

Performance Audit

**PITTSBURGH HOUSING AUTHORITY  
SPENDING**

Report by the  
Office of City Controller

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June 8, 2009

To the Honorables: Pittsburgh Mayor Luke Ravenstahl  
and Members of Pittsburgh City Council:

The Office of City Controller is pleased to present this performance audit of *Pittsburgh Housing Authority Spending* conducted pursuant to the Controller's powers under Section 404(c) of the Pittsburgh Home Rule Charter.

### EXECUTIVE SUMMARY

Since November 2000, the Housing Authority of the City of Pittsburgh (HACP) has been designated a Moving to Work (MTW) agency by its major funding source, the federal department of Housing and Urban Development. This designation allows the Authority a great deal of flexibility in its use of funding. It can combine and use revenue streams in accordance with its Annual Plan. HUD audits the Authority for compliance with federal spending requirements.

This audit examines Authority operating, administrative, and program expenditures for controls, procedures, and reasonableness and administrative policies from January 2006 through December 2007. The auditors did not examine capital costs and procedures or expenditures directly related to Section 8 Housing.

### Findings and Recommendations

#### Training and Travel Expenditures

**Finding:** Approval processes for training and travel expenditures were followed. The City of Pittsburgh spent approximately the same amount in 2006 and 2007 on training and travel (\$483,933) as the Housing Authority (\$442,954) but with an average of over 3,250 employees compared to HACP's 430 employees (not including those on disability and workman's compensation). The Authority's per capita educational/training costs were \$506 in 2006 and \$523 in 2007 compared to the City average of \$75 per employee.

**Recommendation:** HACP should reduce its traveling and training costs by limiting out-of-town and overnight/weekend training, utilizing more local seminars and developing more in-house training sessions.

#### Staff Recruitment Expenses

**Finding:** In 2006, HACP hired an executive recruiting firm to find not only an Executive Director, but other upper management personnel at a cost of \$150,910.05. Other City of Pittsburgh authorities and the Pittsburgh School District have used recruitment firms for assistance in finding Executive Director candidates. The City of Pittsburgh recruits and hires its directors through the City Personnel Department.

**Recommendation:** HACP should return to its former policy of hiring upper level management personnel through an in-house effort rather than a recruitment firm, and advertise the positions nationally as well as locally.

**Finding:** Executives recruited from out of town received \$57,902.91 in rental and moving fees for relocation to the City. Three employees were given several months rental as an incentive for relocation. Moving fees were also reimbursed. Rental and moving reimbursements are considered customary incentives by HACP as housing industry norms, and are acceptable to HUD.

**Recommendation:** The Housing Authority should formalize its employment package incentives, and cap the benefits to fall more in line with those of the City of Pittsburgh. HACP should consider either eliminating or limiting its relocation assistance to management hires below the rank of Executive Director.

#### Employee Parking

**Finding:** HACP spends over \$50,000 per year on employee parking leases. The Authority leased 15 spaces in 2006, with 13 being assigned to management personnel and two "floating" spots. In 2007, HACP reserved 18 spaces, with 15 being for management staff and three "floating" spots. According to Authority personnel, most employees that are assigned spaces reimburse the Authority through payroll deductions.

**Recommendation:** HACP should collect a reasonable fee from all employees who use the spaces to help recover a greater portion of the Authority's parking lease subsidy.

### Temporary Employees

**Finding:** HACP spent nearly \$585,165 during the audit period to employ temporary employees.

**Recommendation:** HACP should determine through a cost/benefit analysis if it would be more cost effective to hire and train several full or part-time employees capable of working interdepartmentally than to commit to flex staffing with temporary workers.

### Promotional and Goodwill Expenditures

**Finding:** During the 2006-2007 audit period, HACP spent \$449,722.55 on promotions and various other events. These included catered community and hi-rise gatherings, demolition parties, advertising fees, various outside non-profit & charity functions and legislative tracking fees.

**Recommendation:** HACP should re-evaluate the amount of funds spent on promotions and other items. The Authority should consider eliminating demolition parties.

### Procurement

**Finding:** The Authority operates one of the more informational web sites among state Housing Authorities. It posts its open bids on line, and makes a variety of useful information available to potential and current residents, vendors, and citizens.

**Recommendation:** HACP should provide more accessible vendor information and update its awarded bids section. The goal should be to eventually archive all bids and Request for Proposals on-line in their entirety for vendor convenience, easy public access and transparency.

**Finding:** Pre-approved vendor application forms can be downloaded and printed from the Authority website.

**Recommendation:** The Authority should consider accepting and processing vendor applications on-line, rather than just providing a downloadable form.

### Computer and Telecommunications Contracts

**Finding:** The cost for computer operations was \$889,907.01 in 2007 and \$686,610.88 in 2006. There were 33 different vendors employed during the audit period, with the major ones being Emphasis Software, Koryak Consulting, and Dell Computers.

**Finding:** HACP also spent \$1,011,349.09 in 2007 and \$654,167.59 in 2006 on telecommunications hardware and services. During the audit period, the Authority had 20 telecommunications vendors, including Communications Consulting, AT&T, Comcast, Dish Network, MCI, Nextel, Sprint, and Verizon.

**Recommendation:** The Authority should investigate coordinating its Information Technology and telecommunications needs with the City of Pittsburgh's Computer Information Systems or some other joint municipal operation, and the potential cost savings available through shared efficiencies.

### Utilities and Conservation

**Finding:** Utility payments in HACP managed communities appear to be excessive compared to the budgets of other public housing communities. In 2007, HACP's average utility cost was \$3,121 per unit compared to Cleveland Housing Authority average of \$1,956 per unit. Utility costs represent 8-1/2 to 9% of HACP's entire annual budget.

**Recommendation:** HACP should develop an aggressive, in-house program for controlling the utility costs of its sites and hi-rises instead of simply hiring energy consultants. The program should be integrated with longer-range HACP construction, renovation, and demolition plans so as to allocate its resources effectively, including natural, sustainable design elements and water conservation technology.

**Finding:** With a few exceptions, housing communities are billed through master utility meters which measure usage for the entire community making it virtually impossible to identify and provide corrective action to units that are above the norm in energy usage.

**Finding:** There is no incentive for residents to conserve energy consumption, as their rental fee isn't impacted by utility usage. Without the ability to identify those residents that overuse or abuse public housing utilities, there is no way for the Authority to correct their actions.

**Recommendation:** It would be cost prohibitive to retrofit the current HACP communities with individual meters but future construction and renovations should be designed to include both energy-saving components that would make the units conservation friendly by design and with a minimum of effort by the tenant, and site metering, if possible, to provide some resident accountability.

**Recommendation:** HACP should investigate the potential of reducing its utility costs by participating in a municipal joint energy cooperative agreement such as the Western PA Energy Program.

### HACP Reimbursements for City Services

**Finding:** HACP is one of the City of Pittsburgh's larger property owners. Its family and hi-rise communities alone consist of over 4,000 units, are worth over \$97,000,000 in fair market value and occupy 343-1/2 acres of land, according to the Allegheny County Assessment site. The Authority also owns approximately 225 scattered site homes.

**Finding:** HACP is prohibited by HUD from making a Payment in Lieu of Tax (PILOT) to the City because its rental income is too low.

**Recommendation:** HACP should partner with the City of Pittsburgh to help share the cost of the service expense through in-kind intergovernmental agreements in the areas of public safety, public works, and youth/senior services.

**Finding:** The Authority has a five-year agreement with the City of Pittsburgh to pick up non-bulk residential waste in return for HACP purchasing a pair of waste trucks and leasing them back to the City of Pittsburgh.

**Finding:** HACP communities do not participate in a recycling program, which is in violation of Pittsburgh's City Code Section 619.06 (a) and (b).

**Recommendation:** HACP should reach an agreement with the City of Pittsburgh or a private entity to collect its recyclable refuse in compliance with the Pittsburgh City Code. The agreement should include a tenant education program that includes community, hi-rise, scattered site, and Section 8 residents.

### Resident Self-Sufficiency Programming

The REAL/FSS programs are ambitious undertakings that provide help and guidance to residents in a variety of areas, notably social & tenant services, employment, and home ownership.

**Finding:** The educational component of the FSS involves GED training, and produced only 12 applicants out of 44 tenant referrals, with two successfully graduating the program during the audit period.

**Recommendation:** HACP should consider partnering with an adult education specialist such as the Community College of Allegheny County or the Pittsburgh School District to improve its recruitment and success rates for GED training.

### Clean Slate Program

The purpose of Clean Slate is to provide an anti-drug message to the resident youth through workshops, school appearances, community events, concerts, and offers participation incentives such as I-Pods, shirts, and jackets.

**Finding:** HACP spent \$92,736 in 2006 and \$74,288 in 2007 of its own funds on Clean Slate plus an additional unknown amount in privately donated funds.

**Finding:** Other than measuring event attendance, there is no performance mechanism to determine the program's effectiveness at drug prevention.

**Recommendation:** HACP should fund and operate Clean Slate entirely through a foundation, as it does with the Youth Services Investment Fund.

### Creative Arts Corner

The Creative Arts Corner opened in May of 2006 in Northview Heights to provide all HACP youth with a modern recording and dance studio. It cost approximately \$100,000 to build and is considered a state-of-the-art production facility.

**Finding:** The center produces in-house videos of various meetings, events, and public service features. The staff uses the center to involve the participants in job training programs like the Pittsburgh Project and GED courses to earn their diploma.

**Recommendation:** HACP should investigate partnering the Creative Arts Corner with an organization such as the Pittsburgh School District's CAPA, Pittsburgh Filmmakers, or Point Park University to provide additional educational, training, and career resources and opportunities.

We are hopeful that the Housing Authority will include our recommendations in its planning process to improve the economy and effectiveness of its programs.

Sincerely,

Michael E. Lamb  
City Controller

## **INTRODUCTION**

This Performance Audit of the Housing Authority of the City of Pittsburgh was conducted pursuant to section 404(c) of the Pittsburgh Home Rule Charter. Generally accepted government auditing standards established by the federal General Accounting Office were followed.

## **OVERVIEW**

The Housing Authority of the City of Pittsburgh (HACP) is a municipal corporation, formed under the United States Housing Act of 1937 that is charged with providing decent, affordable housing for low-income persons.

The Authority is governed by a seven-member Board of Directors appointed by the Mayor of Pittsburgh. The Board establishes goals, approves policy and budgets, and provides general direction to the HACP executive staff.

HACP provides publicly assisted housing made up of traditional public housing, and Section 8 units. It currently manages over 5,800 public housing units, consisting of low-income communities, hi-rise, scattered site, and privately managed rentals. HACP also subsidizes 5,400 Section 8 rental properties, and houses an estimated population of 20,000 people.

HACP facilities are located throughout the City, with public and senior housing communities throughout Pittsburgh's neighborhoods.

## **MISSION**

As stated on the HACP website, the Authority's mission is to be the flagship agency for providing property management and real estate development services in the City of Pittsburgh, thereby creating environments that improve the quality of life for HACP customers.

The Authority's core values include creating environments that are safe and diverse, and connecting its residents to appropriate health, training, and social services.

## **HISTORY**

Following signing of the U.S. Housing Act, the City Council of Pittsburgh enacted Ordinance 338 of August 26, 1937, that authorized creation of the Housing Authority pursuant to the Housing Authority Law, Act 265 of May 28, 1937, P.L. 955, as amended (35 P.S. §1541, et seq.).

The Act's goal was to provide for the elimination of unsafe and unsanitary housing conditions, the eradication of slums, and the provision of decent, safe and sanitary dwellings for low income families. The Pittsburgh Housing Authority was the first public housing authority founded in Pennsylvania and one of the earliest in the nation.

In 1940, the first HACP housing project, Bedford Dwellings, opened. Later that year, President Franklin D. Roosevelt dedicated Addison Terrace in the Hill District.

From 1939 to 1944, a total of seven housing developments were built: Bedford Dwellings, Addison Terrace, Aliquippa Terrace, Arlington Heights, Allegheny Dwellings, Glen Hazel Heights and Broadhead Manor. In 1949 HACP built two more communities, Bedford Addition and St. Clair Village.

In the late 1960s, the first scattered site home program for low-income families began. HACP's scattered site homes are located throughout various Pittsburgh neighborhoods, allowing lower income residents to blend into mixed income communities formerly beyond their price range.

In this same time period, HACP constructed twelve developments, primarily hi-rise buildings. Glen Hazel Heights was demolished and rebuilt in 1974-75.

Under the 1973 Federal Rehabilitation Act, handicapped-accessible units were mandated as part of the services provided. In 1976, the Section 8 program went into effect, which enabled tenants to lease from a private landlord with rental assistance that was administered by HACP. During the late 1970's, added emphasis was placed on meeting the needs of the elderly population.

## **MOVING TO WORK PROGRAM**

The federal Moving to Work (MtW) program for Public Housing was approved in 1996. HACP's participation began November 17, 2000, and is scheduled to end on December 31, 2009. (The Authority has since signed an extension with HUD that would continue the agreement until December 31, 2018.)

The program allows the Authority a great deal of flexibility in its use of funding. It can combine revenue streams and use them in any way that it believes will improve the resident quality of life, in accordance with its Annual Plan.

The primary focus of HACP's MtW participation is the improvement of its physical plant. The Authority is modernizing its housing stock and demolishing older structures while developing new HACP communities or by joining with private developers to build diverse mixed economic communities. The Authority is also offering housing as starter homes for low and moderate income residents who would like to become homeowners rather than tenants.

A secondary focus is to...”Shift HACP from a real estate operating company to a real estate asset management company with an allied human services endowment,” according to the HUD “Home and Communities” web site.

The Authority appears to be moving in that direction by offering a variety of services to its residents through programs that address a cross-section of issues which cover health, education, youth training & intervention, home ownership, job preparation & training, and social services.

Some programs are contracted for a fee, while others are provided pro bono and covered by a “Memorandum of Agreement” concerning service scope.

### HACP DEPARTMENTS

During the audit period, ninety-nine percent (99%) of HACP’s funding was provided by HUD, with the remainder from tenant rental fees and investment funds. The departments that the Authority operates are:

The **Occupancy Department** is the first point of contact for prospective tenants and is responsible for processing housing applications.

The **Section 8 Department** administers the Housing Choice Voucher Program, which provides a rental subsidy to low-income individuals and families.

The **Facilities Services Department** conducts inspections, performs repairs, and assures that the units are turnkey ready for residents. The department maintains community, hi-rise, and scattered site units.

The **Resident Self-Sufficiency Department** is responsible for providing support service coordination and case management for HACP’s residents.

The **Development and Modernization Department** is responsible for developing and implementing capital improvements, as well as managing public and/or private partnership.

The **Community Affairs Department** serves as HACP's link with the media, public, residents and staff. It also operates a number of Housing Authority programs.

The **Finance Department** consists of two divisions, Accounting and Budgeting. The department oversees a budget in excess of \$100 million.

The **Legal Department** is responsible for representing HACP in administrative and civil litigation matters.

The **Human Resources Department** is responsible for all employment related activities.

The Executive Director is A. Fulton Meachem Jr., assisted by Chief Operating Officer Caster Binion.

## **2006-2007 FACILITIES**

**HACP Communities:** Addison Terrace, Allegheny Dwellings, Arlington Heights, Bedford Dwellings, Broadhead Manor (since closed), Garfield Heights (since demolished), Hamilton-Larimer, Glen Hazel, Homewood North, and Northview Heights.

**Senior Citizen/High Rise Communities:** Auburn Towers (since demolished), Mazza Pavilion, Caliguiri Plaza, Carrick Regency, Finello Pavilion, Bernice Crawley Manor/Glen Hazel, Gualtieri Manor, Kelly Street (since demolished), Louis Mason (since demolished), Morse Gardens, Murray Towers, Northview Heights High Rise, Pennsylvania Bidwell, and Pressley Street.

**Scattered Site and Section 8 Housing:** HACP subsidizes 225 scattered site units and 5,400 Section 8 rental units throughout the City. The Authority hasn't accepted new applications for Section 8 housing since October 2, 2006.

**Privately Managed Affordable Housing:** Some privately operated communities offer assisted housing. These communities provide assistance through partial Authority tenant subsidization, but are not operated by the HACP. Applicants must deal directly with these communities.

This housing option offers mixed income rentals and for-sale units. The rental communities are New Pennley Place, Christopher A. Smith Terrace, The Commons at North Aiken, Silver Lake Commons, Fairmont Apartments, and The Legacy Apartments. The communities that offer home ownership are Bedford, Oak Hill, and Manchester.

As of January 1, 2008, HACP had 10,625 low income units available – 3,252 community and scattered site units (76% occupancy), 972 hi-rise units (87% occupancy w/o Auburn and Lou Mason, which were empty due to upcoming demolition), 5,470 Section 8 units, and 931 privately managed, mixed-income units (98% occupancy).

## **SCOPE**

The audit scope is limited to Housing Authority operating, administrative, and program expenditures, Authority controls, procedures, and reasonableness regarding those expenditures, and administrative policies in place from January 2006 through December 2007. The auditors did not examine capital costs and procedures or expenditures directly related to Section 8 Housing.

## OBJECTIVES

1. To assess the reasonableness of Authority expenditures.
2. To examine and assess the Housing Authority's controls regarding operating and program expenditures.
3. To determine compliance with Authority payroll, procurement, payment, and approval procedures.
4. To assess the relevancy of programs offered by the Authority in meeting stated mission and goals, and if the relevant programs could be made more effective.
5. To examine if the Authority could leverage its programs and various operating costs with other governmental and non-profit agencies to reduce expenses and increase efficiency.
6. To examine Authority policies for cost, efficiency and reasonableness.
7. To make recommendations for improvement.

## METHODOLOGY

The auditors initially met with the HACP Executive Director, Chief Financial Officer, General Counsel and Community Affairs Director.

The following documents were reviewed: HACP 2006 annual audit, organizational chart by program, Board of Directors by-laws, Move to Work (MtW) contract and extensions, 2006, 2007 and 2008 annual budgets, MtW Annual Plans (2006-08) and Report (2006), 2006-2007 Board minutes, the expenditure approval and procurement process, out of area travel policy, travel debit card procedures and job related training and seminars policies. Also, several interviews were conducted with various members of the Authority staff.

HACP provided an Excel database of expenditures from January 2006 through March 2008. The auditors sorted the expenditures by vendor/payee and organized the payee groups into one of the following expenditure categories: travel and seminars, promotions and memberships, building rental, mortgage and real estate, payroll, utilities, temporary employees, housing (HACP) clients, publications/advertisements, safety and security, landscaping, repairs and supplies, construction, vehicle, Clean Slate program, legal services, architectural and engineering services, telecom, development and management, social/government, tenant councils, building materials, office supplies, computer costs and accounting costs.

Because of the number of invoices generated during the audit period, the auditors used cluster sampling to determine procurement testing samples which included 10% of the HACP vendors and 6% of its expenses over 2006-07. Proper procedure and authorization was also examined, along with reasonability of the expense.

Auditors also met with the officials from the Community Affairs, Budget, and Payroll departments. Payroll was tested with a 5% sample weighed by employment function (administrative, maintenance, or site-based).

The City of Pittsburgh does not directly control nor subsidize the operations of the Authority, which is a state-created and federally funded entity. The Mayor appoints its seven-member Board of Directors and HACP is considered a related organization of the City of Pittsburgh. It should be noted that Housing and Urban Development (HUD) personnel audit the Authority for compliance with federal spending requirements. The Controller's audit objectives are listed on page 6.

## FINDINGS AND RECOMMENDATIONS

### Payroll

In 2007, HACP incurred personnel expenses of nearly \$23,000,000, or 17.5% of its budget. In 2006, personnel expenses were just over \$24,000,000, representing 17.8% of the budget. The employees are paid based on a two-week work cycle, and HACP uses Ceridian as its payroll vendor.

Employees sign time sheets or punch time cards to register their work time. The assigned timekeeper summarizes the information on a time sheet, signs it, and submits it to the section supervisor. The supervisor, either a department head or a site manager, approves and signs the sheet after review, resolving any questions or problems.

All payrolls ("Daily Attendance Record") have to be submitted to the main offices by 11 AM on alternating Fridays, the final day of the pay period, for entry into the Ceridian payroll system, the same system used by the City. The forms are received by Payroll from the sites by hand delivery.

If for some reason the payroll cannot be delivered in a timely manner, Payroll will accept a fax, with the original to be turned in before the end of the workday. The original Daily Attendance Record is kept on file in the main office.

