
Cambridge Housing Authority

MTW Deregulation Demonstration Program

Annual Report

Fiscal Year 2002

June 2002



Report

Cambridge Housing Authority MTW Fiscal Year 2002 Annual Report

Table Of Contents

- **Executive Summary..... 1**
- **MTW Deregulation Demonstration Overview..... 6**
 - Program Goals 6
 - Programs Included 8
 - Annual Plan and Report..... 9
 - Other Demonstration Participants..... 10
- **Major Initiatives for FY 2002 11**
 - Local Leased Housing Program 11
 - Project-Based Leased Housing Program 15
 - Preservation of State MRVP and AHVP Programs 16
 - Preservation of Current Housing Stock..... 17

Accreditation Pilot Program 18
 Affordable Elderly Housing – Providing a Continuum of Care..... 19
 Neville Manor..... 20
 HOPE VI Revitalization of John F. Kennedy Apartments..... 21
 Other Elderly Innovations 23
 Miller’s River Self-ESCo/Energy Performance Contracting 26
 Reinvention of the Family Self Sufficiency Program 27
 Other New Policies and Initiatives..... 28
 CHA Resident Survey..... 28
 Community Service and Economic Self-Sufficiency Policy 28
 Pet Policy 29
Occupancy 30
 Households Served – Conventional Housing 30
 Households Served – Leased Housing 33
 Conventional Housing Waiting Lists 35
 Implementation of Development Choice 37
 Impact of Development Choice on Waiting Lists 37
 Impact of Development Choice on CHA Developments 38
 Independent Testers..... 40
 Leased Housing Waiting List..... 40
 Occupancy Policies – Conventional Housing..... 41
 Ceiling Rent..... 42

Implementation and Tracking of New Rent Policies	42
Income Diversification	44
Deconcentration.....	45
Program Management	48
Inventory	50
Conventional Housing Stock	52
Capital and Extraordinary Maintenance Efforts	52
Inspections	55
Work Orders	56
Rent Collection	56
Vacancy Rate	56
Security	57
Elderly Allocation Plan	59
Leased Housing Program	60
Leasing Information	60
Leased Housing Inspections	61
Resident Programs and Economic Development	63
Development and Acquisition	67
Partnership with the City and its Affordable Housing Trust	67
Harvard Housing Innovations Fund	68
Condominium Acquisition Program	69
Riverside Cambridgeport Community Corporation Property.....	70

Lancaster Street.....	70
Ashton Place.....	71
Mixed Finance	72
Woodbridge Street.....	72
Financial Management	73
Sources and Uses	74
Estimated Operating Reserves	77



List of Appendices

- Appendix One: MTW Deregulation Demonstration**
- Appendix Two: Capital Improvement Information**
- Appendix Three: Development Choice Analysis**
- Appendix Four: Demographics**
- Appendix Five: Rent Policy Analysis**
- Appendix Six: Deconcentration/Income Diversification Analysis**
- Appendix Seven: Development Choice Independent Review**
- Appendix Eight: CHA Housing Inventory Information**
- Appendix Nine: PHDEP Survey**
- Appendix Ten: Recent Financial Audit**
- Appendix Eleven: Certificates and Board Authorizations**

■ *Executive Summary*

The Cambridge Housing Authority (CHA) began its third year of participation in the Department of Housing and Urban Development's (HUD) Moving To Work Deregulation Demonstration (MTW) on April 1, 2001. This is the CHA's Annual Report for that year, which ended March 31, 2002. It is intended to report on the material included in the Fiscal Year 2002 MTW Annual Plan, which was submitted to HUD in April 2001, including progress made on major initiatives, demographic and operational information, analyses of specific program components and an overview of the CHA's MTW program during the year.

Major Initiatives

- **Ongoing Efforts to Develop and Implement a Local Leased Housing and Tenant Preservation Program** – The CHA expanded the Local Leased Housing Program to 1,359 units, which represents a 10% increase (121 units) over FY 2001. This increased utilization represents a significant accomplishment in the context of ongoing inflation and limited vacancies in the Cambridge rental market. The CHA implemented a series of landlord and tenant-based initiatives to enhance the program's marketability and the likelihood of voucher holders successfully locating quality units in Cambridge.
- **Implementation of Revised Project-Based Leased Housing Programs** – The CHA continued its revisions to the Project-Based Leased Housing Program improving the program's ability to support local efforts to increase the supply of affordable housing. Revisions include a streamlined application and qualification process as well as other policies to make the program work more effectively.



- **Preservation of State MRVP and AHVP Programs** – The CHA continued its implementation of changes to the Massachusetts Rental Voucher Program using federal resources to augment the state subsidy program and applying to the state to extend the same approach to the Alternative Housing Voucher Program. The CHA is currently subsidizing, with federal funds, 9 families of the remaining 32 families participating in the MRVP program.
- **Preservation of Current Housing Stock** – Modernization and extraordinary maintenance were a continued emphasis during Fiscal Year 2002, as the preservation and continued viability and quality of the in-place stock is viewed as the most fundamental mission of the Authority. As part of the MTW Deregulation Demonstration budget planning and implementation process, CHA continues to take advantage of fungibility in order to address capital needs aggressively, using the capital and operating budgets interchangeably to fund capital and extraordinary maintenance.
- **Accreditation Pilot Program** – Currently, overall industry discussions regarding an existing model of performance assessment developed by Standard and Poors in conjunction with NAHRO and continuing discussion with HUD regarding PHAS have delayed the possible implementation of an accreditation model. Additionally, discussions with other MTW participants regarding assessment of the demonstration will impact any decisions regarding an Accreditation Pilot and has impacted possible implementation of Accreditation.
- **Affordable Elderly Housing – Providing a Continuum of Care**
 - **Conversion of the Neville Manor Nursing Home into a 71-unit Mixed Income Assisted Living Facility and Skilled Nursing Facility** – The Assisted Living Facility is complete and the project focus is now on lease-up. Design work for the new skilled nursing home is nearly complete.
 - **Revitalization of the John F. Kennedy Apartments** – In the past year, the Cambridge Housing Authority continued its steady progress on the HOPE VI Revitalization of John F. Kennedy Apartments, completing the design work, reaching a financial closing, and beginning construction.

- **Other Elderly Housing Issues** – The CHA continued in its efforts to respond to the needs of the elderly population of Cambridge on several fronts: expanding marketing efforts; modernization of elderly buildings; extension of the elderly allocation plan; and exploring services enriched housing. The CHA filed for an extension of its elderly allocation plan during FY 02.
- **Miller’s River Self-ESCo/ Energy Performance Contracting** – The CHA will function as its own ESCo at Miller’s River. Building system improvements were bid, as projected, in FY 02. However, the bid prices exceeded the budget, and the project could not move forward immediately. Therefore, the CHA is redesigning to create a more streamlined scope.
- **Reinvention of the Family Self Sufficiency Program** – The CHA realigned the FSS program to integrate it into our larger and more comprehensive Economic Development and Supportive Services (EDSS).
- **Other New Policies and Initiatives** – Resident Survey and Requests for waivers on the Community Service and Pet Policy regulations under the Quality Housing and Work Responsibility Act of 1998.
 - In order to implement a resident survey, the CHA approved a survey instrument that will be distributed this fall.
 - Although Congress has currently suspended the Community Service requirement, CHA’s Annual Plan for FY 02 had requested a permanent waiver for Cambridge. HUD did not act on nor deny this request, prompting the Authority to include a repeated request for formal pre-emption of the requirement in its FY 2003 Plan.
 - CHA also requested waiver of the Pet Policy. HUD did not grant CHA the waiver, but also failed to provide its reasoning. Therefore, CHA included the request once again in its FY 2003 MTW Plan. Development of any revised Pet Policy is on hold pending the current waiver request.

Occupancy

The CHA continues to serve more program participants in its MTW-related programs than it would have absent the demonstration, particularly in the case of leased housing. In elderly housing, the authority is currently holding units off-line for

modernization in order to address the significant needs of the elderly developments for new kitchens and baths, as well as general envelope work. The waiting lists for both conventional and leased housing have increased over the past year, underscoring the significant need for affordable housing in the area. Initiatives around rent policies, and income diversification continue to be successful elements of the MTW program.

Program Management

- **Inventory** - The CHA managed 1864 federally-assisted and 663 state-assisted conventional public housing units.
- **Management of the Conventional Housing Stock** – The CHA continued its strong performance on the following indicators:
 - Inspections** - The CHA inspected 100 percent of its conventional public housing inventory in the past year, excluding units off-line for modernization, 100 percent of the units met Housing Quality Standards (HQS) after completion of the inspection.
 - Work Orders** - Work order response time averages less than six days.
 - Rent Collections** - Rent collections were at 99 percent of the total of CHA's issued rent statements.
 - Occupancy** - The CHA's combined adjusted occupancy percentage for its conventional public housing inventory is 99 percent.
 - Security** - The CHA's security program continues enforcement and prevention strategies in an effort to control crime and keep CHA developments as safe as possible, in light of disappearing PHDEP resources.
 - Allocation Plan** - The CHA submitted for approval its Elderly Allocation Plan. Approval was granted at the beginning of FY2003 for an additional two years.
- **Leased Housing Program** – The CHA achieved a utilization rate of 96% of the budgeted MTW units. The CHA inspected and ensured that 100% of the leased housing units met Housing Quality Standards.
- **Resident Programs and Economic Development** – The CHA's resident programs have met or exceeded annual goals, often spectacularly, with the CHA/Cambridge Employment Program (CEP) alone, serving 40% more residents (134) during the past annual reporting period.

- **Management of Development and Acquisition** – The CHA continued progress on the redevelopment of several buildings acquired by its non-profit affiliate, the Cambridge Affordable Housing Corporation, and has purchased a total of ten studio, one, and two-bedroom units through the Condominium Acquisition Program (CAP).

Funding

Overall CHA sources were down slightly from last year. Uses were up by approximately two million dollars, largely due to increase in extraordinary maintenance in public housing and increased costs in the Local Leased Housing Program. However, the CHA remains financially healthy with adequate reserves to cover this year's deficit of \$1.2 million dollars.

Other Documentation

More in-depth information on various MTW efforts and expanded data is provided in the appendices. The information includes an overview of the MTW program, Capital Improvement information, an analysis of the impact of the Development Choice program, demographics on CHA and CHA-assisted residents, a rent policy analysis, an examination of the effect of CHA income diversification efforts, a report from an independent reviewer of Development Choice, a CHA housing inventory, the required PHDEP survey, and Certificates and Board Authorizations.



■ ***MTW Deregulation Demonstration Overview***

MTW was approved by Congress in Section 204(a) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134), and allows unprecedented fiscal and regulatory flexibility in hopes of increased efficiency while also asking participating Housing Authorities to provide economic incentives and opportunities to residents to encourage work. HUD recently approved extension of the end date of the deregulation program by two years, from an original end date of March 31, 2004 to a new end date of March 31, 2006.

For the CHA, this Demonstration is comprehensive in nature, covering all but a very few of its federally assisted programs. A general description of the Demonstration, its requirements and the overall CHA Demonstration objectives are included in this report as Appendix One. The first MTW Annual Plan, submitted to HUD in October 1999, contained a wide range of specific regulatory relief allowed in accordance with the CHA's MTW Agreement. This year's plan continued those reliefs and included a few new relief requests.

Program Goals

The central goal of the MTW Deregulation Demonstration is the development of a comprehensive, locally developed affordable housing program to address the realities of the Cambridge housing market. The focus is on identifying local needs and targeting a program that is both responsive and relevant to the needs of the range of low-income residents in the city, in terms of supply, quality and choice of housing. The CHA's program does this in five major ways:



- Preservation of existing affordable housing resources through:
 - a) Capital improvements to the current public housing stock;
 - b) Changes to the Leased Housing Program to make it more competitive in a tight housing market;
 - c) Project-basing as many leased housing units as possible; and,
 - d) The return to viability of the Massachusetts Rental Voucher Program (MRVP) by using federal resources to enhance its usefulness.
- Resident-based initiatives to increase choice for low-income residents -- in terms of housing type, location and program options -- through rent policies, development choice, changes to waiting list preferences, eligibility and income diversification.
- Development of new, permanently affordable units.
- Ongoing tenant services programs in employment and training to serve our residents in their journey towards upward mobility, economic stability and self- sufficiency.
- Administrative and other internal changes implemented as part of the Demonstration to address issues of efficiency, as well as the need to be accountable for overall performance in the absence of performance factors dictated by Public Housing Assessment System (PHAS) or Public Housing Management Assessment Program (PHMAP).

