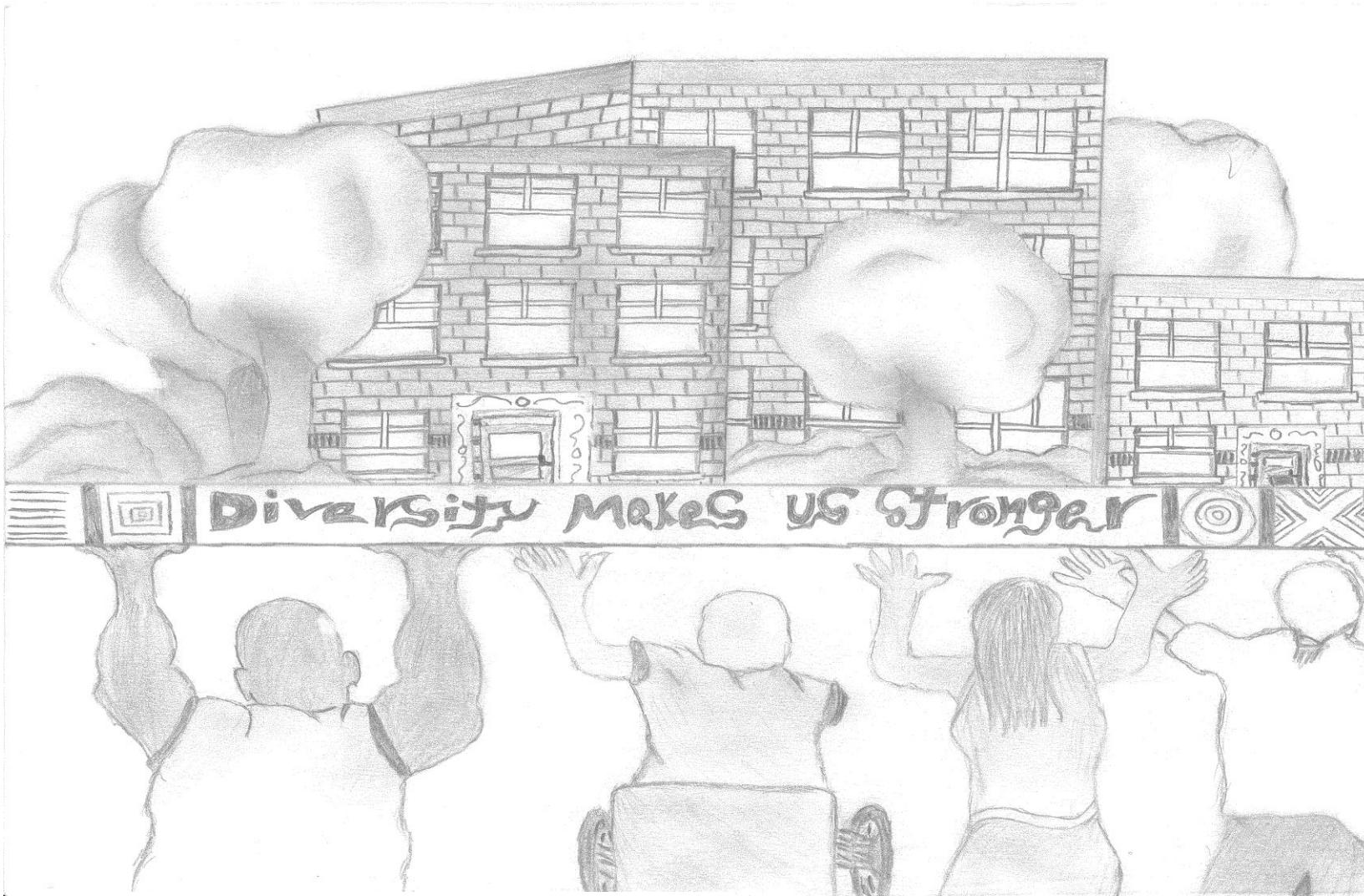


FY 2011

April 2010 to March 2011

MTW ANNUAL PLAN



Cambridge Housing Authority

January 2010



"Diversity Makes Us Stronger"

This year's cover features the artwork of Wansley Francois (16). Mr. Francois is a current Work Force student from Jefferson Park Apartments. His drawing was awarded the 1st place in CHA's First Annual Art Contest.

In Mr. Francois's own words "The beautiful buildings and trees represent the pride we take in our community. In the drawing I also wanted to represent how much Cambridge Housing values each individual. I take pride in the diversity of our public housing community."

After high school, Mr. Francois plans on pursuing the arts and business in college.

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I. Introduction

Overview of MTW goals and objectives

The Cambridge Housing Authority was among the first housing authorities in the nation to be accepted into the U.S. Department of Housing and Urban Development's (HUD) groundbreaking Moving to Work Deregulation Demonstration (MTW). CHA submitted its first MTW Annual Plan in 1999. This Fiscal Year 2011 MTW Plan is CHA's eleventh.

Over the past decade CHA, and the MTW program have grown and changed significantly. In January 2009, CHA executed the Restated and Amended Moving to Work Agreement with HUD. The new agreement provides CHA with ten more years in the program. With a long-term MTW agreement in place, CHA now has the ability to use MTW's regulatory and fiscal flexibility to make programmatic, policy and administrative changes that offer a longer and more permanent vision than in previous years. CHA is excited by the 10-year security the new agreement provides, and looks forward to another decade of innovation, reform and success.

The security provided by the new agreement did come at some cost, however. Long-time readers of CHA's Plans and Reports will recognize a significant change in the layout and focus of these critical documents. The new agreement requires CHA to adhere to a very strict format for describing planned and reported activities. The new Plan and Report formats are designed to enable HUD to easily record and report on each MTW Agency's activities and accomplishments under the program. While CHA recognizes that the ability to communicate MTW Agencies' accomplishments is critical to the long-term success (and eventual expansion) of the MTW program, the new Plan and Report formats do restrict MTW Agencies' ability to present their plans and accomplishment in ways that best suit their organizational needs, and the expectations of their individual communities. CHA understands and respects HUD's responsibility to catalog and report on the program to Congress, researchers and other policy-makers, but the new Plan and Report format makes it difficult for us to tell our Cambridge story in a manner best suited to our community. We encourage HUD to consider revisions to the Plan and Report format.

In FY 2011 CHA plans on continuing a number of policy, programmatic and administrative reforms designed to meet MTW's three congressionally defined objectives. These objectives are:

- To reduce cost and achieve greater cost effectiveness in federal expenditures;

- to give incentives to families with children whose heads of household are either working, seeking work, or participating in job training, educational or other programs that assist in obtaining employment and becoming economically self sufficient; and
- to increase housing choices for low income families.

All of CHA's proposed and ongoing capital, program and policy initiatives are developed, implemented and monitored with these Congressionally mandated objectives in mind.

In previous years, CHA's MTW Annual Plans included a long list of planned MTW initiatives. With the award of over \$25 million in competitive and formula capital grants from the American Recovery and Reinvestment Act (ARRA) and the CHA's federalization of most of its state public housing portfolio under way, in FY2011 significant Agency resources will be focused on these important asset repositioning efforts. The ARRA awards are significantly accelerating CHA's ten year, \$226 million Cambridge Public Housing Preservation Program (CPHPP), discussed in previous years' MTW Plans. As FY 2010 draws to a close, FY 2011 looks to be one of the busiest years on record. No Agency Department will be unaffected.

Therefore CHA is only proposing three new MTW activities for FY 2011. Each of these initiatives is described in greater detail in Chapter V of this Plan:

- **Cambridge Career Family Opportunity (CCFO) Program** – Last year CHA proposed the Heading Home program (renamed Family Opportunity Subsidy program). Like the Family Opportunity Subsidy program, CCFO will align CHA's housing supports with a non-profit partner's economic self-sufficiency expertise with the shared goal of developing a program that will move low-income households rapidly from subsidized housing to economic independence. CHA believes that absent a comprehensive, multidisciplinary service approach, it is unrealistic to expect low-income households to make the educational and economic progress necessary to move towards self-sufficiency. Taking advantage of serendipitous opportunities for collaboration with other service providers and experience gained from our own Work Force program and Sponsor Based programs, CHA is launching CCFO based on this comprehensive service model. CHA hopes that lessons learned from this and the Family Opportunity Subsidy (FOS) Program (described later) will help inform national discussions around empowering assisted families to move from poverty towards economic self-determination.

The Cambridge Career Family Opportunity (CCFO) program is a long-term subsidy program operated in cooperation with the Crittenton Women's Union (CWU). The CCFO program will likely be marketed to current public housing residents, current MTW Leased Housing voucher holders, households on CHA's waiting lists and families residing in Cambridge homeless shelters. The supportive services component of CCFO will largely replicate CWU's successful Career Family Opportunity program already operating in several Boston Housing Authority public housing developments. The Cambridge CFO will differentiate itself from the Boston model in that, using CHA's Moving to Work flexibility, the Cambridge program may take advantage of a greatly modified subsidy delivery model similar to that developed for FOS, that includes a sponsor based subsidy provided to CWU in early stages, followed by a slowly declining subsidy delivered directly to participants over a seven year period. This subsidy delivery system, with its high value subsidies in early years, mobility, and significant monetary incentives for success may add considerable value to CWU's program model. CHA anticipates providing up to twenty subsidies per year for this program. Combined with last year's commitment to Heading Home/FOS, 75 subsidies in total will be provided across both programs.

- **Expiring Use Preservation Program** – In the next few years affordability agreements at a number of large privately owned Cambridge developments (approximately 590 units) are set to expire. CHA plans to use its MTW flexibility to convert enhanced, expiring use vouchers, to Project Based vouchers in a number of these developments in order to ensure their long-term affordability, and at less cost than would be expected were the vouchers to remain enhanced. CHA will work with the City's Community Development Department to maximize the effectiveness and impact of this innovative preservation program.
- **Liberating Assets to Leverage Funding** - In FY 2011 CHA will use its MTW flexibility to access the equity in its federal public housing portfolio. CHA will accomplish this goal by asking HUD to permit the Declaration of Trust on each federal property to be subordinate to a private lien or mortgage to be placed in first position. This strategy will provide CHA unprecedented flexibility in structuring financial transactions that will maximize the leverage potential of the Agency's significant real estate assets and result in more favorable financing terms. This activity will provide CHA significant additional capital for rehabilitation work and energy-related improvements, thereby further accelerating the

Agency's ten year, \$226 million Cambridge Public Housing Preservation Program. All properties are to be retained as long-term affordable units.

In addition to the new initiatives outlined above, CHA will continue moving ahead with a number of previously approved MTW activities including innovations approved in previous years, but not fully executed. A complete list of ongoing MTW activities is presented in Chapter VI of this Plan. Some noteworthy examples include:

- **Family Opportunity Subsidy (FOS) Program** – previously referred to as the Heading Home Voucher program, this program provides homeless families with supportive services, economic development, educational and housing support over a ten year period with the ultimate goal of economic independence. A full description of the program is provided in Appendix 4 of this Plan.
- **New Administrative Plan** – The new Administrative Plan for CHA's Leased Housing programs will be completed and implemented in FY 2011. The new Administrative Plan will integrate many of the successful MTW policy reforms implemented in the federal public housing program in recent years.
- **Federal MTW Admissions & Continued Occupancy Policy (ACOP)** - CHA's Board of Commissioners approved new waiting list preferences (including those for emergency applicants) in November 2009. CHA will finish implementing these new preferences in FY 2011. As part of CHA's Quality Control protocols, the Operations Department will continue examining opportunities to refine, improve or streamline the ACOP. In addition, CHA is planning to meet with Alliance of Cambridge Tenants and Tenant Council leaders in FY 2011 to solicit feedback on the MTW ACOP, which went into effect in FY 2009.
- **Rent Simplification Program** – CHA will continue using its Rent Simplification policy in FY 2011. As detailed in CHA's FY 2009 MTW Report, since implementation, CHA residents' incomes are increasing, while transfer payments from public assistance are declining. Due to its relaxed reporting requirements (including biennial recertifications) Rent Simplification has the added benefit of freeing Operations staff to concentrate on addressing traditional property management issues, including responsibilities shifted to front-line staff by the conversion to HUD's site based management model.

CHA has received informal notice that its application to transfer 438 state public housing units to the federal program has been approved. CHA is still negotiating leasing and occupancy rules for the transition from the state to federal program. CHA will use many of the principles it used during the implementation of Rent Simplification to ensure a smooth transition for state households transferring to the federal program including: capping rent increases for households experiencing large increases, leaving state rents unchanged until a household's regularly scheduled recertification and other rules designed to ease the transition. Transition rules for federalization are described in greater detail in the Rent Simplification section in Chapter VI. of this Plan.

- **New Lease** – CHA expects to complete the new lease for federal public housing in FY 2011. The new lease will incorporate program changes included in the Rent Simplification Program and MTW Admissions and Continued Occupancy Policy.

Per attachment D, A, 5. of the Restated and Amended Moving to Work Agreement CHA anticipates offering the following opportunities for meaningful public participation in proposed CHA activities.

Federal Public Housing Lease	Resident meetings at various federal public housing sites and a 30 day public comment period.
Administrative Plan	One working session with ACT members and advocates to discuss proposed rent policy reforms. One working session with ACT members and advocates to discuss proposed reforms not related to rent. A public meeting and comment period required by changes in rent policies.
Federal MTW Admissions and Continued Occupancy Policy (ACOP) Feedback	One working session with ACT members, Tenant Council members and advocates to follow-up on the MTW ACOP.
ACT/CHA Workshops as Preparation for Memorandum of Understanding between CHA & ACT	Meetings with ACT to discuss CHA operations and staffing as well as opportunities to discuss areas for cooperation between CHA and ACT.
Capital Planning Meetings	Resident meetings at various sites as CHA moves ahead with redevelopment and/or modernization plans.
Fiscal Year 2011 Annual Plan	30 day comment period and one Public Meeting.
Fiscal Year 2010 Annual Report	30 day comment period and one Public Meeting.

In addition to the events listed in the calendar above, CHA will continue holding regular meetings with residents and interested community members regarding the status of Cambridge Public Housing Preservation Program projects and the federalization of CHA's state public housing portfolio. These and all CHA public meetings are announced on the Calendar of Events at CHA's website: www.cambridge-housing.org and when required, announced in the Legal Notices section of the *Cambridge Chronicle*.

Voluntary Compliance Agreement Update

On September 27, 2007, CHA entered into a Voluntary Compliance Agreement (VCA) with HUD's Office of Fair Housing & Equal Opportunity. The agreement followed an extensive fair housing audit by HUD. HUD made no audit findings. However, CHA agreed to create an additional forty-two wheelchair accessible units in its federal public housing stock. The following table provides an update on CHA's progress towards achieving this goal by the end of calendar year 2013:

# Units	Completion	Status
2	3/31/08	Completed 10/07 (LBJ Apartments)
10	12/31/08	Five units have been completed to date and five units are currently under construction. Construction was delayed because the project required relocation of ten special needs households within the building. The delay required that the project be completed in two phases, rather than one as initially expected. Completion of remaining units expected 12/09 (Manning Apartments)
1	12/31/09	Under construction and on schedule (Willow Street Homes)
18	12/31/13	13 of 18 units in design phase (LBJ, Burns and Millers River Apartments)
11	12/31/13	5 of 11 units in design phase (Millers River Apartments and Jefferson Park)
42	TOTAL	

II. General Housing Authority Operating Information

Housing Assistance Information

	Total Authorized Base Year 1999	Authorized as of 11/09	Beginning of FY11 4/1/10	Anticipated End of 3/31/11
FEDERAL PH				
Elderly/Disabled	766	766	758	1,087
Family	1,096	1,096	1,096	1,205
JFK/HOPE VI	83	44	44	44
Non-Dwelling	2	2	3	3
Federal PH Total	1,947	1,908	1,901	2,339
				(+438 federalized units)*
STATE PH**				
Elderly/Disabled	335	335	334	0
Family	324	323	325	213
Non-Dwelling	4	5	4	2
State PH Total	663	663	663	215
				(-438 federalized units)*
FEDERAL VOUCHERS				
MTW Tenant-Based	1,968	2,150	1,481	1,625
MTW Project-Based	-	-	524	558
MTW Sponsor-Based	-	-	56	57
MTW Family Opportunity Subsidy	-	-	-	50
MTW Cambridge CFO	-	-	-	20
MTW Subtotal	1,968	2,150	2,061	2,310
Non-MTW	501	456	514	474
Federal Total***	2,469	2,606	2,575	2,784
STATE VOUCHERS				
MRVP	215	135	135	130
AHVP	51	54	54	59
Other State Assisted	135	135	135	135
State Total	401	324	324	324
Total Assisted	5,480	5,501	5,463	5,662
Other (No CHA subsidy)	-	-	18	18
All Programs Total	5,480	5,501	5,481	5,680

* 438 Units are to be transferred from the State to the Federal portfolio, for more details see p.11 ***Roosevelt Towers Mid-Rise + Putnam School units are counted under Federal Vouchers. 25 special needs chapter 689 units under Other State Assisted.***Includes Project-Based Vouchers at Affiliate Owned units.

	Beginning of FY11 04/1/10	Anticipated End of 3/31/11
TAX CREDIT LLCs*		
Public Housing	44	44
Project-Based Vouchers	152	152
Other (No CHA subsidy)	18	18
Tax Credit LLCs Owned Total	214	214

*These units are already included in the total above.

In FY 2011 438 Units will be removed from the State Public Housing portfolio and become part of the Federal Public Housing inventory. The chart below provides a detailed summary of the characteristics of the units being federalized.

	Type	State #	AMP	Total Bldgs	Total Units	OBR	1 BR	2 BR	3 BR	4 BR
FEDERALIZATION										
Woodrow Wilson Court	Family	200-1	3-3	3	68	0	32	32	4	0
Willow Street Homes	Family	705-1	3-42	3	14	0	3	0	4	7
12-18 Hingham Street	Family	705-2	3-3	1	4	0	0	2	2	0
15 Inman Street	Family	705-2	?	1	4	0	0	2	2	0
Frank J. Manning Apartments	Elderly/Disabled	667-1	?	1	198	1	189	8	0	0
116 Norfolk Street	Elderly/Disabled	667-2	New	1	37	37	0	0	0	0
45 Linnaean Street	Elderly/Disabled	667-3A	3-7	1	20	20	0	0	0	0
Leonard J. Russell Apartments	Elderly/Disabled	667-4	3-7	1	51	0	51	0	0	0
St. Paul's Residence	E/D & Fam	667-6 & 705-3	New	1	20	18	0	1	1	0
Cambridgeport Commons Condos	Family	705-3	3-3	NA*	10	0	0	10	0	0
State Family Condominiums:			3-42							
87 Amory Street	Family	705-2		NA*	1	0	0	1	0	0
41 Concord Avenue	Family	705-2		NA*	1	0	0	1	0	0
244 Hampshire Street	Family	705-2		NA*	1	0	0	1	0	0
88 Hancock Street	Family	705-2		NA*	2	0	0	2	0	0
118 Trowbridge Street	Family	705-2		NA*	2	0	0	1	1	0
State Elderly Condominiums:			3-7							
2353 Massachusetts Ave.	Elderly/Disabled	667-5		NA*	4	0	4	0	0	0
14 Ware Street	Elderly/Disabled	667-5		NA*	1	0	1	0	0	0
Total					438	76	280	61	14	7

*NA: indicates condo units.
 Note: A total of 5 units will be entirely removed from the public housing portfolio due to their substandard condition. In addition 1 unit is lost due to accessibility upgrades and four non-dwelling spaces.

Anticipated New Project Based Units

For FY 2011, CHA anticipates the Project-Based program will increase by up to 33 new PBA units. Specifically, CHA anticipates using up to 25 PBA vouchers to replace vouchers from the Massachusetts Rental Voucher Program (MRVP) being used to support the federalization of state public housing and 8 PBAs provided to Elm Place in the City's Mid-Cambridge neighborhood.

Over the next five years, CHA anticipates a significant expansion of its Project Based program, as described in Chapter VI of this Plan. CHA expects to increase the number of Project Based Assistance (PBA) units in the range of 468 – 589 through the end of FY 2016; with between 275-400 PBA vouchers being used to preserve CHA's at-risk public housing units, and 189 PBA vouchers provided in support of new affordable housing units in the greater Cambridge community. Details on the expansion of the Project Based program are provided in Chapter VI of this Plan.

Leasing Information

In the Federal Leased Housing program, CHA anticipates to assist (lease) approximately 2,784 units in both its MTW and non-MTW Leased Housing programs. Specifically, in FY 2011 CHA anticipates assisting 2,310 households in the MTW Leased Housing program. Additionally CHA will serve 474 households through the following non-MTW Leased Housing programs; 200 Mainstream, 119 MOD Rehabs, 100 Designated Housing Vouchers, 35 Veterans Affairs Supportive Housing, 18 Shelter Care and 2 Disaster Housing Assistance vouchers authorized as part of the Annual Contribution Contract (ACC).

In the Public Housing program, however, there will be significant modernization work being done as described in the Planning and Development section of Chapter VI of this Plan, requiring taking units offline and consequently impacting the occupancy levels in those developments. Nonetheless, CHA anticipates maintaining 98% occupancy after adjusting for modernization work. For current occupancy levels by development please see Appendix 3.

CHA does not anticipate any issues relating to potential difficulties in leasing units in FY 2011, either in the Public Housing nor Leased Housing programs. However, in FY 2011 transfers due to redevelopment work will take priority, new admissions will be very low.

Snapshot of Households served: CHA currently has a 98.6% occupancy level on its Federal Public Housing program, which totals 1,817 households. In the Housing Choice program, however, CHA is serving 2,486 households, which accounts for 99.8% of its authorized vouchers. In the MTW Leased Housing program there are currently 2,138 households assisted. The table below provides a snapshot of the current households served demographics.

	Federal Public Housing				MTW Leased Housing				Total Both Programs
	Family	Elderly	Total	%	Family	Elderly	Total	%	
# OF BEDROOMS									
Studio	-	473	473	26.0%	52	43	95	4.4%	568
1 Bedroom	149	262	411	22.6%	462	362	824	38.5%	1,235
2 Bedroom	454	3	457	25.2%	585	155	740	34.6%	1,197
3 Bedroom	377	-	377	20.7%	376	32	408	19.1%	785
4+ Bedroom	99	-	99	5.4%	63	8	71	3.3%	170
Total Households	1,079	738	1,817	100.0%	1,538	600	2,138	100.0%	3,955
RACE									
Black	692	199	891	49.0%	784	164	948	44.3%	1,839
Asian	40	19	59	3.2%	31	12	43	2.0%	102
White	335	515	850	46.8%	709	422	1,131	52.9%	1,981
American Indian	11	5	16	0.9%	11	2	13	0.6%	29
Other	1	-	1	0.1%	3	-	3	0.1%	4
Total Households	1,079	738	1,817	100.0%	1,538	600	2,138	100.0%	3,955
ETHNICITY									
Hispanic	133	44	177	9.7%	197	43	240	11.2%	417
Non-Hispanic	946	694	1,640	90.3%	1,341	557	1,898	88.8%	3,538
Total Households	1,079	738	1,817	100.0%	1,538	600	2,138	100.0%	3,955
INCOME									
< 30% AMI	498	480	978	53.8%	838	316	1,154	54.0%	2,132
30%-50% AMI	278	172	450	24.8%	361	182	543	25.4%	993
50%-80% AMI	195	77	272	15.0%	273	86	359	16.8%	631
> 80% AMI	108	9	117	6.4%	66	16	82	3.8%	199
Total Households	1,079	738	1,817	100.0%	1,538	600	2,138	100.0%	3,955

NOTE: numbers provided in this table represent actual data as of the time the FY11 MTW Plan was prepared for public comment and submission to HUD. Actual means that some units counted in the inventory are vacant due to regular turnover or modernization. CHA's end of the period data can be found on the MTW Annual Report submitted at the end of the current Fiscal Year.

Waiting List Information

The Family Public Housing and Housing Choice Voucher waiting lists are currently closed. There are no plans to re-open either waiting list in FY 2011. Due to scheduled redevelopment work new admissions will be very low as transfers from developments being modernized will be prioritized.

The table below provides a snapshot of the current waiting list for Public Housing and the Leased Housing programs.

	Public Housing				Leased Housing		Total Both Programs
	Family	Elderly	Total	%		%	
# OF BEDROOMS*							
Studio	118	1,496	1,614	18.5%	1,130	16.9%	2,744
1 Bedroom	2,681	170	2,851	32.7%	2,060	30.8%	4,911
2 Bedroom	2,795	74	2,869	32.9%	2,160	32.2%	5,029
3 Bedroom	1,157	4	1,161	13.3%	1,095	16.3%	2,256
4+ Bedroom	231	1	232	2.7%	254	3.8%	486
Total Applicants	6,982	1,745	8,727	100.0%	6,699	100.0%	15,426
RACE							
Black	3,358	569	3,927	45.1%	3,425	51.1%	7,352
Asian	346	76	422	4.9%	216	3.2%	638
White	3,171	1,071	4,242	48.8%	2,910	43.4%	7,152
American Indian	68	23	91	1.0%	76	1.1%	167
Other	15	3	18	0.2%	72	1.1%	90
Total Applicants	6,958	1,742	8,700	100.0%	6,699	100.0%	15,399
ETHNICITY							
Hispanic	1,617	205	1,822	20.9%	1,438	21.5%	3,260
Non-Hispanic	5,335	1,535	6,870	79.0%	5,205	77.7%	12,075
Unknown	6	2	8	0.1%	56	0.8%	64
Total Applicants	6,958	1,742	8,700	100.0%	6,699	100.0%	15,399
Income							
< 30% AMI	5,140	1,448	6,588	75.7%	4,884	72.9%	11,472
30%-50% AMI	1,289	213	1,502	17.3%	1,343	20.0%	2,845
50%-80% AMI	429	65	494	5.7%	384	5.7%	878
> 80% AMI	100	16	116	1.3%	88	1.3%	204
Total Applicants	6,958	1,742	8,700	100.0%	6,699	100.0%	15,399

* The total number of applicant households by bedroom size is slightly different than the other categories' due to some households appearing on more than one bedroom size category.

III. Non-MTW Related Housing Authority Information

The following chapter highlights CHA's planned and ongoing activities that are permitted without regard to CHA's participation in the MTW program.

Public Housing Management and Operations

Site Selection

The Tenant Selection staff will be instituting several significant changes to the public housing waiting lists. Using the new waiting list preferences system, the CHA will re-categorize applicants living in Cambridge subsidized housing who are now qualified for a local preference. Before the new preferences were adopted, households living in subsidized housing in Cambridge were not eligible for a preference on the waiting lists. CHA's new preferences reverse that policy and make anyone living or working in Cambridge eligible for a preference.

The MTW ACOP, adopted in August of 2008 eliminated the "first available" option on CHA's public housing waiting lists to reduce the complexity of administering what was essentially a site based and chronological waiting list, and to provide greater clarity for applicants with regard to their position on the waiting lists. CHA will contact applicants on "first available" lists and allow them to select a new site waiting list options. Finally, the CHA will conduct a purge of the family public housing waiting lists to ensure that a viable waiting list pool is in place once the lists reopen after the completion of construction at Jackson gardens and Lincoln Way Apartments; two family sites being redeveloped thanks in part to a \$10 million ARRA award.

Procurement

The CHA intends to pilot a new site-based, simplified procurement system for requisitions under \$1000. The new system will be modeled on the private management model and will allow managers to procure and receive materials and services without going through the onerous procurement procedures now in place while retaining necessary accountability. The new pilot program will be established in two AMPs and will be monitored by CHA's Purchasing Agent to ensure that appropriate guidelines are followed. Once vetted, the CHA intends to roll out the new procurement system to all other sites by the end of fiscal year 2011.

Training and Quality Control

CHA has instituted a series of trainings on topics central to the Operations Department, for example, Limited English Proficiency (LEP), Violence Against Women Act (VAWA), the new MTW ACOP, HUD's Enterprise Income Verification system (EIV), and recertification procedures. These trainings are conducted to ensure that staff is knowledgeable about all CHA policies and procedures and can implement them equitably. The trainings are followed up with periodic quality control reviews and testing instruments to confirm compliance with our procedures and policies and to highlight areas where additional individualized or departmental training should be focused. Quality Control reviews will be implemented quarterly. The results will inform decisions about the schedule and/or need for additional group and one-on-one trainings.

Safety and Security

The CHA Public Safety Administrator will monitor city-wide safety data and police reports to address areas of concern throughout the portfolio. A wave reader system that gives access to all CHA camera systems is now installed in the office of the CHA Public Safety Administrator allowing him to view activity at CHA sites in "real time" or to play back activity from a prior event. He is able to use this system to assist with site safety analysis and to provide additional information to the Cambridge Police Department as necessary.

This data coupled with walking tours of the sites with CHA management staff and residents will provide the CHA with information that will support decisions on upgrading or expanding the camera and exterior lighting systems at the large family and elderly developments. It will also provide the basis for increased communication with the Cambridge Police Department to guarantee adequate police coverage at our sites. This close working relationship with the CPD will be bolstered by the installation of a police reporting office at a commercial building owned by the CHA, near one of the larger family developments.

Affiliates – Cambridge Affordable Housing Corp., Essex St. Management Inc., Lancaster Street LLC & JFK LLC

CHA will standardize and improve the Management of the Affiliate Portfolio during its continued expansion. Specifically, Operations staff will be concentrating in the following areas:

Property Accounting: As of November 1, 2009, S-C Management is handling 100% of the accounting needs of the affiliate properties. This standardization of CHA's affiliate accounting systems and financial reports will increase efficiency and productivity. This is an important improvement given the complexity and number of reports the affiliate portfolio requires.

78-80 Porter Rd: On April 15, 2009, Cambridge Affordable Housing Corporation (CAHC) purchased this 26-unit property located in Porter Square. On turnover, CHA plans on deleading units and making minor updates to kitchens, bathrooms, and completing requisite electrical upgrades. After the work is completed, CHA will market the units to Section 8 Mobile Voucher holders.

195 Prospect Street: In FY 2011, Cambridge Affordable Housing Corporation plans on moving forward with the permanent financing for 195 Prospect Street. A "one-stop" application was submitted to DHCD in the summer of 2009 and we hope to hear back whether or not we have been awarded 4% tax credits in January of 2010. Shortly after hearing back on the tax credits, we plan on moving forward with an extensive renovation to the building's exterior, including a new roof, retaining wall, and front façade of the building.

Housing Choice Voucher Program

Annual adjustment factor rent increase automatically at annual certification

CHA will apply HUD's most recently published annual adjustment factor (AAF) to units that are below the approved Payment Standards at annual recertification. Upon review of the most recent passed inspection and determining rent reasonableness, the CHA will apply this adjustment factor at the next annual recertification in 2010.

Quality Control Reviews

As in Operations, the Leased Housing Department CHA will continue conducting quarterly quality control reviews for Leased Housing staff to ensure the accuracy and quality of work being produced.

Hiring Additional Staff

The Leased Housing Department will hire two additional staff members as voucher utilization has increased and is expected to remain around 100% for the next several years.

Business Systems

CHA will continue regularly evaluating internal operations to identify areas for improving administrative practices and services for program participants. Additionally, CHA will complete the implementation of its new business management system which will improve administrative efficiency and allow for better and more comprehensive data collection and analysis.

Voucher Expiration

CHA will continue allowing voucher holders up to 120 days to find an appropriately sized and priced unit.

Project Based Assistance Program

Tenant based program participants living in units converting to the Project Based Assistance program (PBA) will retain the ability to move from the PBA unit and receive a replacement tenant based voucher, as they become available, but PBA tenants will be required to remain in their units for two years, rather than one, before being eligible to request a mobile voucher.

Owner Incentives

CHA will continue offering the following initiatives designed to attract and retain owner participants in the housing choice voucher, AHVP and MRVP programs in FY 2011:

Informational Newsletter: Six times a year CHA mails newsletters to owners keeping them informed about changes to the program, new payment standards and utility reimbursement rates as well as resources helpful to property owners.

New CHA Website: CHA's new website includes an expanded section for potential and current owners. The owners' section of the site includes links to helpful resources, as well as links to critical, downloadable program forms. In FY 2011 CHA hopes to add a secure log-in page for owners who would like to list available apartments on CHA's website.

Mediation Services: Through a partnership with *Mediation for Results*, CHA will continue providing owners and tenants with free or low-cost mediation services to help ameliorate tenant-owner conflicts before they rise to the level of requiring legal action.

CHA and *Mediation for Results* will conduct several Owner Workshops in FY 2011. The workshops will help familiarize owners with program policies and rules, will give them an opportunity to ask questions of CHA staff and will provide them with tips on conflict resolution and tenant/owner rights.

Planning and Development

Efforts to stabilize and preserve Federal and State Public Housing assets will take a huge step forward in FY 2011 as the CHA uses over \$26 million in federal stimulus funds to advance much needed renovations. As described in earlier MTW Plans, MTW block grant funds supported the completion of a ten year capital plan in 2006. In addition CHA used MTW block grant funds to hire Architecture and Engineering firms to prepare for potential financing opportunities. The infusion of stimulus funds comes at a time when the CHA has grappled for several years on how to fund the backlog of nearly \$228 million in capital needs (2006 dollars) at CHA's state and federal developments. The stimulus funds, even with today's weakened capital markets, will be a catalyst that should enable the CHA to complete over \$69 million in construction, or approximately a quarter of the backlogged capital need. Thanks to the MTW block grant-funded ten year capital plan, CHA is well positioned to move forward with the ambitious capital projects described below.

CHA is preparing to use \$882,000 in federal stimulus funding to acquire and rehab as federal public housing 438 units of its state-assisted public housing above and beyond the effort already underway at Lincoln Way and Jackson Gardens. The conveyance of these additional units to the federal program is essential to CHA's efforts in preserving these units as affordable.

In addition, the CHA will use its current and future Replacement Housing Factor funds and the public housing operating subsidies remaining from Washington Elms and JFK Apartments to support the planned revitalization of Lincoln Way and Jackson Gardens.

Another area that is impacted by the federal stimulus funds is the Housing Preservation Fund Program established as part of CHA's FY 2010 plan. This fund was created as a contingency plan in the event that the weakened capital markets make it difficult or impossible for the CHA to raise funds through bond financing, low-income housing tax credits and other private investment. The program is to be used to direct subsidies into properties to increase operating income, improving their ability to take on debt, thereby ensuring their long-term viability and attractiveness to investors. With the stimulus funding, the CHA can reduce the scale of the program from the estimated 400 to 782 vouchers in the FY 2010 MTW Plan to a range of 275 to 400 vouchers, including using up to 25 vouchers to replace vouchers from the Massachusetts Rental Voucher Program that may be used to support the federalization of the state public housing.

As CHA moves forward with the first phase of its larger capital improvement program, the agency will continue to use other, limited capital funds to stabilize properties by funding maintenance work related to ensuring the portfolio's safety, reserving comprehensive modernization projects to smaller properties while simultaneously implementing energy and utility savings projects wherever possible.

CHA's specific Modernization and Redevelopment goals for FY 2011 are:

- Implement the first phase of the CHA's Cambridge Public Housing Preservation Program (CPHPP) by completing the design and starting construction at Lincoln Way, Jackson Gardens and LBJ Apartments.
- Preserve through acquiring and rehabbing for federal public housing 438 additional units of state-assisted public housing. These efforts will result in approximately 540 new federally-assisted public housing units, including the CHA's earlier plans for Lincoln Way and Jackson Gardens.
- Continue implementing the modernization projects sitting in the federal and state project pipeline, with the objecting of completing approximately \$36.1 million in capital work during FY 2011.
- Complete the agency-wide planning process of identifying a financing plan and schedule for completing the necessary capital improvement work at the properties not part of the Phase 1 PH Preservation Program. An essential element of this effort continues to be the evaluation of various mixed finance approaches and options, and assessment of the trade-offs that come with each opportunity. This process of securing funding to implement the subsequent phases of the capital plan will continue in FY 2011 as opportunities present themselves.

FY 2011 Proposed Capital Expenditure and Five Year Funding Plan

Using funds available for capital improvements through prior and current fiscal years, new federal stimulus awards and leveraged private capital, CHA projects that approximately \$36.1 million will be spent on construction in FY 2011. These work items, plus those scheduled to be funded in later years are identified in the Five Year Capital Plan on Page 31.

The following major improvements and construction expenditures are proposed for 2011:

ARRA Funded Activities

Lincoln Way/Jackson Gardens Revitalization: With HUD's approval in concept of a mixed finance proposal, \$10 million award of competitive Capital Recovery Program funding, and current and future Replacement and Housing Factor funds the CHA will be able to implement plans to revitalize two properties – Lincoln Way and Jackson Gardens.

At Lincoln Way, the plan is to replace the 60-units with 70 new units. The design features a contemporary appearance with large upper floor windows and extremely durable exterior materials: glass-fiber reinforced pre-cast concrete panels at the ground floor, and insulated steel siding above. A new community center/management office and a maintenance area are also planned. Key determinants in the decision to demolish and rebuild Lincoln Way is the development's problematic site and building conditions as well as the opportunity to maximize energy efficiency while substantially improving apartment size and layouts. The new development will be constructed to comply with "Green Communities" criteria, including sustainable design features and compliance with Energy Star energy efficiency standards.

The plans for Jackson Gardens call for the substantial rehabilitation of all building systems and finishes. Exterior building additions will be constructed to expand the square footage in undersized units; especially kitchen and dining spaces. The unit mix will be altered to reduce the number of cramped three-bedroom apartments and increase the number of two-bedroom units. Exterior building additions will be constructed to expand the square footage in undersized units; especially kitchen and dining spaces.

The Jackson Gardens rehabilitation will be constructed to comply with "Green Communities" criteria, including sustainable design features and compliance with Energy Star energy efficiency standards. Photovoltaic arrays (50 KW) will be installed on the two building roofs. In addition to generating electricity, the arrays will shade the roof and significantly reduce the buildings' heat gain, which will translate to energy savings. Windows will be heavy-duty, energy efficient fiberglass framed with low-E insulated glazing. Significant interior refurbishment will be completed at Jackson Gardens and will include new plumbing, heating, and electrical systems. Energy-star appliances, efficient lighting, degree-limiting thermostats, low flow faucets, showers and toilets will be installed. Substantial improvements to building safety will also be implemented including new fire alarms and sprinklers.

Federalization of State Public Housing Units:

As described earlier, CHA will use \$882,000 in federal stimulus funding to acquire and rehab as federal public housing 438 units of its state-assisted public housing. CHA plans on transferring the following state public housing developments to the federal public housing program:

- Woodrow Wilson Court
- Frank J. Manning Apartments
- 116 Norfolk Street
- 45 Linnaean Street
- Russell Apartments
- St. Paul's Residence
- Willow Street Homes
- State scattered site elderly condos (5 units): includes 2353 Massachusetts Ave., and 14 Ware St.
- State scattered site family condos (25 units): includes 12-18 Hingham St., 15 Inman St., Cambridge port Commons, 87 Armory St., 41 Concord Ave., 244 Hampshire St., 88 Hancock St., and 118 Trowbridge St.

CHA may make revisions to its capital budget in order to ensure the most efficient and expedient completion of these exciting ARRA formula funded projects.

Community Service and "One Strike" provisions will immediately be made part of the lease for transitioning households along with two MTW lease amendments. Households with no members with eligible immigration status as defined by HUD will remain in their units and be subsidized through the state's Massachusetts Rental Voucher Program (MRVP) or other subsidy provided by the state, to ensure that no federal operating subsidy is allocated to ineligible households.

Thanks to transition rules developed for the Rent Simplification Program in 2007 and the federalization of Roosevelt Towers in 1997, the transition from the State to Federal Public Housing Program will be fair for residents and administratively streamlined for CHA. Transition and hardship provisions for households moving to the federal Public Housing Program are described under Rent Simplification in Section VI of this Plan. It is CHA's intent to apply MTW authority to secure a transition that works for both residents and the Agency.

L.B. Johnson Revitalization: Using as a catalyst the recent award of \$10 million in competitive Capital Recovery Program funding, the CHA will complete a comprehensive modernization and "greening" of L.B. Johnson (LBJ) Apartments. The modernization work with an estimated

construction cost of \$20.5 million will include interior improvements to common areas, residents' bathrooms, kitchens, and floorings, and building systems upgrades to the envelope, heating and ventilation, electrical, and plumbing.

A primary focus of the work will be energy efficiency with the plans for the LBJ Apartments including a fuel conversion from the current all electric heating system to a highly efficient gas-fired one, and installation of an exterior insulated finish system, insulated roofing, solar photovoltaic panes on the roof and solar shades on the southern exposure. Other measures such as a combined heat and power co-generation are still being explored.

Truman Energy Efficiency and Ventilation Improvements: Thanks to a \$1.7 million competitive ARRA grant CHA has sufficient funds to replace the current electric heating and hot water system at Harry S. Truman Apartments with a new high efficient, gas-fired hydronic system including a new mechanical room, and heating hot water risers and horizontal distribution. The electric water heaters in forty six units will be replaced with a central system. Ventilation improvements are also planned, and include installing new roof top units with duct work, controls and pressure barometers at rooftop fans to control fan speeds. Existing toilets will also be replaced with low-flush models, and lavatory, sink and shower fixtures with lower flow models. CHA is reviewing the feasibility of installing a 25 KW combined heat and power, or co-generation (co-gen) unit at the site. The co-gen plant will offset a significant electrical load while contributing thermal energy for space heat and domestic hot water.

UDIC Comprehensive Modernization: Thanks to the ARRA formula grant, CHA will move ahead with the comprehensive modernization of five buildings at three locations in Cambridge. The buildings were constructed in 1972 in a minimalist style, and have seen only limited modernization since CHA acquired them in 1974. The UDIC buildings and units require comprehensive modernization of nearly all building systems and components. The proposed modernization program includes building envelope refurbishment, kitchen and bathroom modernization, electrical, heating and plumbing system upgrades, and fire system improvements. The design work for these improvements is underway, and an award and execution of a construction contract will occur prior to the March 17, 2010 deadline to obligate funds, with construction beginning shortly thereafter.

Other Modernization Activities

Washington Elms Bathroom Modernization: The bathrooms at Washington Elms require comprehensive modernization. Bathrooms at this large family site have ventilation problems resulting in structural deterioration due to moisture build-up. \ Bathrooms have missing or broken toilet accessories, damaged or rusting fin tube radiation, some rusting door frames, damaged wall finishes at wet walls, mildew, and other deficiencies caused by excessive moisture. Plumbing fixtures and fittings are more than two decades old, and nearing (or in many cases, past) the end of their useful lives. As this Plan goes to press, design work, after constructing and reviewing a mock-up of the planned modernization, is nearing completion. Work will be in construction during FY 2011.

Daniel F. Burns Energy Efficiency and Roof Replacement: A Phase 2 Energy Savings Program at Burns Apartments totaling approximately \$1,900,000 will be implemented in concert with CHA's ESCo partner Ameresco, Inc. using currently available savings from the original ESCo contract with additional cost savings generated from new measures. The term of the financing will be extended from the initial twelve-year period to twenty years. Planned additional energy conservation measures include: installation of more efficient heating and hot water boilers as well as common area space heating and air conditioning unit ventilators; replacement of the roof; installation of a 44 KW photovoltaic system; installation of new, high efficiency apartment and common area lighting; installation of new high efficiency one gallon per flush toilets and low-flow aerators at faucets and shower heads.

Daniel F. Burns Elevator Rehab/Handicapped Accessibility Upgrade: The elevators at the 50 Churchill building were fully renovated in FY 2009. Unfortunately, the 30 Churchill building has only one elevator that cannot be out of service for an extended period during required refurbishment. Recently, as part of an on-going feasibility study, the A/E team determined that an interior elevator can be constructed from space carved out from adjacent units. CHA has decided to combine 6 of the affected units to create 8 fully handicapped accessible units. Design plans are currently being developed, and a construction contract for this work will be awarded in FY 2011.

Non-ARRA Capital Funds

Truman Elevator Upgrade: The elevators at Truman Apartments were installed at different times, are from different manufacturers, and do not work in a coordinated fashion. No major improvements have been completed since the elevators were installed in the 1970 (for the original elevator) and 1980 (for the second elevator). Interior refurbishment to the elevator cabs is also needed. CHA anticipates this work beginning in FY 2011.

Jefferson Park Roof Replacement: The roofs at Jefferson Park Apartments were installed in 1986, and are well beyond their projected lifespan. Roofing is ballasted single ply EPDM, and has very poor drainage due to a minimal number of roof drains and lack of tapered roof insulation. This situation contributes to water infiltration problems at this large family site. CHA hopes to replace all roofs at the site, with fully adhered Energy Star compliant roofing. It may be necessary to relocate a portion of the roof-top ventilation stacks to facilitate the possible future installation of solar photovoltaic panels. Likewise, roof drainage systems may also be augmented at the time of roof replacement. A preliminary solar assessment has already been conducted at the site, and generation capability is estimated in the range of 240,000 – 280,000 kWh, fully offsetting the electricity consumption paid by CHA, and offsetting 25-30% of the total electricity use at Jefferson Apartments. CHA plans to pursue this project in FY 2011.

Masonry Refurbishment at Various Locations: Extensive masonry and/or lintel deterioration persists at several CHA properties including Jefferson Park, Washington Elms, and Newtowne Court. During FY 2011, CHA plans to complete additional refurbishment work at those three sites, and other sites, as funding permits. The scope of work includes: repairing and repointing masonry, completing lintel replacement and applying a water-repellent sealant.

Energy/Utility Savings: Energy savings items, such as window replacements, water conservation, heating system upgrades or conversions, photovoltaic installations and the integration of green/sustainable technologies and products, can address capital needs and save substantial dollars on the operating side.

CHA will continue using MTW Authority and funding to supplement utility program rebates and weatherization program dollars. The MTW program supports the CHA's ability to be a most effective and nimble "go-to" partner for local weatherization programs and/or other funders as opportunities rapidly evolve over the course of a fiscal year. Previous examples included

supplementary funding for solar installations or co-payments toward heat plant and lighting upgrades primarily paid for by third party conservation programs or utility incentives.

Development	Capacity (KW)	Annual Output (kWh)	Status
Washington Elms	92 KW	102,436	Operational since 2/09
Burns Apartments	44 KW	54,457	Target installation date Fall 2011
L.B. Johnson Apartments	120 KW	150,875	Target installation date Fall 2011
Lincoln Way	120 KW	160,000	Target installation date Fall 2011
Total kWh		467,768	

Notes:

1. Annual Output is estimated for Burns Apartments, L.B. Johnson Apartments, and Lincoln Way.
2. Estimated output is 5% of CHA Federal Public Housing electricity use provided by renewable on-site generation.