This often requires accepting an "educated guess" of Friday's time by the timekeeper, who has until Monday at 9:30 AM to make any changes in the pay. This could present recording problems for unexpected time off, overtime, and workers scheduled for weekend duty, or if the site timekeeper is off on the following Monday.

The HACP Payroll section balances the payroll sheets to the Ceridian entries. When they agree, the payroll is submitted to Ceridian, usually on Tuesday. Ceridian prints the checks and delivers them to HACP at the Robin Building on Wednesday, where they are locked and distributed to the sections, which provide a pre-designated employee to pick up and sign for the checks.

Employees that are off duty on payday because of personal time, disability, etc., may opt to have their paycheck sent to them.

A post-audit of the Ceridian report is made by Payroll, and the HACP Accounting Manager reconciles the payroll account monthly.

The auditors compared a 5% sample of site work sheets with the final Ceridian payroll register to guarantee proper authorization and hours.

**Finding:** The payroll worksheets matched the final Ceridian report when the final adjustments were added to the original submission.

The auditors discovered a pair of overtime authorizations that were copies of the original, rather than the source document. This incidence of such errors was small, and the overtime pay appears accurate in all material respects. Payroll should require the submitting section to remit the original to the main office in a timely manner.

#### HACP Employee Training & Travel

Requests for training must be recommended in writing by an employee's supervisor and director, submitted to the Finance department, to the Human Resources department, and finally to the Executive Director for final approval.

The request is to be made at least two weeks in advance, and is to be accompanied by a statement explaining the benefits of the training and the registration information. If the course or seminar is not completed, the full cost of the reimbursement will be charged back to the employee.

Transportation and lodging are normally booked through the Finance department, although the individual can also schedule them, subject to HACP approval.

Travel out of the area for either business or training purposes must be approved in advance by the departmental supervisor, the Finance department, and the Executive Director.

The request is to include employee's name, destination, trip purpose, mode of transportation, and any need for overnight accommodations. The Authority requests as much advance notice as possible so it can take advantage of discounts for pre-booking. The employee may be required to arrive early at his/her destination or leave late if travel discounts are involved.

HACP issues business advances to its employees, covering lodging, transportation, and per diem meal allowances. Training fees are also covered. The employee must present receipts for all the expenses within 10 days of return and settle any reimbursements due to either the employee or Authority.

HACP costs related to training and travel were \$245,945 in 2006 and \$197,000 in 2007 according to the master invoice list. Authority expenses are shown on Table 1 "Training & Travel" on the following page:

**Table 1 – Training & Travel**

| Category                          | 2006 Cost            | 2007 Cost            |
|-----------------------------------|----------------------|----------------------|
| CPE/Training/Seminars             | \$ 115,715.20        | \$ 90,606.99         |
| Travel/Per Diems                  | \$ 91,143.45         | \$ 65,172.36         |
| Memberships/Dues                  | \$ 34,073.83         | \$ 36,463.90         |
| Pro Fees/Licenses                 | \$ 5,012.97          | \$ 4,766.00          |
| <b>Total CPE-Dues-Travel-Fees</b> | <b>\$ 245,945.45</b> | <b>\$ 197,009.25</b> |

*(figures taken from HACP invoices)*

**Finding:** While examining the invoices, the auditors found that the approval process was followed. The Housing Authority's per capita educational/training costs were \$506 in 2006 and \$523 in 2007.

In comparison, the City of Pittsburgh spent approximately the same amount on training and travel, but with an average of over 3,250 employees as compared to HACP's 430 employees (not including those on disability and workman's compensation).

Training and travel expenses of the two entities are compared by Table 2 "HACP/City Training & Travel":

**Table 2 – HACP/City Training & Travel**

| Year                                      | Travel/Training Costs | Staff*       | Spent/Staff   |
|---|-----------------------|--------------|---------------|
| <b>Housing Authority (from invoices):</b> |                       |              |               |
| 2007                                      | \$ 197,009            | 377          | \$ 523        |
| 2006                                      | \$ 245,945            | 486          | \$ 506        |
| <b>Total</b>                              | <b>\$ 442,954</b>     | <b>863</b>   | <b>\$ 513</b> |
| <b>City of Pittsburgh (from CAFR):</b>    |                       |              |               |
| 2007                                      | \$ 263,317            | 3,281        | \$ 80         |
| 2006                                      | \$ 219,716            | 3,221        | \$ 68         |
| <b>Total</b>                              | <b>\$ 483,033</b>     | <b>6,502</b> | <b>\$ 74</b>  |

*(staffing as of 12/31/06-07 from HACP payroll & City CAFR.)*

### **RECOMMENDATION NO. 1:**

HACP should reduce its traveling and training costs. The Authority should limit out-of-town and overnight/weekend training and utilize more local seminars and develop more in-house training sessions.

**Finding:** The minutes, policies, and many documents provided by HACP are often scanned copies of the original or certified documents, not electronic files that can be edited, updated, and shared.

### **RECOMMENDATION NO. 2:**

HACP should store copies of its guides, minutes, policies and other documents in a more user-friendly file format such as .pdf, as it does for its MtW documents and Annual Reports and Plans. The files would be secure, readily available, capable of being updated, easily transferable among interested parties, and could be added to the HACP website for public viewing.

### **HACP Recruitment Expenses**

In 2006, HACP had to replace several members of upper management, including the Executive Director. It hired Gans Gans and Associates to recruit candidates for the vacant director and managerial positions. This recruitment process cost HACP \$208,812.96, according to the master invoice list. Gans had a Board-approved contract awarding them 29% of the executive salaries they filled plus expenses. The company earned \$150,910.05.

The Board was heavily involved in the Director's hiring process. They interviewed the candidates found by Gans, selected the one they felt best qualified for the position, and negotiated the employment contract.

In past years, HACP did its own management searches using its Human Resources staff, and the Executive Director hired the new managers after the advertising and interview process. In Board discussion of September, 2006, it was noted that local advertising was not drawing a heavy response for vacant HACP management positions, and Gans was hired to attract more candidates.

**Finding:** In 2006, HACP hired an executive recruiting firm to find not only an Executive Director, but other upper management personnel at a cost of \$150,910.05. The Board interviewed and selected the new Director, and the other management candidates identified by Gans were in turn interviewed and then hired by the Executive Director.

Other City of Pittsburgh authorities and the Pittsburgh School District have used recruitment firms for assistance in finding Executive Director candidates. Some have also promoted from within, or recruited nationally with their own HR staff. It is uncommon for local authorities to use a recruitment firm for positions other than Executive Director, although it is an allowed expense by HUD and was approved by the Board.

The City of Pittsburgh recruits and hires its directors through its Personnel Department.

**RECOMMENDATION NO. 3:**

HACP should return to its former policy of hiring upper level management personnel through an in-house effort rather than a recruitment firm, and advertise the positions nationally as well as locally.

**Finding:** Executives recruited from out of town received \$57,902.91 in rental and moving fees for relocation to the City. Three employees were given several months rental as an incentive for relocation. Moving fees were also reimbursed.

The HACP Board negotiated the relocation terms for the Director, and the Director negotiated them with the management hires. None of the individual expenditures needed specific Board approval as the costs were under its threshold of \$50,000. The rental and moving reimbursements are considered customary incentives by HACP as housing industry norms, and are acceptable to HUD.

The City of Pittsburgh doesn't have a formal policy on relocation reimbursements because it does not offer them as an employment incentive.

**RECOMMENDATION NO. 4:**

The Housing Authority should formalize its employment package incentives, and cap the benefits to fall more in line with those of the City of Pittsburgh. HACP should consider either eliminating or limiting its relocation assistance to management hires below the rank of Executive Director.

**Employee Parking Privileges**

HACP has secured parking for its employees at Kails Parking Lot on Fourth and Ross Streets, the First and Second Avenue Parking Authority lots, and at various other sites, and reimburses employees for business-related parking fees.

**Finding:** HACP spends over \$50,000 per year on employee parking leases according to the Master Invoice list, as shown by Table 3 “Parking Leases” on the following page:

**Table 3 – Parking Leases**

| <b>HACP Parking Expense 2006-2007</b> |                  |                  |
|---------------------------------------|------------------|------------------|
| <b>Site</b>                           | <b>2007 Cost</b> | <b>2006 Cost</b> |
| Kail's *                              | \$ 38,850        | \$ 29,200        |
| Second Avenue - PPA                   | \$ 15,145        | \$ 16,680        |
| First Avenue - PPA                    | \$ 2,340         | \$ 2,145         |
| Various Leases                        | \$ 745           | \$ 2,691         |
| <b>Total</b>                          | <b>\$ 57,080</b> | <b>\$ 50,716</b> |
| <b>Payroll Deduct</b>                 | <b>\$ 23,260</b> | <b>\$ 17,395</b> |
| <b>Total Subsidy</b>                  | <b>\$ 33,820</b> | <b>\$ 33,321</b> |

*(lot costs taken from HACP invoices; deductions taken from HACP payroll records)*

*\* The lot is now operated by Parking Facilities, Inc., and is located on the corner of Fourth Avenue and Ross Street.*

The Authority leased 15 spaces in 2006, with 13 being assigned to management personnel and two “floating” spots. In 2007, HACP reserved 18 spaces, with 15 being for management staff and three “floating” spots. According to Authority personnel, most employees that are assigned spaces reimburse the Authority through payroll deductions.

The City of Pittsburgh, which owns its parking spaces, charges employees that qualify for spaces a \$70 per month fee. 184 City of Pittsburgh employees are eligible for a parking space, based on a combination of position and City of Pittsburgh seniority.

**RECOMMENDATION NO. 5:**

HACP should determine and collect a reasonable fee from all employees who use the spaces to help recover a greater portion of the Authority’s parking lease subsidy.

**HACP Temporary Employees**

The Authority utilized temporary help from ten different agencies during the audit period. HACP uses the temp workers to fill in during heavy work periods, when full-time employees are on long-term leave, and occasional special projects.

**Finding:** HACP spent nearly \$585,165 during the audit period to employ temporary employees, drawn from the agencies shown on Table 4 “Temporary Staff Fees” on the following page:

**Table 4 – Temporary Staff Fees**

| <b>HACP Temporary Hire Expenses:</b> |               |               |
|--------------------------------------|---------------|---------------|
| <b>Agency</b>                        | <b>2007</b>   | <b>2006</b>   |
| Accountemp                           | \$ 50,389.24  |               |
| Addeco Employment                    |               | \$ 989.63     |
| Ajilon                               | \$ 31,846.59  | \$ 37,390.26  |
| Kelly Services                       | \$ 650.76     | \$ 5,638.05   |
| Marsetta Lane Staffing               |               | \$ 5,874.51   |
| Pancoast Staffing                    | \$ 35,971.98  | \$ 57,999.45  |
| Pittsburgh Staffing                  | \$ 135,629.62 | \$ 186,206.41 |
| Stivers Personnel                    | \$ 7,201.16   |               |
| Sweetwater Personnel                 |               | \$ 622.88     |
| Volt Services                        |               | \$ 28,754.10  |
|                                      | \$ 261,689.35 | \$ 323,475.29 |

*(Figures taken from HACP invoices)*

The money spent on temporary employees is roughly the same as the cost of hiring four or five full time employees at \$30,000 per year with benefits, or several part-time employees.

The temporary staffers appear to be equivalent to specialized full-time permanent workers, working year-round for the Authority. Pittsburgh Staffing provided HACP employees throughout 2006-07, Pancoast employees worked steadily from January 2006 until June 2007, Volt provided staff throughout 2006, Accountemps throughout 2007, and Ajilon through out 2007, with a summer break.

**RECOMMENDATION NO. 6:**

HACP should determine through a cost/benefit analysis if it would be more cost effective to hire and train several full or part-time employees capable of working interdepartmentally than to commit to flex staffing with temporary workers.

### HACP Promotional and Goodwill Expenditures

The Authority participates in a variety of promotional events, ranging from catered community and hi-rise gatherings, demolition parties, advertising fees, support of various outside non-profit & charity functions, and legislative tracking fees.

Several expenses are common and customary, such as keeping a firm to represent its' political interests, program advertising, and various employee and tenant recognition events.

Others appear to be more arbitrary in nature, such as implosion (building demolition) parties and attendance at other non-profit events.

**Finding:** HACP has spent \$449,722.55 on promotions and various other events during the 2006-07 audit period, as shown by Table 5 below (taken from the master invoice list):

**Table 5 – Advertising & Goodwill Costs**

| <b>HACP'S ADVERTISING &amp; GOODWILL EXPENSES 2006-07</b> |               |               |
|---|---------------|---------------|
| <b>Category</b>   | <b>2007</b>   | <b>2006</b>   |
| Cater/Lunch/Flowers                                       | \$ 33,016.37  | \$ 51,307.99  |
| HACP Sponsored Events                                     | \$ 28,723.42  | \$ 74,336.93  |
| HACP Supported Events                                     | \$ 10,858.00  | \$ 11,870.81  |
| Ads/PR/Legislative  | \$ 136,370.20 | \$ 60,010.89  |
| Total   | \$ 211,174.99 | \$ 197,526.62 |

*(figures taken from HACP invoices)*

### **RECOMMENDATION NO. 7:**

HACP should re-evaluate the amount of funds spent on promotions and other items. The Authority should consider eliminating demolition parties.

### HACP Procurement

HACP uses a "Contract, Procurement and Disposition Policy" handbook to define the steps required to procure a good or service. The guidebook was prepared by HACP in 2000 "to insure compliance with the procurement and contracting requirements established by Federal and state statutes and regulations and the U.S Department of Housing and Urban Development Handbook". The handbook is adaptable to changes in Federal, State, and local statutes and regulations.

The handbook details the necessary steps required for procurement, from the initial service or commodity request, approvals, to final payment. As a general rule, only the Executive Director or Chief Financial Officer can approve expenses of over \$10,000. Orders over \$4,000 require three bids. Other approval limits are also set, from site managers to senior staff. It includes an ethics code, sole source provider clause, change orders, and even the composition of the contract file.

The procurement trail, by contract type and value, is shown on Table 6 “Procurement Approval” on the following page.

**Table 6 – Procurement Approval**

| Procurement Item              | Value             | Steps For Approval |
|-------------------------------|-------------------|--------------------|
| Professional Service Contract | \$10,000 <        | 12                 |
| Professional Service Contract | \$10,001-\$25,000 | 16                 |
| Professional Service Contract | \$25,001-\$50,000 | 21                 |
| Professional Service Contract | \$50,001 >        | 22                 |
| Construction Contract         | \$5,000 <         | 11                 |
| Construction Contract         | \$5,001-\$10,000  | 12                 |
| Construction Contract         | \$10,001-\$50,000 | 25                 |
| Construction Contract         | \$50,001 >        | 25                 |
| Materials & Supplies          | \$5,000 <         | 15                 |
| Materials & Supplies          | \$5,001-\$10,000  | 16                 |
| Materials & Supplies          | \$10,001-\$50,000 | 24                 |
| Materials & Supplies          | \$50,001 >        | 25                 |
| Emergency Procurement         | as required       | 12                 |

*(Chart taken from information provided by the Housing Authority of Pittsburgh’s Contract, Procurement and Disposition Policy document.)*

During the audit period, costs over \$50,000 required Board of Directors approval. HACP utilizes a variety of award mechanisms, including telephone bids, open bids (advertised in the media and on the website), split bids, piggybacking off other government units (notably the State), sole supplier, and Request For Proposals. Vendors are added to the bidder’s list through an open enrollment and meeting of HUD requirements.

The Authority posts its open bids on its website, and currently sends “Justification Sheets” to the City, which are posted on the Pittsburgh municipal site announcing the bid winner and the reason for the award.

The auditors tested invoices from ten percent (10%) of the vendors paid during the scope period.

Multi-level procurement approvals were generated via the “Emphasys Flex” software system used during the audit period, but many were unsigned, as approval was passed on electronically from section to section, with personal password security.

Procurement paperwork was kept at the 201 Kirkpatrick Street offices, and Accounts Payable back-up was kept by the downtown Finance department.

HACP staff is in the process of integrating the On Base imaging system with a new Emphasys software package so that the appropriate documents can be scanned into the system and the total backup paperwork package can be accessed.

**Finding:** The Authority operates one of the more informational web sites among state Housing Authorities. It posts its open bids on line, and makes a variety of useful information available to potential and current residents, vendors, and citizens.

However, incomplete information was listed for RFP awards on the website, and no information on open bid awards was available.

#### **RECOMMENDATION NO. 8:**

HACP should utilize its electronic capacities to its fullest capacity to provide more accessible vendor information. Because it already prepares “Justification Sheets” for the City of Pittsburgh to post, it would be a small step to update its awarded bids section. The goal should be to eventually archive all bids and RFP’s on-line in their entirety for vendor convenience, easy public access and transparency.

**Finding:** Pre-approved vendor application forms can be downloaded and printed from the Authority website.

#### **RECOMMENDATION NO. 9:**

The Authority should consider accepting and processing vendor applications on-line, rather than just providing a downloadable form.

### Computer & Telecommunications Contracts

HACP is converting from paper-based to electronic document storage and retrieval. It is upgrading its major software system, Emphasis, and adding On Base document imaging capabilities. It is providing laptops to administrative staff and computers to site administrators and Resident Councils.

The Authority deals with many of the same vendors as the City of Pittsburgh and shares some of the same software applications, such as Ceridian and On-Base.

**Finding:** The cost for computer operations as shown in the master invoice list was \$889,907.01 in 2007 and \$686,610.88 in 2006. There were 33 different vendors employed during the audit period, with the major ones being Emphasis Software, Koryak Consulting, and Dell Computers.

HACP also spent \$1,011,349.09 in 2007 and \$654,167.59 in 2006 on telecommunications hardware and services. During the audit period, the Authority had 20 telecommunications vendors, including Communications Consulting, AT&T, Comcast, Dish Network, MCI, Nextel, Sprint, and Verizon.

### **RECOMMENDATION NO. 10:**

The Authority should investigate coordinating its Information Technology and telecommunications needs with the City of Pittsburgh's Computer Information Systems or some other joint municipal operation, and the potential cost savings available through shared efficiencies.

### HACP Utilities and Conservation

In 2006, HACP paid \$12,375,917 in utility bills (gas, water/sewer, electric) and \$11,157,176 in 2007. This item represents 8-1/2 to 9% of HACP's entire annual budget. The utility bills alone are higher than the rental income collected by the Authority.

In 2007, HACP awarded a 12-year Energy Performance Contract to Honeywell International. The contractor began to initiate a number of energy and consumption saving projects in 2008, including education and unit retrofits throughout the HACP community, and the use of geothermal HAVC systems in North View Heights, Arlington, and Homewood North.

Prior to the Honeywell contract, HACP had awarded a 10-year energy services contract to Custom Energy, which was expected to save \$4M in utility costs over the lifetime of the contract.

With one exception, utilities are the highest or next-to-highest actual cost incurred by the individual HACP sites. The major consumers of utilities were the following public housing communities, as shown by Table 7 “HACP Utility Payments For Selected Communities”:

**Table 7 – HACP Utility Payments for Selected Communities**

| Site               | 2007 Utility Payments* | Occupied Units | Cost per Unit | Year Built |
|--------------------|------------------------|----------------|---------------|------------|
| Addison Terrace    | \$ 1,859,219           | 569            | \$ 3,268      | 1940       |
| Bedford Dwellings  | \$ 1,312,524           | 372            | \$ 3,528      | 1940       |
| North View Heights | \$ 1,259,127           | 365            | \$ 3,450      | 1963       |
| Garfield Heights   | \$ 962,092             | 252            | \$ 3,818      | 1966       |
| St. Clair Village  | \$ 813,610             | 173            | \$ 4,703      | 1949       |
| Total              | \$ 6,206,572           | 1731           | \$ 3,586      |            |

*\* Utility payment figures were taken from Table 8-6 “Site Financial Information,” FY 2007 MtW Annual Report.*

These buildings are among HACP’s older units, and their average annual utility cost per unit is \$3,586. The other 1,844 public housing households average \$2,685 in utility costs per unit, a much more manageable (though still relatively high) figure, and \$901 less per unit than these older family community sites in annual utility costs.

Garfield Heights was demolished in 2008, and the other sites are in a constant state of renovation, modernization, and demolition as required. HACP is making progress along this front, with a 10% drop in utility costs from 2006-2007 and a contract with Honeywell to modernize and “green” the Authority communities through brick & mortar updates, newer technology such as low-flow commodes, pre-set tamper-proof thermostats, and resident consumer education.

