


DREAM BIG

*The Housing Authority of the City of Austin
2006-2007 Annual Report*

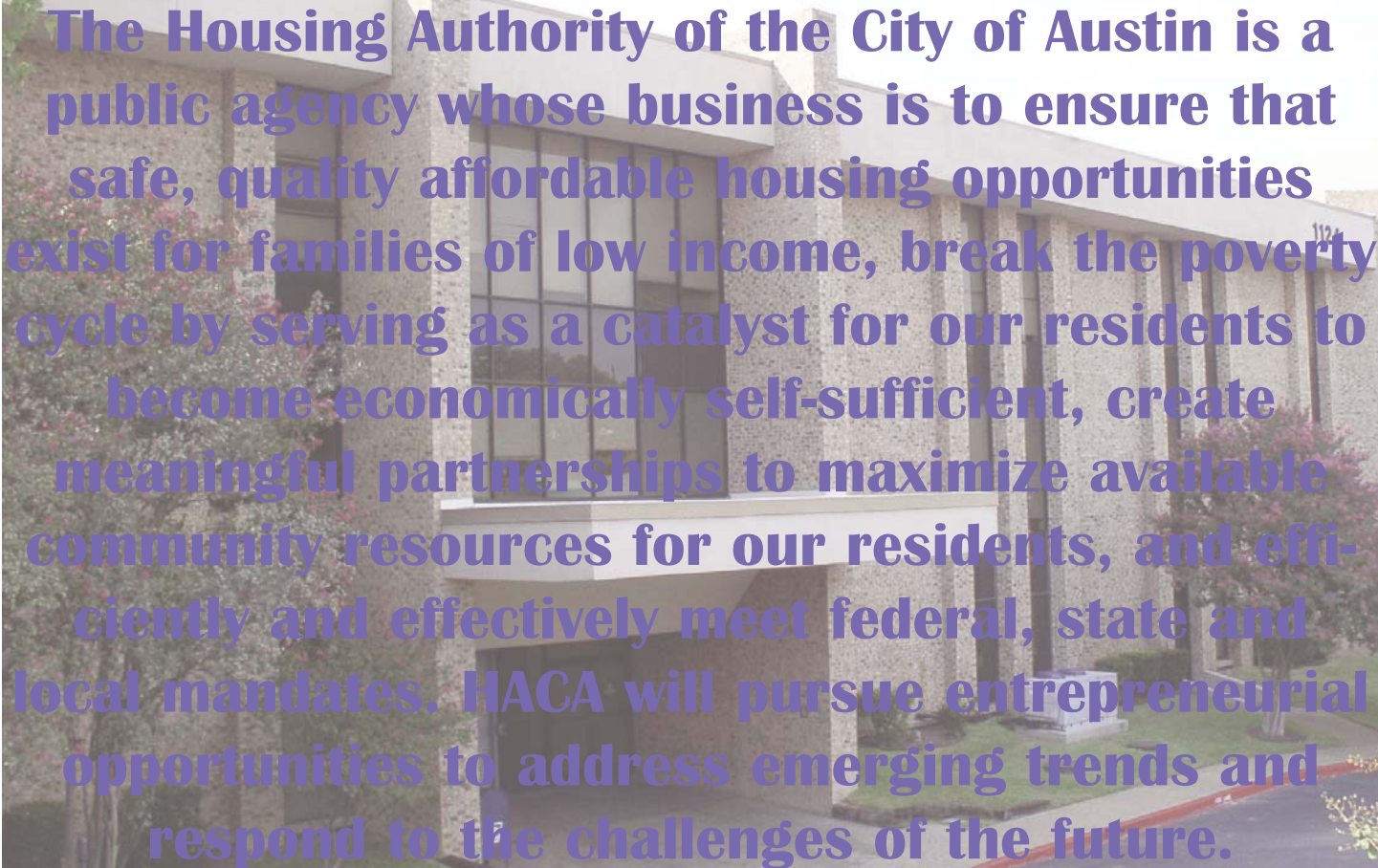


Booker T. Washington
Terraces
Est. 1953

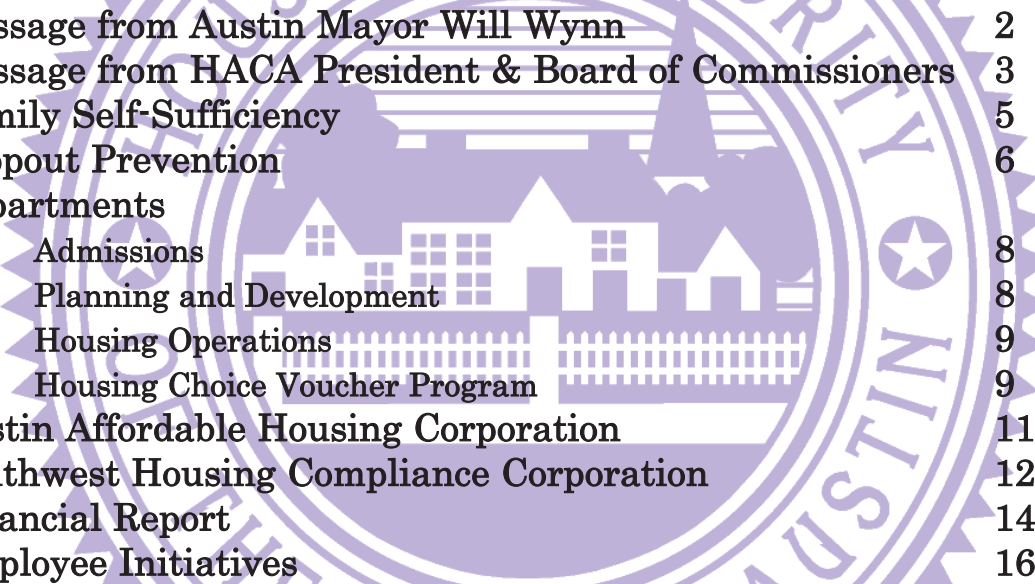
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THE HACA MISSION

The Housing Authority of the City of Austin is a public agency whose business is to ensure that safe, quality affordable housing opportunities exist for families of low income, break the poverty cycle by serving as a catalyst for our residents to become economically self-sufficient, create meaningful partnerships to maximize available community resources for our residents, and efficiently and effectively meet federal, state and local mandates. HACA will pursue entrepreneurial opportunities to address emerging trends and respond to the challenges of the future.



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The seal of the Housing Authority of the City of Austin is a large, circular emblem with a serrated outer edge. It features a central illustration of a city skyline with a prominent church steeple. The text "HOUSING AUTHORITY" is arched across the top, and "CITY OF AUSTIN" is arched across the bottom. A five-pointed star is positioned to the right of the central illustration.

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Message from Austin Mayor Will Wynn

Dear Commissioners and Staff of the
Housing Authority of the City of Austin,

I would like to take this opportunity to thank your agency for its dedication to affordable housing in Austin and its commitment to this community. The Housing Authority of the City of Austin works diligently to assist over 18,000 Austinites with their housing needs, and empowers economically disadvantaged residents with the tools to become self-sufficient.

The goals of HACA have piloted the agency to be highly recognized as a top performer, always exceeding expectations. These dreams become reality as HACA continues to grow through its non-profit agencies and new endeavors.