New Central Office: CHA is currently in discussions with the City about the feasibility of relocating its Central Office to the old police station located just a few blocks away from the current Central Office. Rehabilitation and modernization of this historic property will require significant capital expense and CHA is in the process of determining whether or not sufficient funding can be raised.

If the project does move forward, CHA envisions the new location including sufficient space for the Cambridge Multi-Service Center, Community Learning Center and meeting space that could be used by community groups, Tenant Council and ACT. CHA believes that bringing all of these critical resources under one roof would be a tremendous benefit to the City's low-income community; particularly for households with limited mobility. CHA will provide the community with more information on plans for moving the Central Office as details become available.

Five Year Capital Plan Summary

		TOTAL DEVELOPMENT COST					CONSTRUCTION COST					FED MOD/MTW					TOTAL				
		FY 11	FY 12	FY 13	FY 14	FY 15	TOTAL	FY 11	FY 12	FY 13	FY 14	FY 15	TOTAL	FY 11	FY 12	FY 13	FY 14	FY 15	TOTAL		
FEDERAL																					
Burns	Energy Improvements	\$ 1,750,000	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Burns	Phase 2 Elevator Repairs/HP Upgrade	\$ 3,575,000	\$ 2,125,000	\$ -	\$ -	\$ -	\$ 2,750,000	\$ 3,575,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Washington Elms	Bath Modernization	\$ 7,410,000	\$ 3,534,000	\$ 1,111,500	\$ -	\$ -	\$ 5,700,000	\$ 7,410,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
UDIC	Comprehensive Modernization	\$ 4,075,956	\$ 482,363	\$ -	\$ -	\$ -	\$ 3,135,351	\$ 940,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Johnson	Comprehensive Modernization	\$ 51,836,816	\$ 1,065,564	\$ 3,869,330	\$ -	\$ -	\$ 20,500,000	\$ 5,952,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Truman	Heat and Ventilation	\$ 2,262,470	\$ 500,000	\$ -	\$ -	\$ -	\$ 1,719,970	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Truman	Elevator Modernization	\$ 780,000	\$ 468,000	\$ -	\$ -	\$ -	\$ 600,000	\$ 780,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Jefferson Park	Roof Replacement	\$ 1,512,000	\$ 529,200	\$ -	\$ -	\$ -	\$ 1,080,000	\$ 1,512,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Millers River	Comprehensive Modernization	\$ 75,768,389	\$ -	\$ -	\$ 1,246,647	\$ -	\$ 34,280,556	\$ 3,173,164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Jefferson Park	Bath Modernization	\$ 7,410,000	\$ -	\$ -	\$ 2,223,000	\$ -	\$ 5,700,000	\$ 7,410,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Various	Masonry Refurbishment	\$ 2,750,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ -	\$ 2,115,385	\$ 2,750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Various	Site Improvements	\$ 1,200,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ 922,500	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Various	Heat Plant Improvements	\$ 1,300,000	\$ 250,000	\$ 250,000	\$ 400,000	\$ -	\$ 1,000,000	\$ 1,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
JG/LW	Revitalization	\$ 57,398,123	\$ 4,469,374	\$ -	\$ -	\$ -	\$ 37,182,000	\$ 7,173,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Various	Federalization of State Public Hsg	\$ 2,214,000	\$ -	\$ -	\$ -	\$ -	\$ 1,765,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total - Federal	\$219,028,754	\$14,223,501	\$6,030,830	\$4,669,647	\$7,813,517	\$43,677,020	\$10,939,525	\$14,223,501	\$6,030,830	\$4,669,647	\$7,813,517	\$43,677,020	\$10,939,525	\$14,223,501	\$6,030,830	\$4,669,647	\$7,813,517	\$43,677,020		
STATE																					
Willow Street	Comprehensive Modernization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
116 Norfolk Street	Masonry, Roof, and Window Mod	\$ 1,604,742	\$ 1,426,437	\$ -	\$ -	\$ -	\$ 1,426,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Puham School	Masonry, Roof, and Window Mod	\$ 1,502,044	\$ -	\$ -	\$ -	\$ -	\$ 1,335,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Jackson Gardens	Roof and Masonry Modernization	\$ 840,938	\$ 747,500	\$ -	\$ -	\$ -	\$ 747,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Jefferson Park	Revitalization	\$ 48,772,292	\$ 250,000	\$ 500,000	\$ -	\$ -	\$ 33,920,000	\$ 950,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Manning	Revitalization	\$ 46,613,717	\$ 150,000	\$ 500,000	\$ -	\$ -	\$ 19,000,000	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Roosevelt-Mid Rise	Elevator Modernization	\$ 780,000	\$ -	\$ -	\$ -	\$ -	\$ 600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total - State	\$100,113,732	\$400,000	\$1,000,000	\$0	\$0	\$1,750,000	\$350,000	\$400,000	\$1,000,000	\$0	\$0	\$1,750,000	\$350,000	\$400,000	\$1,000,000	\$0	\$0	\$1,750,000		
DEVELOPMENT																					
Lopez Street	Stair and Drainage Improvements	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Office	Gut Rehabilitation	\$ 15,901,494	\$ 575,000	\$ -	\$ -	\$ -	\$ 10,526,000	\$ 1,150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Temple Street	New Construction	\$ 14,592,500	\$ -	\$ -	\$ -	\$ -	\$ 10,743,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Porfer Road	Comprehensive Modernization	\$ 10,938,000	\$ -	\$ -	\$ -	\$ -	\$ 4,189,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Prospect Street	Comprehensive Modernization	\$ 7,496,194	\$ -	\$ -	\$ -	\$ -	\$ 926,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
	Total - Development	\$48,928,188	\$575,000	\$0	\$0	\$0	\$26,385,077	\$575,000	\$575,000	\$0	\$0	\$0	\$26,385,077	\$575,000	\$575,000	\$0	\$0	\$0	\$26,385,077		
OTHER																					
Office Adm Cost	P&D Office Overhead Costs	\$ 1,145,712	\$ 222,274	\$ 228,942	\$ 235,810	\$ 242,885	\$ 1,145,712	\$ 215,800	\$ 222,274	\$ 228,942	\$ 235,810	\$ 242,885	\$ 1,145,712	\$ 215,800	\$ 222,274	\$ 228,942	\$ 235,810	\$ 242,885	\$ 1,145,712		
Relocation	Relocation	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 781,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 781,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 781,250		
JP Clinic	Relocation	\$ 162,500	\$ -	\$ -	\$ -	\$ -	\$ 162,500	\$ 162,500	\$ -	\$ -	\$ -	\$ -	\$ 162,500	\$ 162,500	\$ -	\$ -	\$ -	\$ -	\$ 162,500		
	Total - Other	\$1,464,462	\$378,524	\$385,192	\$392,060	\$399,135	\$2,089,462	\$534,550	\$378,524	\$385,192	\$392,060	\$399,135	\$2,089,462	\$534,550	\$378,524	\$385,192	\$392,060	\$399,135	\$2,089,462		
TOTAL		\$12,399,075	\$15,577,025	\$7,416,023	\$5,061,707	\$8,212,652	\$48,666,482	\$12,399,075	\$15,577,025	\$7,416,023	\$5,061,707	\$8,212,652	\$48,666,482	\$12,399,075	\$15,577,025	\$7,416,023	\$5,061,707	\$8,212,652	\$48,666,482		

FY 2011 Capital Plan by Funding Sources

		TOTAL		FY 11 TOTAL		ARRA -		ARRA -		OTHER*		TOTAL
		DEVELOPMENT COST	CONSTRUCTION	BUDGET	CFP/MTW	STATE MOD	FORMULA	COMPETITIVE	COMPETITIVE	OTHER*	TOTAL	
FEDERAL												
Burns	Energy Improvements	\$ 1,750,000	\$ 1,350,000	\$ 1,430,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,430,000	\$ 1,430,000	
Burns	Phase 2 Elevator Repairs/HP Upgrade	\$ 3,575,000	\$ 2,750,000	\$ 1,450,000	\$ 1,450,000	\$ -	\$ -	\$ -	\$ -	\$ 1,450,000	\$ 1,450,000	
Washington Elms	Both Modernization	\$ 7,410,000	\$ 5,700,000	\$ 2,744,500	\$ 2,744,500	\$ -	\$ -	\$ -	\$ -	\$ 2,744,500	\$ 2,744,500	
UDIC	Comprehensive Modernization	\$ 4,075,956	\$ 3,135,351	\$ 2,208,242	\$ 458,242	\$ -	\$ 1,750,000	\$ -	\$ -	\$ -	\$ 2,208,242	
Johnson	Comprehensive Modernization	\$ 51,896,816	\$ 20,500,000	\$ 7,686,547	\$ 1,017,922	\$ -	\$ -	\$ -	\$ 3,500,000	\$ 3,168,625	\$ 7,686,547	
Truman	Heat and Ventilation	\$ 2,262,470	\$ 1,719,970	\$ 625,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 125,000	\$ 625,000	
Jefferson Park	Elevator Modernization	\$ 780,000	\$ 600,000	\$ 312,000	\$ 312,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 312,000	
Various	Roof Replacement	\$ 1,512,000	\$ 1,080,000	\$ 982,800	\$ 982,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 982,800	
JG/LW	Masonry Refurbishment	\$ 2,750,000	\$ 2,115,385	\$ 1,250,000	\$ 1,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250,000	
Various	Revitalization	\$ 57,398,123	\$ 37,182,000	\$ 10,222,686	\$ 2,704,061	\$ -	\$ -	\$ -	\$ 3,725,000	\$ 3,793,625	\$ 10,222,686	
Various	Federalization of State Public Hsg	\$ 2,214,000	\$ 1,744,000	\$ 2,214,000	\$ -	\$ -	\$ 882,000	\$ -	\$ -	\$ -	\$ 2,214,000	
	Total - Federal	\$135,564,365	\$77,896,706	\$31,145,775	\$10,939,525	\$1,332,000	\$2,632,000	\$7,725,000	\$8,517,250	\$31,145,775		
STATE												
Willow Street	Comprehensive Modernization	\$ -	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000	
116 Norfolk Street	Masonry, Roof, and Window Mod	\$ 1,604,742	\$ 1,426,437	\$ 1,226,437	\$ -	\$ 1,226,437	\$ -	\$ -	\$ -	\$ -	\$ 1,226,437	
Puham School	Masonry, Roof, and Window Mod	\$ 1,502,044	\$ 1,335,150	\$ 1,110,150	\$ -	\$ 1,110,150	\$ -	\$ -	\$ -	\$ -	\$ 1,110,150	
Jackson Gardens	Roof and Masonry Modernization	\$ 840,938	\$ 747,500	\$ 675,000	\$ -	\$ 675,000	\$ -	\$ -	\$ -	\$ -	\$ 675,000	
Jefferson Park	Revitalization	\$ 48,772,292	\$ 33,920,000	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	
Manning	Revitalization	\$ 46,613,717	\$ 19,000,000	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	
Roosevelt-WildRise	Elevator Modernization	\$ 780,000	\$ 600,000	\$ 225,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,000	\$ 225,000	
	Total - State	\$100,113,782	\$57,179,087	\$3,736,587	\$350,000	\$3,161,587	\$0	\$0	\$0	\$225,000	\$3,736,587	
DEVELOPMENT												
Lopez Street	Stair and Drainage Improvements	\$ 110,000	\$ 110,000	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,000	\$ 110,000	
Office	Gar. Rehabilitation	\$ 15,901,494	\$ 10,526,000	\$ 575,000	\$ 575,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575,000	
Temple Street	New Construction	\$ 14,592,500	\$ 10,743,044	Ibid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Porter Road	Comprehensive Modernization	\$ 10,938,000	\$ 4,189,185	Ibid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Prospect Street	Comprehensive Modernization	\$ 7,486,194	\$ 926,848	Ibid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Total - Development	\$48,928,188	\$26,385,077	\$685,000	\$575,000	\$0	\$0	\$0	\$0	\$110,000	\$685,000	
OTHER												
Office Adm Cost	R&D Office Overhead Costs	\$ 215,800	\$ 215,800	\$ 215,800	\$ 215,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,800	
Relocation	Relocation Expenses	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,250	
JP Clinic	Rehabilitation	\$ 162,500	\$ 125,000	\$ 162,500	\$ 162,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,500	
	Total - Other	\$534,550	\$497,050	\$534,550	\$534,550	\$0	\$0	\$0	\$0	\$0	\$534,550	
TOTAL		\$284,768,785	\$161,585,870	\$36,101,912	\$12,399,075	\$4,493,587	\$2,632,000	\$7,725,000	\$8,852,250	\$36,101,912		

*Other - Other funds includes proceeds from energy savings contracts, replacement housing factor, private equity, construction period loan proceeds, and development proceeds.

Projected Expenditure FY 2011 - Small Capital Projects

	FY11
FEDERAL PH	
Washington Elms, Washington St.	\$ 95,250
Corcoran Park, Richdale, Centre St.	\$ 63,629
Putnam Gardens, Fairmont St. River Howard, Center St.	\$ 133,800
Newtowne Court	\$ 102,000
Truman	\$ 47,650
Burns, Weaver Apts	\$ 6,200
Millers River	\$ 114,600
LB Johnson, Valentine St.	\$ 6,950
Jefferson Park, Jackson St., Wittemore	\$ 44,600
Roosevelt Towers, 226 Norfolk St., Roberts Rd	\$ 27,750
Federal Sites Total	\$642,429
STATE PH	
Woodrow Wilson Court	\$ 10,000
Lincoln Way	\$ 4,881
Manning Apts	\$ 1,300
Norfolk Street	\$ 650
Russell Apts	\$ 4,150
Inman/Hingham Street	\$ 5,000
State Sites Total	\$25,981
State Public Housing/Section 8	
Roosevelt Towers	\$10,800
Aberdeen/Hammond/Woodbridge	\$8,660
Putnam School	\$40,000
NC Sites Total	\$59,460
Total Small Capital Projects	\$727,870

Proposed Capital Spending by Federal and State Properties

	Federal Sites	State Sites	Other*	Total
Large Capital				
Uses	\$ 31,145,775	\$ 3,736,587	\$ 1,219,550	\$ 36,101,912
Total Uses	\$31,145,775	\$3,736,587	\$1,219,550	\$36,101,912
Sources				
CFP	\$ 4,248,160			\$ 4,248,160 ¹
State MOD	\$ 1,332,000	\$ 3,161,587		\$ 4,493,587
Block Grant	\$ 6,691,365	\$ 350,000	\$ 1,109,550	\$ 8,150,915 ²
Other Funds	\$ 8,517,250	\$ 225,000	\$ 110,000	\$ 8,852,250
ARRA/ARRA competitive	\$ 10,357,000			\$ 10,357,000
Total Sources	\$31,145,775	\$3,736,587	\$1,219,550	\$36,101,912
Small Capital				
Uses	\$ 642,429	\$ 85,441	\$ -	\$ 727,870
Total Uses	\$642,429	\$85,441	\$0	\$727,870
Sources				
Block Grant				\$ -
Property Reserves	\$ 642,429	\$ 26,069		\$ 668,498
Operating Profit		\$ 37,143		\$ 37,143
Total Sources	\$642,429	63,212**	\$0	\$705,641
Total Capital Spending	\$31,788,204	\$3,822,028	\$1,219,550	\$36,829,782

*Includes development and other administration costs

** State small capital work of \$22,229 is unfunded

¹ CFP = \$4,248,160

² Block Grant = \$8,150,915

\$12,399,075 – ties to Capital/ MTW on page 73.

For an aggregate reference to the capital expenditures in FY2011 within MTW funding please see Chapter VI. Sources and Uses of Funds.

New Development Opportunities

CHA uses MTW's flexibility to aggressively pursue development activities in ways not permissible in the traditional program. MTW provides CHA with the flexibility to move funds among the traditional funding categories and use them to begin new construction, rehabilitate existing affordable housing and to acquire new properties. This flexibility allowed CHA to raise over \$80.9 million to purchase and redevelop three hundred fifty-two housing units in the City of Cambridge; one of the nation's priciest real estate markets.

It is important to point out that MTW excuses CHA from the requirement to secure HUD approval before conducting development activities. This frees CHA to respond quickly and compete with for-profit developers whenever acquisition opportunities arise. The ability to act quickly takes on added importance in Cambridge's highly competitive market.

Through its non-profit affiliates, CHA will continue pursuing creative ways to expand the City's stock of housing for low-income households in FY 2011. CHA's plans for potential new development in FY 2011 are described below.

Multi-Family Acquisition Program

The multi-family acquisition program (MAP), is CHA's program for acquiring buildings, units within buildings or buildable sites. When a financing structure includes low-income housing tax credits, historical tax credits and/or tax-exempt bond financing, a non-profit affiliate of CHA or a limited liability corporation, rather than the Agency itself, makes the purchase. In the past, MAP acquisitions often use funds from MTW block grant as well as conventional debt financing from grants, the Commonwealth of Massachusetts, the Federal Home Loan Bank, Lead-Safe Cambridge, the City of Cambridge's Affordable Housing Trust Fund, low interest and/or deferred loans from the Massachusetts Housing Partnership, tax-exempt bonds, low-income housing tax credits, historic tax credits and private banks.

During FY 2011, CHA will, through its affiliate organizations continue the implementation phase of ongoing development efforts. These efforts are summarized below:

- **195-203 Prospect Street:** As the first step in a multi-year development effort CHA's affiliate non-profit, CAHC, acquired these properties for future conversion to affordable housing. CAHC resubmitted a "One Stop" funding application to the Massachusetts Department of Housing and Community Development (DHCD) in June 2009 which, if funded, will

provide permanent financing for the 20-unit 195 Prospect Street building. CHA contracted an architectural firm to design improvements to the main building. CHA sold the single-family home at 203 Prospect Street in November 2009 to a local non-profit, Just-a-Start Corporation, which plans to convert it into an opportunity for affordable homeownership.

- **YWCA Pool Site:** CAHC has retained its option for a 99-year ground lease for the YWCA Pool Site located in Cambridge's Central Square to redevelop the unused pool site into forty-two units of affordable rental housing. Preliminary design and financial analysis work is complete and a Comprehensive Permit was approved by the Cambridge Board of Zoning Appeals in July 2008, but it was subsequently appealed by an abutter. This has caused a significant delay. A court date was set for January 2010, after which CAHC anticipates being able to move forward with its plans. A "One Stop" tax credit application was resubmitted to DHCD in June 2009.
- **78-80 Porter Road:** In April 2009, CAHC acquired 78-80 Porter Road, a 26-unit, 4-story brick walk-up originally constructed in 1906. CAHC will maintain the current market-rate tenants while Planning and Development staff works to finalize modernization plans, and to wait until the tax credit market improves. Upon turnover, the CAHC will lease to income eligible mobile voucher holders.

Development opportunities in Cambridge are notoriously unpredictable. Acquisition opportunities in this dense City are rare and continue to become pricier and pricier with each passing year. When opportunities do arise they require specific levels of capital and various (and often creative) financing mechanisms. Given these difficulties and the amount of staff and financial resources dedicated to the CPHPP, CHA will be pursuing development opportunities on a relatively modest scale in FY 2011, only jumping at opportunities when they are too good to pass up.

Condominium Acquisition Program

Several years ago, CHA and its nonprofit affiliate, CAHC, created the Condominium Acquisition Program (CAP) to acquire individual units in the expensive Cambridge market. CAP focuses on acquiring scattered-site condominiums, rather than entire buildings. This strategy enables CHA to add to the City's affordable housing stock without the complexities of purchasing and rehabilitating entire buildings, or managing (and financing) new construction projects. The

scattered nature of the CAP's acquisitions has the ancillary (but important) benefit of deconcentrating poverty.

CAHC, like most developers uses traditional methods and outreach to HCV property owners to identify units to purchase. At least fifty percent of the purchase price is usually covered by traditional debt financing, with other sources brought onboard to fill in any remaining equity gaps. MTW block grant funds can be used to help with acquisition costs. CAHC will only consider purchasing occupied units if the tenant is an HCV voucher participant or an HCV income-eligible household. CHA typically supplies an HCV voucher under its project-based assistance program if the unit is vacant at the time of purchase.

In FY 2011 CAHC will continue efforts to obtain financing from the Massachusetts Housing Partnership (MHP), DHCD and the Cambridge Affordable Housing Trust, with a goal of purchasing an additional 10 to 15 condominium units between FY 2011 and FY 2012. It is possible however that given limited MHP and city funds as well as the staff resources required to complete CHA's ARRA funded and federalization plans, that the Condominium Acquisition Program may be suspended for FY 2011.

Resident Services

The Work Force

CHA recently co-hosted a Symposium at the University of Massachusetts to discuss ideas about improving the educational and social outcomes for young people living in public housing. Over two hundred educators, policy makers, academics and public housing administrators were in attendance. The Work Force, along with a program sponsored by the Brookline Housing Authority, were provided as models of a successful strategy and confirmed CHA's belief that housing and educational/social services must be linked, and long-term, if the children we house are going to be allowed to advance educationally and economically. (CHA's long-term commitment to comprehensive service provision is also evidenced in the Family Opportunity Subsidy program described in Chapter VI and available for review in Appendix 4 of this Plan.)

For twenty-five years, CHA has operated The Work Force, a youth development program that provides services to more than one hundred and twenty 8th – 12th grade students annually. Over the past decade, 99% of Work Force graduates successfully completed high school and over 90% have matriculated in 2- or 4-year colleges. Further, 91% of Work Force graduates are working or in school and 66% of graduates are no longer living in subsidized public housing. With substantial support from the MTW block grant, this highly successful program will continue in FY 2011. Services include:

- After-school life skills classes;
- "Try-out" jobs with area employers who serve as worksite mentor/supervisors;
- Tracking school attendance/performance;
- Staffed, computer-equipped homework help centers and tutoring services;
- College prep activities (college tours, SAT prep, guidance on application process and financial aid options, etc.);
- Scholarship program—every participant matriculating at two or four year college receives a Work Force scholarship; and
- Youth Literacy Initiative - developed in collaboration with, and partially funded by the local school district, it includes: literacy-building activities embedded in the five-year curriculum, a summer literacy camp and MCAS- (Massachusetts Comprehensive Assessment System) and SAT-Prep English and Math preparation courses.

CHA's Resident Services Department has struggled to maintain funding for the program over the past year and efforts to engage additional private sector funding in FY 2010 have not been successful. Those efforts will be renewed in FY 2011. CHA is particularly concerned about funding for the scholarship program, which has been provided by a family foundation that has now indicated that it may not be able continue its support in FY 2011. Funding for scholarships is particularly difficult to obtain and CHA faces the possibility in FY 2011 that the scholarship program will need to be scaled back or eliminated.

Expansion of The Work Force

During FY 2009, prior to the economic collapse, CHA began exploring a potential expansion of The Work Force in several directions, and one, opening a site at the city's one public high school, has shown sufficient promise to warrant further pursuit.

The high school is currently undergoing substantial renovations that are anticipated to be completed in September, 2011. The principal of the high school has agreed to set aside space at that time for an in-school Work Force program site.

The Work Force currently operates out of three sites in our largest family developments. While CHA's Resident Services Department had originally anticipated opening the high school site as a fourth program location, expanding the program's services to an additional 35 – 40 students, the economic collapse undermined efforts to secure the necessary foundation funding to support this type of expansion. Even in an instance in which the funding for expansion is not available, opening a site in the high school would deepen the program's relationship with the schools, make it more accessible to students and allow for new programming during the school day that is not currently possible.

In FY 2011, CHA will continue exploring these two options regarding a site at the high school. The first is to continue seeking funding for expansion to a fourth site. The second is to move the least accessible of the current three sites from its current location in a CHA family development to a new location within the high school.

Work Force Program Alumni Support

In the winter of 2008, the CHA contracted a study of Work Force alumni which indicated that while The Work Force has been successful in helping 90% of participating students to matriculate in 2- and 4-year colleges, only 36% completed their course of study within 6 years. Reasons

included insufficient financial aid, family and/or personal issues, and/or insufficient one-on-one assistance from the school. In response, the CHA is developing a College Success program in FY 2010 consisting of supports for Work Force alumni which that assist them in completing the post-secondary education programs in which they have enrolled.

Lessons learned during the piloting of the College Success program in FY 2010 will be incorporated into a more substantial effort in FY 2011. The Work Force Program Alumni Support initiative is funded in part through the MTW block grant.

Childcare and Healthcare Services for Families

CHA's youth programs tackle the needs of each segment of the youth population, beginning with infants, continuing through the start of young adulthood at college. The following is a list of existing programs that CHA is continuing in FY 2011, funding permitted:

- the WIC (Women, Infants & Children) Nutrition Program at Jefferson Park;
- Head Start programs at Jefferson Park, Roosevelt Towers, and Washington Elms/Newtowne Court;
- a Boys and Girls Club clubhouse (formerly known as the Recreational Activities Program) at the Washington Elms/Newtowne Court Windsor Street Community Building; and
- Parents ROCK (**R**eading **O**n **C**omputers with **K**ids), an early literacy program for children 0 – 8 years old and their parents or other caretakers, which works in conjunction with the Pathways to Family Success self-sufficiency program.

Adult Employment and Education

In addition to the programs already discussed, CHA administers many other successful initiatives that assist adults expand their educational and vocational skills. In FY 2011 CHA will continue operating the following programs:

- **CHA/Cambridge Employment Program:** Operated in partnership with the Cambridge Office of Workforce Development, this program will provide vocational case management, career counseling, job preparation, career skills development, job placement and follow-up assistance to fifty adult CHA residents in FY 2011.

- **Gateways Adult Literacy:** This CHA program provides English proficiency (ESOL) and language-enhanced computer literacy classes. CHA plans to serve one hundred adults through this program in FY 2011.
- **Bridge-to-College Program (BTC):** Operated in collaboration with the Cambridge Community Learning Center, BTC provides individual counseling and classroom instruction to ten high school graduates and GED-holders who are not academically prepared for college level coursework. Thanks to a commitment from a private foundation, CHA developed a scholarship program that assists (mostly working) adult graduates of the BTC program to complete their college education despite the significant financial and logistical difficulties inherent in doing so. Every BTC graduate who matriculates at, and remains enrolled in two- or four-year colleges receives a \$1,000 scholarship.

Alliance of Cambridge Tenants

In FY 2009 CHA entered into a contract with the Massachusetts Union of Public Housing Tenants to provide intensive training and support to resident leadership and Tenant Council members, with the ultimate goal of establishing a city-wide resident and voucher holder organization. That highly successful effort resulted in the formation of the Alliance of Cambridge Tenants (ACT) which, in the Spring of 2009, elected a 38-member governing board representing leased and public housing residents and adopted a set of by-laws guiding their future activity. The CHA renovated office space for ACT in Manning Apartments, near Central Square, which is highly accessible by public transportation. During FY 2011, the CHA and ACT will be negotiating a Memorandum of Understanding (MOU) formalizing the relationship and guiding the future of the two organizations.

During FY 2011, the CHA anticipates working closely with ACT, largely through the offices of the CHA Tenant Liaison, to ensure that residents are fully represented in the planning process for all modernization efforts. The MOU will include funding to provide ACT a strong operational foundation as it begin its formal activities. As the organization makes progress towards acquiring outside funding, CHA will continue providing MTW block grant funds on a decreasing basis in support of ACT. Decreased dependence on CHA for operational funds is critical to ACT's ability to attain an appropriate degree of independence from CHA. Again, through the offices of its Tenant Liaison and the Resident Services Department, the CHA will also provide technical assistance to ACT in its pursuit of funding.

Resident Services Line Item in State Budget

In January, 2007, CHA organized fourteen of the state's largest Public Housing Authorities (PHAs) to urge the Governor and their state legislators to create a line item for resident services in the state's FY 2008 budget. The request was for a line item that would appropriate \$6.5 million to the state's largest housing authorities for education and employment services created to foster resident economic self-sufficiency efforts. Although not included in the final FY 2008 state budget, the effort was received warmly in both the House and Senate. Encouraged by this initial effort, CHA and its allies, named the Supportive Services Working Group, continued its efforts to establish the statewide program in FY 2009, and will continue into the 2010 legislative session.

Elder Resident Services

CHA's approach to elder services emphasizes partnerships with the region's extensive network of highly qualified, local service agencies and programs. CHA's Service Coordinators identify these resources and make them available to seniors through collaborations, networks, and referrals. Existing Elder services that will continue in FY 2011 include:

- Through a contract with local non-profit service provider CASCAP, one part-time and four full-time Service Coordinators conduct needs assessments, provide case management, and make medical and social service referrals for nearly six hundred elderly and/or disabled residents in four of CHA's federal developments.

In addition, a part-time Service Coordinator provides activities and case management to elderly and disabled residents who need supportive services and increased socialization opportunities (5 fulltime opportunities in total).

- The Supportive Living Program is offered to two hundred low-income elders at Manning Apartments, a state-assisted senior development. The Supportive Living Program provides elder residents with homemaking services, shopping, meal-preparation, and case-management services for no cost or on an income based sliding fee scale.

Prepared meals are available seven days a week and staff is available 24 hours a day to assist residents with basic services. These services are available as a result of the partnership with the State of Massachusetts Executive Office of Elder Affairs and Cambridge Somerville Elder Services.

- The Supportive Services Program, established at Millers River Apartments in collaboration with Somerville Cambridge Elder Services (SCES), will continue to provide case

management services and activities to all residents of the building, but on a smaller scale than the Supportive Living Program at Manning Apartments. SCES will also continue to make available translation services for residents who need letters or other written materials explained to them in Portuguese or Haitian Creole.

- The CHA maintains a partnership with the Cambridge Health Alliance Elder Service Plan to operate the PACE Program (Program for All-Inclusive Care for the Elderly) to provide on-site staffing 24/7 in a congregate facility at the Putnam School Apartments. Program services for those residents include medical care; personal care; recreational activities; housekeeping; case management; and meals in one location. This program has been so successful that it has been replicated on a larger scale at two other elderly developments: Millers River Apartments and Lyndon B. Johnson Apartments. The Program at Millers River came on board in 2007 with 16 clients / residents, and the program at L.B. Johnson came online in May of 2009 with 20 clients / residents.
- Hot meals are offered at developments that feature kitchen-equipped community rooms. Otherwise the Meals on Wheels program delivers to individual households upon request.
- CHA serves the recreational needs of its elderly residents in partnership with the City's Department of Human Services through the north Cambridge Senior Center, an on-site facility housed at the Russell elderly development.
- CHA provides translation services to Haitian Creole speaking residents at LBJ, JFK, AND Burns Apartments. Bi-lingual, Haitian Creole speaking staff provide translation services to residents needing assistance with management, maintenance requests and service coordination. CHA also provides ESL classes at three senior developments: LBJ, Manning and Burns Apartments.

IV. Long-term MTW Plan

CHA in the year 2020 – Not Your Father’s PHA

This Moving to Work Annual Plan is CHA's first since executing the Restated and Amended MTW Agreement. Looking back over the past ten years, we have many accomplishments to be proud of: more households served, new programs serving vulnerable households that non-MTW agencies can't reach, new affordable housing units added to the City's stock, policy reforms that reduce costs and increase households' ability to earn and save, innovative energy efficiency strategies and, as this Plan goes to print, Phase 1 of the modernization of our entire public housing portfolio is underway. CHA is not alone in this adventure. Across the nation housing authorities, large and small, are leveraging MTW's flexibility, particularly in the areas of fungibility and policy reform, to improve the quality and quantity of the services they offer to their communities' low-income elderly, disabled and family households.

Over the next decade of MTW, CHA will use the power of MTW to push ahead in three important areas:

Modernization of the Stock

Thanks in large part to opportunities provided by ARRA, ten years from now CHA's entire public housing portfolio will be modernized or redeveloped. CHA's modernization and capital decisions are driven by a commitment to provide the community with long-term affordable housing resources, improve the quality of residents' lives, increase energy efficiency, and design high-quality developments that meld seamlessly into each distinct neighborhood. To achieve this goal, CHA will continue to aggressively and creatively pursue every possible avenue to secure necessary financing.

Developments reserved for elderly and disabled households will be re-designed to accommodate the unique physical, medical and social needs of these populations but do so in a less institutional setting. As evidenced by the Elderly Service Plan, CHA is committed to providing its elderly and disabled residents with the services and resources they need to pursue their goals, regardless of age or health.

Program Reform

With a ten year agreement in place, CHA has sufficient time to design, implement and evaluate a number of policy innovations in the voucher and public housing programs. The experience gained by the successful design and implementation of the Rent Simplification Program gives us,

and our community, confidence that with adequate thought and opportunities for public input, CHA is able to use its MTW flexibility to make significant improvements to HUD programs that have grown unnecessarily cumbersome over the years. As always, any new programs or reforms CHA proposes will be carefully vetted with residents, voucher holders, staff and the greater Cambridge community.

Rent Reform: CHA will continue to explore ways of simplifying the delivery of affordable housing to its residents and voucher holders. CHA's goals with regard to rent reform are to make the programs simpler and easier for participants to understand (and comply with) and to build-in non-punitive ways of encouraging employment, education and saving. CHA's experience in this area also shows that simplifying the programs has the added benefit of increased administrative efficiency and reduced cost.

Special Programs: With the success of the Sponsor Based Voucher program under our belt and the Family Opportunity Subsidy Program gearing-up, CHA looks forward to designing other subsidy programs that address the needs of relatively narrowly defined household types; with a focus on households that for various reasons are not usually eligible to participate in any of HUD's traditional affordable housing programs. Whenever appropriate, CHA's new subsidy programs will operate in concert with local service providers in order to deliver a product that includes not just shelter, but real, meaningful opportunities for participants to advance educationally, socially and economically.

Residents and Voucher Holders

By leveraging strategic partnerships with local service providers, CHA will continue finding creative ways to integrate long-term, multi-faceted educational, vocational, social and economic training opportunities into its housing programs.

The Work Force: As described in this and previous Plans, CHA expects to see the Work Force grow over the next decade. By 2020 the program will expand further into the Cambridge Public School system and the number of kids with the opportunity to participate in this award winning program will grow substantially.

Strategic Partnerships: CHA will continue to collaborate with local and regional service providers to expand opportunities for residents and voucher holders of all ages. With lessons learned from the Work Force's success, CHA will especially focus on collaborating in the development and

maintenance of programs that offer participants long-term support. CHA believes that long-term commitments to residents and voucher holders offer the best chances for participant success.

Technological Tools: Over the next decade CHA hopes to provide computers and free wireless internet connectivity to every resident that wants it. Internet access and familiarity with computers is a critical tool in today's economy. Providing these resources to residents is a technical expression of CHA's dedication to helping residents attain their educational and economic goals.

To that end, in addition to providing computers and internet access to residents, CHA will leverage the economies of scale cloud computing offers to make educational resources available via a closed CHA wireless network. Software to help kids prepare for the MCAS (the state's standardized high school test), for example, will be available for free or a modest fee to every household that wants it.

CHA is excited by the opportunities (and challenges) that lay ahead. As we move forward with our ambitious redevelopment plans, we do not lose sight of our long-term goals to improve the way we deliver affordable housing and to do more than simply give people a roof over their heads.

"Our ideas held no water but we used them like a dam."

- Modest Mouse, *Missed the Boat*

V. Proposed MTW Activities

Collaborations for Economic Independence

In 2007, and memorialized in the FY 2008 MTW Annual Plan, CHA began actively exploring opportunities to partner with local service providers to design and implement pilot subsidy programs that address low-income households' needs not just for housing, but for education, economic literacy, social support and the self confidence necessary to move from dependence on subsidized housing, to economic self-determination.

Slow program attrition rates, generational poverty and reams of academic research show us that programs designed to provide low-income families the tools necessary to move out of poverty rarely work in isolation. As evidenced by the long-term success of comprehensive support systems like The Work Force, low income families have best results when services are coordinated and customized to meet their specific needs and life-goals. Thanks to Moving to Work, CHA is in the enviable position of being able to create subsidy programs in concert with other service providers, which take a comprehensive, long-term approach to guiding households towards permanent economic independence.

CHA's first effort in this approach was the Sponsor Based program, launched in FY 2008. The Sponsor Based program allows CHA to bolster the supportive and transitional housing programs operated by Heading Home, Inc., Transition House and other local non-profits, while simultaneously providing housing assistance to hard to house populations including previously homeless families and domestic violence victims that CHA may not otherwise be able to serve as quickly, or in some cases at all. CHA's successful partnerships for the Sponsor Based program led to the design of the Family Opportunity Subsidy (FOS) program. The FOS program is described in Chapter VI. and more fully in Appendix 4.

In addition to the FOS program, CHA in collaboration with Crittenton Women's Union plans on launching a pilot subsidy program similar to FOS for CHA's public housing residents, voucher holders and families living in transitional housing. As described below, the CHA/CWU collaborative program may align many of the subsidy delivery elements of FOS with CWU's successful Career Family Opportunity program.

CHA is excited about the potential these two programs have not only for improving participants' lives, but for laying the groundwork for new approaches to service delivery. CHA hopes that, with careful monitoring and vigorous evaluation, these programs may help change the way policy makers, academics and practitioners think about strategies (and associated costs/efforts) for moving low-income households from poverty, to true economic independence.

Cambridge Career Family Opportunity (CCFO) Program

The Family Opportunity Subsidy program design, with its innovative redistribution of subsidy, and link to multi-disciplinary supportive services attracted the attention of Crittenton Women's Union (CWU). CWU is a Boston-based non-profit with a successful history of providing safe housing, caring supports, education, and training programs to low-income women. CWU develops new programmatic designs based on research and client experiences, and uses this knowledge and experience to shape public policy and achieve social change.

The Cambridge Career Family Opportunity (CCFO) program is modeled after CWU's Career Family Opportunity program currently running in several Boston Housing Authority family public housing developments in South Boston. The program is predicated on CWU's "Bridge to Self-Sufficiency" theory of change. CWU describes this model as one that recognizes that the road to economic self-reliance is a bridge to travel. This bridge is supported by five critical pillars: family stability, well-being, education and training, financial management, and employment and career management. This model necessitates that the program be participant driven. From the outset of participation, households are encouraged to set their own priorities, develop action plans, and be accountable for their commitments. This model, with its emphasis on long-term service and participant driven decision making correlates well with the subsidy delivery model CHA developed for FOS. The CCFO program will marry to programmatic underpinnings of the FOS program modified to align with the programmatic timeline and benchmarks established for the CCFO by CWU. The following are some important program elements:

Program Description

Self-sufficiency Component:

- Participants will develop a career path and secure a job that will pay a Family Economic Self-Sufficiency Standard (FESS);
 - The FESS is based on the 75th percentile wage paid for the job type the household pursues. The FESS also accounts for the anticipated household composition at the program's end.
- Priorities, goals and action plans are developed through ongoing individual mentoring sessions;
- Participants are encouraged to build "Affinity Groups" and to develop community networks that they define, facilitate, and maintain based on shared goals and interests;
- Monthly "Community Group" meetings where all participants gather for group trainings in core self-sufficiency areas, program updates, and share resources;
- Cash rewards for accomplishing established goals; and
 - Amount of cash reward correlates with difficulty of accomplished goal.
- Incentives for contributing towards an unrestricted emergency fund.

- Participant savings are matched at a 1:1 ratio in early years, with the ratio increasing over-time as participants advance further along the path towards meeting their FESS goal.

Subsidy Model:

- Assistance may begin as Sponsor Based subsidies administered by CWU;
- If a Sponsor Based model is used, after twelve – eighteen months of compliance with Sponsor Based program and completion of pre-determined goals, Sponsor Based subsidy converts to a tenant-based subsidy;
- CCFO program may include significant subsidies in early years, phased out over a seven to nine year period;
- Longer-term shallow subsidy may be provided to large families until children reach eighteen years of age;
- In most cases subsidy is eliminated after final year of participation or earlier if family self-sufficiency standard (FESS) is reached;
- In later years, families make important housing decisions on their own;
- Subsidy may be paid directly to households after some time of success in tenant based subsidy portion of the program;
- Medical, childcare or utility deductions may be eliminated;
- Subsidy based on actual Housing Assistance Payment data;
- Program may include a fixed subsidy budget established in year one and adjusted annually for inflation; and
- If CHA moves ahead with a declining subsidy model, similar to that used in the FOS program, hardship provisions will include participant access to future subsidies for rental support during times of unanticipated income loss and non-punitive termination when death or serious illnesses make continued family participation impossible.

Participant Profile:

- Up to 20 volunteer households;
- Program likely marketed to a mix of current public housing residents, MTW voucher holders, households on CHA's waiting lists and households in Cambridge homeless shelters;
- Household income less than 50% of area median income;
- Preference given to single parent households with legal dependent children;
- Preference given to households headed by an adult with at least a GED or High School diploma; and

- Households must meet CHA's FOS admissions criteria.

Timeline:

Stage One “Assessment”

- No change in housing circumstances
- Mobility Mentoring
- Peer Support Groups
- Small cash incentives
- Assess household for program readiness
- Completion of 5 year self-sufficiency plan (Including shorter-term, 2 year education/career plan)

Stage Three “CCFO Subsidy”

- Household receives CCFO subsidy from CHA
- Full CCFO participation
- Mobility mentoring
- CFO Support Groups meet regularly
- Cash incentives for saving and/or Individual Development Accounts (IDAs)
- Attain job at FESS wage

Stage Two “Sponsor Based Subsidy”

- Household may receive CWU managed Sponsor Based subsidy
- CCFO Program admittance
- Mobility Mentoring
- CCFO Support Groups formalized
- Cash incentives for saving and/or Individual Development Accounts (IDAs)
- Substantial progress towards 2 year education/career plan

Stage Four “Graduation”

- No further housing subsidy required
- All savings, remaining subsidy budget and other cash released to household without restriction
- Small incentive payments for post-graduation data submission

Statutory Objectives

CHA expects that the CCFO program will significantly increase housing choices and promote self sufficiency for low income families and will contribute valuable lessons to researchers, policy makers and others interested in the benefits of the MTW program.

Anticipated Impact

CHA anticipates that through this initiative households would have the opportunity to obtain a job and build a career path that otherwise would have been very difficult to achieve. These are some of the aspects of the CCFO program that CHA expects would have a positive impact on participants:

- Support participant-directed and strength-based approaches to program design and mentoring;

- Encourage participant voice and engagement in program evolution as critical element for programmatic success;
- Support private steps households take to strengthen or improve family units or independent opportunities for attaining self-sufficiency;
- Seek to grow social capital, fostered through peer networks, mentoring relationships and development of community leadership skills; and
- Provide predictable, long-term housing support to remove barriers for success created by lack of housing security.

Currently, different elements of CWU's Boston CFO Program are being studied by researchers from Boston College and Brandeis University. If funds are available, or can be secured, CHA and CWU will seek to have the scope of the current research expanded to include evaluations of the CCFO program.

Baselines, Benchmarks and Metrics

Metrics:

- Number of households admitted
- Average household income by households size at each program stage
- Median household wage income at each program stage
- Median Household assets at each program stage
- Number of households requesting hardships

Baselines:

- Number of households admitted – not available as program has not been implemented
- Avg. household income by households size of current voucher holders
 - Two bedroom households – \$18,983
 - Three bedroom households – \$22,753
 - Four bedroom households – \$27,146
- Median household wage incomes of current voucher holders
 - Two bedroom households – \$0
 - Three bedroom households – \$14,084
 - Four bedroom households – \$20,252
- Median household assets of current voucher holders
 - Two bedroom households – \$0
 - Three bedroom households – \$0
 - Four bedroom households – \$0
- Number of households requesting hardships - current voucher holders

Incoming CCFO participants: For evaluative purposes, CHA will use the same baselines for incoming participants as it uses for current voucher holders. There is no data for program participants as no households have been admitted to the program. These baselines will be populated and updated on an ongoing basis as households enter the program as required by Attachment B of the Restated and Amended MTW Agreement.

Benchmarks:

The following benchmarks illustrate how CHA will track participants. CHA is currently unable to set useful benchmarks as the program is not yet in place. Further, as described above each family establishes its own benchmarks based upon its FESS. Therefore, meaningful benchmarks and outcomes should be measured on a *per household* basis rather than program wide. CHA will provide program-wide benchmark and outcome data, as this appears to be the what HUD requires, but CHA stresses that this data will be far less useful from an evaluative perspective than per household data, which will provide more accurate indicators of each family's progress and ultimate success.

As information becomes available on the volunteer households that decide to participate in the program, CHA will update these benchmarks accordingly.

Years 1 – 1.5: households complete the Assessment Stage and move to the Sponsor Based Subsidy Stage

- Number of households admitted - 10
- Average household income by households size at each program stage
- Median household wage income at each program stage
- Median Household assets at each program stage
- Number of households requesting hardships

Years 3 – 5: households enter the CCFO Subsidy Stage

- Number of households admitted - 7
- Average household income by households size at each program stage
- Median household wage income at each program stage
- Median Household assets at each program stage
- Number of households requesting hardships

Years 6 – 7: households enter the Graduation Stage at which point housing assistance becomes unnecessary.

- Number of households admitted - 5
- Average household income by households size at each program stage
- Median household wage income at each program stage

- Median Household assets at each program stage
- Number of households requesting hardships

CHA anticipates that as the program takes off in FY 2011 and beyond that some aspects will change as assumptions made during development require adjustment and refining. Other metrics may be included as the program structure takes shape. Some of the possible metrics to be tracked are: educational/vocational achievement of household members at each program stage, the number of households reaching the Graduation Stage (including households that graduate early due to homeownership, exceeding income limits or attaining their FESS), the number of households accessing hardship funds, the number of households that fail to graduate, and the reasons for failure to graduate.

Data Collection Process

Data for new participants will be gathered by CHA and CWU at admittance. Household data will then be collected by CHA and CWU as each household moves from one program stage to the next. CHA and CWU will also collect information from households who fail to reach the Graduation Stage during an exit interview.

Additionally, CWU may offer a small stipend to households reaching the Graduation Stage in order to gather data related to participants' long-term economic independence. Finally, any data collected by outside evaluators will be shared with CHA for the purpose of providing additional analysis of the program's successes and shortcomings.

MTW Authorizations

This activity is possible through the Authorization given to CHA in Attachment C, B. 2. and 4. of the Amended and Restated Moving to Work Agreement of 2009. Attachment C, B. 2. permits partnerships with for-profit and non-profit entities and Attachment C, B. 4. permits the Agency to develop transitional/conditional housing programs, such as CCFO.

Expiring Use Preservation Program

CHA plans to launch a new affordable housing preservation initiative to insure the long-term affordability of expiring use properties and to preserve or increase the number of affordable units in those properties. The objective will be to better use the resources of the enhanced voucher program authorized by Section 8(f) of the U.S. Housing Act. Working in conjunction with the City of Cambridge Community Development Department, the CHA will re-structure the enhanced voucher program so that the vouchers can be converted into a project-based resource for a fifteen-year extended affordability period.