Programs Included

CHA's MTW Demonstration includes the following programs:

Conventional Low Rent Public Housing

- All federally-assisted developments;
- Operating Funds; and
- Capital Fund monies.

Section 8/Leased Housing Program

- All vouchers and certificates on yearly Annual Contribution Contract cycles (most non-special purpose subsidies, including anticipated new Fair Share vouchers)

MTW *excludes* the following federally funded programs:

- Section 8 Moderate Rehabilitation Units;
- The Shelter Plus Care Program;
- Developments with funding sources outside the Demonstration's scope: Roosevelt Towers Mid-Rise building (mid-rise only), Putnam Square and Putnam School;
- Enhanced voucher subsidies at 929 House and Huron Towers;

- Two hundred Section 8 Vouchers for persons with disabilities (which will be rolled into the Demonstration upon renewal) that are related to the CHA's elderly allocation plan; and
- The CHA's HOPE VI elderly redevelopment grant for John F. Kennedy Apartments

It is important to note that a significant part of the CHA's overall housing operation is its state program component, funded by the Massachusetts Department of Housing and Community Development (DHCD). The state program includes state conventional elderly and family public housing, the Massachusetts Rental Voucher Program (MRVP) and the Alternative Housing Voucher Program (AHVP), as well as other forms of state assistance. Currently, the CHA is participating in DHCD's 5-5-5 Deregulation Demonstration program, which has allowed some changes to the state program, though not as broad in scope as the MTW Deregulation Demonstration. Program components of MTW, including rental policies, will not apply to the state program unless DHCD specifically allows them under its Demonstration.

Annual Plan and Report

As part of the MTW Deregulation Demonstration, each year the CHA must develop an Annual MTW Plan to describe the MTW activities planned for the fiscal year. This plan is in lieu of HUD's currently required Housing Authority Annual Plan, and has different requirements in terms of content and public participation. The CHA's fiscal year begins on April 1, and ends on March 31. A public hearing is required before the Board of Commissioners can adopt the plan and submit it to HUD.

The CHA is also required to provide an Annual Report that summarizes the activities of the fiscal year, and discusses its efforts in relation to the goals and policies set forth in the Annual Plan. The Annual MTW Report takes the place of most other conventional HUD performance measures, and is intended as a document that is informative to members of the Cambridge community, as well.

Other Demonstration Participants

The CHA is an active participant in the community of other MTW Deregulation Demonstration Housing Authorities. These Housing Authorities, especially the block grant agencies, are able to exchange ideas and strategies for new initiatives that can be conducted under MTW. The HUD sponsored MTW web site (at <http://www.hud.gov/pih/programs/ph/mtw/pihmtw.html>) is one place where participants can go to access information about the MTW Deregulation Demonstration, links to the authorizing legislation, and related information.

At the end of the MTW Deregulation Demonstration, there will be a national evaluation to determine the results of the increased flexibility and ability to address needs in a locally determined way. The evaluation was designed by the Urban Institute and Aspen Systems to measure the impact on households, housing developments, and local priorities. The CHA will also conduct its own evaluation at the end of the Deregulation Demonstration to determine how well the Deregulation Demonstration allowed the Authority to meet its goals.



■ *Major Initiatives for FY 2002*

This fiscal year marks the third year of CHA's participation in the Moving To Work (MTW) Deregulation Demonstration Program. The first two years, the CHA has emphasized a number of new policy initiatives in rent policy, occupancy, management practices, and development activities. This year, the emphasis has been on the continuing implementation and institutionalization of these changes. A particular focus has been the leased housing program, both in terms of mobile assistance and project-based program development. Efforts to improve agency performance, as well as to assess and evaluate it, also continued. Housing for the elderly and issues of support and the provision of a continuum of care were also emphasized.

Local Leased Housing Program

During Fiscal Year 2002, the CHA operated its Local Leased Housing program in conformance with the approved MTW Agreement and plan. CHA was able to expand the program to 1,359 units, which represents a 10% increase (121 units) over FY 2001. This increased utilization represents a significant accomplishment in the context of very high rents and limited vacancies in the Cambridge rental market.

The CHA's Local Leased Housing program served primarily an extremely low-income population, i.e. 66% of all program participants earned less than 30% of the Area Median Income (AMI). This represents a 6% increase in the percentage of extremely



low-income families served by the program compared to FY 2001; however, this percentage change is primarily a result of increases to the AMI in the past year.

As noted in previous MTW Annual Reports, the CHA had experienced significant difficulties maintaining existing landlords and attracting new landlords to the program because of the high cost of local rents and the limited availability of vacant units. A 2001 rent survey conducted by Harvard Planning and Real Estate found that the average cost of a 2-bedroom private market apartment in Cambridge was \$1,868 without utilities. This compares to the 2-bedroom FMR of \$1,051 in FY 2002 (which is proposed to increase to \$1,343 in FY 2003).

In response to these local market conditions, the CHA's Local Leased Housing program efforts in FY 2002 and prior years have focused on:

- Conducting extensive marketing and outreach efforts designed to promote the benefits of participation in the Local Leased Housing Program. These efforts include publication of a bi-monthly landlord newsletter; regular meetings and presentation before property owner associations, realtors, and institutional owners; and, development of incentive programs including multi-year leasing incentives and damage payment provisions. The CHA has also surveyed participating landlords in an effort to gauge their level of satisfaction with program services and to identify areas requiring improvement.
- Improving responsiveness to landlord issues and concerns through establishment of a landlord liaison program and the provision of various leasing incentives. This initiative focuses staff and partner agency resources on working with individual landlords to address issues such as rent increase requests, landlord-tenant mediation, code enforcement follow-up, payment and processing issues and the like. As a result of these intensive interventions, the CHA has been able to maintain a relatively high percentage of existing units in the Leased Housing Program, despite the fact that landlords could obtain higher rents through a non-subsidized rental.



- Providing more intensive housing search assistance to voucher holders, especially to persons with disabilities. The CHA continued its partnership with a local non-profit organization to assist persons with disabilities in locating appropriate housing accommodations.
- Supporting efforts to reduce displacement of low-income persons through implementation of a limited preference for Cambridge residents that subsidizes in-place leases.
- Identifying project-based resources to supplement tenant-based programs. The CHA's efforts -- including development at Lancaster, Western Avenue and Ashton Place -- have been noted in previous reports. During FY 2002, the CHA implemented a revised Project Based program in response to feedback from local property owners and developers. The CHA anticipates that this initiative, which established a simplified, ongoing application process for Project Based units, will generate additional housing units in the coming years that will be more secure resources.

Based on experience to date, the CHA believes that program interventions such as those summarized above focusing on marketing, landlord incentives, housing search assistance, and program simplification helped offset some of the negatives associated with low FMR levels and helped improve program performance.

Program Activities in FY 2002

A summary of CHA's Local Leased Housing program activities for FY 2002 follows:

- Overall program utilization increased by 121 units to 1,359 MTW units.

- HQS inspections and required follow-up efforts were completed on 100% of all existing and new program units.
- Recertifications were conducted on 100% of all existing program participants.
- Housing search assistance was provided to program participants with disabilities through a contract with a local non-profit service agency. This approach has proven to be successful in finding quality, affordable housing for a population that is typically hard to house.
- A Tenant Preservation Program to provide a preference to existing Cambridge residents with in-place leases, including a small number in the 50 to 80 percent of AMI income range, was implemented as a way to avoid displacement from existing rental units.
- The CHA deferred implementation of a previously planned Leased Housing participant screening program in response to advocacy group concerns; however, CHA may revisit this issue in the future.
- A bi-monthly newsletter to all landlords was published and the CHA began a separate mailing to realtors, institutional owners, non-profits, faith-based organizations and others involved in the affordable housing industry.
- Damage payments were provided as an incentive to landlords who agreed to continue renting to Leased Housing participants. Such payments operate as follows: If a current Leased Housing tenant damages a unit, the CHA may reimburse the landlord for tenant-related repair costs, up to one month's rent. The CHA also extended its option to enter into multi-year leases and to provide bonus payments to landlords who sign up for this option.



- The CHA continued to provide vacancy payments to landlords who agree to rent to another Leased Housing program participant after an existing participant leaves the unit. The CHA may pay up to two month's rent on the vacant unit while necessary repairs or preparations of the unit are made.
- In order to reduce evictions and improve the program's level of responsiveness, CHA offered voluntary tenant-landlord mediation services through a partnership with local non-profit providers.

Project-Based Leased Housing Program

The CHA commenced implementation of its modified Project Based Leased Housing program initiative in FY2002. The elements of the revised Project Based strategy include the following:

- Establishment of a simplified, competitive process that allows qualified owners to apply for project-based units throughout the year (subject to the CHA's option to close the process periodically as demand outstrips supply). CHA advertised the availability of the program in FY 2002; however, at this point, no proposals have been received. While local non-profits and developers have expressed interest in CHA's new initiative, local real estate market prices continue to present a major obstacle. CHA will maintain the open application process into the next year and continue to market it to property owners;
- Leasing of existing units without a minimum rehabilitation expenditure threshold consistent with HUD's revised regulations;

- Provision of predevelopment commitment letters to qualified owners to assist in leveraging additional funding sources;
- Elimination of restrictions on the percentage of units that can be leased in an individual building or project, subject to the CHA's determination that the leasing activity will not negatively impact the neighborhood and is consistent with the agency's overall affordable housing goals;
- In the event that a tenant-based Leased Housing participant currently resides in a unit that will be included in a project-based contract, clarification that the participant has the option to move from the unit and be issued a replacement tenant-based voucher.
- Simplification of program paperwork and qualification requirements.

Preservation of State MRVP and AHVP Programs

The CHA received state approvals to implement the changes to the state Massachusetts Rental Voucher Program voucher program described in the FY2001 Annual Plan. Under this program, the CHA utilizes federal resources to augment the state subsidy program, thus making state program rent levels the same as the federal Leased Housing FMRs. The CHA is currently subsidizing, with federal funds, 9 families of the remaining 32 families participating in the MRVP program. The State is experiencing a severe budget shortfall and may try to further reduce funding to these and other housing programs.



The CHA was seeking state approval to subsidize the AHVP program comparable to the MRVP initiative when AHVP FMRs were raised to levels near the federal Leased Housing FMRs. As a result, the CHA no longer seeks to further subsidize these voucher holders.

Preservation of Current Housing Stock

Modernization and extraordinary maintenance were a continuing emphasis during Fiscal Year 2002, as the preservation and continued viability and quality of the in-place stock is viewed as the most fundamental mission of the Authority. As part of the MTW Deregulation Demonstration budget planning and implementation process, CHA continues to take advantage of fungibility in order to address capital needs aggressively, using the capital and operating budgets interchangeably to fund capital and extraordinary maintenance.

With a total backlog of capital need construction costs to fix “as-is” estimated in CHA’s Capital Improvement Plan at \$69 million dollars — or about \$35,500 unit, exclusive of soft costs — contrasted to the annual \$3.5 million in estimated capital funding, keeping pace with needed modernization and replacement work is challenging. In an effort to improve efficiency and the quality of work, the Management and Planning and Development departments continue to make significant changes in capital/extraordinary maintenance work (EM) since the start of the Demonstration. The flexibility of funding allows for extensive partnership and ongoing budgetary shifts necessary to complete planned improvements in a logical and comprehensive manner. Each year, priorities identified by on-site management staff and the Director of Maintenance are included with the capital list from the CIP in budget discussions. The Directors of Management and Planning and Development then prioritize these needs, in consultation with the Executive Director.



Accreditation Pilot Program

Congress first called for an exploration of an accreditation system for Public Housing in 1983. Since that time, industry groups and assessment organizations have explored various options for establishing an accreditation alternative to the current HUD-dictated system of performance measurement, the Public Housing Assessment System (PHAS). In the past year, the CHA – in partnership with other MTW agencies including Seattle, Portland, Atlanta and Philadelphia, and with several other large PHAs and the input of the Council of Large Public Housing Authorities (CLPHA)– began discussions regarding an Accreditation Pilot Program in order to assess its performance. MTW waives the CHA’s assessment through PHAS and allows the agency to retain its high-performer status throughout the demonstration program. The CHA has an opportunity to explore other, more applicable forms of performance assessment. Accreditation is the model that seems to make the most sense for the CHA, and, we believe, for PHAs in general.