HACA encourages its residents to dream big through self-sufficiency, homeownership and scholarship programs. The agency also enhances the lives of HACA youth with dropout prevention programming and extensive community partnerships.

This year, I witnessed HACA's continuing success in the community as the agency won The Star of Texas award from the Greater Austin Chamber of Commerce for its efforts in supporting education. Your continuing modernization and beautification efforts have tied HACA properties into their surrounding neighborhoods and instill a sense of pride for those who reside in public housing.

I commend the agency for its outstanding work and support of this great city. As your 70th anniversary approaches, the housing authority remains an invaluable resource to Austin.

Regards,



Will Wynn
Mayor



Will Wynn,
Mayor

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To the Community of Austin,

We, the president and Board of Commissioners for the Housing Authority of the City of Austin, are pleased to present our 2006-2007 annual report.

“Dream Big” represents the mindset in which this agency embarks on its mission to provide safe, decent affordable housing to the 18,000 Austinites we serve and the numerous individuals awaiting assistance. A dream is only as great as the reality that follows. HACA strives to generate immense realities from each vision, assuring that our agency exceeds its expectations and pioneers new ventures in affordable housing.

This year’s report illustrates the dreams HACA has molded into realities and vehicles we provide for individuals and families to reach their goals. Resident self-sufficiency, home-ownership, education, scholarships and employment are soaring as we enhance the programs we offer.

Many of these programs are made possible by funds generated by HACA’s non-profit subsidiary, the Southwest Housing Compliance Corporation. SHCC, now in its seventh year of operation, is recognized by the U.S. Department of Housing and Urban Development (HUD) as one of the top project-based contract administrators in the country and continues to receive excellent compliance reviews.