There are a number of projects in Cambridge that are expiring use properties and may be eligible to receive enhanced vouchers. CHA will work the City of Cambridge Community Development Department to create continued use strategies that preserve the affordable units in Cambridge. Developments that might benefit from this proposed initiative include the following:

Property	Total Units	Affordable Units
Briston Arms 247 Garden Street	154	105
Cambridge Court 411 Franklin Street	123	92
CAST II 49-51-53 Columbia Street	9	9
Chapman Arms/Craigie Arms 122 Mount Auburn Street	50	25
Close Building 243 Broadway	61	61
Harwell Homes	56	56
Inman Square Apts. 354 Prospect Street	116	116
Norstin Buildings Norfolk St./Bishop Allen	32	32
Putnam Square 2 Mount Auburn	94	94
Subtotal	695	590

Program Description

Tenants will be given the choice whether to retain a traditional enhanced voucher or to convert it to a project-based voucher. The options will be carefully explained, with interpreting and translation services made available when needed, so that tenants understand fully what the impact will be on them and their future plan when choosing between the two types of vouchers.

When tenants agree to convert from an enhanced voucher, the vouchers will be converted into regular MTW project-based vouchers. The owner must agree to a contract period of 15 years. The permitted payment standard will be based on a review of the owner's projected capital needs over the 15 year contract period, and other factors that will insure rent reasonableness. Funding at the contract level would continue for the contract period, and would be calculated separately from the rest of CHA's MTW Leased Housing program.

Statutory Objectives

This preservation program addresses two of MTW's statutory goals. It will achieve greater cost effectiveness in federal expenditures by reducing costs in comparison with the traditional enhanced voucher program. By extending the life of affordable projects, and reducing rent burdens, Cambridge will be able to offer increased affordable housing opportunities over time as properties remain low-income and new properties are provided for low-income families.

Anticipated Impact

CHA anticipates that by converting vouchers from enhanced to Project Based will result in substantial savings in federal expenditures.

Enhanced vouchers are tenant-based. CHA is mindful that the tenants in these properties must also agree to convert an enhanced voucher to project-based. Tenants will participate by choice, and may elect to receive a traditional enhanced voucher. However, there are advantages to the tenant in the project-based program, in that many tenants pay more than 30% of their income on rent under the traditional enhanced voucher program. By converting the enhanced vouchers to project-based vouchers, tenants will pay only 30% of their income. This would give tenants the opportunity to live at their present location at a more affordable rent. If a tenant did want to move at some point in the future, as with the conventional project-based program, they would be entitled to receive a mobile voucher once one becomes available.

Baselines, Benchmarks and Metrics

Metrics:

- Number of affordable units at risk
- Total units of affordable housing preserved for 15 years
- Anticipated total units contracted at no more than 120% of FMR for 15 years
- Annual savings in federal expenditures of paying Project Based Assistance contract rents vs. sticky voucher rents

Baseline:

- Number of affordable units at risk – 590
- Total units of affordable housing preserved for 15 years - 0
- Anticipated total units contracted at no more than 120% of FMR for 15 years - 0
- Annual savings in federal expenditures of paying Project Based Assistance contract rents vs. sticky voucher rents - \$0

Benchmarks:

CHA is unable to provide data on most of the following benchmarks as no deals can move forward until the initiative is approved. CHA may be able to provide benchmarks in each subsequent year's MTW Plan as deals mature.

- 238 anticipated total units of affordable housing preserved for 15 years by FY2012
- Anticipated total units contracted at no more than 120% of FMR for 15 years
- Annual savings in federal expenditures of paying Project Based Assistance contract rents vs. sticky voucher rents over the first 15 years = \$4,448,723

Data Collection Process

CHA will record the number of units project-based through this initiative, the contracted rent as a percentage of the Agency's Payment Standard and the length of each Project Based Assistance contract. This data will be used to report on the efficacy of this important initiative.

MTW Authorizations

This activity is possible through the Authorization given to CHA in Attachment C, D.1. a., C,D.1b., D.1.e., D.1.f., D.2.a. and D.2.c. of the Amended and Restated Moving to Work Agreement of 2009. These citations of the Agreement provide CHA authorization to make changes to the Section 8 Housing Choice Voucher program in order to better meet the specific needs of the Cambridge community.

These Authorizations waive parts of the 1937 Housing Act related to the setting of payment standards and tenant rents at different amounts than provided by Section 8.t. of the Act, and to permit the vouchers to be project-based for the 15-year period.

Liberating Assets to Leverage Funds

Program Description

In FY 2011 CHA proposes to unlock the equity in its public housing portfolio, given the strength of its overall financial position and the graces of a strong, stable real estate market, by permitting HUD's Declaration of Trust on each property to be placed in second position behind a private lien or mortgage. This will allow CHA more flexibility in structuring financial transactions that will better leverage the real estate asset and result in more favorable financing terms. Additional capital for rehabilitation work and energy-related improvements will result from this new initiative.

CHA's intention is similar to that which HUD has described in its recent proposed Public Housing Mortgage Program (PHMP). Additionally, CHA believes that this MTW initiative includes elements of HUD's most recent version of the policies described in Transforming Rental Assistance (TRA).

The CHA proposes to use its MTW authority to apply the principles articulated in the mortgage program notice more broadly. As proposed, Public Housing Mortgage Program still requires the Declaration of Trust to be in first position before a mortgage on dwelling units. Because a lender would be required to operate the property as public housing even after default and foreclosure, the requirement to place the Declaration of Trust in first position will limit the amount the lender might be willing to commit to a project. Placing the Declaration of Trust in second position enhances the ability of the CHA to leverage the maximum amount of private funds. The proposed PHMP permits the Declaration of Trust to be subordinate to a mortgage on non-dwelling property, in recognition that this can enhance financing opportunities. As described below, the CHA will take steps to provide adequate assurance to HUD that any risk to dwelling property is minimal.

CHA will use this approach on both dwelling and non-dwelling property. CHA will insure that the mortgage proceeds are used exclusively for low income housing uses, and that it has the ability to make payments on the mortgage or security interest. By specifying in advance what

standards will apply to such transactions, the CHA reduces the degree of risk, if any, that such a transaction might create.

CHA will place the HUD Declaration of Trust in second position, CHA will also certify to the following:

1. All transactions will have a debt service ratio of 1.2 or above;
2. all transaction costs will be consistent with industry standards; and
3. all transactions will be consistent with the terms outlined in CHA's MTW Agreement.

As an element of these transactions, the CHA also plans to use MTW authority to pledge rent revenues and any necessary public housing or MTW funds, to provide additional security to lenders and investors, who might require such a pledge. To that end, CHA is seeking to make such pledges without additional HUD approval. (Note: As part of HUD's recently conducted MTW agency survey on energy, CHA also noted that this approach would benefit other types of financing transactions, such as leases of equipment incidental to Energy Services Agreements.)

While the above approach may not require the waiver of any statutory requirement, MTW provides HUD with the authority to waive any provision of the U.S. Housing Act, including Section 30. The MTW Agreement, Section I.A., provides that approval of this Annual Plan would cause the Annual Plan's provisions to supersede the standard ACC (and related real estate provisions therein).

In conjunction with this initiative CHA may also use MTW funds to provide project-based or other subsidy assistance similar to that which would be provided under the Section 8 project-based voucher program. This will provide flexibility to structure financing transactions suitable to the needs of specific projects and the resources available to meet the need of individual properties. CHA does not expect that any one approach will satisfy the capital investment needs of a property. CHA will also consider disposition or voluntary conversion of one or more of its federally assisted public housing sites, with project-based vouchers to replace public housing subsidies. These activities require approval outside of MTW but CHA wants to be on record that as capital markets demand, it may need to separately pursue such options.

Recently HUD revised its approach to Transforming Rental Assistance (TRA) proposing that certain PHAs be allowed to "swap" the existing ACC for a new form of Project Based Rental

Assistance contract. Short of creating this new contract document, this MTW initiative embodies both the spirit and approach of the revised TRA. We did not develop this initiative with TRA in mind, however that we can follow a similar path demonstrates that MTW is an excellent local and national policy lab. If HUD is interested in piloting the full TRA approach CHA is willing to discuss how such a pilot might work to the benefit of both agencies.

Anticipated Impact

By allowing flexibility to access new capital investment, CHA will preserve its Federal Public Housing stock. Over time, this MTW activity, by preserving units, will increase housing choices for low income families as well as reduce the capital contribution of the federal government to the revitalization of the public housing stock.

Statutory Objective

By repositioning its assets to leverage the significant private investment needed to revitalize public housing, CHA will preserve the long-term affordability of its stock and reduce the capital needed from the Federal government thus meeting the MTW Statutory Objective of reducing cost and achieving greater cost effectiveness in federal expenditures. This activity may also may CHA to add public housing units during modernization, as is the case with the redevelopment of Lincoln Way Apartments, meeting the third MTW Statutory Objective to increase housing choices for low income families. (Modernized units will also be fully accessible or adaptable expanding housing choice for persons with disabilities.)

This activity may also provide CHA with the ability to expand its affordable housing portfolio by acquiring other properties with the proceeds of loans that are secured by its public housing properties (as would be permitted under the proposed PHMP) again increasing housing choices for low income families.

Baseline, Benchmarks, and Metrics

Metrics:

- Number of units preserved/modernized/added
- Funds leveraged through this activity
- Current funding level for modernization under Capital Fund Program
- Energy consumption (for developments receiving energy improvements under proposed activity)

- Most recent audited portfolio value
- Reduction of carbon output in pounds per year (for developments receiving energy improvements under proposed activity)
- Number of resident or voucher holder job or training opportunities provided

Baseline:

- units preserved/modernized/added - 0
- Funds leveraged through this activity – None at present time but CHA can determine an aggregate leverage ratio for post deals.
- Current funding level for modernization under Capital Fund Program - \$4.24M
- Current energy consumption of federal portfolio*
 1. Total electric use: 9,624,480 kWh (3-year average)
 2. Total gas use: 1,307,392 therms (3-year average)
- Most recent audited portfolio value - \$69.12M
- Reduction of carbon output in pounds per year (for developments receiving energy improvements under proposed activity) - 0
- Number of resident or voucher holder job or training opportunities provided - 0

Benchmarks:

There are currently no values for these benchmarks, as the terms and details of each individual financing package may vary greatly depending upon a number of externalities including, but not limited to: interest rates, appraisals, receipt of Low Income Housing Tax Credits, and energy efficiency grants. CHA will establish benchmarks on a per development basis in subsequent MTW Plans if CHA reasonably expects a deal to close in that fiscal year. Benchmarks will include:

- units preserved/modernized/added
- Funds leveraged through this activity
- Current funding level for modernization under Capital Fund Program
- Current energy consumption of federal portfolio - Increased energy efficiency (for developments receiving energy improvements under proposed activity)
- Most recent audited portfolio value
- Reduction of carbon output in pounds per year (for developments receiving energy improvements under proposed activity)
- Number of resident or voucher holder job or training opportunities provided

Data Collection Process

Consistent with current practice, Planning and Development staff will collect data related to the construction, financing and resident/voucher holder training and job opportunity elements of the activity. CHA's energy consultant monitors energy consumption for all CHA properties. The consultant will report on energy consumption levels at sites receiving energy upgrades from the proposed activity; including any correlate reductions in consumption.

All of these data will be compiled and included in subsequent MTW Annual Reports consistent with Attachment B of the Restated and Amended MTW Agreement. In aggregate this data will provide ample evidence of the activity's effectiveness in accomplishing the two statutory objectives described above.

MTW Authorizations

This activity is possible through the Authorization given to CHA in Attachment C.B.1.b.ii. and vii., of the Amended and Restated Moving to Work Agreement of 2009. These citations of the Agreement provide CHA flexibility in the design and administration of housing assistance to achieve greater cost effectiveness in federal expenditures specifically with regard to the acquisition, new construction, reconstruction or substantial rehabilitation of housing and the preservation of public housing units currently serving people of low income.

VI. Ongoing MTW Activities

A comprehensive list of all completed and ongoing MTW Activities is described in the Matrix later in this chapter. The following narrative provides highlights of a few noteworthy MTW activities. CHA does not anticipate making any changes to ongoing activities that would require any modifications related to the authorizations in Attachment C of the Restated and Amended MTW Agreement. CHA will provide a more detailed activities matrix in its FY 2010 MTW Annual Report.

Public Housing Management

Rent Simplification Program

In FY 2011 the Rent Simplification Program (RSP) will complete its second full cycle of biennial recertifications. CHA remains confident that RSP, with its relaxed income reporting requirements and simplified rent and deduction methodology is meeting the goals CHA established for this important MTW initiative.

The new data provided in the second recertification cycle will allow CHA to add crucial information on households that have been part of the RSP from its beginning in late FY 2006. Tracking households who were part of the transition from the old rent system to RSP will allow an even fuller assessment of the effect RSP is having on CHA residents' abilities to increase earnings and savings. Currently, positive trends are noticeable in the overall federal public housing resident population, especially in terms of increased employment income and reasonable resident rent burdens. For the latest summary of these findings please refer to CHA's FY 2009 MTW Annual Plan. As usual, this summary will be updated in CHA's FY 2010 Annual Report in the Summer of 2010.

Public comments concerning the transition of a large portion of the state public housing portfolio resulted in one modification of RSP. Specifically, in response to concerns from the community regarding rent changes to households with mixed immigration status as defined by HUD, CHA will adjust the mixed household rent schedule so that rents on the mixed-household rent charts are set at 10% higher than rents in the corresponding schedules for households without mixed immigration status. This small change to the mixed-household rent schedule will lessen the rent burden for mixed-households in CHA's family and elderly/disabled developments without having any significant impact on Agency rent rolls, as mixed-income households make up a very small percentage of the total households served.

Further, rents for transitioning households from state properties will not change until a household's regularly scheduled recertification, at which time RSP rules will be applied. As was the case during the implementation of RSP in FY 2006, CHA will apply a one-time cap on any rent increases caused by the transition from the state rent determination policy, to CHA's RSP rent rules. Currently CHA estimates that 82% of households transitioning from the State to Federal Public Housing Program will experience a rent decrease. Once transferred to the federal program, households will be provided further protection from high rent burdens through RSP's Hardship provisions.

CHA conducted a preliminary impact analysis on the mixed households that would be affected by this change in rent charges. Currently, CHA identified only sixteen households qualified as mixed families. Only four households would have their rent increased, while twelve households will have their rents considerably reduced. See the table to the right for detailed information regarding the different in rents.

CURRENT MIX FAMILY Rent	10% increase from Normal Rent Simp Rent	Difference
50	55	5
50	55	5
50	55	5
50	55	5
118	84	-34
201	153	-48
276	212	-64
273	209	-64
360	282	-78
368	290	-78
451	359	-92
693	557	-136
701	565	-136
752	598	-154
1579	1285	-294
1443	1107	-336

MTW Admissions and Continued Occupancy Policy (ACOP)

CHA will continue using rules and policies established in the MTW ACOP, adopted by CHA's Board of Commissioners in August 2008 and amended in November 2009 to streamline waiting list preferences and emergency preference criteria.

With the implementation of the ACOP, all of CHA's MTW reforms with regard to admissions and continued occupancy are codified and have been fully integrated into the Agency's day-to-day operations. As described in the Introduction of this Plan, on an ongoing basis, CHA evaluates the ACOP's effectiveness and will from time-to-time make changes to improve the document's efficacy and transparency. CHA plans on meeting with ACT and Tenant Council members during FY 2011 to discuss the ACOP.

Ceiling Rents

As memorialized in the new MTW ACOP, each year CHA applies HUD's Operating Cost Adjustment Factor (OCAF) to ceiling rents in all federal public housing developments.

New Lease

CHA has gained approval for this initiative in FY2006; however CHA focused primarily on developing a new MTW ACOP before engaging in the creation of a new lease. Now with the ACOP implemented, CHA is drafting a new federal lease that will incorporate policy changes made in the ACOP, including policy revisions implemented under CHA's Rent Simplification Program. The new lease is based on the Massachusetts state public housing lease and while it will be consistent with all applicable federal lease requirements, it will be easier for managers to administer one lease. The state lease is a clearly-worded document that is understandable to tenants. The CHA will incorporate provisions from model federal leases where those provisions are stronger or preferable.

Forms

The CHA has gone through a rigorous review of all forms used throughout the agency so that a standard form is in place for all functions. All forms are now located in one of five binders that are categorized by type and use, for example, policies, recertifications and continued occupancy. The new forms accommodate all MTW policy initiatives implemented through the Rent Simplification Program and MTW ACOP. The forms binders and indices make it easier for staff to find the appropriate form and the formatting, including language on Limited English Proficiency (LEP) and CHA's Violence Against Women Act (VAWA) policies, where appropriate, provide greater clarity and assistance to CHA participants. As required by CHA's LEP policy, critical program forms will be available in Portuguese, Spanish and Haitian Creole.

Housing Choice Voucher Program

As in previous plans, in FY 2011 CHA will concentrating on further reforms in two areas – program administration and new program development. CHA's new and ongoing initiatives are driven by the Agency's commitment to reducing the burden of running the voucher programs and finding new ways to meet our community's unique affordable housing needs.

New MTW Administrative Plan

In FY 2011 CHA will complete and begin the implementation of the new Administrative Plan for Leased Housing. Like the MTW ACOP for federal public housing, the MTW Administrative Plan will take full advantage of the programmatic flexibility MTW permits.

Using the same easy read style and format used in the Moving to Work Admissions and Continued Occupancy Policy for Federal Public Housing (ACOP) in FY 2009, the new Administrative Plan is designed to be more readable and easily understood by staff, applicants, participants and other members of the Cambridge community. The new Administrative Plan will include changes made to CHA's MTW voucher program under Rent Simplification in FY 2007 as well as some additional policy reforms stemming from CHA's commitment to simplicity, participant empowerment and administrative efficiency. As described in the approved FY 2010 MTW Plan, the new administrative plan may introduce a number of reforms to the Leased Housing program including:

- Aligning the administrative rules for PBA tenants with those used in the MTW Leased Housing Program.
- Aligning the Leased Housing waiting list preferences with the state and federal public housing programs, including the emergency criteria.
- Aligning the medical and childcare deduction policies in the project-based assistance (PBA) and MTW Leased Housing Programs with those used in federal public housing.
- Aligning Continued Occupancy Policies in the PBA and MTW Leased Housing programs.
- Changing the review period for recertification's from one year to two, or even three years for elderly and disabled participants, or other households on fixed incomes.
- Including the MTW Transfer described in the MTW ACOP for federal public housing.
- Clarifying restrictions on real estate ownership and other high value assets.
- Changes in minimum rent and zero income rent determination policies.

- Simplifying rent and income determination policies for participants and staff.
- Replacing HUD's complex rent determination methodology for mixed families with the policy CHA uses in its federal public housing program.

Sponsor-Based Voucher Program

CHA will continue administering the Sponsor-Based Leased Housing Program in FY 2011. Sponsor based vouchers are provided to “partner” service providers who use the vouchers to rent units throughout the City. These partnerships enable CHA to assist hard to house individuals with affordable shelter, while they are receiving supportive services. This innovative use of subsidy is a critical resource for some of the City's most vulnerable individuals. Sixty subsidies are “reserved” for this program. To date the CHA is not looking to expand on this program beyond its current size in FY 2011 (57 vouchers).

Family Opportunity Subsidy Program (FOS program)

Previously referred to as “Heading Home Voucher Program”

This unique, ten-year program was designed in partnership with local homeless service provider Heading Home Inc., Parenting Resource Associates Inc., and the Executive Office of Massachusetts Community Colleges to help families transition from homelessness, to long-term housing assistance, to permanent self-sufficiency. CHA's program partners began marketing FOS to families living in Boston homeless shelters in early FY 2010, and the first group of families entered the program's Sponsor Based phase during the latter half of the fiscal year. The full program is described in Appendix 4 of this Plan. Some noteworthy FOS program components include:

- Comprehensive educational, vocational and economic development training.
- Up to fifty-five households initially assisted through CHA's Sponsor Based program.
- After twelve months of compliance with Sponsor Based program and completion of pre-determined employment and training goals, Sponsor Based subsidy converts to a tenant-based FOS.
- FOS program includes generous subsidies in early years, phased out over a nine year period.
- Subsidy is eliminated after year nine, or earlier if certain economic development goals are achieved.

- Significant monetary incentive for increasing employment and program completion including capitalized Individual Development Account managed by MIDAS, Inc.
- Allows families to make important housing decisions, at first with support then later on their own.
- Subsidy paid directly to households after one year of compliance.
- No medical, childcare or utility deductions.
- Subsidy based on actual Housing Assistance Payment data.
- Fixed subsidy budget established in year one and adjusted annually for inflation.
- Sensible hardship provisions including access to future subsidies for rental support and non-punitive termination when death or serious illnesses make continued family participation impossible.

State MRVP Program Preservation/Conversion

In FY 2011 the CHA will continue using MTW block grant funds to augment the state's Massachusetts Rental Voucher Program (MRVP), which could not succeed absent the additional subsidy the block MTW grant provides. The MRVP Preservation/Conservation program allows CHA to bring the payment standards in the state program up to those in the federal program. The estimated cost to CHA in FY 2011 will be \$56,000.

Payment Standards

As in previous years, CHA will adjust its payment standards to keep voucher rents competitive in the Cambridge market.

Housing Quality Standards (HQS) Inspections

CHA will continue to use its revised inspection protocol as described in the FY 2008 MTW Annual Report. Additionally, in FY 2011 CHA will reexamine the possibility of relying on third party inspection results in lieu of CHA HQS inspections. CHA will also consider contracting out some inspection services.

PBA Assistance Program

As always CHA will continue to using its MTW authority to continue the following PBA reforms:

- Expenditures: There are no minimum rehabilitation expenditure thresholds.
- 15-year Contract: PBA contracts continue to be initiated and renewed, appropriations permitting.

- **Commitment Letters:** CHA provides predevelopment commitment letters to qualified owners in order to assist them in leveraging additional funding sources. This is especially important in today's difficult fundraising environment.
- **Percentage of Project Based Units:** CHA eliminated the restriction on the percentage of units leased in a building or project in cases when lifting the restriction does not adversely affect the neighborhood and is consistent with CHA's mission and affordable housing strategies.
- **Streamlined Application:** Applicants for PBAs are not required to submit a previous participation certificate.
- **Locally Determined Eligibility Criteria:** In some cases, unit types otherwise prohibited by HUD guidelines (but in accordance with the MTW Agreement) maybe permitted into the PBA program.
- **Locally Determined Placement Eligibility:** CHA may use locally developed criteria to determine eligibility for tenancy in a PBA. This includes, in some cases, permitting current public housing residents' tenancy in PBAs.

Expansion of the Project Based Assistance Program

In its continuing efforts to implement and explore MTW reforms to its Project Based Assistance Program, CHA is looking to retool the protocol and expand its project base portfolio in the next five years by committing additional Project Based units as a community resource to preserve public housing and expand affordable housing development in Cambridge.

In Fiscal Year 2011 CHA may provide up to 25 vouchers to replace vouchers from the Massachusetts Rental Voucher Program to be utilized in support of the federalization of state public housing. Over the next five years CHA anticipates issuing between 275-400 Project Based vouchers in CHA's at-risk public housing units and making 189 available to promote the development of new affordable housing in Cambridge. The table below provides details of projected expansion in the PBA program:

Fiscal Year	PH PBA Use	MRVP PBA Swap	Community PBA Use	Total New PBA
2011*	0	25	8	37
2012	17	0	69	86
2013	33-58	0	40	77-98
2014	100-150	0	44	140-190
2015	100-150	0	28	128-178
Total	250-375	25	189	468-589

Total PBA – start of FY 2011 = 524

Total PBA projected by end of 2015 = 988-1,013

*In FY2011 a total of 37 PBAs will be issued, 8 units are in a project called Elm Place owned by a local nonprofit agency here in Cambridge. The 4 story building will have a total of 19 units and an elevator; it consists of 4 three bedroom apartments, 2 two bedroom apartments and 2 one bedroom apartments. The contract rent will be set at 98% of the current FMR while in the past, project based units were normally priced at 110% to 120% of FMR. The other 25 MRVP units are going to be used for keeping expiring use developments affordable. CHA is still assessing the potential developments to be benefited with these 25 PBA vouchers. The following list provides a description of all potential sites where these vouchers may be put to use:

- **411 Franklin Street:** also known as Cambridge Court Apartments: This is a privately owned mixed income building with 122 apartments. The complex was financed through the Massachusetts Housing Finance Agency and is for Elderly/Disabled individuals. The building is a mix of studios and one bedroom apartments. It is an expiring use property and there are currently 10 individuals that reside in apartments that are subsidized through the Project Based Component of the Massachusetts Rental Voucher Program.
- **1221 Cambridge Street:** also known as Inman Square Apartments: This is a privately owned mixed income building with 116 apartments. The complex was financed through the Massachusetts Housing Finance Agency. It is made up of a high rise with a mix of one and two bedroom apartments and townhouse style apartments made up of 2 and 3 bedroom apartments. It is an expiring use property and there are currently 8 individuals that reside in apartments that are subsidized through the Project Based Component of the Massachusetts Rental Voucher Program.
- **Linwood Court Apartments:** this is a privately owned affordable housing complex that was financed through the Massachusetts Housing Finance Agency. It is made up of numerous low-rise walk ups and has a mix of family sized apartments. There are currently 19 individuals that reside in apartments that are subsidized through the Project Based Component of the Massachusetts Rental Voucher Program.

- **Norstin Apartments:** this is a privately owned building with a mix of affordable units. The complex was financed through the Massachusetts Housing Finance Agency. It is a four story walk up and consists of all 2 and 3 bedroom apartments. It is an expiring use property and there are currently 7 individuals that reside in apartments that are subsidized through the Project Based Component of the Massachusetts Rental Voucher Program.

- **YWCA:** this building provides Single Room Occupancy units for a very vulnerable population here in the City of Cambridge. Currently there are 28 individuals that reside in SRO units that are subsidized through the Project Based Component of the Massachusetts Rental Voucher Program.

CHA will further refine its local PBA program as these new units come into the program. These refinements will bolster CHA's ongoing effort to make its PBA program both beneficial to tenants and helpful to the local affordable housing development and reinvestment community. They include:

- CHA will require projects to allocate 13.5% of the units for households with disabilities. (This percentage is the same as CHA's designated housing plans).
- All available PBA units must be offered to families on CHA's PBA waiting list, current CHA mobile voucher holders, or in-place, income eligible households from the initial development period at risk of displacement.
- CHA's goal is that in most cases, the PBA unit rent will not exceed 100% of HUD's Fair Market Rent payment standard.
- The CHA may modify the PBA contract to allow for added flexibility and maximum usage of resources.
- A provision will be added that will delay a PBA resident's ability to apply for a mobile voucher from one year to three years in order to provide maximum voucher usage as well as to provide for a more stable resident population in Cambridge.

Owner Incentives

CHA will use its MTW authority to continue offering the following incentives for owner participation in FY 2011:

Damage Reimbursements: Provide damage payments (up to one month's rent) to owners who agree to continue renting to voucher holders after a prior subsidized tenant causes damages in excess of the security deposit.

Vacancy Payments: Vacancy payments up to one month's rent are made to owners who rent to a Leased Housing participant after an existing participant moves out of their unit.

Cambridge Housing Authority

Ongoing MTW Initiatives Summary

All Fiscal Years:

1. Increase number of households served
2. Expand supply of permanently affordable housing
3. Expand supply of affordable housing through acquisition of condominiums
4. Use fungibility to create single block grant
5. Develop and implement locally determined Total Development Cost policies

FY 2000:

6. Rent Policy: 12 month exclusion for wage income for SSI, SSM, EAEDC and Veteran's Disability recipients that started to work
7. Implement vacancy and damage payments
8. Allow development choice for applicants
9. Rent Policy: Implement minimum rents
10. Base utility allowances on household size rather than on the size of the unit
11. Allow tenants to pay over 40% of their income for rent if they request and demonstrate solvency

FY 2001:

12. Fungibility: Use MTW resources to augment State MRVP leasing program
13. Implement local Project Based Leasing Program
14. Request for regulatory relief for Mixed Finance
15. Eligibility: Lower eligible senior age from 62 to 60

FY 2002:

16. Redesign Resident Survey
17. Request for exemption from Pet Policy requirements
18. Preserve leased housing units through implementation of locally determined AAF's and 120% exemption rents

FY 2003: *Same as above*

FY 2004: *Same as above*

FY 2005: *Same as above*

FY 2006:

19. Design and implement rent simplification initiatives including 2-year recertifications
20. Streamline ACOP, Lease and Admin Plan including identification of non-applicable regulations
21. Implement new business ventures

FY 2007:

22. Redesign of the LLH program including review of alternative subsidy approaches
23. Implement revised project based vouchers (up to 40 vouchers) in cooperative effort with the City's Housing Trust Fund

FY 2008:

24. Implement sponsor based program (up to 40 vouchers)
25. Fungibility: Develop follow-up support for continuing education among graduates of the Work Force program
26. Lower eligible senior age from 60 to 58
27. Begin planning of alternative voucher pilot program
28. Create an MTW transfer category as part of the new ACOP and Admin Plan
29. Implement new Inspections Protocol
30. Align income deductions with Federal PH Rent Simplification deductions
31. Change income calculation to allow use of prior year income
32. Implement recertifications every two or three years for Elderly/Disabled households
33. Implement recertifications every two years for households living in Project-based units
34. Complete capital needs planning process using PNA results

FY 2009:

35. Mixed family rent formula for families with mixed immigration status
36. Implement ceiling rents indexed to HUD OCAF
37. Cambridge Public Housing Preservation Program (10-year Redevelopment Campaign)

FY 2010:

38. Heading Home Voucher Program (continuation of #22 above)
39. Align CHA's federal waiting list preferences with the state's
40. Establish a Housing Preservation Fund
41. Longitudinal Rent Simplification Impact Study

Outside Evaluators

Whenever appropriate and financially feasible, CHA engages outside evaluators to study the impacts and effectiveness of CHA's MTW initiatives; particularly when the initiatives represent significant departures from, or reforms of traditional HUD methodologies for determining income, eligibility, continued participation or subsidy. As of this writing, CHA is engaged in the following research projects.

The Family Opportunity Subsidy Program (FOS)

The FOS program is being studied by Dr. Dennis Culhane of the University of Pennsylvania. Dr. Culhane has done considerable research on homelessness prevention models and CHA looks forward to having this innovative use of subsidy examined by an outside party. Dr. Culhane will be examining the ways in which the FOS program with its multifaceted/multi-organizational approach to developing family self-sufficiency may provide lessons for future policy approaches to ending homelessness.

Longitudinal Study of Rent Simplification Program (RSP) on Household Income & Asset Development

In its FY 2007 and 2008 Moving to Work Reports, CHA included results from a benchmarking study of its Rent Simplification Program (RSP). The benchmarking study examined the affect RSP is having on CHA's operating costs rather than the affect CHA's policy choices were having on residents' choices about their incomes and assets development efforts. In late FY 2010, CHA issued a Request for proposals for a longitudinal study of RSP's impact on residents earning and asset development patterns. If a well qualified proposal is received, and deemed financially feasible by CHA's Board of Commissioners, CHA will move ahead with the study in early FY 2011.

VII. Sources and Uses of Funds

Under MTW, CHA receives public housing operating subsidy and leased housing program subsidy based on a formula established by the 1999 MTW agreement and also receives an annual amount of Federal Capital Fund budget authority. FY 2011 budgets have been prepared in accordance with asset management guidelines. In accordance with Amendment 1 to the MTW Agreement, CHA has developed a Local Asset Management program that modifies certain HUD requirements. CHA's Local Asset Management program can be found in APPENDIX 6 CHA will continue to enhance its property-based budget system. FY 2011 plan year is budgeted at an 97% proration on HUD subsidy. In FY 2011, CHA has plans to spend \$8,150,915 of its Block Grant Funds on capital projects. A detailed description of the large modernization projects and small capital projects is provided in the Capital Program chapter of this Plan. CHA believes that it is well positioned for the changes that are occurring nationwide in the way the public housing program is operated. MTW has given CHA the freedom to use our flexibility to make these changes very rapidly.

Moving to Work Funds

	Federal Public Housing*	MTW Housing		Total MTW Funds	ARRA /ARRA competitive funds		
		Choice Vouchers	Capital/MTW Funds		Total Funds		
SOURCES							
Operating Receipts	8,526,949	77,500		8,604,449		8,604,449	
HUD Grants	9,333,260	32,670,747	10,579,475	52,583,482		52,583,482	
ARRA/ARRA competitive funds				0	10,357,000	10,357,000	
Operating Transfers In			1,819,600	1,819,600		1,819,600	
Total Sources	17,860,209	32,748,247	12,399,075	63,007,531	10,357,000	73,364,531	
USES							
Administrative	4,091,315	2,099,123		6,190,438		6,190,438	
Tenant Services	479,622			479,622		479,622	
Maintenance Labor	2,369,626			2,369,626		2,369,626	
Materials/Supplies, Contract Costs	3,586,724			3,586,724		3,586,724	
General Expenses	2,524,464	263,167		2,787,631		2,787,631	
Rent Payments		25,251,000		25,251,000		25,251,000	
Utilities	4,513,298			4,513,298		4,513,298	
Extraordinary Maintenance/Non-Routine	123,250			123,250		123,250	
Total operating Expenses	17,688,299	27,613,290	0	45,301,589	0	45,301,589	
Capital Improvements	642,429		12,399,075	13,041,504	10,357,000	23,398,504	
Total Expenses	18,330,728	27,613,290	12,399,075	58,343,093	10,357,000	68,700,093	
Operating Transfers Out		1,819,600		1,819,600		1,819,600	
Total Expenses	18,330,728	29,432,890	12,399,075	60,162,693	10,357,000	70,519,693	
Net Income (Deficit)	(470,519)	3,315,357	0	2,844,838	0	2,844,838	

* Subsidy prorated at 97%, pending receipt of final funding notice

** Funds Capital Projects via Block Grant

Other Federal Funds

Apart from MTW funds, CHA also receive funds under ROSS, Shelter Plus Care, and Service Coordinator grants. In addition, CHA receives limited State operating subsidies, small amounts of State Capital Funds, and MRVP funding. In the sources and uses chart, the amount of monies in the grant programs are represented in terms of actual monies CHA expects to receive, based on current projections.

	Non-MTW Vouchers	Tenant Services	Total Other Federal Funds
SOURCES			
Operating Receipts	3,008	252,797	255,805
HUD Grants	3,515,542	186,000	3,701,542
Total Sources	3,518,550	438,797	3,957,347
USES			
Administrative	288,672	432,786	721,458
Tenant Services	15,338	278,965	294,303
General	41,138	152,765	193,903
Rent Payments	3,146,207		3,146,207
Total Expenses	3,491,355	864,516	4,355,871
Net Income (Deficit)	27,195	(425,719)	(398,524)

State Funds

For several years, CHA has included financial information for its State programs. The state programs continue to operate with large deficits because the State Public Housing Program continues to be subjected to chronic under-funding. In Fiscal Year 2011, state funding levels are expected to further decrease with a deflation factor imposed on the required expense level. Using the flexibility afforded by MTW, CHA continues to cover the operating deficits at state AMPs. State small capital improvements are unfunded in this budget. CHA recognizes that using MTW funding is a short-term fix, and that MTW support, if provided, cannot be sustained over a long period of time. CHA continues to petition the State for adequate funding and explore other arrangements (federalization, tax credits, bonds, etc.) to allow these properties to provide adequate living environments to our tenants.

	State Public Housing	MRVP	State Capital Fund	Other	Total State Funds
SOURCES					
Operating Receipts	2,697,495	15		1,426,338	4,123,848
Operating Subsidy	1,475,432	1,373,000	4,493,587		7,342,019
Total Sources	4,172,927	1,373,015	4,493,587	1,426,338	11,465,867
USES					
Administrative	1,490,926	175,440		280,374	1,946,740
Tenant Services	58,919	9,087		5,244	73,250
Maintenance Labor	482,378			99,587	581,965
Materials/Supplies, Contract Costs	1,120,573			366,171	1,486,744
Protective Services	0				0
General Expenses	361,253	23,134		267,472	651,859
Rent Payments		1,300,000			1,300,000
Utilities	1,478,729			332,616	1,811,345
Extraordinary Maintenance /Non-Rou	16,000			12,995	28,995
Total Operating Expenses	5,008,778	1,507,661	0	1,364,459	7,880,898
Capital Improvements	25,981		4,493,587	59,460	4,579,028
Total Expenses	5,034,759	1,507,661	4,493,587	1,423,919	12,459,926
Net Income (Deficit)	(861,832)	(134,646)	0	2,419	(994,059)

Central Office Cost Center

In compliance with HUD's Asset Management Rule, CHA has established a Central Office Cost Center (COCC) in order to manage and track central office overhead costs. This is the fifth year of identifying and maintaining a separate COCC. The COCC is supported by various fees (both fixed and fees-for-service) that it charges to CHA programs in addition to some allocation of direct costs to the sites and a very limited use of conventional cost allocation across AMPS to fund their portion of overhead costs. The following table shows COCC activity. The overhead costs directly associated with the capital fund and housing choice voucher programs are not reflected under the COCC. These costs are budgeted under their respective programs, as they are program specific costs.

FY 2011	
SOURCES	
Total Management Fees	1,908,251
Fee-for-Service	3,706,366
Total Sources	5,614,617
USES	
Salaries	2,244,838
Benefits	1,105,556
Central Maintenance Labor	986,250
Administrative Contracts	323,100
Office Rent	198,941
Other Admin. OH	753,692
Total Expenses	5,612,377
Net Income (Deficit)	2,240

The COCC includes a small Central Maintenance crew that provides services to the properties for a fee. The Central Maintenance crew consists of the skilled trades, overnight and weekend response staff who are used throughout the portfolio. For the third year in a row CHA has managed to maintain a very small profit for the crew.

Block Grant Fund

The Block Grant Fund has been active now for several years. CHA has found the Block Grant Fund to be a useful tool to show and account for MTW activities, as well as illustrating CHA's use of MTW fungibility. If CHA income projections prove conservative and there are additional available funds, new projects may also be funded by the Block Grant Fund.

	FY 2011
ESTIMATED BEGINNING CASH-4/1/2010	1,723,431
Sources of Cash	
Trans-MTW HCV	3,531,188
Misc Income	14,000
Total Sources	3,545,188
Total Cash	5,268,619
Uses of Cash	
Operating Transfers	
Transfers to State LIPH	839,603
Transfers to MRVP	130,000
Transfers to P&D -Admin Expenses	190,800
P&D Salary & Benefits	1,315,515
Subtotal	2,475,918
Capital Expenditures	
P & D small capital	25,000
P & D capital	1,794,600
Subtotal	1,819,600
Total Uses	4,295,518
3/31/11 Estimated Balance	973,101

	Operating Reserves
Washington Elms	152,673
Corcoran Park	132,302
Putnam Gardens	201,485
Newtowne Court	47,603
Truman Apts.	143,208
Burns Apts.	181,368
Millers River	126,102
L.B. Johnson	159,146
Jefferson Park	9,307
Garfield	112,197
Roosevelt Towers	120,563
Windsor Court (Non-dwelling)	
Subtotal	1,385,954
MTW Housing Choice Vouchers	2,950,939
Subtotal	2,950,939
Total Reserves	4,336,893

MTW Estimated Operating Reserves

The anticipated consolidated available operating reserve as of March 31, 2010 is projected to be \$4,336,893. This is the reserve from both the MTW Housing Choice Voucher and Federal Public Housing programs. This represents a reasonable and prudent level of operating reserve for these programs, especially given uncertainty over available funding. Listed to the left are the operating reserves assigned to the properties. It is based on the new grouping established by CHA under the Operating Rule provision.

APPENDICES

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APPENDIX 1

Households Served Demographic Information

1.1a Cambridge Federal Public Housing: Households Served by Race: FY 2011 Annual Plan*

	RACE										TOTAL
	American Indian		Black		Asian		White		Other		
FAMILY DEVELOPMENTS											
Washington Elms	2	1.2%	107	62.2%	6	3.5%	57	33.1%	0	0.0%	172
Corcoran Park	4	2.7%	96	64.4%	3	2.0%	46	30.9%	0	0.0%	149
Putnam Gardens	0	0.0%	82	67.8%	4	3.3%	34	28.1%	1	0.8%	121
Newtowne Court	3	1.1%	164	61.9%	12	4.5%	86	32.5%	0	0.0%	265
UDIC**	0	0.0%	16	64.0%	0	0.0%	9	36.0%	0	0.0%	25
River Howard	0	0.0%	17	53.1%	2	6.3%	13	40.6%	0	0.0%	32
Jefferson Park	1	0.6%	124	71.7%	8	4.6%	40	23.1%	0	0.0%	173
Scattered Sites***	0	0.0%	7	53.8%	1	7.7%	5	38.5%	0	0.0%	13
Garfield Street	0	0.0%	6	75.0%	0	0.0%	2	25.0%	0	0.0%	8
Roosevelt Towers	1	0.8%	73	60.3%	4	3.3%	43	35.5%	0	0.0%	121
Family Total	11	1.0%	692	64.1%	40	3.7%	335	31.0%	1	0.1%	1,079
ELDERLY/DISABLED											
H. S Truman Apts.	0	0.0%	10	17.5%	2	3.5%	45	78.9%	0	0.0%	57
Daniel F. Burns	2	1.0%	49	25.0%	8	4.1%	137	69.9%	0	0.0%	196
Millers River	1	0.3%	65	22.3%	7	2.4%	218	74.9%	0	0.0%	291
Lyndon B. Johnson	2	1.1%	67	38.5%	2	1.1%	103	59.2%	0	0.0%	174
Robert S. Weaver	0	0.0%	8	40.0%	0	0.0%	12	60.0%	0	0.0%	20
Elderly/Disabled Total	5	0.7%	199	27.0%	19	2.6%	515	69.8%	0	0.0%	738
TOTAL	16	1%	891	49%	59	3%	850	47%	1	0%	1,817

*Excludes J.F. Kennedy Apts., CHA's HOPE VI program.

UDIC sites include Jackson Street, Fairmont Street and Valentine Street.*Scattered sites include Norfolk St, Centre St, Roberts Rd, Whittemore St, Seagrave Rd, Columbus Ave, and Richdale Ave. Condos.

1.1b Cambridge Federal Public Housing: Households Served Ethnicity: FY 2011 Annual Plan*

	Ethnicity				TOTAL
	Hispanic		Non-Hispanic		
FAMILY DEVELOPMENTS					
Washington Elms	29	16.9%	143	83.1%	172
Corcoran Park	10	6.7%	139	93.3%	149
Putnam Gardens	10	8.3%	111	91.7%	121
Newtowne Court	36	13.6%	229	86.4%	265
UDIC*	1	4.0%	24	96.0%	25
River Howard	4	12.5%	28	87.5%	32
Jefferson Park	17	9.8%	156	90.2%	173
Scattered Sites***	1	7.7%	12	92.3%	13
Garfield Street	0	0.0%	8	100.0%	8
Roosevelt Towers	25	20.7%	96	79.3%	121
Family Total	133	12.3%	946	87.7%	1,079
ELDERLY/DISABLED					
H. S Truman Apts.	1	1.8%	56	98.2%	57
Daniel F. Burns	11	5.6%	185	94.4%	196
Millers River	23	7.9%	268	92.1%	291
Lyndon B. Johnson	9	5.2%	165	94.8%	174
Robert S. Weaver	0	0.0%	20	100.0%	20
Elderly/Disabled Total	44	6.0%	694	94.0%	738
TOTAL	177	10%	1,640	90%	1,817

1.2 Cambridge Federal Public Housing: Households Served by Income Range – FY 2011 Annual Plan*

	INCOME RANGES								TOTAL
	0-30% of AMI		30-50% of AMI		50-80% of AMI		> 80% of AMI**		
FAMILY PH									
Washington Elms	68	39.5%	53	30.8%	26	15.1%	25	14.5%	172
Corcoran Park	65	43.6%	27	18.1%	39	26.2%	18	12.1%	149
Putnam Gardens	61	50.4%	36	29.8%	16	13.2%	8	6.6%	121
Newtowne Court	135	50.9%	68	25.7%	44	16.6%	18	6.8%	265
UDIC***	17	68.0%	5	20.0%	2	8.0%	1	4.0%	25
River Howard	15	46.9%	9	28.1%	6	18.8%	2	6.3%	32
Jefferson Park	77	44.5%	47	27.2%	33	19.1%	16	9.2%	173
Scattered Sites****	5	38.5%	1	7.7%	3	23.1%	4	30.8%	13
Garfield Street	4	50.0%	1	12.5%	1	12.5%	2	25.0%	8
Roosevelt Towers	51	42.1%	31	25.6%	25	20.7%	14	11.6%	121
Family Total	498	46.2%	278	25.8%	195	18.1%	108	10.0%	1,079
ELDERLY/DISABLED PH									
H. S Truman Apts.	35	61.4%	16	28.1%	6	10.5%	0	0.0%	57
Daniel F. Burns	121	61.7%	42	21.4%	28	14.3%	5	2.6%	196
Millers River	198	68.0%	68	23.4%	24	8.2%	1	0.3%	291
Lyndon B. Johnson	116	66.7%	40	23.0%	16	9.2%	2	1.1%	174
Robert S. Weaver	10	50.0%	6	30.0%	3	15.0%	1	5.0%	20
Elderly/Disabled Total	480	65.0%	172	23.3%	77	10.4%	9	1.2%	738
TOTAL	978	54%	450	25%	272	15%	117	6%	1,817

*Excludes J.F. Kennedy Apts., CHA's HOPE VI program.

**The households listed as over 80% of AMI were below 80% at the time they received assistance, and thus were eligible for public housing.

***UDIC sites include Jackson Street, Fairmont Street and Valentine Street.

****Scattered sites include Norfolk St, Centre St, Roberts Rd, Whittemore St, Seagrave Rd, Columbus Ave, and Richdale Ave. Condos.

1.3 Cambridge State Public Housing and Voucher Program: Households Served by Unit size – FY 2011 Annual Plan

	BEDROOM SIZE					TOTAL
	Studio	1BR	2BR	3BR	4+BR	
STATE PH						
State Family	0	56	152	94	15	317
State Elderly	45	248	12	1	0	306
State P.H. Subtotal	45	304	164	95	15	623
STATE VOUCHERS						
State Voucher Subtotal	72	53	27	23	8	183
TOTAL	117	357	191	118	23	806

1.4 Cambridge Federal and State Public Housing: Total Households Served by Unit Size – FY 2011 Annual Plan

	TOTAL UNITS					TOTAL UNITS
	Studio	1BR	2BR	3BR	4 + BR	
Federal PH	473	411	457	377	99	1,817
StatePH	45	304	164	95	15	623
TOTAL	518	715	621	472	114	2,440

1.5 FY 2009 Area Median Income (AMI) for Boston Metropolitan Area, including Cambridge

HOUSEHOLD SIZE	30% of AMI	40% of AMI	50% of AMI Very Low- Income	80% of AMI Low-Income
1	\$18,950	\$25,240	\$31,550	\$46,300
2	\$21,650	\$28,880	\$36,100	\$52,950
3	\$24,350	\$32,480	\$40,600	\$59,550
4	\$27,050	\$36,080	\$45,100	\$66,150
5	\$29,200	\$38,960	\$48,700	\$71,450
6	\$31,400	\$41,840	\$52,300	\$76,750
7	\$33,550	\$44,720	\$55,900	\$82,050
8	\$35,700	\$47,640	\$59,550	\$87,350

Note: Effective March 2009. These limits are determined by the U.S. Department of Housing and Urban Development and are subject to change.