These are common-sense actions that should have been part of a comprehensive utility cost containment plan long ago.

**Finding:** HACP’s utility payments appear to be excessive, according to figures obtained from MtW reports and web-based budgets of the housing communities listed on Table 8 “Selected Authority Utility Costs”: (Occupied HACP units per the charts do not include units in privately managed communities.)

**Table 8 – Selected Authority Utility Costs**

| <b>Authority</b> | <b>2007 Utility Payments</b> | <b>Occupied Units</b> | <b>Cost per Unit</b> |
|------------------|------------------------------|-----------------------|----------------------|
| Pittsburgh, PA   | \$ 11,157,176                | 3,575                 | \$ 3,121             |
| Cleveland OH     | \$ 20,471,321                | 10,466                | \$ 1,956             |
| Erie, PA         | \$ 2,700,000                 | 1,750                 | \$ 1,543             |
| Portland, OR     | \$ 3,673,098                 | 2,492                 | \$ 1,474             |

**RECOMMENDATION NO. 11:**

HACP should develop an aggressive, in-house program for controlling the utility costs of its sites and hi-rises instead of simply hiring energy consultants. The program should be integrated with longer-range HACP construction, renovation, and demolition plans so as to allocate its resources effectively, including natural, sustainable design elements and water conservation technology.

**Finding:** The communities are billed through master utility meters which measure usage for the entire community or tower, rather than by unit or complex, with the exception of a few hi-rise units. This makes it difficult if not virtually impossible for the site managers, downtown administrators, and consultants to identify and provide corrective action to units that are above the norm in energy usage.

**Finding:** There is no incentive for residents to conserve energy consumption, as their rental fee isn't impacted by utility usage. Without the ability to identify those residents that overuse or abuse public housing utilities, there is no way for the Authority to correct their actions.

**RECOMMENDATION NO. 12:**

While it would be cost prohibitive to retrofit the current HACP communities with individual meters, future construction and renovations should be designed to include both energy-saving components that would make the units conservation friendly by design and with a minimum of effort by the tenant, and site metering, if possible, to provide some resident accountability.

**Finding:** HACP is not a member of any joint utility cooperatives such as the Western Pennsylvania Energy Aggregation Program, which combines the purchasing power of the County, City, Pittsburgh School District, and other municipal entities. A reverse auction by this entity resulted in an 8% price reduction for electricity over two years in early 2008. The group plans to use the same strategy for the purchase of natural gas.

### **RECOMMENDATION NO. 13:**

HACP should investigate the potential of reducing its utility costs by participating in a municipal joint energy cooperative agreement such as the Western PA Energy Program that would help leverage its ability to lower its utility rates.

#### **HACP Police Transfer & Contracted Security**

In April of 2007, Pittsburgh City Council approved Resolution 203, approving a contract to allow City police patrolling of HACP communities in lieu of its own police force. The Authority will pay the City of Pittsburgh \$1M annually for the next three years, with a two-year option, to police its communities. 26 HACP officers out of 30 affected were accepted for training by the City of Pittsburgh Police Bureau. Also, there was a vehicle/equipment transfer, with the City of Pittsburgh paying fair market value for the useable HACP gear, per federal regulation.

The City of Pittsburgh may also file for federal funding to help augment police costs, as the grants are based on the level of coverage provided to the housing communities, not the provider.

The determination to disband the HACP Police was made because of reduced federal financial resources available to the Authority to pay for in-house officers. The Authority, as allowed by the MtW program, had been drawing funds from its capital budget since 2002 to support its police force.

A majority of its units and residents were in Section 8 or privately managed housing, and so were already under City of Pittsburgh police jurisdiction. The City of Pittsburgh was often the first responder to suspected criminal activity on HACP property, and has the responsibility of investigating all felony complaints within the City of Pittsburgh border. So the merger made little difference regarding the overall number of calls handled by the City of Pittsburgh force, although it does create additional patrol and administrative duties for the Pittsburgh Police force.

The Authority will pay the City of Pittsburgh a transition fee of \$3,000,000 to take control of its policing services, to be paid in quarterly installments of \$250,000.

**Finding:** Spending on Protective Services by HACP was \$4,083,185 in 2006 and \$4,018,277 in 2007, the year that the disbanding of the Authority police force began. The Authority budget assumes a 23% cost savings in security expenses for 2008.

A determination of cost effectiveness and the effect on resident safety because of the transfer of Authority policing to the City of Pittsburgh could not be made during the audit period. 2008 will be the first full fiscal year under the new system that combines increased community involvement and private security with Pittsburgh police protection.

### HACP Reimbursements for City Services

The HACP does not compensate the City of Pittsburgh through a Payment In Lieu of Taxes (PILOT) program for its City-provided services. According to Authority administrators, HACP cannot make purely voluntary PILOT payments. Rather, the Authority must use a HUD formula based on its rental income to determine if PILOT payments are allowable. Authority administrators stated that the Authority's rental income is too low to allow PILOT payments for City services.

HACP has an inter-governmental contract that pays the City of Pittsburgh \$3,000,000 in \$250,000 quarterly installments to patrol Authority properties after HACP disbanded its own police force, and another that provides equipment in trade for residential garbage collection.

The Public Parking Authority and Urban Redevelopment Authority make annual payments to the City of Pittsburgh in lieu of realty taxes and for reimbursement of services provided for them by the City. The PPA contributed \$1,282,130 in 2007 and \$1,285,321 in 2006. The URA began annual \$1,500,000 payments to the City of Pittsburgh in 2008.

The Housing Authority of the City of Erie (HACE) has paid a voluntary PILOT to Erie since 1941, voluntarily contributing \$53,000 in 2006 and \$78,000 in 2007 for City services, along with payments to the school district and Erie County. HACE also gives financial support to city policing, code enforcement, and recreational activities worth an additional \$532,000 in 2007 and \$449,000 in 2006.

**Finding:** HACP is one of the City of Pittsburgh's larger property owners. Its family and hi-rise communities alone consist of over 4,000 units, are worth over \$97,000,000 in fair market value and occupy 343-1/2 acres of land, according to the Allegheny County Assessment site. The Authority also owns approximately 225 scattered site homes.

In addition to policing its properties and the collection/disposal of residential trash, the City of Pittsburgh also provides tenants of the HACP communities and scattered sites with recreation, fire, paramedic, building code, and public work services.

### **RECOMMENDATION NO. 14:**

HACP should partner with the City of Pittsburgh to help share the cost of the service expense through in-kind intergovernmental agreements in the areas of public safety, public works, and youth/senior services.

**Finding:** The Authority has a five-year agreement with the City of Pittsburgh to pick up its residential waste in return for HACP purchasing a pair of waste trucks and leasing them back to the City of Pittsburgh. The Authority privately contracts for bulk pickup, as

the City of Pittsburgh's previous pickup schedule was thought insufficient to meet Authority needs.

**RECOMMENDATION NO. 15:**

HACP should revisit the possibility of contracting its bulk waste pickup to the City of Pittsburgh, as its bulk collection schedule has changed from every other week to weekly.

**Finding:** HACP does not participate in a recycling program, which is in violation of Pittsburgh's City Code Section 619.06 (a) and (b).

**Finding:** Act 101, Pennsylvania's Municipal Waste Planning, Recycling and Waste Reduction Law, mandates recycling in the Commonwealth's larger municipalities and provides grants to offset expenses. Recyclables from Housing Authority properties would increase the City of Pittsburgh's reportable recyclables tonnage, increase the amount of State performance grants and decrease the City of Pittsburgh's landfill costs.

**RECOMMENDATION NO. 16:**

HACP should reach an agreement with the City of Pittsburgh or a private entity to collect its recyclable refuse in compliance with the Pittsburgh City Code. It should include a tenant education program that includes community, hi-rise, scattered site, and Section 8 residents.

**Resident Self-Sufficiency Programming**

The HACP's self sufficiency programs are split to serve Section 8 recipients and the HACP housing community tenants separately. The umbrella program is the "Realization Economic Attainment for Life" (REAL) Program.

The REAL program's purpose is to help residents become self sufficient through assessment, planning and referral to specific social services. These services may include life and job readiness skills, drug and alcohol related services, mental and physical health services, education, child care, transportation, home ownership, and employment training and referral services.

REAL is split into two components, the Section 8 Housing Choice Voucher (HCV) unit and the HACP Community Low Income Public Housing (LIPH) program. These are administered as the Family Self-Sufficiency (FSS) Programs, split into educational/workforce training, and home ownership program segments.

The HACP REAL (Realizing Economic Attainment for Life) Program statistics for the housing communities during the audit period are shown on Table 9 “REAL/FSS Statistics”:

**Table 9 – REAL/FSS Statistics**

| <b>HACP Community Statistics: REAL/FSS *</b> |             |             |
|--|-------------|-------------|
| <b>Program</b>                               | <b>2007</b> | <b>2006</b> |
| Residents Assisted/Recertification           | 527         | 782         |
| Residents Employed Through FSS               | 254         | 222         |
| Residents in Home Ownership Programs         | 38          | 75          |
| Residents Purchasing New Home                | 2           | 1           |
| Residents With Escrow Accounts               | 50          | 42          |
| Value Of Escrow Accounts                     | \$69,186    | \$29,941    |
| Residents Enrolled In GED**                  | 12          |             |
| Residents Earning GED**                      | 2           |             |

*\* Program statistics taken from page 9-1 “REAL/Family Self Sufficiency Program Accomplishments,” FY 2007 MtW Annual Report.*

*\*\* Combined total for 2006-2007 from figures provided by HACP.*

In 2005, the HACP finished the organizational aspect of site based management in all HACP managed communities. To coordinate services, Family Self-Sufficiency (FSS) coordinators are now located in the same office as site managers in HACP’s low-income communities. Issues such as re-certification and delinquent rent payment are dealt with in one place, and the coordinators provide a portal to the REAL/FSS educational/work training courses and the Home Ownership Program.

The REAL/FSS programs are ambitious undertakings that provide help and guidance to residents in a variety of areas, notably social & tenant services, employment, and home ownership.

The program appears to be effective in addressing the paperwork problems often encountered by low-income residents, and provides an accessible entry point for social services and entry-level employment opportunities.

Its home ownership component, when combined with the mirrored Section 8 program, had led to 26 home purchases and over \$300,000 escrowed for over 200 households to apply to home ownership. The Home Ownership Program addresses the HACP goal of eventually moving its tenants from public housing to private home ownership.

However, there is a sizeable achievement gap between the Family Community and Section 8 participants in homeownership, with the vast majority (23) of the first-time owners being from the Section 8 program, according to the MtW “REAL Accomplishments” chart listed in the 2007 Annual Report (page 9-1).

**Finding:** Section 8 residents had 11% (23-202 participants) of its registrants move on to home ownership while Family Community residents had just 3% (3-113) of its participants purchase a home over the two-year audit period.

**RECOMMENDATION NO. 17:**

HACP should determine why there is such a large gap in both the enrollment and success rate between the Low-Income and Section 8 participants for its Home Ownership Program and design an approach that strengthens the effect of its LIPH component.

**Finding:** The educational component of the FSS involves GED training, and produced only 12 applicants out of 44 tenant referrals, with two successfully graduating the program during the audit period.

**RECOMMENDATION NO. 18:**

HACP should consider partnering with an adult education specialist such as the Community College of Allegheny County or the Pittsburgh School District to improve its recruitment and success rates for GED training.

**Youth Services Investment Fund**

In July 2005, the HACP Board of Directors approved the expenditure of \$5,000,000 from MtW reserves to create a Youth Services Investment Fund (YSIF).

The fund is for resident youths aged 13-21 to provide aid to boost academic success, career development and good citizenship. The goal of this fund is to provide financial support to evidence-based, outcome oriented programs in public housing communities and to engage stakeholders for a sustained period to improve program quality, coverage and connections.

The emphasis is on generating educational and employment opportunities for the young adults living in the HACP community. It is administered by the Pittsburgh Foundation and the assets are managed by Mellon Investments.

In 2006-07 the YSIF awarded grants for programs in the amount of \$729,000. The programs are a collaboration among service providers Youthworks, Youth Places,

Urban Youth Action, and One Vision, One Life that focus on career exploration, community service, and conflict resolution. The tenant councils in the communities served by the programs assisted in the program design, the development of community service projects and the recruitment of program participants.

### Clean Slate

HACP developed the Clean Slate Program in 1998 to provide a forum for youth to communicate openly about drug activity in their communities, and it became a vehicle for providing drug prevention information and promoting a clean and sober lifestyle.

In 2003, HACP made Clean Slate a year round project with local and national celebrities participating in the program activities.

A Pep Rally is held as the kick-off for Clean Slate. Other events traditionally are book signings, adult forums, basketball and baseball games, school panels, town hall meetings, and a concert. Participants are provided with various prizes and enticements. Youth that excel in the program become members of the Street Team, a housing community drug prevention and intervention group.

HACP announced in 2008 that it plans to spin the program off to private operators, but that it would cover any financial shortfalls. It was originally funded by a three year grant which ended in 2005, and is currently supported by numerous civic groups.

**Finding:** The purpose of Clean Slate is to provide an anti-drug message to the resident youth through workshops, school appearances, community events, concerts, and offers participation incentives such as I-Pods, shirts, and jackets.

HACP spent \$92,736 in 2006 and \$74,288 in 2007 on Clean Slate of its own funds, plus an additional unknown amount in privately donated funds raised through civic, corporate, and foundation sponsorships and Authority fundraising events such as the Clean Slate Dinner, Golf Outing and Black Tie Dinner.

The Clean Slate program mission statement is to “Educate, Encourage, and Entertain Drug-Free Lives in the City of Pittsburgh”. Other than measuring event attendance, there is no performance mechanism to determine the program’s effectiveness at drug prevention.

**RECOMMENDATION NO. 19:**

HACP should fund and operate Clean Slate entirely through a foundation, as it does with the Youth Services Investment Fund.

**Creative Arts Corner**

The Creative Arts Corner was opened in May of 2006 to provide HACP youth with a modern recording and dance studio. It's located in Northview Heights and is open to the entire HACP community, with a new facility to be operated in Bedford. It's considered a state-of-the-art production facility.

It cost approximately \$100,000 to build, with much of the work done by Authority workmen to help keep expenses down. It's operated by HACP staff with training provided by Whit Productions. Its expenses were \$157,090.04 for 22 students in 2007 and \$194,810.00 for 14 youth in 2006, its opening year.

**Finding:** The center produces in-house videos of various meetings, events, and public service features. Most of the youth that utilize the Center are older (14-20), and the staff uses the program as leverage to further the participants' life goals, involving them in job training programs like the Pittsburgh Project and GED courses to earn their diploma.

**RECOMMENDATION NO. 20:**

HACP should investigate a partnership of the Creative Arts Corner with an organization such as the Pittsburgh School District's CAPA, Pittsburgh Filmmakers, or Point Park University, which features artistic/production programming. An affiliation with such a group would provide additional educational, training, and career resources and opportunities associated with the arts for the Creative Corner participants.

It should also make programming available for airing on the Pittsburgh Cable Access Channel to increase its visibility, as it does for PCTV.

The above are the major HACP-generated programs. A comprehensive list of programs offered in HACP family and hi-rise communities, with their vendors, goals, costs, and performance, is included as "Exhibit 1 – Programs" in the Appendix.

### Programs by Site: Family Communities

- *Addison* (826 units): Beverly Jewel Wall Lovelace Children’s Fund (BJWL), Clean Slate, Community Connections, Family Self-Sufficiency (FSS), Food Bank, Youth Places.
- *Allegheny Dwellings* (282 units): BJWL, Clean Slate, FSS.
- *Arlington Heights* (150 units): Clean Slate, FSS.
- *Bedford Dwellings* (320 units): Addison Behavioral, Bedford Hope Center, BJWL, Clean Slate, Food Bank, Forbes Tech, Head Start, Knowledge Connection, No Strings.
- *Glen Hazel* (143 units): BJWL, Clean Slate, FSS, Food Bank, Knowledge Connection, Youth Places.
- *Hamilton-Larimer* (30 units): BJWL, Clean Slate, FSS, Knowledge Connection
- *Homewood North* (135 units): BJWL, Clean Slate, FSS, Food Bank, Knowledge Connection, Pancakes & Jesus.
- *North View Heights* (579 units): BJWL, Clean Slate, FSS, Food Bank, Knowledge Connection, NVH Art Center, NVH Health Center, Scouts, Youth Places.
- *St. Clair Village* (456 units): Bethany House Pre-School; BJWL, Clean Slate, FSS, Food Bank, Knowledge Connection, Youth Places.

**Finding:** These programs provide effective health, job preparation, social service, youth intervention and recreation services to HACP’s low-income family communities.

The BJWL, FSS and Clean Slate programs are in every HACP community, but there appear to be some gaps in total service coverage overall.

Other programs are offered to family communities as determined by need and demographics. HACP has one Head Start program in its communities, and has only informal ties with the City for services. Both the School District and City have many synergies and services that could be shared with the Authority.

City recreational and senior supervisors said that they interact with the Authority on an informal “handshake” basis, but not on a contractual basis.

**RECOMMENDATION NO. 21:**

HACP should attempt to design and formalize partnerships with other governmental agencies such as the Pittsburgh School District, City of Pittsburgh, and Allegheny County to help provide additional services and opportunities to its residents.

**Finding:** There are voluntary services operated by the residents such as “No Strings” and HACP employees such as “Cupboard of Hope” that could be adopted for use on an Authority-wide basis as both a service provider to the community and as a component of FSS job readiness and placement training.

**RECOMMENDATION NO. 22:**

HACP employs its residents via FSS job programs. The coordinators should work with the resident councils and managers to design voluntary programs along the business model of “No Strings” and use them in conjunction with its training programs as an internship and resident service opportunity.

**Programs by Site: Hi-Rises**

- *Caliguri Place* (104 units): Post Office, Senior Living Enhancement Program (SLEP), UPMC Living at Home Program (LAHP).
- *Carrick Regency* (66 units): Food Bank, SLEP.
- *Finello Pavalion* (60 units): LAHP, Post Office, SLEP.
- *Glen Hazel Hi-Rise* (97 units): Citiparks Senior Services, Food Bank, LAHP, SLEP.
- *Gualtieri Manor* (31 units): LAHP, SLEP
- *Mazza Pavilion* (30 units): LAHP, SLEP.
- *Morse Gardens* (70 units): LAHP, SLEP.
- *Murray Towers* (70 units): Agewell Health, Food Bank, Post Office, SLEP.
- *North View Heights Hi-Rise* (105 units): Citiparks Senior Services, North Side Christian Healthcare, SLEP.
- *Pennsylvania-Bidwell Hi-Rise* (120 units): Lutheran Service Society, North Side Christian Healthcare, Post Office, SLEP.

- *Pressley Street Hi-Rise* (212 units): Food Bank, Post Office, SLEP.

The Hi-Rise buildings do not have FSS managers on site (the REAL program is designed for a family community, not a senior/disabled population), and senior needs are coordinated by Ursuline Services, which operates under funding provided by the Pittsburgh Foundation and the Allegheny County Agency on Aging.

Every hi-rise community has SLEP, UPMC/LAHP, or both available for its residents, and they serve as portals to other services for the community. HACP will initiate programs that are community-driven, such as Meals on Wheels and postal services, on an individual building basis.

### Resident Councils

HACP involves its tenants in the administration of facilities and programs, civic planning, and community improvement projects through Resident Councils. The councils are located in every community and hi-rise served by HACP, and the members are elected by the residents.

The Authority provides an operating subsidy payments to the Resident Councils using a formula based on the number of households served, minus penalties for non-attainment of certain standards such as proper audits and meeting attendance.

Residents in privately managed communities may form their own councils, but are not supported financially by HACP.