CHA and other CLPHA members agree that the pilot program should:

- Be designed by the PHA industry and its stakeholders with both the transparency and focus needed for PHA stakeholders to understand, or provide input to, the evaluation design and process;
- Be objective in both its measurements and its implementation;
- Be easily understood (process, results) by the PHA industry and its stakeholders;
- Measure all significant aspects of a PHA's operations;
- Adequately account for the underlying management systems, and includes all standard areas that might be of importance to the PHA industry and its stakeholders;
- Reflect local context;
- Permit organizations to establish benchmarking priorities and improvement efforts;



- Emphasize nationally recognized best practices in organizational management, real estate and property management, and tenant service; and
- Be feasible for housing authorities in terms of cost and participation expectations.

Currently, overall industry discussions regarding an existing model of performance assessment developed by Standard and Poors in conjunction with NAHRO, as well as continuing discussion with HUD regarding PHAS have delayed the possible implementation of an accreditation model. Additionally, discussions with other MTW participants regarding assessment of the demonstration will impact any decisions regarding an Accreditation Pilot and the possible implementation of Accreditation. The CHA expects clarity on the future of the Accreditation model and, should the Pilot move forward, continued discussions around content in the coming fiscal year.

Affordable Elderly Housing – Providing a Continuum of Care

The FY 2002 Plan stated that the CHA would respond to the needs of the current elderly population of Cambridge and would prepare for the impact of the baby boom generation that will increase the number of elderly as it ages. To address these needs, the CHA continues with two major redevelopment projects: the Neville Manor Nursing Home and the HOPE VI revitalization of the John F. Kennedy Apartments. Additionally, the CHA is proceeding with other innovations around elderly housing including marketing efforts, modernization of elderly sites, a request for an extension of the CHA's elderly allocation plan, and the implementation of a services enriched senior housing program.



Neville Manor

In November 1996, the Cambridge Public Health Commission issued a Request for Proposals for redevelopment of the former Neville Manor Nursing Home, in the hope of preserving it as a resource for low and moderate-income Cambridge seniors. In April 1997, the Cambridge Public Health Commission selected Neville Community Partners (NCP) with the CHA in the role of lead developer. NCP proposed two project components to the development: a mixed-income assisted living facility and a skilled nursing facility. Over the ensuing five years, the CHA and its partners have negotiated an array of legislative and regulatory approvals needed to implement its proposal.

Assisted Living Facility

The FY 02 Plan stated that the conversion of the existing Neville Manor Nursing Home into a 71-unit mixed income assisted living facility was scheduled for completion in October 2001. Conversion was completed in November 2001, with occupancy beginning in December. The project focus is now on leasing up the remaining units.

The CHA allocated 39 Leased Housing certificates (30 project-based, 9 mobile) toward the project to make the assisted living facility accessible to low and very low-income elders. An additional 18 residents with incomes between 50 and 80% of AMI will be housed. Along with the operating subsidy available through the Leased Housing program, the project is utilizing capital funds from a variety of sources, including low income and historic tax credits, CDBG and HOME funds, and a grant from the Federal Home Loan Bank of Boston.

Skilled Nursing Facility

Along with the conversion of an existing skilled nursing facility to a mixed-income assisted living home, the redevelopment of Neville Manor involves construction of a new, 112 bed skilled nursing facility on a different part of the same site. This component of the Neville redevelopment is particularly important at a time when the City of Cambridge has lost over 50 percent of its skilled nursing home beds in the last three years.

Design work for the new skilled nursing is nearly complete, and a financial closing is projected for Fall 2002. Construction will begin shortly thereafter, and is expected to take fourteen months. The project is to be funded primarily through a HUD-insured mortgage and tax exempt bonds.

HOPE VI Revitalization of John F. Kennedy Apartments

The CHA has a second major development/redevelopment effort in the area of elderly housing underway. In the past year, the Cambridge Housing Authority continued its steady progress on the HOPE VI Revitalization of John F. Kennedy Apartments, completing the design work, reaching a financial closing, and preparing the site for construction.

The CHA was awarded a HOPE VI Revitalization grant in April 1999 in the amount of \$5 million as part of HUD's demonstration on the revitalization of public housing for the elderly and disabled. The CHA's revitalization effort encompasses three phases of activities:

- Phase I of the project involves substantial renovation of the existing John F. Kennedy Apartments building, including creation of a new affordable assisted living program on site for frail low-income seniors.



- Phase II consists of acquisition of scattered site condominium units for younger disabled households to replace the units lost by the renovation at John F. Kennedy Apartments.
- Phase III incorporates transfer of public housing operating subsidies from John F. Kennedy Apartments for the creation of new shallow subsidies for low-income families.

This complex HOPE VI Revitalization – one of five elderly HOPE VI projects nationwide – incorporates much-needed renovation work at this aging high-rise housing development for the elderly and disabled and acquisition of replacement housing for younger disabled households, with a comprehensive supportive services program to provide enhanced programs to meet the needs of the CHA’s frail elderly and disabled resident community.

The FY 02 Plan stated that the CHA would complete the financing package for the project. The CHA held a project closing in March of 2002, successfully using the \$5 million HOPE VI grant to secure more than \$22 million in additional funding for all phases of the project, including \$19 million in funding for the Phase I revitalization of John F. Kennedy Apartments and more than \$3.5 million for the replacement housing included in Phase II of the project. The Cambridge Housing Authority, on its own and through its two not-for-profit affiliates, is acting as the Project Developer and Sponsor for all phases of the revitalization effort.

Additionally, a construction contract was awarded for the Phase I work at John F. Kennedy Apartments and preliminary on-site mobilization and hazardous materials abatement activities were under way before the close of the fiscal year.

The CHA also continued to make steady progress on Phase II of the project. In addition to assembling all of the funding needed to complete acquisition of the off-site replacement housing, nine of the fourteen units were acquired. CASCAP, a non-profit service organization for the elderly and disabled in Cambridge, is providing and supportive services for the residents in these units.

The initiation of Phase III is contingent on the closing on the Phase I construction financing. This closing recently occurred and the CHA is prepared to take the first steps to address Phase III of the project; the transfer of public housing operating subsidy to another affordable housing development.

Other Elderly Innovations

The FY 02 plan stated that the CHA would continue its efforts to respond to the needs of the elderly population of Cambridge on several fronts: expanding marketing efforts; modernization of elderly buildings; extending of the elderly allocation plan; and exploring services enriched housing. Progress on each of these areas is reported below.

Marketing

The City of Cambridge experienced, along with the rest of the nation, a momentary decline in the number of elders seeking housing assistance. To ensure that eligible elders are made aware of the resources the CHA has to offer, the Housing Authority will continue its marketing efforts. The CHA produced a video featuring elderly residents that explains the benefits of CHA elderly housing. This video will continue to air on CCTV, the local cable access channel. The CHA is also in the process of developing virtual tours of our apartments. These tours will be made possible through the use of IPIX 360° software. This is the same software used by the real estate industry to market properties over the worldwide web. When the tours have been produced, they will allow staff members at the central office to assist elderly applicants in virtually walking through the various CHA developments.

Services Enriched Senior Housing Program

The CHA was awarded a grant for one of its State Elderly developments to develop a services enriched senior housing program. The program is a step beyond elderly housing and a step below assisted living on the continuum of care.

As described in the 2002 Plan, the program provides 24 hours a day case management and personalized homemaker services; personal care service; a full-time staff person to coordinate individual service plans and activities; and meals seven days a week. The program also provides these services at a reduced cost to individuals not in the plan, but in need of temporary assistance. For example, if a resident caught the flu and needed a homemaker to perform grocery shopping and laundry, that resident could procure the homemaker services at a reduced cost. In the year 2002, the program functioned as described above.

If this pilot program is received positively, the CHA, under the flexibility of MTW, may expand this model to one or more of its federal elderly developments.

Modernization

There is currently a drop in demand for elderly housing, due to local and nationwide demographics. This drop in demand creates an opportunity to make physical improvements to these developments because vacancies ease the resident relocation issues that arise during renovation projects. The CHA is taking advantage of the lull by intensifying modernization of the 30-year-old elderly stock.

Due to the fungibility allowed in the MTW Deregulation Demonstration, the CHA is using capital and extraordinary maintenance funds now, when the demand for elderly housing is lower. When the “baby boomers” become eligible for senior housing and the demand increases, the CHA will be prepared with an updated and renovated stock.

The FY 02 Plan stated that the CHA would explore a number of innovative approaches to elderly modernization with an emphasis on reconfiguring small studios apartments to better address the physical needs of an increasingly frail elder population and also to increase the livability of the units. Through physical improvements to the buildings, the CHA seeks to enlarge total living space in units by enclosing balconies and improving the structural integrity of buildings experiencing envelope problems due to original design and construction issues. The Plan also laid out a relocation process for residents during construction.

In FY 02, the CHA pursued building improvements at several developments. The specific modernization projects at senior sites including DF Burns, Miller’s River and L.B. Johnson are described in the Section on Capital Improvements. Generally, the design work of the projects in FY 02 responded to physical building conditions that were leading to water penetration and poor energy efficiency. The design efforts also sought to improve the comfort of elderly and disabled residents and the marketability of the units at three elderly developments. The CHA is committed to the resident relocation process, but has not yet implemented it because the design process for the construction work is not yet complete.

Allocation Plan Extension

The FY '02 plan stated that the CHA would file for an extension of its elderly allocation plan. The extension was filed in February 2002, and approved effective April 7, 2002. The CHA submitted the original plan because the designation was necessary to provide affordable rental housing to the City’s growing elderly population of low and low to moderate income renters. The current conditions in Cambridge presented the need to continue the designation. The CHA’s plans for modernization and reconfiguration of its



elderly housing stock, prevailing market conditions and the strong success of the program of alternative housing placement for the disabled made the two-year extension important to the Authority's mission to serve the needs of the disabled and elderly as expeditiously and appropriately as possible. Additionally, the designation is a critical component of the CHA's strategy to provide a continuum of care for its elderly residents and to ensure that the comprehensive nature of CHA's planning for elderly can remain cohesive.

Miller's River Self-ESCO/Energy Performance Contracting

Energy performance contracts use a stream of utility savings to pay for financing in order to make capital improvements that then reduce energy costs. HUD approved the bulk of these projects in the past only when PHAs enter into agreements within Energy Savings Company or ESCo. Under the terms of the MTW agreement, however, the CHA is allowed to function as its own ESCo and retain the significant savings, both in terms of management of the construction oversight and ongoing energy maintenance costs, associated with the project.

In functioning as its own ESCo, the CHA directly procured the services of an engineer specializing in design of state-of-the-art boiler systems, as well as those of a financial advisor. The financial advisor will assist the Authority in arranging for financing from a third party investor. The CHA believes this is more cost-effective than using the services of an outside ESCo. The CHA will also retain greater control over management of the construction phase and energy systems monitoring after the project is complete.

As stated in the FY 02 Plan, the CHA will be doing its first self-ESCO energy performance at Miller's River Apartments, a 303 unit elderly high-rise. This project consists of replacing a 30-year-old electrical heating system with state-of-the-art gas-fired condensing boilers; new domestic hot water service and new heat distribution system with panel radiators that will allow the apartments to be more furnishable. Toilets will also be replaced with low-flow models.

This project was bid, as projected, in FY 02. However, the bid prices exceeded the budget and the project could not move forward immediately. Therefore, the CHA is redesigning to create a more streamlined scope and will go to bid this spring in a more favorable bid environment.

Reinvention of the Family Self Sufficiency Program

As described in the FY 2002 Plan, CHA realigned FSS to integrate it into our larger and more comprehensive Economic Development and Supportive Services (EDSS) program as follows:

- The position of the FSS Case Manager was redefined and moved into the mainstream of the EDSS program. The new position combines teaching, coaching, tutoring, and case management responsibilities. The addition of this resource will provide the CHA with the opportunity to provide the kind of long-term, education-oriented support our residents need in order to move to better work.
- In support of this realignment, the EDSS program is instituting a scholarship program in which adults who need vocational training (through proprietary schools, non-profits or community college) will be provided with tuition assistance up to \$1,000 through individual training accounts.
- The escrow provision for public housing FSS was eliminated; there are no current public housing escrow participants.
- Families currently participating in FSS were transferred to the Cambridge Employment Program; several in need of family support, mental health, disability-related, and other services were assisted to acquire those services from a variety of local agencies.



Other New Policies and Initiatives

CHA Resident Survey

Although the CHA is not subject to the Public Housing Assessment System (PHAS), HUD reserved the right to physically inspect the CHA's properties. HUD also continues to conduct an annual CHA resident survey, using the instrument the PHAS system uses. The CHA retains the right, under the MTW agreement, to replace HUD's survey with a survey of its own design, if the survey is reviewed and approved by HUD.