Austin Affordable Housing Corporation, HACA’s second non-profit subsidiary, established a second resident homeownership program in 2006. AAHC’s real estate portfolio continues to blossom with both apartment complexes reaching maximum occupancy and national business chains capitalizing on the location and space of the shopping center.

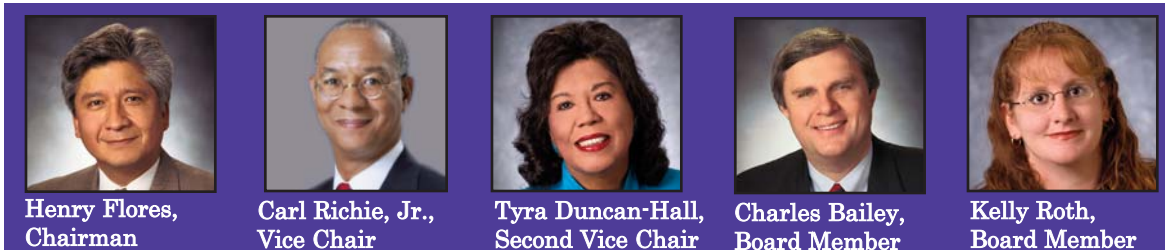
With the combined efforts of every staff member, this agency is able to make a significant, positive impact on our residents- helping to break the poverty cycle. We would like to thank our community partners, resident councils and Citywide Advisory Board for their contributions to those HACA serves. This agency will remain dedicated to creating and sustaining healthy communities that promote individual responsibility, economic growth, human dignity and hope for the future, but we have only begun to “Dream Big.”

Sincerely,

Henry Flores
Carl Richie, Jr.
Tyra Duncan-Hall
Charles Bailey
Kelly Roth
James Hargrove



**James Hargrove,
President & CEO**



**Henry Flores,
Chairman**

**Carl Richie, Jr.,
Vice Chair**

**Tyra Duncan-Hall,
Second Vice Chair**

**Charles Bailey,
Board Member**

**Kelly Roth,
Board Member**

Message from HACA President &
Board of Commissioners

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Family Self-Sufficiency

For many of the agency's success stories, the basis of these stories comes from the efforts of our residents and dedicated community partners. Empowering our residents with a mindset that they can and will accomplish their dreams is made possible through various Family Self-Sufficiency (FSS) programs. The supportive services offered through the Family Self-Sufficiency program continue to expand each year and the commitment of staff to encourage and guide the participants to meet and often exceed their established goals revolves around the agency's mission.

Since its inception, the FSS program has watched 52 residents graduate with over \$467,000 in combined escrow money. The program participants sign a five-year contract and agree to make a concerted effort to achieve economic independence and reach the goals set forth by themselves and staff. A contract is executed based on the rent the family is paying at the time the contract is signed. As the family's rent increases due to earned income from gainful employment, a percentage of their rent increase is matched and credited monthly to an escrow account. The escrow account accumulates until the individual reaches their goals and graduates from the program. The highest escrow earned by an individual while in the program was nearly \$28,000.

Seizing an opportunity to recognize the successes of the FSS members, the agency hosts the annual FSS Banquet for those participants who are graduating from the program or have met several of their goals. This year HACA incorporated the Homeownership Program into the banquet to recognize residents who have entered into homeownership. State Farm Mutual Automobile Insurance Company partnered with HACA to enhance the Homeownership program through the award of the State Farm Good Neighbor Citizenship Fund. This \$15,000 grant assists HACA residents who become first-time homeowners. The partnership looks to promote asset growth among first-time homeowners to ensure long-term self-sufficiency.

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Dropout Prevention

Over 1,800 school-aged youth live in public housing and providing a place to rest their heads at night is only the beginning of HACA's commitment to ensure these children are given a better future. HACA believes it serves a larger purpose in the lives of its residents. The agency is dedicated to breaking the poverty cycle by serving as a catalyst for residents to become economically self-sufficient. The process of breaking the cycle begins with education.

In order to ensure more children of public housing grow up to be educated, self-sufficient adults, HACA focuses its youth-related efforts to promote school success through the creation of its own Drop Out Prevention program. This program supports keeping children in school through several programs directed at the different aspects of education. HACA financially supports many community-wide programs that promote students to progress academically and intellectually in preparation for graduation and personal successes. Programs important to the success of drop out prevention are Communities in Schools Case Management, Communities in Schools – SMART Kids Tutoring Program, Youth Academic Incentive Program, school supply distribution and HACA/SHCC School Mentoring Partnership.