In 2006-07, HACP subsidy payments (another revenue source, vending machine profits, was not included on this list) were made to the following councils, with households (HH) representing occupied units as of 1/1/2007:

- *Addison Terrace & Addition* (569 HH); Payment: \$13,088.06
- *Allegheny Dwellings* (235 HH); Payment: \$3,221.71
- *Arlington Heights* (132 HH); Payment: \$2,600.00
- *Auburn Towers* (71 HH); Payment: \$2,120.59 (demolished in 2007)
- *Bedford Dwellings* (372 HH); Payment: \$9,194.57
- *Caliguiri Plaza* (103 HH); Payment: \$1,040.00
- *Carrick Regency* (62 HH); Payment: \$1,048.40

- *Finello Pavillion* (49 HH); Payment: \$1,636.32
- *Garfield Heights* (252 HH); Payment: \$3,260.00 (demolished 2007)
- *Glen Hazel Senior Citizens & Disabled* (81 HH); Payment: \$7,933.61
- *Glen Hazel & Renova* (118 HH); Payment: \$2,687.74
- *Gualtieri Manor* (27 HH); Payment: \$947.07
- *Kelly St. High Rise* (0 HH); Payment: \$2,145.34 (demolished 2007)
- *Mazza Pavilion* (26 HH); Payment: \$480.00
- *Morse Gardens* (68 HH); Payment: \$2,137.38
- *Murray Towers* (66 HH); Payment: \$1,264.26
- *Northview Heights Family* (382 HH); Payment: \$19,692.94
- *Northview Heights High Rise* (78 HH); Payment: \$5,366.31
- *PA Bidwell* (79 HH); Payment: \$6,847.97
- *Pressley St. Hi-Rise* (197 HH); Payment: \$3,382.00
- *St. Clair Village* (173 HH); Payment: \$5,046.02

*\*payment figures taken from the master 2006-2007 HACP invoice list.*

*\*\* taken from tables 8-1a and 8-1b, 2007 MtW Report*

The amount of subsidy provided by HACP to the Tenant Councils varies, from over \$19,500 for Northview Heights to \$480 for Mazza Pavilion. Tenant councils not listed are assumed to have received no funding.

#### Resident Council Training Programs:

The HACP Community Planning Model had its genesis in 2005 when resident council members were trained in basic computer work. By 2007, community planning skills were being taught by the Resident Leadership Institute.

A consultant from the Institute worked with resident councils on an individual basis to make them proficient in organizational basics such as Roberts Rules of Order,

Managing Tenant Funds, Basic Bookkeeping, Quicken Software, Auditing Requirements, Budgeting, Office Organization and Record Keeping.

Community Development was also added to resident council's self sufficiency, including Strategic Planning, Marketing and Fundraising, Customer Service, Leadership Recruitment, Grant Research and Proposal Writing, Mediation/Team Building and Community Organizing.

Empowerment training was the final segment in instructing members of resident council. The topics of Incorporation in Pennsylvania, Obtaining 501 (c) Status, Managing Data and Outcomes, How to become a Resident Management Corporation, Developing a Resident Owned Business, and Working with the Housing Authority completed the empowerment training segment.

The Resident Councils also belong to the Pennsylvania Association of Resident Councils (PARC). PARC is a non-profit organization that acts as a voice for elected resident councils and other residents residing in assisted living in Pennsylvania. PARC trains and interacts with resident councils throughout Pennsylvania. PARC dues and expenses in 2006-07 were \$11,291.17, paid for by the Authority.

HACP also provides on-site computers for Resident Council use.

The Authority is training its Resident Councils to function on a Community Planning model (based on Community-Based Organizations) that relies on the self-empowerment of the housing community as part of its advocacy role for the tenants.

HACP expects its communities, through the representatives in the Resident Council, to identify, plan, fund, complete, operate, and maintain local projects on their own, and wean the neighborhoods away from dependence on outside agencies to advance the community agenda.

**Finding:** The site-based resident empowerment program wasn't fully implemented until 2008, and wasn't assessed for performance goals because it fell past the audit period.

Two Resident Councils will receive CDBG funding, six will receive City community festival money, and five are incorporating to become local community corporations in 2009.

## **APPENDIX**

### Exhibit 1 – Programs

| Program/Vendor  | Services Provided  | Cost  | Result   |
|---|--|---|--|
| Addison Behavioral Care   | Substance abuse prevention, intervention, and treatment for Addison. Program moved to Bedford in 2007.   | No cost to HACP   | Served 40 families - 2006<br>Served 40 families - 2007   |
| Agewell Inc.  | Health screening and education for Murray Towers.  | No cost to HACP   | Served 45 residents - 2006<br>Served 40 residents - 2007   |
| Allegheny County Human Services Department                      | Mental health, drug & alcohol outreach, violence prevention, and senior services, accessed through service coordinators and site managers.   | \$297,717 - 2006 (eight months)<br>\$311,330 - 2007   | Served 997 residents - 2006<br>Served 784 residents - 2007   |
| Allegheny County Library Association "Knowledge Connection"     | Improve reading skills in collaboration with BJWL; links HACP sites to library and internet access.  | \$30,310.04 - 2006<br>\$36,650.38 - 2007  | Served 200 resident youth/year   |
| Bethany House Ministries  | Pre-school for children 3-5 years old, summer camp program - St. Clair Village   | No cost to HACP   | Served 25 resident youth/year  |
| BJWL  | Family resource program to serve 5-12 year olds; Family Support Center bolsters family ties and parenting services. Meals and educational programs offered. Also provides Scouting and JA programs. Based in most HACP family communities. | No cost to HACP (Beverly Jewel Wall Lovelace Childrens Fund, administered by the Pgh. Foundation) | Serves 400 resident youth/year   |
| Clean Slate & Street Team                                       | Promotes drug free lifestyle. It features a pep rally, town hall, concert, and gifts. In 2008, HACP began planning to spin the program off as its own non-profit entity, but will provide funding as needed.                               | \$92,736 - 2006<br>\$74,288 - 2007  | 1,200 youth participated - 2006<br>950 youth participated - 2007   |
| Community Connections For Families                              | UPMC/WPIC & Hill District Collaboration venture. Provides case mgm't for behaviorally disturbed youth in Addison.  | No cost to HACP   | Serves 25 families.  |
| Cupboard of Hope  | Funded by HACP employees to provide emergency and holiday meals to needy families. Plans to link with Food Bank in future and also include clothing and school supplies for housing residents.   | No cost to HACP   | 49 holiday and 100 emergency meals in 2006; 47 holiday and 50 emergency meals, plus 28 house holds received furniture in 2007. |
| Family Resources  | Designed to provide youth services for 16-18 year olds of Bedford Dwellings.   | \$107,203 - 2006  | Dropped after 2006; did not meet program goals.  |
| Family Self Sufficiency (FSS) Tenant Support & Social Services) | Provides eligibility help, transportation, day care, and abuse counseling. Escrows rental payment differences due to wage increases. Part of   | In house staff  | 782 enrolled in 2006;<br>357 enrolled in 2007<br>\$326,787 escrowed in 2006<br>\$342,574 escrowed in 2007                      |

|  |   |  |   |
|--|---|--|---|
|  | REAL program along with Home Ownership and Resident Employment.   |  |   |
| Furnish A Start                        | Services for at-risk youth.   | \$2,800 - 2007                                     | Unknown   |
| Garfield Jubilee                       | Youth Intervention at Garfield Heights. (demo'ed in early 2007)   | \$78,699.10 - 2006<br>\$12,445 - 2007              | Unknown   |
| Goods for Guns                         | Swap weapons for food coupons, with Allegheny Co. Goods For Guns Inc.   | \$3,300 - 2006<br>\$2,500 - 2007                   | Took in 231 weapons in 2006<br>Took in 100+ weapons in 2007                               |
| Greater Pittsburgh Comm. Food Bank     | Community food distribution to low income residents at various sites.   | No cost to HACP;<br>\$40/year fee by site in 2008. | Serves over 800 resident families per year.   |
| Headstart                              | Provided by Pgh. School District for 3-4 year olds at Bedford (2006-07) & Homewood North (2006).  | No cost to HACP                                    | Served 20 youth per site - 2006<br>Served 20 Bedford youth - 2007                         |
| Home Ownership Program                 | Assist in all aspects, especially financing, of private home purchase for HACP or Section 8 residents. Part of REAL/FSS Programs. In house staff. | \$573,134 - 2006<br>\$130,962 - 2007               | 182 enrolled, 13 bought homes in 2006. 135 enrolled, 13 bought homes in 2007              |
| HACP Youth Scholarship Programs        | HACP employee funded for college; Pepsi funded for middle school bonds.   | No cost to HACP (Pepsi, Clean Slate)               | \$1,750 college, \$3,000 mid school in 2006. \$3,000 college, \$3,000 mid school in 2007. |
| Manchester Youth Development Program   | Operated by Housing Opportunities Unlimited to provide FSS employment services for Manchester.  | \$80,000 - 2007 (Hope VI funds)                    | Unknown   |
| Mobile Post Office                     | Postal service for various hi-rise sites.   | No cost to HACP                                    | Unknown   |
| Neighborhood Housing Services          | Assists in FSS Home Ownership Program   | \$24,921.60 - 2007                                 | Unknown   |
| North Side Christian Health Center     | Health screening for tenants at Northview Hi-Rise and PA-Bidwell.   | No cost to HACP                                    | Served 689 residents - 2006<br>Served 524 residents - 2007                                |
| Northview Heights Creative Arts Center | Produces audio/film for HACP ventures, provides dance, music, and A/V training.   | \$181,410.00 - 2006<br>\$131,880.04 - 2007         | 14 students - 2006<br>22 students - 2007  |
| No Strings Shop                        | Used clothing and furnishings distributed at no cost in Bedford Dwellings. Goods and services donated.  | No cost to HACP                                    | Serves 200+ resident families/year  |
| Oak Hill Youth Development Program     | Operated by Housing Opportunities Unlimited to provide youth services and interventions for ages 13-18.   | \$99,988.96 - 2007 (Hope VI funds)                 | Capacity to engage 50 youth.  |
| One Vision, One Life (OVOL)            | OVOL works with targeted communities to reduce/eliminate violence. One Vision was awarded a YSIF grant for FY 2007.                               | \$150,000 - 2006<br>YSIF - 2007                    | Responded to 56 incidents - (2006) Responded to 48 Incidents - (2007)                     |

|                                     |  |   |  |
|-------------------------------------|--|---|--|
| Resident Employment and GED Program | GED and work training, job placement. Part of REAL and FSS programs. Run by Bradley Partnership in 2007. Collaborations with Pgh. Partnership, Career Links, Sherwin Williams, Mistick, & various other local organizations. | No cost - 2006<br>\$85,756.25 - 2007                                | 536 enrolled - 2007, 248 employed (67 Section III, 181 private sector)<br>GED - 44 referred, 12 enrolled, 2 grads in 2006-2007 |
| Pancakes and Jesus                  | Breakfast program.   | No cost to HACP   | Serves 20 youth/year   |
| Primary Health Care                 | Health services for PA-Bidwell   | No cost to HACP   | Served 46 residents - 2006<br>Served 54 residents - 2007   |
| Scouting                            | Boy and Girl Scout fees - NV Heights.  | \$10,004 - 2006<br>BJWL - 2007                                      | 36 girls and 23 boys - 2006.<br>84 girls and 93 boys - 2007.   |
| Senior Living Enhancement (SLEP)    | On site senior services - case mgmt, nursing visits, medical referrals, in collaboration with the All. Co. Agency on Aging. Supported by Pittsburgh Foundation & Allegheny Co. PHA in 2006. Funded by ACHSD in 2007.         | \$149,994 - 2006<br>( Allegheny Co. Human Services contract - 2007) | 719 seniors - 2006<br>500 seniors (est) - 2007   |
| Technology Links                    | Computer Training - Manchester   | \$85,338.98 - 2006<br>\$16,896.13 - 2007<br>(Hope VI Funds)         | Unknown  |
| 3 Rivers Senior Center              | Lutheran Service Society; Meals on Wheels, In-Home Help, etc at PA-Bidwell   | No cost to HACP   | Serves 25 residents/year   |
| Umoja with Nia (Unity with Purpose) | Peer group service, conflict resolution in Homewood North. Contracted through Glade Run Lutheran   | \$49,283.05 - 2006  | Served 21 youth - 2006   |
| UPMC Living at Home                 | Health screening and education in hi rise communities.   | No cost to HACP   | Served 63 residents - 2006<br>Served 72 residents - 2007   |
| Urban Youth Action                  | Youth education & development. Part of YSIF in 2007.   | \$32,210.08 - 2006<br>YSIF - 2007                                   | served 57 youth - 2006   |
| Ursuline Senior                     | Relocation services for displaced tenants (contractual); service coordinator for senior hi-rise population (Pgh. Foundation)   | \$20,000 - 2006<br>\$20,000 - 2007                                  | Three hi-rise populations relocated in 2006;<br>Two hi-rise populations relocated in 2007.                                     |
| Wexford Medical                     | Health care services for NV Heights.   | No cost to HACP   | Served 26 residents - 2006   |
| Woman Against Abusive Relationships | HACP allows use of its facilities for counseling and housing when its shelters are full.   | No cost to HACP   | Serves 25 women/year   |
| Youth Places                        | Mentor & sports for 13-18 year olds in Addison, St.Clair Village & NV Heights.   | \$171,161 - 2006<br>\$62,681 - 2007                                 | Served 425 youth - 2006<br>Served 378 youth - 2007   |
| Youth Works                         | Summer jobs/work skills training, serving Northview Heights & St. Clair Village.   | \$233,857 - 2006<br>YSIF - 2007                                     | Served 30 youth - 2006<br>unknown - 2007   |



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June 2, 2009

Michael Lamb  
Controller, City of Pittsburgh  
414 Grant Street  
Pittsburgh, Pa. 15219

Subject: Housing Authority of the City of Pittsburgh's Response to City Controller's Performance Audit for Audit Period of 2006-2007

Dear Mr. Lamb,

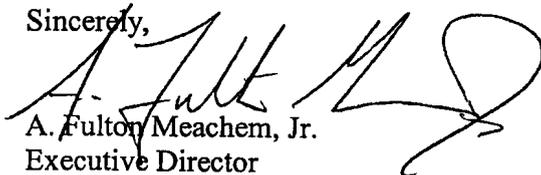
Enclosed is the response of the Housing Authority of the City of Pittsburgh ("HACP") to the City Controller's Performance Audit for the period of 2006-2007. Our responses are embedded in the body of the Audit in bold type. We thank you and your staff for your professionalism while working with us during the course of the recent performance audit.

We are pleased that your auditors found HACP to be in compliance with HUD regulations and HACP's own policies and procedures, and further, that HACP had effective controls in place during the audit period. We greatly appreciate the recommendations for improvement that were offered within the audit report. As you know, we are continually striving to better our programs and therefore, we will consider the recommendations within the context of our planning process.

As you know, 2006 was a year in transition for the HACP administration. The Board of Commissioners appointed me as Executive Director in late August 2006. During 2006, HACP's unrestricted net assets decreased by approximately \$11 million. During 2007, we were able to generate approximately a \$14 million increase in unrestricted net assets and have sustained our positive cash position to date.

Again, we appreciate your input as we continue our quest to accomplish the mission of HACP to be the flagship agency in providing property management and real estate development services in the City of Pittsburgh, thereby creating environments that improve the quality of life for HACP customers.

Sincerely,

  
A. Fulton Meachem, Jr.  
Executive Director

CC: Chairman Rev. Ricky Burgess  
Anabell Kinney

# **HOUSING AUTHORITY OF THE CITY OF PITTSBURGH'S RESPONSE TO CITY CONTROLLER'S PERFORMANCE AUDIT**

## **INTRODUCTION**

This Performance Audit of the Housing Authority of the City of Pittsburgh was conducted pursuant to section 404(c) of the Pittsburgh Home Rule Charter. Generally accepted government auditing standards established by the federal General Accounting Office were followed.

## **OVERVIEW**

The Housing Authority of the City of Pittsburgh (HACP) is a municipal corporation, formed under the United States Housing Act of 1937 that is charged with providing decent, affordable housing for low-income persons.

The Authority is governed by a seven-member Board of Directors appointed by the Mayor of Pittsburgh. The Board establishes goals, approves policy and budgets, and provides general direction to the HACP executive staff.

HACP provides publicly assisted housing made up of traditional public housing, and Section 8 units. It currently manages over 5,800 public housing units, consisting of low-income communities, hi-rise, scattered site, and privately managed rentals. HACP also subsidizes 5,400 Section 8 rental properties, and houses an estimated population of 20,000 people.

HACP facilities are located throughout the City, with public and senior housing communities throughout Pittsburgh's neighborhoods.

## **MISSION**

As stated on the HACP website, the Authority's mission is to be the flagship agency for providing property management and real estate development services in the City of Pittsburgh, thereby creating environments that improve the quality of life for HACP customers.

The Authority's core values include creating environments that are safe and diverse, and connecting its residents to appropriate health, training, and social services.

## **HISTORY**

Following signing of the U.S. Housing Act, the City Council of Pittsburgh enacted Ordinance 338 of August 26, 1937, that authorized creation of the Housing Authority pursuant to the Housing Authority Law, Act 265 of May 28, 1937, P.L. 955, as amended (35 P.S. §1541, et seq.).

The Act's goal was to provide for the elimination of unsafe and unsanitary housing conditions, the eradication of slums, and the provision of decent, safe and sanitary dwellings for low income families. The Pittsburgh Housing Authority was the first public housing authority founded in Pennsylvania and one of the earliest in the nation.

In 1940, the first HACP housing project, Bedford Dwellings, opened. Later that year, President Franklin D. Roosevelt dedicated Addison Terrace in the Hill District.

From 1939 to 1944, a total of seven housing developments were built: Bedford Dwellings, Addison Terrace, Aliquippa Terrace, Arlington Heights, Allegheny Dwellings, Glen Hazel Heights and Broadhead Manor. In 1949 HACP built two more communities, Bedford Addition and St. Clair Village.

In the late 1960s, the first scattered site home program for low-income families began. HACP's scattered site homes are located throughout various Pittsburgh neighborhoods, allowing lower income residents to blend into mixed income communities formerly beyond their price range.

In this same time period, HACP constructed twelve developments, primarily hi-rise buildings. Glen Hazel Heights was demolished and rebuilt in 1974-75.

Under the 1973 Federal Rehabilitation Act, handicapped-accessible units were mandated as part of the services provided. In 1976, the Section 8 program went into effect, which enabled tenants to lease from a private landlord with rental assistance that was administered by HACP. During the late 1970's, added emphasis was placed on meeting the needs of the elderly population.

## **MOVING TO WORK PROGRAM**

The federal Moving to Work (MtW) program for Public Housing was approved in 1996. HACP's participation began November 17, 2000, and is scheduled to end on December 31, 2009. (The Authority has since signed an extension with HUD that would continue the agreement until December 31, 2018.)

The program allows the Authority a great deal of flexibility in its use of funding. It can combine revenue streams and use them in any way that it believes will improve the resident quality of life, in accordance with its Annual Plan.

The primary focus of HACP's MtW participation is the improvement of its physical plant. The Authority is modernizing its housing stock and demolishing older structures while developing new HACP communities or by joining with private developers to build diverse mixed economic communities. The Authority is also offering housing as starter homes for low and moderate income residents who would like to become homeowners rather than tenants.

A secondary focus is to..."Shift HACP from a real estate operating company to a real estate asset management company with an allied human services endowment," according to the HUD "Home and Communities" web site.

The Authority appears to be moving in that direction by offering a variety of services to its residents through programs that address a cross-section of issues which cover health, education, youth training & intervention, home ownership, job preparation & training, and social services.

Some programs are contracted for a fee, while others are provided pro bono and covered by a "Memorandum of Agreement" concerning service scope.

## HACP DEPARTMENTS

During the audit period, ninety-nine percent (99%) of HACP's funding was provided by HUD, with the remainder from tenant rental fees and investment funds. The departments that the Authority operates are:

The **Occupancy Department** is the first point of contact for prospective tenants and is responsible for processing housing applications.

The **Section 8 Department** administers the Housing Choice Voucher Program, which provides a rental subsidy to low-income individuals and families.

The **Facilities Services Department** conducts inspections, performs repairs, and assures that the units are turnkey ready for residents. The department maintains community, hi-rise, and scattered site units.

The **Resident Self-Sufficiency Department** is responsible for providing support service coordination and case management for HACP's residents.

The **Development and Modernization Department** is responsible for developing and implementing capital improvements, as well as managing public and/or private partnership.

The **Community Affairs Department** serves as HACP's link with the media, public, residents and staff. It also operates a number of Housing Authority programs.

The **Finance Department** consists of two divisions, Accounting and Budgeting. The department oversees a budget in excess of \$100 million.

The **Legal Department** is responsible for representing HACP in administrative and civil litigation matters.

The **Human Resources Department** is responsible for all employment related activities.

The Executive Director is A. Fulton Meachem Jr., assisted by Chief Operating Officer Caster Binion.