APPENDIX 2

Waiting List Demographic Information

2.1 Waiting List Overview - FY 2011 Annual Plan: Cambridge Federal Public Housing and Housing Choice Voucher Programs

Distinct SS#	# of Applications by Program		# of Applications by Site	
13,502*	Federal Family	7,022	Federal Family	6,782
	Federal Elderly	1,819	Federal Elderly	1,149
	State Family	6,892	1st Available Family	4,607
	State Elderly	1,733	1st Available Elderly	993
	HCV	6,749	State Family	2,593
			State Elderly	825
			1st Available Family	5,572
			1st Available Elderly	1,213
	Total by Program	24,215	Total by Site	23,734

*As of November 1st, 2009 there were 13,502 applicant households seeking ANY type of housing through CHA (these include SROs, Federal Public Housing Family and Elderly, State Public Housing Family and Elderly, and Federal Housing Choice Voucher program).

Note: The relative higher number of applications compared to the total distinct applicant households is due to the combined effect of CHA's site-based waiting list policy and the first available choice that used to be given to applicants until early this fiscal year (applicants can choose up to three sites and may qualify for more than one program type).

Also there are currently 179 applicant households in the newly created waiting lists for scattered sites. These lists are Mid, North, East Cambridge, and Roosevelt Towers Low-Rise.

2.2a **Waiting List by Race** – FY2011 Annual Plan*: Cambridge Federal and State Public Housing

	RACE										TOTAL
	American Indian		Black		Asian		White		Other		
FEDERAL PH											
Washington Elms	9	0.9%	541	52.9%	83	8.1%	388	37.9%	2	0.2%	1,023
Corcoran Park	7	1.1%	349	55.4%	26	4.1%	248	39.4%	0	0.0%	630
Putnam Gardens	8	1.1%	434	60.2%	48	6.7%	229	31.8%	2	0.3%	721
Newtowne Court	8	0.7%	570	50.6%	97	8.6%	448	39.8%	3	0.3%	1,126
UDIC**	7	2.0%	188	54.3%	21	6.1%	130	37.6%	0	0.0%	346
River Howard Homes	6	1.3%	259	57.0%	27	5.9%	159	35.0%	3	0.7%	454
Jefferson Park	15	1.3%	582	50.3%	85	7.4%	474	41.0%	0	0.0%	1,156
Scattered Sites***	-	-	-	-	-	-	-	-	-	-	-
Garfield Street	4	1.4%	156	53.6%	15	5.2%	116	39.9%	0	0.0%	291
Roosevelt Towers	8	0.8%	511	50.5%	70	6.9%	419	41.4%	3	0.3%	1,011
H.S. Truman Apartments	1	1.0%	25	25.0%	4	4.0%	70	70.0%	0	0.0%	100
Burns Apartments	2	0.7%	91	34.0%	8	3.0%	167	62.3%	0	0.0%	268
Miller's River	5	1.1%	150	33.8%	16	3.6%	272	61.3%	1	0.2%	444
L.B. Johnson	1	0.3%	113	36.9%	16	5.2%	176	57.5%	0	0.0%	306
Weaver Apartments	1	2.6%	11	28.9%	5	13.2%	21	55.3%	0	0.0%	38
Fed Family First Available	40	0.9%	2,161	47.2%	172	3.8%	2,199	48.0%	10	0.2%	4,582
Fed Eld/Dis First Available	19	1.9%	317	32.2%	20	2.0%	628	63.7%	2	0.2%	986
Federal Subtotal	141		6,458		713		6,144		26		13,482
STATE PH											
Woodrow Wilson	9	1.2%	348	47.2%	33	4.5%	346	46.9%	1	0.1%	737
Lincoln Way	7	1.5%	211	45.9%	13	2.8%	229	49.8%	0	0.0%	460
Jackson Gardens	6	0.6%	480	47.9%	70	7.0%	444	44.3%	2	0.2%	1,002
Willow Street	4	1.4%	150	51.5%	10	3.4%	126	43.3%	1	0.3%	291
Manning	4	1.0%	116	30.3%	56	14.6%	207	54.0%	0	0.0%	383
Linnaen Street	2	1.7%	18	14.9%	8	6.6%	93	76.9%	0	0.0%	121
Russell Apartments	2	0.9%	75	33.2%	19	8.4%	130	57.5%	0	0.0%	226
Putnam School	0	0.0%	31	32.3%	5	5.2%	60	62.5%	0	0.0%	96
State Family First Available	48	0.9%	2,430	43.9%	192	3.5%	2,857	51.6%	10	0.2%	5,537
State Eld/Dis First Available	28	2.3%	377	31.3%	27	2.2%	770	64.0%	2	0.2%	1,204
State Subtotal	110		4,236		433		5,262		16		10,057
Total****	251		10,694		1,146		11,406		42		23,539

*Excludes J.F. Kennedy Apts., CHA's HOPE VI program.

**UDIC sites include Jackson Street, Fairmont Street, and Valentine Street.

****Scattered sites include Norfolk St, Centre St, Roberts Rd, Whittemore St, Seagrave Rd, Columbus Ave, and Richdale Ave. Condos.

****This total number on all site-based waiting lists differs from the total number of applicants on the Federal Waiting List shown in Chapter II because applicants may choose to be placed on up to three site-based waiting lists and because this table includes site-based waiting lists for state developments.

2.2b **Waiting List by Ethnicity** – FY2011 Annual Plan*: Cambridge Federal and State Public Housing

	Ethnicity				TOTAL
	Hispanic		Non-Hispanic		
FEDERAL PH					
Washington Elms	237	23.2%	783	76.8%	1,020
Corcoran Park	119	18.9%	511	81.1%	630
Putnam Gardens	127	17.6%	593	82.4%	720
Newtowne Court	264	23.4%	862	76.6%	1,126
UDIC**	56	16.2%	290	83.8%	346
River Howard Homes	98	21.7%	354	78.3%	452
Jefferson Park	277	24.0%	879	76.0%	1,156
Scattered Sites***	-	-	-	-	-
Garfield Street	77	26.5%	214	73.5%	291
Roosevelt Towers	240	23.7%	771	76.3%	1,011
H.S. Truman Apartments	12	12.0%	88	88.0%	100
Burns Apartments	40	14.9%	228	85.1%	268
Miller's River	57	12.8%	387	87.2%	444
L.B. Johnson	38	12.4%	268	87.6%	306
Weaver Apartments	1	2.6%	37	97.4%	38
Fed Family First Available	1,067	23.3%	3,515	76.7%	4,582
Fed Eld/Dis First Available	112	11.4%	874	88.6%	986
Federal Subtotal	2,822		10,654		13,476
STATE PH					
Woodrow Wilson	169	22.9%	568	77.1%	737
Lincoln Way	120	26.1%	340	73.9%	460
Jackson Gardens	265	26.4%	737	73.6%	1,002
Willow Street	67	23.0%	224	77.0%	291
Manning	53	13.8%	330	86.2%	383
Linnaen Street	8	6.6%	113	93.4%	121
Russell Apartments	23	10.2%	203	89.8%	226
Putnam School	12	12.5%	84	87.5%	96
State Family First Available	1,394	25.2%	4,143	74.8%	5,537
State Eld/Dis First Available	141	11.7%	1,063	88.3%	1,204
State Subtotal	2,252		7,805		10,057
TOTAL****	5,074		18,459		23,533

*Excludes J.F. Kennedy Apts., CHA's HOPE VI program.

**UDIC sites include Jackson Street, Fairmont Street, and Valentine Street.

***Scattered sites include Norfolk St, Centre St, Roberts Rd, Whittemore St, Seagrave Rd, Columbus Ave, and Richdale Ave. Condos.

****This total number on all site-based waiting lists differs from the total number of applicants on the Federal Waiting List shown in Chapter II because applicants may choose to be placed on up to three site-based waiting lists and because this table includes site-based waiting lists for state developments.

2.3a Waiting List by Race – FY2011 Annual Plan*: Cambridge Residents - Federal and State Public Housing

	RACE										TOTAL
	American Indian		Black		Asian		White		Other		
FEDERAL PH											
Washington Elms	2	0.8%	162	61.6%	22	8.4%	76	28.9%	1	0.4%	263
Corcoran Park	2	1.2%	109	63.4%	7	4.1%	54	31.4%	0	0.0%	172
Putnam Gardens	3	1.1%	172	64.9%	22	8.3%	67	25.3%	1	0.4%	265
Newtowne Court	1	0.3%	178	58.9%	30	9.9%	92	30.5%	1	0.3%	302
UDIC**	3	2.8%	58	53.7%	6	5.6%	41	38.0%	0	0.0%	108
River Howard Homes	4	2.2%	105	57.7%	13	7.1%	58	31.9%	2	1.1%	182
Jefferson Park	4	1.8%	145	64.2%	21	9.3%	56	24.8%	0	0.0%	226
Scattered Sites***	-	-	-	-	-	-	-	-	-	-	-
Garfield Street	0	0.0%	33	63.5%	2	3.8%	17	32.7%	0	0.0%	52
Roosevelt Towers	1	0.3%	173	54.9%	21	6.7%	118	37.5%	2	0.6%	315
H.S. Truman Apartments	1	2.9%	9	25.7%	0	0.0%	25	71.4%	0	0.0%	35
Burns Apartments	1	1.1%	29	30.9%	1	1.1%	63	67.0%	0	0.0%	94
Miller's River	1	0.6%	63	35.2%	3	1.7%	111	62.0%	1	0.6%	179
L.B. Johnson	1	0.7%	50	37.3%	7	5.2%	76	56.7%	0	0.0%	134
Weaver Apartments	0	0.0%	7	36.8%	4	21.1%	8	42.1%	0	0.0%	19
Fed Family First Available	6	0.6%	531	49.8%	35	3.3%	490	46.0%	4	0.4%	1,066
Fed Eld/Dis First Available	5	2.1%	84	35.0%	4	1.7%	147	61.3%	0	0.0%	240
Federal Subtotal	35		1,908		198		1,499		12		3,652
STATE PH											
Woodrow Wilson	2	1.0%	98	48.5%	16	7.9%	85	42.1%	1	0.5%	202
Lincoln Way	0	0.0%	57	72.2%	3	3.8%	19	24.1%	0	0.0%	79
Jackson Gardens	0	0.0%	110	52.4%	28	13.3%	70	33.3%	2	1.0%	210
Willow Street	2	1.8%	51	45.9%	8	7.2%	50	45.0%	0	0.0%	111
Manning	1	0.8%	42	35.0%	11	9.2%	66	55.0%	0	0.0%	120
Linnaen Street	1	2.2%	6	13.0%	3	6.5%	36	78.3%	0	0.0%	46
Russell Apartments	0	0.0%	22	31.9%	5	7.2%	42	60.9%	0	0.0%	69
Putnam School	0	0.0%	9	31.0%	1	3.4%	19	65.5%	0	0.0%	29
State Family First Available	7	0.6%	533	49.2%	37	3.4%	502	46.4%	4	0.4%	1,083
State Eld/Dis First Available	6	1.8%	108	32.0%	8	2.4%	215	63.8%	0	0.0%	337
State Subtotal	19		1,036		120		1,104		7		2,286
Total****	54		2,944		318		2,603		19		5,938

*Excludes J.F. Kennedy Apts., CHA's HOPE VI program.

**UDIC sites include Jackson Street, Fairmont Street, and Valentine Street.

***Scattered sites include Norfolk St, Centre St, Roberts Rd, Whittemore St, Seagrave Rd, Columbus Ave, and Richdale Ave. Condos.

****This total number on all site-based waiting lists differs from the total number of applicants shown in table 2.2a and 2.2b because this table represents the total number of Cambridge Residents only.

2.3b **Waiting List by Ethnicity** – FY2011 Annual Plan*: Cambridge Residents - Federal and State Public Housing

	Ethnicity				TOTAL
	Hispanic		Non-Hispanic		
FEDERAL PH					
Washington Elms	35	13.3%	228	86.7%	263
Corcoran Park	23	13.4%	149	86.6%	172
Putnam Gardens	27	10.2%	238	89.8%	265
Newtowne Court	41	13.6%	261	86.4%	302
UDIC**	12	11.1%	96	88.9%	108
River Howard Homes	30	16.5%	152	83.5%	182
Jefferson Park	29	12.8%	197	87.2%	226
Scattered Sites***	-	-	-	-	-
Garfield Street	8	15.4%	44	84.6%	52
Roosevelt Towers	55	17.5%	260	82.5%	315
H.S. Truman Apartments	1	2.9%	34	97.1%	35
Burns Apartments	10	10.6%	84	89.4%	94
Millers River	18	10.1%	161	89.9%	179
L.B. Johnson	12	9.0%	122	91.0%	134
Weaver Apartments	1	5.3%	18	94.7%	19
Fed Family First Available	143	13.4%	923	86.6%	1,066
Fed Eld/Dis First Available	19	7.9%	221	92.1%	240
Federal Subtotal	464		3,188		3,652
STATE PH					
Woodrow Wilson	31	15.3%	171	84.7%	202
Lincoln Way	11	13.9%	68	86.1%	79
Jackson Gardens	35	16.7%	175	83.3%	210
Willow Street	19	17.1%	92	82.9%	111
Manning	20	16.7%	100	83.3%	120
Linnaen Street	2	4.3%	44	95.7%	46
Russell Apartments	6	8.7%	63	91.3%	69
Putnam School	4	13.8%	25	86.2%	29
State Family First Available	143	13.2%	940	86.8%	1,083
State Eld/Dis First Available	26	7.7%	311	92.3%	337
State Subtotal	297		1,989		2,286
TOTAL****	761		5,177		5,938

*Excludes J.F. Kennedy Apts., CHA's HOPE VI program.

**UDIC sites include Jackson Street, Fairmont Street, and Valentine Street.

***Scattered sites include Norfolk St, Centre St, Roberts Rd, Whittemore St, Seagrave Rd, Columbus Ave, and Richdale Ave. Condos.

****This total number on all site-based waiting lists differs from the total number of applicants shown in table 2.2a and 2.2b because this table represents the total number of Cambridge Residents only.

2.4 **Waiting List by Unit Size** – FY 2011 Annual Plan: Cambridge State Public Housing

	BEDROOM SIZE					TOTAL UNITS
	Studio	1BR	2BR	3BR	4+BR	
STATE PH						
State Family	95	2,505	2,863	1,240	195	6,898
State Elderly	1,486	187	81	4	2	1,760
State PH Subtotal	1,581	2,692	2,944	1,244	197	8,658
STATE VOUCHERS						
	CHA no longer maintains a separate state voucher waitlist.					
TOTAL						8,658

APPENDIX 3

Management Indicators

3.1 Cambridge Federal Public Housing: Occupancy Levels – FY 2011 Annual Plan*

	FY 2010 YTD		FY 2011 EXPECTED	
	Gross %	Adjusted %**	Gross %	Adjusted %
FEDERAL PH				
Washington Elms**	99.0%	99.5%	99.0%	99.5%
Corcoran Park**	98.9%	99.5%	98.9%	99.5%
Putnam Gardens	98.9%	98.9%	98.9%	98.9%
Newtowne Court	99.6%	99.6%	99.6%	99.6%
UDIC**	97.5%	98.8%	92.0%	98.8%
River Howard	99.2%	99.2%	99.2%	99.2%
Jefferson Park	98.6%	98.6%	98.6%	98.6%
Scattered Sites	100.0%	100.0%	100.0%	100.0%
Garfield Street	100.0%	100.0%	100.0%	100.0%
Roosevelt Towers	99.1%	99.1%	99.1%	99.1%
Truman Apts.	98.2%	98.2%	98.2%	98.2%
Burns Apts.	98.9%	98.9%	98.9%	98.9%
Millers River**	94.7%	97.2%	94.7%	97.2%
L.B. Johnson**	94.3%	96.4%	94.3%	97.0%
Weaver Apartments	100.0%	100.0%	100.0%	100.0%
TOTAL	97.9%	98.6%	98.0%	TBD

*Excludes J.F. Kennedy Apts., CHA's HOPE VI program.

** Adjusted for modernization activities

Note: the calculation of occupancy levels is made using a gross count of units that excludes non-dwelling units. These include office space and special use units, totaling 10 non-dwelling units.

3.2 Cambridge Federal Public Housing: Rent Collection – FY 2011 Annual Plan

	FY 2010 YTD ACTUAL	FY 2011 EXPECTED
FEDERAL PH		
Washington Elms	98.3%	98.0%
Corcoran Park	98.0%	98.0%
Putnam Gardens	99.1%	98.0%
Newtowne Court	98.9%	98.0%
UDIC**	98.7%	98.0%
River Howard	98.4%	98.0%
Jefferson Park	98.9%	98.0%
Scattered Sites	99.1%	98.0%
Garfield Street	100.0%	98.0%
Roosevelt Towers	98.9%	98.0%
Truman Apts.	98.5%	98.0%
Burns Apts.	99.9%	98.0%
Millers River	99.9%	98.0%
L.B. Johnson	99.7%	98.0%
Weaver	98.7%	98.0%
TOTAL	99.0%	98.0%

**UDIC sites include Jackson Street, Fairmont Street, and Valentine Street..

3.3 Cambridge Federal Public Housing: Work Order Responses – FY 2011 Annual Plan*

	FY 2010 YTD		FY 2011 EXPECTED	
	Emergency % Completed Under 24Hrs.	Non-Emergency Average Days to Complete	Emergency % Completed Under 24Hrs.	Non-Emergency Average Days to Complete
FEDERAL PH				
Washington Elms	100.0%	3.1	100.0%	7.0
Corcoran Park	100.0%	1.2	100.0%	7.0
Putnam Gardens	100.0%	1.7	100.0%	7.0
Newtowne Court	100.0%	3.5	100.0%	7.0
UDIC**	100.0%	2.4	100.0%	7.0
River Howard	100.0%	1.5	100.0%	7.0
Jefferson Park	100.0%	3.2	100.0%	7.0
Scattered Sites	100.0%	7.2	100.0%	7.0
Garfield Street	100.0%	2.8	100.0%	7.0
Roosevelt Towers	100.0%	4.1	100.0%	7.0
Truman Apts.	100.0%	3.3	100.0%	7.0
Burns Apts.	100.0%	1.9	100.0%	7.0
Millers River	100.0%	2.3	100.0%	7.0
L.B. Johnson	100.0%	1.3	100.0%	7.0
Weaver	100.0%	1.0	100.0%	7.0
TOTAL	100%	2.4	100%	7.0

* Excludes J.F. Kennedy Apts., the CHA's HOPE VI program.

**UDIC sites include Jackson Street, Fairmont Street, and Valentine Street..

3.4 Cambridge Federal Public Housing: Inspections – FY 2011 Annual Plan*

	CALENDAR 2009YTD		FY 11 EXPECTED	
	% Inspected	% Passing UPCS	% Inspected	% Passing UPCS
Federal Sites				
Washington Elms	100.0%	100.0%	100.0%	100.0%
Corcoran Park	100.0%	100.0%	100.0%	100.0%
Putnam Gardens	100.0%	100.0%	100.0%	100.0%
Newtowne Court	100.0%	100.0%	100.0%	100.0%
UDIC**	100.0%	100.0%	100.0%	100.0%
River Howard	100.0%	100.0%	100.0%	100.0%
Jefferson Park	100.0%	100.0%	100.0%	100.0%
Scattered Sites	100.0%	100.0%	100.0%	100.0%
Garfield Street	100.0%	100.0%	100.0%	100.0%
Roosevelt Towers	100.0%	100.0%	100.0%	100.0%
Truman Apts.	100.0%	100.0%	100.0%	100.0%
Burns Apts.	100.0%	100.0%	100.0%	100.0%
Millers River	100.0%	100.0%	100.0%	100.0%
L.B. Johnson	100.0%	100.0%	100.0%	100.0%
Weaver	100.0%	100.0%	100.0%	100.0%
TOTAL	100%	100%	100%	100%

* Excludes J.F. Kennedy Apts., the CHA's HOPE VI program.

**UDIC sites include Jackson Street, Fairmont Street, and Valentine Street.

3.5 Cambridge Housing Choice Voucher Program: Inspections – FY 2011 Annual Plan

	FY 2011 Units Inspected - Estimated	Percent Passing HQS
Project-Based	52	100.0%
Group 1	167	100.0%
Group 2	372	100.0%

NOTE: CHA's inspection protocols were revised in FY 08. A full description of CHA'S MTW inspection protocols can be found in the Leased Housing Program Chapter of the FY 08 MTW Annual Report.

APPENDIX 4

FAMILY OPPORTUNITY SUBSIDY (FOS)

I. Background

In 2008 the Cambridge Housing Authority (CHA) was approached by Heading Home Inc. regarding an opportunity to be part of a partnership responding to the State's RFP to end homelessness. With very little hesitation, the CHA opted to join Heading Home, Parenting Resource Associates and the Executive Office of Massachusetts Community Colleges by providing a pledge of 55 subsidies. Just prior to the end of 2008, the partnership was informed that the proposal was accepted. The goal of the partnership will be to provide supported housing with integrated employment and intensive life skills supports with the goal of decreasing stays in shelter, and creating better housing and life outcomes through increased employment income.

As described later, CHA recognizes that there are many risks inherent to this program model. This program design makes assumptions about families' abilities to make reasonable long-term economic choices for themselves as well their ability to continue increasing employment income over time. CHA is unsure whether or not our assumptions in these critical areas are correct; however given the statutory goal of the MTW Program with respect to promoting self-sufficiency among assisted families, we are not shying away from giving this creative program design a shot. The potential successes clearly outweigh the potential failures.

As noted, the Partnership will include:

- Heading Home Inc.: an agency that the CHA has worked closely with over the past several years. Their mission statement is a reflection of what this Cambridge agency is all about: "to end homelessness in Greater Boston by providing housing in conjunction with effective support services to help change the conditions that create homelessness". While providing housing is certainly the most obvious way to end homelessness, Heading Home Inc., goes beyond just the roof over one's head, they work to change the mindset and provide the tools necessary to assure that a willing household does not return to homelessness. In this partnership, they are acting as the lead, pulling in and coordinating the other partners.
- Parenting Resource Associates, Inc.: and the Executive Office of Massachusetts Community Colleges are separate agencies that have combined their efforts to form the COMPASS Community College Collaborative. This public/private collaborative combines and leverages the existing efforts of Parenting Resource Associates COMPASS for homeless families program with the Massachusetts Community Colleges' welfare to work training programs. The collaborative

provides participants with intensive education and training, internships and employment opportunities as well individual coaching. The ultimate goal of this collaborative is to provide the tools necessary for the household to become self-sufficient.

In addition, Dr. Dennis Culhane will be studying the outcomes from this Partnership. Dr. Culhane is a Professor at the University of Pennsylvania and has done extensive research on homelessness and authored numerous housing studies. His research has been instrumental in a national shift in how society addresses homelessness, including expansions of supported housing for people who are chronically homeless, and housing stabilization programs for families and individuals at-risk of homelessness.

For the CHA this partnership, and more importantly this program model, offers a unique opportunity through our Moving to Work (MTW) deregulation authority to completely restructure the delivery of housing subsidies under the Housing Choice Voucher Program (HCV). As an MTW Agency, CHA is able to develop a program designed specifically for these hard-to-house families – a program that is simple to understand, not as intrusive as the HCV program and includes real financial incentives for families to increase their earnings and savings, and move rapidly towards attaining their economic and educational goals. While similar goals led to the creation of the Rent Simplification model that is currently used by CHA in its federal public housing, creating a program that meets CHA's goals of recasting the voucher program has proved elusive until now.

By leveraging the supportive services provided by the Partnership's other members, CHA is finally in a position to move ahead with a voucher program specifically designed to work in cooperation with other providers, with the shared goal of demonstrating a new way to help homeless families find their way to economic and social security. We call this new program the **Family Opportunity Subsidy (FOS)**. The FOS is markedly different from the traditional HCV program in almost every way. Unlike typical HCV households, FOS participants will first benefit from the wide-array of supportive services, educational opportunities and economic incentives provided by the other members of the Partnership. CHA strongly believes that families sustained by a strong supportive network of service providers will make the right housing choices for themselves. The FOS program embraces this belief by providing participants much greater personal responsibility and flexibility with regard to selecting and budgeting for their housing. Some of the noteworthy elements of the FOS program include the following:

- **Subsidy starts in the 3rd month of participation as a sponsor based voucher administered by Heading Home (the coordinating service provider for the Partnership)**
- **FOS complements Heading Home's Asset Development Program using an IDA**

- **After 12 months, provided the family meets specific program goals, the sponsor-based subsidy converts to a tenant-based FOS**
- **Including the sponsor based component, a 10 year family subsidy budget is established**
- **Generous subsidies in the early years**
- **Declining subsidies in the later years**
- **Easy to understand funding levels**
- **Significant monetary incentive for program completion**
- **Significant monetary incentives for families to increase income**
- **Allows families to make important housing choices, at first with support and later on their own**
- **Requires family budgeting**
- **Subsidy paid directly to participants after the first year**
- **Sensible hardship provisions in the form of a housing subsidy contingency**
- **Ease of administration**

For each participating family, the FOS program creates a fixed 10-year subsidy budget that is periodically adjusted to reflect increases in housing costs. By providing participants a total “family subsidy budget” at the start of the program, as well as providing monthly statements showing the budget balance, families (and their support teams) know exactly how much subsidy will be available to them throughout the anticipated nine (Plus 1) years of the program. Families could exit the program sooner than this, but for planning purposes CHA has assumed that improvement to a family’s economic circumstances may be generational in that both adults and children must have the time and resources to advance. Should adults plateau children may still advance through the educational system, but that takes time.

The most striking detail of the FOS program that differentiates it from the HCV program is that after income eligibility is determined family income plays no part in the calculation of the family’s contribution towards rent, except when household incomes become so high that continued subsidies are unnecessary. Under the family subsidy approach, the annual amount of the subsidy is established using actual cost data on hand as of April 1st each year. The initial value of the voucher is based on the 75th percentile of the experienced housing assistance payment (HAP) by bedroom size for HCV households with one wage earner. This data is further divided into two groups: those residing in Cambridge and those that are not. (The Cambridge market is one of the most expensive housing markets in the country and rentals outside of Cambridge often cost markedly less.)

This amount is further increased by 20% in years 1 and 2 and 5% in years 3 and 4 to front load the subsidy available in the early years of the program, when it is expected families will need the

most support. To ensure that the subsidy values keep pace with inflation, CHA will adjust the value of the subsidies using actual housing assistance payment (HAP) cost data. Subsidy amounts paid to the families will be adjusted to reflect inflation each time a family moves to a new subsidy level at the beginning of years 3, 5 and 7.

There are no income exclusions, deductions or utility allowances necessary since the HAP data already takes this information into account. In addition, subsidy payments are not made to property owners, but instead to Heading Home for the first year and then deposited directly into each family's bank account in subsequent years. After the first year, it is the family's responsibility to pay the owner the full rent amount. In years 2 and 3, families may need to document to CHA that they have paid the rent prior to the deposit of subsidy in each subsequent month. CHA recognizes that in the early years of the program the family may need the Partnership's intensive supportive services to develop the skills necessary to manage these funds.

Finally, there is also a one-time cash distribution made to a CHA controlled interest bearing escrow account for the family at the start of year 2. This one time payment (the "Plus 1 Payoff") is equal to a full subsidy for year 2 at conversion from the sponsor based to the tenant based component of the FOS program. A portion of the Plus 1 Payoff will also be made available to recognize other program benchmarks for household improvement. Beginning in year 3, families may withdraw up to 15% of their Plus 1 Escrow funds for higher education; small business start-up; contributions towards retirement accounts or a child's 529 account; a car necessary to attain, maintain or increase employment or higher education; or a computer. Withdrawn funds are not replenished.

At the end of year 9, when families have exhausted their family subsidy budgets, they are given the balance of the funds in the escrow account along with any accrued interest. At year 9 there are no restrictions on the use of these funds; they are the family's to do with whatever they feel is appropriate. The intent of the Plus 1 Payoff is to provide participating households an incentive for staying in the FOS program, and working to meet their self-sufficiency goals. Generally, families who leave the program prior to the end of year 9 are not eligible for the Plus 1 Payoff. However, there are three exceptions:

- If the family has been approved for a mortgage, the Plus 1 Payoff can be released at the time of closing ;
- Beginning in year 3 and continuing for years 5 and 7, if 30% of a family's net income is equal to or greater than the rent they are paying for their apartment (and has been for the previous 12 months) the family is graduated from the FOS program and the Plus 1 Payoff is provided with no restriction on use.

- Once the Plus 1 Payoff has been deposited into a family's escrow account, if a family's income reaches 120% of area median income (AMI), the family is graduated from the FOS program and the Plus 1 Payoff is provided with no restriction on use. Each year families will be informed of the latest 120% AMI data for their household size. Households will be required to notify CHA if their incomes reach or exceed the 120% AMI threshold. Failure to notify CHA when the 120% threshold is reached will result in termination from the FOS program without any access to the Plus 1 Payout escrow account. CHA will periodically use HUD's Enterprise Income Verification (EIV) system to verify families' compliance with this program requirement.

While these funds are intended to be there for the family at the end of the program, they can also be used as a hardship fund when unanticipated income loss makes paying rent difficult in years three through nine.

Following on the next page is a flow chart showing how the program unfolds. Heading Home first provides access to a sponsor-based voucher at month three provided the family meets specific program requirements. After using the sponsor based voucher for 12 months, the sponsor-based voucher can be converted to the tenant based component of FOS if the family has completed additional program requirements. Any remaining sponsor based subsidy may be applied to the family's IDA at this time. Additionally, Heading Home may recommend families enter the tenant based component early if the family has completed all of its program requirements and is, in Heading Homes' opinion, well prepared to enter the tenant based component early.

Partnership Concept Chart

(No CHA Involvement at this time)

- Family makes contact with the Department of Transitional Assistance (DTA) Office seeking shelter assistance.
- DTA performs an intake where they check eligibility and they inform the family of the program expectations.
- If eligible, DTA determines where there are openings and makes a referral to a Service Provider.



- The Service Provider, in this case Heading Home, places the family into an available Scattered Site Supported Transitional Housing unit that is funded by the Department of Housing and Community Development (DHCD).
- Family receives in home case management and complete assessment based housing and self sufficiency plans Heading Home prepares a Case management Plan, Service Plan and Housing Plan as required by DHCD.



- Heading Home provides the family with two options to stay in the DHCD funded unit:
1. Perform the regular 30 hour work /community service requirement needed to meet DHCD expectations; or
 2. Participate in the COMPASS Community College Collaborative



- Family opts into the COMPASS Community College Collaborative
Attends community college full time for 10 to 12 weeks where they:
- Complete a workforce certificate training course,
 - Attend Adult Basic Education Classes,
 - Engage in self-sufficiency education and skills development training (10 hours /week),
 - And if needed, work towards their GED and English language proficiency.



- Family opts to perform standard 30-hour work community service requirement
FAMILY EXITS THE PROGRAM

3 MONTHS



- Families that have not:
- Participated in an internship, worked towards higher education goals, found employment; and
 - Been good tenants (maintained apartment and met with case manager as required); are
 - Assisted in the standard DHCD housing search.
- FAMILY EXITS THE PROGRAM**

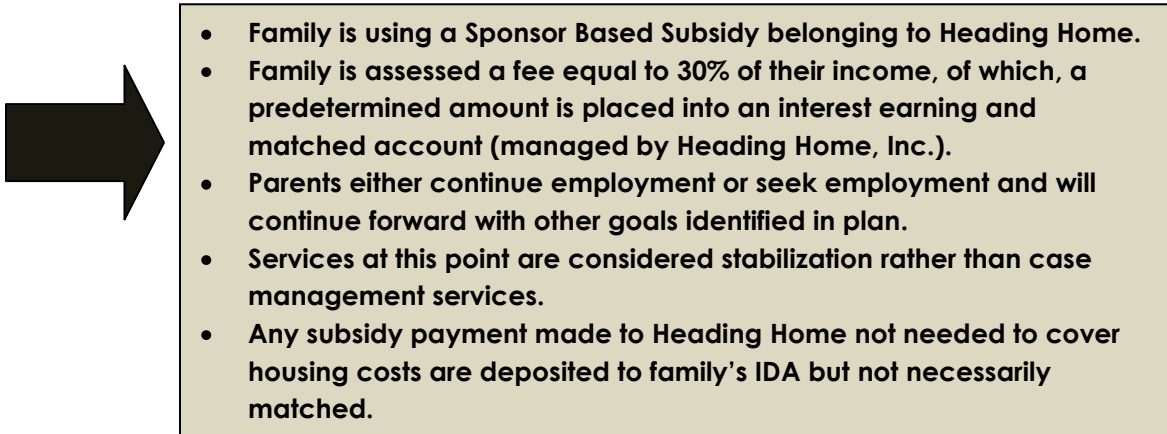


- Families that have:
- Participated in an internship, worked towards higher education goals, found employment; and
 - Been good tenant (maintained apartment and met with case manager as required); are
 - Offered use of a sponsor based voucher.



Partnership Concept (con't.)

(CHA Involvement with family STARTS at end of month 12 if eligibility criteria are met)



12 – 15 MONTHS



Parent has:

- Been employed a minimum of 20 hours per week for six months; and
- Has made timely payment of monthly fee; and
- Has made timely payments of any tenant assessed utilities; and
- Has been good tenant (maintained apartment and met with case manager as required); are
- Offered a tenant-based Family Opportunity Subsidy by CHA; and
- Signs FOS Family Participation Agreement with the CHA.

Heading Home may recommend a family transition from the Sponsor Based to the Family Opportunity program earlier than months 12 – 15 .

Parent has not:

- Been employed a minimum of 20 hours per week for six months; and/or
- Has not made timely payment of monthly fee; and/or
- Has not made timely payments of any tenant assessed utilities; and/or
- Has not been good tenant (maintained apartment and met with case manager as required); are
- Provided with standard DHCD housing search assistance while utilizing the Sponsor Based voucher.

FAMILY EXITS THE PROGRAM

II. Administration

All sections of CHA's Housing Choice Voucher Administrative Plan govern the FOS program except in those areas discussed below. In case of a conflict the FOS rules will govern. Among other items, the Administrative Plan provides for due process in the event of termination of assistance.

III. Availability of Subsidy

The FOS program will be allotted an annual set-aside from the MTW block grant to run a program for approximately 55 participants. It will be the Director of Leased Housing or his/her designee's responsibility to monitor the monthly cash flow to determine if and when additional slots will be made available to Heading Home. Money that is not spent from the allotted funds shall remain available for the FOS program in following years and shall not cause a reduction in future allocations.

IV. Admission to FOS Program/Asset Development

The Department of Transitional Assistance (DTA) and/or Department of Housing and Community Development (DHCD) direct potential participants for the FOS program to Heading Home. Those that are referred to Heading Home do not need to be an applicant on CHA's waiting list nor do they need to submit a preliminary application.

Since participants are not required to apply through CHA, the waiting list preferences do not apply to the FOS program. In addition, applicants that receive emergency status from CHA do not have access to the FOS program as a housing resource. For purposes of the FOS program, DTA/DHCD referrals will be considered special admissions.

Only those referrals from DTA/DHCD that volunteer to participate in COMPASS, complete COMPASS, and meet any and all additional program obligations as defined by Heading Home, Parenting Resource Associates and the Executive Office of Massachusetts Community Colleges will be considered for the FOS program.

Once Heading Home identifies a potential participant for the FOS program, and before the family is allowed to utilize a Sponsor Based Subsidy, Heading Home will verify and/or collect the following information:

1. Must be a "family" or an elderly, disabled or handicapped person;
2. Must be within the appropriate income limits for eligibility, that is have an annual income less than 50% of the Area Median Income as published by HUD;
3. Must furnish Social Security Numbers or HUD issued alternative ID for all family members;

4. Must provide valid photo id for all household members 18 years and older; and
5. Must furnish a declaration of Citizenship or Eligible Immigrant Status and verification where required; and at least one member of the potential family must be either a U.S. citizen or have eligible immigration status before participating in the FOS program.

In addition to meeting the program goals and benchmarks established by the Partnership, to qualify for conversion from sponsor-based to tenant-based assistance a family must meet the following criteria:

1. Unless they are current on a payback agreement, no potential participant or a member of his/her household can owe money to CHA or any other housing authority.
2. No household member has been evicted or terminated from any state or federally assisted housing program for drug related criminal activity in the past five years.
3. No household member is currently engaging in the illegal use of a drug, or given CHA reasonable cause to believe that a household's illegal use or pattern of illegal use of a drug, may threaten the health, safety, or right to peaceful enjoyment of the premises by other households.
4. No household member is fleeing to avoid prosecution, or custody or confinement after conviction, for a felony crime.
5. No household member has a criminal history of violence against persons or properties, or serious drug related offense including but not limited to:
 - Homicide or murder, arson, armed robbery, drug trafficking, drug distribution, drug manufacture, domestic violence, weapons offenses, criminal sexual assault, home invasion, child molestation and other crimes against children.
6. No household member has a criminal history in the past five (5) years that involves crimes against persons or property including but not limited to:
 - Vandalism or destruction of property, possession of illegal drugs, threats or harassment, assault or fighting, burglary or breaking and entering, robbery.

In all of these cases, the Director of Leased Housing or his/her designee will meet with Heading Home to determine whether the intent of the FOS program and/or mitigating circumstances presented by the potential participant are sufficient to allow participation. In weighing mitigating circumstances the CHA will consider:

- The time, nature, and extent of the potential participant's past conduct and factors (mitigating circumstances) that might indicate favorable future conduct. To be considered, the factors indicating favorable future conduct must be verifiable; and/or,

- If potential participants with negative behavior in their recent past can document, to the CHA's satisfaction, that he/she has been rehabilitated.

Heading Home has agreed **not** to allow households that fall into the following categories to participate in either the sponsor based component or the tenant based component of the FOS program:

1. Has a household member that was convicted of manufacture or production of methamphetamine on the premises of any federally assisted housing; or
2. A household member who is subject to a lifetime registration requirement under a State sex offender registration program; or
3. A household member (prior to or during participation) has intentionally misrepresented information related to eligibility, housing history, household composition or rent.

If, after being referred by Heading Home, the Director of Leased Housing or his/her designee declares a potential participant ineligible to participate in the FOS program the potential participant may appeal the decision to a CHA Conference Panel. However, any decisions by Heading Home made prior to a referral for participation in the tenant based component or decisions by Heading Home regarding participation in the sponsor-based component of the FOS program cannot be appealed to a CHA Conference Panel.

V. Asset Development

In the second year of the program families participating in COMPASS will also participate in Heading Home's Asset Development program. Participating families will be expected to save between \$20 and \$50 a month in their account. Heading Home will match this by three times, thus a family contributing \$20 a month will receive a monthly match of \$60. In addition, each family can select three milestones each year that will trigger bonus payments of \$500 to the account. Milestones will be selected from a menu of milestones as listed below.

Further, CHA will allow Heading Home, to the extent the family budget and services support costs permit, to deposit a portion of the sponsor based subsidy into the family's IDA. This IDA contribution is over and above any Heading Home match.

First Year IDA Milestones

- Opens IDA account
- Completes job training at COMPASS
- Gets a job (20 hours or more)
- Keeps a job for 6 months
- Gets a promotion
- Enrolls in College Program
- Improves FICA Score
- Reduces % Debt

Process Outline

1. Orientation to IDA Program (individual or group) at Job Training enrollment.
2. Case Manager completes IDA application/contract w Participant specifying goals etc. milestones and method of payment (direct deposit debit, bank deposit) and monthly amount.
3. Application sent to MIDAS.
4. MIDAS opens account.
5. Participant receives monthly statements w/ match statements from MIDAS.
6. Participant presents verification of milestones as listed below to case managers.
7. Verification sent by case manager to MIDAS.

Forms of Verification: Training Certificates, Confirmation of Employment Letters, Case Manager verifies employment over phone, Bank statements.

Uses of Funds After Vested: Down payment on home, Higher Education, Small Business Start-up, Retirement Accounts, 529 for Kids Education, Rainy Day Fund, Car, Computer.

VI. Voucher Size

A family is assigned a voucher bedroom size by Heading Home at the time that they are transitioned from the DTA/DHCD funded Supported Transitional Housing Program to the sponsor based component of the FOS program. This voucher size is based on what the family is eligible for at that time and is in accordance with the CHA's occupancy guidelines. Once assigned, the voucher size can only be adjusted at the time that the family is converted from the sponsor based to the tenant based component in year 2 and at the start of years 3, 5, and 7. A family's voucher size is only increased in cases of birth, awarding of custody or adoption.

The one time Plus 1 Payout to the housing escrow fund is based on the voucher size applicable at the start of Year 2.

VII. Receipt of FOS (Tenant Based Component)

After utilizing a sponsor based voucher for 12 months Heading Home must determine whether or not a family has met their obligations to convert to the tenant-based component of FOS; if Heading Home believes they have, a briefing will be scheduled with CHA. The briefing will be held in conjunction with staff from Heading Home and will be tailored to the FOS program. Since the family is supplied with the value of their subsidy upfront and the value has no further relationship to family income, the complexity of the briefing is reduced as there is no need to explain the typical complicated HCV rent calculation methodology.

At the time of the briefing, Heading Home will provide CHA with a duplicate file for the family. This file should confirm that the household meets all of the eligibility criteria noted above. In addition, the file should contain income information that is verified by Heading Home as being

accurate and up-to-date. While documentation of income is not necessary for calculation of the subsidy, it is necessary for benchmarking and will be collected throughout the family's participation as noted below.

Once briefed, the participant will be provided with a certification of FOS participation that will have a four-month lifespan attached to it. The certification will include a chart showing the value of the family's subsidy, which the family can use in considering rental units during their housing search. It is expected that Heading Home will support and assist the family during the housing search.

If the family, owner of the sponsor-based property, and Heading Home agree, the family may use the FOS in their current apartment and lease-up in place, but no party is obligated to do so. If the family remains in the sponsor based unit and fails to either lease in place or locate a new apartment prior to the expiration of the certification of FOS participation, it will expire with no option to extend and the CHA will terminate sponsored-based payments to Heading Home. If the family is able to relocate out of the sponsor-based unit before the expiration of the certification of FOS participation, but not able to lease-up an apartment of their own (i.e., they temporarily move in with a family member) they will receive an additional four months from the date they moved.

VIII. Voucher Value

The value of the FOS is based on actual experienced subsidy payments made by the CHA for all one-wage households participating in the HCV program in Cambridge or Boston and outside of Cambridge or Boston as of April 1st each year. From this data, the CHA computes the 75th percentile payments by bedroom size for units in Cambridge and units outside of Cambridge. The resulting values are then adjusted based on the number of years in the program with the assumption that income tends to be lower and families need more assistance in the earlier years and as they progress, they move closer to the median. CHA may, at its discretion also apply HUD's Annual Adjustment Factor to voucher values when there is a lag between experienced subsidy payment data and observed increases in the rental market. There are no additional deductions or allowances as they are already factored into the experienced data. Essentially, the value is the value without any need for further computations.

At the time of the briefing, each family is provided with a current FOS Subsidy Value table:

Renting in Cambridge or Boston -- One-Wage Household FOS Subsidy Table

Bedroom Size	1	2	3	4
75th Percentile 1 wage Household HAP (9/09)	\$1,062	\$1,131	\$1,316	\$1,352

Years in Program	Subsidy Bonus	Subsidy Value			
1 <i>Sponsor Based Component</i> <u>Monthly</u> Annually	+20%	<u>\$1,274</u> \$15,288	<u>\$1,357</u> \$16,284	<u>\$1,579</u> \$18,948	<u>\$1,622</u> \$19,464
2 <i>Tenant Based Component</i> <u>Monthly</u> Annually	+20%	<u>\$1,274</u> \$15,288	<u>\$1,357</u> \$16,284	<u>\$1,579</u> \$18,948	<u>\$1,622</u> \$19,464
3-4 <u>Monthly</u> Annually Years 3-4	+5%	<u>\$1,115</u> \$13,380 \$26,760	<u>\$1,188</u> \$14,256 \$28,512	<u>\$1,382</u> \$16,584 \$33,168	<u>\$1,420</u> \$17,040 \$34,080
5-6 <u>Monthly</u> Annually Years 5-6	-15%	<u>\$903</u> \$10,836 \$21,672	<u>\$961</u> \$11,532 \$23,064	<u>\$1,119</u> \$13,428 \$26,856	<u>\$1,149</u> \$13,788 \$27,576
7-9 <u>Monthly</u> Annually Years 7-9	-30%	<u>\$743</u> \$8,916 \$26,748	<u>\$792</u> \$9,504 \$28,512	<u>\$921</u> \$11,052 \$33,156	<u>\$946</u> \$11,352 \$34,056
10 "Plus 1 Payout"	Equals value at year 2	\$15,288	\$16,284	\$18,948	\$19,464
FOS Assistance Total		\$121,044	\$128,940	\$150,024	\$154,104

Renting Outside Cambridge -- One-Wage Household FOS Subsidy Table

Bedroom Size	1	2	3	4
75th Percentile 1 wage Household HAP (9/09)	\$832	\$1,047	\$1,273	\$1,306

Years in Program	Subsidy Bonus	Monthly Value Value for Period			
1 Sponsor Based Component <u>Monthly</u> Annually	+20%	<u>\$998</u> \$11,976	<u>\$1,256</u> \$15,072	<u>\$1,528</u> \$18,336	<u>\$1,567</u> \$18,804
2 Tenant Based Component <u>Monthly</u> Annually	+20%	<u>\$998</u> \$11,976	<u>\$1,256</u> \$15,072	<u>\$1,528</u> \$18,336	<u>\$1,567</u> \$18,804
3-4 <u>Monthly</u> Annually Years 3-4	+5%	<u>\$874</u> \$10,488 \$20,976	<u>\$1,099</u> \$13,188 \$26,376	<u>\$1,337</u> \$16,044 \$32,088	<u>\$1,371</u> \$16,452 \$32,904
5-6 <u>Monthly</u> Annually Years 5-6	-15%	<u>\$707</u> \$8,484 \$16,698	<u>\$890</u> \$10,680 \$21,360	<u>\$1,082</u> \$12,984 \$25,968	<u>\$1,110</u> \$13,320 \$26,640
7-9 <u>Monthly</u> Annually Years 7-9	-30%	<u>\$582</u> \$6,984 \$20,952	<u>\$733</u> \$8,796 \$26,388	<u>\$891</u> \$10,692 \$32,067	<u>\$914</u> \$10,968 \$32,904
10 "Plus 1 Payout"	Equals value at year 2	\$11,976	\$15,072	\$18,336	\$18,804
FOS Assistance Total		\$94,544	\$119,340	\$145,131	\$148,860

IX. Monthly Subsidy Payments

If a family moves to the tenant based component of FOS the participating family will be required to have a checking account and must provide the CHA with the information necessary to make monthly subsidy payments via direct deposit. It is then the responsibility of the family to pay the owner the full monthly rent as negotiated. Failure to pay rent in accordance with the family's lease is grounds for immediate termination from the program unless the family can document that they have legally withheld payment in accordance with MA General Laws based on the owner's failure to make repairs. In year two, after the switch from the sponsor based to the tenant based component of FOS, participating households may be required to provide CHA proof of rent payment before the subsequent month's subsidy is deposited. CHA may extend this requirement into future years and reserves the right to audit participant's records to confirm program compliance.