CHA has an approved survey instrument that will, with expansion, be distributed this fall. In this fiscal year, CHA staff had extensive discussions regarding content and distribution method, in order to provide valid and useful results. Next year's Report will include the detailed results from this survey.

Community Service and Economic Self-Sufficiency Policy

The Quality Housing and Work Responsibility Act of 1998 (QHWRA) requires that all housing authorities implement a community service and economic self-sufficiency policy for public housing residents. Such a policy must include a requirement that all residents aged 18 or older participate in work-related or community service activities for at least 8 hours per month. Work-related activities include job training, apprenticeship, and substance abuse counseling. Elderly and disabled residents may be exempt from this requirement. The goal of the policy is to ensure that all able-bodied public housing residents either work or contribute to the community in which they reside.



Although Congress has currently suspended this requirement, CHA's Annual Plan for FY 02 had requested a permanent waiver for Cambridge. HUD did not act on this request; however, it did not deny the CHA, either, prompting the Authority to include a repeated request for formal pre-emption of the requirement in its FY 2003 Plan.

Pet Policy

CHA also requested waiver of the Pet Policy. HUD did not grant CHA the waiver, but also failed to provide its reasoning. Therefore, CHA included the request once again in its FY 2003 MTW Plan. Development of any revised Pet Policy is on hold pending the current waiver request.

■ *Occupancy*

The CHA houses over 8,000 persons through our Federal public housing and leased housing programs. Our total resident population exceeds 9,600 after including residents from our state programs and affiliated non-profit agencies. This is approximately 9.5 percent of the total City of Cambridge population. While that percentage is high compared to many cities of comparable size, the demand for additional affordable housing remains high. There are almost an equal number of persons on our waiting lists looking for affordable housing.

Households Served – Conventional Housing

This section compares the number and characteristics of households served in the Cambridge Housing Authority's MTW federal developments from FY2001 to FY2002. Under the MTW Deregulation Demonstration, as required, the CHA has continued to serve essentially the same number and mix of households as it would have otherwise served absent the demonstration. This section will discuss changes in the number of households served by bedroom size, income and race/ethnicity based on actual occupancy. Detailed tables illustrating these changes can be found in Appendix 4. The Authority will not, as a result of the MTW Deregulation Demonstration, decrease the number or mix of families (by family size) receiving housing assistance.

Appendix 4, Tables 4-1, 4-2, 4-3 detail annual changes in the number of conventional housing families based upon bedroom size, income, and race/ethnicity. There are over 1,800 households involved in the MTW Deregulation Demonstration living in Conventional housing. During Fiscal Year 2002, the CHA served approximately five percent more families than were served during Fiscal Year 2000. Approximately half of households residing in CHA conventional housing live in studio or 1-bedroom units.



Appendix 4, Table 4-1 (part of which is replicated below), indicates that the Cambridge Housing Authority has seen a slight decrease in the number of households served from FY2000 to FY2002. This is due to elderly units being taken off-line for modernization.

Program	TOTAL UNITS			Studio			1BR			2BR			3BR			4+BR		
	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%
Public Housing																		
Family	1,048	1,096	5%	0	2		140	151	8%	444	459	3%	363	383	6%	101	101	0%
Elderly*	753	691	-8%	535	475	-11%	215	213	-1%	3	3	0%	0	0	0%	0	0	0%
<i>Total</i>	1801	1,787	-1%	535	477	-11%	355	364	3%	447	462	3%	363	383	6%	101	101	0%

* 83 J F Kennedy units are excluded from the 2000 numbers to make comparison from year to year clearer.

As the table below and Appendix 4, Tables 4-2, 4-4, and 4-5 demonstrate in more detail, the CHA is serving essentially the same mix of households based upon income category. Families earning 30% or below of Area Median Income (AMI) comprise 65 percent of the conventional housing population. The only significant change is the shift of families to the 30% AMI or below category. This happened in large part due to the large increase of the AMI numbers published 1/31/2003. Very-low income families' wages and other sources of income did not keep pace with the 6% increase in AMI. Income diversification will be examined more fully in Appendix 6 of this report.

Program	< 30% of AMI				30-50% of AMI				50-80% of AMI				> 80% of AMI			
	Feb-00	01-Feb	02-Mar	Chg%	Feb-00	01-Feb	02-Mar	Chg%	Feb-00	01-Feb	02-Mar	Chg%	Feb-00	01-Feb	02-Mar	Chg%
Public Housing																
Family	49%	47%	55%	6%	33%	33%	27%	-6%	13%	17%	15%	2%	2%	3%	3%	1%
Elderly*	77%	78%	82%	5%	18%	17%	14%	-4%	5%	5%	4%	-1%	0%	0%	1%	1%
<i>Total</i>	63%	59%	65%	2%	26%	26%	22%	-4%	9%	12%	11%	2%	1%	2%	2%	1%

* 83 J F Kennedy units are excluded from the 2000 numbers to make comparison from year to year clearer.

The table below illustrates that CHA continues to experience a slight decline of white households and a corresponding increase in minority families. Appendix Four, Table 4-3, of this Report provides more detail regarding percentages of specific races/ethnicities in CHA housing. Minority households have increased by 1.4 % during the past year to account for 62 percent of all conventional housing households. Data from the 2000 U.S. Census indicates that the overall white population in the City of Cambridge decreased by 7.2 percent from 1990 to 2000 to 68% of the City's population, even though the population increased by 5 percent. The slight decline of white households that are residents of the CHA is consistent with broader demographic changes in the City.

Increases or decreases in households representing specific income, racial/ethnic, or family size groups have been nominal during the past Fiscal Year, and are part of the Agency's normal turnover of units. The CHA therefore continues to serve essentially the same number and mix of families (by family size, race/ethnicity and income) receiving housing assistance.

Conventional	RACE/ETHNICITY													
	White							Total Minority						
	FY00		FY01		FY02		Chg % 01 -02	FY00		FY01		FY02		Chg % 01 -02
Family	187	18%	189	17%	181	17%	0%	854	82%	902	83%	914	83%	0%
Elderly*	568	75%	539	73%	516	72%	-1%	190	25%	197	27%	202	28%	1%
Total	755	42%	728	40%	697	38%	-1.4%	1044	58%	1099	60%	1116	62%	1.4%

* Excluding JFK

Households Served – Leased Housing

Appendix Four, Tables 4-1, 4-2, and 4-3, of this Report show changes during between Fiscal Years 2000 and 2002 in Leased Housing households served by bedroom size, income and race-ethnicity based on actual occupancy. As the table below indicates, over 1,350 households are participating in the Leased Housing Program using certificates or vouchers included in the MTW Deregulation Demonstration. Most households lease 1, 2, or 3-bedroom units, rather than studios or apartments with more than 3 units. The total number of the MTW Deregulation Demonstration households increased during the past two fiscal years by thirteen percent.

Section 8*	TOTAL UNITS			Studio			1BR			2BR			3BR			4+BR		
	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%	Feb-00	02-Mar	Chg%
Family	972	1119	15%	35	41	17%	171	228	33%	408	479	17%	309	323	5%	49	48	-2%
Elderly	229	240	5%	18	16	-11%	103	102	-1%	84	97	15%	22	23	5%	2	2	0%
Total	1201	1359	13%	53	57	8%	274	330	20%	492	576	17%	331	346	5%	51	50	-2%

*127 Huron Towers units are excluded from the 2000 numbers to make comparison from year to year more clear

As illustrated in the table below, similar to the changes in public housing, the representation of each income group has either remained the same or increased during the past fiscal year. The only significant change is the shift of families to the 30% AMI or below category. This happened in large part to the large increase of the AMI numbers published 1/31/2003. Very-low income families' wages and other sources of income did not keep pace with the 6% increase in AMI. Households earning below 30 percent of AMI now represent approximately two-thirds of Leased Housing families, with families earning 50 percent or higher of AMI representing one third. CHA policies only admit to the Leased Housing program for purposes of tenant preservation a small number of families earning between 50 - 80 percent of AMI, and the income of Program participants reflects this policy.

Annual Change in Households Served by Income

Program	< 30% of AMI				30-50% of AMI				50-80% of AMI				> 80% of AMI			
	Feb-00	01-Feb	02-Mar	Chg%	Feb-00	01-Feb	02-Mar	Chg%	Feb-00	01-Feb	02-Mar	Chg%	Feb-00	01-Feb	02-Mar	Chg%
Leased Housing	60%	61%	66%	6%	28%	28%	26%	-2%	10%	11%	8%	-2%	1%	1%	0%	-1%

The table below illustrates that households comprised of racial minorities have decreased by approximately 6 percent during the past year. This may be due to the racial composition of the waiting lists. Fewer minorities, as a percentage of the overall list, have been applying for leased housing. More detailed information regarding this change can be found in Appendix 4, Tables 4-3 and 4-9.

Annual Change in Households Served by Race/Ethnicity – MTW Leased Housing*

Program	White				Minority			
	Feb-00	Feb-01	Mar-02	%Chg	Feb-00	01-Feb	Mar-02	%Chg
Leased Housing	45%	46%	53%	8%	55%	53%	47%	-8%

Conventional Housing Waiting Lists

This section describes the number and characteristics of households on the CHA’s waiting lists for conventional public housing as of March 2002. This information is compared to similar information from February 2001 to assess changes and trends in CHA’s applicant pool. Appendix Four, Tables 4-7, 4-8, and 4-9 of this Report contain summaries of these comparisons, with details relating to specific development choice waiting lists based on bedroom size, race/ethnicity and income contained in Appendix 3, Development Choice Analysis.

During the past Fiscal Year, the number of applicants on Conventional housing waiting lists has increased by approximately 18 percent; the applicant pool on any given day now contains over 7000 households. This increase marks a change from 2000 – 2001 when the waiting lists experienced a decrease. In fact, the increase over this past year represents more than a 10% increase over FY 2000. This reverses a trend of dwindling waiting numbers. Affordable housing is still very much in demand statewide. Most

applicants for family developments qualify for one, two, or three bedroom units, and most applicants for elderly housing qualify for studio apartments. As illustrated in Appendix 4, Table 4 – 7, the distribution of applicants based upon bedroom size has not changed significantly during the past year.

Appendix Four, Table 4 – 8, illustrates that the percentage of applicants’ income based on AMI has decreased across all groups, reflecting the higher AMI rates released this year. Applicants earning 30% or below of AMI represent over 80% percent of all applications.

The table below and, in more detail, Appendix Four, Table 4- 9, show that the overall distribution of applicants on Federal waiting lists in each racial/ethnic category has basically remained constant during the past fiscal year: American Indians still represent approximately 2 percent; Black applicants comprise approximately 50 percent of Family and 25 percent of Elderly waiting lists; and White applicants represent around 25 percent of the population on Family and 60 percent on Elderly Federal waiting lists.

Race/Ethnicity on Federal Wait Lists, FY00 – FY02

Housing Type	Am Indian			Asian			Black			Hispanic			White			Other		
	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02
Family	2%	2%	2%	5%	5%	5%	50%	50%	50%	15%	17%	17%	25%	23%	24%	3%	3%	2%
Elderly	3%	2%	2%	4%	3%	4%	23%	25%	26%	5%	9%	8%	60%	57%	59%	5%	4%	1%

Implementation of Development Choice

In the first year of the MTW Deregulation Demonstration, the Leasing and Occupancy Department (L&O), in conjunction with the Management Department, began implementing a new public housing unit assignment system based on development choice. Under this system, the central waiting list was replaced with 15 family development lists, 10 elderly development lists and 4 “First Available” lists (Family federal and state, Elderly federal and state). Full conversion to development choice was completed in April 2000, with Fiscal Year 2001 being the first full fiscal year during which development choice was in place.

The complete assessment of the development choice program summarized in this section can be found in Appendix Three of this Report and provides a detailed analysis of the demographics of waiting lists and/or developments based upon households’ race/ethnicity.

Impact of Development Choice on Waiting Lists

Unless otherwise noted and consistent with previous annual reports, this Report’s analysis of development choice addresses demographics of Cambridge residents on waiting lists. CHA analyzes only Cambridge residents because, for the foreseeable future, they are the only likely public housing placements. Both the CHA’s elderly and family waiting lists increased in size during Fiscal Year 2002, in terms of number of applicants and number of developments chosen by those applicants. In Fiscal Year 2001 there were 2,179 different Cambridge residents with a total of 5,910 choices on the family development lists. Each family has an average of 2.71 choices out of a possible 4. On elderly/disabled development waiting lists, there were 518 different Cambridge residents with a total of 777 choices. Each elderly applicant has an average of 1.5 choices out of a possible 3, meaning most applicants used two choices, while a few applicants used 1 or all of their 3 choices.