Additionally, enrichment through music has also played a vital role in establishing a foundation for our youth. Armstrong School of Music hosts several camps throughout the year exposing the youth we serve to a variety of artistic forms and expressive environments. These camps showcase the creativity of our youth in a vibrant and melodic way and affords them the opportunity to be taught the fundamentals of music.

Learning a variety of life skills through the Boy Scouts and Girl Scouts provides for self-discipline and leadership. Through a creative partnership with the Austin Police Department, officers volunteer their time as leaders and mentors to these troops. Various field trips to include fishing excursions and other special events throughout the school year and holidays are scheduled providing unique occasions for the youth to bond with the heroes of our community.

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Admissions

As the gateway to the Public Housing and Housing Choice Vouchers programs, the Admissions department is responsible for the intake of applications, the processing and screening of applicants, the assignment of new residents to a public housing unit or a housing choice voucher, and the reassignment and transfer of units within the Public Housing program.

The department manages the waitlists for both the Public Housing and Housing Choice Voucher programs. The public housing waitlist consists of over 4,000 applicants. Families are assigned a public housing unit based on local preferences and family composition. Staff efficiently processes tenant files and assigns all units based on first availability. The average public housing unit turnaround time for the 2006-2007 fiscal year is 16 days with an occupancy rate of 99%.

The Housing Choice Voucher waitlist was reopened in July of 2006. Those who received a local preference and were successfully screened began to receive a Housing Choice Voucher in January of 2007. The waitlist currently has over 5,800 applicants.

On average 100 families are invited for orientation to either program on a monthly basis. Families are provided with an overview of the services the agency has to offer. Over the past year, the agency created a new service to provide financial assistance for public housing applicants whose only obstacle to receive public housing is a utility debt. The agency will pledge an amount, up to \$150, to eliminate any debt owed to utility providers, thus ensuring families are able to establish utility services in their own names and be assigned a unit that they can call “home.”

Planning & Development

The Planning & Development department manages the Capital Fund Program, a grant provided to authorities by HUD, for the continuing renovation and rehabilitation of existing public housing units, as well as regulatory compliance, emergency work, and projects beyond the scope of routine maintenance.

Additionally, the department also oversees an Energy Performance Contract, begun in 2001, and the first of its kind for a Texas housing authority. In the contract's first five years, HACA saved more than \$1.2 million in water expenses and more than 125 million gallons of water!

This year, HACA's dream of a larger administrative facility, housing all agency departments and operations, was finally realized. After an appropriately sized building was selected and purchased, the department designed, solicited, and implemented three phas-

es of construction to complete all planned renovations. The agency moved in, on time, a few months later.

The Planning and Development department's philosophy, with regard to modernization efforts, is to provide the best value for HACA and its customers, while maintaining a viable, sustainable and attractive community that blends with its surrounding neighborhood. Projects completed this year include: nine units renovated specifically for persons with disabilities, completion of the Booker T. Washington exterior renovations, exterior repairs and painting of Georgian Manor and Bouldin Oaks, roofing replacements at Georgian Manor and Northgate, and renovation of spaces shared with a number of HACA's partnering entities that provide continuing education classes and various social services.

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Housing Operations

A strongly unified department, built on teamwork with an emphasis on customer service, the Housing Operations department strives to engage and encourage public housing residents to become involved in their housing community. The department operates HACA's 1,928 units of conventional public housing on 19 developments throughout Austin. Housing Operations works diligently to heighten the image of public housing, while providing the best living conditions possible.

Through unique and innovative initiatives, the department fosters a sense of pride in the lives affected by public housing.

An On-Time Rent Drawing is held monthly at each property. The winner receives a home-improvement related prize. Since the program's inception, on time rent payments have dramatically increased. Good Housekeeping Awards are the department's unique, pro-active initiative to promote proper care of

units. The best housekeepers on each property are rewarded with a bucket of cleaning supplies or a gift card.

HACA continues to provide after-hours security at many public housing sites and to work closely with the Austin Police Department to create safe environments on all properties. Through the APD partnership, Drug Free Zones were implemented on each site to deter drug-related criminal activity. The penalty for such activity is adjusted from a minor infraction to a felony and possible jail time. In addition to the Drug Free Zones, APD provides ongoing training and information regarding criminal activity within and around HACA properties. Thus, this cooperation enables staff to work more effectively with the police department to quickly remove criminal elements from all properties. HACA strives to make each property a safe and decent place to call home.

Housing Choice Voucher Program

The Assisted Housing department's primary goal is to provide eligible families an opportunity to afford quality housing in the private rental market by administering the Housing Choice Voucher Program (HCV). This program is federally funded by the U.S. Department of Housing and Urban Development (HUD) and assists participants with their rent, while emphasizing choice in housing options.