X. Annual and Interim Recertifications

There are no annual or interim recertifications in the tenant based component of the FOS program. Instead, FOS participants will be scheduled to meet with CHA personnel at the initial lease-up, and at the start of Years 2, 3, 5 and 7. At these meetings, the family will be required to provide third party verification that they are current with their rent and will be required to provide third party verification of their income. The CHA will use EIV to verify all reported income. Income information is gathered for both reporting and research purposes as well as to determine whether or not the family's household is sufficient to trigger graduation from the FOS program.

In addition, at the Years 2, 3, 5 and 7 meeting with CHA staff, the household composition will be verified, and used to determine FOS value for the upcoming period using the current subsidy table. The CHA is also required to conduct home visits within 90 days of the family leasing an apartment and prior to the start of Years 3, 5, 7 and 9.

A central design element to the FOS program is a subsidy that declines over time, at a reasonable pace, in-step with each household's anticipated economic and educational advances. As such, there are no interim recertifications meaning a less intrusive program that does not penalize participating families for increasing their income, as is the case in the existing HCV program. Essentially, if the family earns more income through the course of the year, they keep it.

XI. Year 10 – the “Plus 1 Payout”

When families are converted from the sponsor based to tenant based component of the FOS program (program year 2) the CHA will set up and make a one time contribution to a CHA controlled, interest bearing, escrow account for the family, the so-called “Plus 1 Payout”. The amount of this contribution is equal to the amount that the family is eligible for at the start of Year 2. This amount is affected by bedroom size eligibility and the location of the apartment

because subsidy values for Cambridge units are higher than rents found outside of Cambridge. Once determined and set aside, this number is not adjusted for inflation in subsequent years and is not affected by changes in bedroom size after the start of Year 2.

While these funds are intended to be there for the family at the end of the program, they can be used, if necessary, when unanticipated income losses make paying rent difficult. This feature is discussed below in *Section XV. Hardship*. In addition, as described in *Section I. Background*, the family may request to use up to 15% of their "Plus 1 Payout" for costs associated with certain self-sufficiency goals.

If, at the end of Year 9, the family is no longer subsidized through any Federal or State Program, the balance of Plus 1 Payout funds are made available to the family with no restriction on use.

XII. Continued Participation

In most cases, there is no right to survivorship in the FOS program. The voucher is issued to a head of household based on his/her participation and successful completion of the COMPASS program. If at anytime a participant leaves the program for any reason, the FOS will be terminated.

Exceptions may be made when a head of household leaves the program due to death or divorce and a surviving household member requesting to become the new head of household participated in, and completed the COMPASS (or related) program. In such cases, CHA, Heading Home and Compass staff will meet to determine whether or not the individual applying to become the new head of household meets these criteria and will be permitted to remain in the FOS program. In these cases survivorship is contingent upon the remaining household members' good faith effort to attain their program goals.

As described in *Section I. Background*, there are two circumstances whereby a family would graduate from the FOS program prior to the end of year 9. They are:

- If during a meeting with CHA at the beginning of years 3, 5 or 7 it is determined that 30% of the family's net monthly income is equal to or greater than one month's rent and has been for the preceding 12 months; or
- If at anytime during a family's participation in the FOS program their income is verified to be greater than 120% of the AMI.

XIII. Leasing, Inspections and Rent Reasonableness

The CHA does not pay the subsidy to the owner of the property, instead, the subsidy payment is made to the family and it is the family's responsibility to pay the owner. The rationale of this approach is linked to FOS's overall goal of making participating households more self sufficient and responsible for their own family budgets. Essentially, the family should view the subsidy payment as an extension of their income and will need to budget and take responsibility for the payment of rent.

It is expected that participating households will seek the best apartment they can find based on the amount of income that they have. Since the subsidy is paid directly to the family, it essentially becomes part of their monthly income and it is the family's responsibility to make a reasonable and informed decision about what they can afford. Once the decision is made the onus is on the family to live up to their responsibilities to pay rent and utilities on time.

For instance, a family eligible for a three bedroom apartment with gross income of \$20,000 per year would add in the value of the FOS for year 2 (\$18,948), bumping up their annual income to \$38,948 (provided they found a unit in Cambridge). The family, with support from the Partnership, knows what other household expenses must be paid and the family needs to make a decision about what is affordable for rent based on this knowledge. Without the ability to make these types of decisions, the family can never really have the skills needed to establish and live on a budget.

The CHA has no interaction with the property owner. Once the family locates an apartment and signs a lease, a copy is provided to the CHA for documentation purposes only. There is no Request for Lease Approval or initial or annual inspections performed by a CHA inspector. However, the family must obtain certification from the Board of Health or other third party entity that indicates any newly leased apartment meets the State Sanitary Code. While an inspection is not necessary prior to signing a lease, it must be conducted and a report submitted to the CHA no later than 60 days after lease up. The CHA will conduct a home visit within 60 days of lease execution anytime a family leases a new apartment in a city or town where municipal or other no-cost State Sanitary Code inspections are not available to renters.

In cases where a family has failed to provide the report or the apartment has not met the State Sanitary Code within the 60-day period, subsidy payments will end until a satisfactory report is received. Retroactive payments will not be allowed. Additionally, the CHA is required to perform, and the family is required to allow, a home visit once per year with 30 days notice. In cases where a family has failed to allow a visit or where scheduling conflicts have prevented a visit within the twelve-month window, subsidy payments will end until the visit takes place. Retroactive payments will not be allowed.

Other areas that are essentially bypassed by this payment arrangement are rent increases that in the traditional HCV program are confusing for all parties and rent reasonableness, which will now be driven by market forces and negotiated between the owner and the tenant.

XIV. Mobility

Due to the special nature of these vouchers, they cannot be absorbed by other PHAs. For this reason, participants are limited to a reasonable geographical area, currently defined as within the Interstate 495 belt.

XV. Hardship

During participation in the tenant based component of FOS, families may request a hardship if they experience an unanticipated loss of income that is anticipated to last longer than 90 days. The hardship is requested through the Director of Leased Housing or his/her designee and is initiated by completing and submitting a FOS Program Hardship Request form that can be obtained from the CHA's website or from CHA's central office. Once received, the request will be presented to CHA's Hardship Committee for review.

Under the FOS program, the relief available is limited to only those funds allocated to the family at the start of FOS participation. There are two sources of relief available, a subsidy advance from years 7-9 or from the Plus 1 Payout. It is up to the family to decide which future subsidy they choose to withdraw from, given their specific circumstances. In any case, the Hardship Committee must review each request and determine whether or not the circumstances meet the criteria for advancing subsidy. The Hardship Committee reviewing applications for subsidy advances from FOS families may include Heading Home and COMPASS staff.

Funds advanced from years 7-9 or the Plus 1 payout are not replaced or replenished. The total value of each family's subsidy (excluding inflation adjustments) is determined in year 1 of participation. Any hardship advances are subtracted from the family's total subsidy budget. For example, a family experiences a job loss half way through Year 2 and despite a diligent job search they are unable to find employment. After 90 days, the family is unable to make ends meet with unemployment alone and applies for a hardship to withdraw funds from years 7-9 to help cover rent.

The Hardship Committee reviews the request and determines that the subsidy payment should be increased by \$250/month. This increase is granted with the understanding that each payment of \$250 to the family is deducted from their allotted subsidy for Years 7, 8 and 9.

Similarly, with the same set of circumstances, the family may choose not to access funds from years 7 - 9 because they are wary of subtracting from their monthly subsidy for the last two years in the program. The family may instead indicate on the hardship application that they would like funds taken from the Plus 1 Payout escrow account rather than subsidies allotted for years 7-

9. In this case the family is choosing to receive a smaller payout at completion of the program in favor of larger monthly subsidies in years 7 - 9.

In cases of catastrophic medical events resulting in a head of household's inability to reach their program goals or make timely rent payments with the FOS subsidy provided, CHA will transfer the household from the FOS program to the Housing Choice Voucher program. In these cases no survivorship in the FOS program is available for any other household members. The entire household is transferred to the Housing Choice Voucher program.

XVI. Risks to this Approach

CHA recognizes that this approach to providing long-term housing assistance to households transitioning from homelessness to self-sufficiency has a number of inherent risks.

Decoupling of income and subsidy - establishing subsidy levels using actual housing assistance payments (HAPs) made as the baseline for calculating subsidy is a radical departure from the traditional voucher program wherein household rent is determined based on 30% of adjusted monthly income. Households with extremely low incomes or those experiencing job losses may pay a larger percentage of their incomes towards rent than households in the traditional voucher program.

CHA mitigates this potential pitfall by setting subsidy levels at the 75th percentile of actual HAPs paid with a 20% bonus in the early years when household incomes are expected to be the lowest, and perhaps most volatile. Further, the hardship policies allow households access to significant cash reserves, albeit with the downside of fewer subsidy dollars available in future years.

It is important to point out that the decoupling of subsidy and income provides participating households with a tremendous incentive to increase their earned income. The subsidy CHA pays is based on the assumption that one household member will be employed at the beginning of participation. Any additional earnings a family can secure are theirs to keep, with no effect on the amount of subsidy they receive. This is a significant departure from the typical voucher program and is designed to exponentially increase the attractiveness and value of employment to participating families.

Reduced oversight – unlike the traditional voucher program, CHA plays very little role in the daily lives of FOS participants or their landlords. CHA plays no role in lease-ups, housing search, or rent determination. Further, CHA is paying subsidies directly to the families. Although CHA is not the first housing authority to try this, there are obvious risks to entrusting participants to use their subsidy appropriately, and while CHA has built some safeguards into the program to make sure rent is being paid, there is certainly room for malfeasance.

Assumptions about FOS participants – FOS puts a tremendous amount of responsibility (and self-determination) in the hands of participants. CHA is relying on two factors to ensure that families will make good choices with the options they are provided through the FOS program. First, CHA is assuming that participation in COMPASS, and case management support from Heading Home will lead to CHA enrolling FOS participants who are exceptionally “hungry” to succeed. By the time Heading Home refers families to the FOS program they will already have had to complete many program requirements and will have shown dedication to making it through the program all the way to year 9, or graduated early having achieved their self-sufficiency goals.

Second, CHA is assuming that with sufficient support in the early years, participating families, when presented with the opportunity, will make the “right” choices for themselves and their families. CHA recognizes that this is a significant leap of faith in human nature. Anecdotal evidence from numerous service providers with whom CHA has spoken supports the notion that households are anxious for the opportunities this unique combination of services and housing support provides them. Despite the risks, CHA is willing to give this a try.

Lack of long-term case management and educational/self-sufficiency training- Currently there are no program elements in place to provide FOS participants more than two years of support other than CHA's housing subsidy. In theory, FOS households will be “on their own” after only a short time of case management and education/training. FOS is a 9 year subsidy program which puts the onus on families to make very important decisions about their housing, education, and employment. CHA and its partners may discover that absent much longer-term case management and educational support, FOS families will not be well enough positioned to take full advantage of the flexibility and self-determination FOS provides. This is a serious potential shortcoming of the program which CHA and its partners may need to address as early as year 3.

Declining subsidies and earning potential – From the beginning, FOS assumes that all participants will enter the program with at least one income earning family member. In the early years the housing subsidy is exceptionally generous, but as the years advance, the subsidy declines and eventually ends at the end of year 9. This subsidy delivery model assumes that participants will continue increasing their incomes over the program's life span and will be ready to pay all of their housing costs without subsidy after a decade of declining assistance.

A few years into the program, CHA and its partners may find that this assumption was too ambitious and that even with the training and case management provided in the early years, participants are not growing increasingly financially independent in the program's later years. This may be the greatest potential shortcoming of this program design. CHA and its partners will closely monitor participants' incomes and will revisit the program's design and goals if the anticipated economic outcomes seem to be out of reach for a preponderance of FOS families.

XVII. Conclusion

While there are still some program details to be worked out, CHA believes that this paper outlines what we hope will be a groundbreaking form of housing assistance, geared specifically to act in concert with other service providers in a collective effort to provide a way up, and out, for some of our community's most vulnerable families. CHA recognizes that there are many opportunities for this program to come short of realizing the Partnership's goals for it, but recognizing this upfront, we are prepared to monitor the program and make course corrections along the way as issues (anticipated and not) arise. CHA is confident that in this program design are the seeds for larger, comprehensive policy reform.

APPENDIX 5

Public Comments and Responses

KEY: C =comment, R = CHA Response

Plan Format

C: The Plan introduction includes CHA's comments on the deleterious effect the new, restrictive Plan format has on CHA's ability to present the Plan in a way that is most easily understood by the Cambridge community. The commenter asked for clarification of this comment and suggested that CHA add a few pages or create a separate document describing the Agency's concerns with the new Plan format.

R: In past Plans, CHA's ongoing and new initiatives (divided by MTW and non-MTW activities) were organized by department and function. This format allowed readers to get a comprehensive view of each department's plans for the coming year. The new Plan format requires CHA to divide the Plan by non-MTW, ongoing MTW and new MTW initiatives. This format prevents CHA from presenting each department's activities in totality within that department's chapter. Instead, many departments' activities are divided between chapters depending upon whether or not an activity is ongoing MTW, new MTW or non-MTW. CHA believes this format makes it difficult for interested readers to easily take stock of a single department's plans for the coming year. For example a public housing resident needs to look in three different chapters of the Plan to learn about Operation's plans for FY 2011. In past Plans, all of the information related to Operations was in the Department's chapter.

Additionally, Attachment B of the Restated and Amended MTW Agreement requires CHA to provide Baselines, Benchmarks and evaluative Metrics for any proposed MTW initiatives. Attachment B also requires CHA to cite the authorizations in Attachments C and D of the Restated and Amended MTW Agreement that permit CHA to execute the proposed activity, describe how the activity relates to one of the three statutory goals of the Moving to Work Program and describe the data collection process CHA will use to provide values to the metrics CHA will use to evaluate the activity.

While this information is useful to program evaluators, and even some casual readers of the Plan, it does not lend itself to a flowing, easy-to-follow narrative description of CHA's new initiatives. In future Plans CHA will find a better way to present the community with a comprehensive narrative of the Agency's plans for the coming year in each Plan's introduction and will present the more technical details required by Attachment B later in the document. CHA hopes that this approach will satisfy CHA's commitment to providing information to the community in a way

that is easy to understand and track, while also meeting the US Department of Housing and Urban Development's (HUD) requirement for specific data relating to proposed, ongoing and completed MTW initiatives.

CHA voiced its opposition to the new Plan format at two HUD organized MTW conferences and in direct conversations with HUD MTW staff. CHA recognizes the pressure on HUD by Congress and others to provide concrete evidence that MTW is an effective program, but is concerned that the strict Plan and Report requirements HUD developed in response to these pressures are detrimental to MTW Agencies' ability to communicate their goals to their communities. Further, and perhaps more troubling, the onerous Plan and Report requirements may in fact be a disincentive to innovation and experimentation.

CHA has drafted a detailed correspondence to HUD describing the Agency's concerns with the new Plan and Report format, and our views on how Attachment B should be revised to be more consistent with the congressional intent and character of the MTW program.

C: One commenter asked why no email address was provided for written comments on the Plan.

R: CHA has not included an email address for submitting written comments in the past, but will do so in the future.

Self-Sufficiency Initiatives

C: One commenter asked if there is some evaluation that indicates that CHA is succeeding in promoting self-sufficiency.

R: As discussed in Chapter V. of this Plan, CHA does not believe that absolute economic self-sufficiency is a realistic outcome for most public housing residents or voucher holders absent comprehensive educational, financial literacy and vocational services delivered in conjunction with case management and housing assistance. Unfortunately neither HUD nor the Massachusetts Department of Housing & Community Development (DHCD) provides housing authorities with sufficient funds (nor do housing authorities always have sufficient in-house expertise) to provide the sort of comprehensive services necessary for residents and voucher holders to attain self-sufficiency in any significant number. Any attempt at a response to questions about CHA "succeeding" in promoting self-sufficiency must be made with that important caveat.

For its part, CHA attempts to promote self-sufficiency in many large and small ways. For example the Rent Simplification Program (RSP) in federal public housing includes relaxed income

reporting requirements and other non-punitive incentives for residents to increase earnings and savings. CHA monitors resident incomes to see whether or not RSP is affecting choices with regard to work.

In its Fiscal Year 2010 Annual Plan, CHA proposed beginning a ten year longitudinal study of RSP to provide a more robust evaluation of the innovative rent policy's impact on resident economic development. As of this writing CHA is continuing to explore the feasibility of this study, but is discouraged by the potential cost of such an undertaking absent support from outside funders such as HUD or a local university or college.

Another example is CHA's Resident Services Department which is wholly dedicated to providing residents and voucher holders of all ages the tools and resources they need to increase their economic independence. The Resident Services Department keeps track of the number of individuals it serves through its various partnerships and programs.

CHA's RSP impact analyses and outcomes for Resident Services Department programs are presented in each year's Moving to Work Annual Report, which can be found on the *Moving to Work* page of the *About CHA* section in CHA's website: www.cambridge-housing.org.

Finally, in FY 2011 CHA is implementing one program (the Family Opportunity Subsidy program) and proposing a new program (the Cambridge Career Family Opportunity program) that, through partnerships with several local and regional service providers will attempt to marry comprehensive educational, financial literacy, vocational training and case management with housing assistance to empower a small number of households the opportunity to attain economic self-sufficiency.

As described in Chapter V. and Appendix 4 of this Plan, elements of the Family Opportunity Subsidy (FOS) program will be evaluated by a researcher from the University of Pennsylvania. Funds permitting, the Cambridge Career Family Opportunity (CCFO) program will be evaluated by researchers from Boston College and Brandeis University. These research projects are expected to yield useful information about the efficacy of this innovative approach to promoting self-sufficiency amongst residents and voucher holders.

C: One commenter suggested including the reasons why a household failed to succeed in the CCFO program as a metric for the program's evaluation.

R: CHA agrees with this comment. Throughout the lifespan of each program CHA will use real experience from households and research to determine what is and is not working in each program and will make policy reforms to adjust for lessons learned.

Learning what works and doesn't work and why, is critical to any program evaluation. Studying barriers to household success is of great benefit. Assuming its partners agree, CHA will conduct exit interviews to identify why the program didn't work for households who drop out.

In addition, CHA will issue regular updates to the Board of Commissioners on the programs' progress. This information will also be included in CHA's MTW Annual Reports. All of these documents will be posted on CHA's website.

C: Two commenters asked about possible opportunities for residents to be involved in the evaluation set up for the new self-sufficiency initiatives. The commenter suggested setting up an advisory group through ACT.

R: CHA will take this suggestion under advisement, however in both the FOS and CCFO programs; the researchers' primary contact is one of the program partners, not CHA. It remains unclear how much input CHA will have into designing the research models. CHA will ask this question of our partners and report back to the community.

C: One commenter asked about CHA outreach plans for the new initiatives. The commenter suggested having a workshop for interested applicants.

R: As described in Chapter V. and Appendix 4 of this Plan, volunteers for the FOS program are taken from Boston area family homeless shelters. Outreach strategies for the CCFO program are in the preliminary design phase. This comment will be taken into consideration as the planning process moves forward.

C: One commenter asked what would happen to a household participating in FOS that decides not to go through from one step to another.

R: As currently drafted, except in cases of catastrophic medical events resulting in a head of household's inability to continue in the program, households opting to leave before graduating are terminated from FOS and lose any IDA matched funds (not their own) and access to the Plus 1 Payout fund. However, in response to comments received, CHA is considering adding divorce and death to the reasons a household might drop out of the programs and be given a traditional voucher. In addition, participants will be encouraged at the time of enrollment to put their names on local public housing and Section 8 waiting lists in case they are unable to successfully graduate from the program.

C: Two commenters urged CHA to expand the safety net for households unable to complete FOS beyond those experiencing catastrophic medical events.

R: Please see the previous response.

C: One commenter asked that, given the number of vouchers CHA will be using to project base into its public housing portfolio, that CHA reduce the number of subsidies committed to the FOS program from 50-55 to 20 or 25.

R: CHA has already committed 55 vouchers to the FOS program.

C: One commenter expressed concern that subsidies given directly to FOS participants will be counted as income and may reduce participants' eligibility for other needs-based benefits and lead to increased taxation.

R: CHA is researching this issue. If direct subsidy payments significantly impact participants' benefits or tax incidence CHA will explore changes in subsidy delivery to mitigate this unintended consequence of direct payment.

C: Two commenters stated their opposition to declining or time-limited housing subsidies citing the expensive Cambridge rental market and continuing economic uncertainties as reasons for concern.

R: Both the FOS and CCFO programs are designed to provide participants with the economic, educational and vocational skills needed to attain economic independence. However, as discussed elsewhere in this Appendix, CHA will regularly evaluate how these programs are working and will revise them if it becomes evident that the programs' goals are not realistic given the economic conditions the commenters reference.

C: One commenter stated that the FOS program design, with its assumptions about long-term earning potential, does not take into account earning disparities between African American and white families. The commenter cites research by Dr. Thomas Shapiro in his book *The Hidden Cost of Being African American* that shows African Americans earn 60 cents for every dollar earned by white families. The commenter criticizes the FOS design for not taking this disparity into account.

R: CHA thanks the commenter for the reference to Dr. Shapiro's research but is unsure how to apply the research to the program design. Race based subsidy programs are illegal. CHA designs its programs to benefit all applicants, residents and voucher holders.

C: One commenter stated that FOS's ten year duration and expectations for participants are arbitrary and do not take into account individual family circumstances.

R: Establishing realistic goals to achieve economic independence is a critical element of CHA's partner's efforts. CHA's contribution to both FOS and CCFO is extraordinarily deep subsidy in

early years, followed by a subsidy that declines over time as participants achieve *their* goals. CHA and its partners will continually examine and reevaluate each program and make adjustments as necessary.

CHA recognizes that FOS is not for everyone. The early phases require a great deal of families in terms of establishing goals for themselves, meeting expectations, sticking to schedules and working hard for their own futures. Families who move from the sponsor based to FOS phase of the program will have already shown their ability and dedication to staying focused on reaching their self sufficiency goals.

C: One commenter asked what would happen if a household successfully completes FOS, but is unable to afford market housing without a subsidy?

R: FOS participants will be encouraged to work towards attaining and retaining jobs that provide sufficient incomes to rent or own homes in the greater metro Boston area without subsidy. CHA will regularly evaluate program outcomes and will make adjustments if program goals prove unattainable.

C: One commenter objected to the requirement that participants in the sponsor based phase of FOS be required to show timely rent and utility payments before being offered the Family Opportunity Subsidy. The commenter asked that the language be changed to require participants to show that most rent and utility payments were substantially on time.

R: Participants in the sponsor based phase of the FOS program will be working closely with Heading Home Inc. case managers and will be provided adequate funds to make timely payments. CHA does not believe that it is unreasonable to expect participants to be responsible for paying bills; particularly given that once in the Family Opportunity Subsidy phase they will be wholly responsible for paying their entire rent and all utility payments in order to remain in the program (and avoid eviction). One of the program's core elements is family economic empowerment and correlate responsibility. Households who cannot succeed with case management and the other program supports during the sponsor based phase are unlikely to succeed once they are given complete responsibility for paying rent and utilities.

C: One commenter asked that CHA add language to FOS indicating that CHA recognizes that many participants are "Hard to House" and that CHA will apply admissions criteria flexibly in recognition of participants' histories.

R: CHA will add this language.

C: One commenter pointed out an inconsistency with regard to the frequency of home visits proposed in the FOS Program.

R: CHA will clarify the language. Households will come in to CHA for income reviews/data collection at the beginning of years 3, 5, 7, and 9. In addition, CHA will conduct home visits once per year to touch base with participants.

C: One commenter asked why FOS participants must document that a loss of income is expected to last more than 90 days before being eligible to access hardship funds and urged CHA to eliminate the waiting time.

R: CHA will align this policy with the standard used in federal public housing, which is 60 days.

C: One commenter expressed that it was the first time that the public was hearing more details about the Family Opportunity Subsidy program. Hence, the commenter would like for CHA to share more details on the impact of direct payment. The commenter also stated that the program's emphasis on working versus training or education seems problematic. Lastly the commenter reminded CHA that other catastrophes besides medical related issues can knock people off their plan.

R: CHA anticipates that providing subsidies directly to households will have several benefits: First, CHA has no relationship with property owners in the FOS program. Making payments to owners would require the execution of an agreement between CHA and the owner, an option the CHA does not wish to pursue. Second, the FOS program's central philosophy is that when given the opportunity and appropriate education/support, households will make responsible economic decisions. Within that philosophical context it is appropriate that households are given responsibility for all aspects of renting their homes – including making timely rent payments. Third, as described in the program summary in Appendix 4 of this Plan, in the early years households will be required to show that they have made timely rent payments in order to receive subsequent subsidy payments. This system will help ensure that funds provided for housing will be used for housing.

As evidenced by the important role the partners with expertise in training and education play in the program, FOS strikes a balance between work and education and training. However, increasing income is critical to participants' ultimate success and there is no way for that to happen without increased employment, so increasing employment (and employability) is critical to participants' ultimate success.

The program design allows participants access to significant funds to bridge losses of income caused by unexpected life events, but as described earlier in this Appendix, CHA will consider adding death and divorce to circumstances under which CHA would consider transferring a family from FOS (or CCFO) to the traditional voucher program.

CHA reminds commenters that FOS participants will be coming from Boston area homeless shelters, not necessarily CHA's waiting lists and not from households currently served. CHA must be mindful that any FOS participants transferring to the voucher program will be jumping ahead of thousands of otherwise eligible households currently waiting for a voucher. Therefore, the criteria for transferring from FOS to the traditional voucher program must be limited and precise to avoid a preponderance of horizontal inequity.

CHA cannot provide details on the impact of direct payments at this time, as no households are currently receiving subsidy directly from CHA. There have been a number of experiments with paying housing allowances directly to families in the past; most notably the Experimental Housing Allowance Program (EHAP), which pre-dated and influenced the design of the Section 8 Program. A great deal of data and analysis on EHAP is available to interested parties. Any review of the EHAP literature must however, bear in mind EHAP's goals and place in the genesis of what eventually became today's Housing Choice Voucher Program. Generally, EHAP was more concerned with creating pressures within the market to improve and expand affordable housing than it was with providing greater housing choice and incentives to increase earnings, which are central to CHA's FOS and CCFO programs.

Some noteworthy examinations of EHAP include:

Bradbury, Katharine L. and Downs, Anthony (editors), "Do Housing Allowances Work?", (Washington, D.C.: The Brookings Institution, 1981), 419 pp; ISBN 0-8157-1052-6.

"Experimental Housing Allowance Conclusions, The 1980 Report", U.S. Department of Housing and Urban Development, Department of Policy and Development and Research, 1980.

Free online:

<http://www.frpo.org/Document/Topics&Issues/Affordable%20Housing/Rent%20Supplements/HUD%20Experimental%20Housing%20Allowance%20Program%20Conclusions.pdf>.

Feins, Judith D. and Saunders Lane, Terry, "How Much for Housing?", (Cambridge, Mass.: Abt Books, 1981), ISBN 0-89011-558-3.

"Observations on Housing Allowances and The Experimental Housing Allowance Program", U.S. Department of Housing and Urban Development, 1974.

Free online: <http://www.gao.gov/products/094255>

Struyk, Raymond J. and Bendick, Jr., Marc, (editors), "Housing Vouchers for the Poor; Lessons from a National Experiment", (Washington, D.C.: The Urban Institute Press, 1981), ISBN 87766-280-0.

Winnick, Louis, "The Triumph of Housing Allowance Programs: How a Fundamental Policy Conflict Was Resolved", *Cityscape: A Journal of Policy Development and Research*, Volume 1, Number 3, September 1995.

Free online: <http://www.huduser.org/periodicals/cityscape/vol1num3/ch7.html>

C: One commenter voiced concerns that CCFO participants will include families currently living in public housing or with vouchers who will give up permanent assisted housing to participate in CCFO. The commenter urged CHA to make sure that potential participants have full knowledge of the pros and cons of participation as they will eventually be giving up their permanent assistance to participate in CCFO.

R: CHA and Crittenden Women's Union (CWU) will be careful to explain all of the benefits and risks to families to whom CCFO will be marketed and will take these risks into consideration during program design.

C: One commenter expressed concern that the "hot jobs" that CWU will help participants attain will not provide sufficient incomes to attain and maintain housing absent any subsidy.

R: A core component of CWU's program is developing a plan for each family to attain self-sufficiency by matching family members' interests with jobs that pay sustainable wages. CWU maintains a database that includes actual incomes earned by profession and cross references these "hot jobs" with each family's characteristics (family size, age of children, etc.) to determine the salary each family will need to attain at the end of the CCFO program (Family Self Sufficiency Standard or FESS). CWU then helps each participant attain the skills necessary to reach its FESS by program's end.

C: One commenter suggested that shallow subsidies be provided long-term to large families until children reach 22 years of age as opposed to 18, as is currently proposed. The rationale for this change is to provide assistance long enough for children to complete college.

R: This is a helpful suggestion that CHA will take into consideration as the program design is fine-tuned and completed.

C: One commenter requested that as CHA explore additional future subsidy programs for "hard to house" populations that it consider a program designed specifically for ex-offenders which combines housing subsidy with comprehensive community-based services.

R: CHA thanks the commenter for this interesting idea. CHA may like to pursue this further in the future.

C: One commenter thanked CHA for its continued commitment to innovative and comprehensive resident services and was particularly impressed with CHA's articulated goal of providing computers and free wireless service to all residents and voucher holders.

R: CHA appreciates the comment. CHA has submitted a grant proposal to HUD for ARRA funds to move ahead with the provision of internet access and "thin terminals" to public housing residents as a first step towards this long-term goal. CHA has not yet heard whether or not the grant will be funded.

Liberating Assets to Leverage Funds

C: Two commenters requested to have CHA explain in greater detail the initiative entitled Liberating Assets to Leverage Funds.

R: When Housing Authorities develop public housing through HUD, an Annual Contribution Contract (ACC) is signed with HUD and a Cooperation Agreement with the city.

In support of these two agreements (ACC and Cooperation Agreement), CHA is required to place a Declaration of Trust on the property, which sets restrictions on the use of land allowing public housing to be used only for affordable housing ventures and prohibits other liens on a property without HUD approval.

When wanting to borrow money to make repairs or to significantly rehabilitate a specific site, the Declaration of Trust does not allow CHA to go into the private market and seek loans from commercial banks. CHA has asked HUD to allow the declaration of trust to the "second position", thus allowing CHA to use the equity in the real estate to borrow money when financially feasible.

CHA will provide project-specific details on a case-by-case basis in future Plans.

C: One commenter asked if there is a plan to limit mortgage obligations or if CHA plans to maximize leverage by liberating as much equity as possible.

R: CHA will carefully weigh the benefits against the risks of using this flexibility on a case-by-case basis, using the criteria described in the Plan.

C: One commenter asked whether there is a risk of losing public housing properties if CHA borrows money against them; and whether it is more appropriate to ask HUD for authorization on a case by case basis given the current circumstances of the credit industry.

R: Yes there is a risk. However, one cannot compare this type of loan to the primary mortgage market. It is important to remember that there would be no modification of the clause that states that the property/land must be used for affordable housing.

CHA needs to have all of its properties available to back a loan. All properties have been running healthy reserves in the past years. CHA would prefer to have a portfolio-wide authorization rather than on a case-by-case basis. Housing authorities are already able to apply to HUD for permission to borrow against public housing developments on a development-by-development basis. This initiative would simply provide CHA authorization to use this flexibility when opportunities arise, without requiring additional HUD approval and correlate delays.

C: One commenter asked if CHA could provide a copy of the proposed set of rules for the public housing mortgage initiative.

R: The criteria are described in the initiative's description in Chapter V. of this Plan. CHA will post HUD's proposed program on its web site or make hard copies available upon request.

Federalization

C: One commenter asked when CHA expects to know which specific properties would be federalized.

R: CHA has informally received word that HUD has approved all of the developments requested for federalization. Written confirmation may occur just as this Plan is sent to HUD.

C: One commenter recalled that a CHA staff member mentioned at a public meeting federalization that state public housing operating subsidy once exceeded federal operating subsidy. The commenter wondered if that statement was correct and asked for additional details if it was. The commenter also wondered what the implications were for future federal subsidy.

R: There was a brief time during the Dukakis administration when state operating subsidy on a per unit, per month basis exceeded federal funding. This was the exception to the rule. State operating subsidy since that time has generally declined, while federal operating subsidy remained far more stable.

The risk to future federal operating subsidies is the same as most other discretionary programs, but even a deep proration in federal funding would still mean more funding than CHA typically receives from the state.

C: One commenter asked about the time frame for the creation of a new lease for the developments to be federalized.

R: In November draft lease addenda were mailed to all households living in state developments that might be moved into the federal portfolio. Households living in federalized developments will be required to execute the addenda, that include rules related specifically to federal public housing tenancy, likely starting in March of 2010.

Subsequent (and unrelated) to the federalization process, CHA plans on revising the lease it uses for federal public housing residents. As described in Chapter VI. of this Plan, the new lease will be modeled after the state public housing lease, which CHA believes is a superior document to the federal lease. CHA hopes to have the new federal public housing lease complete by late summer 2010.

C: One commenter stated that a \$100 cap on increases caused by the transfer from the state federal public housing program is too steep and urged CHA to work with ACT and advocates to craft a plan that protects residents from large increases.

R: The transition cap of \$100 was first used when CHA transitioned federal public housing residents to Rent Simplification. Very few residents required the cap, but it provided a great relief to those who did. None-the-less CHA is considering leaving rents for residents transitioning to the federal programs unchanged until their first recertification, at which time the cap would be applied. This would give most affected households more than two years to prepare for the rent increase.

CHA will consider other transition provisions once the size, scope and number impacted households becomes clearer.

C: One commenter stated that the transfer from state to federal public housing would mean a rent increase from 30% to 40% (presumably the commenter is referencing percentage of monthly adjusted income towards rent). The commenter reminds CHA that it stated that no tenant will be displaced or have their rent increased so much as to make rent unaffordable. The commenter requests that CHA clearly state in this Plan the terms of rent protections for households transferring to the federal program.

R: The commenter's first statement is incorrect. CHA's rent determination formula in federal public housing establishes rents based on an income band, beginning with 30% of *adjusted* income (after deductions) towards rent on the low end of the band. Households with incomes higher than the low end of a band actually pay less than 30% of adjusted income towards rent until their incomes rise to the level of moving them to the next income band. This was an

intentional design element of Rent Simplification and, as described in CHA's 2009 MTW Annual Report, results in the following distribution of rent burdens:

Rent Burden % of Adj. Income	Elderly/Disabled	Family
5-15%	.5%	8%
15.01-20%	1.5%	19%
20.01-25%	36%	31%
25.01-30%	61%	38%
30.01-35%	0%	1%
>35%	.5%	1%
Zero Income	.5%	2%

As the data above illustrate, thanks to Rent Simplification, almost no households pay more than 30% of their *adjusted* income towards rent.

It is possible, though unclear, that the commenter may have been referring only to rent burdens for mixed families. Under Rent Simplification, the rent schedules for mixed families are adjusted so that rents paid are based on 40% of adjusted income on the low end of each income band, rather than 30%. This mixed family adjustment freed CHA from using HUD's complicated subsidy proration rules for determining mixed family rents.

While CHA believes this rent determination methodology benefits most mixed families, CHA received several public comments and suggestions for improvements to this methodology. As described in greater detail later in this Appendix and Chapter VI. of this Plan, CHA is changing the rent determination methodology for mixed families in response to comments and suggestions received.

Finally, CHA will articulate its transition provisions for households in federalized properties in a separate document once CHA knows the scope and extent of the federalization effort.

C: One commenter offered support for CHA's plan to use Massachusetts Rental Voucher Program (MRVP) subsidies as part of the federalization plan to accommodate undocumented families, but asked that CHA indicate that these subsidies will be available for other, similar families upon turnover. The commenter also asked CHA to be open to expanding the number of MRVPs to be used in this way should the need arise.

R: CHA expects that the MRVPs used in federalized developments will be available to future undocumented families. If the need arises, CHA will consider the feasibility of expanding the number of MRVPs available for this purpose.

C: One commenter expressed concern with the potential loss of future housing opportunities for undocumented immigrants and urged CHA to seek other resources to support the housing needs of this population.

R: This issue is substantially addressed by CHA's planned use of MRVP vouchers for these families, as described in the response above. CHA will continue exploring additional opportunities if the use of MRVPs is insufficient to meet the needs of current (and future) immigrant families.

Expiring Use Preservation Program/Expansion of Project Based Program

C: One commenter asked if it is actually feasible for HUD to approve having sticky vouchers project-based.

R: CHA does not know what HUD may or may not do and CHA cannot speak for HUD. However, CHA believes that HUD must consider that Project Based Assistance, as opposed to sticky vouchers, offers decreased federal expenditures and long-term affordability. This aspect of the proposed activity may be compelling for HUD. Additionally CHA believes that this initiative will serve as another example of how Moving to Work's flexibility is being used to increase housing opportunities for low-income households at reduced cost to the federal government.

Further, since the sticky voucher is tenant-based CHA wants to make sure that families understand what it means to have a sticky voucher versus living in a project based unit.

C: One commenter asked what CHA could do to convince owners to stay in the program. The commenter suggested using additional CHA funding to incentivize owners to stay.

R: CHA believes that the provision of Project-Based vouchers is an incentive for owners to remain in the program. PBA vouchers offer stability to owners because by Project Basing units, owners are guaranteed long-term, predictable rental income and low vacancy rates and can secure other grants and loans to rehabilitate the property and retain affordability.

C: Several commenters expressed concern over the possible increase of project-based vouchers. The commenter reminded CHA that the mobility of the vouchers is important as voucher holders choose the program over public housing in large part because of the mobility the voucher program offers. Also, the commenter expressed concern over the possible concentration of low-income households in certain building and the bad public perception that comes with concentration of poverty.

R: Current voucher holders retain their mobility and households residing in Project Based units are granted access to mobile vouchers (when available) after a year in a Project Based units. CHA understands the concerns with regard to concentrations of poverty, but reminds the commenter that absent the Project Based program, there is little incentive for owners or developers to create or retain affordable units in Cambridge, which remains among the most expensive rental markets in the nation. It is CHA's view that its support for the expansion and preservation of long-term affordable housing in Cambridge is bolstered by the relatively low concentrations of low-income households in particular buildings or neighborhoods, as compared to other metropolitan areas. Additionally, most new affordable developments include a mix of Project Based, market and 60% Area Median Income (AMI) low income housing tax credit (LIHTC) units, thereby reducing the concentration of extremely low income (less than 30% of AMI) households in any one development.

C: One commenter opposes the idea of extending the amount of time tenants in Project Based units must remain in place before applying for a tenant based voucher from one year to two.

R: Extending the term to 3 years is intended to prevent PBA units from being used as a turnstile to gain access to a mobile voucher and mitigate the added expense PBA owners have had with resultant reoccupancy costs when this occurs.

C: One commenter offered support for the Expiring Use Preservation Program and stated his satisfaction with the expansion of the Project Based program. The commenter added that many mobile voucher holders are leaving Cambridge because they cannot find an appropriately priced unit but with the PBA expansion that issue would finally be addressed as Project Based units are within the City.

The commenter also added that securing commitments from CHA for Project Based units increases developers' lending prospects from banks, while also expanding affordable housing opportunities for people earning less than 50% of AMI. Lastly, the commenter reminded the public that PBA units are high quality units as they are mostly substantial rehabs or new constructions.

R: CHA agrees with, and appreciates these comments.

C: The state of Massachusetts recently made changes to laws regarding expiring use buildings. The commenter wondered how the new law will impact Cambridge and CHA's plans in relation to the preservation of expiring use buildings.

R: CHA is currently reviewing the new law to see whether or not there are implications for Cambridge. CHA expects guidance in the form of regulation from the Massachusetts Department of Housing and Community Development.

C: Several commenters asked CHA to set up a working group to consider all the resources that are available for the preservation of expiring use properties.

R: CHA will share this comment with City staff and other interested parties, but makes no promise that CHA can establish such a group.

C: One commenter reminded CHA that every voucher project-based in support of public housing redevelopment represents a net loss of affordable housing in Cambridge.

R: CHA appreciates this reality, and as reflected in this Plan, is continually working to reduce the total number of vouchers to be used for this purpose.

C: One commenter asked that as CHA shift more tenant based vouchers to project based, that CHA share data about waitlist times and how the shift may affect waitlist times in the voucher programs.

R: Leased Housing attrition rates are not so great that a shift of 275-375 vouchers over time in support of public housing modernization will substantially impact waiting times.

C: One commenter requested clarification on CHA's plans with regard to establishing a preference for disabled households in the Project Based program.

R: Consistent with CHA's Federal Public Housing Designated Housing Plan, 13.5% of Project Based units will be leased to disabled households.

Rent Simplification in Federal Public Housing

C: One commenter expressed concern over the rent schedule for mixed families. The commenter said charging 40% of income is a punitive policy and asked CHA to reconsider its policy regarding immigrant families.

R: Although the 40% Rent Schedule used in determining rents for mixed families was not intended to be punitive, one case was brought to CHA's attention where the rental income was excessive. Further, in reviewing the 40% model, CHA came to believe that charging a rent that simply added 10% to the Rent Schedule was a better arrangement for both families and CHA. CHA changed its rent determination policy in response to this, and other similar comments.

C: One commenter thanked CHA for making changes to its mixed household rent formula and extending it to the Leased Housing program.

R: This change was made in response to comments received during the public comment period for the federalization program as well as those received during the Annual Plan public comment period. CHA believes the new rent formula (Rent Schedule + 10%) is easier to administer and easier for households to understand. CHA thanks the commenters for their suggestions for improving the formula.

C: One commenter stated that it is unfair to prohibit family households with medical expenses greater than \$7,501 per year from access to the hardship process.

R: Family public housing residents are not eligible for medical deductions; only child care deductions. This was the case prior to, and after the implementation of RSP.

C: One commenter expressed concern over the lack of medical deductions. It was unclear which program the commenter was referencing.

R: See CHA response above relative to medical deductions for family federal public housing residents. Elderly/disabled federal public housing residents are eligible for medical deductions.

C: One commenter suggested that CHA expand its hardship criteria (in both federal public housing and MTW Leased Housing) to permit any household paying more than 50% of rent towards medical care, child care, rent, utilities and child support access to the hardship process. The commenters added that households transferring from the state to federal public housing programs may experience significantly increased rent burdens by the transition from the state's deduction policies to the federal program's. The commenters acknowledge that this change would impact CHA rental income but state that the loss would be made up for by the increased operating subsidy previously state supported developments will receive through the federal program's more generous operating subsidy.

R: CHA will give this proposal serious consideration for both programs as well as in the development of transition rules related to the federalization of the state properties.

Voucher Reform/Administrative Plan

C: Several commenters expressed concern about the possible aligning of the Section 8 program with the federal public housing program. Two commenters suggested that CHA at least expand the hardship criteria for Section 8 participants.

R: The Hardship Criteria used for determining whether or not a voucher holder receives a hardship waiver will be reviewed during the rewriting of the Leased Housing Administrative Plan. There will be opportunities for the public comment.

C: One commenter asked if CHA could consider modifying the hardship rules to allow Section 8 participants to appear before the Hardship Committee before the case is taken to the panel.

R: Hardship applicants are already permitted to appear at the Hardship Committee when their application for a hardship waiver is being presented by their Occupancy Clerk. No participants have used this option since Rent Simplification was instituted in 2007. Participants who disagree with CHA's rent determination already have the right to appeal CHA's decision to the Conference Panel. Participants are required to attend the Conference Panel.

C: Two commenters suggested that similar public process for the ACOP be used for the development of the new Administrative Plan. The commenters added that a detailed lengthy exchange with more process would be good.

R: CHA appreciates that the public process around the development of the MTW Admissions and Continued Occupancy Policy (ACOP) for Federal Public Housing was well received and helpful in the drafting of the final policy. As described in Chapter I of this Plan, CHA intends to have meetings with members of ACT and advocates, opportunities for written comments and a formal thirty day comment period and public meeting if changes to the Administrative Plan include further rent reform.

C: Several commenters requested a more extensive public process between CHA and Section 8 participants regarding the possible streamlining of the Voucher program with the Federal Public Housing Rent Simplification program. The commenters suggested that voucher holders have more variable living conditions than public housing residents.

R: See CHA's response above relative to the public process. CHA appreciates the variables inherent in the voucher program, and how they affect participants. The voucher program is much more complicated than the federal public housing program, and those complications explain why CHA's Rent Simplification Program (RSP) in federal public housing is so much more robust than RSP in the voucher program.

None-the-less CHA remains committed to finding better ways to administer the voucher program and looks forward to sharing its thoughts with the community as our ideas for reform, supported by rigorous impact analyses, come more into focus. As always, any rent reform CHA develops is based on four core goals: making business with CHA less complicated and intrusive for participants, encouraging economic development for households who are able to pursue it, equitable delivery of housing assistance for all households and reducing the burden on CHA of administering this unnecessarily complex program. The successful outcomes being realized in federal public housing are evidence that, with careful analysis and planning, voucher holders will benefit from a significant enhancement of RSP in the MTW Leased Housing program.

C: One commenter stated that Rent Simplification benefits young working families and asked how the program helps elders. Also the commenter asked CHA to provide the percentage of elderly/disabled households in the voucher program.

R: The MTW Leased Housing program does not distinguish between family and elderly/disabled households; therefore CHA does track this data precisely. CHA is able to approximate the percentage based on certain data points such as age, receipt of SSI or SSDI. Using these data as indicators, CHA estimates that 34% of participants in the MTW Leased Housing program are either elderly or disabled. The relaxed reporting requirements included in RSP require elders to come into CHA for recertifications less frequently and generally reduce the anxiety associated with maintaining program compliance.