Development Choice Waiting Lists – Race/Ethnicity

Information on the racial demographics of Cambridge residents on family and elderly waiting lists can be found in Appendix Eight. As demonstrated in Appendix Three, Tables 3 – 1 and 3 – 2, 80 percent of applicants for family public housing are minority families, over half of whom are Black. While the CHA has seen a 4 percent decrease in the overall representation of minorities on development choice waiting lists, the number of total minority applicants on each list increased significantly during the past fiscal year. All family development lists represent the general population of waiting list applicants with regard to race.

As demonstrated in Appendix Three, Tables 3 – 3 and 3 – 4, 46 percent of all persons on elderly/disabled waiting lists are a racial minority. As with family applicants, there are no trends reflecting disparate choices among minority and white applicants. Additionally, development choice waiting lists reflect not only the overall percentage of minority applicants in the waiting list population, but also the waiting list population with regard to specific races/ethnicities.

Impact of Development Choice on CHA Developments

CHA developments have low turnover rates, so years may pass before CHA is fully able to assess the development choice policy. However, demographics from Fiscal Year 2002 show that the system is effective in furthering fair housing, with no negative impact based on tenants' race/ethnicity.



Demographic Distribution by Development – Race

As Appendix Three, Table 3 – 1 and 3 – 2, demonstrate, the overall racial/ethnic composition of each CHA development did not change significantly during Fiscal Year 2002. At most developments, in fact, the change in composition in each of the racial/ethnic categories listed was no more than 7 percent. Moreover, the *overall* change in minority representation—whether categorized as “Black,” “Hispanic” or “Other”—at all developments has not changed by more than 2%, suggesting that development choice has not impacted the racial demographics at these developments.

Though the percentage of minority families at CHA elderly/disabled developments is lower than that at family developments, Appendix Three, Tables 3–3 and 3– 4, indicate that minority representation at elderly/disabled developments increased during the past year by nearly 7 percent. The CHA will continue to monitor these changes to ensure that development choice does not impact fair housing efforts.

Demographic Distribution by Development – Disabled Applicants

On an annual basis, the CHA monitors the disability-related tenant composition at each development to identify any changes that may have occurred during the implementation of development choice. As indicated in the appendix, Table 3-9, disabled tenants represent 11 percent of households at family developments and 22 percent of households at elderly developments. The development-based choices of this population show no patterns of potentially troubling clustering and are, in fact, very similar to the choice mix for both elderly and family applicants.

Independent Testers

As part of its development choice implementation the CHA used independent testers to assure that development choice is not being implemented in a discriminatory manner, and that no pattern of discrimination exists. The Fair Housing Center of Greater Boston conducted ten paired (twenty individual) tests of the Cambridge Housing Authority’s site-based waiting list application process. The tests were conducted between May and June of 2002. Ten matched pairs of white and African-American testers were sent to CHA to inquire about housing options. The testing evidence was used to ascertain whether applicants are given equal information and treatment by CHA staff. The testing conducted at the Cambridge Housing Authority showed no evidence of discrimination based on race. Detailed results of the testing are included in Appendix Seven.

Leased Housing Waiting List

This section describes the number and characteristics of households on the CHA’s waiting list for Leased Housing as of March 2002. This information is compared to similar information from February 2000 to assess changes and trends in CHA’s applicant pool. Appendix Four, Table 4 – 8, contains a summary of these comparisons by income.

During the past Fiscal Year, the number of applicants on the Leased Housing waiting list increased dramatically by approximately 80 percent. The waiting list primarily contains family applicants, but this is to be expected, since most elderly applicants apply for public housing elderly communities.

Appendix Four, Table 4 – 8, describes the percentage of applicants on the Leased Housing waiting list who fall into various AMI categories: below 30% of AMI, 30 – 50% of AMI, 50 – 80 % of AMI, and over 80% of AMI. The incomes that correspond with

these percentages are in Appendix Four, Table 4 – 6. Considering that the waiting list nearly doubled in one year, the percentage of households in each of the AMI categories remains fairly consistent.

The table below and, in more detail, Appendix Four, Table 4 – 9, shows that the overall distribution of Leased Housing applicants in each racial/ethnic category has basically remained constant during the past fiscal year. The major change that one notices is the large decrease in the number of families that are in the “Other” category. Most of the people in this category had applied under an old lottery system where the CHA received thousands of applications in a very short time. When the applications were eventually entered into the computer system, they were not coded for race/ethnicity. These households have now been mostly updated. The resulting percentages fall in line with the over all family and elderly conventional list.

Percentage of Race/Ethnicity on Conventional Housing Federal Waiting Lists, FY00 – FY02

	Am Indian			Asian			Black			Hispanic			White			Other		
Housing Type	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02	Feb-00	Feb-01	Mar-02
Section 8	1%	1%	2%	4%	2%	3%	35%	41%	45%	9%	10%	13%	17%	15%	24%	34%	31%	11%

Occupancy Policies – Conventional Housing

The CHA has created occupancy policies in its conventional and leased housing programs, which balance the objectives of creating incentives for residents to work while providing a reasonable operating income for the housing authority. The CHA also used its deregulation status to create policies, which make sense locally, such as the ceiling rent policy.

Ceiling Rent

The MTW Deregulation Demonstration agreement gives the CHA authority to adopt and implement any reasonable policies for setting rents for public housing. Because current HUD regulations for calculating ceiling or flat rents would result in negative impacts to either residents or the CHA, the CHA's Annual Plan Fiscal Year 2001 proposed a more appropriate policy for our locality that initially increased ceiling rents by 8 percent and then increases them annually by HUD's Annual Adjustment Factor (AAF) beginning in Fiscal Year 2002. The goal of this method is to raise ceiling rents while still encouraging and rewarding families for moving to better work.

Currently 212 households are paying the ceiling rent. The CHA will continue this rent policy, as described in more detail Appendix Five, Rent Policy Analysis.

Implementation and Tracking of New Rent Policies

On September 22, 1999, the Board of Commissioners approved new rent policies under the MTW Deregulation Demonstration Program. The Board of Commissioners also agreed to extend previously existing income exclusions designed to benefit working tenants, especially secondary wage earners.

Under MTW Deregulation Demonstration program, the CHA is required to provide an analysis of the impact of the policies on current households, and households on the waiting list, including an analysis of the severity of rent burdens on such households. This analysis is summarized in this section and can be found in more detail in Appendix Five.



CHA has implemented six income exclusions. Three of the earned income exclusions approved by the Board benefit young adults and/or secondary wage earners. These exclusions were adopted because current regulations appeared to discourage tenants from working or to encourage residents not to report income. The first exclusion disallows all income earned by members of the household ages 18-20. The second exclusion disallows 25 percent of the earned income for household members ages 21-25. The third exclusion disallows 15 percent of the earned income for secondary wage earners who are 26 or older. To be eligible for the last two exclusions, the head of household must have declared income. The CHA also created a wage exclusion of 25 percent for elderly households in elderly housing and expanded the welfare to work exclusion. Additionally, the CHA created a new exclusion modeled after the welfare to work exclusion called disability to work. The CHA expanded both the tuition deduction and the childcare deduction. Finally, the CHA implemented policies regarding minimum and ceiling rents.

Overall, the CHA rent policies result in reduced rent charged to tenants. Only two policies could result in an increase in the overall rent charged: the minimum rents and the transfer surcharge. The minimum rents charged may exceed 30 percent of a tenant's income. Currently, there are forty-nine tenants paying the minimum rent. This represents less than two percent of all tenants. The new transfer surcharge requires that multiple transfers to larger apartments take place before the surcharge is charged. Thus far, no tenants have been assessed the surcharge. The CHA does not anticipate that the surcharge will apply to more than one or two percent of all residents. The CHA has adopted a hardship policy that allows the Executive Director (or his designee) to evaluate on a case-by-case basis whether the rent policies represent a hardship and shall be granted a temporary exemption.

Though some of the policies do negatively impact the CHA financially in the immediate future, the Housing Authority believes that such policies will in fact assist the CHA financially in the future. These policies encourage residents to engage in educational activities and to work, which should, in turn, increase their incomes. As tenants' income increases, so, too, will the financial stability of the Housing Authority.

As stated previously, a complete analysis of the specific impact that each policy has on CHA and on Residents can be found in Appendix Five.

Income Diversification

Under the MTW Deregulation Demonstration Program, the Cambridge Housing Authority is implementing income diversification. Income diversification is an effort to increase the percentage of working families in CHA's developments in order to add diversity to the community, address the pressing need for affordable housing for families above 50% of AMI and potentially reduce the CHA's dependence on federal subsidies. The target ratio is 75 percent of family units for very low-income families (households with incomes below 50% of AMI) and 25 percent of family units for low-income families (households between 50 - 80% of AMI).

The CHA established a local preference in the fall of 1997 for households with income between 40 - 80% of AMI with a one for one placement ratio. This ratio has now changed to one for three placements. The preference is set at 40% of AMI and not 50% of AMI for two reasons: 1.) There are not many families on the waitlist between 50 - 80% AMI; and 2.) It seems that families between 40 - 50% AMI have a good likelihood of moving into the 50 - 80% category. This preference remains the mechanism for implementing income diversification. Another goal is to raise the income of families who are currently in the extremely low or very low-income categories to the 50 - 80% of AMI category. The AMI can be found in Appendix Six, Table 6-1. Though a complete income diversification analysis can be found in Appendix Twelve of this report, below is a summary of the impact of income diversification upon the demographics of CHA conventional housing.

Although the MTW Deregulation Demonstration provides that the CHA can retain its income diversification, other housing authorities must meet the requirements set forth in QWHRA (the 1998 Housing Reform Act) at least 40 percent of admissions to public housing should be to extremely low-income families (less than 30% of AMI) less certain credits. Absent MTW, the CHA would qualify



for these credits and its admissions to public housing should be at least 40 percent extremely low income families. Since February 1, 2000, there have been 116 admissions. Forty-nine (42%) of these admissions were extremely low-income families.

Income diversification, as measured by AMI, has remained static since FY 00, even though household income has increased because of a readjustment in the AMI calculation. Although the actual income of residents has increased, HUD has increased AMI's so that the AMI's are not an accurate reflection of the increase in tenant incomes. The 75/25 ratio has been met at only one of the larger developments, Roosevelt Towers. The CHA will need to monitor placements at these sites to insure that no more families are placed there utilizing this local preference.

Income diversification is implemented on turnover through the local preference. It is also hoped that tenant's incomes will also rise through a combination of rent policies, which encourage work, and the efforts of the Tenant Services department. While the target ratio is based on all households in a development, if it was only through placing new families with incomes over 40% of AMI that the CHA could implement any change in the development profile it would take at least ten years to reach the 75/25 target ratio in all developments.

Deconcentration

CHA developments currently represent a broad mix of incomes. As noted in the CHA Annual Plan Fiscal Year 2001, the Housing Authority's deconcentration policy is to monitor changes in income distribution at each development as rent policies, profile targeting (renamed income diversification), and development choice impact the mix of households.

The CHA would be in compliance with the Deconcentration Final Rule published in December 2000, if the rule applied to CHA during Fiscal Year 2001. As illustrated in the table below, currently the only development above the 15 percent compliance range

is Roosevelt Towers. Roosevelt Towers is the development at which income diversification was first deployed in a full-scale effort to diversify income in that development. This effort was a success and raised the average income of tenants, as is reflected below.

Putnam Gardens dipped below the 15% threshold this year, the development remained steady in terms of its average income, but because other developments increased their average income, Putnam's standing relative to the other developments decreased. This points to the reason why locally determined methods of deconcentration are better. Using income diversification, the CHA will try to raise the average rent of Putnam Gardens upon turnover. The CHA does not feel the need to take more drastic measures, like limiting placements at other developments or moving out current tenants in order to better balance its developments because, overall a development at 28.6% of AMI is not that far out of line with our other developments with an average of 34% AMI. The annual difference for a family of four between these two averages is only about \$4,000. The CHA fully expects that, as income diversification continues, the average income at Roosevelt Towers may decrease, while the average income at other CHA developments, including Putnam Gardens, will increase.