## 2006-2007 FACILITIES

**HACP Communities:** Addison Terrace, Allegheny Dwellings, Arlington Heights, Bedford Dwellings, Broadhead Manor (since closed), Garfield Heights (since demolished), Hamilton-Larimer, Glen Hazel, Homewood North, and Northview Heights.

**Senior Citizen/High Rise Communities:** Auburn Towers (since demolished), Mazza Pavilion, Caliguri Plaza, Carrick Regency, Finello Pavilion, Bernice Crawley Manor/Glen Hazel, Gualtieri Manor, Kelly Street (since demolished), Louis Mason (since demolished), Morse Gardens, Murray Towers, Northview Heights High Rise, Pennsylvania Bidwell, and Pressley Street.

**Scattered Site and Section 8 Housing:** HACP subsidizes 225 scattered site units and 5,400 Section 8 rental units throughout the City. The Authority hasn't accepted new applications for Section 8 housing since October 2, 2006.

**Privately Managed Affordable Housing:** Some privately operated communities offer assisted housing. These communities provide assistance through partial Authority tenant subsidization, but are not operated by the HACP. Applicants must deal directly with these communities.

This housing option offers mixed income rentals and for-sale units. The rental communities are New Pennley Place, Christopher A. Smith Terrace, The Commons at North Aiken, Silver Lake Commons, Fairmont Apartments, and The Legacy Apartments. The communities that offer home ownership are Bedford, Oak Hill, and Manchester.

As of January 1, 2008, HACP had 10,625 low income units available – 3,252 community and scattered site units (76% occupancy), 972 hi-rise units (87% occupancy w/o Auburn and Lou Mason, which were empty due to upcoming demolition), 5,470 Section 8 units, and 931 privately managed, mixed-income units (98% occupancy).

## **SCOPE**

The audit scope is limited to Housing Authority operating, administrative, and program expenditures, Authority controls, procedures, and reasonableness regarding those expenditures, and administrative policies in place from January 2006 through December 2007. The auditors did not examine capital costs and procedures or expenditures directly related to Section 8 Housing.

## **OBJECTIVES**

1. To assess the reasonableness of Authority expenditures.
2. To examine and assess the Housing Authority's controls regarding operating and program expenditures.
3. To determine compliance with Authority payroll, procurement, payment, and approval procedures.
4. To assess the relevancy of programs offered by the Authority in meeting stated mission and goals, and if the relevant programs could be made more effective.
5. To examine if the Authority could leverage its programs and various operating costs with other governmental and non-profit agencies to reduce expenses and increase efficiency.
6. To examine Authority policies for cost, efficiency and reasonableness.
7. To make recommendations for improvement.

## METHODOLOGY

The auditors initially met with the HACP Executive Director, Chief Financial Officer, General Counsel and Community Affairs Director.

The following documents were reviewed: HACP 2006 annual audit, organizational chart by program, Board of Directors by-laws, Move to Work (MtW) contract and extensions, 2006, 2007 and 2008 annual budgets, MtW Annual Plans (2006-08) and Report (2006), 2006-2007 Board minutes, the expenditure approval and procurement process, out of area travel policy, travel debit card procedures and job related training and seminars policies. Also, several interviews were conducted with various members of the Authority staff.

HACP provided an Excel database of expenditures from January 2006 through March 2008. The auditors sorted the expenditures by vendor/payee and organized the payee groups into one of the following expenditure categories: travel and seminars, promotions and memberships, building rental, mortgage and real estate, payroll, utilities, temporary employees, housing (HACP) clients, publications/advertisements, safety and security, landscaping, repairs and supplies, construction, vehicle, Clean Slate program, legal services, architectural and engineering services, telecom, development and management, social/government, tenant councils, building materials, office supplies, computer costs and accounting costs.

Because of the number of invoices generated during the audit period, the auditors used cluster sampling to determine procurement testing samples which included 10% of the HACP vendors and 6% of its expenses over 2006-07. Proper procedure and authorization was also examined, along with reasonability of the expense.

Auditors also met with the officials from the Community Affairs, Budget, and Payroll departments. Payroll was tested with a 5% sample weighed by employment function (administrative, maintenance, or site-based).

The City of Pittsburgh does not directly control nor subsidize the operations of the Authority, which is a state-created and federally funded entity. The Mayor appoints its seven-member Board of Directors and HACP is considered a related organization of the City of Pittsburgh. It should be noted that Housing and Urban Development (HUD) personnel audit the Authority for compliance with federal spending requirements. The Controller's audit objectives are listed on page 6.

## FINDINGS AND RECOMMENDATIONS

### Payroll

In 2007, HACP incurred personnel expenses of nearly \$23,000,000, or 17.5% of its budget. In 2006, personnel expenses were just over \$24,000,000, representing 17.8% of the budget. The employees are paid based on a two-week work cycle, and HACP uses Ceridian as its payroll vendor.

Employees sign time sheets or punch time cards to register their work time. The assigned timekeeper summarizes the information on a time sheet, signs it, and submits it to the section supervisor. The supervisor, either a department head or a site manager, approves and signs the sheet after review, resolving any questions or problems.

All payrolls (“Daily Attendance Record”) have to be submitted to the main offices by 11 AM on alternating Fridays, the final day of the pay period, for entry into the Ceridian payroll system, the same system used by the City. The forms are received by Payroll from the sites by hand delivery.

If for some reason the payroll cannot be delivered in a timely manner, Payroll will accept a fax, with the original to be turned in before the end of the workday. The original Daily Attendance Record is kept on file in the main office.

This often requires accepting an “educated guess” of Friday’s time by the timekeeper, who has until Monday at 9:30 AM to make any changes in the pay. This could present recording problems for unexpected time off, overtime, and workers scheduled for weekend duty, or if the site timekeeper is off on the following Monday.

The HACP Payroll section balances the payroll sheets to the Ceridian entries. When they agree, the payroll is submitted to Ceridian, usually on Tuesday. Ceridian prints the checks and delivers them to HACP at the Robin Building on Wednesday, where they are locked and distributed to the sections, which provide a pre-designated employee to pick up and sign for the checks.

Employees that are off duty on payday because of personal time, disability, etc., may opt to have their paycheck sent to them.

A post-audit of the Ceridian report is made by Payroll, and the HACP Accounting Manager reconciles the payroll account monthly.

The auditors compared a 5% sample of site work sheets with the final Ceridian payroll register to guarantee proper authorization and hours.

**Finding:** The payroll worksheets matched the final Ceridian report when the final adjustments were added to the original submission.

The auditors discovered a pair of overtime authorizations that were copies of the original, rather than the source document. This incidence of such errors was small, and the overtime pay appears accurate in all material respects. Payroll should require the submitting section to remit the original to the main office in a timely manner.

#### HACP Employee Training & Travel

Requests for training must be recommended in writing by an employee's supervisor and director, submitted to the Finance department, to the Human Resources department, and finally to the Executive Director for final approval.

The request is to be made at least two weeks in advance, and is to be accompanied by a statement explaining the benefits of the training and the registration information. If the course or seminar is not completed, the full cost of the reimbursement will be charged back to the employee.

Transportation and lodging are normally booked through the Finance department, although the individual can also schedule them, subject to HACP approval.

Travel out of the area for either business or training purposes must be approved in advance by the departmental supervisor, the Finance department, and the Executive Director.

The request is to include employee's name, destination, trip purpose, mode of transportation, and any need for overnight accommodations. The Authority requests as much advance notice as possible so it can take advantage of discounts for pre-booking. The employee may be required to arrive early at his/her destination or leave late if travel discounts are involved.

HACP issues business advances to its employees, covering lodging, transportation, and per diem meal allowances. Training fees are also covered. The employee must present receipts for all the expenses within 10 days of return and settle any reimbursements due to either the employee or Authority.

HACP costs related to training and travel were \$245,945 in 2006 and \$197,000 in 2007 according to the master invoice list. Authority expenses are shown on Table 1 "Training & Travel" on the following page:

**Table 1 – Training & Travel**

| Category                          | 2006 Cost            | 2007 Cost            |
|-----------------------------------|----------------------|----------------------|
| CPE/Training/Seminars             | \$ 115,715.20        | \$ 90,606.99         |
| Travel/Per Diems                  | \$ 91,143.45         | \$ 65,172.36         |
| Memberships/Dues                  | \$ 34,073.83         | \$ 36,463.90         |
| Pro Fees/Licenses                 | \$ 5,012.97          | \$ 4,766.00          |
| <b>Total CPE-Dues-Travel-Fees</b> | <b>\$ 245,945.45</b> | <b>\$ 197,009.25</b> |

*(figures taken from HACP invoices)*

**Finding:** While examining the invoices, the auditors found that the approval process was followed. The Housing Authority’s per capita educational/training costs were \$506 in 2006 and \$523 in 2007.

In comparison, the City of Pittsburgh spent approximately the same amount on training and travel, but with an average of over 3,250 employees as compared to HACP’s 430 employees (not including those on disability and workman’s compensation).

Training and travel expenses of the two entities are compared by Table 2 “HACP/City Training & Travel”:

**Table 2 – HACP/City Training & Travel**

| Year                                      | Travel/Training Costs | Staff*       | Spent/Staff   |
|---|-----------------------|--------------|---------------|
| <b>Housing Authority (from invoices):</b> |                       |              |               |
| 2007                                      | \$ 197,009            | 377          | \$ 523        |
| 2006                                      | \$ 245,945            | 486          | \$ 506        |
| <b>Total</b>                              | <b>\$ 442,954</b>     | <b>863</b>   | <b>\$ 513</b> |
| <b>City of Pittsburgh (from CAFR):</b>    |                       |              |               |
| 2007                                      | \$ 263,317            | 3,281        | \$ 80         |
| 2006                                      | \$ 219,716            | 3,221        | \$ 68         |
| <b>Total</b>                              | <b>\$ 483,033</b>     | <b>6,502</b> | <b>\$ 74</b>  |

*(staffing as of 12/31/06-07 from HACP payroll & City CAFR.)*

**RECOMMENDATION NO. 1:**

HACP should reduce its traveling and training costs. The Authority should limit out-of-town and overnight/weekend training and utilize more local seminars and develop more in-house training sessions.

**HACP Response to Finding and Recommendation No. 1:**

**The comparison between HACP and the City of Pittsburgh on travel and training is not an apt comparison. The City's cost for training does not include the Operating cost for their training facilities. As the HACP is a Housing Authority, governed by strict HUD guidelines and procedural practices, the Staff is required by HUD to obtain and maintain industry-dictated certifications, including certifications for property management, Section 8 housing, rent calculations, and occupancy. The organizations that provide these trainings, such as NAHRO, PHADA and Nan McKay, are not locally based and generally offer trainings in central locations such as Washington, D.C. Also, HUD recommends, sponsors and/or endorses conferences, affiliated forums and workshops for enhancement of effective agency administration. The provision of these services, including training, is not always available within the City of Pittsburgh; where available, HACP participates in webinars and other e-training. As such, and with employee attrition being unpredictable, HACP finds it reasonable to continue and advance the human capital of the HACP. Also per the proceeding chart, there was a reduction in these expenses from 2006-2007 in the amount of \$48,936.20. HACP travel and training during the audit period was .2% of the HACP budget; travel and training was related to the employee's responsibilities and proportionate to the employee's level of responsibility.**

**In addition to such outside training, the HACP has created the HACP University, which has hosted and will continue to offer as applicable on-site training on local policy and procedural issues that is industry recognized and certified HACP University is also HACP's recruiting vehicle to develop talent within the City by building a pool of potential employees through engaging the Universities in internship opportunities.**

**Finding:** The minutes, policies, and many documents provided by HACP are often scanned copies of the original or certified documents, not electronic files that can be edited, updated, and shared.

**RECOMMENDATION NO. 2:**

HACP should store copies of its guides, minutes, policies and other documents in a more user-friendly file format such as .pdf, as it does for its MtW documents and

Annual Reports and Plans. The files would be secure, readily available, capable of being updated, easily transferable among interested parties, and could be added to the HACP website for public viewing.

**HACP Response to Finding and Recommendation No. 2: HACP will consider this Recommendation as it continues to upgrade its systems. HACP must ensure that any software upgrades are compatible, and that the cost versus the benefits warrants the upgrade. HACP currently provides Board meeting minutes and other HACP documents to HUD, the Board of Commissioners, and the City Controller in the ordinary course of business. The media attends HACP Board meetings and HACP routinely provides documents in response to requests from the public.**

### HACP Recruitment Expenses

In 2006, HACP had to replace several members of upper management, including the Executive Director. It hired Gans Gans and Associates to recruit candidates for the vacant director and managerial positions. This recruitment process cost HACP \$208,812.96, according to the master invoice list. Gans had a Board-approved contract awarding them 29% of the executive salaries they filled plus expenses. The company earned \$150,910.05.

The Board was heavily involved in the Director's hiring process. They interviewed the candidates found by Gans, selected the one they felt best qualified for the position, and negotiated the employment contract.

In past years, HACP did its own management searches using its Human Resources staff, and the Executive Director hired the new managers after the advertising and interview process. In Board discussion of September, 2006, it was noted that local advertising was not drawing a heavy response for vacant HACP management positions, and Gans was hired to attract more candidates.

**Finding:** In 2006, HACP hired an executive recruiting firm to find not only an Executive Director, but other upper management personnel at a cost of \$150,910.05. The Board interviewed and selected the new Director, and the other management candidates identified by Gans were in turn interviewed and then hired by the Executive Director.

Other City of Pittsburgh authorities and the Pittsburgh School District have used recruitment firms for assistance in finding Executive Director candidates. Some have also promoted from within, or recruited nationally with their own HR staff. It is uncommon for local authorities to use a recruitment firm for positions other than Executive Director, although it is an allowed expense by HUD and was approved by the Board.

The City of Pittsburgh recruits and hires its directors through its Personnel Department.

**RECOMMENDATION NO. 3:**

HACP should return to its former policy of hiring upper level management personnel through an in-house effort rather than a recruitment firm, and advertise the positions nationally as well as locally.

**HACP Response to Finding and Recommendation No. 3:**

**HACP uses its in-house Human Resources staff to recruit for 99.9% of HACP positions. During the audit period, however, the Executive Director had resigned and had to be replaced by the Board promptly to keep the agency moving forward. By the time the new Executive Director started, several of the Executive Staff positions, including Chief Financial Officer (CFO), Chief Operations Officer (COO), and Chief Development Officer (CDO) were all vacant positions that had to be filled with dispatch in order to accomplish HACP's mission. Pursuant to the Controller's observation of HACP Board minutes, HACP Board's finding that local advertising was not drawing a heavy response for several high-level management vacancies, a recruiting firm that focuses on the niche market of public housing was procured and contracted to assist, after a competitive process. The recruitment expense in 2006 was an aberration caused by unpredictable employee attrition. It was the fiduciary responsibility of the Board and then the ED to hire the most capable employees in a competitive business environment promptly and within budget.**

**Within the low-income housing industry, all of these positions are routinely recruited on a national scale, as the low-income housing area is a very specialized, idiosyncratic and highly regulated area of expertise. The Board of Commissioners utilized the services of an executive recruiting firm that specializes in housing authority staffing recruitment based upon competitive proposals, pursuant to HUD procurement requirements. The HACP asserts that the 100% employee retention rate of the recruiter indicates the reasonableness of the expense.**

**Finding:** Executives recruited from out of town received \$57,902.91 in rental and moving fees for relocation to the City. Three employees were given several months rental as an incentive for relocation. Moving fees were also reimbursed.

The HACP Board negotiated the relocation terms for the Director, and the Director negotiated them with the management hires. None of the individual expenditures needed specific Board approval as the costs were under its threshold of \$50,000. The rental and moving reimbursements are considered customary incentives by HACP as housing industry norms, and are acceptable to HUD.

The City of Pittsburgh doesn't have a formal policy on relocation reimbursements because it does not offer them as an employment incentive.

**RECOMMENDATION NO. 4:**

The Housing Authority should formalize its employment package incentives, and cap the benefits to fall more in line with those of the City of Pittsburgh. HACP should consider either eliminating or limiting its relocation assistance to management hires below the rank of Executive Director.

**HACP Response to Finding and Recommendation No. 4: HACP agrees with the Controller's finding that rental and moving reimbursements are considered customary incentives by HACP as housing industry norms, and are acceptable to HUD. The Controller has nonetheless recommended that HACP formalize its employment package incentives. In fact, HACP benefits are within the range of benefits paid nationally. Further, given the requirement during the audit period (and continuing to date) that HACP employees, including senior level staff, live within the City of Pittsburgh, it is difficult to recruit for these positions locally. At best, there are one or two comparable local housing authorities to recruit from, which provide an insufficient candidate pool. In addition, it should be noted that the City residency requirement imposes a significant burden on the recruitment process. It is difficult to recruit locally using traditional recruitment methods when local candidates (from Allegheny County and/or McKeesport) who do not live in the City are reluctant to relocate in order to accept a position at HACP without compensation. HACP has also lost employees to other authorities due to the residency requirement. While residency requirements have been successfully challenged, for example, in Chicago and Scranton, as long as the residency requirement is in place, it remains a significant impediment to hiring quality senior level candidates. In order to remain competitive with other housing authorities nationally, it is important to be able to offer reasonable relocation and moving expense packages. HACP will consider formalizing a policy on employment package incentives.**

**Employee Parking Privileges**

HACP has secured parking for its employees at Kails Parking Lot on Fourth and Ross Streets, the First and Second Avenue Parking Authority lots, and at various other sites, and reimburses employees for business-related parking fees.

**Finding:** HACP spends over \$50,000 per year on employee parking leases according to the Master Invoice list, as shown by Table 3 "Parking Leases" on the following page:

**Table 3 – Parking Leases**

| <b>HACP Parking Expense 2006-2007</b> |                  |                  |
|---------------------------------------|------------------|------------------|
| <b>Site</b>                           | <b>2007 Cost</b> | <b>2006 Cost</b> |
| Kail's *                              | \$ 38,850        | \$ 29,200        |
| Second Avenue - PPA                   | \$ 15,145        | \$ 16,680        |
| First Avenue – PPA                    | \$ 2,340         | \$ 2,145         |
| Various Leases                        | \$ 745           | \$ 2,691         |
| <b>Total</b>                          | <b>\$ 57,080</b> | <b>\$ 50,716</b> |
| <b>Payroll Deduct</b>                 | <b>\$ 23,260</b> | <b>\$ 17,395</b> |
| <b>Total Subsidy</b>                  | <b>\$ 33,820</b> | <b>\$ 33,321</b> |

*(lot costs taken from HACP invoices; deductions taken from HACP payroll records)*

*\* The lot is now operated by Parking Facilities, Inc., and is located on the corner of Fourth Avenue and Ross Street.*

The Authority leased 15 spaces in 2006, with 13 being assigned to management personnel and two “floating” spots. In 2007, HACP reserved 18 spaces, with 15 being for management staff and three “floating” spots. According to Authority personnel, most employees that are assigned spaces reimburse the Authority through payroll deductions.

The City of Pittsburgh, which owns its parking spaces, charges employees that qualify for spaces a \$70 per month fee. 184 City of Pittsburgh employees are eligible for a parking space, based on a combination of position and City of Pittsburgh seniority.

**RECOMMENDATION NO. 5:**

HACP should determine and collect a reasonable fee from all employees who use the spaces to help recover a greater portion of the Authority’s parking lease subsidy.

**HACP Response to Finding and Recommendation No. 5: The finding that HACP spent over \$50,000 per year on parking leases is inaccurate, as is clear from Table 3. In fact, during the audit period, HACP parking lease costs were approximately \$33,820 in 2007 and \$33,321 in 2006, because of a significant amount of payroll deductions for employee leases.**

**During the audit period, HACP leased 15 and 18 parking spaces in 2006 and 2007 respectively. Those spots were assigned to HACP employees with a business need for access to their cars throughout the workday. Of course, HACP encourages its employees to take public transportation within the City of Pittsburgh. However, due to the nature of the housing services that HACP provides, as described in the**

**Audit Report, HACP concluded that it was more economically feasible to lease parking spaces downtown to facilitate the work being done by its employees, than to assign parking spaces by seniority or in some other fashion. In contrast to the City, HACP does not own any parking lots through which it can offer reduced parking rates to its employees.**

HACP Temporary Employees

The Authority utilized temporary help from ten different agencies during the audit period. HACP uses the temp workers to fill in during heavy work periods, when full-time employees are on long-term leave, and occasional special projects.