C: One commenter stated that the federalization of several state properties is taking up a lot of staff and ACT resources and suggested putting off revisions to the Administrative Plan until federalization is complete.

R: CHA has been working on the revised Administrative Plan for some time, and does not believe that the federalization of state developments makes it impossible for CHA to move ahead with revisions to the Administrative Plan.

C: One commenter stated that not enough time has elapsed to evaluate the impact RSP is having on federal public housing residents, implying that deeper rent reform, based on federal public housing's RSP is premature.

R: CHA has been tracking RSP impact data since the program's inception, and is confident that at the minimum, RSP is not negatively impacting households. In fact, as detailed in the FY 2009 MTW Annual Report, RSP appears to be positively effecting households; particularly with regard to earned income and rent burden as a percentage of adjusted income.

C: One commenter stated, in the context of opposition to further rent reform in the MTW voucher program, that the tiered rent schedule used for rent determination in federal public

housing is not fair to households whose incomes put them on the edge, but not into, the next band on the schedule.

R: The rent schedule used in federal public housing establishes rents using 30% at the low end of each income band, so that households with incomes at the higher end of a band actually pay less than 30% of income towards rent. This was an intentional design element that provides further incentive for increased earnings and explains, in part, why rent burdens under RSP are generally less than rent burdens experiences by federal public housing residents prior to RSP's implementation.

C: One commenter stated in the context of opposition to further rent reform in the MTW voucher program, that the medical and childcare deduction schedules used in federal public housing are not fair and that the hardship process is difficult for residents to apply for.

R: CHA remains confident that RSP provides for the equitable distribution of housing assistance to all federal public housing households. This view is supported by rent burden data (tracked over time and compared to pre-RSP data) as well as the relatively rare incidence of hardship applications based on childcare or medical expenses.

With regard to the hardship process, CHA does not agree with the commenter's statement that applying for hardships is difficult. In response to similar comments last year CHA created a Hardship Policy handout that explains the hardship criteria in simple terms. This one-page handout is given to all new residents as well as existing residents at recertification. Additionally, language reminding residents of the hardship policy is included in all letters concerning changes in rent and finally, the Hardship Application form was streamlined and clarified to make it easier for residents and staff to understand who is eligible for a hardship rent, and the process for attaining one.

C: One commenter stated that having biennial income recertifications is OK for households with fixed incomes or steady jobs, but restricting interim recertifications for households experiencing income decreases is punitive.

R: CHA reminds the commenter that RSP in the MTW voucher program already restricts interim recertifications to one per year for family households. As in federal public housing there is no limit on interim recertifications for elderly or disabled households. Any move from annual to biennial recertifications in the revised Administrative Plan will take the commenter's concerns into account.

C: One commenter questioned CHA's stated goal to align program rules since there are many programs whose regulations CHA could not change (such as the state's voucher program).

R: CHA will continue to use its MTW flexibility to align the federal programs it administers when doing so benefits participants and CHA. Integrating additional program elements from RSP in federal public housing into the MTW voucher program is one such area.

C: Several commenters expressed concerns about aligning the childcare and medical deduction policies between federal public housing and the Project Based and MTW voucher programs. The commenter stated that such an alignment would result in voucher holders reducing the use of necessary medical care.

R: CHA recognizes the differences between the federal public housing and voucher programs and any policy reforms will be developed with this difference in mind. As was the case during the development of RSP in federal public housing, CHA will think carefully about how its policy choices will impact participants. Further, CHA will include a detailed impact analysis for any proposed changes to existing deduction policies in order to illustrate the rationale for any policy choices.

Finally, CHA believes that the Commonwealth's unique health care system provides an ideal setting for reforming medical deduction policies and has been tracking the debate around medical expenses in the context of the Commonwealth's health care system. CHA has explored the feasibility of a medical deduction for all households, but has not found one that is economical or equitable to all households. CHA is not unmindful of this issue.

C: Several commenters expressed concern that an alignment between the federal public housing and MTW Leased Housing programs would result in higher rent burdens for participating households and urged CHA not to make further policy reforms. Commenters pointed out some of the significant differences between the public housing and voucher programs and described how those differences make rent reform in the voucher program especially difficult.

R: CHA appreciates these comments and is very familiar with the inherent differences between the two programs. As was the case with Rent Simplification in Federal Public Housing and the voucher program in 2006, CHA will not propose programmatic reforms that result in a preponderance of rent increases for participating households. Any policy recommendations will be accompanied by thorough impact analyses developed by a third party using actual household data. Further, CHA will develop careful and equitable transition and hardship rules to protect outlier households who might otherwise experience significant rent increases during implementation of the new rent policy.

C: Two commenters urged CHA not to make changes to the zero income and minimum rent policies in the MTW Leased Housing program.

R: CHA appreciates the commenter's position regarding minimum rents including those for households claiming zero income. As CHA has articulated in the past, the Agency believes that it is appropriate for every household to contribute something towards rent. CHA's zero income and minimum rent policies in the revised Administrative Plan will reflect this belief.

C: One commenter asked CHA not to move ahead with rent reform that the commenter knows will lead to higher rents for voucher holders and correlate increased risk for eviction.

R: CHA is unsure how the commenter knows that a rent reform policy that has not yet been fully developed or publicly vetted will lead to increased rents for voucher holders; particularly given the demonstrable fact that 2006's Rent Simplification in both the federal public housing and the voucher program resulted in no significant change in tenant rent burden, and in federal public housing has resulted in decreased burdens of almost 4% for elderly/disabled households and 3% for family households (see pages 6 – 10 of CHA's FY 2009 MTW Annual Report).

CHA's history with regard to rent reform (and policy reform in general) refutes the supposition that CHA will develop a rent reform policy that strays from the Agency's stated goals for rent reform which have been and continue to be: making business with CHA less complicated and intrusive for participants, encouraging economic development for households who are able to pursue it, equitable delivery of housing assistance for all households and reducing the burden on CHA of administering unnecessarily complex programs.

C: One commenter urged CHA not to align emergency criteria for the voucher program with the criteria in the MTW Federal Public Housing Admissions and Continued Occupancy Policy (ACOP).

R: CHA appreciates the commenter's concerns with regard to the emergency criteria and remains committed to working more with advocates on crafting mutually agreeable emergency criteria for the voucher program.

Alliance of Cambridge Tenants

C: Three commenters expressed concerned with CHA plans to decrease funding for ACT. One commenter asked if CHA aims to stop funding ACT. The commenters explained that ACT is a very useful resource for CHA and needs funding to continue serving residents. The commenters expressed that ACT provides invaluable knowledge about residents' needs and concerns to the Authority, hence making it a crucial asset for CHA's policy-making process. One of the commenters asked CHA to appreciate the work ACT does and requested to see the appreciation in the final written plan.

R: CHA revised the language relating to ACT's funding in the final Plan to better clarify CHA's long-term vision for the CHA-ACT relationship. CHA does not plan to completely stop funding ACT, but does believe that ACT's independence from CHA is essential to ACT's long-term success as an organization advocating on behalf of voucher holders and public housing residents. ACT's financial dependency on CHA for funding may compromise its ability to operate independently from CHA.

C: Three commenters asked CHA to revise the Plan text (p. 35 of DRAFT Plan) where it states that "funding will be provided on a decreasing basis over time in order to encourage ACT to acquire other funding [...]." One commenter expressed that it is inappropriate for CHA to deliberately publish such a statement prior to reaching an agreement with ACT through the Memorandum of Understanding (MOU) both parties will negotiate in the coming year. Another commenter said that the sentence should be changed to ensure ACT that it would not lose funds.

R: As described in CHA's response above, the language was revised in the final Plan. The language in the draft states CHA's position that funding will change over time. The terms, amount and duration of CHA's funding for ACT will be negotiated as part of the MOU process.

C: One commenter asked if CHA will serve as official sponsor of ACT until 501 (c) 3 status is achieved.

R: CHA will support ACT but not as an agent as doing so is not permitted under existing law.

C: One commenter requested CHA to eliminate all references to ACT as it being a Resident Advisory Board (RAB). According to the commenter, ACT is not an RAB and it does not intend on becoming one.

R: ACT's role is something that needs to be discussed during the MOU negotiation. CHA may need to use its Moving to Work authorizations relative to 964 requirements for resident councils if ACT decides not to be considered an advisory board. Further CHA needs to work with ACT to clarify the relationship of the Tenant Councils (elected per 964) to ACT.

C: One commenter asked CHA to have more than one working session with ACT.

R: CHA will be meeting with ACT quite a bit over the coming year. In addition to discussions around the Administrative Plan, CHA will be hosting several workshops with ACT members, and will be holding an ACOP feedback workshop meeting.

C: One commenter thanked CHA for its financial and technical support of ACT, which according to commenter, appears to be unique in its composition.

R: CHA thanks the commenter and looks forward to a long and productive relationship with ACT.

New Lease

C: Several commenters asked CHA to please put the development of the new lease on hold until after the Administrative Plan, the federalization process, etc. are done.

R: As discussed earlier, CHA plans on moving forward with the redrafting of the federal public housing lease and hopes to complete the process by late summer 2010. It is CHA's position that the lease can be revised apart from what happens as a result of federalization.

Customer Service

C: Two commenters expressed dissatisfaction with CHA managers' customer service. One commenter suggested training managers to improve their people's skills through seminars, role play, etc. According to the commenter, customer service training may help the relationship between managers and tenants.

R: CHA appreciates these comments. High quality customer service is central to CHA's management goals. To that end CHA is planning trainings on customer service for its property managers. Additionally, a third party vendor conducts a biannual Resident Satisfaction Survey that includes questions about customer service. CHA's managers regularly receive very high marks from survey respondents in the area of customer service. For example, the 2009 survey (conducted in February and March of 2009) results included the following:

- 95% of respondents said they were "very or somewhat satisfied" with the way they are treated by staff. By contrast, only 5% said they were "somewhat or very dissatisfied".
- Similarly, 90% were "very or somewhat satisfied" with how easy it was to meet their manager compared to 10% who said they were "somewhat or very dissatisfied".

CHA is considering using focus groups on survey off-years to obtain feedback from residents. In addition, CHA will reach out to ACT for input prior to the next survey.

C: Another commenter suggested that training alone would not solve the problem and asked the representative from Cambridge and Somerville Legal Services to assist residents in developing a solution.

R: CHA has no comment on this statement as it was not directed specifically to CHA.

C: One commenter requested to have survey elements brought-up in the Resident Survey feedback into the Plan to see what steps CHA takes to address issues.

R: The results of each Resident Survey are shared with Operations staff and are used as a barometer for many important management indicators, not just resident satisfaction with customer service.

In 2009 CHA tested adding development-specific questions to surveys conducted at a few developments to see if there was significant deviation in responses from one development to another in order to provide Operations staff with more directed feedback. Although no significant deviations were detected, CHA will explore expanding the site specific survey model to additional developments for the next Resident Survey. Survey responses would then be integrated into CHA's Quality Control protocols. In addition, CHA is considering conducting focus groups with residents as another means of collecting feedback on management practices, with a likely focus on customer satisfaction and safety issues.

C: One commenter requested that CHA work on including a place for managers/tenant relationship on its quality control efforts.

R: Please see CHA's response above.

C: One commenter gave an example of poor customer service describing a circumstance where a resident was given less than 24 hours written notice to make a delinquent payment to a manager at the same time the resident was required to appear in court to fight her eviction. The commenter said the manager was not in the office at the time the resident was instructed to make the payment and the resident was left waiting for the manager.

R: CHA is compelled to clarify the circumstances surrounding this particular incident. CHA's investigation of the incident reveals that a judge had already given CHA possession of the unit, and the manager was providing the resident with a final opportunity to keep her housing despite the court's ruling. In addition, the written notice instructed the resident to deliver payment to the management office by noon; no face-to-face meeting was required. The resident simply needed to leave her payment with anyone in the management office.

Miscellaneous – Plan Related

C: One commenter asked that all program forms be posted on CHA's webpage for downloading and that CHA solicit feedback on the forms.

R: CHA has already begun placing critical policy-related forms online and plans to post additional program forms on an ongoing basis. Members of the community are encouraged to notify CHA anytime they find errors, such as incorrect phone numbers, on any CHA forms. Form corrections and suggested improvements can be emailed to Joshua Meehan at jmeehan@cambridge-housing.org. Beginning in 2010, CHA will be reviewing program forms biannually to make sure they are up to date. Public input on the forms can be integrated into CHA's internal review process.

C: One commenter was dismayed that in the Plan CHA appears to stress the need for residents and vouchers holders to attain self-sufficiency and "graduate" from housing assistance. The commenter did not believe that was an appropriate philosophy particularly in the context of a tax code that provides huge housing subsidies to home owners through the mortgage interest tax deduction.

R: The Plan only discusses self-sufficiency and attaining economic independence as *central programmatic* goals within the context of the FOS and CCFO programs; each of which are designed to provide participants the tools and incentives necessary to reach economic independence. CHA does remind the community that consistent with its mission, CHA works hard to encourage resident and voucher holder self-sufficiency through programs offered by the Resident Services Department, in addition to myriad policy and programmatic reforms designed to make it easier for participants to work and save.

Miscellaneous – Not Plan Related

CHA received a number of comments and questions not related to the Plan. It is CHA's practice to respond to these comments and questions as the Plan provides a unique opportunity for CHA to address issues raised by the public, regardless of their relevance to the Plan.

C: One commenter asked about the possibility of CHA having a limited-equity COOP as a form of support for low-income families that lack housing security.

R: The Cambridge real estate market is different from anywhere else. The City's own affordable homebuyer programs require households to have income levels much higher than what an average public housing/voucher holder resident has. CHA is not opposed to look into limited-equity COOPs, but it is difficult to imagine what type of property a COOP could afford to pay off given the extremely high cost of Cambridge residential properties.

C: One commenter suggested that Section 3 employment opportunities at CHA are being incorrectly handled. The commenter asked why CHA doesn't do a better job in advertising employment opportunities to its residents.

R: CHA posts job opening at all public housing sites, the website and the Central Office bulletin board. Everyone is welcome to apply for a job at CHA. Additionally, Section 3 does not only apply to jobs at CHA but also to its vendors and contractors. CHA's vendors and contractors also have an obligation to reach out to Section 3 eligible individuals.

Additionally, CHA plans on including a Section 3 Report in the FY 2010 MTW Annual Report.

C: One commenter asked what was being done to address the problems of Tenant Coordinators regarding CHA provided health insurance and restrictions on full-time work, when desired.

R: CHA is unsure what "problem" the commenter is referencing. Tenant Coordinators are part time employees and not part of the bargaining unit and therefore not eligible for CHA's insurance coverage.

Several Tenant Coordinators have applied for and been considered for full time employment. One Tenant Coordinator has been hired for a full time position in the past fifteen months and another Tenant Coordinator was hired during preparation of this Annual Plan.

C: One commenter asked what role is contemplated for Tenant Councils in FY 2011 in screening new tenants for CHA developments as mandated by federal law/regulation.

R: CHA is willing to discuss and explain the screening process and to look for ways for Tenant Councils to provide CHA feedback on how the process can be improved. CHA has no plans to involve Tenant Councils in the screening of individual applicants.

C: One commenter asked what commitments CHA will make to provide for and guarantee enhanced meaningful resident/tenant participation in all aspects of CHA management and practices as mandated by federal law/regulation.

R: Chapter I of this Plan provides a list of opportunities for resident/tenant participation in upcoming CHA activities and policy reforms. In addition, as described earlier in this Appendix, CHA is considering additional opportunities for residents to provide CHA feedback regarding customer service and other important management functions through site-specific resident satisfaction surveys and periodic focus groups.

C: One commenter asked if CHA could work out an agreement with the YMCA to allow SRO tenants to have full access to all YMCA facilities.

R: Memberships to YMCA facilities are wholly controlled by the YMCA's management. CHA does not feel it is appropriate to intervene in this issue.

C: One commenter requested CHA post a list of crimes on or near its sites on CHA's website.

R: CHA does not believe this would be an appropriate use of its website. This information is already available in the *Cambridge Chronicle* and from the Cambridge Police Department. CHA will consider providing crime data by calendar year, comparing CHA sites to Cambridge in general. Previous analyses of this type have demonstrated that there is generally less crime at CHA developments when compared to the city as a whole.

C: One commenter asked CHA if residents would be involved in the decision-making process for CHA's plans to move its Central Office to the old police station building.

R: No. Residents will not be involved in the decision-making process, except that CHA intends to provide more generous space for public meetings. Resident groups will be able to schedule use of the space.

C: One commenter asked if rent payments could be made via CHA's website.

R: Not at this time, but that is certainly something CHA is willing to consider in the future. In the meantime, direct withdrawal service is available to residents who'd like their rent payments to be made automatically.

C: One commenter asked if residents would have a voice in determining what would happen with the Jefferson Park Clinic's future. The commenter asked CHA to consult with ACT and the Tenant Council about the use of remaining space.

R: A very small portion of this space will be made available to the Cambridge Police Department for a possible reporting office, but all of the remaining space will be used for Resident Services. CHA does not plan on consulting with ACT about the use of this space, but will brief Tenant Council on usage, once final plans are developed.

C: One commenter stated that staff email contact information was removed from the website and replaced with fillable email forms that do not provide users with actual email addresses.

R: CHA's old website did not include contact information for any CHA staff except for the following email addresses: info@cambridge-housing.org and [**Public Comments and Responses**](mailto:webmaster@cambridge-</p></div><div data-bbox=)

housing.org. The new website includes a searchable list of every CHA employee including each employee's title, department, direct phone number and an option to send each employee email via a fillable form. This searchable employee directory marks a significant increase in accessibility to CHA staff. For future reference, all CHA emails are constructed in the following manner: [firstinitiallastname@cambridge-housing.org](mailto:firstname.lastname@cambridge-housing.org). For example, an employee named John Smith's email address would be: jsmith@cambridge-housing.org.

APPENDIX 6

Local Asset Management

CHA is in compliance with most of the asset management/operating fund rule requirements. The agency has established fee for service, shared resources, etc. for most activities. A COCC is also in place. Because of the flexibility allowed by our MTW agreement, we find that some of our activities do not readily translate into fiscal policy choices that meet all of the stipulated provisions of the Asset Management rule. In Accordance with Amendment 1 of the Amended and Restated Moving to Work Agreement, we have outlined the key differences below:

Retaining Full Fungibility

First and foremost is our retention of full fungibility. As stipulated through our MTW agreement, CHA will continue to exercise full fungibility across programs, AMPs, and if necessary the COCC, at any time throughout the fiscal year.

Per Attachment D, Uses of Funds, paragraph 3, HUD acknowledges that the funds are not restricted. In addition Amendment 1, paragraph F. 2. f. provides for full authority to move funds among projects. Taken together CHA believes that continued fungibility as described above is permitted.

Financial Data Schedule (FDS) Reporting

HUD has mandated that supplementary information to financial statements be submitted via the FDS schedule. As an MTW agency, CHA has found that the current FDS schedule does not accurately convey its financial and reporting activities. HUD recognizes this deficiency and is in the process of developing an FDS schedule suitable for MTW agencies. CHA is anticipating this revised schedule and hopes to conform to the document if and when such schedule is made available. CHA does maintain and report its financial activities in accordance with Generally Accepted Accounting Principles (GAAP) and OMB Circular A-133 guidelines.

HUD has issued a FDS schedule for MTW agencies. CHA will submit financial data via the FDS Schedule.

Working Capital - Inclusion of Full CFP Data on Each AMP Budget

Given the fungibility of work items under CFP and CHA's 5-year plan, CHA capital plan is extensive and comprehensive. In order to plan, develop private investment opportunities and address local issues such as planning and zoning, CHA believes that it is in its best interest to not budget capital soft costs by AMP in our 2011 FY. Instead, CHA has created a pool of working capital funds based on all capital work for the fiscal year. Our Planning and Development Department will draw against this pool to cover pre-rehabilitation and/or pre-

development costs such as financial consulting, legal, architectural or engineering fees. If the need arises, CHA also intends to charge predevelopment administrative costs to this pool. As work progresses, CHA intends collapse costs into the capital budget for a project, and then track soft costs by AMP. However, this means that not all costs will be AMP based for some period of time. In the event a project is deferred or infeasible, CHA at its option, can chose to leave those costs in the common pool and not charge them to a project. Financial statements at year-end will reflect all capital expenses incurred by AMP for projects that go forward. Costs charged to the working capital pool are a direct cost to the pool and once a project goes forward will be considered a direct cost to a specific project. In the event CHA receives a developer fee it will reserve the option to charge the fee back to the pool or the AMP where the capital project was completed.

Amendment 1, Section F. 2. b. and c., requires that costs be accorded consistent treatment. The model proposed above comports with Amendment 1 in that the working capital pool can be considered a direct cost for pre-development expenses. Once under-way, costs will be considered a direct cost to a project.

Pension and Other Post Employment Benefits (OPEBs)

CHA is in compliance with GAAP and GASB Statement No. 45 in its treatment of OPEB expenses and liabilities. Project-Based Budgeting and Accounting is a cornerstone of the Asset Management Program. It appears to CHA that HUD is deviating from this principle by requesting that liabilities related to OPEB for all employees are charged to COCC (from the date of Asset Management implementation forward).

CHA will use its MTW authority to charge OPEB to AMPs and only charge the COCC for the portion directly related to the COCC staff. CHA believes this supports the requirements of a true Asset Management Program. Costs should stay where they are incurred (i.e. direct charges and liabilities to the AMPs should remain at the AMPs in order to accurately represent the true cost of running these projects). In addition, since OPEB is excluded from the excess cash calculation, reflecting it under each AMP has no adverse impact on excess cash. Asset management calls for a project level accounting. CHA's methodology supports a true project level accounting.

COCC Bookkeeping Fee

While HUD has assigned a bookkeeping fee of \$7.50 PUM, CHA will use a bookkeeping fee of \$16 PUM based on actual documented costs for these services in CHA's market. Upon request, CHA can furnish supporting documents for its choice of book keeping fee. CHA's local market calls for the corresponding amount. Amendment 1 allows for increased fees with justification. (See Amendment 1, Section F. 4. a. ii.)

Night and Weekend Crew

These positions are mandated by CHA's labor union agreement and because of the inability to obtain and maintain a market rate fee schedule on these staff positions CHA used a per unit allocation. This crew is not assigned to a specific site, nor is fee for service an option since the work that can be charged is so variable. CHA is using an allocation approach to cover the cost of these two crews (3 to 5 positions in total) as permitted per Amendment 1, Section F. 4.b.

Central Maintenance Fee

For the skilled trades in Central Maintenance CHA has adopted a fee for service approach.

Gross Potential Operating Subsidy

While HUD is planning to mandate the reporting of gross potential subsidy on each AMP, CHA's agreement does not call for calculation of subsidy by AMP. HUD Form 52723 as submitted by CHA is not AMP-driven at the subsidy level and our fungibility through MTW allows cross-funding of subsidy. CHA thus finds the calculation and reporting of gross potential subsidy inconsequential within an MTW program that has full fungibility. CHA's position is in line with Attachment A which outlines CHA's subsidy computation.

Leased Housing Administrative Fees

CHA's MTW funding folds administrative fees into our formula. For all practical purposes our MTW agreement's funding formula does not recognize administrative fees. However, CHA continues to track and compare our administrative costs to the administrative fees for the Housing Choice Voucher program (currently set at \$97 PUM) in order to provide a rough benchmark for our program administrative costs. After allowing for the direct costs of the voucher program, CHA provides \$37.02 PUM to the COCC. This figure deviates from HUD's suggested COCC voucher fee methodology that generates a \$26.90 PUM.

MTW leased housing initiatives call for a much higher level of accounting review, analysis and monitoring which constitutes the higher administrative fee. The administrative fee has a book keeping component. A higher Bookkeeping Fee is justified by the local market and authorized in F. Local asset management program, 4. Identification of Cost approach Under A-87, a. Fee-for-service methodology, v. in Amendment 1 of the Amended and Restated Moving to Work Agreement.

Allocation for Certain Resident Service Expenses

While HUD has encouraged costs associated with resident services to be treated as direct or front line costs, CHA uses an allocation methodology for FY 2011. Per Amendment 1 Section F. CHA is authorized to apply local determinations with respect to front line, prorated, shared resources, fee costs, and other aspects of such requirements, to meet the objectives of the MTW program.

In future fiscal years CHA may move resident services into the AMP budget and charge these costs as front line.

Shared Resource Costs

CHA currently uses a shared cost methodology to cover tenant liaison overhead costs. CHA is in compliance with A-87 and Amendment 1.

APPENDIX 7

CHA Board Authorizations

OMB Control Number: 2577-0216
Expiration Date: 12/31/2011

Annual Moving to Work Plan Certifications of Compliance

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

Certifications of Compliance with Regulations: Board Resolution to Accompany the Annual Moving to Work Plan

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the PHA fiscal year beginning 9/1/16, hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the PHA and conducted a public hearing to discuss the Plan and invited public comment.
2. The Agency took into consideration public and resident comment before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan;
3. The PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
4. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
5. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
6. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
7. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part
8. The PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
9. The PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

Attachment B

8

10. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

11. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).

12. The PHA will provide HUD or the responsible entity any documentation that the Department needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58.

13. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.

14. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.

15. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.

16. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.).

17. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.

18. All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its Plan and will continue to be made available at least at the primary business office of the PHA.

Cambridge Housing Authority
PHA Name

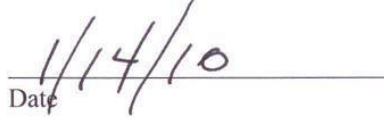
MA-003-001
PHA Number/HA Code

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

Gerard J. Clark
Name of Authorized Official

Chairman
Title

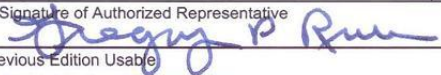

Signature


Date

Attachment B
10

**APPLICATION FOR
FEDERAL ASSISTANCE**

OMB Approval No. 0348-0043

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input checked="" type="checkbox"/> Non-Construction Preapplication <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		2. DATE SUBMITTED January 14, 2010	Applicant Identifier
		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
5. APPLICANT INFORMATION			
Legal Name: Cambridge Housing Authority		Organizational Unit:	
Address (give city, county, State, and zip code): 675, Massachusetts Avenue, Cambridge, MA 02139		Name and telephone number of person to be contacted on matters involving this application (give area code) Bolaji Atewologun (617)-520-6209	
6. EMPLOYER IDENTIFICATION NUMBER (EIN): [0][4] - [6][0][0][2][0][8][1]		7. TYPE OF APPLICANT: (enter appropriate letter in box) <input type="checkbox"/> <ul style="list-style-type: none"> A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify) <u>Public Housing</u> 	
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) <input type="checkbox"/> <input type="checkbox"/> A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration Other(specify): _____		9. NAME OF FEDERAL AGENCY:	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: [] [] - [] [] [] [] TITLE: _____		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT:	
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.):		13. PROPOSED PROJECT	
Start Date 1/1/10	Ending Date 1/1/11	14. CONGRESSIONAL DISTRICTS OF: a. Applicant MA - 8th b. Project MA - 8th	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$ 9,622,146 ⁰⁰	a. YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON: DATE _____	
b. Applicant	\$. ⁰⁰	b. No. <input type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
c. State	\$. ⁰⁰	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> Yes If "Yes," attach an explanation. <input type="checkbox"/> No	
d. Local	\$. ⁰⁰	18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.	
e. Other	\$. ⁰⁰	a. Type Name of Authorized Representative Gregory Russ	b. Title Executive Director
f. Program Income	\$. ⁰⁰	c. Telephone Number (617) 520-6229	e. Date Signed 1-14-10
g. TOTAL	\$ 9,622,146 ⁰⁰	d. Signature of Authorized Representative 	

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Authorized for Local Reproduction

Standard Form 424 (Rev. 7-97)
Prescribed by OMB Circular A-102

**Certification of Payments
to Influence Federal Transactions**

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

Applicant Name

Cambridge Housing Authority

Program/Activity Receiving Federal Grant Funding

MA-003-001

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

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

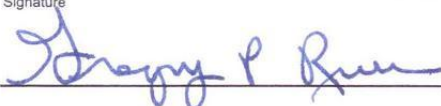
(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this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

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

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

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

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

Name of Authorized Official Gregory Russ	Title Executive Director
Signature 	Date (mm/dd/yyyy) 1/14/2010

Previous edition is obsolete

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

PHA Board Resolution
Approving Operating Budget

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 10/31/2009)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Cambridge Housing Authority PHA Code: MA003001

PHA Fiscal Year Beginning: April 1, 2010 Board Resolution Number: _____

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

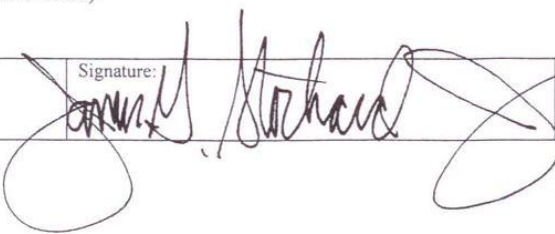
- Operating Budget approved by Board resolution on: 12/30/2009
- Operating Budget submitted to HUD, if applicable, on: _____
- Operating Budget revision approved by Board resolution on: _____
- Operating Budget revision submitted to HUD, if applicable, on: _____

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: James G. Stockard, Jr.	Signature: 	Date: 12/30/2009
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Previous editions are obsolete

form HUD-52574 (08/2005)

GENERAL CERTIFICATE

I Gregory Russ, do hereby certify as follows:

1. I am the duly appointed, qualified and acting Secretary of the Cambridge Housing Authority (herein called the “Local Authority”). In such capacity, I am custodian of its records and am familiar with its organization, membership and activities.
2. The proper and current corporate title of the Local Agency is the Cambridge Housing Authority.
3. The Local Authority was duly created, pursuant to the authority of the Constitution and statutes of the Commonwealth of Massachusetts General Laws, Chapter 121B, and was duly organized on the ninth day of December, 1935; and since the date of its organization, the Local Agency has continued to exist without interruption in the performance of its public corporate purposes.
4. The names and dates of the election or appointment, and the dates of the beginning of the Local Agency and of its principal officer are as follows:

NAME AND OFFICERS	DATE OF APPOINTMENT OR ELECTION	DATE OF COMMENCEMENT OF TERM	DATE OF EXPIRATION OF TERM
Gerard J. Clark			
Member	03-14-1974	01-11-2010	01-11-2015
Chairperson	01-13-2010		01-12-2011
Jacqueline F. Adams			
Member	04-26-1995	10-01-2007	10-01-2012
Vice-Chairperson	01-13-2010		01-12-2011
Warren R. McManus			
Member	09-12-1982	10-10-2007	09-30-2011
Treasurer	01-13-2010		01-12-2011
James G. Stockard, Jr.			
Member	01-21-1974	11-11-2008	11-11-2013
Assistant Treasurer	01-13-2010		01-12-2011
Anthony Pini			
Member	01-13-2010	01-13-2010	04-01-2014

5. Each of the above-mentioned officers required to do so has duly taken and filed his/her oath of office and each of them legally required to give bond or undertaking has filed such bond or undertaking in form and amount as required to give bond and is otherwise duly qualified to act in the official capacity above designated, and each is the acting officer holding the respective office or offices stated beside his/her name.

6. None of the above-mentioned officers is ineligible to hold or be disqualified from holding under the provisions of applicable law, the respective office, specified above, which he/she holds.

7. None of the above-named Members is an officer or employee of the City of Cambridge.

8. Since June 30, 1972, there have been no changes in or amendments to the Chapter, by-laws, ordinance, resolutions, or proceedings of the Local Agency, with respect to:

(a) The time and place of and other provisions concerning regular meetings of the Local Agency and the business which may be taken up at such meetings;

(b) The provisions concerning the calling and holding of special meetings of the Local Agency and the business which may be taken up at such meetings;

(c) The requirements concerning a quorum;

(d) The manner in which the charter or by-laws of the Local Agency may be amended;

(e) The requirements regarding the introduction, passage, adoption, approval, and publication of resolutions, ordinances, or other measures, relating to the approval and execution of contracts and the authorization, award, execution, or issuance of bonds, notes or other obligations of the Local Agency;

(f) The officers required to sign, countersign, or attest contracts, bonds, notes, or other obligations of the Local Agency;

(g) The officer of the Local Agency; or

(h) The seal of the Local Agency;

except as follows:

NONE

9. The seal impressed below, opposite my signature, is the duly adopted, proper and official corporate seal of the Local Agency.

IN WITNESS WHEREOF, I have hereunto set my hand and the duly adopted official seal of the local agency, this 14th day of January 2010.


Gregory Russ, Secretary

(Seal)

CERTIFICATE OF RECORDING OFFICER

I, Gregory Russ, the duly appointed qualified and acting Secretary of the Cambridge Housing Authority, do hereby certify that the attached extract from the Minutes of the **Regular Meeting** of the Board of Commissioners of the Cambridge Housing Authority held on **January 13, 2010**, is a true and correct copy of the original on file and of record insofar as they relate to the matters set forth in the attached extract and is a true and correct copy of a motion adopted at such meeting and on file and of record.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of said Cambridge Housing Authority, this 14th day of January 2010.


Gregory Russ, Secretary

(Seal)

APPENDIX 8

Liberated Assets – Proposal Letter



CAMBRIDGE HOUSING AUTHORITY

675 Massachusetts Avenue, Cambridge, MA 02139 • p 617 864 3020 / TDD 800 545 1833 x112 • f 617 868 5372 • www.cambridge-housing.org

November 16, 2010

Ivan Pour, Program Director
Moving to Work Deregulation Demonstration
U.S. Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, DC 20410

RE: Moving to Work Deregulation Demonstration Program – Proposed Initiative
“Liberating” Public Housing Assets through a Transformation of Rental Assistance

Dear Mr. Pour:

Thank you for the opportunity to further delineate the Cambridge Housing Authority’s proposed Moving to Work (MTW) initiative to liberate public housing assets through a Transformation of Rental Assistance (TRA). As we recently discussed, this proposed initiative builds upon the proposal outlined in the Authority’s FY 2011 MTW Plan, would allow Cambridge Housing Authority (CHA) to further develop this initiative, and if appropriate move forward with its implementation.

Briefly, the CHA’s proposal would ultimately remove the HUD Declaration of Trust on specific public housing developments and transform its public housing operating subsidy into market-based rental subsidy. The combination of these two changes would allow the properties to support long-term debt and would be a key mechanism for the CHA to proceed with much needed modernization at these sites.

CHA proposes that the initiative be implemented in four phases as follows:

- Phase 1 – Financial Modeling, to be completed by January 15th. CHA would complete financial modeling of potential housing developments using both the HUD PETRA calculator and a CHA-developed financial model. An analysis of the assumptions and findings will be presented to HUD, and a roundtable discussion with HUD will be held to discuss the analysis and fine tune assumptions. As a means of furthering our discussion, we are enclosing drafts of two different financial models for the four CHA properties under consideration for TRA. One model is the TRA Leverage Calculator offered by HUD, and the other is a model prepared by CHA’s consultant, Viva Consulting. An analysis by CHA’s consultant is also enclosed.
- Phase 2 – Investment Community Review, to be completed by March 15th. CHA would utilize the updated financial modeling to develop proformas to review with potential investors

including banks and low-income housing tax credit investors. Preliminary reactions and comments from the investment community would assist the CHA in determining the overall viability of the proposal as well as identifying concerns or issues that would need to be addressed as part of the program proposal phase.

- Phase 3 – Program Proposal, to be completed by May 31, 2011. CHA would prepare and submit to HUD a proposal or proposals which would specify the key elements of the program as follows:
 - Long-Term Affordability. The proposal would include a draft use agreement to be used in lieu of the HUD Declaration of Trust. The use agreement would be tailored for CHA’s proposed TRA initiative. It would provide for long-term affordability, as well as include safeguards for residents (e.g. lease terms, tenant grievance process, tenant participation, etc.). CHA recognizes that HUD is seeking at least a thirty year minimum term. CHA anticipates exceeding that minimum term.
 - Financial Elements. The proposal would identify the financial terms including a draft rehabilitation scope and financing plan. The proposal would identify the proposed rent structure for the properties. CHA anticipates that the proposed rent structures would match the levels specified in HUD’s Preservation, Enhancement and Transformation of Rental Assistance (PETRA) proposal. Baseline rents would be at comparable market rents, sufficient to support the financing. In most instances, the CHA anticipates utilizing low-income housing tax credits with the TRA. It is important to note that CHA’s initial analysis indicates that two of the four previously identified properties would likely need rents based at 120% of comparable market rents.
 - Program Components. The proposal would specify how the CHA would transform the properties from public housing to use-restricted project-based contract (PBC) housing. At a minimum, it would:
 - Identify any requirements for a waiver of 24 CFR 983 regulations.
 - Specify how the rental assistance funds will be generated. CHA anticipates use of replacement vouchers it would receive as part of a disposition application. HUD has agreed that the CHA will not suffer a loss of vouchers and/or affordable units as a result of the implementation of this initiative.
 - Specify the term for PBC subsidy payment with minimum term of 20 years.
 - Detail the rescreening and selection of residents for participation in the program. CHA would not seek to rescreen existing residents.
 - Outline how the CHA’s MTW program would continue at the properties, including the rent simplification initiatives.
 - Specify a mobility option for residents that would allow residents an ability to have choice, after a specified period of time.
 - Identify how unit inspections and rent determinations would be completed.
 - Detail the resident participation process to be used in transitioning properties from public housing to PBC housing.

As part of our preliminary discussions we have identified four properties – Manning Apartments, Millers River Apartments, Jefferson Park and Putnam Gardens – to be analyzed for inclusion in this initiative. CHA will continue to focus our program review and development on these four properties, but reserves its right to substitute and/or add additional properties to its proposal if the overall financial feasibility of the initiative would be enhanced.

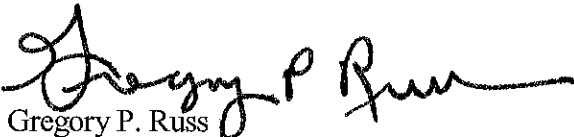
CHA would need HUD's affirmation of its proposal(s) to proceed to Phase 4 since Phase 4 would require considerable expenditure of funds and staff time to design the modernization plans and to finalize the financing plan.

- Phase 4 – Implementation, to begin on July 15, 2011. Once the initial proposal(s) is approved by HUD, CHA would immediately begin work to finalize modernization and financing plans. As plans are finalized, CHA would submit updated rental terms sheets as well as subsidy layering review documentation to HUD for its final, expedited review and approval. Given the complexity of financing and the planned modernization work, CHA anticipates that it will take approximately a year to close these deals and begin construction once we begin working on the implementation phase.

The CHA is appreciative of the opportunity to further review and possibly implement the liberating assets/TRA initiative, in the context of our Moving to Work Agreement. We believe it will be a very powerful tool in our ability to preserve and protect low income public housing units in Cambridge for many years to come and could be a useful model for other housing authorities.

Please let me know if you have any questions or we can provide additional information. Thank you for your consideration.

Sincerely,



Gregory P. Russ
Executive Director

ENC

cc Mr. Gregory A. Byrne
Senior Project Manager

To: Terry Dumas, Greg Russ, Arthur Hardy-Doubleday, Cambridge Housing Authority
From: Laurie Gould, VIVA Consulting
Re: PETRA modeling
Date: November 8, 2010

The attached financial model shows the conversion and refinance of several CHA public housing developments, consistent with the Preservation, Enhancement and Transformation of Rental Assistance (PETRA) proposal issued by HUD on May 11, 2010. The PETRA legislation envisions the conversion of public and some privately-held subsidized housing to a project-based rent subsidy model, enabling these properties to raise capital in the private markets (presumably through mortgage financing and in some cases low-income housing tax credit equity). As you requested, I have analyzed four developments: Millers River, Manning Apartments, the federal side of Jefferson Park, and Putnam Gardens.

At the same time, Arthur Hardy-Doubleday and I ran data on the four projects through the "TRA Leverage Calculator" offered by HUD. While several assumptions and precise results vary between the VIVA model and HUD's calculator, the overall conclusions are the same:

For the two properties requiring the most substantial rehab (Millers River and Manning), it is not possible to raise sufficient capital through new debt and 4% tax credit equity alone to complete the renovations and cover soft costs, given the legislation's guidelines about acceptable rent levels. On the other hand, both Jefferson Park (Federal) and Putnam Gardens could achieve this result with rents set within the proposed PETRA guidelines. Both of these developments could successfully rehab and refinance with rents set at 110% of FMRs, but for Jefferson Park, this result would only be possible with an injection of tax credit equity.

PETRA Assumptions

HUD's PETRA proposal anticipates that any public housing property would have the right to convert to project-based subsidy. The legislation allows for a wide range of possible rents. Baseline rent levels would be at comparable market rates, up to 110% of FMRs for the area. On an exception basis, HUD would have the ability to approve rents up to the higher of 110% FMRs or 120% of comparable market rents.

The financial model submitted with this report includes a range of scenarios regarding rents and refinancing strategies:

- For each rent level described below, the model creates financial projections using supportable debt alone, and using supportable debt + 4% tax credits.

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Jennifer Gilbert
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Somerville, MA 02144
T 617 666 1165
F 617 249 0971
jgilbert@vivaconsult.com

Judy Weber
Principal
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F 617 916 5219
jweber@vivaconsult.com

- Tested rent levels include:
 - Current FMRs
 - Current market rents
 - Rents at 110% FMRs
 - Rents at 120% of market rates

The model also shows what rents would be necessary in order to support the costs of rehab with debt alone or with a combination of debt and 4% tax credit equity.

Modeling Assumptions

Assumptions used in the financial model include:

- *Development costs modeled on comparable current rehab projects:* Construction costs, architecture and engineering, and other soft costs are based on per-unit numbers for comparable projects currently under redevelopment:
 - Manning and Millers River are modeled on per unit costs for LBJ Apartments, a similar comprehensive rehab of an existing high-rise senior building (with \$7,000 per unit in hard costs subtracted for Millers River to reflect HVAC work already completed)
 - CHA staff estimate Putnam Gardens rehab needs at \$75,000 per unit, and Jefferson Park Federal needs at \$100,000 per unit
- *Other capital budget costs are based on industry norms and standards:*
 - Hard cost contingency is carried at 10%, and soft cost contingency is carried at 2%
 - Reserves are funded at 50% of one year's debt service for debt-only refinancings, and at 50% of one year's operating expenses plus debt service for tax credit refinancings
 - In order to maximize equity proceeds, tax credit refinancings assume that acquisition costs and developer fees will be maximized in project budgets. The acquisition costs (based on comparable current projects, as described above) are offset dollar for dollar by acquisition loans from the Housing Authority. CHA will retain developer fees in an amount sufficient to cover its overhead for these kinds of projects (paid developer fee is shown as the lesser of \$2,000,000 or the maximum fee allowed per the state regulations for each tax credit project)
 - For debt-only refinancings, an administrative fee of 3.3% of the project construction budget is included in the project uses in lieu of developer fee, to cover the housing authority's overhead and administrative costs.
- *Operating expenses based on current operating costs:* Using information provided by CHA, I included the higher of budget or actual costs for the current year in each operating category. In addition, the models adds replacement reserve contribution of \$350/unit/year, administrative costs of \$90/year to reflect the larger insurance and audit costs entailed for privately-financed housing, and additional insurance costs reflecting typical lender and investor requirements beyond self-insurance.

- Manning's operating budget assumes that energy-related rehab work will reduce utility costs by \$250,000 per year (the building currently has very expensive electric heat). Putnam Gardens' utilities are projected to decrease by \$25,000 per year post-rehab.
- *The model uses the "small area FMRs" for all of the properties:* In Cambridge, the small area FMRs are for the most part higher than the global FMRs for the entire Boston-Cambridge MSA
- *Comparable Market Rents are derived from different sources for different developments:*
 - For Jefferson Park Federal, rents are drawn from the most recent Rent Comparability Study for Jefferson Park State;
 - Rents for Putnam Gardens, Manning Apartments and Millers River were calculated by the Cambridge Housing Authority Leasing Department using AREA Rents software.
- *Fees to HUD are included in all budgets:* The PETRA proposal provides for conversion fees of up to \$100,000 per project to be paid to HUD. This model assumes that fees of \$50,000 per project would be charged for each debt-only refinancing, and that fees totaling \$100,000 would be charged for each tax credit refinancing.
- *Debt rates and terms are based on assumptions used by Recap Advisors in the analysis they completed for CLPHA.* These assumptions are based on current FHA-insured terms: 5.5% interest, 35 year amortization, and debt service coverage ratios of 1.176.
 - For 4% tax credit deals, financing fees and construction loan interest are assumed to be 1.65% of the total tax exempt bond debt (which would be 51% of development costs in order to qualify for the LIHTC credits), plus 18 months of interest on this debt at 5.0%.
 - For debt-only deals, financing fees are carried at the 3% level assumed in the Recap analysis.

Comparison with the HUD PETRA Calculator

Copies of the HUD Calculator results for each project are attached to this report.

While the model developed for the CHA uses the Recap Advisors assumptions about debt costs and terms, HUD's own calculator makes more modest assumptions about debt:

- While the CHA model and the Recap analysis assume interest of 5.5%, HUD's PETRA calculator assumes 7.00% plus a .45% mortgage insurance premium
- The CHA model and Recap assume financing fees, for a debt-only deal, of 3%; the HUD model assumes 4%
- The CHA model and Recap assume a debt coverage ratio of 1.176; HUD's model assumes 1.20.

Other HUD modeling assumptions are, however, less conservative. For example, HUD's analysis does not address soft costs at all, nor does it incorporate a construction

contingency. Finally, the HUD model does not anticipate leveraging low-income housing tax credits; the CHA model includes multiple scenarios, including the use of 4% tax credits.

Despite the differences in financing assumptions, the CHA model and HUD's PETRA calculator reach very similar results when evaluating the non-tax credit scenarios.

Modeling Results

Putnam Gardens, with the most modest rehab costs (estimated at \$75,000 per unit), is able to carry a refinance with or without tax credits with rents a bit below 110% FMRs. Jefferson Park Federal, with rehab needs at \$100,000 per unit, could realize sufficient revenues from a refinance only with rents about halfway between FMRs and market rents. If successful at raising tax credit equity on fairly favorable terms, Jefferson Park Federal might be able to complete a refinance and property rehab with rents at 110% of FMRs.

On the other hand, refinancing proceeds alone, with or without tax credits, would not be sufficient to meet the rehab needs of the two senior properties, Millers River and Manning Apartments. Debt-only refinancings for both properties would require rents well in excess of 120% of market rents, with or without tax credit equity.