Deconcentration for CHA Federal Family Housing New AMI FY02

<u>Program</u>	<u>Households</u>	<u>INCOME</u>	<u>AMI%</u>	<u>Development % of Average</u>
CPark	152	22,109	34.7	102
Fairmont	10	18,335	30.5	85
Garfield	8	21,007	32.6	97
JaxStr	10	19,648	34.1	91
JPark	176	20,835	32.2	96
NTC	266	20,729	33.3	96
PGdns	121	17,490	28.6	81
RivHoward	32	20,303	31.5	94
RTLowrise	124	27,190	41.9	126
Scattered	13	29,363	50.5	136
Valentine	6	21,493	35.4	99
WElms	171	22,267	33.8	103
Totals	1,089	21,621	34.0	100



Program Management

The Cambridge Housing Authority's mission is to:

Develop and manage safe, good quality, affordable housing for low-income individuals and families in a manner that promotes citizenship, community, and self-reliance.

The CHA fulfills this mission in five basic ways:

- **Conventional Housing Stock** – Management of its own properties
- **Leased Housing Program** – Leasing of units in the private market through subsidies to individuals
- **Resident Programs and Economic Development** – Provision of tenant services and other programs to CHA residents and leased housing program participants
- **Development and Acquisition by CHA and Affiliates** – The incremental development or acquisition of affordable units that further the CHA's mission and program objectives; by the CHA and/or its affiliates
- **Support for Development and Acquisition by Community Partners** – Funding or other support to community partners who manage, develop or lease affordable housing

Given the overwhelming market pressures on Cambridge's current housing market, the major emphasis of the CHA has been on preservation of affordable housing resources. Preservation of the CHA's current stock is pursued through proper maintenance and

timely modernization efforts. As discussed in the Major Initiatives section of this Plan, given a lower demand for elderly housing due to current demographic trends, the CHA began modernization efforts in preparation for the expected extensive demand for elderly housing when the graying of the baby boomers causes a sharp increase in the elderly population. Fuel switch efforts from the current all-electric systems in place at elderly high-rise buildings or other electrical systems to more efficient and economical gas-based forced hot water systems have also begun to take advantage of the provision in the MTW agreement that allows the CHA to function as its own ESCo (Energy Savings Company). In addition to the elderly program efforts, the CHA will pursue its continuing program in our family developments of preventive and routine maintenance supported by an aggressive capital improvement program.

In the Leased Housing Program, the CHA continues to establish local standards for the program outside of those currently allowed by HUD in the conventional Leased Housing program, thus making the program more viable. These efforts, discussed in great detail in the Major Initiatives section, result from internal structural and policy changes on the part of the management of the program, as well as efforts to affect the other factors that impede the program's viability in Cambridge.

Resident Programs and Economic Development efforts work in conjunction with our new rent-related employment incentives to encourage CHA residents and Leased Housing Program participants in economic stability and self-sufficiency. CHA programs emphasize comprehensive approaches that address both short- and long-term impediments to mobility. Programs target a continuum of activities and include specific initiatives for both youth and adults.

Despite the high cost of development and scarcity of suitable properties, CHA continues to emphasize these efforts through the acquisition of existing units; project-based subsidies have allowed these efforts to move forward. Also critical to CHA's efforts have been the partnerships developed with the City of Cambridge and the Cambridge Affordable Housing Trust.

The CHA also tries to preserve Cambridge's affordable housing resources through other organizations by providing funding and other support to preserve as many existing affordable units as possible and to encourage development of new affordable resources.



The CHA does this through the financial and program commitment of project-based subsidies, technical support, and other partnership efforts. Changes in the Project-Based Leased Housing Program, as discussed in the Major Initiative section of this Plan, should help this facet of MTW continue to be successful. The CHA also benefits from the existence of the City of Cambridge Affordable Housing Trust (CAHT), a strong relationship with the Community Development Department and increased resources from the institutional community with the establishment of Harvard University's 20/20/2000 affordable housing initiative.

Inventory

The CHA managed 1864 federally-assisted and 663 state-assisted conventional public housing units. The HOPE VI revitalization of John F Kennedy Apartments converted ownership of 83 of these units to an alternate form, including conversion of some public housing units to project-based assistance and the addition of scattered site units; during construction and conversion of subsidies, the unit count available will fluctuate. In order for the CHA to assess its conventional stock without these compounding factors, JFK has been separated from the rest of the MTW stock.



FEDERAL PROGRAM	TOTAL UNITS	STATE PROGRAM	TOTAL UNITS
	FY02		FY02
Public Housing Total	1,864	Public Housing Total	663
<i>Elderly/Special Needs</i>	766	<i>Elderly/Special Needs</i>	334
<i>Family</i>	1,095	<i>Family</i>	325
<i>Non-Dwelling</i>	3	<i>Non-Dwelling</i>	4
John F. Kennedy Apts Total	83	Leased Housing Total	237
<i>PH units</i>	83	<i>MRVP Tenant Based</i>	34
<i>PBA units</i>	0	<i>MRVP Project Based</i>	163
Other Federally-assisted	6	<i>AHVP</i>	40
<i>Homeowners'</i>	6	State assisted sub-total	900
MTW Leased Housing Total	1,359		
<i>Tenant Based</i>	1,199		
<i>PBA</i>	160		
Non-MTW Leased Housing Total	544		
<i>Tenant Based</i>	544		
Federally-assisted sub-total	3,884	TOTAL UNITS	4,784

Appendix Four of this Report details information regarding number of Leased Housing units leased, by number of bedrooms, income category, race and ethnicity, and type of housing by program.

Conventional Housing Stock

The existing public housing stock is the core of the CHA's program; there is no activity more central to the Authority's mission than the stewardship of this bricks and mortar legacy. This section of the plan describes the CHA's current and anticipated performance in managing its conventional housing developments. In addition to information on MTW-related initiatives for the coming year and planned capital improvements, it also includes information on areas that HUD has traditionally used to measure Housing Authority management performance in the past: occupancy levels, rent collection, work orders, inspections and security. Please note that the CHA was designated as a High-Performer under PHMAP for FY 1998 with a perfect score of 100 and, under MTW, retains this score throughout the Demonstration. The new national system for evaluating the performance of local housing authorities, PHAS (the Public Housing Assessment System) will not apply to the CHA. However, HUD is authorized to conduct physical inspections of CHA property using the inspection standards included in the PHAS. CHA's performance on these indicators -- some of which are conventional measures of property management performance and others which are HUD/public housing-specific -- continues to be strong. The CHA inventory is inspected in its entirety annually, and work orders receive prompt attention. Rent collection is high and vacancy rates are low. Although vacancy is also related to the lack of affordable housing options, the CHA believes the strong physical condition of its properties and the feeling of its communities (as indicated by the PHDEP survey results) tell the most important part of the story of its performance.

Capital and Extraordinary Maintenance Efforts

The table in Appendix Two reflects planned capital expenditures and associated schedules as included in the Fiscal Year 2002 Annual Plan and capital expenditures as currently estimated (and as reflected in the Fiscal Year 2003 Annual Plan), including a brief explanation of changes to schedule or capital budget impact. As with any ongoing planning work, both project scope and schedule

often change during the design process. In addition to the budgets reflected below, and additional \$1.78 million was included in the operating budget for capital/EM work. Of this, \$ 1.4 million was expended, as the scheduling delays reflected below significantly impacted fiscal outlays. These unspent funds are fully committed to work already in planning or construction and have been rolled over into the CHA's Fiscal Year 2003 budgets.

Of significant impact to the schedule this year was the CHA's decision to delay some design work in order to solicit a new indefinite quantity contract with an A/E firm with a specialty in electrical engineering, as work under a previous contract had not been to the CHA's standards. The CHA uses a house doctor model for smaller and/or specialty construction design work, using a single solicitation to put under contract one or more architectural/engineering firms who are then on retainer. Overall, the model has been successful in reducing the administrative burden and costs of minor solicitations.

Over the past year, a number of significant capital improvement and extraordinary maintenance projects have been completed. These include:

- Completion of the Common Area improvements at four elderly developments, including Johnson, Millers River, Burns and Weaver Apartments. This work provided new entryway schemes and other common area improvements to provide improved lighting, better circulation and more inviting, marketable spaces.
- Completion of Phase 2 Site Improvements and masonry refurbishments at Jefferson Park. The final phase of site improvements, Phase 3, will be bid later this year.
- Installation of limiting thermostats in over 1,000 units.
- Ventilation improvements consisting of replacement of the air handlers at Burns Apartments.
- Installation of new roofs and completion of a geotechnical/structural investigations study at River Howard development, a family development in Riverside.



- Installation of new prototype water saving toilets at three developments and a stoop enclosure system at one development.

The following work is either under construction or in the planning phase:

- HOPE VI Revitalization of John F. Kennedy Apartments. Construction began on the \$11.8 million revitalization effort in January 2002, after funders approved plans to proceed with construction prior to the financing closing. The financing has been subsequently closed, and the construction project is on schedule.
- Conversion of Studios at Truman Apartments. Construction is currently underway to combine 21 studio units into fourteen one-bedroom units at Truman Apartments. Three of the fourteen units will be handicapped accessible.
- Conversion of Millers River all-electric heating and domestic hot water systems to gas-fired hydronic systems.
- Systemic leak problems at both family and elderly developments are being assessed and strategies developed. The CHA has retained the services of a “leak doctor,” a specialist engineer to advise us on how best to address the ongoing issues of water and air infiltration.
- Elderly modernization design work, including kitchen and bath replacement and the possible enclosure of balconies to provide additional living space. CHA is attempting to address the challenge of a large mix of very cramped, unattractive studio apartments. The scope of work is significant enough to warrant full-scale relocation of elderly residents at the affected developments. Based upon our experience with a similar relocation effort as part of our HOPE VI revitalization, it is imperative that thoughtful project planning occurs to ensure the proper phasing and staging of the work plan.



- Burns apartment envelope work, which includes the installation of new windows and potentially some balcony enclosures in a small percentage of units. It is in the design and tenant review phase. While Burns is not part of the larger kitchen, bath and balcony modernization, it will eventually undergo its own kitchen and bath upgrade project.
- Replacement of cabinets at Washington Elms, which is on a cycle. Washington Elms was comprehensively modernized almost 20 years ago and its kitchens are showing signs of wear; the CHA is trying a replacement reserve model with the kitchen cabinet project.
- Comprehensive Modernization of River Howard Apartments, a 32 unit family development with significant structural issues.
- Renovations of 226 Norfolk Street, a 3 unit building.
- Replacement of the emergency generator at Truman apartments.
- Other miscellaneous electrical upgrade projects including GFI receptacle installation and ventilation and fire system upgrades, at various developments.
- Replacement of windows and completion of significant masonry repairs at Putnam Gardens.
- Replacement of windows, site work and entry stairs at the UDIC developments.
- Replacement of windows at Jefferson Park.

Inspections

The CHA inspected 100 percent of its conventional public housing inventory in the past year, excluding units off-line for modernization. These inspections help the CHA monitor capital improvement and maintenance needs, and are an important element in the overall physical condition of the properties. During these inspections, 100 percent of the units met Housing Quality Standards



(HQS) after completion of the inspection process (if any unit fails an initial HQS inspection, corrections are made and the unit is re-inspected, completing the inspection process). This is detailed in Appendix 8-2.

Work Orders

The CHA normally responds to emergency work orders within 24 hours and non-emergency work orders within an average less than six business days. The agency continued this high level of performance from Fiscal Year 2001 to Fiscal Year 2002. Work order response time by development is detailed in Appendix 8-3.

Rent Collection

In Fiscal Year 1999, rent collections were at 99 percent of the total of CHA's issued rent statements. In Fiscal Year 2000, rent collections were at 95 percent, a 4 percent decrease from the previous year. Though acceptable by HUD standards, the CHA was unhappy with this rent collection level and worked to increase rent collections during Fiscal Year 2001 and succeeded with a 4 percent increase to once again be at 99 percent. FY 2002 performance continued at this high level of 99%.

Vacancy Rate

Overall, CHA is pleased to report that our low level of vacancies has been continued in Fiscal Year 2002. As noted in detail in Appendix 8-4 and the summary table below, the CHA's combined adjusted occupancy percentage for its conventional public housing inventory is 99 percent. The adjusted occupancy percentage takes into account units off-line for modernization, as these units are not "vacant" in the conventional sense, but are instead undergoing or being held aside for construction work. CHA's high occupancy



percentage and low turnover rate seem largely to be due to the appeal of the quality of the units, as well as the lack of other affordable housing options in the area.