**Finding:** HACP spent nearly \$585,165 during the audit period to employ temporary employees, drawn from the agencies shown on Table 4 “Temporary Staff Fees” on the following page:

**Table 4 – Temporary Staff Fees**

| <b>HACP Temporary Hire Expenses:</b> |               |               |
|--------------------------------------|---------------|---------------|
| <b>Agency</b>                        | <b>2007</b>   | <b>2006</b>   |
| Accountemp                           | \$ 50,389.24  |               |
| Addeco Employment                    |               | \$ 989.63     |
| Ajilon                               | \$ 31,846.59  | \$ 37,390.26  |
| Kelly Services                       | \$ 650.76     | \$ 5,638.05   |
| Marsetta Lane Staffing               |               | \$ 5,874.51   |
| Pancoast Staffing                    | \$ 35,971.98  | \$ 57,999.45  |
| Pittsburgh Staffing                  | \$ 135,629.62 | \$ 186,206.41 |
| Stivers Personnel                    | \$ 7,201.16   |               |
| Sweetwater Personnel                 |               | \$ 622.88     |
| Volt Services                        |               | \$ 28,754.10  |
|                                      | \$ 261,689.35 | \$ 323,475.29 |

*(Figures taken from HACP invoices)*

The money spent on temporary employees is roughly the same as the cost of hiring four or five full time employees at \$30,000 per year with benefits, or several part-time employees.

The temporary staffers appear to be equivalent to specialized full-time permanent workers, working year-round for the Authority. Pittsburgh Staffing provided HACP employees throughout 2006-07, Pancoast employees worked steadily from January 2006 until June 2007, Volt provided staff throughout 2006, Accountemps throughout 2007, and Ajilon through out 2007, with a summer break.

**RECOMMENDATION NO. 6:**

HACP should determine through a cost/benefit analysis if it would be more cost effective to hire and train several full or part-time employees capable of working interdepartmentally than to commit to flex staffing with temporary workers.

**HACP Response to Finding and Recommendation No. 6: HACP performs the recommended cost-benefit analysis on an on-going basis regarding the use of temporary versus permanent employees. The Controller's recommendation to use permanent floating employees is not a workable concept for HACP, for numerous reasons. First, HACP's union contracts require that HACP hold open a position that is vacant due to illness or disability for two years prior to replacing the position permanently. If HACP were to utilize the job-bidding process and hire an additional permanent employee to fill the position during the two years, that employee would then have to be laid off upon the union employee's return, and HACP would incur the cost of unemployment compensation benefits. Thus, it is more cost-effective to utilize temporary employees.**

**Second, even if HACP were to fill positions with permanent employees, it would be difficult to implement the recommendation of floating employees, as HACP employees work in specialized areas and generally cannot be moved easily, because each area has different needs and criteria. In fact, HACP utilizes temporary employees very effectively throughout the Authority by hiring them to perform specific activities, such as accounting, paralegal work, and secretarial work. The needs arise largely unexpectedly due to illness, work spikes and military leave and temporary workers fill those unexpected needs effectively.**

**Finally, it should be noted that HACP salaries decreased during the audit period by 11%. The HACP asserts that this decrease, coupled with HACP's strategic use of temporary employees, demonstrate the reasonableness of the temporary hiring expense.**

HACP Promotional and Goodwill Expenditures

The Authority participates in a variety of promotional events, ranging from catered community and hi-rise gatherings, demolition parties, advertising fees, support of various outside non-profit & charity functions, and legislative tracking fees.

Several expenses are common and customary, such as keeping a firm to represent its' political interests, program advertising, and various employee and tenant recognition events.

Others appear to be more arbitrary in nature, such as implosion (building demolition) parties and attendance at other non-profit events.

**Finding:** HACP has spent \$449,722.55 on promotions and various other events during the 2006-07 audit period, as shown by Table 5 below (taken from the master invoice list):

**Table 5 – Advertising & Goodwill Costs**

| <b>HACP'S ADVERTISING &amp; GOODWILL EXPENSES 2006-07</b> |               |               |
|---|---------------|---------------|
| <b>Category</b>   | <b>2007</b>   | <b>2006</b>   |
| Cater/Lunch/Flowers                                       | \$ 33,016.37  | \$ 51,307.99  |
| HACP Sponsored Events                                     | \$ 28,723.42  | \$ 74,336.93  |
| HACP Supported Events                                     | \$ 10,858.00  | \$ 11,870.81  |
| Ads/PR/Legislative  | \$ 136,370.20 | \$ 60,010.89  |
| Total   | \$ 211,174.99 | \$ 197,526.62 |

*(figures taken from HACP invoices)*

**RECOMMENDATION NO. 7:**

HACP should re-evaluate the amount of funds spent on promotions and other items. The Authority should consider eliminating demolition parties.

**HACP Response to Finding and Recommendation No. 7: First, HACP respectfully disagrees that amounts properly and reasonably incurred during the audit period on legislative tracking services is properly considered “advertising and goodwill expenses” and it should be removed from Table 5. See revised Table 5 below.**

**Table 5 – Advertising & Goodwill Costs**

| <b>HACP'S ADVERTISING &amp; GOODWILL EXPENSES 2006-07</b> |              |              |
|---|--------------|--------------|
| <b>Category</b>   | <b>2006</b>  | <b>2007</b>  |
| Meeting refreshments                                      | \$ 51,307.99 | \$ 33,016.37 |

|                       |               |              |
|-----------------------|---------------|--------------|
| HACP Sponsored Events | \$ 74,336.42  | \$ 28,723.42 |
| HACP Supported Events | \$ 11,870.81  | \$ 10,858.00 |
| Flowers               | \$ 1073.50    | \$ 902.00    |
| Ads/PR                | \$ 30,010.89  | \$ 23,870.20 |
| Total                 | \$ 168,600.12 | \$ 97,369.99 |

*(figures taken from HACP invoices)*

**In addition, the “Cater/Lunch/Flowers” category is misleading in that the amount spent on “flowers” was only \$1073.50 in 2006 and \$902.00 in 2007. See revised Table 5. Further, it should be noted that the revised “Meeting refreshments” category references approved expenses appropriately and reasonably incurred for resident meetings that the HACP conducts routinely in order to impart necessary information.**

**The total amount spent in this category is only \$168,600.12 in 2006 and \$97,369.99 in 2007. Moreover, one of HACP’s goals is to be fiscally responsible and to that end, it works diligently to reduce expenditures.**

**The reference to “demolition activities/parties” includes rental of a facility, meals and entertainment for the displaced community at large. This is due to the fact that HACP must evacuate per the City requirements and for safety reasons and the residents experience the shut-off of water, electricity and the streets for hours prior to and after demolition of a building. In the case of East Hills, the hours of accommodation were extended due to the fact that the building did not come down until the second try. Expenses incurred by HACP for such relocations are needed in light of the fact that residents are being inconvenienced during the demolition.**

**Overall, the items that remain in this category relate directly to the mission of HACP. For example, where HUD-required meetings with residents are being conducted, light refreshments are appropriate as they facilitate tenant participation in planning activities. Further, such expenses represent .00% in relation to HACP’s overall annual budget.**

- **HACP hosts a number of resident functions each year, including a variety of Tenant Council Functions, as well as regular meetings such as the Resident Advisory Board and Tenant Council Presidents meetings. These events are approved by the U.S. Department of Housing and Urban Development. Typically, these events are held during the day and light refreshments are purchased by HACP for those in attendance. This practice is approved by HUD.**
- **HACP routinely hosts public events in order to acknowledge development milestones or new resident-related programs. In instances where HACP invites a significant number of residents to attend the event, light**

**refreshments are typically provided. This includes ground-breaking events, demolition ceremonies, grand openings and open house events. HACP also hosts resident meetings for emergency issues such as relocation, safety related concerns, and updates on major policy changes. In these instances, light refreshments are often provided for residents.**

### **HACP Marketing Efforts**

- Marketing and outreach efforts at the HACP have been put into place to help HACP to market housing opportunities for low-income families, senior citizens and persons with disabilities. HACP is a Property Management, Real Estate Development, and Human Services Company with diverse products and services that it must sell and/or market to a broad market group.**
- A key focus of the HACP is to provide residents with assistance in their efforts to achieve self-sufficiency. In order to accomplish this, the HACP aggressively promotes the programs within our community through the use of newsletters, flyers, and various other advertising methods.**
- Unlike private housing providers, HACP faces the major obstacle of marketing low-income properties and promoting housing opportunities that are widely considered to be the housing of last resort. Our goal is to promote our housing as safe and affordable.**

**HACP marketing activities and event-related expenses are reasonable due to the fact that the expenditures were budgeted, the expenses were within budget during the audit period, and these are considered eligible expenses for HUD funds.**

### **HACP Procurement**

HACP uses a “Contract, Procurement and Disposition Policy” handbook to define the steps required to procure a good or service. The guidebook was prepared by HACP in 2000 “to insure compliance with the procurement and contracting requirements established by Federal and state statutes and regulations and the U.S Department of Housing and Urban Development Handbook”. The handbook is adaptable to changes in Federal, State, and local statutes and regulations.

The handbook details the necessary steps required for procurement, from the initial service or commodity request, approvals, to final payment. As a general rule, only the Executive Director or Chief Financial Officer can approve expenses of over \$10,000. Orders over \$4,000 require three bids. Other approval limits are also set, from site managers to senior staff. It includes an ethics code, sole source provider clause, change orders, and even the composition of the contract file.

The procurement trail, by contract type and value, is shown on Table 6 “Procurement Approval” on the following page.

**Table 6 – Procurement Approval**

| Procurement Item              | Value             | Steps For Approval |
|-------------------------------|-------------------|--------------------|
| Professional Service Contract | \$10,000 <        | 12                 |
| Professional Service Contract | \$10,001-\$25,000 | 16                 |
| Professional Service Contract | \$25,001-\$50,000 | 21                 |
| Professional Service Contract | \$50,001 >        | 22                 |
| Construction Contract         | \$5,000 <         | 11                 |
| Construction Contract         | \$5,001-\$10,000  | 12                 |
| Construction Contract         | \$10,001-\$50,000 | 25                 |
| Construction Contract         | \$50,001 >        | 25                 |
| Materials & Supplies          | \$5,000 <         | 15                 |
| Materials & Supplies          | \$5,001-\$10,000  | 16                 |
| Materials & Supplies          | \$10,001-\$50,000 | 24                 |
| Materials & Supplies          | \$50,001 >        | 25                 |
| Emergency Procurement         | as required       | 12                 |

*(Chart taken from information provided by the Housing Authority of Pittsburgh’s Contract, Procurement and Disposition Policy document.)*

During the audit period, costs over \$50,000 required Board of Directors approval. HACP utilizes a variety of award mechanisms, including telephone bids, open bids (advertised in the media and on the website), split bids, piggybacking off other government units (notably the State), sole supplier, and Request For Proposals. Vendors are added to the bidder’s list through an open enrollment and meeting of HUD requirements.

The Authority posts its open bids on its website, and currently sends “Justification Sheets” to the City, which are posted on the Pittsburgh municipal site announcing the bid winner and the reason for the award.

The auditors tested invoices from ten percent (10%) of the vendors paid during the scope period.

Multi-level procurement approvals were generated via the “Emphasys Flex” software system used during the audit period, but many were unsigned, as approval was passed on electronically from section to section, with personal password security.

Procurement paperwork was kept at the 201 Kirkpatrick Street offices, and Accounts Payable back-up was kept by the downtown Finance department.

HACP staff is in the process of integrating the On Base imaging system with a new Emphasys software package so that the appropriate documents can be scanned into the system and the total backup paperwork package can be accessed.

**Finding:** The Authority operates one of the more informational web sites among state Housing Authorities. It posts its open bids on line, and makes a variety of useful information available to potential and current residents, vendors, and citizens.

However, incomplete information was listed for RFP awards on the website, and no information on open bid awards was available.

**RECOMMENDATION NO. 8:**

HACP should utilize its electronic capacities to its fullest capacity to provide more accessible vendor information. Because it already prepares “Justification Sheets” for the City of Pittsburgh to post, it would be a small step to update its awarded bids section. The goal should be to eventually archive all bids and RFP’s on-line in their entirety for vendor convenience, easy public access and transparency.

**HACP Response to Finding and Recommendation No. 8: HACP appreciates that the Controller recognizes the comprehensive nature of HACP’s Contract, Procurement and Disposition Policy handbook. Further, it confirms the numerous controls that are present within the multi-step procurement process for goods and services.**

**With respect to the Recommendation that HACP utilize its electronic capacities “to its fullest capacity”, as the Controller noted, HACP is engaged in a continual improvement process, for example, using the features of the upgraded Emphasys system and by using On Base. Currently, HACP lists IFBs and RFPs on line and readily makes available information that is subject to the Pa. Right to Know Act. After bidding is closed on a procurement, currently the procurement is removed from the HACP website. HACP is researching the cost of implementation of the recommendation within the context of our on-going improvement of the procurement process.**

**Finding:** Pre-approved vendor application forms can be downloaded and printed from the Authority website.

**RECOMMENDATION NO. 9:**

The Authority should consider accepting and processing vendor applications on-line, rather than just providing a downloadable form.

**HACP Response to Finding and Recommendation No. 9: Again, HACP is pleased that the Controller noted that vendor applications could be both downloaded and printed from the HACP website. We are researching the cost of implementation of the recommended system within the context of our on-going improvement of the procurement process.**

Computer & Telecommunications Contracts

HACP is converting from paper-based to electronic document storage and retrieval. It is upgrading its major software system, Emphysis, and adding On Base document imaging capabilities. It is providing laptops to administrative staff and computers to site administrators and Resident Councils.

The Authority deals with many of the same vendors as the City of Pittsburgh and shares some of the same software applications, such as Ceridian and On-Base.

**Finding:** The cost for computer operations as shown in the master invoice list was \$889,907.01 in 2007 and \$686,610.88 in 2006. There were 33 different vendors employed during the audit period, with the major ones being Emphysis Software, Koryak Consulting, and Dell Computers.

HACP also spent \$1,011,349.09 in 2007 and \$654,167.59 in 2006 on telecommunications hardware and services. During the audit period, the Authority had 20 telecommunications vendors, including Communications Consulting, AT&T, Comcast, Dish Network, MCI, Nextel, Sprint, and Verizon.

**RECOMMENDATION NO. 10:**

The Authority should investigate coordinating its Information Technology and telecommunications needs with the City of Pittsburgh's Computer Information Systems or some other joint municipal operation, and the potential cost savings available through shared efficiencies.

**HACP Response to Finding and Recommendation No. 10: HACP will take under advisement the Controller's recommendation to evaluate joint operation with the City on telecommunications and computer issues. Such an arrangement is complicated due to the significant differences in the businesses. As noted earlier in the audit report, HACP uses the Emphasys software system, which is specific to and focuses on the business needs of housing authorities. The numerous HUD reports that HACP is required to prepare to achieve regulatory compliance also dictate the level of such services HACP requires. Moreover, the number of offices and the use of security cameras dictates HACP's significant bandwidth requirements. Finally, given that HACP has private and confidential information regarding its tenants and Section 8 participants that is subject to the Federal Privacy Act, it is not able to**

**merge all its information systems with any other entity, which could require the maintenance of dual systems. Nonetheless, HACP has already considered working with the City in this area in some limited way and, for example, it is coordinating the use of security cameras with the City Police Department. During the audit period, HACP was updating our telephone system and software systems.**

HACP Utilities and Conservation

In 2006, HACP paid \$12,375,917 in utility bills (gas, water/sewer, electric) and \$11,157,176 in 2007. This item represents 8-1/2 to 9% of HACP’s entire annual budget. The utility bills alone are higher than the rental income collected by the Authority.

In 2007, HACP awarded a 12-year Energy Performance Contract to Honeywell International. The contractor began to initiate a number of energy and consumption saving projects in 2008, including education and unit retrofits throughout the HACP community, and the use of geothermal HAVC systems in North View Heights, Arlington, and Homewood North.

Prior to the Honeywell contract, HACP had awarded a 10-year energy services contract to Custom Energy, which was expected to save \$4M in utility costs over the lifetime of the contract.

With one exception, utilities are the highest or next-to-highest actual cost incurred by the individual HACP sites. The major consumers of utilities were the following public housing communities, as shown by Table 7 “HACP Utility Payments For Selected Communities”:

**Table 7 – HACP Utility Payments for Selected Communities**

| Site               | 2007 Utility Payments* | Occupied Units | Cost per Unit | Year Built |
|--------------------|------------------------|----------------|---------------|------------|
| Addison Terrace    | \$ 1,859,219           | 569            | \$ 3,268      | 1940       |
| Bedford Dwellings  | \$ 1,312,524           | 372            | \$ 3,528      | 1940       |
| North View Heights | \$ 1,259,127           | 365            | \$ 3,450      | 1963       |
| Garfield Heights   | \$ 962,092             | 252            | \$ 3,818      | 1966       |
| St. Clair Village  | \$ 813,610             | 173            | \$ 4,703      | 1949       |
| Total              | \$ 6,206,572           | 1731           | \$ 3,586      |            |

*\* Utility payment figures were taken from Table 8-6 “Site Financial Information,” FY 2007 MtW Annual Report.*

These buildings are among HACP's older units, and their average annual utility cost per unit is \$3,586. The other 1,844 public housing households average \$2,685 in utility costs per unit, a much more manageable (though still relatively high) figure, and \$901 less per unit than these older family community sites in annual utility costs.

Garfield Heights was demolished in 2008, and the other sites are in a constant state of renovation, modernization, and demolition as required. HACP is making progress along this front, with a 10% drop in utility costs from 2006-2007 and a contract with Honeywell to modernize and "green" the Authority communities through brick & mortar updates, newer technology such as low-flow commodes, pre-set tamper-proof thermostats, and resident consumer education.

These are common-sense actions that should have been part of a comprehensive utility cost containment plan long ago.

**Finding:** HACP's utility payments appear to be excessive, according to figures obtained from MtW reports and web-based budgets of the housing communities listed on Table 8 "Selected Authority Utility Costs": (Occupied HACP units per the charts do not include units in privately managed communities.)

**Table 8 – Selected Authority Utility Costs**

| Authority      | 2007 Utility Payments | Occupied Units | Cost per Unit |
|----------------|-----------------------|----------------|---------------|
| Pittsburgh, PA | \$ 11,157,176         | 3,575          | \$ 3,121      |
| Cleveland OH   | \$ 20,471,321         | 10,466         | \$ 1,956      |
| Erie, PA       | \$ 2,700,000          | 1,750          | \$ 1,543      |
| Portland, OR   | \$ 3,673,098          | 2,492          | \$ 1,474      |

**RECOMMENDATION NO. 11:**

HACP should develop an aggressive, in-house program for controlling the utility costs of its sites and hi-rises instead of simply hiring energy consultants. The program should be integrated with longer-range HACP construction, renovation, and demolition plans so as to allocate its resources effectively, including natural, sustainable design elements and water conservation technology.

**HACP Response to Finding and Recommendation No. 11:** HACP is pleased that the Controller has noted the significant work that HACP has done in the area of energy savings prior to, during, and since the audit period. As far back as 1999, HACP had an energy savings contract with Custom Energy. As noted, HACP began the procurement process of an additional energy savings contract in 2007 and entered into an Energy Savings Contract with Honeywell in August 2008. The 14 month implementation is scheduled to be completed in October 2009. The keystone of the project is the installation of geothermal HVAC systems in Northview Heights,

**Arlington Heights, and Homewood North communities. The ESCO is expected to save \$3 million per year. The previous contract with Custom Energy was completed early as its savings guarantee was achieved early.**

**As duly noted, HACP has embarked on a comprehensive process of modernization and redevelopment, as appropriate at each community. In addition to the updates through the ESCO, HACP has been in the process of adding over 260 accessible units, spread throughout the communities, and is scheduled to complete that project in 2010. The Controller notes that such cost-saving measures “should have been part of a comprehensive utility cost containment plan long ago.” However, in fact, HACP has been modernizing and redeveloping its communities, predominantly through obtaining competitively awarded HOPE VI grants and low income housing tax credits, since the mid 1990s. That effort to allocate resources effectively continued and spread during the audit period and continues today, as both Garfield and Oak Hill Phase II are planned to be “green” communities.**

**HACP is not sure what the Controller refers to in Recommendation 11 for “an aggressive in-house program for controlling the utility costs” beyond the ESCOs that HACP has already entered into and the green components of its redevelopments. HACP has made energy savings a central tenet of its obsolete housing inventory repositioning strategy.**

**Finding:** The communities are billed through master utility meters which measure usage for the entire community or tower, rather than by unit or complex, with the exception of a few hi-rise units. This makes it difficult if not virtually impossible for the site managers, downtown administrators, and consultants to identify and provide corrective action to units that are above the norm in energy usage.

