, only 36% of these families had jobs.

Choose to Own

The Choose to Own Program helps families make their first home purchase. Families, that would like to enroll, must first participate in the FSS program described above. Program participants attended counseling that facilitated the difficult home buying process. After attending the counseling session, qualified participants applied funds normally allocated for monthly rent and HAP to mortgage payments. By the end of FY2002, 16 families had purchased their first home.

Choose to Own Program (Year to Date)	
Number of applications	337
Number who completed pre-purchase counseling	59
Number of families bank approved	37
Number of closings	16

Housing Opportunity Program (Mobility Counseling)

During FY2002, the CHA and the HCV contract administrator recognized a need to make changes to the Mobility Counseling program to increase the number of families moving from high- to low-poverty areas. To that end, the program was renamed the Housing Opportunity Program and was given a new focus of only helping families who currently live in high-poverty areas as opposed to the previous focus which was to help all families in the HCV Program.

Mobility Counseling Program (Year to date)	
Number briefed	4,988
Number enrolled	1,909
Number leased	1,508
Number leased in low poverty areas	875
Number who moved from high to low poverty areas	401

Housing counselors, who conducted briefings for HCV participants on the Housing Opportunity Program, attended training sessions in FY2002 to improve their presentation skills and the delivery of information on this program. The Housing Opportunity Program will continue to provide unit search assistance, transportation, and workshops on a variety of topics including resident rights.

Gautreaux Counseling

Through the Leadership Council, the CHA offers specialized counseling to encourage public housing residents to move to opportunity areas. For this program, an opportunity area is defined as a census tract in the City of Chicago with no more than 23.49% of families with incomes below the poverty level and no more than a 30% African-American population. For those families interested in living outside the City’s boundaries, their new community choice must contain a poverty rate of less than 10% and an African-American population of less than 10%. The counseling includes Fair Housing Training, listing service of available rental units, housing search techniques, suggestions to repair bad credit, and support to the family after the move. The CHA has set aside 500 HCVs to be used by residents who express interest in this special program.

Landlord Outreach

Throughout FY2002, workshops were held to recruit new landlords to the HCV Program. The workshops provided information on the HCV Program and identified landlords who overtly expressed an interest in having HCV Program participants in their buildings. Through this outreach, the CHA identified 1,616 new unit listings and 1,188 new landlords with units in low-poverty areas who wanted to participate in the HCV Program. Additional workshops were held for landlords once they began to rent to voucher holders. These workshops focused on a variety of topics including taxes, tenant screening, the HAP contract, fair housing, inspections, and conflict resolution.

The City of Chicago has ordinances to prevent landlords from discriminating against voucher program participants. To further address the problem of landlords not renting to HCV participants, during the first quarter of FY2002, a partnership was established with the Lawyers’ Committee for Civil Rights Under Law. If families felt that they had experienced discrimination during their unit search, the Lawyers’ Committee agreed to provide the families with assistance in filing a complaint and free legal services.

HCV Service Connector

The HCV Service Connector expanded its outreach program for CHA relocatees who are currently using Housing Choice Vouchers. During FY2002, a phone hot line was developed to ease access to services. This will be further expanded in FY2003 when the HCV Satellite offices open. These offices will provide assistance with Service Connector System resources, information on the HCV Program, and relocation information. The CHA also researched the possibility of launching an independent Landlord/Tenant Mediation Program, but determined that the services already existed in established organizations. Information regarding the availability of these services will continue to be disseminated to HCV Program participants.

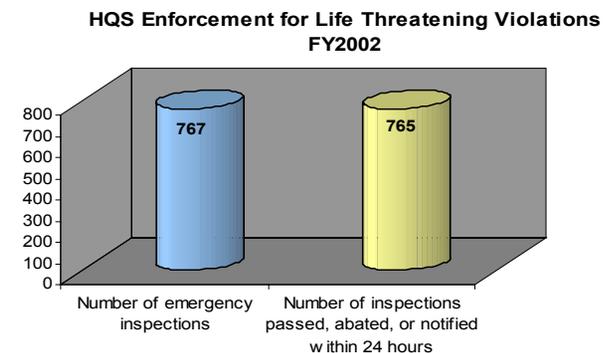
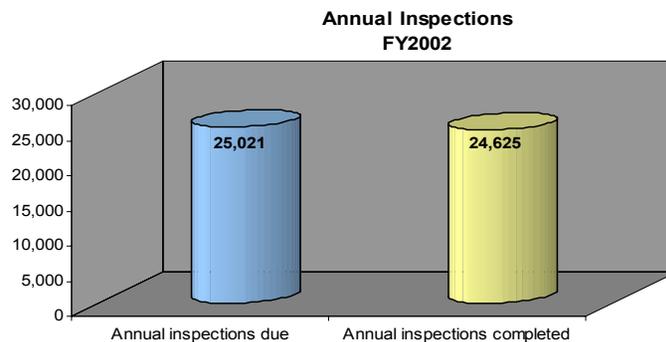
Inspections

Pre-Contract HQS Inspections

The HCV contract administrator performs Housing Quality Standards (HQS) inspections on units prior to voucher approval to ensure that residents will be moving into safe housing. In FY2002, CHAC, Inc. conducted 100% of the 6,651 pre-contract HQS inspections that were due.

Annual Inspection and HQS Enforcement

Landlords who have units in the HCV inventory must undergo initial as well as annual inspections to determine whether their units are well maintained and safe. During FY2002 of the 25,021 units with annual inspections due, 98% were inspected, surpassing the established goal of 95%. CHAC, Inc. also conducts emergency inspections as needed. Those landlords with units that did not pass the inspections were required to correct the violation(s) in an expeditious manner or lose their HAP.



Quality Control

The HCV Program administrator must also perform quality control inspections to provide feedback on the inspection, interview, and rent reasonableness determination processes. In FY2002, 1,228 HQS quality control inspections were conducted. Of these, 78% were found to be in accordance with HQS inspection requirements. To improve this percentage, CHAC, Inc. conducts monthly HQS forums with inspectors and, beginning in March 2003, inspectors will be required to attend HQS refresher trainings.

Replacement Vouchers

In accordance with the MTW Agreement and its subsequent amendments, HUD will provide the CHA with a replacement Housing Choice Voucher for each public housing unit that is demolished. For FY2002, the CHA will be requesting 2,857 Housing Choice Vouchers to replace the units at buildings where structural demolition began in FY2002. Once received, the replacement Housing Choice Vouchers are incorporated into the CHA's block grant and used to fund counseling, relocation, and other housing initiatives.

CHAPTER 6: PROTECTIVE SERVICES

Chicago Police Department

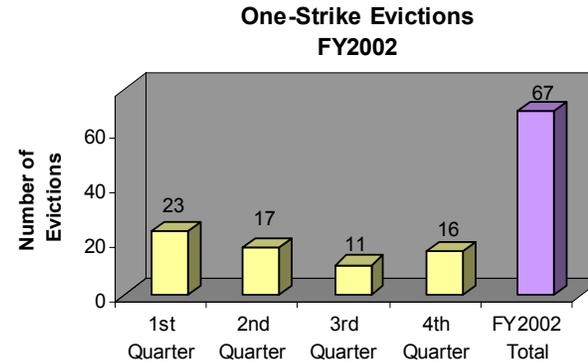
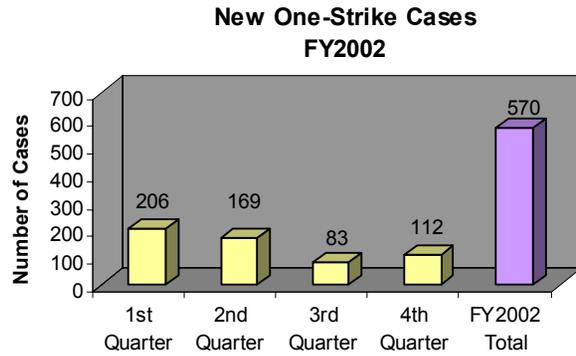
Since November 1999, an Intergovernmental Agreement between the Chicago Police Department (CPD) and the Chicago Housing Authority has vested the safety of CHA residents in the hands of the CPD. Through this collaboration, the CHA continued to help integrate its residents into the greater Chicago community by allowing them the protection of Chicago's finest.

Through its Chicago Alternative Policing Strategy (CAPS) program and other initiatives, the CPD has reduced the number of crimes at CHA developments. From FY2001 to FY2002, there was a 6% decrease in criminal incidents at developments and a 2% decrease in violent crimes. CAPS is a proactive strategy that brings police, residents, and other community members together to identify and address potential and actual safety issues at CHA developments. This partnership allows the CHA to continue to take a proactive, rather than reactive, role in increasing public safety.

Operation CLEAN is a CAPS program designed to reduce crime by alleviating some of the conditions that give birth to crime. Through Operation CLEAN, city workers go into targeted areas and communities to fix traffic lights, remove unwanted litter, and trim trees. Fixing traffic lights creates safer conditions. Removing unwanted litter removes unwanted activities. Trimming back trees allows greater visibility and less cover for criminal activity. All of these activities also beautify the neighborhood and restore pride to communities on the rebound.

One-Strike Program

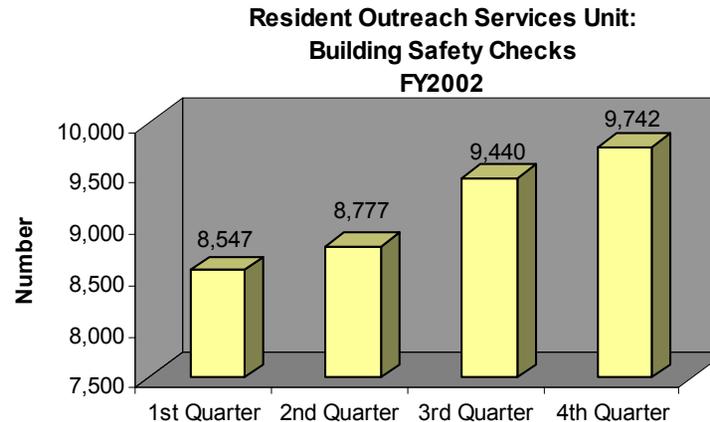
Federal legislation dictates that the CHA, along with all other public housing authorities, implement a One-Strike Program. The goal of the legislation is to remove leaseholders, household members, guests, or other persons under a resident's control that threaten the health, safety, or right of peaceful enjoyment of the premises by other residents, CHA employees, agents, or persons residing in the immediate vicinity. The CHA continued to work with the CPD in FY2002 to develop strategies to relay information back to the Authority regarding the alleged criminal conduct of residents and their guests. It is important to note that not all One-Strike cases result in evictions; many cases result in alternative resolutions.



Town hall meetings were held at developments to provide residents and other community members with information about the One-Strike Program. Residents were also encouraged to contact the Service Connector System for assistance with troubled household members in order to prevent One-Strike violations.

Resident Outreach Services Unit

Resident Outreach Services worked with the CPD in FY2002 to increase public safety at CHA family and senior developments. During the year, the volunteer staff conducted building safety checks, distributed flyers with Halloween Safety Tips, and provided information to residents on the Neighborhood Alive Assemblies hosted by CAPS. The Assemblies served to recruit additional neighborhood volunteers for CAPS and allowed current volunteers to strengthen their relationships with each other and the CPD. The Unit, which had 100 groups in operation as of the end of FY2002, also held nearly 200 public safety meetings at numerous developments.



CHAPTER 7: MBE/WBE/DBE AND SECTION 3

MBE/WBE/DBE

The CHA is committed to promoting employment opportunities in construction, management, and professional services for residents and other low income individuals and to providing major opportunities to small and disadvantaged businesses. In FY2002, the CHA consistently met and exceeded its goals to ensure that Minority, Women, and Disadvantaged Business Enterprises (MBE/WBE/DBE) have the maximum opportunity to compete for and enter into contracts and subcontracts administered by the CHA.

In FY2002, the Authority continued to expand its outreach efforts to MBE/WBE/DBE and Section 3 Vendors and Contractors. For example, the CHA hired a Business Development Manager to track Section 3 activity and administer certifications. The CHA also hosted Construction Contract Workshops and attended various vendor fairs throughout the year to allow interested parties including MBE/WBE/DBE and Section 3 vendors to learn more about the CHA's procurement process. The CHA website has been updated and clarified as well. Now information regarding Procurement and Contracts, including MBE/WBE/DBE and Section 3 policies, procedures, and business opportunities, is even easier to obtain.