FY02 Budgeted			FY02 Actual			Difference Budgeted vs. Actual	
Gross %	Adjusted %	Adjusted Vacancy Rate	Gross %	Adjusted %	Adjusted Vacancy Rate	Gross %	Adjusted %
97	99%	1%	95%	99%	1%	-2%	0%

Security

The CHA’s security program continues to feature both enforcement and prevention strategies in our ongoing effort to control crime and keep our developments as safe as possible. A Public Housing Drug Elimination Program (PHDEP) grant funds many activities targeted to youth to prevent future drug use and related crime. Security activities include enforcement and prevention activities, as well as lease enforcement.

Unfortunately, the PHDEP program has ended and will no longer be able to fund these activities. The CHA is already feeling the effects of this action. The CHA is not been able to fill a security administrator vacancy. The CHA can afford fewer and fewer police patrols as funds continue to dwindle.

PHDEP Program

In addition to basic unit and building common area safety, physical upkeep and modernization and maintenance efforts in defensible and other design solutions, the CHA's security program features both enforcement and prevention strategies in the ongoing effort to control crime and keep the developments as safe as possible. More recently, improved attention and focused efforts in the area of domestic violence have been strong, and have greatly improved the CHA's ties with other community support groups in this area. Staff and resident awareness of domestic violence issues have become a priority.

A Public Housing Drug Elimination Program (PHDEP) grant funds many activities targeted to youth to prevent future drug use and related crime. Security activities for adults and children to deter drug use include the following areas:

- **Enforcement** – The CHA utilizes security personnel who monitor criminal activity at all sites. The agency also works closely with the residents and the city's police force to target patrols toward the properties most in need of protective services. In addition, the agency has adopted the "one strike and you're out" drug/criminal policy and, in cooperation with the city, keeps track of all arrests made on agency property and uses that information to direct police patrols. Monthly meetings between CHA security and management staff and CPD uniformed and undercover staff routinely target trouble areas and plan appropriate corrective action. Quarterly assessment meetings involving residents, management and program staff and providers give overall guidance to our enforcement efforts.
- **Prevention** – Most prevention programs focus on youth. The national award-winning Work Force program will continue to serve about 135 students from family developments, age 13-19 each year. The Recreational Activities Program (RAP) is a resident-operated program of sports, arts and crafts, cooking and other activities for elementary school-age children and young teens.



As the most recent PHDEP survey indicates, these strategies were successfully utilized during Fiscal Year 2002.

PHDEP Survey

The CHA hired Edgemere Consulting to carry out the survey. Edgemere used a listing of approximately 650 households provided by CHA to conduct the survey. This listing was compiled by CHA to include only those residents who have lived at their current address for at least one year prior to the date of the survey. These residents were sent a letter from CHA, notifying them of the survey. According to HUD Notice PIH 2000-39 (HA) a minimum of twenty-seven surveys need to be completed based on the number of residents living in CHA housing. Edgemere conducted a random sampling of 211 residents and thirty-six surveys were completed.

The four multi-part questions required by PHDEP were asked and administered exactly as specified by HUD guidelines. Also, five additional questions were asked relating to age, household status, and response to domestic disturbances and illegal activities. The complete survey results are located in Appendix Nine.

Elderly Allocation Plan

The CHA continued to use the Elderly Allocation Plan to place disabled applicants for elderly housing in Leased Housing units instead of elderly developments as long as the CHA had more than 13 percent disabled residents in its elderly buildings. The Elderly Allocation Plan has been a success on two main fronts. First, the CHA has better served the disabled population in Cambridge. The CHA has housed more disabled applicants than it would have without the program by giving them Leased Housing vouchers and providing them with housing search services. Based on CHA non-elderly disabled placement rates prior to and following usage of the Elderly Allocation Plan, the Plan has allowed the CHA to house 91 more individuals with disabilities than would have been housed

absent the Plan. The disabled applicants have also been placed in leased housing units more quickly than they would have been placed in units in elderly developments. Second, the CHA has better served the needs of the elderly population by creating developments of elders, which has allowed us to bring services and activities to a group of people in the same stage of life. The CHA elderly residents are building closer communities as a result of the elderly allocation plan.

The CHA's current approval for its Elderly Allocation Plan was extended effective April 7, 2002 for an additional two years.

Leased Housing Program

The CHA's performance on the following indicators continues to be strong. The CHA achieved a utilization rate of 96% of the budgeted MTW units. The CHA inspected and ensured that 100% of the leased housing units meet Housing Quality Standards. The flexibility provided under the MTW Deregulation Demonstration continues to help the Local Leased Housing program run successfully.

Leasing Information

When budgeting for Fiscal Year 2002, the CHA budgeted for 1413 leased housing units. Overall, the CHA experienced a 96 percent lease-up rate (1359 units under lease). The CHA is pleased with this progress, and expects to further increase both the budgeted amount of units and the utilization rate in the coming year.



Lease-Up Rates, Leased Housing

Year	Budgeted Units	Number Leased	Percent Leased
FY00 Actual	1373	1201	87%
FY01 Actual	1301	1238	95%
FY02 Actual	1413	1359	96%

These reflect only MTW units, which do not include Huron Towers, Mod Rehab, Shelter Plus Care, 2 Mount Auburn Street (10C Program), 929 House, expiring use property, or an additional 200 certificates and vouchers to be set aside for use by households with disabilities in connection with the "Elderly Only" designation. Utilization percentages exclude Section 8/Voucher Portability certificates.

Leased Housing Inspections

The Leased Housing inspection process begins after a program participant completes a Request for Lease Approval. This inspection covers compliance with Housing Quality Standards (HQS), a letter of lead compliance, and compliance with State Safety & Sanitary Codes. A CHA Leased Housing Inspector and an inspector from the City Inspectional Services conduct the initial inspection. All units receive and pass the initial inspection or a lease is not signed and the unit is not eligible for the Leased Housing Program.

An Annual Inspection is conducted on the anniversary of the initial inspection in order to determine continued compliance with HQS. If a unit fails the Annual Inspection, the landlord is expected to bring the unit into compliance. Complaint and Exit Inspections are conducted at the request of the tenant or landlord. The CHA Leased Housing Inspectors verify complaints of damage and non-compliance with HQS.

The CHA inspects 100 percent of its leased housing units annually. Since Fiscal Year 1998, 100 percent of the units met Housing Quality Standards (HQS) after completion of the inspection process (if any unit fails an initial HQS inspection, corrections are made and the unit is re-inspected, completing the inspection process). As demonstrated in the table below, the CHA continued this progress for all types of inspections during Fiscal Year 2002:

Inspections Fiscal Year 2001, Budgeted vs. Actual - Leased Housing

Type of Inspection	Budgeted FY02		Actual FY02	
	Inspected	Passing HQS	Inspected	Passing HQS
Annual HQS Inspections	100%	100%	100%	100%
Pre-Contract HQS Inspections	100%	100%	100%	100%
HQS Quality Control Inspections	100%	100%	100%	100%

Resident Programs and Economic Development

The residents of Cambridge Public Housing face daunting barriers to social and economic mobility. And, although nearly 80 percent of adult CHA residents are employed, the vast majority of these work in low-wage jobs that offer little opportunity for advancement. It is the goal of our Tenant Services department to remove these barriers, to the extent possible, while increasing access to mainstream resources and opportunities. The basis of this strategy is the idea that exposure to new experiences and the development of a broad set of life skills can — and does — empower residents to engage in the variety of work, education, social and life situations to which they aspire. The CHA, thus, holds high expectations regarding residents' abilities to function within the social and economic mainstream. And, in order to assist residents in realizing their goals, the Authority has developed holistic, multidisciplinary programs that build upon the existing strengths of individuals and families.

The racial and ethnic composition of CHA's tenant population is extraordinarily diverse for a city the size of Cambridge, and includes large populations of both European- and African-Americans. It also comprises a substantial population of recent immigrants, including Haitian (and other Caribbean cultures), as well as Asians, Latinos and Native Americans.

The needs of such a diverse resident population vary widely. To break the bonds of inter-generational poverty, youth residents need access to support systems and experiential opportunities that may have eluded their parents. Employed adult tenants require services that will assist them in moving from entry-level work to better jobs. Immigrants, some of whom had specialized vocational training in their native countries, often require assistance with literacy and acculturation. Many CHA residents — regardless of country of origin or current employment status — need help in building less tangible skills, such as learning strategies, goal setting and job readiness. The CHA's tenant services programs work to address all of these needs to assist our tenants in achieving social and economic mobility.



Although no specific quantitative goals were mentioned in the CHA's Annual Plan Fiscal Year 2002, specific goals, and the subsequent outcomes for each major tenant services program were recorded, and are set forth below. A discussion section follows, in which CHA's progress in achieving these goals is examined.

Service Delivery Summary

Because program grant reporting periods and, subsequently, the tracking of service delivery outcomes, often differs from the timing of the CHA's fiscal year, many of the numbers in the table below reflect the period from July 1, 2001, through June 31, 2002. In overlaying these periods, then, the CHA's resident programs have met or exceeded annual goals, overall, often spectacularly, with the CHA/Cambridge Employment Program (CEP) alone, serving 40% more residents (134) during the past annual reporting period. The Community Computer Centers, the Gateways Adult Education Program, Bunker Hill Community College, and the Work Force Unemployment Prevention Program also exceeded program goals for the reporting period.

- The CHA/Cambridge Employment Program provided vocational case management, career counseling, job preparation and job placement services to 134 residents, vastly exceeding its annual goal of 50. The program had made 64 job placements at the mid-point, doubling its annual goal.
- The Community Computer Centers served a total of 314 residents, more than twice the year's annual goal of 150.
- Bunker Hill Community College offered 12 courses last fall and 18 courses this spring at the Cambridge Satellite Campus, serving an estimated 35 CHA residents.



- The Bridge-to-College Program served 17 CHA residents over the past year, which is slightly ahead of its target annual enrollment goal of 12. Placement information will not be available for several weeks, however, due to the fact that the exigencies of residents' lives do not necessarily lead to immediate college placement, thus requiring the polling of previous bridge graduates, a time-consuming and expensive process.
- The Work Force Unemployment Prevention Program provided life skills and employment-readiness training, "try-out" jobs, academic supports and college prep activities to 130 teens, exceeding its enrollment goal of 120. Despite the economic slump, the program exceeded its job placement goal of 155, placing teens in 162 after-school and summer jobs. 90% of those placed in jobs were expected to complete their placements successfully and the actual rate was 91%. Program outcomes also exceeded expectations, with 70% of those enrolling in this 5-year program successfully completing it and 88% of graduating Work Force seniors going on to college and 12% entering employment.

Seventy-six tenants have participated in the Adult Bridge-to-College program since the CHA began hosting the program, with many residents participating for more than one semester. While the Authority has exceeded its Bridge-to-College enrollment goal of 12 served (24 for the two-year grant cycle), a previously set matriculation goal of 65 percent may have been too high. Enrolling in college for an adult in, or nearing mid-life is a daunting task. Most of those enrolled in the Bridge to College Program are, in fact, working, and during Fiscal Year 2002, the Housing Authority reevaluated its high job training/college acceptance goal and enacted program modifications to boost completions of the Bridge Program and subsequent enrollment in college. During the coming Fiscal Year then, the CHA will attempt to revise its numerical goals for this program.



PROGRAM	ANNUAL PLAN FY 2002 GOAL(S)		NUMBER SERVED*	
	CHA/Cambridge Employment Program	Serve 50	Place 22 in Jobs	Served 134
Computer Centers (For 6-month period)	Serve 150		Served 314	
Gateways ESL	Serve 70		Served 77	
Bridge-to-College	Serve 12	65% Accepted to Job Training or College	8 Served to date	39% matriculation rate**
Bunker Hill Community College	Offer between 12-15 Courses per Semester		18 Courses Offered, Spring Semester, 2002	
Work Force	Serve 120 Youth	75% High School Seniors Matriculation	130 Served through 3/02	88% Matriculation Rate

*Most of these programs are funded through an EDSS grant. The reporting period for which runs July through December and January through June. Numbers are therefore tracked according to the grant's reporting period, not from the CHA's fiscal year.

**This2001 matriculation rate is derived from a survey of CHA residents enrolled in the program; no update is yet available.

‡ Projections Adjusted downward due to deteriorating labor market.

□ 76 served since program inception.