These results are not surprising, given the disparity between the assumptions of necessary rehab costs in HUD's analysis of the legislation and the actual rehab costs in CHA's experience. HUD's legislative analysis assumes that units can be brought up to a level competitive with the market with an investment of \$25,000 per unit: this amount would presumably need to cover not only construction but also soft costs and financing fees, as well as fees to HUD. CHA's experience is that costs to bring units to a sustainable, market-competitive level are significantly higher:

- Construction costs alone are \$162,000 in LJB Apartments, a typical high-rise senior building with units that are much smaller than the market currently demands.
- HUD's analysis does not fully acknowledge the substantial soft costs involved in major rehab and refinancing projects: required reserves and financing fees that can range from 15% to 40% of the actual construction budget. Further, privately financed projects will generally incur higher operating costs for line items such as administration, insurance and replacement reserves.

The rehab needs of both Manning and Miller's River are assumed to be close to the LBJ Apartments construction plan, with contract work of about \$162,000 and \$155,00 modeled for the two developments, respectively (Miller's is a little lower than LBJ due to energy work that has already been completed). A review of the current development proforma for LBJ shows that in addition to debt and equity, the project requires soft loans of approximately \$135,000 per unit: it is not surprising that this level of rehab cannot be completed with first mortgage loans and equity alone, even given Cambridge's robust market rents.

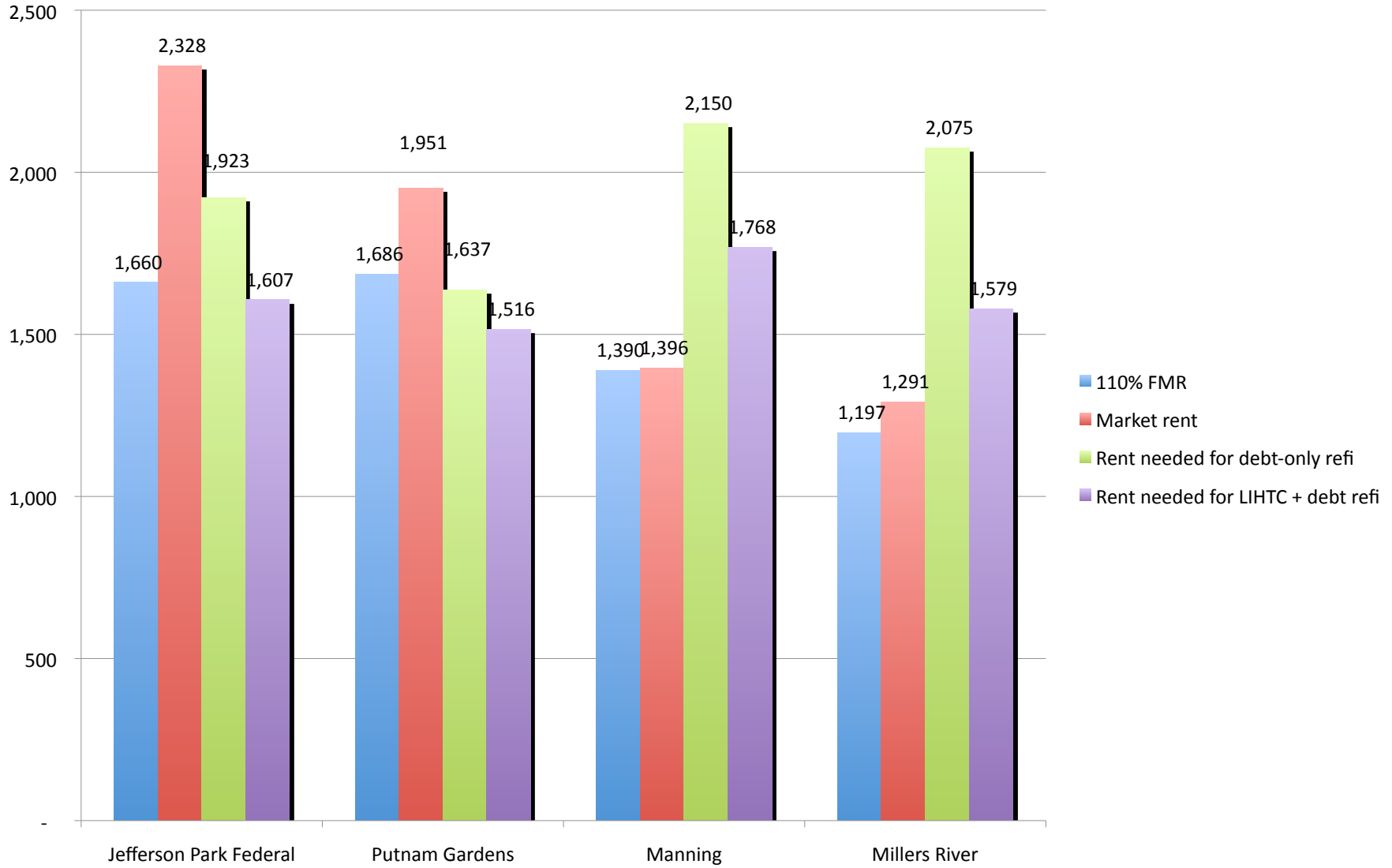


On the other hand, the Putnam and Jefferson Park Federal models show that, with rents set within the PETRA guidelines, these properties could generate sufficient capital to accomplish a fairly substantial rehab program of \$75,000 - \$100,000 per unit.

The Cambridge, MA real estate market is positioned firmly at the upper end of the nation's cost curve – rents, operating expenses, and the costs of capital repairs are markedly more expensive than in much of the country. This analytical exercise has shown that in such a market, properties with moderate capital needs could theoretically access enough private capital to perform an appropriate rehab scope if they are provided with operating income between 110% FMRs and prevailing market rents. The next step in exploring the viability of such a refinancing program will be to solicit feedback from potential financial partners, to understand how they would underwrite the projects and what incentives they would need to invest.

The same analytical exercise has also shown that for properties with truly substantial physical needs – particularly those developments with obsolete unit sizes and configurations – it will not be possible to bring the units to current market standards without substantial capital as well as operating subsidy.

PETRA Refinance Rent Levels



TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Overview

This TRA Leveraging Calculator tool is intended to help public housing agencies assess the capital leveraging potential of public housing projects in converting to long-term Section 8 rental assistance contracts. It is to be used primarily as a planning aid. It allows a PHA to estimate whether it can leverage first mortgage proceeds to meet capital repair and replacement needs, using different assumptions regarding rents, operating costs, financing terms, etc., all of which may be altered by the user. (Note: The tool does not reflect or replace the full underwriting analysis a public housing project should undergo during conversion to long-term Section 8 Contracts.)

This tool contains four tabs. Please begin by reading through the Instructions tab.

Background

The Preservation, Enhancement, and Transformation of Rental Assistance Act of 2010 (PETRA) proposes a multi-year effort to preserve public and assisted housing, simplify program administration, and expand resident choice. One of the primary vehicles for achieving these goals is to allow PHAs to convert public housing to these long-term Section 8 rental assistance contracts.

[Click here to visit HUD's website for more information on the Department's Transforming Rental Assistance \(TRA\) initiative](#)

How to Use this Tool

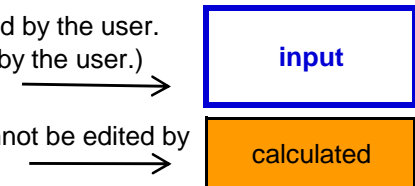
The tool includes three additional tabs:

- The second tab ("**Property Data**") asks the user to enter information about the project, including bedroom distribution, estimated rehabilitation needs, estimated post-rehabilitation rents, replacement reserve deposits, operating costs, etc.
- The third tab ("**Underwriting Assumptions**") includes pre-populated financing assumptions (loan terms, etc.), which the user can use or modify. PHAs may modify any assumptions, as local conditions suggest. For example, a PHA may want to examine change in capital leveraging potential under different loan terms or assuming different utility expenses (possibly as a result of energy conservation measures).
- The fourth tab ("**Pro-Forma Results**") uses the information contained in the first two tabs to prepare a financing pro-forma for the project, showing whether a property could meet its capital and replacement needs at comparable market rents or if exception rents would be needed (as these terms are defined below). The tool also calculates the rent the project would need for long-term physical and financial viability given the inputs the user provided and whether that rent level is below the PETRA exception rent caps (see below). In other words, this is the rent level at which the project's immediate capital needs can be addressed, its capital repair and replacement needs over time can be provided for through regular deposits to a replacement reserve account, and operations can be sustained for the term of the rental assistance contract, taking annual rent adjustments into account.

Additional instructions are included with each tab. Use the buttons at the bottom of each tab to navigate this tool.

There are two types of fields, with color coding.

- **Input** fields require data entry by the user, e.g., the project's bedroom distribution. All input fields can be changed by the user. (On the Underwriting Assumptions tab, the tool begins with an initial set of assumptions, which can be modified by the user.) Input fields are coded in blue.
- **Calculated** fields are performed by the tool, e.g., Gross Potential Rents. Calculated fields are read-only and cannot be edited by the user. Calculated fields are coded in orange.



If you wish to save and share the file, please consider the following naming convention "TRALeverageCalculator_PHA_Project Name"

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Key Terms

Comparable Market Rent (CMR) is the rent paid in the local market for unassisted units that are of comparable quality to the units for which contract rents are being established. The comparable market rent for a unit is typically established using a Rent Comparability Study (RCS). The Pro Forma uses the CMR as the basis for calculating gross potential rents. The user is requested to enter the CMR for each applicable bedroom size. Since the tool is simply a planning aide, the PHA may estimate a CMR if a RCS or other study has not been performed.

Fair Market Rent (FMR). For HUD programs, the term “Fair Market Rent” (FMR) means a gross rent estimate. FMRs are used to determine the payment standard for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts and initial rents in the Section 8 Moderate Rehabilitation SRO program, and in setting ceiling rents in the HOME tenant-based rental assistance program. The FMR includes the shelter rent and the cost of most tenant-paid utilities.

An **Exception Rent** is an above-market rent and may, with HUD's approval, be as high as 110% of the FMR or 120% of the CMR.

Unit Rent Setting Under PETRA

- For properties sustainable at or below the CMR, the asking rent will be capped at the CMR, up to 110% of the applicable FMR (unless HUD approves a higher level for preservation-worthiness).*
- For properties requiring above-market rents, and that meet HUD-established criteria for preservation-worthiness, HUD could approve an exception rent capped at the higher of 110% of the FMR or 120% of the CMR.

* Alternately, a below-market rent would be permitted for a property that is sustainable at such lower rent. A PHA might request an asking rent below market as a result of the conversion competition (i.e., to participate in the initial authorization). Further, HUD could approve a below-market rent if the conversion competition did not prevent “windfall” rents – for example, a recently completed HOPE VI project where HUD paid to construct the units but where market rents greatly exceed operating needs.

Estimates of Project Repair Needs and Deposits to Replacement Reserve

The tool requests the user to enter estimates of project repair needs, broken down by immediate needs, needs for years 1-5, and needs for years 6-20. As this data is user-identified, PHAs may enter whatever estimates they have available on capital repair needs (most likely as a result of physical needs assessments that are generally conducted every five years).

By default, the tool will assume that the immediate needs will be financed through long-term debt and the remaining needs (i.e. short and long-term needs) will be funded through replacement reserves. In this way, the annual replacement reserve deposit is “sized” to meet the short and long-term needs. For example, if a 100-unit project identifies total short and long-term needs of \$960,000, then the annual replacement reserve deposit would be \$48,000 (\$960,000 divided by 20 years), or \$40 per unit monthly (PUM). In cases where annual short-term needs are higher than the simple average of the needs over 20 years (i.e. needs through years 1-5 are greater than \$40 PUM, the tool assumes that the difference is capitalized into the loan (and deposited into a reserve account). The initial capitalization of the reserve account is added to the immediate needs to determine the total amount to finance.

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Analyzing the Results

Based on the property data entered, and financing assumptions used, the tool will calculate whether the property can support the full costs of conversion at CMR. It will also display the rent needed to allow the property to break-even after fully supporting operating costs, reserves, debt service, and cash flow. When the CMR can cover conversion costs, the Pro Forma will use only the debt service amount needed to meet the identified capital needs (and also indicate any additional leveraging potential). When the CMR cannot support conversion costs, the tool will use the maximum debt service the CMR could support and indicate the financing deficit.

There are four possible results, which will display in green or yellow:

- 1 The project is feasible with CMRs less than 110% of the FMR.** In this situation the project is able to meet the rehab needs that were identified at comparable market rent levels that are below 110% of the FMR. Under PETRA, the Secretary does not need to approve market rents below 110% of the FMR. (The Secretary may, however, approve or determine a rent lower than market if such lower rent is sufficient to meet the financial and physical sustainability needs of the project.) (Green)
- 2 The project is feasible but CMRs exceed 110% of the FMR.** This situation is the same as the first, except the rents exceed 110% of the FMR. Under PETRA, a preservation-worthy project with market rents above 110% of the FMR would require approval from the Secretary. (Green)
- 3 The project requires an exception rent above CMR up to the higher of 120% of the market rent or 110% of the FMR to be financially and physically sustainable.** In this situation market rents are not sufficient to meet the needs of the project, but the project could be sustainable under PETRA's exception rent provisions, i.e., up to the higher of 120% of market or 110% of the FMR. Exception rents must be approved by the Secretary and the project must be preservation-worthy. (Yellow)
- 4 The project requires rent levels in excess of allowable exception rents.** In this situation the project's financial and physical sustainability requires rents that exceed the exception rent policy under PETRA. In these circumstances, the project needs to find ways to reduce costs, increase revenues, or find alternative funding to meet project needs. (Yellow)

Property Data

Fill in the fields with blue borders. The orange fields are calculated automatically.

Step 1:

Identify the Project

Name of Project	Frank J. Manning Apartments
Housing Authority	CHA
City	Cambridge
State	MA

Step 2

Enter the Unit Mix, Utility Allowances, FMRs, and Market Rents

Unit Type	# of Units	Comparable Market Rent (CMR)	Fair Market Rent (FMR)		
			FMR	Utility Allowance	110% FMR (less utility)
0 BR	1	\$1,185	\$1,230	\$51	\$1,302
1 BR	189	\$1,361	\$1,300	\$52	\$1,378
2 BR	8	\$2,083	\$1,510	\$62	\$1,599
3 BR	0	\$2,360	\$1,800	\$73	\$1,907
4 BR					\$0
5+ BR*					\$0
Units	198				
Average		\$1,389	\$1,308	\$52	\$1,387

* For FMR for 5+ BR multiply the 4BR value by a factor of 1.15

Instructions:

- For CMR, consider the level of rents that the property would be able to command after it is converted, and after the up-front repairs and improvements have been completed. It may be helpful to think about the Reasonable Rent conclusion that you might reach if you evaluated the property for participation in the Housing Choice Voucher program after repairs (i.e. "what is the rent that a non-assisted tenant would be willing to pay, from his or her own funds, to live here, after conversion?"). The CMR is net of utility payments.
- For FMR, you may use the traditional FMR or use the following link to identify the zip-code based Small Area demonstration FMR HUD has developed.

[FY 2010 Equivalent Small Area Demonstration Rents](#)

Step 3

Estimate Capital Needs

	Total	Per Unit
Immediate needs	\$32,105,106	\$162,147
Total Short term needs (1-5 years)	\$346,500	\$1,750
Total Long term needs (years 6-20)	\$1,039,500	\$5,250
Total Needs	\$33,491,106	\$169,147
Total short + long term needs (yrs 1-20)	\$1,386,000	\$7,000
Average short + long term needs over 20 yrs	\$69,300	\$350
Average short term needs over 5 yrs	\$69,300	\$350
Annual short term reserve deficit	\$0	\$0
Reserve deficit over five years (i.e. frontloaded capital needs) (To be capitalized by loan)	\$0	\$0

Instructions:

- "Immediate needs" includes all items that are broken or at the end of their useful life. Also, consider additional up-front repairs, improvements, or locally mandated upgrades that will need to be made in order to bring the property up to a standard that would be competitive with existing non-luxury housing in good condition in the local market. This tool finances immediate needs via debt.
- "Short-term and long-term" needs over the next 20 yrs are funded from the Replacement Reserve account. As such, the annual reserve deposits will be set at a level to meet the short-term and long-term needs. To the extent that the project's 20 yr capital needs are frontloaded in the first five years, the replacement reserve account will require initial capitalization to fund the difference between annual deposits and need.

Property Data

Step 4: Reserve Deposits

Enter your selected amounts for the annual post-conversion reserve deposit

Annual Reserve Deposit Calculation	Total	Per Unit
Total short + long term needs (yrs 1-20)	\$1,386,000	\$7,000
(Less loan capitalization of frontloaded needs)	\$0	\$0
Remaining short + long term needs over 20 yrs	\$1,386,000	\$7,000
<i>Suggested annual reserve deposit</i>	\$69,300	\$350
Post-conversion annual reserve deposit	\$56,700	\$286

Instructions:

- The annual deposit to replacement reserves should be set at a level to meet the anticipated accrual of capital needs over 20 years, less any initial capitalization of the reserve account (i.e. the suggested amount). If you choose an annual reserve deposit *below the suggested amount*, capital needs not met through annual deposits will be capitalized into the loan, which is a less cost-effective method of meeting capital needs and will require a greater overall subsidy. Conversely, an annual deposit *greater than the suggested amount* will decrease the tool's calculation of the total loan amount, but the project risks raising insufficient capital to meet immediate needs.

Step 5

Enter your expected Operating Expenses after conversion

	Total	Per Unit
Utility Expense	\$358,864	\$1,812
Taxes	\$0	\$0
Other Non-Utility Expenses	\$1,174,021	\$5,929
Total Operating Expenses	\$1,532,885	\$7,742

Instructions:

- Consider what level of operating expenses will be necessary to operate the project post-conversion. Take into account any up-front repairs or upgrades that may affect current expense patterns, such as energy saving improvements.

Underwriting Assumptions

Amounts are in	2010 dollars
Vacancy loss	3.0% of gross potential rents
Bad debt loss	2.0% of gross potential rents
Other income	2.0% of gross potential rents
Initial Deposit to Capital Reserve Fund	\$ 500 per unit
Initial Deposit to Operating Reserve	\$ - per unit
DSCR	1.20 :1 (NOI ÷ debt service)
First mortgage financing:	
Interest rate	7.00% per year
Mortgage insurance premium	0.45% per year
Amortization term	35 years
Financing Fees	4% of loan amount

Instructions

- This sheet includes initial values for all underwriting assumptions. Users may modify any of these assumptions.
- You will need to establish and maintain a minimum Capital Replacement Reserve account level, or cushion. An initial analysis by HUD suggests a minimum level of \$500 per unit is appropriate for the public housing stock. (Any value input here will be capitalized into a loan.)
- Also consider establishing an operating reserve that provides a cushion for your operating expenses. Some lenders may require an operating reserve for projects receiving above market rents (i.e. a transition reserve in case the subsidy discontinues).
- The mortgage financing terms presented are generally consistent with those that are available to borrowers under FHA's Section 221(d) program for new construction / substantial rehabilitation. PHAs may vary the mortgage financing terms based on local markets.

Pro Forma Conversion at Comparable Market Rent

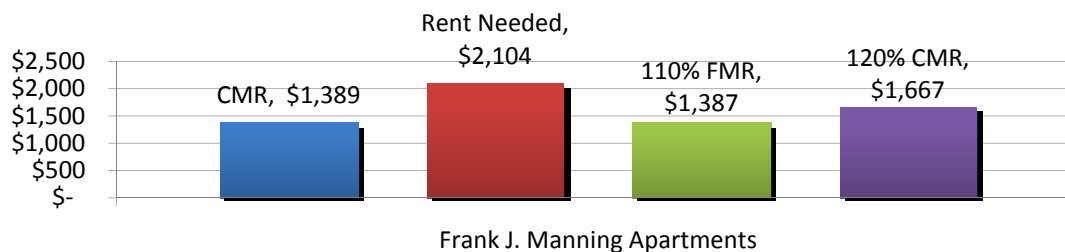
Cash Flow Component	Annual	Per Unit	Costs of Conversion:	Annual
Gross Potential Rents	\$3,300,936	\$16,671	Total Capital Needs	\$33,491,106
Vacancy Loss	(\$99,028)	(\$500)	20 yr Annual Replacement Reserve Deposits	(\$1,134,000)
Bad Debt Loss	(\$66,019)	(\$333)	Initial reserve capitalization	\$99,000
Other Income	\$66,019	\$333	Financing Fees (capitalized)	\$1,298,244
Effective Gross Income	\$3,201,908	\$16,171	Total Amount to Finance	\$33,754,350
Utilities	(\$358,864)	(\$1,812)		
Real Estate Taxes	\$0	\$0		
Other Operating Expenses	(\$1,174,021)	(\$5,929)		
Annual Reserve Deposit	(\$56,700)	(\$286)		
Net Operating Income	\$1,612,323	\$8,143		
Debt Service Payments*	(\$1,343,602)	(\$6,786)	Debt Service Payments Needed	\$2,716,583
Pro Forma Cash Flow	\$268,720	\$1,357	NOI needed	\$3,259,899
			Gross Potential Rents Needed	\$4,999,468
Debt Supported	\$16,694,660	\$84,316	Weighted Rent needed to cover capital needs, reserves, operating costs, and cash flow	\$2,104
Financing Deficit	(\$17,059,691)	(\$86,160)		

*This is the maximum debt service this NOI can support.

Results and Interpretation:

The project requires a rent level in excess of allowable exception rents. In this situation the project's financial and physical sustainability requires rents that exceed the exception rent policy under PETRA. In these circumstances, the project needs to find ways to reduce costs, increase revenues, or find alternative funding to meet project needs.

Comparable Market Rent vs. Rent Needed to Finance Conversion



Rent Comparison

CMR	\$1,389
Rent needed	\$2,104
120% of CMR	\$1,667
110% of FMR (less utility)	\$1,387

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Overview

This TRA Leveraging Calculator tool is intended to help public housing agencies assess the capital leveraging potential of public housing projects in converting to long-term Section 8 rental assistance contracts. It is to be used primarily as a planning aid. It allows a PHA to estimate whether it can leverage first mortgage proceeds to meet capital repair and replacement needs, using different assumptions regarding rents, operating costs, financing terms, etc., all of which may be altered by the user. (Note: The tool does not reflect or replace the full underwriting analysis a public housing project should undergo during conversion to long-term Section 8 Contracts.)

This tool contains four tabs. Please begin by reading through the Instructions tab.

Background

The Preservation, Enhancement, and Transformation of Rental Assistance Act of 2010 (PETRA) proposes a multi-year effort to preserve public and assisted housing, simplify program administration, and expand resident choice. One of the primary vehicles for achieving these goals is to allow PHAs to convert public housing to these long-term Section 8 rental assistance contracts.

[Click here to visit HUD's website for more information on the Department's Transforming Rental Assistance \(TRA\) initiative](#)

How to Use this Tool

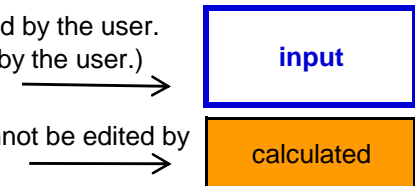
The tool includes three additional tabs:

- The second tab ("**Property Data**") asks the user to enter information about the project, including bedroom distribution, estimated rehabilitation needs, estimated post-rehabilitation rents, replacement reserve deposits, operating costs, etc.
- The third tab ("**Underwriting Assumptions**") includes pre-populated financing assumptions (loan terms, etc.), which the user can use or modify. PHAs may modify any assumptions, as local conditions suggest. For example, a PHA may want to examine change in capital leveraging potential under different loan terms or assuming different utility expenses (possibly as a result of energy conservation measures).
- The fourth tab ("**Pro-Forma Results**") uses the information contained in the first two tabs to prepare a financing pro-forma for the project, showing whether a property could meet its capital and replacement needs at comparable market rents or if exception rents would be needed (as these terms are defined below). The tool also calculates the rent the project would need for long-term physical and financial viability given the inputs the user provided and whether that rent level is below the PETRA exception rent caps (see below). In other words, this is the rent level at which the project's immediate capital needs can be addressed, its capital repair and replacement needs over time can be provided for through regular deposits to a replacement reserve account, and operations can be sustained for the term of the rental assistance contract, taking annual rent adjustments into account.

Additional instructions are included with each tab. Use the buttons at the bottom of each tab to navigate this tool.

There are two types of fields, with color coding.

- **Input** fields require data entry by the user, e.g., the project's bedroom distribution. All input fields can be changed by the user. (On the Underwriting Assumptions tab, the tool begins with an initial set of assumptions, which can be modified by the user.) Input fields are coded in blue.
- **Calculated** fields are performed by the tool, e.g., Gross Potential Rents. Calculated fields are read-only and cannot be edited by the user. Calculated fields are coded in orange.



If you wish to save and share the file, please consider the following naming convention "TRALeverageCalculator_PHA_Project Name"

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Key Terms

Comparable Market Rent (CMR) is the rent paid in the local market for unassisted units that are of comparable quality to the units for which contract rents are being established. The comparable market rent for a unit is typically established using a Rent Comparability Study (RCS). The Pro Forma uses the CMR as the basis for calculating gross potential rents. The user is requested to enter the CMR for each applicable bedroom size. Since the tool is simply a planning aide, the PHA may estimate a CMR if a RCS or other study has not been performed.

Fair Market Rent (FMR). For HUD programs, the term “Fair Market Rent” (FMR) means a gross rent estimate. FMRs are used to determine the payment standard for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts and initial rents in the Section 8 Moderate Rehabilitation SRO program, and in setting ceiling rents in the HOME tenant-based rental assistance program. The FMR includes the shelter rent and the cost of most tenant-paid utilities.

An **Exception Rent** is an above-market rent and may, with HUD's approval, be as high as 110% of the FMR or 120% of the CMR.

Unit Rent Setting Under PETRA

- For properties sustainable at or below the CMR, the asking rent will be capped at the CMR, up to 110% of the applicable FMR (unless HUD approves a higher level for preservation-worthiness).*
- For properties requiring above-market rents, and that meet HUD-established criteria for preservation-worthiness, HUD could approve an exception rent capped at the higher of 110% of the FMR or 120% of the CMR.

* Alternately, a below-market rent would be permitted for a property that is sustainable at such lower rent. A PHA might request an asking rent below market as a result of the conversion competition (i.e., to participate in the initial authorization). Further, HUD could approve a below-market rent if the conversion competition did not prevent “windfall” rents – for example, a recently completed HOPE VI project where HUD paid to construct the units but where market rents greatly exceed operating needs.

Estimates of Project Repair Needs and Deposits to Replacement Reserve

The tool requests the user to enter estimates of project repair needs, broken down by immediate needs, needs for years 1-5, and needs for years 6-20. As this data is user-identified, PHAs may enter whatever estimates they have available on capital repair needs (most likely as a result of physical needs assessments that are generally conducted every five years).

By default, the tool will assume that the immediate needs will be financed through long-term debt and the remaining needs (i.e. short and long-term needs) will be funded through replacement reserves. In this way, the annual replacement reserve deposit is “sized” to meet the short and long-term needs. For example, if a 100-unit project identifies total short and long-term needs of \$960,000, then the annual replacement reserve deposit would be \$48,000 (\$960,000 divided by 20 years), or \$40 per unit monthly (PUM). In cases where annual short-term needs are higher than the simple average of the needs over 20 years (i.e. needs through years 1-5 are greater than \$40 PUM, the tool assumes that the difference is capitalized into the loan (and deposited into a reserve account). The initial capitalization of the reserve account is added to the immediate needs to determine the total amount to finance.

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Analyzing the Results

Based on the property data entered, and financing assumptions used, the tool will calculate whether the property can support the full costs of conversion at CMR. It will also display the rent needed to allow the property to break-even after fully supporting operating costs, reserves, debt service, and cash flow. When the CMR can cover conversion costs, the Pro Forma will use only the debt service amount needed to meet the identified capital needs (and also indicate any additional leveraging potential). When the CMR cannot support conversion costs, the tool will use the maximum debt service the CMR could support and indicate the financing deficit.

There are four possible results, which will display in green or yellow:

- 1 The project is feasible with CMRs less than 110% of the FMR.** In this situation the project is able to meet the rehab needs that were identified at comparable market rent levels that are below 110% of the FMR. Under PETRA, the Secretary does not need to approve market rents below 110% of the FMR. (The Secretary may, however, approve or determine a rent lower than market if such lower rent is sufficient to meet the financial and physical sustainability needs of the project.) (Green)
- 2 The project is feasible but CMRs exceed 110% of the FMR.** This situation is the same as the first, except the rents exceed 110% of the FMR. Under PETRA, a preservation-worthy project with market rents above 110% of the FMR would require approval from the Secretary. (Green)
- 3 The project requires an exception rent above CMR up to the higher of 120% of the market rent or 110% of the FMR to be financially and physically sustainable.** In this situation market rents are not sufficient to meet the needs of the project, but the project could be sustainable under PETRA's exception rent provisions, i.e., up to the higher of 120% of market or 110% of the FMR. Exception rents must be approved by the Secretary and the project must be preservation-worthy. (Yellow)
- 4 The project requires rent levels in excess of allowable exception rents.** In this situation the project's financial and physical sustainability requires rents that exceed the exception rent policy under PETRA. In these circumstances, the project needs to find ways to reduce costs, increase revenues, or find alternative funding to meet project needs. (Yellow)

Property Data

Fill in the fields with blue borders. The orange fields are calculated automatically.

Step 1:

Identify the Project

Name of Project	Millers River Apartments
Housing Authority	CHA
City	Cambridge
State	MA

Step 2

Enter the Unit Mix, Utility Allowances, FMRs, and Market Rents

Unit Type	# of Units	Comparable Market Rent (CMR)	Fair Market Rent (FMR)		
			FMR	Utility Allowance	110% FMR (less utility)
0 BR	232	\$1,219	\$1,120	\$51	\$1,181
1 BR	68	\$1,524	\$1,180	\$52	\$1,246
2 BR	1	\$2,005	\$1,370	\$62	\$1,445
3 BR					\$0
4 BR					\$0
5+ BR*					\$0
Units	301				
Average		\$1,291	\$1,134	\$51	\$1,197

* For FMR for 5+ BR multiply the 4BR value by a factor of 1.15

Instructions:

- For CMR, consider the level of rents that the property would be able to command after it is converted, and after the up-front repairs and improvements have been completed. It may be helpful to think about the Reasonable Rent conclusion that you might reach if you evaluated the property for participation in the Housing Choice Voucher program after repairs (i.e. "what is the rent that a non-assisted tenant would be willing to pay, from his or her own funds, to live here, after conversion?"). The CMR is net of utility payments.
- For FMR, you may use the traditional FMR or use the following link to identify the zip-code based Small Area demonstration FMR HUD has developed.

[FY 2010 Equivalent Small Area Demonstration Rents](#)

Step 3

Estimate Capital Needs

	Total	Per Unit
Immediate needs	\$46,699,215	\$155,147
Total Short term needs (1-5 years)	\$526,750	\$1,750
Total Long term needs (years 6-20)	\$1,580,250	\$5,250
Total Needs	\$48,806,215	\$162,147
Total short + long term needs (yrs 1-20)	\$2,107,000	\$7,000
Average short + long term needs over 20 yrs	\$105,350	\$350
Average short term needs over 5 yrs	\$105,350	\$350
Annual short term reserve deficit	\$0	\$0
Reserve deficit over five years (i.e. frontloaded capital needs) (To be capitalized by loan)	\$0	\$0

Instructions:

- "Immediate needs" includes all items that are broken or at the end of their useful life. Also, consider additional up-front repairs, improvements, or locally mandated upgrades that will need to be made in order to bring the property up to a standard that would be competitive with existing non-luxury housing in good condition in the local market. This tool finances immediate needs via debt.
- "Short-term and long-term" needs over the next 20 yrs are funded from the Replacement Reserve account. As such, the annual reserve deposits will be set at a level to meet the short-term and long-term needs. To the extent that the project's 20 yr capital needs are frontloaded in the first five years, the replacement reserve account will require initial capitalization to fund the difference between annual deposits and need.

Property Data

Step 4: Reserve Deposits

Enter your selected amounts for the annual post-conversion reserve deposit

Annual Reserve Deposit Calculation	Total	Per Unit
Total short + long term needs (yrs 1-20)	\$2,107,000	\$7,000
(Less loan capitalization of frontloaded needs)	\$0	\$0
Remaining short + long term needs over 20 yrs	\$2,107,000	\$7,000
<i>Suggested annual reserve deposit</i>	\$105,350	\$350
Post-conversion annual reserve deposit	\$90,300	\$300

Instructions:

- The annual deposit to replacement reserves should be set at a level to meet the anticipated accrual of capital needs over 20 years, less any initial capitalization of the reserve account (i.e. the suggested amount). If you choose an annual reserve deposit *below the suggested amount*, capital needs not met through annual deposits will be capitalized into the loan, which is a less cost-effective method of meeting capital needs and will require a greater overall subsidy. Conversely, an annual deposit *greater than the suggested amount* will decrease the tool's calculation of the total loan amount, but the project risks raising insufficient capital to meet immediate needs.

Step 5

Enter your expected Operating Expenses after conversion

	Total	Per Unit
Utility Expense	\$649,837	\$2,159
Taxes	\$0	\$0
Other Non-Utility Expenses	\$1,747,054	\$5,804
Total Operating Expenses	\$2,396,891	\$7,963

Instructions:

- Consider what level of operating expenses will be necessary to operate the project post-conversion. Take into account any up-front repairs or upgrades that may affect current expense patterns, such as energy saving improvements.

Underwriting Assumptions

Amounts are in	2010 dollars
Vacancy loss	3.0% of gross potential rents
Bad debt loss	2.0% of gross potential rents
Other income	2.0% of gross potential rents
Initial Deposit to Capital Reserve Fund	\$ 500 per unit
Initial Deposit to Operating Reserve	\$ - per unit
DSCR	1.20 :1 (NOI ÷ debt service)
First mortgage financing:	
Interest rate	7.00% per year
Mortgage insurance premium	0.45% per year
Amortization term	35 years
Financing Fees	4% of loan amount

Instructions

- This sheet includes initial values for all underwriting assumptions. Users may modify any of these assumptions.
- You will need to establish and maintain a minimum Capital Replacement Reserve account level, or cushion. An initial analysis by HUD suggests a minimum level of \$500 per unit is appropriate for the public housing stock. (Any value input here will be capitalized into a loan.)
- Also consider establishing an operating reserve that provides a cushion for your operating expenses. Some lenders may require an operating reserve for projects receiving above market rents (i.e. a transition reserve in case the subsidy discontinues).
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Pro Forma Conversion at Comparable Market Rent

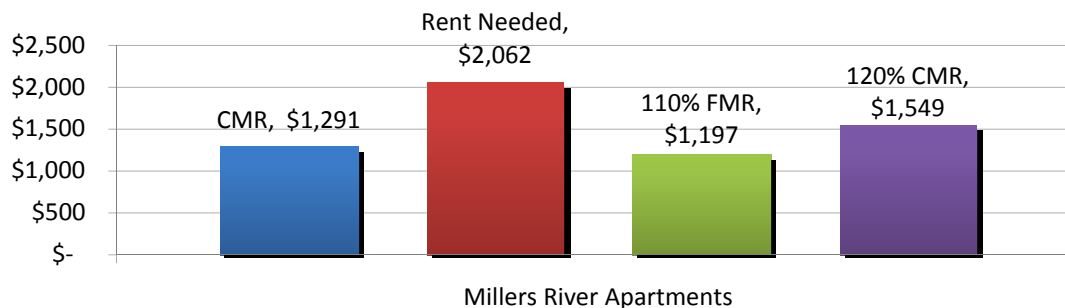
Cash Flow Component	Annual	Per Unit	Costs of Conversion:	Annual
Gross Potential Rents	\$4,661,340	\$15,486	Total Capital Needs	\$48,806,215
Vacancy Loss	(\$139,840)	(\$465)	20 yr Annual Replacement Reserve Deposits	(\$1,806,000)
Bad Debt Loss	(\$93,227)	(\$310)	Initial reserve capitalization	\$150,500
Other Income	\$93,227	\$310	Financing Fees (capitalized)	\$1,886,029
Effective Gross Income	\$4,521,500	\$15,022	Total Amount to Finance	\$49,036,744
Utilities	(\$649,837)	(\$2,159)		
Real Estate Taxes	\$0	\$0		
Other Operating Expenses	(\$1,747,054)	(\$5,804)		
Annual Reserve Deposit	(\$90,300)	(\$300)		
Net Operating Income	\$2,034,309	\$6,759		
Debt Service Payments*	(\$1,695,257)	(\$5,632)	Debt Service Payments Needed	\$3,946,524
Pro Forma Cash Flow	\$339,051	\$1,126	NOI needed	\$4,735,829
			Gross Potential Rents Needed	\$7,446,413
Debt Supported	\$21,064,079	\$69,980	Weighted Rent needed to cover capital needs, reserves, operating costs, and cash flow	\$2,062
Financing Deficit	(\$27,972,665)	(\$92,932)		

*This is the maximum debt service this NOI can support.

Results and Interpretation:

The project requires a rent level in excess of allowable exception rents. In this situation the project's financial and physical sustainability requires rents that exceed the exception rent policy under PETRA. In these circumstances, the project needs to find ways to reduce costs, increase revenues, or find alternative funding to meet project needs.

Comparable Market Rent vs. Rent Needed to Finance Conversion



Rent Comparison

CMR	\$1,291
Rent needed	\$2,062
120% of CMR	\$1,549
110% of FMR (less utility)	\$1,197

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Overview

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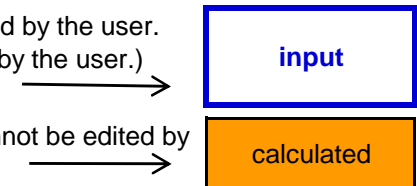
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- The fourth tab ("**Pro-Forma Results**") uses the information contained in the first two tabs to prepare a financing pro-forma for the project, showing whether a property could meet its capital and replacement needs at comparable market rents or if exception rents would be needed (as these terms are defined below). The tool also calculates the rent the project would need for long-term physical and financial viability given the inputs the user provided and whether that rent level is below the PETRA exception rent caps (see below). In other words, this is the rent level at which the project's immediate capital needs can be addressed, its capital repair and replacement needs over time can be provided for through regular deposits to a replacement reserve account, and operations can be sustained for the term of the rental assistance contract, taking annual rent adjustments into account.

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TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Key Terms

Comparable Market Rent (CMR) is the rent paid in the local market for unassisted units that are of comparable quality to the units for which contract rents are being established. The comparable market rent for a unit is typically established using a Rent Comparability Study (RCS). The Pro Forma uses the CMR as the basis for calculating gross potential rents. The user is requested to enter the CMR for each applicable bedroom size. Since the tool is simply a planning aide, the PHA may estimate a CMR if a RCS or other study has not been performed.

Fair Market Rent (FMR). For HUD programs, the term “Fair Market Rent” (FMR) means a gross rent estimate. FMRs are used to determine the payment standard for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts and initial rents in the Section 8 Moderate Rehabilitation SRO program, and in setting ceiling rents in the HOME tenant-based rental assistance program. The FMR includes the shelter rent and the cost of most tenant-paid utilities.

An **Exception Rent** is an above-market rent and may, with HUD's approval, be as high as 110% of the FMR or 120% of the CMR.

Unit Rent Setting Under PETRA

- For properties sustainable at or below the CMR, the asking rent will be capped at the CMR, up to 110% of the applicable FMR (unless HUD approves a higher level for preservation-worthiness).*
- For properties requiring above-market rents, and that meet HUD-established criteria for preservation-worthiness, HUD could approve an exception rent capped at the higher of 110% of the FMR or 120% of the CMR.

* Alternately, a below-market rent would be permitted for a property that is sustainable at such lower rent. A PHA might request an asking rent below market as a result of the conversion competition (i.e., to participate in the initial authorization). Further, HUD could approve a below-market rent if the conversion competition did not prevent “windfall” rents – for example, a recently completed HOPE VI project where HUD paid to construct the units but where market rents greatly exceed operating needs.

Estimates of Project Repair Needs and Deposits to Replacement Reserve

The tool requests the user to enter estimates of project repair needs, broken down by immediate needs, needs for years 1-5, and needs for years 6-20. As this data is user-identified, PHAs may enter whatever estimates they have available on capital repair needs (most likely as a result of physical needs assessments that are generally conducted every five years).

By default, the tool will assume that the immediate needs will be financed through long-term debt and the remaining needs (i.e. short and long-term needs) will be funded through replacement reserves. In this way, the annual replacement reserve deposit is “sized” to meet the short and long-term needs. For example, if a 100-unit project identifies total short and long-term needs of \$960,000, then the annual replacement reserve deposit would be \$48,000 (\$960,000 divided by 20 years), or \$40 per unit monthly (PUM). In cases where annual short-term needs are higher than the simple average of the needs over 20 years (i.e. needs through years 1-5 are greater than \$40 PUM, the tool assumes that the difference is capitalized into the loan (and deposited into a reserve account). The initial capitalization of the reserve account is added to the immediate needs to determine the total amount to finance.

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Analyzing the Results

Based on the property data entered, and financing assumptions used, the tool will calculate whether the property can support the full costs of conversion at CMR. It will also display the rent needed to allow the property to break-even after fully supporting operating costs, reserves, debt service, and cash flow. When the CMR can cover conversion costs, the Pro Forma will use only the debt service amount needed to meet the identified capital needs (and also indicate any additional leveraging potential). When the CMR cannot support conversion costs, the tool will use the maximum debt service the CMR could support and indicate the financing deficit.

There are four possible results, which will display in green or yellow:

- 1 The project is feasible with CMRs less than 110% of the FMR.** In this situation the project is able to meet the rehab needs that were identified at comparable market rent levels that are below 110% of the FMR. Under PETRA, the Secretary does not need to approve market rents below 110% of the FMR. (The Secretary may, however, approve or determine a rent lower than market if such lower rent is sufficient to meet the financial and physical sustainability needs of the project.) (Green)
- 2 The project is feasible but CMRs exceed 110% of the FMR.** This situation is the same as the first, except the rents exceed 110% of the FMR. Under PETRA, a preservation-worthy project with market rents above 110% of the FMR would require approval from the Secretary. (Green)
- 3 The project requires an exception rent above CMR up to the higher of 120% of the market rent or 110% of the FMR to be financially and physically sustainable.** In this situation market rents are not sufficient to meet the needs of the project, but the project could be sustainable under PETRA's exception rent provisions, i.e., up to the higher of 120% of market or 110% of the FMR. Exception rents must be approved by the Secretary and the project must be preservation-worthy. (Yellow)
- 4 The project requires rent levels in excess of allowable exception rents.** In this situation the project's financial and physical sustainability requires rents that exceed the exception rent policy under PETRA. In these circumstances, the project needs to find ways to reduce costs, increase revenues, or find alternative funding to meet project needs. (Yellow)

Property Data

Fill in the fields with blue borders. The orange fields are calculated automatically.

Step 1:

Identify the Project

Name of Project	Putnam School
Housing Authority	CHA
City	Cambridge
State	MA

Step 2

Enter the Unit Mix, Utility Allowances, FMRs, and Market Rents

Unit Type	# of Units	Comparable Market Rent (CMR)	Fair Market Rent (FMR)		
			FMR	Utility Allowance	110% FMR (less utility)
0 BR	0	\$0	\$1,230	\$60	\$1,293
1 BR	15	\$1,500	\$1,300	\$61	\$1,369
2 BR	66	\$1,800	\$1,510	\$70	\$1,591
3 BR	29	\$2,300	\$1,800	\$81	\$1,899
4 BR	12	\$2,500	\$1,980	\$93	\$2,085
5+ BR*					\$0
Units	122				
Average		\$1,951	\$1,599	\$74	\$1,686

* For FMR for 5+ BR multiply the 4BR value by a factor of 1.15

Step 3

Estimate Capital Needs

	Total	Per Unit
Immediate needs	\$9,150,000	\$75,000
Total Short term needs (1-5 years)	\$183,000	\$1,500
Total Long term needs (years 6-20)	\$549,000	\$4,500
Total Needs	\$9,882,000	\$81,000
Total short + long term needs (yrs 1-20)	\$732,000	\$6,000
Average short + long term needs over 20 yrs	\$36,600	\$300
Average short term needs over 5 yrs	\$36,600	\$300
Annual short term reserve deficit	\$0	\$0
Reserve deficit over five years (i.e. frontloaded capital needs) (To be capitalized by loan)	\$0	\$0

Instructions:

- For CMR, consider the level of rents that the property would be able to command after it is converted, and after the up-front repairs and improvements have been completed. It may be helpful to think about the Reasonable Rent conclusion that you might reach if you evaluated the property for participation in the Housing Choice Voucher program after repairs (i.e. "what is the rent that a non-assisted tenant would be willing to pay, from his or her own funds, to live here, after conversion?"). The CMR is net of utility payments.
- For FMR, you may use the traditional FMR or use the following link to identify the zip-code based Small Area demonstration FMR HUD has developed.

[FY 2010 Equivalent Small Area Demonstration Rents](#)

Instructions:

- "Immediate needs" includes all items that are broken or at the end of their useful life. Also, consider additional up-front repairs, improvements, or locally mandated upgrades that will need to be made in order to bring the property up to a standard that would be competitive with existing non-luxury housing in good condition in the local market. This tool finances immediate needs via debt.
- "Short-term and long-term" needs over the next 20 yrs are funded from the Replacement Reserve account. As such, the annual reserve deposits will be set at a level to meet the short-term and long-term needs. To the extent that the project's 20 yr capital needs are frontloaded in the first five years, the replacement reserve account will require initial capitalization to fund the difference between annual deposits and need.

Property Data

Step 4: Reserve Deposits

Enter your selected amounts for the annual post-conversion reserve deposit

Annual Reserve Deposit Calculation	Total	Per Unit
Total short + long term needs (yrs 1-20)	\$732,000	\$6,000
(Less loan capitalization of frontloaded needs)	\$0	\$0
Remaining short + long term needs over 20 yrs	\$732,000	\$6,000
<i>Suggested annual reserve deposit</i>	\$36,600	\$300
Post-conversion annual reserve deposit	\$9,900	\$81

Instructions:

- The annual deposit to replacement reserves should be set at a level to meet the anticipated accrual of capital needs over 20 years, less any initial capitalization of the reserve account (i.e. the suggested amount). If you choose an annual reserve deposit *below the suggested amount*, capital needs not met through annual deposits will be capitalized into the loan, which is a less cost-effective method of meeting capital needs and will require a greater overall subsidy. Conversely, an annual deposit *greater than the suggested amount* will decrease the tool's calculation of the total loan amount, but the project risks raising insufficient capital to meet immediate needs.