Total Awards and MBE/WBE/DBE Commitment

01/01/2002 to 12/31/2002	Awards	Participation Requirement (Percent)	Participation Requirement (Dollars)	Committed (Percent)	Committed (Dollars)	Variance (Percent)	Variance (Dollars)
Construction awards under \$25,000	\$29,970	0%	\$0	29%	\$8,588	29%	\$8,588
Construction awards \$25,000 to \$200,000	\$2,048,063	25%	\$512,016	61%	\$1,250,812	36%	\$738,796
Construction awards \$200,001 to \$500,000	\$5,761,676	30%	\$1,728,503	54%	\$3,110,756	24%	\$1,382,253
Construction awards \$500,001 to \$1,000,000	\$13,821,967	35%	\$4,837,688	51%	\$7,105,065	16%	\$2,267,377
Construction awards over \$1,000,000	\$352,200,194	40%	\$140,880,077	42%	\$149,505,830	2%	\$8,625,752
Services, supply and delivery awards	\$145,311,939	20%	\$29,062,388	33%	\$47,866,333	13%	\$18,803,945
Total awards	\$519,173,808		\$177,020,672		\$208,847,383		\$31,826,711

Section 3 Policy

The CHA has a strong commitment to seeing that economic opportunities are provided to low and very low-income residents in accordance with its Section 3 Policy. The CHA endeavors to have 30% of its contractors' full-time new hires be Section 3 residents. In the instances that contractors are unable to hire Section 3 residents or contract with Section 3 businesses, the CHA required them to provide other economic opportunities to train and employ Section 3 residents or contribute to a fund which provides the same. This policy language is found in all contracts.

During FY2002 HUD commended the CHA's efforts after completing an audit of the Section 3 Program. HUD noted that the CHA provided assistance to developing resident owned businesses by conducting training sessions on entrepreneurship. Additionally, 30 resident owned businesses have been formed and sustained as a result of this policy. HUD applauded the CHA's efforts to take positive steps to comply and maintain a successful Section 3 program.

CHAPTER 8: AGENCY FUNDING

A substantial amount of human and financial resources are necessary to successfully implement the Plan for Transformation. The financial resources are managed through the institution and enforcement of a combination of procurement, budgetary, and accounting policies. For the fifth year in a row, the CHA was awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). The certificate is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment stands as proof of the CHA's success in instituting financial controls and policies. In addition, the CHA was awarded the Bond Buyer's 2002 Deal of the Year Award for the country's first public housing tax-exempt bond issue. The CHA issued \$291 million in face amount bonds and used an innovative premium bond structure to raise an additional \$17 million in proceeds. This funding effectively locks in cash to complete the Authority's rehabilitation program without jeopardizing funding for other CHA development initiatives. See Appendix 9 for financial statements. Some of the key financial policies include:

Internal Control

It is the policy of the Authority to maintain an internal control structure in order to ensure that the CHA's assets are protected from loss, theft, or misuse, including that portion related to federal financial assistance programs. The internal control structure is subject to periodic evaluation by the Authority's management and independent auditors.

Budget Policy

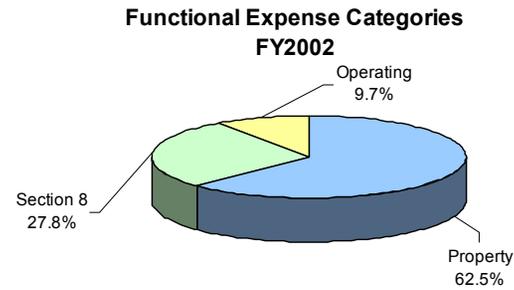
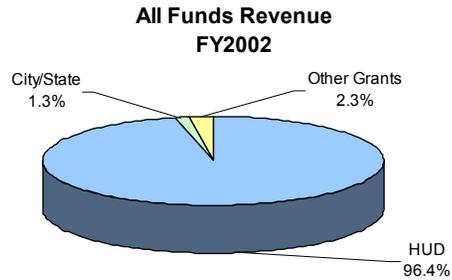
The budget policy is established to maintain effective management of the Authority's financial resources. A comprehensive annual budget, in accordance with Generally Accepted Accounting Principles (GAAP), is prepared for all funds expended by CHA. For the second year in a row, the CHA was awarded the GFOA's Distinguished Budget Presentation Award for FY2002.

Audit Policy

The Authority's audit policy requires that all service providers, under contract or agreement, comply with Federal and State laws and regulations requiring an independent audit by a certified public accountant or the Legislative Auditor of the State of Illinois. Service providers are required to work collaboratively with the CHA to resolve any findings contained in the audit including the recovery of disallowed costs or questionable costs that cannot be justified.

Investment Policy

The CHA's investment policy provides guidelines for investing funds in a manner which ensures the safety of principal, provides liquidity to meet anticipated expenditures, and maximizes the return on invested funds. Investment decisions and activities are conducted within full compliance of HUD's Cash Management and Investment Policies and Procedures and in accordance with the Illinois Public Funds Investment Act, to the extent applicable.

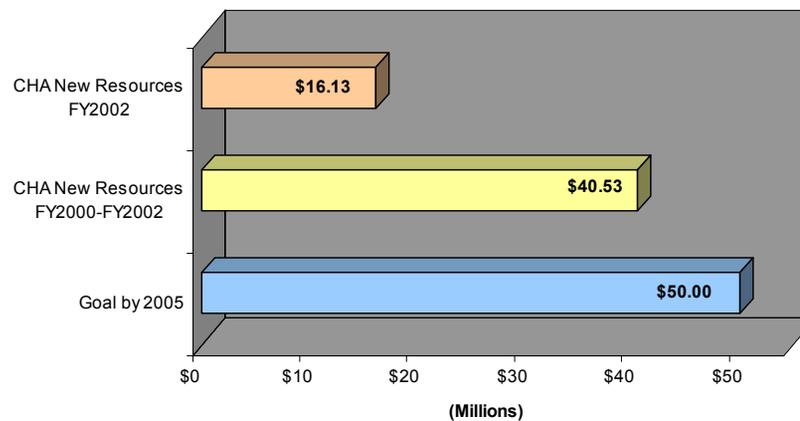


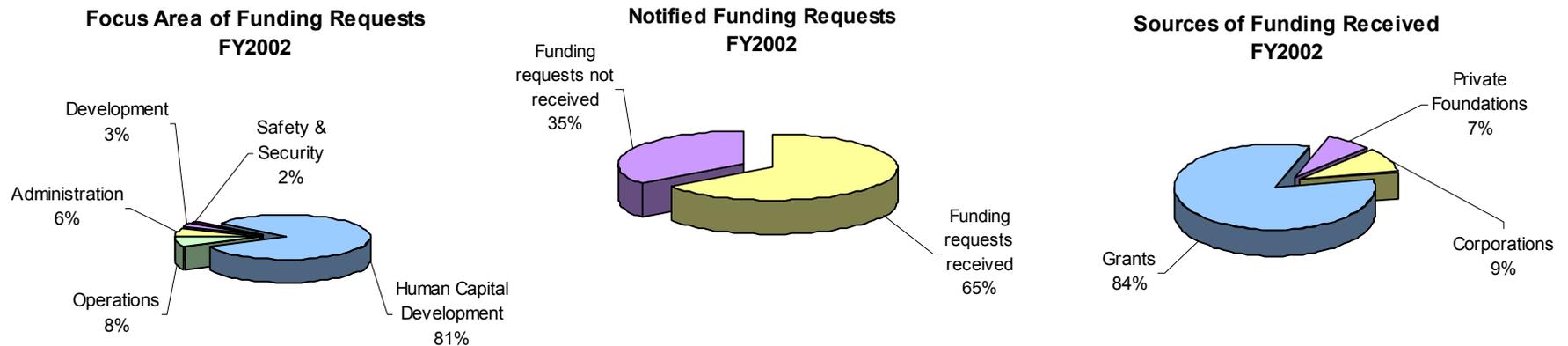
External Funding

The Department of Resource Development was created to identify and secure resources to support the CHA’s Plan for Transformation during its original five-year period of implementation. In addition, the Department facilitates the determination of the Authority’s annual resource needs. In order to meet an annual goal of \$10 million, a diversified approach of public/private grant development, corporate and individual donor solicitation, and resource leveraging through community partnerships and affiliate joint ventures such as Windows of Opportunity, Inc. and the Partnership for New Communities is applied.

The CHA brought in over \$16 million in new resources in FY2002 which includes support from public and private foundation grants, corporate sponsorship, and in-kind donations.

**New Resources
FY2000-FY2002
(in millions)**





In FY2002, areas of focus included resident-focused economic development, fair housing, organizational capacity development, technology, employment and training, youth programs, education, environmental health improvement, preventative health services, safety and security, community beautification, facilities improvement, and senior services.

The CHA, in collaboration with its external partners, applied for 25 government grants in FY2002. Over \$10.5 million in grants was received to support the Plan for Transformation. Some of these grants include:

- Neighborhood Networks***
 The CHA received \$450,000 from HUD to establish a community technology center with the capacity for distance learning in the LeClaire Courts Housing Development.
- Urban High Crime Initiative***
 Jane Addams Hull House Association, in partnership with the CHA, received \$60,000 from the U.S. Department of Justice to create a community-based collaborative model to address victimization needs in high crime urban neighborhoods. Hull House also received \$100,000 from HUD to address fair housing issues.
- Resident Opportunities and Self-Sufficiency (ROSS) Leadership Capacity Building***
 The Central Advisory Council, with the CHA's assistance, received \$100,000 to support citywide leadership development and capacity building for Local Advisory Council Presidents and their Executive Councils.

Private Sector Partnerships

The CHA continued to work closely with the MacArthur Foundation, the Chicago Community Trust, and other foundations to support the Plan for Transformation. In addition to resources that have come directly to the CHA, these private partners granted an additional \$6 million to external agencies serving CHA residents.

- ***The John D. and Catherine T. MacArthur Foundation***

Through its grantmaking and other work, the MacArthur Foundation seeks to help the CHA take advantage of this historic opportunity to improve the quality of public housing. Areas that the Foundation has invested in include relocation efforts to examine replacement housing issues and to develop long-term strategies for community reintegration and stability. To date, the MacArthur Foundation has committed over \$17 million to the Plan.

- ***The Chicago Community Trust***

The Trust has provided over \$3 million in support of CHA initiatives since FY2001, including \$1 million earmarked for the Partnership for New Communities. The development of male initiatives is a primary focus area for Trust, which they supported through a grant to Windows of Opportunity, Inc. for adolescent males ages 10-14. Additionally, the Trust funded a Health Disparities for Young Male Adults program through West Side Futures, a YMCA-affiliate.

Corporate Partnerships

The Corporate Partners Program, initiated in FY2000, raised over \$2.4 million in FY2002. Resources secured included in-kind contributions and technical assistance from corporate partners such as Commonwealth Edison, Deloitte and Touche, Leo Burnett, and Booz Allen & Hamilton.

Windows of Opportunity, Inc.

As the CHA's non-profit affiliate, Windows creates partnerships to link all of the City's public and assisted housing residents to resources that will improve their quality of life and promote self sufficiency. In FY2002, under the leadership of a newly appointed Executive Director and additional staff, Windows continued to make great strides in its fundraising efforts on behalf of CHA residents. One of the ways this was accomplished was through the cultivation of new donors for the Scholarship Program and Holiday Initiatives.

The Partnership for New Communities

Administered by the Chicago Community Trust and overseen by a growing board of Chicago's most respected leaders, the Partnership's goal is to raise and provide resources to support CHA's changing neighborhoods.

Special Initiatives/Volunteer Programs

A total of 600 volunteers donated an average of five hours per CHA community playground build in FY2002, for a total of 3,000 volunteer hours.⁴

⁴ According to the National Volunteers Association, the national standard allowable rate to calculate volunteer hours is \$16/hr. or \$40,000. The hourly value of volunteer time is updated yearly by *Independent Sector* and is based on the average hourly wage to nonagricultural workers, as published in *The Economic Report of the President*, increased by 12% to estimate fringe benefits.