**Finding:** There is no incentive for residents to conserve energy consumption, as their rental fee isn’t impacted by utility usage. Without the ability to identify those residents that overuse or abuse public housing utilities, there is no way for the Authority to correct their actions.

**RECOMMENDATION NO. 12:**

While it would be cost prohibitive to retrofit the current HACP communities with individual meters, future construction and renovations should be designed to include both energy-saving components that would make the units conservation friendly by design and with a minimum of effort by the tenant, and site metering, if possible, to provide some resident accountability.

**HACP Response to Finding and Recommendation No. 12: The Controller is correct that the master metering makes it impossible to narrowly tailor energy savings**

**efforts by unit; however, the changes made under the ESCO, through other modernization efforts and through redevelopment more than compensate for this situation.**

**As the Controller is aware, HACP rental policy is governed by HUD regulation, specifically, the Brooke amendment, which dictates that rent shall be 30% of income, and that generally utilities are included with rent. Tenants do pay for electricity in the following communities: scattered sites, Gualtieri, Allentown, Finello, Morse Gardens, and Carrick Regency . Site managers are responsible for oversight of their sites, including such items as identifying utility abuses. Finally, tenants are charged an excess utility fee where they are found to be using additional electricity in their unit for such items as window air conditioners.**

**The Controller acknowledges the cost-prohibitive nature of individual meters for all units as many of the buildings involved were built in the 1960s or before. As described above, all new construction and modernization includes energy-saving components where applicable, e.g., Garfield and Oak Hill Phase II.**

**Finding:** HACP is not a member of any joint utility cooperatives such as the Western Pennsylvania Energy Aggregation Program, which combines the purchasing power of the County, City, Pittsburgh School District, and other municipal entities. A reverse auction by this entity resulted in an 8% price reduction for electricity over two years in early 2008. The group plans to use the same strategy for the purchase of natural gas.

**RECOMMENDATION NO. 13:**

HACP should investigate the potential of reducing its utility costs by participating in a municipal joint energy cooperative agreement such as the Western PA Energy Program that would help leverage its ability to lower its utility rates.

**HACP Response to Finding and Recommendation No. 13: HACP reviews its utility situation on an on-going basis and current analysis indicates that it would not be cost-effective for HACP to join a utility cooperative at this time.**

**HACP Police Transfer & Contracted Security**

In April of 2007, Pittsburgh City Council approved Resolution 203, approving a contract to allow City police patrolling of HACP communities in lieu of its own police force. The Authority will pay the City of Pittsburgh \$1M annually for the next three years, with a two-year option, to police its communities. 26 HACP officers out of 30 affected were accepted for training by the City of Pittsburgh Police Bureau. Also, there was a vehicle/equipment transfer, with the City of Pittsburgh paying fair market value for the useable HACP gear, per federal regulation.

The City of Pittsburgh may also file for federal funding to help augment police costs, as the grants are based on the level of coverage provided to the housing communities, not the provider.

The determination to disband the HACP Police was made because of reduced federal financial resources available to the Authority to pay for in-house officers. The Authority, as allowed by the MtW program, had been drawing funds from its capital budget since 2002 to support its police force.

A majority of its units and residents were in Section 8 or privately managed housing, and so were already under City of Pittsburgh police jurisdiction. The City of Pittsburgh was often the first responder to suspected criminal activity on HACP property, and has the responsibility of investigating all felony complaints within the City of Pittsburgh border. So the merger made little difference regarding the overall number of calls handled by the City of Pittsburgh force, although it does create additional patrol and administrative duties for the Pittsburgh Police force.

The Authority will pay the City of Pittsburgh a transition fee of \$3,000,000 to take control of its policing services, to be paid in quarterly installments of \$250,000.

**Finding:** Spending on Protective Services by HACP was \$4,083,185 in 2006 and \$4,018,277 in 2007, the year that the disbanding of the Authority police force began. The Authority budget assumes a 23% cost savings in security expenses for 2008.

A determination of cost effectiveness and the effect on resident safety because of the transfer of Authority policing to the City of Pittsburgh could not be made during the audit period. 2008 will be the first full fiscal year under the new system that combines increased community involvement and private security with Pittsburgh police protection.

#### HACP Reimbursements for City Services

The HACP does not compensate the City of Pittsburgh through a Payment In Lieu of Taxes (PILOT) program for its City-provided services. According to Authority administrators, HACP cannot make purely voluntary PILOT payments. Rather, the Authority must use a HUD formula based on its rental income to determine if PILOT payments are allowable. Authority administrators stated that the Authority's rental income is too low to allow PILOT payments for City services.

HACP has an inter-governmental contract that pays the City of Pittsburgh \$3,000,000 in \$250,000 quarterly installments to patrol Authority properties after HACP disbanded its own police force, and another that provides equipment in trade for residential garbage collection.

The Public Parking Authority and Urban Redevelopment Authority make annual payments to the City of Pittsburgh in lieu of realty taxes and for reimbursement of services provided for them by the City. The PPA contributed \$1,282,130 in 2007 and

\$1,285,321 in 2006. The URA began annual \$1,500,000 payments to the City of Pittsburgh in 2008.

The Housing Authority of the City of Erie (HACE) has paid a voluntary PILOT to Erie since 1941, voluntarily contributing \$53,000 in 2006 and \$78,000 in 2007 for City services, along with payments to the school district and Erie County. HACE also gives financial support to city policing, code enforcement, and recreational activities worth an additional \$532,000 in 2007 and \$449,000 in 2006.

**Finding:** HACP is one of the City of Pittsburgh's larger property owners. Its family and hi-rise communities alone consist of over 4,000 units, are worth over \$97,000,000 in fair market value and occupy 343-1/2 acres of land, according to the Allegheny County Assessment site. The Authority also owns approximately 225 scattered site homes.

In addition to policing its properties and the collection/disposal of residential trash, the City of Pittsburgh also provides tenants of the HACP communities and scattered sites with recreation, fire, paramedic, building code, and public work services.

**RECOMMENDATION NO. 14:**

HACP should partner with the City of Pittsburgh to help share the cost of the service expense through in-kind intergovernmental agreements in the areas of public safety, public works, and youth/senior services.

**HACP Response to Finding and Recommendation No. 14: According to HUD regulations and the Cooperation Agreement between HACP and the City, HACP may not pay additional monies outside of the HUD-prescribed PILOT formula for any baseline services that the City provides. Where appropriate, HACP will continue, as it has in the past, to consider entering into contracts for above baseline services in areas that are needed by HACP if the City can cost-effectively provide services.**

**Finding:** The Authority has a five-year agreement with the City of Pittsburgh to pick up its residential waste in return for HACP purchasing a pair of waste trucks and leasing them back to the City of Pittsburgh. The Authority privately contracts for bulk pickup, as the City of Pittsburgh's previous pickup schedule was thought insufficient to meet Authority needs.

**RECOMMENDATION NO. 15:**

HACP should revisit the possibility of contracting its bulk waste pickup to the City of Pittsburgh, as its bulk collection schedule has changed from every other week to weekly.

**HACP Response to Finding and Recommendation No. 15: With respect to bulk waste pickup, during the audit period and at the time that the most recent multi-family garbage collection contract was negotiated between HACP and the City, the City did not have the capacity to do bulk pick-up as needed by HACP. HACP will explore this option when the current contract expires.**

**Finding:** HACP does not participate in a recycling program, which is in violation of Pittsburgh's City Code Section 619.06 (a) and (b).

**Finding:** Act 101, Pennsylvania's Municipal Waste Planning, Recycling and Waste Reduction Law, mandates recycling in the Commonwealth's larger municipalities and provides grants to offset expenses. Recyclables from Housing Authority properties would increase the City of Pittsburgh's reportable recyclables tonnage, increase the amount of State performance grants and decrease the City of Pittsburgh's landfill costs.

**RECOMMENDATION NO. 16:**

HACP should reach an agreement with the City of Pittsburgh or a private entity to collect its recyclable refuse in compliance with the Pittsburgh City Code. It should include a tenant education program that includes community, hi-rise, scattered site, and Section 8 residents.

**HACP Response to the Finding and Recommendation No. 16: Contrary to the Controller's finding related to Recommendation 16, the parties contemplated HACP's tenants' participation in a recycling program in their multi-family garbage contract. HACP's staff will continue to work with City staff to facilitate such participation. However, as HACP is not the landlord for units in the Section 8 program, it has no power to require private landlords and tenants to recycle.**

**Resident Self-Sufficiency Programming**

The HACP's self sufficiency programs are split to serve Section 8 recipients and the HACP housing community tenants separately. The umbrella program is the "Realization Economic Attainment for Life" (REAL) Program.

The REAL program's purpose is to help residents become self sufficient through assessment, planning and referral to specific social services. These services may include life and job readiness skills, drug and alcohol related services, mental and physical health services, education, child care, transportation, home ownership, and employment training and referral services.

REAL is split into two components, the Section 8 Housing Choice Voucher (HCV) unit and the HACP Community Low Income Public Housing (LIPH) program. These are

administered as the Family Self-Sufficiency (FSS) Programs, split into educational/workforce training, and home ownership program segments.

The HACP REAL (Realizing Economic Attainment for Life) Program statistics for the housing communities during the audit period are shown on Table 9 “REAL/FSS Statistics”:

**Table 9 – REAL/FSS Statistics**

| <b>HACP Community Statistics: REAL/FSS *</b> |             |             |
|--|-------------|-------------|
| <b>Program</b>                               | <b>2007</b> | <b>2006</b> |
| Residents Assisted/Recertification           | 527         | 782         |
| Residents Employed Through FSS               | 254         | 222         |
| Residents in Home Ownership Programs         | 38          | 75          |
| Residents Purchasing New Home                | 2           | 1           |
| Residents With Escrow Accounts               | 50          | 42          |
| Value Of Escrow Accounts                     | \$69,186    | \$29,941    |
| Residents Enrolled In GED**                  | 12          |             |
| Residents Earning GED**                      | 2           |             |

*\* Program statistics taken from page 9-1 “REAL/Family Self Sufficiency Program Accomplishments,” FY 2007 MtW Annual Report.*

*\*\* Combined total for 2006-2007 from figures provided by HACP.*

In 2005, the HACP finished the organizational aspect of site based management in all HACP managed communities. To coordinate services, Family Self-Sufficiency (FSS) coordinators are now located in the same office as site managers in HACP’s low-income communities. Issues such as re-certification and delinquent rent payment are dealt with in one place, and the coordinators provide a portal to the REAL/FSS educational/work training courses and the Home Ownership Program.

The REAL/FSS programs are ambitious undertakings that provide help and guidance to residents in a variety of areas, notably social & tenant services, employment, and home ownership.

The program appears to be effective in addressing the paperwork problems often encountered by low-income residents, and provides an accessible entry point for social services and entry-level employment opportunities.

Its home ownership component, when combined with the mirrored Section 8 program, had led to 26 home purchases and over \$300,000 escrowed for over 200 households to apply to home ownership. The Home Ownership Program addresses the HACP goal of eventually moving its tenants from public housing to private home ownership.

However, there is a sizeable achievement gap between the Family Community and Section 8 participants in homeownership, with the vast majority (23) of the first-time owners being from the Section 8 program, according to the MtW “REAL Accomplishments” chart listed in the 2007 Annual Report (page 9-1).

**Finding:** Section 8 residents had 11% (23-202 participants) of its registrants move on to home ownership while Family Community residents had just 3% (3-113) of its participants purchase a home over the two-year audit period.

**RECOMMENDATION NO. 17:**

HACP should determine why there is such a large gap in both the enrollment and success rate between the Low-Income and Section 8 participants for its Home Ownership Program and design an approach that strengthens the effect of its LIPH component.

**HACP Response to Finding and Recommendation No. 17: HACP monitors the success of the FSS and homeownership programs on a continual basis. The gap identified by the Controller is a reflection of the ability of Section 8 participants to obtain mortgages based upon the Housing Assistance Payment (“HAP”) payments that they will receive. Thus, they effectively have an average of \$6,000 per year increase in annual income. In addition, Section 8 program participants become familiar with payment of utilities through the program; that experience, coupled with their work with the HACP homeownership program, prepares them particularly well for homeownership. HACP will continue to work with the participants in both programs to encourage homeownership.**

**Finding:** The educational component of the FSS involves GED training, and produced only 12 applicants out of 44 tenant referrals, with two successfully graduating the program during the audit period.

**RECOMMENDATION NO. 18:**

HACP should consider partnering with an adult education specialist such as the Community College of Allegheny County or the Pittsburgh School District to improve its recruitment and success rates for GED training.

**HACP Response to Finding and Recommendation No. 18: In fact, HACP has partnered with other entities for GED training. Specifically, in 2006 and 2007, HACP sent GED referrals to Forbes Road. In 2008, HACP reassessed the program and, in order to meet residents’ needs more effectively, HACP hired a certified GED trainer; since then, HACP has made the hours of training flexible so that residents could access the program at various times. HACP will investigate how the above**

**entities could enhance our GED program, review the cost associated, and procure their services, if necessary.**

### Youth Services Investment Fund

In July 2005, the HACP Board of Directors approved the expenditure of \$5,000,000 from MtW reserves to create a Youth Services Investment Fund (YSIF).

The fund is for resident youths aged 13-21 to provide aid to boost academic success, career development and good citizenship. The goal of this fund is to provide financial support to evidence-based, outcome oriented programs in public housing communities and to engage stakeholders for a sustained period to improve program quality, coverage and connections.

The emphasis is on generating educational and employment opportunities for the young adults living in the HACP community. It is administered by the Pittsburgh Foundation and the assets are managed by Mellon Investments.

In 2006-07 the YSIF awarded grants for programs in the amount of \$729,000. The programs are a collaboration among service providers Youthworks, Youth Places, Urban Youth Action, and One Vision, One Life that focus on career exploration, community service, and conflict resolution. The tenant councils in the communities served by the programs assisted in the program design, the development of community service projects and the recruitment of program participants.

### Clean Slate

HACP developed the Clean Slate Program in 1998 to provide a forum for youth to communicate openly about drug activity in their communities, and it became a vehicle for providing drug prevention information and promoting a clean and sober lifestyle.

In 2003, HACP made Clean Slate a year round project with local and national celebrities participating in the program activities.

A Pep Rally is held as the kick-off for Clean Slate. Other events traditionally are book signings, adult forums, basketball and baseball games, school panels, town hall meetings, and a concert. Participants are provided with various prizes and enticements. Youth that excel in the program become members of the Street Team, a housing community drug prevention and intervention group.

HACP announced in 2008 that it plans to spin the program off to private operators, but that it would cover any financial shortfalls. It was originally funded by a

three year grant which ended in 2005, and is currently supported by numerous civic groups.

**Finding:** The purpose of Clean Slate is to provide an anti-drug message to the resident youth through workshops, school appearances, community events, concerts, and offers participation incentives such as I-Pods, shirts, and jackets.

HACP spent \$92,736 in 2006 and \$74,288 in 2007 on Clean Slate of its own funds, plus an additional unknown amount in privately donated funds raised through civic, corporate, and foundation sponsorships and Authority fundraising events such as the Clean Slate Dinner, Golf Outing and Black Tie Dinner.

The Clean Slate program mission statement is to “Educate, Encourage, and Entertain Drug-Free Lives in the City of Pittsburgh”. Other than measuring event attendance, there is no performance mechanism to determine the program’s effectiveness at drug prevention.

**RECOMMENDATION NO. 19:**

HACP should fund and operate Clean Slate entirely through a foundation, as it does with the Youth Services Investment Fund.

**HACP Response to Finding and Recommendation No. 19: HACP has already acted in 2008 to create a non-profit called Clean Slate E3 through which to operate the Clean Slate program. HACP, as a Housing Authority, was authorized and required during the audit period and remains authorized and required to address Resident Services through Security/ Safety Activities and Initiatives. Any efforts that increase awareness of the problems of drugs and crime are promoted by HUD and are eligible line item expenses. Moreover, Clean Slate, like other HACP programs, has been audited by HUD since 1998 and has been found to be in compliance. See 2001 Clean Slate PHDEP Audit report.**

**Creative Arts Corner**

The Creative Arts Corner was opened in May of 2006 to provide HACP youth with a modern recording and dance studio. It’s located in Northview Heights and is open to the entire HACP community, with a new facility to be operated in Bedford. It’s considered a state-of-the-art production facility.

It cost approximately \$100,000 to build, with much of the work done by Authority workmen to help keep expenses down. It’s operated by HACP staff with training provided by Whit Productions. Its expenses were \$157,090.04 for 22 students in 2007 and \$194,810.00 for 14 youth in 2006, its opening year.

**Finding:** The center produces in-house videos of various meetings, events, and public service features. Most of the youth that utilize the Center are older (14-20), and the staff uses the program as leverage to further the participants' life goals, involving them in job training programs like the Pittsburgh Project and GED courses to earn their diploma.

**RECOMMENDATION NO. 20:**

HACP should investigate a partnership of the Creative Arts Corner with an organization such as the Pittsburgh School District's CAPA, Pittsburgh Filmmakers, or Point Park University, which features artistic/production programming. An affiliation with such a group would provide additional educational, training, and career resources and opportunities associated with the arts for the Creative Corner participants.

It should also make programming available for airing on the Pittsburgh Cable Access Channel to increase its visibility, as it does for PCTV.

**HACP Response to Finding and Recommendation No. 20:** The cost of training the students during 2006 was not as high as noted by the Controller for two reasons: 1) some expenses were not appropriately allocated to the Creative Arts Center; and 2) the Creative Arts Center invoices included those for studio equipment as well.

Specifically, several items listed on the Creative Arts Corner spreadsheet were not actually related to Creative Arts Corner activities, but rather to the Clean Slate program. The expenses that were appropriately allocated to Creative Arts Corner are listed below. The total of invoices relating to training of students in 2006 was \$60,000 and the total for 2007 is \$84,000. Equipment costs for each year are listed separately in the chart. Staff facilitation is not properly considered part of training costs. In 2006, staff facilitation of the Creative Arts Corner was \$23,138.62 and in 2007 staff facilitation was \$44,831.76.

**Housing Authority of the City of Pittsburgh – Creative Arts Corner  
2006 & 2007 Expenses**

| <b>2006 Expenses</b>             | <b>Cost</b>        |
|----------------------------------|--------------------|
| <b>Student Training Contract</b> | <b>\$60,000.00</b> |
| Consulting re Equipment          | \$17,045.24        |
| Equipment                        | \$58,451.45        |
|                                  |                    |
| <b>2007 Expenses</b>             | <b>Cost</b>        |
| <b>Student Training Contract</b> | <b>\$84,000.00</b> |
| Equipment                        | \$3,860.00         |

**HACP will pursue the recommendation to investigate a partnership with certain organizations such as CAPA, Pittsburgh Filmmakers, or Point Park University. In fact, HACP has initiated several successful partnerships. The Creative Arts Corner had its grand opening in May 2006, and began actual student training in September 2006. Since 2007, the Housing Authority of the City of Pittsburgh and Gateway Health Plan have participated in a collaborative training and production program designed to provide a learning experience for students at the HACP's Creative Arts Corner and to provide a valuable service for City of Pittsburgh Residents. Through this partnership, HACP and Gateway produce regular health related video programs, titled "Hints for Healthy Living." Since 2007, HACP and Gateway have produced health related videos on a variety of topics, including: Sexually Transmitted Diseases, Flu Shots & Immunization, Smoking Cessation, Identity Theft, Fire Safety, and General Health Care. The programs are produced by HACP staff and students from the Creative Arts Corner and are broadcast on PCTV.**

**Additional partnerships have included ones with WAMO Radio and the Pittsburgh Symphony. Four HACP employees attended Pittsburgh Cable Television (PCTV) training in 2007. Programming began to air on PCTV in late 2007 and continues today. Additional partnerships with the Manchester Craftsmen Guild and the Children's Museum are under development currently.**

The above are the major HACP-generated programs. A comprehensive list of programs offered in HACP family and hi-rise communities, with their vendors, goals, costs, and performance, is included as "Exhibit 1 – Programs" in the Appendix.