Development and Acquisition

The MTW Deregulation Demonstration, as described in the FY 02 Plan, provides the CHA with an opportunity to conduct its own development activities in new and creative ways, most importantly through financial flexibility and through the local modifications to the Leased Housing program, particularly in project-based subsidies. This year, the CHA continued to use a single fund budget with full flexibility, maximizing to the extent prudent funds for acquisition and rehabilitation of affordable housing units. Although the CHA hoped to make progress this year on simplification of the development and redevelopment process, including changes to Mixed Finance and Procurement regulations and procedures, HUD was unable to move forward in discussions on the subject, most notably due to the delay in release of revised mixed-finance regulations. The section reports CHA progress on the specific development programs and activities laid out in the FY 02 Plan.

Partnership with the City and its Affordable Housing Trust

As the FY 02 Plan discussed, over the last ten years the Cambridge Affordable Housing Trust (CAHT) has consistently provided critical funding assistance to the Cambridge Housing Authority and its not-for-profit affiliate, the Cambridge Affordable Housing Corporation (CAHC). The Cambridge Affordable Housing Trust is a fund for affordable housing development and preservation established by the City of Cambridge. The City and its Community Development Department have also played a crucial role in the ability of CHA, CAHC and other non-profits to develop additional affordable resources and preserve existing ones.

Since 1990, CHA and CAHC have received commitments for funding either the acquisition or new construction of 145 affordable housing units in Cambridge. The Trust has committed a total of \$5,019,057 to acquire these 145 units, enabling CHA/CAHC to leverage an additional \$19,029,994 in other funding sources. For every \$1 provided by the Trust, CHA/CAHC has

been able to generate an additional \$3.79 in funding. The efficacy of these efforts is evident throughout the City; often in neighborhoods where few affordable housing options otherwise exist.

CAHT funding has supported condominium acquisition, and the following projects described in further detail at the end of this section: Lancaster Street, Riverside Cambridgeport Community Corporation Property (Western Avenue), Lancaster Street, and Ashton Place.

Harvard Housing Innovations Fund

Harvard Housing Innovations funds are currently being used in two recent acquisition and construction projects, 8-10 Lancaster Street and 6 Ashton Place. These funds were provided for a 20-year term at 2% interest only for the first ten years with principal and interest due over the final ten years of the loan.

CAHC applied to the Harvard Housing Innovations Fund for funding to research the potential obstacles to implementing a Section 8 Homeownership program and the means and resources to overcome these obstacles. Funding was awarded to CAHC in FY 02, and CAHC issued a Request for Proposals for consulting services to provide a report identifying the obstacles with specific recommendations toward establishing a Section 8 Homeownership Program in Cambridge. The report will be available in FY 03.



Condominium Acquisition Program

In an effort to secure additional affordable housing units in Cambridge’s increasingly costly housing market, the Cambridge Housing Authority and its non-profit affiliate, the Cambridge Affordable Housing Corporation (CAHC), created the Condominium Acquisition Program (CAP). The goal of CAP is to acquire scattered-site condominium units, thereby providing additional affordable housing units throughout Cambridge without the complexity of purchasing and rehabbing entire buildings or undertaking a new construction project. The Cambridge Affordable Housing Trust (CAHT) funded CAP, through a line of equity of \$250,000. CAHC has now purchased a total of ten studio, one, and two-bedroom units through the Condominium Acquisition Program (CAP).

The FY 02 Plan stated that CAHC and Trust staff discussed the current equity commitment as being the first of two \$250,000 installments to acquire condominium units throughout the City. CAHC is currently in discussions with the City of Cambridge in an effort to recapitalize the line of credit from the Cambridge Affordable Housing Trust. Both the City and CAHC are interested in serving families, therefore it is anticipated if an agreement can be reached for a new round of funding, the program would focus on the purchase of two and three-bedroom units. While these units are more expensive, the recent increase in Fair Market Rents will allow CAHC to assume larger mortgages. CAHC also anticipates a larger commitment from the City, given that serving larger families is also a goal of the City. CAHC intends to ask for a line of credit in the amount of \$500,000, which would go toward the purchase of 5 2-BR units over the next fiscal year.

Riverside Cambridgeport Community Corporation Property

During FY 01, the Riverside Cambridgeport Community Corporation selected CAHC as the developer of a three-story building on a prominent corner in the Riverside Neighborhood. The RCCC donated this building to CAHC because of CAHC's experience and commitment to the community and to affordable housing. CAHC will redevelop the building, creating 6 permanently affordable housing units, one that is handicapped accessible and one that is handicapped adaptable. The two one-bedroom and four two-bedroom units will be leased to low-income residents through the Leased Housing program.

The FY 02 Plan stated that CAHC was in the process of soliciting funding from other sources including the Commonwealth of Massachusetts. In FY 02, CAHC successfully applied for \$300,000 in grant funding from the Commonwealth. Additional financing for which CAHC applied and was awarded includes loans from the Cambridge Trust Company, the Massachusetts Housing Partnership, and the Cambridge Affordable Housing Trust, and the Federal Home Loan Bank, and a loan from the Cambridge Housing Authority, available due to the budget flexibility granted to the CHA through the Moving to Work Demonstration.

We expect to go to bid late summer of and start construction in the fall of 2002.

Lancaster Street

The flexibility of the Moving to Work Demonstration, coupled with substantial funding from the Cambridge Affordable Housing Trust (CAHT), Harvard University, and a local bank, allowed the CHA to take advantage of a new and exciting opportunity to purchase the 65-unit 8-10 Lancaster Street development during Fiscal Year 2001.



Financing includes a conventional mortgage through the East Cambridge Savings Bank, loans from the Cambridge Affordable Housing Trust, the Harvard 20/20/2000 program and the Cambridge Housing Authority, and grant funding from the Massachusetts Department of Housing and Community Development, and City of Cambridge HOME funds.

The FY 02 Plan stated that an architect was selected to begin the design process. In FY 02, the architects completed the Existing Conditions Report, Schematic Design Plans, and made significant progress on Construction Documents. We expect to go to bid late summer of and start construction in the fall of 2002.

Ashton Place

Using funding from the CAHT, the MTW Demonstration, Harvard University and a local bank, CAHC purchased this beautiful Victorian in Mid-Cambridge, a neighborhood that has limited affordable housing opportunities. CAHC will redevelop the building so that it once again fits in to the well-appointed neighborhood, ensuring that its 3 one-bedroom units and 3 two-bedroom units remain affordable.

Financing includes construction financing from the Cambridge Trust Company, permanent financing from the Massachusetts Housing Partnership Funds, loans from the Harvard 20/20/2000 program and the Cambridge Affordable Housing Trust, and the Cambridge Housing Authority, and grants from the Massachusetts Department of Housing and Community Development and LeadSafe Cambridge.

We expect to go to bid late summer of and start construction in the fall of 2002. In FY 02, CAHC selected an architect who completed Existing Conditions Report, Schematic Design Plans, and made significant progress on Construction Documents.

Mixed Finance

CHA continues to explore several models of mixed finance development using tax credits, bonds, and other mechanisms to leverage funds in the preservation and development of affordable housing units in Cambridge. As mentioned previously, we expect changes to the CHA's MTW Agreement in the area of Mixed Finance and Procurement to be negotiated in the coming year. These changes were postponed in order to reflect procedural changes at HUD as a result of QHWRA, and in the interest of starting the Demonstration in as timely a fashion as possible. Upon completion of negotiations with HUD, the CHA will immediately implement changes to the mixed finance process.

Woodbridge Street

In January 2000 CHA acquired 11 Woodbridge Street, formerly an elderly residence operated by a local non-profit. CHA is working in collaboration with the Commonwealth's Department of Housing and Community Development (DHCD) and the Department of Mental Health (DMH) to renovate the property for use as transitional housing for nine mentally ill adults. This is one of the first CHA development efforts undertaken through DHCD in several years, and will provide a much-needed resource for an underserved population.

The 2002 plan stated that the CHA delayed construction due to a shortfall in funding. The issues were resolved, and construction began and is expected to be complete in September 2002.

■ *Financial Management*

Under MTW, the CHA receives public housing operating subsidy and leased housing program subsidy based on a formula established in the MTW agreement. The CHA retains all rental and other income without an effect on its subsidy level. The CHA also receives an annual amount of Comprehensive Grant Program and Public Housing Drug Elimination Grant budget authority, determined by formula, and other competitive grants, as well (EDSS, HOPE VI). In the sources and uses chart below, the amount of monies in grant programs budget column– Modernization (CGP), HOPE VI, and other grants – are represented in terms of the actual monies the CHA expects to receive, based on spending, not the budget authority it has.

The CHA has had several discussions with Abt Associates on the format in which to provide clear, helpful financial analysis. While a revised format has not been established, the CHA will continue to work with Abt on providing additional analysis.

Sources and Uses

Sources	Actual FY 2001	Budget FY 2002	Actual FY 2002
Public Housing Program	\$13,084,667	\$13,595,996	\$13,817,092
MTW Leased Housing Program	\$15,739,999	\$14,967,531	\$16,641,150
Other Federal Programs	\$5,354,439	\$7,874,112	\$5,788,456
Modernization (Capital Fund)	\$2,367,207	\$4,096,000	\$2,724,921
Development	\$1,910,900	-	-
HOPE VI Grant (JFK)	-	\$3,000,000	\$0
Other Grants	\$1,594,657	\$780,000	\$986,403
Total Sources	\$40,051,869	\$44,313,639	\$39,958,022

Uses	Actual FY 2001	Budget FY 2002	Actual FY 2002
Public Housing Program	\$12,574,462	\$19,153,456	\$13,834,968
MTW Leased Housing Program	\$14,017,377	\$13,210,632	\$16,377,711
Other Federal Programs	\$5,301,336	\$7,827,231	\$5,756,970
Modernization	\$2,367,207	\$4,748,979	\$2,724,921
Development	\$1,910,900	-	-
HOPE VI Grant (JFK)	-	\$3,000,000	\$0
Grant Programs	\$1,594,657	\$780,000	\$986,403
Total Uses	\$37,765,939	\$48,720,298	\$39,680,973
Reimbursement to HUD			(\$1,509,533)
Excess/(Deficit)	\$2,285,930	(\$4,406,659)	(\$1,232,484)

In Fiscal Year 2002, the Housing Authority had sources just under \$40 million dollars. The CHA budgeted approximately \$44.3 million dollars. The majority of this difference is from \$3 million dollars that CHA expected to draw down from the HOPE VI grant but did not because HUD wanted that grant drawn down at the same rate as the eight other sources of funding. These sources do not show up in this report because they flow to the Essex Street Management Inc. LLC, not the CHA.

Modernization funds were not drawn down at the rate expected. However, under MTW, modernization funds (CGP) are drawn down as they are expended, so while expenditures were less than expected, the overall commitment to modernization work may actually be increasing. The costs associated with the work under planning will be seen in increased expenditures in the coming years as actual payments to contractors are reflected.

Other grants increased due to the new ROSS grant that the CHA received. This new grant however, cannot make up for the loss of PHDEP that will be felt in the next budget cycle.

The CHA had planned a large investment in extraordinary maintenance. The actual increase in public housing uses was over 10% (\$1.26 million dollars increase over FY2001). This was not as large an increase as we had hoped.

The CHA experienced much higher costs in the MTW Leased Housing Program than anticipated. This is a direct result of the success of leasing more units than budgeted for.

Estimated Operating Reserves¹

	Budget	Actual	Budget	Actual
	FY 2001	FY 2001	FY2002	FY2002
Beginning of Year	\$13,306,803	\$15,530,862	\$15,168,600	\$16,266,749
Increase/Decrease	(\$1,938,866)	\$735,890	(\$4,406,659)	(\$1,187,689)
End of Year	\$11,367,937	\$16,266,752	\$10,761,941	\$15,079,060
Restricted Funds		(\$2,909,195)		(\$2,467,680)
Available Reserve	\$11,367,937	\$13,357,557	\$10,761,941	\$12,611,380

Over fiscal year FY 2002, the CHA’s reserve decreased by over a million dollars. This was due in part to a lag in start-up of almost \$4 million in capital expenditures from Fiscal Year 2001. The expected reserve levels at the end of FY 2002 exceed the minimum reserve level the Authority has established for itself, but this is prudent in light of expected costs associated with maintaining increasing costs of the leased housing program, as well as costs associated with making modifications to the elderly stock in order to be in a position to respond to expected demographic shifts in demand.

¹ The CHA feels that a reserve level of \$8,605,902 is the necessary minimum. We are carrying a reserve level higher than that amount to allow for increased costs in the leased housing program and for development efforts.