APPENDIX 1: MTW REQUIREMENTS/ANNUAL REPORT CROSSWALK

Requirement	Location in FY2002 Annual Report
I. Households Served	
A. Number Served: Plan vs. Actual by: Unit Size	Appendix 2: Public Housing Stock and Demographic Information
Family Type	Appendix 2: Public Housing Stock and Demographic Information
Income Group	Appendix 2: Public Housing Stock and Demographic Information
Program/Housing Type	Appendix 2: Public Housing Stock and Demographic Information Appendix 3: Housing Choice Voucher Demographic Information
Race and Ethnicity	Appendix 2: Public Housing Stock and Demographic Information
B. Changes in Resident Characteristics	Appendix 2: Public Housing Stock and Demographic Information
C. Waiting List Numbers and Characteristics	Appendix 4: Wait List Demographic Information
D. Narrative discussion/explanation of difference	Appendix 2: Public Housing Stock and Demographic Information
II. Occupancy Policies	
A. Changes in concentration of lower income families by program	Chapter 1: Capital Program Chapter 5: Housing Choice Voucher Rental Assistance
B. Changes in rent policy, if any	Chapter 3: Property Management
C. Narrative discussion/explanation of difference	Chapter 3: Property Management
III. Changes in Housing Stock	
A. Number of units in inventory by program: Planned vs. Actual	Appendix 2: Public Housing Stock and Demographic Information
B. Narrative discussion/explanation of difference	Appendix 2: Public Housing Stock and Demographic Information
IV. Sources and Amounts of Funding	
A. Planned vs. Actual Funding Amounts	Appendix 9: Financial Statements
B. Narrative discussion/explanation of difference	Appendix 9: Financial Statements
C. Consolidated Financial Statement	Appendix 9: Financial Statements
V. Uses of Funds	
A. Budgeted vs. Actual Expenditures by Line Item	Appendix 9: Financial Statements
B. Narrative discussion/explanation of difference	Appendix 9: Financial Statements
C. Reserve Balance at end of Year. Discuss adequacy of reserves.	Appendix 9: Financial Statements
VI. Capital Planning	
A. Identify Planned vs. Actual Expenditures by property	Appendix 8: Capital Expenditures
B. Narrative discussion/explanation of difference	Appendix 8: Capital Expenditures

Requirement	Location in FY2002 Annual Report
VII. Management Information for Owned/Managed Units	
A. Vacancy Rates: Target vs. Actual Vacancies by Property	Chapter 3: Property Management
Narrative discussion/explanation of difference	Chapter 3: Property Management
B. Rent Collections: Target vs. Actual Collections	Chapter 3: Property Management
Narrative discussion/explanation of difference	Chapter 3: Property Management
C. Work Orders: Target vs. Actual Response Rates	Chapter 3: Property Management
Narrative discussion/explanation of difference	Chapter 3: Property Management
D. Inspections: Planned vs. Actual Inspections Completed	Chapter 3: Property Management
Narrative discussion/explanation of difference	Chapter 3: Property Management
Results of independent PHAS inspections	The physical inspections have not yet been completed by HUD. The final results will be available from the HUD REAC website.
E. Security: Planned vs. Actual Actions/Explanation of Difference	Chapter 6: Protective Services
F. Designated Housing	Chapter 3: Property Management
VIII. Management Information for Leased Housing	
A. Leasing Information: Target vs. Actual Lease Ups at the End of the Period	Chapter 5: Housing Choice Voucher Rental Assistance
Information and Certification of Data on Leased Housing Management, including: ensuring rent reasonableness, expanding housing opportunities, deconcentration of low income families	Chapter 5: Housing Choice Voucher Rental Assistance
Narrative discussion/explanation of difference	Chapter 5: Housing Choice Voucher Rental Assistance
B. Inspection Strategy: results of strategy including planned vs. actual inspections completed by category (annual HQS, Pre-contract HQS, HQS QC inspections)	Chapter 5: Housing Choice Voucher Rental Assistance
HQS Enforcement	Chapter 5: Housing Choice Voucher Rental Assistance
Narrative discussion/explanation of difference	Chapter 5: Housing Choice Voucher Rental Assistance
IX. Resident Programs	
A. Narrative: Planned vs. Actual Actions/Explanation of Difference	Chapter 4: Human Capital Development
B. Results of latest PHAS Resident Survey, or equivalent	The resident surveys have not yet been completed by HUD. The results will be available from the HUD REAC website.
X. Other Information	
OMB 133 Audit	Attachment
Certifications	Attachment
Submissions Required for the Receipt of Funds	Attachment

APPENDIX 2: PUBLIC HOUSING STOCK AND DEMOGRAPHIC INFORMATION

As the CHA progresses toward the goals contained in the Plan for Transformation, the public housing stock and demographic data will continue to vary. In addition, the CHA is preparing a new technological environment. Significant monetary and human resources are being expended to update and redesign the Authority's computerized database. This process is ongoing and includes preparing the current data for conversion. The database is dynamic and currently undergoing a major rehabilitation.

Family Demographics (Information obtained from CCS Database)

Unit Size (# units)	12/31/01	12/31/02
0 Bedrooms	70	134
1 Bedroom	1,580	3,266
2 Bedrooms	5,249	8,592
3 Bedrooms	5,291	7,697
4 Bedrooms	1,168	1,736
5 Bedrooms	61	206
6 Bedrooms	4	4
7+ Bedrooms	0	0

Housing Stock and Occupancy	12/31/01	12/31/02
Total Units	24,616	21,635
Occupied Units	13,423	11,881
Total number of residents	41,234	36,423
Average family size	3.1	3.1

Income Range (# households)	12/31/01	12/31/02
\$0-3,999	4,921	4,556
\$4,000-7,999	4,982	4,138
\$8,000-15,999	1,991	1,713
\$16,000-27,999	1,180	1,135
\$28,000-35,999	239	224
\$36,000 and greater	110	115

Senior Demographics (Information obtained from CCS Database)

Unit Size (# units)	12/31/01	12/31/02
0 Bedrooms	860	1,264
1 Bedroom	6,081	8,545
2 Bedrooms	35	76
3 Bedrooms	24	1
4 Bedrooms	17	0
5 Bedrooms	0	0
6 Bedrooms	0	0
7+ Bedrooms	0	0

Housing Stock and Occupancy	12/31/01	12/31/02
Total Units	9,929	9,886
Occupied Units	7,017	6,284
Total number of residents	7,818	6,877
Average family size	1.1	1.1

Income Range (# households)	12/31/01	12/31/02
\$0-3,999	2,283	2,052
\$4,000-7,999	3,370	2,938
\$8,000-15,999	1,290	1,228
\$16,000-27,999	66	59
\$28,000-35,999	2	4
\$36,000 and greater	6	3

Family Demographics
(Information obtained from CCS Database)

Race/Ethnicity (# residents)	12/31/01	12/31/02
White	2,636	2,545
Black	38,330	33,629
Native/Alaskan	82	84
Asian/Pacific Islander	170	155
Other	9	8
Hispanic*	2,437	2,311

Selected Income Sources (# households)	12/31/01	12/31/02
Employed	4,280	3,825
SSI	4,067	3,657
Social Security	2,139	2,056
TANF**	3,753	2,562

Gender (# residents)	12/31/01	12/31/02
Female	25,730	22,734
Male	15,501	13,688

Age (# residents)	12/31/01	12/31/02
0-20	24,079	21,135
21-60	15,131	13,471
61 and over	2,024	1,817

	12/31/01	12/31/02
Average Income	NA	\$9,722

Senior Demographics
(Information obtained from CCS Database)

Race/Ethnicity (# residents)	12/31/01	12/31/02
White	2,328	2,085
Black	4,857	4,190
Native/Alaskan	60	56
Asian/Pacific Islander	511	488
Other	55	51
Hispanic*	446	403

Selected Income Sources (# households)	12/31/01	12/31/02
Employed	220	191
SSI	4,396	3,958
Social Security	3,804	3,485
TANF**	935	832

Gender (# residents)	12/31/01	12/31/02
Female	4,103	3,613
Male	3,711	3,259

Age (# residents)	12/31/01	12/31/02
0-20	138	20
21-60	2,044	1,657
61 and over	5,636	5,200

	12/31/01	12/31/02
Average Income	NA	\$8,311

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

** TANF includes AFDC, Earn-Fare, and General Assistance.

APPENDIX 3: HOUSING CHOICE VOUCHER DEMOGRAPHIC INFORMATION

Demographics of current HCV Program Participants as of 12/31/02			
Total HCV Program Participants			94,429
	Head of Household	Other household members	Total
Age			
Under age 62	28,430	60,590	89,020
Age 62 and over	4,772	632	5,404
Age unknown/pending	5	0	5
Race			
White	4,890	7,720	12,610
Black	28,192	53,362	81,554
Other	105	116	221
Unknown/pending	20	24	44
Ethnicity*			
Hispanic	3,984	7,253	11,237
Non-Hispanic	29,207	53,950	83,157
Unknown/pending	16	19	35
Disabled Population			
Disabled	11,031	3,805	14,836
		Bedroom sizes	Total
		0	1,624
		1	5,660
		2	22,039
		3	42,146
		4	15,819
		5	5,317
		6	1,455
		7	254
		8	110
		Unknown/pending	5
		Rent	
		Avg. Contract Rent	\$ 821
		Income	
		Average Annual Income	8,275
		Percentage with wage income	30%
		Percentage >50% Wage Income	29%
		Above 30% of AMI	4,078
		Below 30% of AMI	29,124
		Unknown/pending	5

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

Demographics of Head of Households on the HCV General Waiting List as of 12/31/02	
	Head of Household
Age	
Under age 62	21,736
Age 62 and over	1,814
Age unknown/pending	0
Race	
White	5,608
Black	16,927
Other	149
Unknown/pending	866
Ethnicity	
Hispanic	5,329
Non-Hispanic	17,808
Unknown/pending	413
Disabled Population	
Head of household	
Disabled	4,770

APPENDIX 4: WAIT LIST DEMOGRAPHIC INFORMATION

Wait List Information (Information obtained from CCS - as of December 31, 2002)

TYPE	Total Applicants	Total Persons	AMI <30%	AMI 30-50%	AMI 51-80%	AMI 80%+	Race White	Race Black	Race Indian/Alaskan	Race Asian/Pacific Islander	Race Other	Race Unknown	Hispanic	Disabled
Family Wait List	34,040	99,330	32,194	1,443	167	236	34,446	61,201	169	1,520	1,099	895	20,988	3,855
Senior Wait Lists	2,868	3,445	2,741	111	12	4	1,604	1,520	55	188	51	27	776	2,019
No Preference Wait List*	17,422	41,293	16,225	939	183	75	6,526	29,151	126	589	3,075	1,826	2,935	5,629
TOTAL	54,330	144,068	51,160	2,493	362	315	42,576	91,872	350	2,297	4,225	2,748	24,699	11,503

* Applicants on the Wait List that did not indicate a preference for a type of housing development. The CHA allows these individuals to make their choice during their eligibility interview.

APPENDIX 5: FY2002 DISPOSITION

FY2002 Property Disposition Activity

Development	Area
Horner Homes	Ninety-nine (99) year lease of North Oakley Avenue to the west; West Lake Street to the north; North Leavitt Avenue to the east to the West Maypole L.P.
	Ninety-nine (99) year lease of North Wood Avenue to the west; West Lake Street to the north; North Leavitt Avenue to the east; West Washington Street to the south to the West Maypole L.P.
Hilliard Homes	Ninety-nine (99) year lease of all land within the area bounded by Cullerton on the North, State on the East, Cermak on the South, and Clark on the west to the Hilliard Homes I Partnership.
	Sale of two residential buildings located at 2031 S. Clark and 2111 S. Clark, and the non-residential building at 54 W. Cermak to the Hilliard Homes I Partnership for the Fair Market Appraised Value of \$5.2 Million.
Archer Courts	Sale of the land located at the Southeast Corner of Archer Avenue and Stewart Avenue to the City of Chicago for \$1 and four completed public housing units in Archer Courts Phase II to be provided to the CHA.