Step 5

Enter your expected Operating Expenses after conversion

	Total	Per Unit
Utility Expense	\$297,684	\$2,440
Taxes	\$0	\$0
Other Non-Utility Expenses	\$1,050,303	\$8,609
Total Operating Expenses	\$1,347,987	\$11,049

Instructions:

- Consider what level of operating expenses will be necessary to operate the project post-conversion. Take into account any up-front repairs or upgrades that may affect current expense patterns, such as energy saving improvements.

Underwriting Assumptions

Amounts are in	2010 dollars
Vacancy loss	3.0% of gross potential rents
Bad debt loss	2.0% of gross potential rents
Other income	2.0% of gross potential rents
Initial Deposit to Capital Reserve Fund	\$ 500 per unit
Initial Deposit to Operating Reserve	\$ - per unit
DSCR	1.20 :1 (NOI ÷ debt service)
First mortgage financing:	
Interest rate	7.00% per year
Mortgage insurance premium	0.45% per year
Amortization term	35 years
Financing Fees	4% of loan amount

Instructions

- This sheet includes initial values for all underwriting assumptions. Users may modify any of these assumptions.
- You will need to establish and maintain a minimum Capital Replacement Reserve account level, or cushion. An initial analysis by HUD suggests a minimum level of \$500 per unit is appropriate for the public housing stock. (Any value input here will be capitalized into a loan.)
- Also consider establishing an operating reserve that provides a cushion for your operating expenses. Some lenders may require an operating reserve for projects receiving above market rents (i.e. a transition reserve in case the subsidy discontinues).
- The mortgage financing terms presented are generally consistent with those that are available to borrowers under FHA's Section 221(d) program for new construction / substantial rehabilitation. PHAs may vary the mortgage financing terms based on local markets.

Pro Forma Conversion at Comparable Market Rent

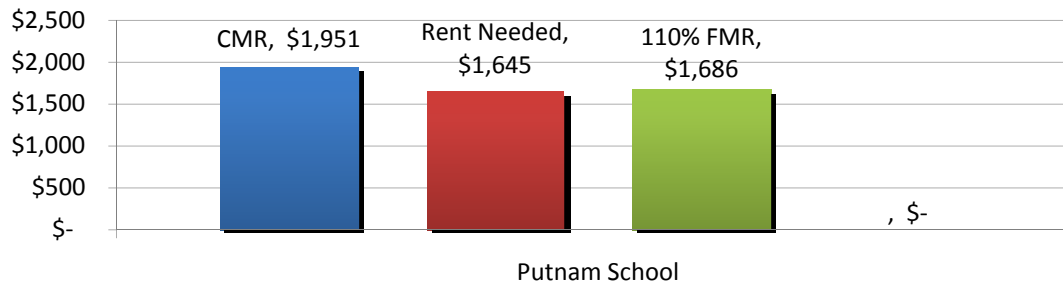
Cash Flow Component	Annual	Per Unit	Costs of Conversion:	Annual
Gross Potential Rents	\$2,856,000	\$23,410	Total Capital Needs	\$9,882,000
Vacancy Loss	(\$85,680)	(\$702)	20 yr Annual Replacement Reserve Deposits	(\$198,000)
Bad Debt Loss	(\$57,120)	(\$468)	Initial reserve capitalization	\$61,000
Other Income	\$57,120	\$468	Financing Fees (capitalized)	\$389,800
Effective Gross Income	\$2,770,320	\$22,708	Total Amount to Finance	\$10,134,800
Utilities	(\$297,684)	(\$2,440)		
Real Estate Taxes	\$0	\$0		
Other Operating Expenses	(\$1,050,303)	(\$8,609)		
Annual Reserve Deposit	(\$9,900)	(\$81)		
Net Operating Income	\$1,412,433	\$11,577		
Debt Service Payments*	(\$815,658)	(\$6,686)	Debt Service Payments Needed	\$815,658
Pro Forma Cash Flow	\$596,775	\$4,892	NOI needed	\$978,790
			Gross Potential Rents Needed	\$2,408,946
Debt Supported	\$10,134,800	\$83,072	Weighted Rent needed to cover capital needs, reserves, operating costs, and cash flow	\$1,645
Financing Deficit	\$0	\$0		

*At this NOI, the project could support additional debt service up to \$1,177,028 per year, which could leverage a loan of \$14,624,918.

Results and Interpretation:

The project is feasible but CMRs exceed 110% of the FMR. The project is able to meet the rehab needs there were identified, except the CMRs exceed 110% of the FMR. Under PETRA, a preservation-worthy project with market rents above 110% of the FMR would require approval from the Secretary.

Comparable Market Rent vs. Rent Needed to Finance Conversion



Rent Comparison

CMR	\$1,951
Rent needed	\$1,645
120% of CMR	\$2,341
110% of FMR (less utility)	\$1,686

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Overview

This TRA Leveraging Calculator tool is intended to help public housing agencies assess the capital leveraging potential of public housing projects in converting to long-term Section 8 rental assistance contracts. It is to be used primarily as a planning aid. It allows a PHA to estimate whether it can leverage first mortgage proceeds to meet capital repair and replacement needs, using different assumptions regarding rents, operating costs, financing terms, etc., all of which may be altered by the user. (Note: The tool does not reflect or replace the full underwriting analysis a public housing project should undergo during conversion to long-term Section 8 Contracts.)

This tool contains four tabs. Please begin by reading through the Instructions tab.

Background

The Preservation, Enhancement, and Transformation of Rental Assistance Act of 2010 (PETRA) proposes a multi-year effort to preserve public and assisted housing, simplify program administration, and expand resident choice. One of the primary vehicles for achieving these goals is to allow PHAs to convert public housing to these long-term Section 8 rental assistance contracts.

[Click here to visit HUD's website for more information on the Department's Transforming Rental Assistance \(TRA\) initiative](#)

How to Use this Tool

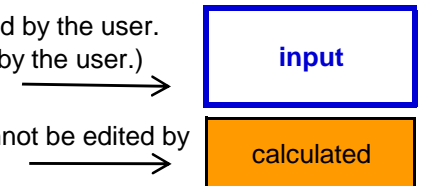
The tool includes three additional tabs:

- The second tab ("**Property Data**") asks the user to enter information about the project, including bedroom distribution, estimated rehabilitation needs, estimated post-rehabilitation rents, replacement reserve deposits, operating costs, etc.
- The third tab ("**Underwriting Assumptions**") includes pre-populated financing assumptions (loan terms, etc.), which the user can use or modify. PHAs may modify any assumptions, as local conditions suggest. For example, a PHA may want to examine change in capital leveraging potential under different loan terms or assuming different utility expenses (possibly as a result of energy conservation measures).
- The fourth tab ("**Pro-Forma Results**") uses the information contained in the first two tabs to prepare a financing pro-forma for the project, showing whether a property could meet its capital and replacement needs at comparable market rents or if exception rents would be needed (as these terms are defined below). The tool also calculates the rent the project would need for long-term physical and financial viability given the inputs the user provided and whether that rent level is below the PETRA exception rent caps (see below). In other words, this is the rent level at which the project's immediate capital needs can be addressed, its capital repair and replacement needs over time can be provided for through regular deposits to a replacement reserve account, and operations can be sustained for the term of the rental assistance contract, taking annual rent adjustments into account.

Additional instructions are included with each tab. Use the buttons at the bottom of each tab to navigate this tool.

There are two types of fields, with color coding.

- **Input** fields require data entry by the user, e.g., the project's bedroom distribution. All input fields can be changed by the user. (On the Underwriting Assumptions tab, the tool begins with an initial set of assumptions, which can be modified by the user.) Input fields are coded in blue.
- **Calculated** fields are performed by the tool, e.g., Gross Potential Rents. Calculated fields are read-only and cannot be edited by the user. Calculated fields are coded in orange.



If you wish to save and share the file, please consider the following naming convention "TRALeverageCalculator_PHA_Project Name"

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Key Terms

Comparable Market Rent (CMR) is the rent paid in the local market for unassisted units that are of comparable quality to the units for which contract rents are being established. The comparable market rent for a unit is typically established using a Rent Comparability Study (RCS). The Pro Forma uses the CMR as the basis for calculating gross potential rents. The user is requested to enter the CMR for each applicable bedroom size. Since the tool is simply a planning aide, the PHA may estimate a CMR if a RCS or other study has not been performed.

Fair Market Rent (FMR). For HUD programs, the term “Fair Market Rent” (FMR) means a gross rent estimate. FMRs are used to determine the payment standard for the Housing Choice Voucher program, to determine initial renewal rents for some expiring project-based Section 8 contracts and initial rents in the Section 8 Moderate Rehabilitation SRO program, and in setting ceiling rents in the HOME tenant-based rental assistance program. The FMR includes the shelter rent and the cost of most tenant-paid utilities.

An **Exception Rent** is an above-market rent and may, with HUD's approval, be as high as 110% of the FMR or 120% of the CMR.

Unit Rent Setting Under PETRA

- For properties sustainable at or below the CMR, the asking rent will be capped at the CMR, up to 110% of the applicable FMR (unless HUD approves a higher level for preservation-worthiness).*
- For properties requiring above-market rents, and that meet HUD-established criteria for preservation-worthiness, HUD could approve an exception rent capped at the higher of 110% of the FMR or 120% of the CMR.

* Alternately, a below-market rent would be permitted for a property that is sustainable at such lower rent. A PHA might request an asking rent below market as a result of the conversion competition (i.e., to participate in the initial authorization). Further, HUD could approve a below-market rent if the conversion competition did not prevent “windfall” rents – for example, a recently completed HOPE VI project where HUD paid to construct the units but where market rents greatly exceed operating needs.

Estimates of Project Repair Needs and Deposits to Replacement Reserve

The tool requests the user to enter estimates of project repair needs, broken down by immediate needs, needs for years 1-5, and needs for years 6-20. As this data is user-identified, PHAs may enter whatever estimates they have available on capital repair needs (most likely as a result of physical needs assessments that are generally conducted every five years).

By default, the tool will assume that the immediate needs will be financed through long-term debt and the remaining needs (i.e. short and long-term needs) will be funded through replacement reserves. In this way, the annual replacement reserve deposit is “sized” to meet the short and long-term needs. For example, if a 100-unit project identifies total short and long-term needs of \$960,000, then the annual replacement reserve deposit would be \$48,000 (\$960,000 divided by 20 years), or \$40 per unit monthly (PUM). In cases where annual short-term needs are higher than the simple average of the needs over 20 years (i.e. needs through years 1-5 are greater than \$40 PUM, the tool assumes that the difference is capitalized into the loan (and deposited into a reserve account). The initial capitalization of the reserve account is added to the immediate needs to determine the total amount to finance.

TRA Leverage Calculator: Converting Public Housing to Long-term Section 8 Contracts

Analyzing the Results

Based on the property data entered, and financing assumptions used, the tool will calculate whether the property can support the full costs of conversion at CMR. It will also display the rent needed to allow the property to break-even after fully supporting operating costs, reserves, debt service, and cash flow. When the CMR can cover conversion costs, the Pro Forma will use only the debt service amount needed to meet the identified capital needs (and also indicate any additional leveraging potential). When the CMR cannot support conversion costs, the tool will use the maximum debt service the CMR could support and indicate the financing deficit.

There are four possible results, which will display in green or yellow:

- 1 The project is feasible with CMRs less than 110% of the FMR.** In this situation the project is able to meet the rehab needs that were identified at comparable market rent levels that are below 110% of the FMR. Under PETRA, the Secretary does not need to approve market rents below 110% of the FMR. (The Secretary may, however, approve or determine a rent lower than market if such lower rent is sufficient to meet the financial and physical sustainability needs of the project.) (Green)
- 2 The project is feasible but CMRs exceed 110% of the FMR.** This situation is the same as the first, except the rents exceed 110% of the FMR. Under PETRA, a preservation-worthy project with market rents above 110% of the FMR would require approval from the Secretary. (Green)
- 3 The project requires an exception rent above CMR up to the higher of 120% of the market rent or 110% of the FMR to be financially and physically sustainable.** In this situation market rents are not sufficient to meet the needs of the project, but the project could be sustainable under PETRA's exception rent provisions, i.e., up to the higher of 120% of market or 110% of the FMR. Exception rents must be approved by the Secretary and the project must be preservation-worthy. (Yellow)
- 4 The project requires rent levels in excess of allowable exception rents.** In this situation the project's financial and physical sustainability requires rents that exceed the exception rent policy under PETRA. In these circumstances, the project needs to find ways to reduce costs, increase revenues, or find alternative funding to meet project needs. (Yellow)

Property Data

Jefferson Park (FED), Cambridge , MA

Fill in the fields with blue borders. The orange fields are calculated automatically.

Step 1:

Identify the Project

Name of Project	Jefferson Park (FED)
Housing Authority	CHA
City	Cambridge
State	MA

Step 2

Enter the Unit Mix, Utility Allowances, FMRs, and Market Rents

Unit Type	# of Units	Comparable Market Rent (CMR)	Fair Market Rent (FMR)		
			FMR	Utility Allowance	110% FMR (less utility)
0 BR	0	\$0	\$1,170		\$1,287
1 BR	35	\$1,449	\$1,230	\$61	\$1,292
2 BR	33	\$1,772	\$1,430	\$72	\$1,501
3 BR	85	\$2,704	\$1,710	\$85	\$1,796
4 BR	22	\$3,110	\$1,870	\$98	\$1,959
5+ BR*					\$0
Units	175				
Average		\$2,328	\$1,581	\$79	\$1,660

* For FMR for 5+ BR multiply the 4BR value by a factor of 1.15

Step 3

Estimate Capital Needs

	Total	Per Unit
Immediate needs	\$17,500,000	\$100,000
Total Short term needs (1-5 years)	\$262,500	\$1,500
Total Long term needs (years 6-20)	\$787,500	\$4,500
Total Needs	\$18,550,000	\$106,000
Total short + long term needs (yrs 1-20)	\$1,050,000	\$6,000
Average short + long term needs over 20 yrs	\$52,500	\$300
Average short term needs over 5 yrs	\$52,500	\$300
Annual short term reserve deficit	\$0	\$0
Reserve deficit over five years (i.e. frontloaded capital needs) (To be capitalized by loan)	\$0	\$0

Instructions:

- For CMR, consider the level of rents that the property would be able to command after it is converted, and after the up-front repairs and improvements have been completed. It may be helpful to think about the Reasonable Rent conclusion that you might reach if you evaluated the property for participation in the Housing Choice Voucher program after repairs (i.e. "what is the rent that a non-assisted tenant would be willing to pay, from his or her own funds, to live here, after conversion?"). The CMR is net of utility payments.
- For FMR, you may use the traditional FMR or use the following link to identify the zip-code based Small Area demonstration FMR HUD has developed.

[FY 2010 Equivalent Small Area Demonstration Rents](#)

Instructions:

- "Immediate needs" includes all items that are broken or at the end of their useful life. Also, consider additional up-front repairs, improvements, or locally mandated upgrades that will need to be made in order to bring the property up to a standard that would be competitive with existing non-luxury housing in good condition in the local market. This tool finances immediate needs via debt.
- "Short-term and long-term" needs over the next 20 yrs are funded from the Replacement Reserve account. As such, the annual reserve deposits will be set at a level to meet the short-term and long-term needs. To the extent that the project's 20 yr capital needs are frontloaded in the first five years, the replacement reserve account will require initial capitalization to fund the difference between annual deposits and need.

Property Data

Jefferson Park (FED), Cambridge , MA

Step 4: Reserve Deposits

Enter your selected amounts for the annual post-conversion reserve deposit

Annual Reserve Deposit Calculation	Total	Per Unit
Total short + long term needs (yrs 1-20)	\$1,050,000	\$6,000
(Less loan capitalization of frontloaded needs)	\$0	\$0
Remaining short + long term needs over 20 yrs	\$1,050,000	\$6,000
<i>Suggested annual reserve deposit</i>	\$52,500	\$300
Post-conversion annual reserve deposit	\$29,400	\$168

Instructions:

- The annual deposit to replacement reserves should be set at a level to meet the anticipated accrual of capital needs over 20 years, less any initial capitalization of the reserve account (i.e. the suggested amount). If you choose an annual reserve deposit *below the suggested amount*, capital needs not met through annual deposits will be capitalized into the loan, which is a less cost-effective method of meeting capital needs and will require a greater overall subsidy. Conversely, an annual deposit *greater than the suggested amount* will decrease the tool's calculation of the total loan amount, but the project risks raising insufficient capital to meet immediate needs.

Step 5

Enter your expected Operating Expenses after conversion

	Total	Per Unit
Utility Expense	\$401,999	\$2,297
Taxes	\$0	\$0
Other Non-Utility Expenses	\$1,661,581	\$9,495
Total Operating Expenses	\$2,063,580	\$11,792

Instructions:

- Consider what level of operating expenses will be necessary to operate the project post-conversion. Take into account any up-front repairs or upgrades that may affect current expense patterns, such as energy saving improvements.

Underwriting Assumptions

Amounts are in	2010 dollars
Vacancy loss	3.0% of gross potential rents
Bad debt loss	2.0% of gross potential rents
Other income	2.0% of gross potential rents
Initial Deposit to Capital Reserve Fund	\$ 500 per unit
Initial Deposit to Operating Reserve	\$ - per unit
DSCR	1.20 :1 (NOI ÷ debt service)
First mortgage financing:	
Interest rate	7.00% per year
Mortgage insurance premium	0.45% per year
Amortization term	35 years
Financing Fees	4% of loan amount

Instructions

- This sheet includes initial values for all underwriting assumptions. Users may modify any of these assumptions.
- You will need to establish and maintain a minimum Capital Replacement Reserve account level, or cushion. An initial analysis by HUD suggests a minimum level of \$500 per unit is appropriate for the public housing stock. (Any value input here will be capitalized into a loan.)
- Also consider establishing an operating reserve that provides a cushion for your operating expenses. Some lenders may require an operating reserve for projects receiving above market rents (i.e. a transition reserve in case the subsidy discontinues).
- The mortgage financing terms presented are generally consistent with those that are available to borrowers under FHA's Section 221(d) program for new construction / substantial rehabilitation. PHAs may vary the mortgage financing terms based on local markets.

Pro Forma Conversion at Comparable Market Rent

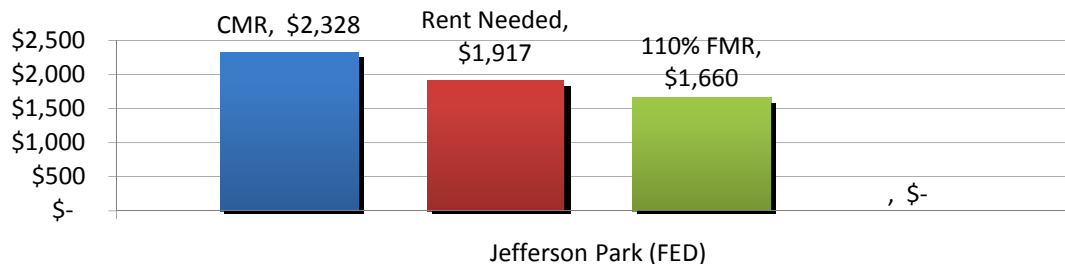
Cash Flow Component	Annual	Per Unit	Costs of Conversion:	Annual
Gross Potential Rents	\$4,889,412	\$27,939	Total Capital Needs	\$18,550,000
Vacancy Loss	(\$146,682)	(\$838)	20 yr Annual Replacement Reserve Deposits	(\$588,000)
Bad Debt Loss	(\$97,788)	(\$559)	Initial reserve capitalization	\$87,500
Other Income	\$97,788	\$559	Financing Fees (capitalized)	\$721,980
Effective Gross Income	\$4,742,730	\$27,101	Total Amount to Finance	\$18,771,480
Utilities	(\$401,999)	(\$2,297)		
Real Estate Taxes	\$0	\$0		
Other Operating Expenses	(\$1,661,581)	(\$9,495)		
Annual Reserve Deposit	(\$29,400)	(\$168)		
Net Operating Income	\$2,649,750	\$15,141		
Debt Service Payments*	(\$1,510,747)	(\$8,633)	Debt Service Payments Needed	\$1,510,747
Pro Forma Cash Flow	\$1,139,003	\$6,509	NOI needed	\$1,812,896
			Gross Potential Rents Needed	\$4,026,676
Debt Supported	\$18,771,480	\$107,266	Weighted Rent needed to cover capital needs, reserves, operating costs, and cash flow	\$1,917
Financing Deficit	\$0	\$0		

*At this NOI, the project could support additional debt service up to \$2,208,125 per year, which could leverage a loan of \$27,436,615.

Results and Interpretation:

The project is feasible but CMRs exceed 110% of the FMR. The project is able to meet the rehab needs there were identified, except the CMRs exceed 110% of the FMR. Under PETRA, a preservation-worthy project with market rents above 110% of the FMR would require approval from the Secretary.

Comparable Market Rent vs. Rent Needed to Finance Conversion



Rent Comparison

CMR	\$2,328
Rent needed	\$1,917
120% of CMR	\$2,794
110% of FMR (less utility)	\$1,660

PETRA Analysis
Sample CHA properties
Project Cost and Financing Assumptions

The following assumptions are used unless otherwise noted on the project sheets:

Development Budget: Straight Refinance

Acquisition	-	per unit	N/A for basis purposes
Architecture & Engineering	7.0%	of construction contract	Industry standard
Financing Fees	3.0%	of new loan	Recap assumption
Other soft costs	4.4%	of construction contract	Average of L&J/LBJ
Hard cost contingency	10%	of construction contract	Industry standard
Soft cost contingency	2%	of other soft costs	Industry standard
Operating reserves	50%	annual debt service	Industry standard
Admin fee	3.30%	of construction contract	Percentage of TRA funding for TA & admin
Fees to HUD	50,000	Half of HUD maximum	

Development Budget: 4% tax credits

Acquisition	129,774	Per tax assessor for family units for elderly units	LBJ amount, supported by appraisals
Architecture & Engineering	7.0%	of construction contract	Industry standard
Financing Fees	9.2%	of tax-exempt bond debt	1.65% in loan fees and rate caps, plus 18 m
Other soft costs	4.4%	of construction contract	Average of L&J/LBJ
Hard cost contingency	10%	of construction contract	Industry standard
Soft cost contingency	2%	of other soft costs	Industry standard
Operating reserves	50%	annual debt service, plus	Industry standard
	50%	annual operating budget	Industry standard
HUD Fees	100,000	HUD maximum	
Developer fee retained: lesser of	2,000,000	or maximum fee	CHA analysis of internal costs

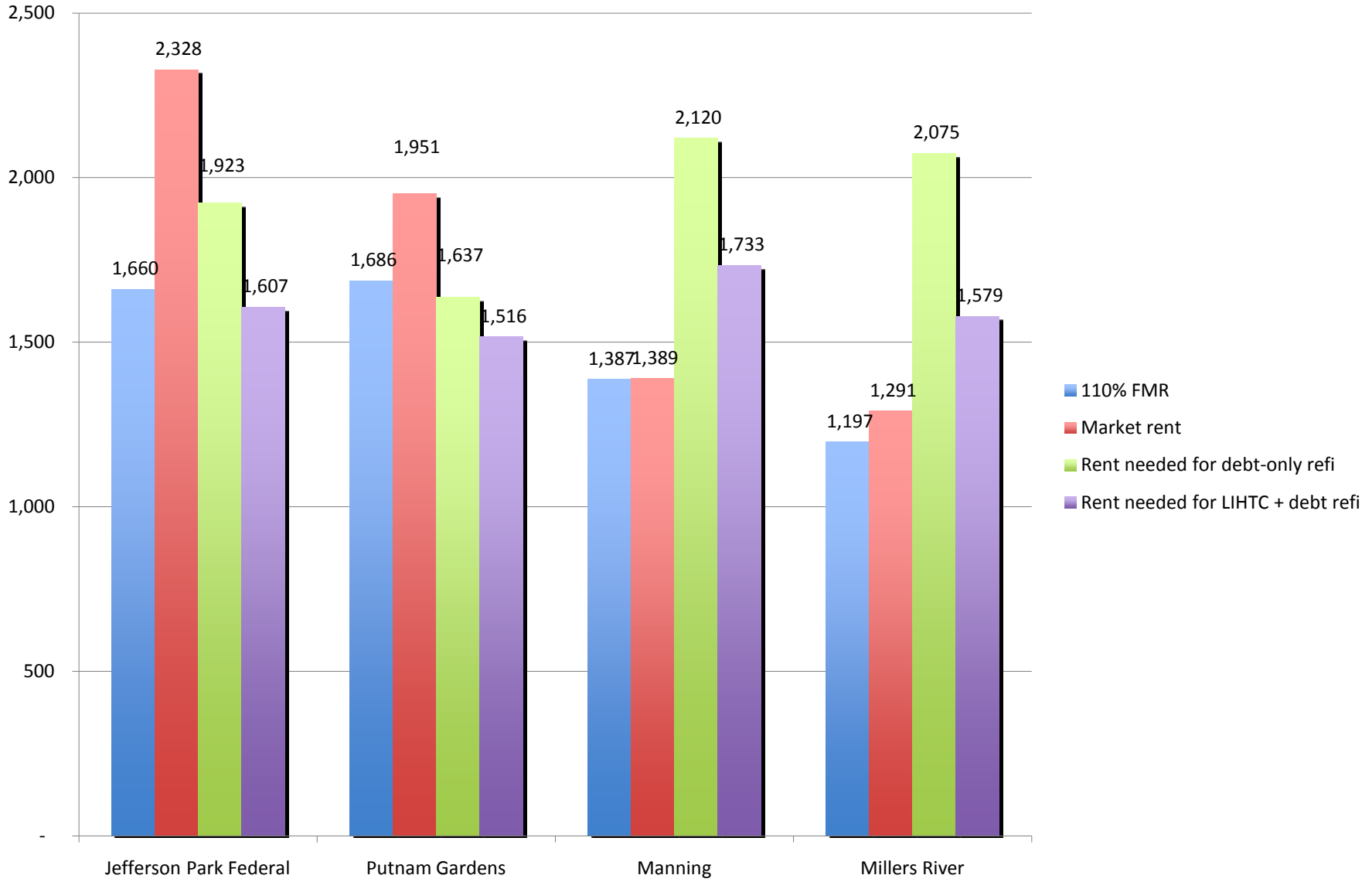
Developer fee per DHCD maximum:

- 5% acquisition cost
- 15% First \$3MM
- 12.5% Expenses between \$3MM & \$5MM
- 10.0% All replacement cost thereafter

Financing Terms (based on assumptions in Recap analysis)

Interest rate	5.5%	FHA-insured rates
Amortization	35	
Debt service coverage	1.176	
Construction period	18	months
4% tax credit rate	3.25%	October, 2010 rates
9% tax credit rate	9.00%	
Cambridge city DDA basis boost	100%	No longer a DDA in 2010-2011
Tax credit equity raise	\$ 0.75	

PETRA Refinance Rent Levels



Development: **Jefferson Park** 202

	Unit Mix	Achievable Market Rents	Utility Allowances	HUD Small-Area FMRs (02140)	110% FMR (net utils.)	120% Market
Studio	0	1,170	53	1,170	1,234	1,404
1-BR	35	1,449	61	1,230	1,292	1,739
2-BR	33	1,772	72	1,430	1,501	2,126
3-BR	85	2,704	85	1,710	1,796	3,245
4-BR	22	3,110	98	1,870	1,959	3,732
Total units	175					

Vacancy + bad debt Qualified Census Tract

Percentage of current occupants <60% AMI:

	2010 Actual or 2011 Budget (higher used)	Used in Model	
Operating Expenses			
Administrative	442,390	442,390	
Tenant Services	41,574	41,574	
Utilities	426,999	401,999	
Materials & Supplies	92,503	92,503	
Contract Cost	321,410	321,410	
Maintenance	329,967	329,967	
Additional General Insurance	-	114,311	
General	219,986	219,986	
Asset Management	22,440	22,440	
Replacement Reserves		61,250	350 per unit
Additional Admin Costs		15,750	90 per unit
Total Expenses	1,897,269	2,063,580	
Per Unit	10,842	11,792	

Post-Conversion Operations:

	FMRs	110% FMRs	Market Rents	120% Market	As needed for debt-only	As needed for 4%
Gross Potential Rent:	3,154,122	3,486,198	4,889,306	5,867,168	4,037,365	3,374,356
Vacancy and bad debt loss:	(157,706)	(174,310)	(244,465)	(293,358)	(201,868)	(168,718)
Effective Gross Income:	2,996,416	3,311,888	4,644,841	5,573,809	3,835,497	3,205,638
Operating Expenses:	2,063,580	2,063,580	2,063,580	2,063,580	2,063,580	2,063,580
NOI	932,836	1,248,308	2,581,261	3,510,229	1,771,917	1,142,058
Available for debt service:	793,228	1,061,486	2,194,950	2,984,889	1,506,732	971,138
Weighted average unit rent:	1,502	1,660	2,328	2,794	1,923	1,607

Property:

Jefferson Park

Per Unit

Immediate repairs:	17,500,000	100,000
Years 1 - 5	262,500	1,500
Years 6 - 20	787,500	4,500
Replacement Reserve Contribution:	61,250	350.00

Debt-Only Conversion	FMRs	110% FMRs	Rent Scenario		
			Market	120% Market	As Needed
Acquisition	-	-	-	-	-
Construction Contract Amount	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000
Construction Contingency	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Architecture & Engineering	1,225,000	1,225,000	1,225,000	1,225,000	1,225,000
Financing Fees	369,275	494,159	1,021,827	1,389,571	701,437
Other Soft Costs	770,000	770,000	770,000	770,000	770,000
Soft Cost Contingency	47,286	49,783	60,337	67,691	53,929
Operating reserves	396,614	530,743	1,097,475	1,492,444	753,366
Admin fee	577,500	577,500	577,500	577,500	577,500
Fees to HUD	50,000	50,000	50,000	50,000	50,000
Total development cost:	22,685,675	22,947,186	24,052,138	24,822,207	23,381,232
Debt	12,309,183	16,471,979	34,060,884	46,319,031	23,381,232
Funding Surplus/(Gap)	(10,376,492)	(6,475,207)	10,008,746	21,496,824	-

4% Credits + Debt Conversion	FMRs	110% FMRs	Rent Scenario		
			Market	120% Market	As Needed
Acquisition	39,670,700	39,670,700	39,670,700	39,670,700	39,670,700
Construction Contract Amount	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000
Construction Contingency	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Architecture & Engineering	1,225,000	1,225,000	1,225,000	1,225,000	1,225,000
Financing Fees	3,076,189	3,076,189	3,076,189	3,076,189	3,076,189
Other Soft Costs	770,000	770,000	770,000	770,000	770,000
Soft Cost Contingency	101,424	101,424	101,424	101,424	101,424
Operating reserves	1,428,404	1,562,533	2,129,265	2,524,234	1,785,156
Developer Fee	4,625,796	4,625,796	4,625,796	4,625,796	4,625,796
Fees to HUD	100,000	100,000	100,000	100,000	100,000
Total development cost:	70,247,513	70,381,643	70,948,375	71,343,344	70,604,266

Acquisition Loan	39,670,700	39,670,700	39,670,700	39,670,700	39,670,700
Deferred Developer Fee	2,625,796	2,625,796	2,625,796	2,625,796	2,625,796
Tax Credit Equity	13,237,802	13,237,802	13,237,802	13,237,802	13,237,802
Debt	12,309,183	16,471,979	34,060,884	46,319,031	15,069,968
Total Sources	67,843,481	72,006,277	89,595,182	101,853,329	70,604,266
Funding Surplus/(Gap)	(2,404,032)	1,624,634	18,646,807	30,509,985	-

Development: **Putnam Gardens** 631

Unit Mix	Achievable Market Rents	Utility Allowances	HUD Small-Area FMRs (02139)	110% FMR (net utils.)	120% Market
Studio	0	60	1,230	1,293	-
1-BR	15	61	1,300	1,369	1,800
2-BR	66	70	1,510	1,591	2,160
3-BR	29	81	1,800	1,899	2,760
4-BR	12	93	1,980	2,085	3,000
Total units	122				

Vacancy + bad debt Qualified Census Tract

Percentage of current occupants <60% AMI:

	2010 Actual or 2011 Budget (higher used)	Used in model	
Operating Expenses			
Administrative	295,607	295,607	
Tenant Services	11,699	11,699	
Utilities	297,684	297,684	
Materials & Supplies	48,061	48,061	
Contract Cost	196,275	196,275	
Maintenance	199,177	199,177	
Additional General Insurance	-	66,796	
General	159,208	159,208	
Asset Management	19,800	19,800	
Replacement Reserves		42,700	<input type="text" value="350"/> per unit
Additional Admin Costs		10,980	<input type="text" value="90"/> per unit
Total Expenses	1,227,511	1,347,987	
Per Unit	10,062	11,049	

Post-Conversion Operations:

	FMRs	110% FMRs	Market Rents	120% Market	As needed for debt-only	As needed for 4%
Gross Potential Rent:	2,233,468	2,467,612	2,856,000	3,427,200	2,396,185	2,219,519
Vacancy and bad debt loss:	(111,673)	(123,381)	(142,800)	(171,360)	(119,809)	(110,976)
Effective Gross Income:	2,121,794	2,344,231	2,713,200	3,255,840	2,276,376	2,108,543
Operating Expenses:	1,347,987	1,347,987	1,347,987	1,347,987	1,347,987	1,347,987
NOI	773,807	996,244	1,365,213	1,907,853	928,389	760,556
Available for debt service:	658,000	847,146	1,160,895	1,622,324	789,446	646,731
Weighted average unit rent:	1,526	1,686	1,951	2,341	1,637	1,516

Property:

Putnam Gardens

Per Unit

Immediate repairs:	9,150,000	75,000
Years 1 - 5	183,000	1,500
Years 6 - 20	549,000	4,500
Replacement Reserve Contribution:	42,700	350.00

Debt-Only Conversion	FMRs	110% FMRs	Rent Scenario		As Needed
			Market	120% Market	
Acquisition	-	-	-	-	-
Construction Contract Amount	9,150,000	9,150,000	9,150,000	9,150,000	9,150,000
Construction Contingency	915,000	915,000	915,000	915,000	915,000
Architecture & Engineering	640,500	640,500	640,500	640,500	640,500
Financing Fees	306,322	394,377	540,438	755,249	367,515
Other Soft Costs	402,600	402,600	402,600	402,600	402,600
Soft Cost Contingency	26,988	28,750	31,671	35,967	28,212
Operating reserves	329,000	423,573	580,448	811,162	394,723
Admin fee	301,950	301,950	301,950	301,950	301,950
Fees to HUD	50,000	50,000	50,000	50,000	50,000
Total development cost:	12,122,360	12,306,749	12,612,606	13,062,428	12,250,500
Debt	10,210,732	13,145,884	18,014,591	25,174,966	12,250,500
Funding Surplus/(Gap)	(1,911,628)	839,135	5,401,984	12,112,538	-

4% Credits + Debt Conversion	FMRs	110% FMRs	Rent Scenario		As Needed
			Market	120% Market	
Acquisition	16,148,300	16,148,300	16,148,300	16,148,300	16,148,300
Construction Contract Amount	9,150,000	9,150,000	9,150,000	9,150,000	9,150,000
Construction Contingency	915,000	915,000	915,000	915,000	915,000
Architecture & Engineering	640,500	640,500	640,500	640,500	640,500
Financing Fees	1,394,038	1,394,038	1,394,038	1,394,038	1,394,038
Other Soft Costs	402,600	402,600	402,600	402,600	402,600
Soft Cost Contingency	48,743	48,743	48,743	48,743	48,743
Operating reserves	1,002,993	1,097,567	1,254,441	1,485,155	1,068,717
Developer Fee	2,262,503	2,262,503	2,262,503	2,262,503	2,262,503
Fees to HUD	100,000	100,000	100,000	100,000	100,000
Total development cost:	32,064,677	32,159,250	32,316,125	32,546,839	32,130,400

Acquisition Loan	16,148,300	16,148,300	16,148,300	16,148,300	16,148,300
Deferred Developer Fee	262,503	262,503	262,503	262,503	262,503
Tax Credit Equity	5,683,725	5,683,725	5,683,725	5,683,725	5,683,725
Debt	10,210,732	13,145,884	18,014,591	25,174,966	10,035,872
Total Sources	32,305,260	35,240,412	40,109,119	47,269,494	32,130,400
Funding Surplus/(Gap)	240,583	3,081,162	7,792,994	14,722,655	-

Development: **Manning Apartments** 667

Unit Mix	Achievable Market Rents	Utility Allowances	HUD Small-Area FMRs (02139)	110% FMR (net utils.)	120% Market	
Studio	1	1,185	51	1,230	1,302	1,422
1-BR	189	1,361	52	1,300	1,378	1,633
2-BR	8	2,083	62	1,510	1,599	2,500
3-BR	0	2,360	73	1,800	1,907	2,832
4-BR	0	-	84	1,980	2,094	-
Total units	198					

Vacancy + bad debt Qualified Census Tract

Percentage of current occupants <60% AMI:

	2010 Actual or 2011 Budget (higher used)	Used in model	
Operating Expenses			
Administrative	357,871	357,871	
Tenant Services	11,472	11,472	
Utilities	608,864	358,864	
Materials & Supplies	42,300	42,300	
Contract Cost	208,310	208,310	
Maintenance	126,559	245,359	
Additional General Insurance	-	83,557	
General	97,433	118,232	
Asset Management	23,760	23,760	
Replacement Reserves		69,300	<input type="text" value="350"/> per unit
Additional Admin Costs		17,820	<input type="text" value="90"/> per unit
Total Expenses	1,476,569	1,536,845	
Per Unit	7,457	7,762	

Post-Conversion Operations:

	FMRs	110% FMRs	Market Rents	120% Market	As needed for debt-only	As needed for 4%
Gross Potential Rent:	2,983,620	3,294,432	3,300,936	3,961,123	5,035,989	4,118,323
Vacancy and bad debt loss:	(149,181)	(164,722)	(165,047)	(198,056)	(251,799)	(205,916)
Effective Gross Income:	2,834,439	3,129,710	3,135,889	3,763,067	4,784,190	3,912,406
Operating Expenses:	1,536,845	1,536,845	1,536,845	1,536,845	1,536,845	1,536,845
NOI	1,297,594	1,592,865	1,599,044	2,226,222	3,247,345	2,375,561
Available for debt service:	1,103,396	1,354,477	1,359,731	1,893,046	2,761,348	2,020,035
Weighted average unit rent:	1,256	1,387	1,389	1,667	2,120	1,733

Property:

Manning Apartments

Per Unit

Immediate repairs:	32,105,106	162,147
Years 1 - 5	346,500	1,750
Years 6 - 20	1,039,500	5,250
Replacement Reserve Contribution:	69,300	350.00

<u>Debt-Only Conversion</u>	FMRs	110% FMRs	<u>Rent Scenario</u>		
			Market	120% Market	As Needed
Acquisition	-	-	-	-	-
Construction Contract Amount	32,105,106	32,105,106	32,105,106	32,105,106	32,105,106
Construction Contingency	3,210,511	3,210,511	3,210,511	3,210,511	3,210,511
Architecture & Engineering	2,247,357	2,247,357	2,247,357	2,247,357	2,247,357
Financing Fees	513,670	630,557	633,003	881,280	1,285,505
Other Soft Costs	1,412,625	1,412,625	1,412,625	1,412,625	1,412,625
Soft Cost Contingency	83,473	85,811	85,860	90,825	98,910
Operating reserves	551,698	677,239	679,866	946,523	1,380,674
Admin fee	1,059,468	1,059,468	1,059,468	1,059,468	1,059,468
Fees to HUD	50,000	50,000	50,000	50,000	50,000
Total development cost:	41,233,908	41,478,674	41,483,796	42,003,695	42,850,155
Debt	17,122,328	21,018,565	21,100,097	29,375,986	42,850,155
Funding Surplus/(Gap)	(24,111,580)	(20,460,109)	(20,383,699)	(12,627,709)	-

<u>4% Credits + Debt Conversion</u>	FMRs	110% FMRs	<u>Rent Scenario</u>		
			Market	120% Market	As Needed
Acquisition	25,695,252	25,695,252	25,695,252	25,695,252	25,695,252
Construction Contract Amount	32,105,106	32,105,106	32,105,106	32,105,106	32,105,106
Construction Contingency	3,210,511	3,210,511	3,210,511	3,210,511	3,210,511
Architecture & Engineering	2,247,357	2,247,357	2,247,357	2,247,357	2,247,357
Financing Fees	3,446,346	3,446,346	3,446,346	3,446,346	3,446,346
Other Soft Costs	1,412,625	1,412,625	1,412,625	1,412,625	1,412,625
Soft Cost Contingency	142,127	142,127	142,127	142,127	142,127
Operating reserves	1,320,121	1,445,661	1,448,288	1,714,945	2,149,096
Developer Fee	5,741,170	5,741,170	5,741,170	5,741,170	5,741,170
Fees to HUD	100,000	100,000	100,000	100,000	100,000
Total development cost:	75,420,614	75,546,154	75,548,781	75,815,439	76,249,589

Acquisition Loan	25,695,252	25,695,252	25,695,252	25,695,252	25,695,252
Deferred Developer Fee	3,741,170	3,741,170	3,741,170	3,741,170	3,741,170
Tax Credit Equity	15,466,582	15,466,582	15,466,582	15,466,582	15,466,582
Debt	17,122,328	21,018,565	21,100,097	29,375,986	31,346,586
Total Sources	62,025,332	65,921,569	66,003,101	74,278,990	76,249,589
Funding Surplus/(Gap)	(13,395,282)	(9,624,586)	(9,545,681)	(1,536,448)	-

Development:

Miller's River

	Unit Mix	Achievable Market Rents	Utility Allowances	HUD Small-Area FMRs (02141)	110% FMR (net utils.)	120% Market
Studio	232	1,219	51	1,120	1,181	1,463
1-BR	68	1,524	52	1,180	1,246	1,829
2-BR	1	2,005	62	1,370	1,445	2,406
3-BR	0	-	71	1,640	1,733	-
4-BR	0	-	82	1,790	1,887	-
Total units	301					

Vacancy + bad debt

Qualified Census Tract

Percentage of current occupants <60% AMI:

	2010 Actual or 2011 Budget (higher used)	Used in model	
Operating Expenses			
Administrative	505,454	505,454	
Tenant Services	76,323	17,383	
Utilities	649,837	649,837	
Materials & Supplies	83,900	83,900	
Contract Cost	385,980	385,980	
Maintenance	259,353	259,353	
Additional General Insurance	140,013	140,013	
General	186,291	186,291	
Asset Management	36,240	36,240	
Replacement Reserves		105,350	<input type="text" value="350"/> per unit
Additional Admin Costs		27,090	<input type="text" value="90"/> per unit
Total Expenses	2,323,391	2,396,891	
Per Unit	7,719	7,963	

Post-Conversion Operations:

	FMRs	110% FMRs	Market Rents	120% Market	As needed for debt-only	As needed for 4%
Gross Potential Rent:	3,912,240	4,321,980	4,661,340	5,593,608	7,493,213	5,702,234
Vacancy and bad debt loss:	(195,612)	(216,099)	(233,067)	(279,680)	(374,661)	(285,112)
Effective Gross Income:	3,716,628	4,105,881	4,428,273	5,313,928	7,118,553	5,417,123
Operating Expenses:	2,396,891	2,396,891	2,396,891	2,396,891	2,396,891	2,396,891
NOI	1,319,737	1,708,990	2,031,382	2,917,037	4,721,662	3,020,232
Available for debt service:	1,122,225	1,453,223	1,727,366	2,480,473	4,015,019	2,568,224
Weighted average unit rent:	1,083	1,197	1,291	1,549	2,075	1,579

Property:

Miller's River

Per Unit

Immediate repairs:	46,699,215	155,147
Years 1 - 5	526,750	1,750
Years 6 - 20	1,580,250	5,250
Replacement Reserve Contribution:	105,350	350.00

Debt-Only Conversion	FMRs	110% FMRs	Rent Scenario		
			Market	120% Market	As Needed
Acquisition	-	-	-	-	-
Construction Contract Amount	46,699,215	46,699,215	46,699,215	46,699,215	46,699,215
Construction Contingency	4,669,922	4,669,922	4,669,922	4,669,922	4,669,922
Architecture & Engineering	3,268,945	3,268,945	3,268,945	3,268,945	3,268,945
Financing Fees	522,435	676,526	804,150	1,154,748	1,869,133
Other Soft Costs	2,054,765	2,054,765	2,054,765	2,054,765	2,054,765
Soft Cost Contingency	116,923	120,005	122,557	129,569	143,857
Operating reserves	561,113	726,611	863,683	1,240,237	2,007,509
Admin fee	1,541,074	1,541,074	1,541,074	1,541,074	1,541,074
Fees to HUD	50,000	50,000	50,000	50,000	50,000
Total development cost:	59,484,392	59,807,064	60,074,311	60,808,475	62,304,420
Debt	17,414,515	22,550,880	26,804,986	38,491,591	62,304,420
Funding Surplus/(Gap)	(42,069,878)	(37,256,183)	(33,269,325)	(22,316,884)	-

4% Credits + Debt Conversion	FMRs	110% FMRs	Rent Scenario		
			Market	120% Market	As Needed
Acquisition	39,061,974	39,061,974	39,061,974	39,061,974	39,061,974
Construction Contract Amount	46,699,215	46,699,215	46,699,215	46,699,215	46,699,215
Construction Contingency	4,669,922	4,669,922	4,669,922	4,669,922	4,669,922
Architecture & Engineering	3,268,945	3,268,945	3,268,945	3,268,945	3,268,945
Financing Fees	5,091,655	5,091,655	5,091,655	5,091,655	5,091,655
Other Soft Costs	2,054,765	2,054,765	2,054,765	2,054,765	2,054,765
Soft Cost Contingency	208,307	208,307	208,307	208,307	208,307
Operating reserves	1,759,558	1,925,057	2,062,128	2,438,682	3,205,955
Developer Fee	8,352,380	8,352,380	8,352,380	8,352,380	8,352,380
Fees to HUD	100,000	100,000	100,000	100,000	100,000
Total development cost:	111,266,721	111,432,220	111,569,292	111,945,845	112,713,118

Acquisition Loan	39,061,974	39,061,974	39,061,974	39,061,974	39,061,974
Deferred Developer Fee	6,352,380	6,352,380	6,352,380	6,352,380	6,352,380
Tax Credit Equity	27,445,470	27,445,470	27,445,470	27,445,470	27,445,470
Debt	17,414,515	22,550,880	26,804,986	38,491,591	39,853,295
Total Sources	90,274,338	95,410,704	99,664,809	111,351,414	112,713,118
Funding Surplus/(Gap)	(20,992,384)	(16,021,517)	(11,904,483)	(594,432)	-