Programs by Site: Family Communities

- *Addison* (826 units): Beverly Jewel Wall Lovelace Children's Fund (BJWL), Clean Slate, Community Connections, Family Self-Sufficiency (FSS), Food Bank, Youth Places.
- *Allegheny Dwellings* (282 units): BJWL, Clean Slate, FSS.
- *Arlington Heights* (150 units): Clean Slate, FSS.
- *Bedford Dwellings* (320 units): Addison Behavioral, Bedford Hope Center, BJWL, Clean Slate, Food Bank, Forbes Tech, Head Start, Knowledge Connection, No Strings.

- *Glen Hazel* (143 units): BJWL, Clean Slate, FSS, Food Bank, Knowledge Connection, Youth Places.
- *Hamilton-Larimer* (30 units): BJWL, Clean Slate, FSS, Knowledge Connection
- *Homewood North* (135 units): BJWL, Clean Slate, FSS, Food Bank, Knowledge Connection, Pancakes & Jesus.
- *North View Heights* (579 units): BJWL, Clean Slate, FSS, Food Bank, Knowledge Connection, NVH Art Center, NVH Health Center, Scouts, Youth Places.
- *St. Clair Village* (456 units): Bethany House Pre-School; BJWL, Clean Slate, FSS, Food Bank, Knowledge Connection, Youth Places.

**Finding:** These programs provide effective health, job preparation, social service, youth intervention and recreation services to HACP’s low-income family communities.

The BJWL, FSS and Clean Slate programs are in every HACP community, but there appear to be some gaps in total service coverage overall.

Other programs are offered to family communities as determined by need and demographics. HACP has one Head Start program in its communities, and has only informal ties with the City for services. Both the School District and City have many synergies and services that could be shared with the Authority.

City recreational and senior supervisors said that they interact with the Authority on an informal “handshake” basis, but not on a contractual basis.

**RECOMMENDATION NO. 21:**

HACP should attempt to design and formalize partnerships with other governmental agencies such as the Pittsburgh School District, City of Pittsburgh, and Allegheny County to help provide additional services and opportunities to its residents.

**HACP Response to Finding and Recommendation No. 21: HACP will investigate this Recommendation. During the audit period, HACP had a formalized partnership in place with the City through an Inter-governmental agreement for recreation programs. HACP also had, and continues to have, an Inter-governmental agreement in place with the County Department of Human Services for mental health, drug and alcohol treatment services outreach, violence prevention, and senior services. In addition, HACP works to facilitate programming in the communities on an informal basis, so as to meet the individualized needs of the communities. It should be noted that the Pittsburgh School District determines the need for a Head Start program in each community.**

**Finding:** There are voluntary services operated by the residents such as “No Strings” and HACP employees such as “Cupboard of Hope” that could be adopted for use on an Authority-wide basis as both a service provider to the community and as a component of FSS job readiness and placement training.

**RECOMMENDATION NO. 22:**

HACP employs its residents via FSS job programs. The coordinators should work with the resident councils and managers to design voluntary programs along the business model of “No Strings” and use them in conjunction with its training programs as an internship and resident service opportunity.

**HACP Response to Finding and Recommendation No. 22: HACP continues to enhance its programs and will consider the feasibility of this recommendation. During the audit period and to date, HACP has worked with the resident councils and managers to move residents to work. It should be noted that HACP has an active Section 3 program through which it works to ensure that its contractors employ low-income residents. The Section 3 program has been effectively utilized in many construction projects, and by other vendors, including the laundry services provider.**

**Programs by Site: Hi-Rises**

- *Caliguri Place* (104 units): Post Office, Senior Living Enhancement Program (SLEP), UPMC Living at Home Program (LAHP).

- *Carrick Regency* (66 units): Food Bank, SLEP.
- *Finello Pavilion* (60 units): LAHP, Post Office, SLEP.
- *Glen Hazel Hi-Rise* (97 units): Citiparks Senior Services, Food Bank, LAHP, SLEP.
- *Gualtieri Manor* (31 units): LAHP, SLEP
- *Mazza Pavilion* (30 units): LAHP, SLEP.
- *Morse Gardens* (70 units): LAHP, SLEP.
- *Murray Towers* (70 units): Agewell Health, Food Bank, Post Office, SLEP.
- *North View Heights Hi-Rise* (105 units): Citiparks Senior Services, North Side Christian Healthcare, SLEP.
- *Pennsylvania-Bidwell Hi-Rise* (120 units): Lutheran Service Society, North Side Christian Healthcare, Post Office, SLEP.
- *Pressley Street Hi-Rise* (212 units): Food Bank, Post Office, SLEP.

The Hi-Rise buildings do not have FSS managers on site (the REAL program is designed for a family community, not a senior/disabled population), and senior needs are coordinated by Ursuline Services, which operates under funding provided by the Pittsburgh Foundation and the Allegheny County Agency on Aging.

Every hi-rise community has SLEP, UPMC/LAHP, or both available for its residents, and they serve as portals to other services for the community. HACP will initiate programs that are community-driven, such as Meals on Wheels and postal services, on an individual building basis.

### Resident Councils

HACP involves its tenants in the administration of facilities and programs, civic planning, and community improvement projects through Resident Councils. The councils are located in every community and hi-rise served by HACP, and the members are elected by the residents.

The Authority provides an operating subsidy payments to the Resident Councils using a formula based on the number of households served, minus penalties for non-attainment of certain standards such as proper audits and meeting attendance.

Residents in privately managed communities may form their own councils, but are not supported financially by HACP.

In 2006-07, HACP subsidy payments (another revenue source, vending machine profits, was not included on this list) were made to the following councils, with households (HH) representing occupied units as of 1/1/2007:

- *Addison Terrace & Addition* (569 HH); Payment: \$13,088.06
- *Allegheny Dwellings* (235 HH); Payment: \$3,221.71
- *Arlington Heights* (132 HH); Payment: \$2,600.00
- *Auburn Towers* (71 HH); Payment: \$2,120.59 (demolished in 2007)
- *Bedford Dwellings* (372 HH); Payment: \$9,194.57
- *Caliguri Plaza* (103 HH); Payment: \$1,040.00
- *Carrick Regency* (62 HH); Payment: \$1,048.40
- *Finello Pavillion* (49 HH); Payment: \$1,636.32
- *Garfield Heights* (252 HH); Payment: \$3,260.00 (demolished 2007)
- *Glen Hazel Senior Citizens & Disabled* (81 HH); Payment: \$7,933.61
- *Glen Hazel & Renova* (118 HH); Payment: \$2,687.74
- *Gualtieri Manor* (27 HH); Payment: \$947.07
- *Kelly St. High Rise* (0 HH); Payment: \$2,145.34 (demolished 2007)
- *Mazza Pavilion* (26 HH); Payment: \$480.00
- *Morse Gardens* (68 HH); Payment: \$2,137.38
- *Murray Towers* (66 HH); Payment: \$1,264.26
- *Northview Heights Family* (382 HH); Payment: \$19,692.94
- *Northview Heights High Rise* (78 HH); Payment: \$5,366.31
- *PA Bidwell* (79 HH); Payment: \$6,847.97

- *Pressley St. Hi-Rise* (197 HH); Payment: \$3,382.00
- *St. Clair Village* (173 HH); Payment: \$5,046.02

*\*payment figures taken from the master 2006-2007 HACP invoice list.*

*\*\* taken from tables 8-1a and 8-1b, 2007 MiW Report*

The amount of subsidy provided by HACP to the Tenant Councils varies, from over \$19,500 for Northview Heights to \$480 for Mazza Pavilion. Tenant councils not listed are assumed to have received no funding.

#### Resident Council Training Programs:

The HACP Community Planning Model had its genesis in 2005 when resident council members were trained in basic computer work. By 2007, community planning skills were being taught by the Resident Leadership Institute.

A consultant from the Institute worked with resident councils on an individual basis to make them proficient in organizational basics such as Roberts Rules of Order, Managing Tenant Funds, Basic Bookkeeping, Quicken Software, Auditing Requirements, Budgeting, Office Organization and Record Keeping.

Community Development was also added to resident council's self sufficiency, including Strategic Planning, Marketing and Fundraising, Customer Service, Leadership Recruitment, Grant Research and Proposal Writing, Mediation/Team Building and Community Organizing.

Empowerment training was the final segment in instructing members of resident council. The topics of Incorporation in Pennsylvania, Obtaining 501 (c) Status, Managing Data and Outcomes, How to become a Resident Management Corporation, Developing a Resident Owned Business, and Working with the Housing Authority completed the empowerment training segment.

The Resident Councils also belong to the Pennsylvania Association of Resident Councils (PARC). PARC is a non-profit organization that acts as a voice for elected resident councils and other residents residing in assisted living in Pennsylvania. PARC trains and interacts with resident councils throughout Pennsylvania. PARC dues and expenses in 2006-07 were \$11,291.17, paid for by the Authority.

HACP also provides on-site computers for Resident Council use.

The Authority is training its Resident Councils to function on a Community Planning model (based on Community-Based Organizations) that relies on the self-empowerment of the housing community as part of its advocacy role for the tenants.

HACP expects its communities, through the representatives in the Resident Council, to identify, plan, fund, complete, operate, and maintain local projects on their own, and wean the neighborhoods away from dependence on outside agencies to advance the community agenda.

**Finding:** The site-based resident empowerment program wasn't fully implemented until 2008, and wasn't assessed for performance goals because it fell past the audit period.

Two Resident Councils will receive CDBG funding, six will receive City community festival money, and five are incorporating to become local community corporations in 2009.

## APPENDIX

### Exhibit 1 – Programs

| Program/Vendor  | Services Provided  | Cost  | Result  |
|---|--|---|---|
| Addison Behavioral Care   | Substance abuse prevention, intervention, and treatment for Addison. Program moved to Bedford in 2007.   | No cost to HACP   | Served 40 families - 2006<br>Served 40 families - 2007  |
| Agewell Inc.  | Health screening and education for Murray Towers.  | No cost to HACP   | Served 45 residents - 2006<br>Served 40 residents - 2007  |
| Allegheny County Human Services Department                      | Mental health, drug & alcohol outreach, violence prevention, and senior services, accessed through service coordinators and site managers.   | \$297,717 - 2006 (eight months)<br>\$311,330 - 2007   | Served 997 residents - 2006<br>Served 784 residents - 2007  |
| Allegheny County Library Association "Knowledge Connection"     | Improve reading skills in collaboration with BJWL; links HACP sites to library and internet access.  | \$30,310.04 - 2006<br>\$36,650.38 - 2007  | Served 200 resident youth/year  |
| Bethany House Ministries  | Pre-school for children 3-5 years old, summer camp program - St. Clair Village   | No cost to HACP   | Served 25 resident youth/year   |
| BJWL  | Family resource program to serve 5-12 year olds; Family Support Center bolsters family ties and parenting services. Meals and educational programs offered. Also provides Scouting and JA programs. Based in most HACP family communities. | No cost to HACP (Beverly Jewel Wall Lovelace Childrens Fund, administered by the Pgh. Foundation) | Serves 400 resident youth/year  |
| Clean Slate & Street Team                                       | Promotes drug free lifestyle. It features a pep rally, town hall, concert, and gifts. In 2008, HACP began planning to spin the program off as its own non-profit entity, but will provide funding as needed.                               | \$92,736 - 2006<br>\$74,288 - 2007  | 1,200 youth participated - 2006<br>950 youth participated - 2007  |
| Community Connections For Families                              | UPMC/WPIC & Hill District Collaboration venture. Provides case mgn't for behaviorally disturbed youth in Addison.  | No cost to HACP   | Serves 25 families.   |
| Cupboard of Hope  | Funded by HACP employees to provide emergency and holiday meals to needy families. Plans to link with Food Bank in future and also include clothing and school supplies for housing residents.   | No cost to HACP   | 49 holiday and 100 emergency meals in 2006; 47 holiday and 50 emergency meals, plus 28 households received furniture in 2007. |
| Family Resources  | Designed to provide youth services for 16-18 year olds of Bedford Dwellings.   | \$107,203 - 2006  | Dropped after 2006; did not meet program goals.   |
| Family Self Sufficiency (FSS) Tenant Support & Social Services) | Provides eligibility help, transportation, day care, and abuse counseling. Escrows rental payment differences due to wage increases. Part of   | In house staff  | 782 enrolled in 2006;<br>357 enrolled in 2007<br>\$326,787 escrowed in 2006<br>\$342,574 escrowed in 2007                     |

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|  | REAL program along with Home Ownership and Resident Employment.   |  |   |
| Furnish A Start  | Services for at-risk youth. <b>HACP Response: Provides furniture for needy families, not services for at-risk youth.</b>                          | \$2,800 - 2007                                     | Unknown<br><b>HACP Response: 28 families served.</b>  |
| Garfield Jubilee   | Youth Intervention at Garfield Heights. (demo'ed in early 2007)   | \$78,699.10 -2006<br>\$12,445 - 2007               | Unknown<br><b>HACP Response: Served 47 youth for a program year that spanned parts of 2006 and 2007</b> |
| Goods for Guns   | Swap weapons for food coupons, with Allegheny Co. Goods For Guns Inc.   | \$3,300 - 2006<br>\$2,500 - 2007                   | Took in 231 weapons in 2006<br>Took in 100+ weapons in 2007   |
| Greater Pittsburgh Comm. Food Bank   | Community food distribution to low income residents at various sites.   | No cost to HACP;<br>\$40/year fee by site in 2008. | Serves over 800 resident families per year.   |
| Headstart  | Provided by Pgh. School District for 3-4 year olds at Bedford (2006-07) & Homewood North (2006).  | No cost to HACP                                    | Served 20 youth per site - 2006<br>Served 20 Bedford youth - 2007                                       |
| Home Ownership Program   | Assist in all aspects, especially financing, of private home purchase for HACP or Section 8 residents. Part of REAL/FSS Programs. In house staff. | \$573,134 - 2006<br>\$130,962 - 2007               | 182 enrolled, 13 bought homes in 2006. 135 enrolled, 13 bought homes in 2007                            |
| HACP Youth Scholarship Programs  | HACP employee funded for college; Pepsi funded for middle school bonds.   | No cost to HACP (Pepsi, Clean Slate)               | \$1,750 college, \$3,000 mid school in 2006. \$3,000 college, \$3,000 mid school in 2007.               |
| Manchester Youth Development Program<br><b>HACP Response: MYDC was not the vendor, HOU was the vendor.</b> | Operated by Housing Opportunities Unlimited (HOU) to provide FSS employment services for Manchester.  | \$80,000 - 2007<br>(Hope VI funds)                 | Unknown<br><b>HACP Response: Served 86 families in 2006.</b>  |
| Mobile Post Office   | Postal service for various hi-rise sites.   | No cost to HACP                                    | Unknown   |
| Neighborhood Housing Services  | Assists in FSS Home Ownership Program<br><b>HACP Response: Specifically providing Homebuyer Education Classes (HBE) and Credit Counseling</b>     | \$24,921.60 - 2007                                 | Unknown <b>HACP Response: 2007 HBE 154 attended, CC 125 enrolled.</b>                                   |

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| North Side Christian Health Center     | Health screening for tenants at Northview Hi-Rise and PA-Bidwell.  | No cost to HACP   | Served 689 residents - 2006<br>Served 524 residents - 2007   |
| Northview Heights Creative Arts Center | Produces audio/film for HACP ventures, provides dance, music, and AV training.   | \$181,410.00 - 2006<br>\$131,880.04 - 2007                          | 14 students - 2006<br>22 students - 2007   |
| No Strings Shop                        | Used clothing and furnishings distributed at no cost in Bedford Dwellings. Goods and services donated.   | No cost to HACP   | Serves 200+ resident families/year   |
| Oak Hill Youth Development Program     | Operated by Housing Opportunities Unlimited to provide youth services and interventions for ages 13-18.  | \$99,988.96 - 2007<br>(Hope VI funds)                               | Capacity to engage 50 youth.   |
| One Vision, One Life (OVOL)            | OVOL works with targeted communities to reduce/eliminate violence. One Vision was awarded a YSIF grant for FY 2007.  | \$150,000 - 2006<br>YSIF - 2007                                     | Responded to 56 incidents - (2006) Responded to 48 Incidents - (2007)  |
| Resident Employment and GED Program    | GED and work training, job placement. Part of REAL and FSS programs. Run by Bradley Partnership in 2007. Collaborations with Pgh. Partnership, Career Links, Sherwin Williams, Mistick, & various other local organizations. | No cost - 2006<br>\$85,756.25 - 2007                                | 536 enrolled - 2007, 248 employed (67 Section III, 181 private sector)<br>GED - 44 referred, 12 enrolled, 2 grads in 2006-2007 |
| Pancakes and Jesus                     | Breakfast program.   | No cost to HACP   | Serves 20 youth/year   |
| Primary Health Care                    | Health services for PA-Bidwell   | No cost to HACP   | Served 46 residents - 2006<br>Served 54 residents - 2007   |
| Scouting                               | Boy and Girl Scout fees - NV Heights.  | \$10,004 - 2006<br>BJWL - 2007                                      | 36 girls and 23 boys - 2006.<br>84 girls and 93 boys - 2007.   |
| Senior Living Enhancement (SLEP)       | On site senior services - case mgmt, nursing visits, medical referrals, in collaboration with the All. Co. Agency on Aging. Supported by Pittsburgh Foundation & Allegheny Co. PHA in 2006. Funded by ACHSD in 2007.         | \$149,994 - 2006<br>( Allegheny Co. Human Services contract - 2007) | 719 seniors - 2006<br>500 seniors (est) - 2007   |
| Technology Links                       | Computer Training - Manchester   | \$85,338.98 - 2006<br>\$16,896.13 - 2007<br>(Hope VI Funds)         | Unknown<br><br><b>HACP Response: Served 61 participants in program that spanned parts of 2006 and 2007.</b>                    |
| 3 Rivers Senior Center                 | Lutheran Service Society; Meals on Wheels, In-Home Help, etc at PA-Bidwell   | No cost to HACP   | Serves 25 residents/year   |

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| Umoya with Nia<br>(Unity with Purpose) | Peer group service, conflict resolution in Homewood North.<br>Contracted through Glade Run Lutheran   | \$49,283.05 - 2006                   | Served 21 youth - 2006   |
| UPMC Living at Home                    | Health screening and education in hi rise communities.  | No cost to HACP                      | Served 63 residents - 2006<br>Served 72 residents - 2007                                   |
| Urban Youth Action                     | Youth education & development.<br>Part of YSIF in 2007.   | \$32,210.08 - 2006<br>YSIF - 2007    | served 57 youth - 2006   |
| Ursuline Senior                        | Relocation services for displaced tenants (contractual); service coordinator for senior hi-rise population (Pgh. Foundation)  | \$20,000 - 2006<br>\$20,000 - 2007   | Three hi-rise populations relocated in 2006;<br>Two hi-rise populations relocated in 2007. |
| Wexford Medical                        | Health care services for NV Heights.  | No cost to HACP                      | Served 26 residents - 2006   |
| Woman Against Abusive Relationships    | HACP allows use of its facilities for counseling and housing when its shelters are full.  | No cost to HACP                      | Serves 25 women/year   |
| Youth Places                           | Mentor & sports for 13-18 year olds in Addison, St.Clair Village & NV Heights.  | \$171,161 - 2006<br>\$62,681 - 2007  | Served 425 youth - 2006<br>Served 378 youth - 2007   |
| Youth Works                            | Summer jobs/work skills training, serving Northview Heights & St. Clair Village.<br><br>YSIF program in 2007  | \$233,857 - 2006<br>YSIF - 2007      | Served 30 youth - 2006<br>unknown - 2007<br><b>HACP Response: Served 40 youth in 2007.</b> |
| Youth Services Investment Fund (YSIF)  | Fund projects to improve outcomes for 13-21 year olds, emphasis on career and academics. Operated by Pgh. Foundation & Mellon Investments, funded by \$5M HACP grant. Awards to Youth Works, Urban Youth Action, Youth Places, and One Vision, One Life collaboration for FY 2007 | \$220,000 - 2006<br>\$529,040 - 2007 | See individual vendors.  |
| Youth Sports Programming               | Provide activities for HACP youth 5-12 years old in collaboration with BJWL.  | \$18,502 - 2006<br>\$2,810.55 - 2007 | Served 656 youth - 2006<br>Served 700 youth (est) - 2007                                   |
| Zakar Empowerment                      | Tracking student progress for youth in Manchester using software program.   | \$50,000 - 2007<br>(Hope VI Funds)   | Unknown<br><b>HACP Response: Served 25 youth in 2007.</b>                                  |