FY2002 Street Disposition Activity

Development	Street transferred/rededicated to City of Chicago for new street and alleys
Horner Homes	Bell Street from North Leavitt to North Oakley
	North Maypole Avenue from North Hermitage to North Oakley
	First alley north of West Washington Street from North Leavitt to North Oakley

APPENDIX 6: FY2002 STRUCTURAL DEMOLITION

Address	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
Rockwell Gardens				
2450 W. Monroe	139	0	0	-139
340 S. Western	148	0	0	-148
2517 W. Adams	138	0	0	-138
2514 W. Van Buren	141	0	0	-141
Subtotal:	566	0	0	-566
Stateway Gardens				
3547-49 S. Federal**	230	230	0	-230
3542-44 S. State**	132	132	0	-132
3517-19 S. Federal	0	230	230	230
3833-35 S. Federal*	0	0	230	230
3737-39 S. Federal	0	230	230	230
Subtotal:	362	822	690	328
Green Homes				
660 W. Division	134	0	0	-134
714 W. Division	134	0	0	-134
630 W. Evergreen	144	0	0	-144
1340 W. Larrabee	144	0	0	-144
Subtotal:	556	0	0	-556
Cabrini Ext. North				
1015-17 N. Larrabee	136	0	0	-136
1121 N. Larrabee	65	0	0	-65
1159-61 N. Larrabee	136	0	0	-136
1158 N. Cleveland (North)	65	65	65	0
Subtotal:	402	65	65	-337
Robert Taylor Homes				
4525 S. Federal**	158^	158	0	-158
4555 S. Federal**	158	158	0	-158
4101 S. Federal	0	158	158	158
4022 S. State	0	158	158	158
4410 S. State	0	158	158	158
4946 S. State	158	0	0	-158
4950 S. State**	0	158	0	0
Subtotal:	474	948	474	0

Address	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
Washington Park				
WP Highrise				
4120 S. Prairie	155	0	0	-155
4414 S. Cottage	155	155	155	0
WP Lowrise				
3910-12 S. Indiana	12	0	0	-12
3914-16 S. Indiana	12	0	0	-12
4520-22 S. Champlain	12	0	0	-12
4524-26 S. Champlain	12	0	0	-12
4528-30 S. Champlain	12	0	0	-12
123-25 E. 39th	12	0	0	-12
6127-41 S. Calumet	8	0	0	-8
604-06 E. 40th	12	0	0	-12
4120 S. St. Lawrence	9	0	0	-9
4140 S. Langley	9	0	0	-9
4212-14 S. Wabash	12	0	0	-12
4216-18 S. Wabash	12	0	0	-12
4220-22 S. Wabash	12	0	0	-12
4224-26 S. Wabash	12	0	0	-12
4016-18 S. Prairie	12	0	0	-12
Subtotal:	480	155	155	-325
Madden Park Homes				
3807 S COTTAGE GROVE	18	18	18	0
3835 S COTTAGE GROVE	18	18	18	0
3863 S COTTAGE GROVE	18	18	18	0
3804 S ELLIS AV	18	18	18	0
3828 S ELLIS AV	18	18	18	0
3850 S ELLIS AV	18	18	18	0
820 E PERSHING RD	19	19	19	0
3750 S ELLIS AV	108	108	108	0
Subtotal:	235	235	235	0

Address	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
Wells Homes				
3740 S COTTAGE GROVE	12	0	0	-12
3802 S LANGLEY AV	4	0	0	-4
3812 S LANGLEY AV	12	0	0	-12
3828 S LANGLEY AV	4	4	0	-4
3840 S LANGLEY AV**	12	12	0	-12
647 E 37TH PL	12	0	0	-12
649 E 38TH PL	6	0	0	-6
650 E 39TH ST	6	0	0	-6
657 E 37TH PL	12	0	0	-12
659 E 38TH PL	6	0	0	-6
660 E 39TH	6	0	0	-6
662 E 38TH PL	10	0	0	-10
663 E 38TH ST	6	0	0	-6
670 E 38TH PL	6	0	0	-6
670 E 38TH ST	12	0	0	-12
671 E 38TH PL	6	6	0	-6
672 E 39TH	6	6	0	-6
679 E 37TH ST	10	0	0	-10
679 E 38TH PL**	6^	6	0	-6
680 E 39TH**	6	6	0	-6
688 E 39TH ST	5	5	0	-5
689 E 38TH PL**	6	6	0	-6
698 E 39TH	1	1	0	-1
700 E 38TH ST	6	0	0	-6
701 E 37TH PL	6	0	0	-6
710 E 38TH ST	12	0	0	-12
725 E 37TH PL	12	0	0	-12
735 E 37TH PL	12	0	0	-12
748 E 38TH ST	6	0	0	-6
757 E 37TH PL	12	0	0	-12
772 E 38TH ST	3	0	0	-3
776 E 38TH ST	6	0	0	-6
3708 S VINCENNES AV	4	0	0	-4
3709 S VINCENNES AV	10	0	0	-10
3710 S COTTAGE GROVE	12	0	0	-12
3710 S VINCENNES AV	12	0	0	-12
3728 S VINCENNES AV	4	0	0	-4
3741 S VINCENNES AV	12	0	0	-12
3742 S VINCENNES AV	19	0	0	-19
3808 S VINCENNES AV	18	0	0	-18
3809 S VINCENNES AV	12	0	0	-12
3840 S VINCENNES AV	12	0	0	-12
3841 S VINCENNES AV	12	0	0	-12
531 E 37TH ST	6	0	0	-6

Address	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
544 E 39TH	6	0	0	-6
548 E 38TH ST	12	0	0	-12
549 E 38TH PL	6	0	0	-6
551 E 38TH ST	12	0	0	-12
554 E 39TH ST	6	0	0	-6
555 E 37TH PL	14	0	0	-14
556 E 38TH ST	6	0	0	-6
559 E 38TH PL	12	0	0	-12
564 E 39TH	4	0	0	-4
571 E 37TH PL	6	0	0	-6
600 E 39TH ST	6	0	0	-6
601 E 37TH PL	6	0	0	-6
601 E 38TH PL	4	0	0	-4
601 E 38TH ST	4	0	0	-4
605 E 37TH ST	10	0	0	-10
606 E 38TH PL	6	0	0	-6
606 E 38TH ST	6	0	0	-6
609 E 38TH PL	6	0	0	-6
609 E 38TH ST	7	0	0	-7
610 E 37TH PL	4	0	0	-4
612 E 39TH ST	6	0	0	-6
615 E 37TH PL	11	0	0	-11
618 E 38TH PL	12	0	0	-12
619 E 38TH PL	6	0	0	-6
620 E 37TH PL	5	0	0	-5
620 E 39TH	1	0	0	-1
621 E 38TH ST	6	0	0	-6
622 E 39TH	5	0	0	-5
623 E 37TH ST	10	0	0	-10
625 E 37TH PL	6	0	0	-6
628 E 37TH PL	7	0	0	-7
628 E 38TH ST	6	0	0	-6
629 E 38TH PL	6	0	0	-6
630 E 39TH ST	6	0	0	-6
631 E 38TH ST	6	0	0	-6
635 E 37TH PL	6	0	0	-6
638 E 38TH PL	6	0	0	-6
638 E 38TH ST	6	0	0	-6
640 E 37TH PL	4	0	0	-4
641 E 38TH PL	6	0	0	-6
642 E 39TH ST	6	0	0	-6
643 E 37TH ST	4	0	0	-4
643 E 38TH ST	6	0	0	-6
650 E 38TH PL	14	0	0	-14

Address	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
Wells con't				
651 E 37TH ST	4	0	0	-4
653 E 38TH ST	6	0	0	-6
659 E 37TH ST	10	0	0	-10
667 E 37TH PL	6	0	0	-6
679 E 37TH PL	12	0	0	-12
713 E 37TH PL	6	0	0	-6
720 E 37TH PL	4	0	0	-4
730 E 37TH PL	12	0	0	-12
745 E 37TH PL	6	0	0	-6
750 E 37TH PL	4	0	0	-4
767 E 37TH PL	9	0	0	-9
779 E 37TH PL	4	0	0	-4
Subtotal:	763	52	0	-763

Address	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
Henry Horner				
150 N. Hermitage	0	65	65	65
140 N. Wood	0	65	65	65
1850 W. Washington	63	0	0	-63
1943 W. Lake St.	63	0	0	-63
Subtotal:	126	130	130	4

Address	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
Abbott				
1410 W 14TH ST	150	150	150	0
1510 W 14TH PL	0	150	150	150
1440 W 14TH ST	0	150	150	150
Subtotal:	150	450	450	300

Address	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
Prairie Courts Ext.				
2822 S. Calumet	203	0	0	-203
Subtotal:	203	0	0	-203

	Structural Demolition Planned FY2002	Structural Demolition Started FY2002	Structural Demolition Completed FY2002	Variance
Grand Totals	4,317	2,857	2,199	-2,118

Notes:

*Structural demolition began in FY2001; Completed in FY2002.

**Structural demolition began in FY2002: Will be completed in FY2003.

^Unit count in the FY2002 Annual Plan was erroneously reported.

Summary:

Total FY2001 Structural Demolition Started, Completed in FY2002	230
Total FY2002 Structural Demolition Started	2,857
Total FY2002 Structural Demolition Completed	2,199
Total FY2002 Structural Demolition Started, To be Completed in FY2003	888

APPENDIX 7: FY2002 UNIT CLOSURE

FY2002 Planned vs. Actual Unit Closures

Development	Property Address	Number of Units Planned	Number of Units Negotiated ¹	Number of Units Actual
ABLA	Various Low Rises	92	24	0
	<i>Totals</i>	92	24	0
Cabrini Extension	1161-1159 North Larabee	136	0	0
	1121 North Larabee	65	65	65
	1015-1017 North Larabee	136	0	0
	<i>Totals</i>	337	65	65
Green Homes	630 West Evergreen	144	0	0
	1340 North Larabee	144	0	0
	<i>Totals</i>	288	0	0
Horner Homes	1850 W. Washington	65	0	0
	1943 W. Lake	65	0	0
	<i>Totals</i>	130	0	0
Ickes	2822 South Calumet	203	203	203
	<i>Totals</i>	203	203	203
Rockwell Gardens	2514 West Van Buren	140	140	0
	340 South Western	148	148	0
	<i>Totals</i>	288	288	0
Stateway Gardens	3542-44 South State	132	132	132
	3547-49 South Federal	230	230	230
	<i>Totals</i>	362	362	362
Taylor A	4525 South Federal	157	157	157
	4555 South Federal	158	158	158
	<i>Totals</i>	315	315	315
Taylor B	4950 South State	158	158	158
	<i>Totals</i>	158	158	158
Washington Park	4120 South Prairie	155	155	155
	<i>Totals</i>	155	155	155
Wells	Various	506	22	22
	<i>Totals</i>	506	22	22
	Total	2,834	1,592	1,280

**Additional FY2002 Unit Closures
(Closure Originally Scheduled for FY2001)**

Development	Property Address	Number of Units Actual
ABLA	Various Low Rises	718
	<i>Totals</i>	718
Taylor A	4101 South Federal	158
	4022 South Federal	158
	<i>Totals</i>	316
Madden Park	Various	234
	<i>Totals</i>	234
Washington Park	4414 South Cottage Grove	155
	<i>Totals</i>	155
Wells	Various	18
	<i>Totals</i>	18
	Total	1,441

Additional FY2002 Unit Closures

Development	Property Address	Number of Units Actual
Hilliard	2111 South Clark	182
	Total	182

¹ Negotiated: The building closure plan was reviewed by the CHA and resident leadership in the summer of FY2002. This represents the plan per negotiations ending on 08/01/02.

APPENDIX 8: CAPITAL EXPENDITURES

FY2002 CAPITAL EXPENSES BUDGET VS. ACTUAL VARIANCE ANALYSIS

	HOPE VI Revitalization	HOPE VI Demolition	Capital Grants	City State	Bond Proceeds	Other Grants	Prior Year Funding	Total 2002 Capital Budget	Actual	Balance As of 12/31/02	% Unspent
CATEGORY 1											
CHA Wide		\$ 482,842	\$ 450,000					\$ 932,842	\$ 728,764	\$ 204,078	21.9%
Hilliard			8,803,333					8,803,333	1,980,004	6,823,329	77.5%
Henry Horner	6,000,000	1,184,545						7,184,545	2,712,901	4,471,644	62.2%
Cabrini Homes Ext.	940,000	1,293,569				7,306,000		9,539,569	5,464,683	4,074,886	42.7%
ABLA	904,720	2,429,843						3,334,563	4,825,866	(1,491,303)	-44.7%
Madden Park/Wells	1,085,100	2,402,252	1,700,000					5,187,352	2,171,863	3,015,489	58.1%
Robert Taylor B	1,008,791	5,364,017						6,372,808	767,756	5,605,052	88.0%
Lakefront/Drexel						2,178,432		2,178,432	1,311,885	866,547	39.8%
Category 1 Total	9,938,611	13,157,068	10,953,333	-	-	9,484,432	-	43,533,444	19,963,722	23,569,722	54.1%
CATEGORY 2											
Senior Housing Total	-	-	36,775,367	-	237,454,371	-	-	274,229,738	260,408,268	13,821,470	5.0%
CATEGORY 3											
Scattered Sites Total	-	-	22,384,670	-	18,545,330	-	-	40,930,000	30,220,899	10,709,101	26.2%
CATEGORY 4											
CHA Wide		18,344	2,136,756					2,155,100	2,194,653	(39,553)	-1.8%
Lathrop Homes							220,000	220,000	279,006	(59,006)	-26.8%
Lincoln Park Area			775,028					775,028	19,200	755,828	97.5%
Washington Park (Low Rise)			500,000					500,000	-	500,000	100.0%
Lawndale Gardens								-	3,405	(3,405)	0.0%
Bridgeport			3,200,000					3,200,000	421,487	2,778,513	86.8%
Wentworth Homes			1,500,000					1,500,000	392,342	1,107,658	73.8%
Lowden Homes			4,200,000					4,200,000	475,480	3,724,520	88.7%
Category 4 Total	-	18,344	12,311,784	-	-	-	220,000	12,550,128	3,785,573	8,764,555	69.8%
CATEGORY 5											
CHA Wide		638,979	210,000					848,979	866,612	(17,633)	-2.1%
Allgeld Gardens/Phillip Murray							780,000	780,000	810,238	(30,238)	-3.9%
Rockwell Gardens	3,207,638	3,511,641	175,000					6,894,279	789,013	6,105,266	88.6%
Trumbull Park			1,000,000					1,000,000	1,260	998,740	99.9%
Robert Taylor Homes	1,750,000	415,511	175,000					2,340,511	3,840,480	(1,499,969)	-64.1%
Stateway Gardens		5,134,577	3,100,000					8,234,577	3,876,532	4,358,045	52.9%
Washington Park (high rise)		2,405,678	178,000					2,583,678	2,287,878	295,800	11.4%
Category 5 Total	4,957,638	12,106,386	4,838,000	-	-	-	780,000	22,682,024	12,472,013	10,210,011	45.0%
CITY/STATE											
City/State Total	-	-	-	6,590,432	-	-	-	6,590,432	1,866,771	4,723,661	71.7%
OPERATIONS											
Capital Construction			5,050,846			344,065		5,394,911	4,458,939	935,972	17.3%
Development Management (Administrative)			4,263,471			7,855,839		12,119,310	2,714,988	9,404,322	77.6%
Habitability							18,486,548	18,486,548	12,467,336	6,019,212	32.6%
Interest Expense			15,000,000					15,000,000	15,348,456	(348,456)	-2.3%
Make Ready			13,335,000					13,335,000	14,025,480	(690,480)	-5.2%
Extraordinary Maintenance			18,000,000					18,000,000	18,081,540	(81,540)	-0.5%
Operations Total	-	-	55,649,317	-	-	8,199,904	18,486,548	82,335,769	67,096,739	15,239,030	18.5%
Grand Total	\$ 14,896,249	\$ 25,281,798	\$ 142,912,471	\$ 6,590,432	\$ 255,999,701	\$ 17,684,336	\$ 19,486,548	\$ 482,851,535	\$ 395,813,985	\$ 87,037,550	18.0%

FY2002 CAPITAL EXPENSES
BUDGET VS. ACTUAL VARIANCE ANALYSIS (UNAUDITED)

The overall budget for the Capital Program includes funding from Capital Grants, Bond Proceeds, Hope VI, City/State and Other Federal and Non-Federal Grants.

FOOTNOTES:

- (1) **Category 1 Existing Developments-** Total FY2002 Capital Expenditures for Category 1 is \$23.6 million under budget. Key elements of the budget variances are as follows:

Hilliard. Financing for Hilliard Homes closed on November 6, 2002. Total expenditures represent a Seller's Note provided by CHA to facilitate the deal closing and costs associated with emergency elevator work. The FY2002 budget reflects a portion of the total loan commitment to be spent during the year. Although CHA provided \$3.8 million out of its \$18.5 million loan commitment at closing, expenditures only reflect draws from the construction escrow.

Henry Horner. Financing for Henry Horner closed on December 26, 2002. Total expenditures represent associated predevelopment costs charged to the project. The difference between budget and actual expenditures is the result of delays in closing of the redevelopment project and the associated demolition.

Cabrini Homes Extension. The difference between budget and actual expenditures is the result of changes in the construction and demolition schedules for the project. Closing of redevelopment financing is scheduled for May 2004. Total expenditures for this project represent predevelopment costs.

ABLA. The actual expenditures are greater than budgeted because of higher than anticipated predevelopment and demolition costs for Grace Abbott Homes.

Madden Park/Wells. The difference between budgeted and actual expenditures is the delay of the demolition work schedule caused by rerouting of utility lines. In addition, the budget included funding for a satellite police station that will instead be constructed at the Dearborn/Ickes property. Total expenditures for this project represent predevelopment costs, site improvements, and architectural and engineering costs.

Robert Taylor B. Redevelopment and demolition work at Robert Taylor B was deferred until FY2003. Total expenditures for this project represent predevelopment costs during FY2002.

Lakefront/Drexel. The difference between budget and actual is due to outstanding administrative fees. Lakefront is scheduled to close March 2003 and Drexel is scheduled to close April 2003. Total expenditures for this project represent predevelopment costs.

- (2) **Category 2 Senior Housing** - The variance between budget and actual represents timing differences in the rehabilitation work schedule. The unused balance will be carried forward to FY2003. Expenses reflect the completion of 3,489 rehabbed senior units in FY2002.
- (3) **Category 3 Scattered Site Housing** - The Scattered Sites rehabilitation program was on schedule in FY2002. Expenses reflect the production of 1,063 units, which met the Authority's target completion schedule. The actual cost of rehabilitation (\$28,430 per unit) was below the amount budgeted (approximately \$35,222 per unit).
- (4) **Category 4 Non 202 Family Properties**

Washington Park (Low Rise). The Washington Park project was deferred to FY2003 in order to resolve planning and design issues.

Bridgeport. The Bridgeport Homes project was deferred to FY2003 in order to resolve outstanding environmental and planning issues. Construction is scheduled to begin April/May 2003. Total expenditures for this project represent architectural and engineering costs.

Wentworth Homes. The Wentworth Homes project was deferred to FY2003. Construction is scheduled to begin June 2003. Total expenditures for this project represent architectural and engineering costs.

Lowden Homes. The Lowden Homes project was deferred to FY2003 in order to resolve planning, design, and compliance issues. Total expenditures for this project represent architectural and engineering costs.

- (5) **Category 5 202 Family Properties**

Altgeld Gardens/Phillip Murray. The FY2002 budget reflects funding for the 50/50 Sidewalk Program, a site improvement initiative between CHA and the City Of Chicago. Total expenses for this project represent the 50/50 Sidewalk Program and preliminary environmental testing that was performed in anticipation of future development work.

Rockwell Gardens. Rockwell Gardens was deferred to FY2003 in order to complete the redevelopment planning process.

Trumbull Park. The Trumbull Park project was deferred to FY2003 in order to complete the planning process. Total expenditures for this project represent architectural and engineering costs.

Robert Taylor Homes. The difference between budget and actual is due to higher than anticipated demolition activity. Actual units demolished (789) was higher than budgeted units (474). Total expenditures for FY2002 represent demolition and architectural and engineering costs.

Stateway Gardens. The difference between budget and actual is due to less than anticipated demolition activity. Actual units demolished (690) was less than budgeted (822). Total expenditures for FY2002 represent demolition costs, boiler work, and rehabilitation work.

(6) **City/State** - The FY2002 Budget represents the remaining balance of a \$7.5 million Department of Commerce and Community Affairs Grant. The difference between budget and actual is due to a delay in the approval of budget revisions needed to address critical deferred maintenance at the properties.

(7) **Total Operations** - Actual expenditures for Total Operations are approximately \$15.2 million below the estimated budget. Key elements of the budget variances are as follows:

Capital Construction. The difference between budget and actual is due to less than anticipated board-up activity.

Development Management. The budget includes \$7.8 million for environmental remediation costs. Due to delays and changes in the redevelopment schedule, the Authority incurred less than anticipated costs. In addition, Development Management administrative expenses were below projections due to vacancies and lower than anticipated consultant fees.

Habitability. Habitability expenses represent an initiative to identify and resolve deferred maintenance at CHA developments to ensure safe and sanitary housing for all families. The difference between budget and actual expenses is the result of timing of contract awards. Work on this initiative will continue in FY2003.

APPENDIX 9: FINANCIAL STATEMENTS

COMBINING SCHEDULE OF REVENUES AND EXPENSES (UNAUDITED) BY PROGRAM YEAR ENDED DECEMBER 31, 2002

	GENERAL FUND	HOPE VI	CITY STATE HOUSING	SECTION 8 MODERATE REHAB	DRUG ELIMINATION	OTHER GRANT PROGRAMS	Total
OPERATING REVENUES:							
Tenant rent	\$ 32,517,273	\$ -	\$ 1,004,571			\$ 33,696	\$ 33,555,540
Intergovernmental subsidized rent (HUD)			5,362,874				5,362,874
Administrative fees	19,159,601			5,312,442			24,472,043
Other revenue	1,270,080		355	-		156,970	1,427,405
Total Operating Revenues	52,946,954	-	6,367,800	5,312,442	-	190,666	64,817,862
OPERATING EXPENSES:							
Administrative	62,838,484	20,041	907,957	164,119	382,523	1,078,474	65,391,598
Tenant Services	39,187,907	1,398,314	17,634	3,866,603	773,969	5,993,907	51,238,334
Utilities	40,577,745		1,448,671				42,026,416
Ordinary Maintenance	82,868,247		4,212,057			11,685	87,091,989
Protective services	13,872,198		647,143		7,959,156		22,478,497
General Expense	28,756,545	3,635	534,655	49,481	230,358	81,588	29,656,262
Total Operating Expenses	268,101,126	1,421,990	7,768,117	4,080,203	9,346,006	7,165,654	297,883,096
OPERATING INCOME (LOSS)	(215,154,172)	(1,421,990)	(1,400,317)	1,232,239	(9,346,006)	(6,974,988)	(233,065,234)
NON-OPERATING REVENUES:							
Related to Operations:							
Intergovernmental Revenue (HUD)	472,006,153	12,704,734		57,799,724	9,346,006	1,510,327	553,366,944
Intergovernmental (Other)			1,866,771			4,783,611	6,650,382
Other Operating Grants						877,319	877,319
Investment Income	10,730,961		10,794	1,738,269			12,480,024
Total Non-Operating Revenues	482,737,114	12,704,734	1,877,565	59,537,993	9,346,006	7,171,257	573,374,669
NON-OPERATING EXPENSES:							
Interest Expense	16,666,796						16,666,796
Housing Assistance Payments (Section 8)	201,020,368			56,756,608			257,776,976
Total Non-Operating Expenses	217,687,164	-	-	56,756,608	-	-	274,443,772
NON-OPERATING GAIN RELATED TO OPERATIONS	265,049,950	12,704,734	1,877,565	2,781,385	9,346,006	7,171,257	298,930,897
NON-OPERATING CAPITAL REVENUES:							
Intergovernmental Capital Contributions (HUD)	117,809,645	12,704,734					130,514,379
Capital Revenue Bonds	177,801,736						177,801,736
Total Non-Operating Capital Revenues	295,611,381	12,704,734	-	-	-	-	308,316,115
NON-OPERATING CAPITAL EXPENSES							
Fees and Costs	22,701,784	315,297	(202,010)				22,815,071
Equipment	2,318,603	1,401,201					3,719,804
Site improvements	938,778		99,317				1,038,095
Dwelling structures	280,358,423	5,633,451	1,591,729				287,583,603
Non-dwelling structures	806,347						806,347
Demolition	-	11,597,188					11,597,188
Total Non-Operating Capital Expenses	307,123,935	18,947,137	1,489,036	-	-	-	327,560,108
NON-OPERATING GAIN (LOSS) RELATED TO CAPITAL	(11,512,554)	(6,242,403)	(1,489,036)	-	-	-	(19,243,993)
NET REVENUE	38,383,224	5,040,341	(1,011,788)	4,013,624	-	196,269	46,621,670
LESS: DEPRECIATION	(50,690,879)	-	(89,125)	(23,088)	(1,390)	(14,733)	(50,819,215)
LOSS ON DISPOSITION OF ASSETS	(4,568,799)	-	879,309	-	-	(34,785)	(3,724,275)
REVENUE (LOSS) NET OF DEPRECIATION AND DISPOSITION OF ASSETS	\$ (16,876,454)	\$ 5,040,341	\$ (221,604)	\$ 3,990,536	\$ (1,390)	\$ 146,751	\$ (7,921,820)

COMBINED SCHEDULE OF REVENUES AND EXPENSES (UNAUDITED)
BUDGET VS. ACTUAL VARIANCE ANALYSIS
YEAR ENDED DECEMBER 31, 2002

	Annual Budget	Actual	Positive (Negative)	%
OPERATING REVENUES:				
Tenant Rent	\$ 35,645,731	\$ 33,555,540	\$ (2,090,191)	-6%
Intergovernmental subsidized rent (HUD)	5,652,355	5,362,874	(289,481)	-5%
Administrative Fees	23,389,624	24,472,043	1,082,419	5%
Other Revenue	510,460	1,427,405	916,945	180%
Total Operating Revenues (1)	<u>65,198,170</u>	<u>64,817,862</u>	<u>(380,309)</u>	
OPERATING EXPENSES:				
Administrative	78,026,642	65,391,598	12,635,044	16%
Tenant Services	71,668,613	51,238,334	20,430,279	29%
Utilities	51,120,576	42,026,416	9,094,160	18%
Ordinary Maintenance	94,977,668	87,091,989	7,885,679	8%
Protective Services	20,824,180	22,478,497	(1,654,317)	-8%
General Expense	33,271,077	29,656,262	3,614,815	11%
Total Operating Expenses (2)	<u>349,888,756</u>	<u>297,883,096</u>	<u>52,005,660</u>	
OPERATING INCOME (LOSS)	<u>(284,690,586)</u>	<u>(233,065,234)</u>	<u>51,625,351</u>	
NON-OPERATING REVENUES:				
Related to Operations:				
Intergovernmental Revenue (HUD)	516,584,714	553,366,944	36,782,230	7%
Intergovernmental (Other)	8,623,492	6,650,382	(1,973,110)	-23%
Other Operating Grants	1,761,275	877,319	(883,956)	-50%
Investment Income	730,905	12,480,024	11,749,119	1607%
Total Non-Operating Revenues (3)	<u>527,700,386</u>	<u>573,374,669</u>	<u>45,674,283</u>	
NON-OPERATING EXPENSES:				
Interest Expense	15,810,000	16,666,796	(856,796)	-5%
Housing Assistance Payments (Section 8)	238,301,001	257,776,976	(19,475,975)	-8%
Total Non-Operating Expenses (4)	<u>254,111,001</u>	<u>274,443,772</u>	<u>(20,332,771)</u>	
NONOPERATING GAIN RELATED TO OPERATIONS	<u>273,589,385</u>	<u>298,930,897</u>	<u>25,341,512</u>	
NON-OPERATING CAPITAL REVENUES:				
Intergovernmental Capital Contributions (HUD)	174,181,297	130,514,379	(43,666,918)	-25%
Capital Revenue Bonds	255,999,699	177,801,736	(78,197,963)	-31%
Total Non-Operating Capital Revenues (5)	<u>430,180,996</u>	<u>308,316,115</u>	<u>(121,864,881)</u>	
NON-OPERATING CAPITAL EXPENSES				
Fees and Costs	27,632,023	22,815,071	4,816,952	17%
Equipment	6,742,817	3,719,804	3,023,013	45%
Site improvements	2,665,000	1,038,095	1,626,905	61%
Dwelling structures	358,332,108	287,583,603	70,748,505	20%
Non-dwelling structures		806,347	(806,347)	-100%
Demolition	23,787,847	11,597,188	12,190,659	51%
Total Non-Operating Capital Expenses (6)	<u>419,159,795</u>	<u>327,560,108</u>	<u>91,599,687</u>	
NON-OPERATING GAIN (LOSS) RELATED TO CAPITAL	<u>\$ 11,021,201</u>	<u>(19,243,993)</u>	<u>\$ (8,222,792)</u>	
NET REVENUE	(80,000)	46,621,670		
LESS: DEPRECIATION		(50,819,215)		
LOSS ON DISPOSITION OF ASSETS		(3,724,275)		
LOSS NET OF DEPRECIATION AND DISPOSITION OF ASSETS		(7,921,820)		
OPERATING RESERVES JANUARY 1		51,389,282		
ENDING OPERATING RESERVES (7)		\$ 43,467,462		

STATEMENTS OF NET ASSETS (UNAUDITED)
AS OF DECEMBER 31, 2002

	<u>2002</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 15,223,617
Investments at fair value	309,245,033
Tenant accounts receivable, net of allowance	1,002,686
Intergovernmental receivable (HUD)	45,405,873
Intergovernmental receivable (Other)	1,625,997
Miscellaneous receivable	4,594,545
Notes and mortgages receivable - current portion	59,662
Interest receivable, current	9,272
Prepaid expenses and other assets	2,101,480
Advances to resident and private managers	1,856,691
Total current assets	<u>381,124,856</u>
Restricted and Noncurrent Assets:	
Restricted cash and cash equivalents	5,083,714
Restricted investments at fair value	32,500,000
Pension benefit asset, restricted	8,139,927
Notes and mortgages receivable, net of current portion	24,180,348
Interest receivable	1,296,048
Other noncurrent assets	2,829,331
Land, structures & equipment, net of accumulated depreciation	971,825,707
Total noncurrent assets	<u>1,045,855,075</u>
TOTAL ASSETS	<u>\$ 1,426,979,931</u>
LIABILITIES, EQUITY AND OTHER CREDITS:	
Current Liabilities:	
Accounts payable	\$ 22,080,023
Intergovernmental payable (HUD)	3,336,275
Accrued wages & payroll taxes	2,053,952
Accrued compensated absences	1,151,411
Accrued interest payable	7,685,006
Accrued expenses	73,006,714
Tenant security deposits	996,874
Deferred revenue	2,742,778
Current portion, insurance reserves	6,304,532
Current portion, capital lease obligations	65,087
Current maturities, long-term debt and current portion, net unamortized bond premium	3,505,642
Other current liabilities	25,272,431
Total current liabilities	<u>149,200,725</u>
Noncurrent Liabilities:	
Family self-sufficiency liability	2,969,399
Insurance reserves, net of current portion	25,603,936
Capital lease obligations, net of current portion	8,692,519
Long-term debt, net of current maturities and net unamortized bond premium, net of current portion	339,332,935
Other noncurrent liabilities	3,283,998
Total noncurrent liabilities	<u>379,882,787</u>
Total liabilities	529,083,512
Net Assets	
Invested in capital assets, net of related debt	858,719,411
Restricted for:	
Debt service	32,500,000
Capital projects	1,178,572
Tenant security and escrow deposits	3,966,273
Unrestricted	2,532,163
Total net assets	<u>898,896,419</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,426,979,931</u>

COMBINED SCHEDULE OF REVENUES AND COSTS (UNAUDITED)
BUDGET VS. ACTUAL VARIANCE ANALYSIS
ALL PROGRAMS - YEAR ENDED DECEMBER 31, 2002

The overall budget for the Authority includes the General Fund (Operating, Capital, and Housing Choice Voucher Program), Hope VI, City/State, Section 8 Moderate Rehabilitation and 11B Programs, Public Housing Drug Elimination Program (PHDEP), and Other Grants.

The Authority has the flexibility to combine all operating, capital, and Housing Choice Voucher grants into one General Fund, and to use the combined funds for any MTW-related purpose.

FOOTNOTES:

(1) Total Operating Revenues - Total FY2002 Operating Revenues are \$380,000 under budget. Key elements of the operating revenue budget variance are as follows:

Tenant Rent. The \$2.1 million negative variance is a result of a reduction in budgeted occupied units vs. actual occupied units in FY2002. Of the total variance in occupied units, 28.4% of tenants opted for permanent or temporary Housing Choice Vouchers. Also, the Authority experienced a 2.2% decrease in tenant rent collections from anticipated levels.

Administrative Fees. The \$1.1 million positive variance is due to hard-to-house fees earned in excess of the budgeted amount.

Other Revenue. The \$917,000 positive variance in Other Revenue is a result of auction proceeds and rooftop rental receipts.

(2) Total Operating Expenses - Total Operating Expenses are \$52.0 million under budget. Key elements of the operating expenses budget variance are as follows:

Administrative. The positive variance of \$12.6 million is due primarily to: (a) \$3.5 million of unspent dollars for a relocation tracking system which will be used to monitor residents during the relocation process. A vendor to assist in increasing the functionality of the Relocation Management Tracking System has been identified and expenses have been deferred until FY2003; (b) \$2.7 million of savings related to vacant positions (7.4% under budget); (c) \$3.3 million of unspent consultant fees related to architectural and engineering work associated with the Authority's rehabilitation program and technical assistance for Information Technology Services department; (d) \$1.7 million in unspent contingency funds; (e) and approximately \$1.4 million in savings related to property management and accounting and auditing fees.

Tenant Services. The \$20.4 million positive variance reflects: (a) delays in development activities and the associated community and supportive service activities for the following: Brooks Ext. (\$2.3 million); Madden Park/Wells (\$1.5 million); and Rockwell and Cabrini (\$1.1 million); (b) \$12.8 million savings in the Housing Choice Voucher Program as a result of less than anticipated relocation and mobility counseling expenses; (c) a decrease in participation in the Summer Food Program (\$1.2 million); and, (e) delays in the implementation plan for the Chicago Works Project due to the consolidation of supportive services activities that required approval by the Mayor's Office of Workforce Development (\$1.5 million).

Utilities. The \$9.1 million positive variance is the result of less than anticipated costs for water, electricity, and gas in FY2002.

Ordinary Maintenance. The \$7.9 million positive variance is due environmental remediation activities that were budgeted in FY2002, these activities have been deferred to FY2003.

Protective Services. The \$1.7 million negative variance is primarily due to increased security costs for various senior properties that were not budgeted in FY2002 and vandalism of vacant units at Rockwell Gardens.

General Expense. The \$3.6 million positive variance is primarily due to a \$2.3 million decrease in workers compensation payments and unspent funds (\$890,000) associated with environmental insurance premiums for mixed-income developments which did not close in FY2002.

(3) Total Non-Operating Revenues - Total FY2002 Non-Operating Revenues are \$45.7 million over budget. Key elements of the non-operating revenue budget variance are as follows:

Intergovernmental Revenue (HUD). The \$36.8 million positive variance is due to the receipt of Housing Choice Vouchers for units demolished in FY2000 and 2001 in accordance with CHA's MTW Agreement with HUD.

Intergovernmental (Other). The \$2.0 million negative variance is primarily due to delays in the implementation of the Chicago Works Project (\$1.5 million), which is a partnership between CHA and the Mayor's Office of Workforce Development to provide training and job placement skills for CHA residents. The effect of decreased participation in the Summer Food Program also contributed to the overall negative variance.

Investment Income. The positive variance of \$11.7 million is primarily due to interest earned on the insurance reserve fund (\$3.3 million) and the Capital Program Revenue Bond fund (\$7.4 million). Also, the Section 8 Moderate Rehabilitation Program (\$1.3 million) also contributed to the increase in investment income. These items were not included in the annual budget.

(4) Total Non-Operating Expenses - Total FY2002 Non-Operating Expenses are \$20.3 million over budget. The key element of the non-operating expense budget variance is as follows:

Interest Expense. The negative variance of \$857,000 is primarily due to capitalized leases on mixed finance deals which were not budgeted. These are non-cash transactions.

Housing Assistance Payments (HAP). The \$19.5 million negative variance is primarily due to a 14% increase in average HAP Payments to landlords. The variance is a result of fair market rent increases instituted by HUD.

(5) Total Non-Operating Capital Revenues – Total Non-Operating Capital Revenues are \$121.9 million under budget. Key elements of the Non-Operating Capital Revenue variance are as follows:

Intergovernmental Capital Contributions (HUD) – Total FY2002 Intergovernmental Capital Contributions are \$43.7 million under budget. This caption includes the Capital Fund and Hope VI Grants. Contributions reflect funds received to cover incurred expenses. See Footnote (6) – Total Non-operating Capital Costs for a detailed discussion of the budget-to-actual variance.

Capital Program Revenue Bonds – Total FY2002 Capital Program Revenue Bond proceeds are \$78.2 million under budget. This variance reflects: (a) CHA’s decision to use current year Capital Funds for rehabilitation program expenses, and (b) delays in projected spending for the senior, scattered site, and family rehabilitation programs.

(6) Total Non-Operating Capital Expenses – The positive variance of \$91.6 million was primarily due to delays in the execution of mixed-income projects (\$61.2 million). The following mixed financed transactions closings were deferred to FY2003: Madden Park/Wells (\$22 million), Stateway Gardens (\$19 million), Cabrini Homes Extension (\$16.3 million) and ABLA (\$3.9 million). In addition, the senior and scattered site Rehabilitation Program was \$25.8 million under budget as a result of timing delays and, with respect to the scattered site program, some cost savings. Work on several properties scheduled for major rehabilitation or redevelopment was not started, which resulted in a budget surplus. Demolition activities for these properties are currently in progress and construction activity for the following projects has been deferred to FY2003: Trumbull, Rockwell, Washington Park, Lowden, Wentworth Gardens, and Dearborn Homes. Delays in scheduled work on CHA’s City/State properties under an Illinois DCCA Grant (\$4.6 million) also contributed to the overall variance in total capital costs. The Authority’s schedule was negatively impacted by delays in receiving approval from the State of Illinois for City/State budget revisions.

(7) Ending Operating Reserves - The Authority’s total operating reserves (net of depreciation and loss on disposition) of \$43.5 million are 1.7 times greater than average operating expense. The Authority’s reserve balance is sufficient to operate the Authority for approximately two months without receipt of any additional funding during that period.

APPENDIX 10: 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, 2001*

CHICAGO HOUSING AUTHORITY

SINGLE AUDIT REPORT YEAR ENDED DECEMBER 31, 2001

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

**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, 2001,
WHICH IS INCORPORATED HEREIN BY REFERENCE)**

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

Tel: (312) 946-3000
Fax: (312) 946-2600
www.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, 2001, and have issued our report thereon dated June 21, 2002. 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, 2001 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. However, we noted certain matters involving the internal control over financial reporting 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 operations of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition regarding the Authority's accounting and recording of fixed assets is described in a separate letter dated June 21, 2002.

**Deloitte
Touche
Tohmatsu**

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. Our consideration of the internal control over financial reporting 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 condition noted above is, in our judgment, a material weakness.

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

June 21, 2002

**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.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, 2001. 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 2001-1, 2001-2, and 2001-3 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. Finding 2001-4 and Finding 2001-5 in the accompanying Schedule of Findings and Questioned Costs indicate that the Authority did not comply with certain requirements regarding Housing Quality Standards enforcement procedures and tenant eligibility that are applicable to Section 8 Programs - CFDA 14.856, 14.857 and 14.871. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with requirements applicable to these programs.

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, 2001.

**Deloitte
Touche
Tohmatsu**

- 3 -

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 2001-1 through 2001-5 indicate that certain internal controls were either not in place or were not operating effectively applicable to the Low Rent or Section 8 Programs.

We noted certain matters involving the internal control over compliance and its operations 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 2001-6.

A material weakness is a conditions 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 weakness. 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, 2001, and have issued our report thereon, dated June 21, 2002. 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.

Deloitte & Touche LLP

June 21, 2002

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CHICAGO HOUSING AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2001**

Fund Number	Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Reference Number	2001 Expenditures
U.S. Department of Agriculture				
<i>Illinois Summer Food</i>				
Passed through Illinois State Board of Education				
720	Illinois Summer Food Services	10.559	14-016-30110-00	\$ 2,937,210
821	Child and Adult Food Program (1999 - 2000)	10.558	14-016-301P	3,512
Total U.S. Department of Agriculture				2,940,722
U.S. Department of Health and Human Services				
<i>Other Grants</i>				
Passed through the City of Chicago Department of Human Services				
810	Day Care (1998 - 1999)	93.667	D8952250391	150,043
811	Day Care (1999 - 2000)	93.575	D995220463	3,397
827	HeadStart - Childcare Collaboration (1999 - 2000)	93.600	D9952510576	1,790
Total U.S. Department of Health and Human Services				155,230
U.S. Department of Housing and Urban Development				
<i>Low Rent Housing - Operations</i>				
151,399	Low Rent Housing - Operations	14.850	N/A	274,869,457
<i>Revitalization of Severely Distressed Housing</i>				
190	HOPE VI 2000 Demolition Grant	14.866	N/A	6,394
201	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D600	958,142
202	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D200	816,934
203	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D300	2,964,389
205	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D900	494,448
206	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D130	2,008,549
207	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D100	522,533
208	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D400	689,763
210	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D120	2,043,826
211	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D110	458,655
213	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D800	2,250
214	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D140	805,694
215	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D500	839,524
216	HOPE VI 2000 Demolition Grant	14.866	IL06URD002D700	1,324,617
288	HOPE VI 1998/ Demolition	14.866	IL06URD002D598	69,583
289	HOPE VI 1998/ Demolition	14.866	IL06URD002D698	692,473
290	HOPE VI 1994/ Revitalization Grant	14.866	IL06URD002I194	43,597
291	HOPE VI 1996/ Revitalization Grant	14.866	IL06URD002I196	80,101
292	HOPE VI 1996/ Revitalization Grant	14.866	IL06URD002I296	480,000

CHICAGO HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED DECEMBER 31, 2001

Fund Number	Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Reference Number	2001 Expenditures
U.S. Department of Housing and Urban Development (Continued)				
<i>Comprehensive Grant/Capital Fund Program</i>				
222	Capital Fund Program -FY 2000	14.872	IL06P00250100	\$ 72,917,120
223	Capital Fund Program -FY 2000	14.872	IL06P00250101	1,408,348
260	Comprehensive Grant Program - IL2-711FY 1999	14.859	IL06P00271299	49,004,250
<i>City/State - Substantial Rehabilitation</i>				
500	City/State Section 8 - Substantial Rehabilitation	14.182	N/A	7,120,178
350-380	Section 11b - Substantial Rehabilitation	14.182	N/A	24,587,141
<i>Section 8 Certificate, Moderate Rehabilitation and Housing Choice</i>				
300, 310	Section 8 - Certificate	14.857	N/A	24,386,066
327-349	Section 8 - Moderate Rehabilitation Housing	14.856	N/A	9,265,536
390, 392	Section 8 - Housing Choice	14.871	N/A	183,615,986
<i>Public Housing Drug Elimination</i>				
406	Public Housing Drug Elimination Program 1999	14.854	IL0DEP0020199	3,745,911
407	Public Housing Drug Elimination Program 2000	14.854	IL0DEP0020100	8,754,204
<i>Other Grants</i>				
869, 885	Elderly Services Coordinator	14.864	IL06RSV002P012	600,000
872, 873	HUD Youth Build 2000	14.243	Y00-IM-IL-0151/0179	174,771
876	Passed through the Environmental Protection Agency EPA Environmental Justice Grant	66.951	EQ97532701	14,980
Total U.S. Department of Housing and Urban Development				675,765,420
U.S. Department of Justice				
<i>Other Grants</i>				
865, 880	Passed through the Illinois Office of Attorney General Victims Assistance Program (2000 - 2001 and 2001 - 2002)	16.575	N/A	24,205
Total U.S. Department of Justice				24,205
U.S. Department of Labor				
<i>Other Grants</i>				
780	Chicago Works	17.253	Y-7207-9-00-81-60	1,929,727
Total U.S. Department of Labor				1,929,727
GRAND TOTAL				<u>\$ 680,815,304</u>

CHICAGO HOUSING AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2001

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 (HUD) 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 Justice
- Department of Labor

Fiscal Period Audited - Single Audit testing procedures were performed for program transactions that occurred during the year ended December 31, 2001.

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 2001 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, 2001:

Program Title	CFDA Number	Grant Reference No.	Amount Provided to Subrecipients
Public Housing Drug Elimination 1999	14.854	IL0DEP0020199	\$3,745,911
Public Housing Drug Elimination 2000	14.854	IL0DEP0020100	8,754,204
Elderly Services Coordinator	14.864	IL06RSV002P012	600,000
HUD Youth Build 2000	14.243	Y00-IM-IL-0151	23,382
HUD Youth Build 2000	14.243	Y00-IM-IL-0179	151,389
EPA Environmental Justice Grant	66.951	EQ97523701	14,980
Chicago Works	17.253	Y-72707-9-00-81-60	1,929,727

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 (DOJ) -
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.

Current Status. The Authority has resolved \$56,645 of the \$531,618 of cost charged to this grant and is working with the DOJ to resolve the remaining \$474,973 in questioned costs by September 30, 2002.

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.

Current Status. The Authority has one remaining recommendation to resolve relating to record retention policy. The Authority is working with COPS Monitoring and Compliance Division for the resolution by June 30, 2002.

HUD - Status report dated October 2, 2001.

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 55 out of the original 56 recommendations included in this report. The Authority is working diligently with HUD to resolve the remaining open item. The Authority provided HUD with an updated status report on April 15, 2002. The Authority is waiting for HUD's response on the remaining open item.

* * * * *

CHICAGO HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2001

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2001

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, 2001

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 - Operations
14.852	HOPE VI Grant Demolition/Revitalization
14.859	Comprehensive Grant Program
14.856*	Section 8 - Moderate Rehabilitation Housing
14.182*	Section 11b - Substantial Rehabilitation
14.182*	City/State Section 8 - Substantial Rehabilitation
14.857**	Section 8 - Certificate
14.871**	Section 8 - Housing Choice

* Section 8 Project-Based Cluster

** Section 8 Cluster

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

\$3,000,000

• 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, 2001**

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2001 - 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, 2001

FINDING 2001 - 1 (Continued)

- The Authority's aging report shows approximately 382 uncompleted recertifications and approximately 317 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, 2001

FINDING 2001 - 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. 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, 2001

FINDING 2001 - 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

- 1 of 25 (4%) files selected did not have the original file required documentation.
- 1 of 25 (4%) files selected did not include an updated recertification.
- 11 of 25 (44%) files selected did not contain a signed form HUD 9886 - Authorization for Release of Information for the year under audit.
- 2 of 25 (8%) files selected did not include documentation of projected income, total tenant payment, or rent computation.
- 3 of 25 (12%) files selected did not contain a HUD form 50058, MTCS Family report.
- 11 of 25 (44%) files selected did not include documentation or evidence that a tenant background check for prior year lease violations had been conducted.
- 1 of 25 (4%) files selected did not have a consistent rent amount between the tenant rent roll and the tenant lease.
- 6 of 25 (24%) files selected did not have a signed lead-based paint notice or tenant signature verifying the receipt of such notice.

Cause

The Authority's lack of effective file documentation procedures resulted in the instances above.

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, 2001

FINDING 2001 - 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, 2001

FINDING 2001 - 3

QUESTIONED COSTS: NONE

The Authority did not submit the monthly Family Report HUD form 50058 to Multifamily Tenant Characteristics System ("MTCS") for the months of September, October, November, and December of 2001.

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. HUD requires that the MTCS report be filed on a monthly basis.

Cause

The Authority's current computer system is not capable of extracting the required data since HUD modified Form 50058.

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.

Recommendation

Develop and implement programming changes to the Authority's computer system to ensure the tracking and timely reporting of the data required to be reported on the monthly Family Report HUD form 50058.

CHICAGO HOUSING AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SECTION 8 (HOUSING CHOICE - CFDA 14.871; MODERATE REHABILITATION
HOUSING - CFDA 14.856; AND CERTIFICATE - 14.857)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
YEAR ENDED DECEMBER 31, 2001**

FINDING 2001 - 4

QUESTIONED COSTS: \$2,986

In some instances the Authority did not correctly disburse or abate (reduce) housing assistance payments to property owners in accordance with Housing Quality Standards ("HQS") enforcement procedures.

Condition

Fifteen regular inspections and ten emergency (life-threatening) inspections applicable to private Section 8 property owners were tested and the following was noted:

- 2 out of 15 (13%) instances where the Authority did not notify the property owner of the results of failed inspections in a timely manner.
- 1 out of 10 (10%) instances where the Authority did not disburse the correct amount of retroactive Housing Assistance Payment ("HAP") to the owner after the unit passed reinspection. The Authority duplicate paid the owner for 2 months instead of one month. This resulted in an overpayment of \$1,878.
- 1 out of 15 (7%) instances where the Authority failed to abate HAP and terminate the property owner contract in a timely manner, resulting in the overpayment of HAP of \$323.
- 2 out of 10 (20%) instances where the Authority failed to abate HAP and terminate the property owner contract in a timely manner, resulting in the overpayment of HAP of \$785.

Cause

The Authority's lack of effective and timely HAP procedures resulted in the instances noted above.

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 owner 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 owner 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.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION 8 (HOUSING CHOICE - CFDA 14.871; MODERATE REHABILITATION HOUSING - CFDA 14.856; AND CERTIFICATE - 14.857) (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2001

FINDING 2001 - 4 (Continued)

Effect

Incorrect calculation of retroactive HAP payments and untimely abatement procedures results in improper payment of HAP and noncompliance with HUD guidelines.

Recommendation

Implement procedures to ensure the correct calculation of retroactive HAP payments and ensure the timely abatement of HAP in instances of noncompliance by property managers.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION 8 (HOUSING CHOICE - CFDA 14.871; MODERATE REHABILITATION HOUSING - CFDA 14.856; AND CERTIFICATE - 14.857) (Continued) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2001

FINDING 2001 - 5

QUESTIONED COSTS: NONE

The Authority did not maintain some of the required records needed to support tenant eligibility for the Section 8 Housing program.

Condition

1 out of 25 (4%) files selected did not have required documentation. The file selected was a duplicate file that was created because the original file was misplaced. The duplicate file did not contain various documents that support the tenant's eligibility. Missing documents included an information release form; a lease contract; a verification of family income form; and a family composition form.

Cause

The Authority's lack of effective file documentation procedures resulted in the instance above.

Criteria

In accordance with HUD Handbook 7465.1 REV-2 and 24 CFR Parts 901, a 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.

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
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2001**



Sharon Gist Gilliam
Chairperson

Lori Healey
Vice-Chairperson

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

Terry Peterson
Chief Executive Officer

Montel Gayles
Chief of Staff

Gail A. Niemann
General Counsel

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN YEAR ENDED DECEMBER 31, 2001

FINDING 2001 - 1

QUESTIONED COSTS: NONE

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 Asset Management Division will implement a quarterly internal audit process that will become part of the scheduled Business Meeting with Property managers to review areas listed in Finding 2001-1. The meetings will address the accuracy of the tenant's monthly rent and status of obtaining tenant Social Security numbers. Documentation of any deficiencies will be submitted in writing to the Property management firm requesting a plan of action within ten days and to obtain information for applicants, certification and recertification purposes. Additionally, all firms will be notified of local HUD seminars introducing the Rental Integrity Programs where a representative must be in attendance. Attendance of such seminars will assist the staff in recognizing the most common errors found in the above processes such as income and rent errors and improper rent payments from residents. This procedure will be implemented effective October 1, 2002.

In order to assess the level of competency of the firm's current staff in the area of Occupancy/Certification skills, the Asset Management Division will conduct a survey of each firm's employee responsible for these functions.

The Authority will recommend that firm personnel be required to attend in-house training or courses offered by professional agencies such as Quadel, National Center Housing Management, Institute of Real Estate Management and Novogradac. A needs assessment, training and or other recommendations should be completed by December 1, 2002.

The Asset Management and Occupancy Divisions will perform a review of the procedures currently followed to process applicants and potential residents and develop a "Follow-up procedure" to address and ensure that Social Security Cards have been obtained and will be implemented by November 1, 2002.

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CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2001

FINDING 2001 - 2

QUESTIONED COSTS: NONE

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

In June 2002, the Authority's Quality Control Division started performing internal audits annually of 10% of each firm's resident's files to review appropriate documentation required in the certification/recertification process. A standardized checklist is used to verify this information. Each firm will receive written notification of the deficiencies and will be required to respond in writing with a plan of action and resolutions to the deficiencies found within 30 days. Asset Management will be responsible to correspond with the firms of the Quality Control Division's findings.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2001

FINDING 2001 - 3

QUESTIONED COSTS: NONE

Low Rent Tenant Eligibility

The Authority did not submit the monthly Family Report HUD form 50058 to Multifamily Tenant Characteristics System ("MTCS") for the months of September, October, November, and December of 2001.

Corrective Action Plan

The Authority is working with HUD to resolve this issue by developing an alternative method of providing the data to HUD and obtaining a waiver until a new application system that will allow the Authority to complete the 50058 form is implemented. The Authority is planning to replace its current computer system, CCS, with an Oracle and browser based housing management system. The new system will have a built-in form 50058 and other HUD deliverables. The Authority expects to have the new system in place by the end of FY2003.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS CORRECTIVE ACTION PLAN (Continued) YEAR ENDED DECEMBER 31, 2001

FINDING 2001 - 4

QUESTIONED COSTS: \$2,986

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

Corrective Action Plan

CHAC has requested that the owners of the affected properties reimburse CHAC for the overpayments of HAP. For owners who currently have a HAP contract with CHAC the overpayment amount will be deducted from the next monthly HAP payment. Those owners who no longer currently have a HAP contract with CHAC, will be sent a letter requesting immediate reimbursement of the overpayment.

CHAC will review the abatement procedures with Inspection Department staff to ensure prompt placement and removal of abatements per CHAC procedures and the Administrative Plan. A meeting to review procedures with staff was held during May 2002.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION 8 (HOUSING CHOICE - CFDA 14.871; MODERATE REHABILITATION HOUSING - CFDA 14.856; AND CERTIFICATE - 14.857) U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT YEAR ENDED DECEMBER 31, 2001

FINDING 2001 - 5

QUESTIONED COSTS: NONE

The Authority did not maintain some of the required records needed to support tenant eligibility for the Section 8 Housing program.

Corrective Action Plan

The single file missing the documentation to support determinations of eligibility, income and release form, a lease contract and tenant recertifications was a duplicate file of the original file. The original file had been misplaced. The corrective action will be to print the Form HUD-50058 indicating the tenant recertifications that were completed in compliance with HUD regulations and placed in the tenant file. In addition, the Housing Specialist will request the family to bring in a new lease, and documentation on Social Security Numbers, Birth Certificates and documentation of the family's most recent information. The corrective action for the Form HUD-50058 reproduction will occur by June 30, 2002. Obtaining the documentation for the other information will also be completed by June 30, 2002.

CHAC, the third party program administrator, has procedures for periodic file reviews and monitoring to ensure that appropriate documentation is maintained on each participating household. CHAC will develop and implement specific procedures for staff regarding the creation of duplicate files when the original is misplaced. This action occurred in May 2002.

**CHICAGO HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2002**



CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2001

Sharon Gist Gilliam
Chairperson

Lori Healey
Vice-Chairperson

Board of Commissioners

Hallie Amey

Mamie Bone

Leticia Peralta Davis

Earnest Gates

Dr. Mildred Harris

Michael Ivers

Sandra Young

Terry Peterson
Chief Executive Officer

Montel Gayles
Chief of Staff

Gail A. Niemann
General Counsel

FINDING 2000 - 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 Asset Management Division will implement a quarterly internal audit process that will become part of the scheduled Business Meeting with Property managers to review areas listed in Finding 2001-1. The meetings will address the accuracy of the tenant's monthly rent and status of obtaining tenant Social Security numbers. Documentation of any deficiencies will be submitted in writing to the Property management firm requesting a plan of action within ten days and to obtain information for applicants, certification and recertification purposes. Additionally, all firms will be notified of local HUD seminars introducing the Rental Integrity Programs where a representative must be in attendance. Attendance of such seminars will assist the staff in recognizing the most common errors found in the above processes such as income and rent errors and improper rent payments from residents. This procedure will be implemented effective October 1, 2002.

In order to assess the level of competency of the firm's current staff in the area of Occupancy/Certification skills, the Asset Management Division will conduct a survey of each firm's employee responsible for these functions.

The Authority will recommend that firm personnel be required to attend in-house training or courses offered by professional agencies such as Quadel, National Center Housing Management, Institute of Real Estate Management and Novogradac. A needs assessment, training and or other recommendations should be completed by December 1, 2002.

The Asset Management and Occupancy Divisions will perform a review of the procedures currently followed to process applicants and potential residents and develop a "Follow-up procedure" to address and ensure that Social Security Cards have been obtained and will be implemented by November 1, 2002. This finding was repeated as Finding 2000-1.

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CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS (Continued) YEAR ENDED DECEMBER 31, 2001

FINDING 2000 - 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

In June 2002, the Authority's Quality Control Division started performing internal audits annually of 10% of each firm's resident's files to review appropriate documentation required in the certification/recertification process. A standardized checklist is used to verify this information. Each firm will receive written notification of the deficiencies and will be required to respond in writing with a plan of action and resolutions to the deficiencies found within 30 days. Asset Management will be responsible to correspond with the firms of the Quality Control Division's findings. This finding was repeated as Finding 2001-2.

FINDING 2000 - 3

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

Status

The Authority is working with HUD to resolve this issue by developing an alternative method of providing the data to HUD and obtaining a waiver until a new application system that will allow the Authority to complete the 500580 form is implemented. The Authority is planning to replace its current computer system, CCS, with an Oracle and browser based housing management system. The new system will have a built-in form 50058 and other HUD deliverables. The Authority expects to have the new system in place by the end of FY2003. This finding was repeated as Finding 2001-3.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS (Continued) YEAR ENDED DECEMBER 31, 2001

FINDING 2000 - 4

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).

Status

The Authority's Board adopted a new Procurement policy in November 2000. Subsequently, the Department of Procurement and Contracts operating procedures were updated to reflect the change in policy. The Authority is currently in the process of modifying the Procurement Procedures Manual, which is expected to be issued during the first quarter of 2003.

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.

A solicitation for a Records Management Consultant was released in December 2001. However, a new 2002 CHA-wide Records Management initiative may require our department to cancel this procurement, pending an understanding of the CHA-wide scope. Once a course of action is accepted, these services will assist the Department of Business Services in ensuring that CHA retain all support documentation for any disbursements to ensure compliance with Generally Accepted Accounting Principles.

Also, Capital Construction Department has established a checklist of the required documents for each pay request. This list is used to ensure the proper documents are attached before payments are disbursed. This finding is not repeated in 2001.

CHICAGO HOUSING AUTHORITY

SCHEDULE OF PRIOR AUDIT FINDINGS (Continued) YEAR ENDED DECEMBER 31, 2001

FINDING 2000 - 5

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

Status

The Authority and CHAC (the Authority's contract program administrator) met to implement new computer programming enhancements and changes to reports to ensure compliance with HUD. As a result of these changes, over 90% of all required HQS enforcements were placed within 24 hours (emergency) or 30 days (non-emergency).

In reference to the owner receiving an overpayment of \$1,922 of subsidy, the Authority has sent a certified letter to the owner in June of 2001, requesting reimbursement. As it was later identified that in the tenant's file the heating of the unit (which caused the unit to fail the HQS test) is the responsibility of the tenant. This caused the Authority to fail the unit but should not have warranted the abatement of rent to the owner.

CHAC will review the abatement procedures with Inspection Department staff to ensure prompt placement and removal of abatements per CHAC procedures and the Administrative Plan. A meeting to review procedures with staff will be held by June 30, 2002. This finding was repeated as 2001-5.

APPENDIX 11: MTW ANNUAL REPORT REQUIRED CERTIFICATIONS



CHICAGO HOUSING AUTHORITY

February 21, 2003

ITEM NO. 1

**APPROVAL OF THE CHICAGO HOUSING AUTHORITY'S
FY2002 MTW ANNUAL REPORT**

To the Honorable Board of Commissioners,

RECOMMENDATION

It is recommended that the Board of Commissioners approve the attached "FY2002 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 Authority's Plan for Transformation, committing the Authority to creating and maintaining decent, safe, and affordable housing and offering meaningful economic opportunities and access to needed social services for residents. The Plan for Transformation was submitted to and approved by HUD and incorporated into a Moving to Work (MTW) Demonstration Agreement, executed on February 6, 2000. The Agreement was subsequently amended in January 2001, requiring the CHA to produce and submit an Annual Plan and Annual Report to HUD.

The FY2002 Annual MTW Report follows the format of the FY2002 MTW Annual Plan and serves 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 of Commissioners' resolution approving the report, no later than 60 days after the end of the CHA's fiscal year.

Included with this resolution is a copy of the FY2002 MTW Annual Report for the Board of Commissioners' review and approval. The FY2002 MTW Annual Report will be submitted no later than February 28, 2003. There may be corrections necessary subsequent to this Board of Commissioners' meeting.

Based upon the foregoing, it is in the best interest of the CHA to approve the FY2002 MTW Annual Report and grant authorization to the Chief Executive Officer to make such corrections as he may deem necessary and to submit the report to HUD.

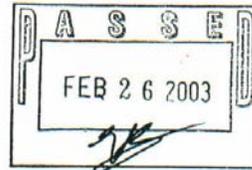
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RESOLUTION NO. 2003-CHA-28

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated February 21, 2003 requesting approval of the "FY2002 MTW Annual Report", attached hereto;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners approves the attached "FY2002 MTW Annual Report", and grants authorization to the Chief Executive Officer to make such corrections thereto as he deems necessary and to submit the report to the United States Department of Housing and Urban development.





Chicago Housing Authority

City of Chicago

Honorable Richard M. Daley, Mayor

Board of Commissioners

Sharon Gist Gilliam, Chairperson

Lori Healey, Vice-Chairperson

Hallie Amey

Mamie Bone

Leticia Peralta Davis

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