The HCV program is managed with an emphasis on efficient customer service to provide quality housing to the maximum number of eligible Austin families. Since February 1997, the program has increased in size from 2,203 to 5,023 vouchers. One hundred percent of available funds are consistently utilized each year.

Vouchers are in high demand; and in July 2006, HACA realized just how large the demand had

become. The Assisted Housing department held its first Section 8 wait list opening in five years. The three-day event drew a great deal of interest, not only from families needing assistance but by local media, too. The department accommodated elderly and disabled with a phone application request line. The wait list opening was executed extremely efficiently, with over 6,000 applications submitted during the three-day event.

The program's success has earned HACA high marks from HUD's annual Section 8 Management Assessment Program (SEMAP) evaluation. In 2006, HACA remained a high performer for the fifth consecutive year with a score of 100%.

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One of the 17 homes purchased through the AAHC Down Payment Assistance Program.

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Austin Affordable Housing Corporation

The Austin Affordable Housing Corporation desires to ensure and maintain quality, affordable housing opportunities, and continues to pursue entrepreneurial endeavors while securing long-term financial support for resident programs.

AAHC's real estate portfolio continues to blossom with its current inventory of apartment complexes holding at near 100% occupancy. AAHC continues to search for new multi-family acquisitions to create additional revenue while maintaining affordable housing. AAHC's shopping center continues to attract high profile businesses that are capitalizing on this excellent location and adding valuable resources to the community it serves.

In 2006, AAHC brought to life the Lease-to-Own program, its second program dedicated to breaking the poverty cycle by creating additional homeownership opportunities. This program allows low-income individuals a chance to choose their home that is purchased by AAHC and leased back to the individual while they work on improving their credit. The resident has up to 24 months to obtain their own financing and purchase the home outright. This program was made possible by a partnership with Citibank, Texas, and a \$1 million revolving Line of Credit to support the program.

AAHC continued its success with its Down Payment Assistance Program closing 17 transactions through 2006. The program strives to offer residents information, support and guidance while they stay on the path to homeownership. Through mandatory financial literacy classes, residents learn the skills of basic money management, banking tools, establishing credit, credit repair, communication with lenders and title companies, shopping for a deal, closing the contract and post-homeownership counseling. With funds from AAHC and State Farm, \$11,000 in down payment assistance is provided to qualified applicants. Residents who feel they are ready to become self-sufficient and purchase a home are encouraged to enter the program.

With the consolidation of HACA to its current location, AAHC procured leases for approximately 36,000 square feet of office space. Leasing to a combination of both for-profit companies and non-profit agencies, AAHC was able to create additional revenue streams through its leases while providing affordable space to the Austin Tenant's Council, The Austin Academy and Communities for the Homeless.

The goal of Austin Affordable Housing Corporation remains the same. To continue to develop and secure revenue streams while never losing site of its mission to create affordable living opportunities for residents of HACA. The year 2007 promises to be a banner year as several new projects will be launched that will help continue to achieve its goals.

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Southwest Housing Compliance Corporation

In the late 1990's, the Housing Authority of the City of Austin began to dream of creating a non-profit subsidiary capable of generating a revenue stream to supplement the agency's federal funding. This dream was fulfilled when the Southwest Housing Compliance Corporation (SHCC) was awarded a Department of Housing and Urban Development compliance contract for the State of Texas in 2000. Its successful beginning laid the groundwork for SHCC to be awarded the compliance contract for Arkansas in 2003.

As an agency committed to low-income families, SHCC prides itself on ensuring federally subsidized Project Based Section 8 programs are maintained at the highest upkeep of federal policy and compliance. While serving as the Project Based Contract Administrator for approximately 65,000 project based Section 8 units, SHCC successfully meets and exceeds both contractual and industry related expectations. Since its inception, SHCC assets have retained or exceeded their value and for seven years SHCC has been a top performing PBCA.

SHCC primary mission is to ensure all properties within its jurisdiction are safe, attractive affordable housing. The organization strives to ensure the requirements and the inter-workings of property management are balanced with the social service needs of each property. The outcomes are properties recognized as homes by residents, not just an apartment complex.

The revenue stream generated by SHCC allows HACA to amplify its efforts throughout the community it serves. The Resident Scholarship program, funded by SHCC, has awarded over \$300,000 in scholarships in six years. HACA's dropout prevention and family self-sufficiency programs are capable of providing more services due to additional funding provided by SHCC.

SHCC is more than a contractor; it's an organization going beyond its purpose to positively affect change at its properties, working closely with HACA.

STATISTICS

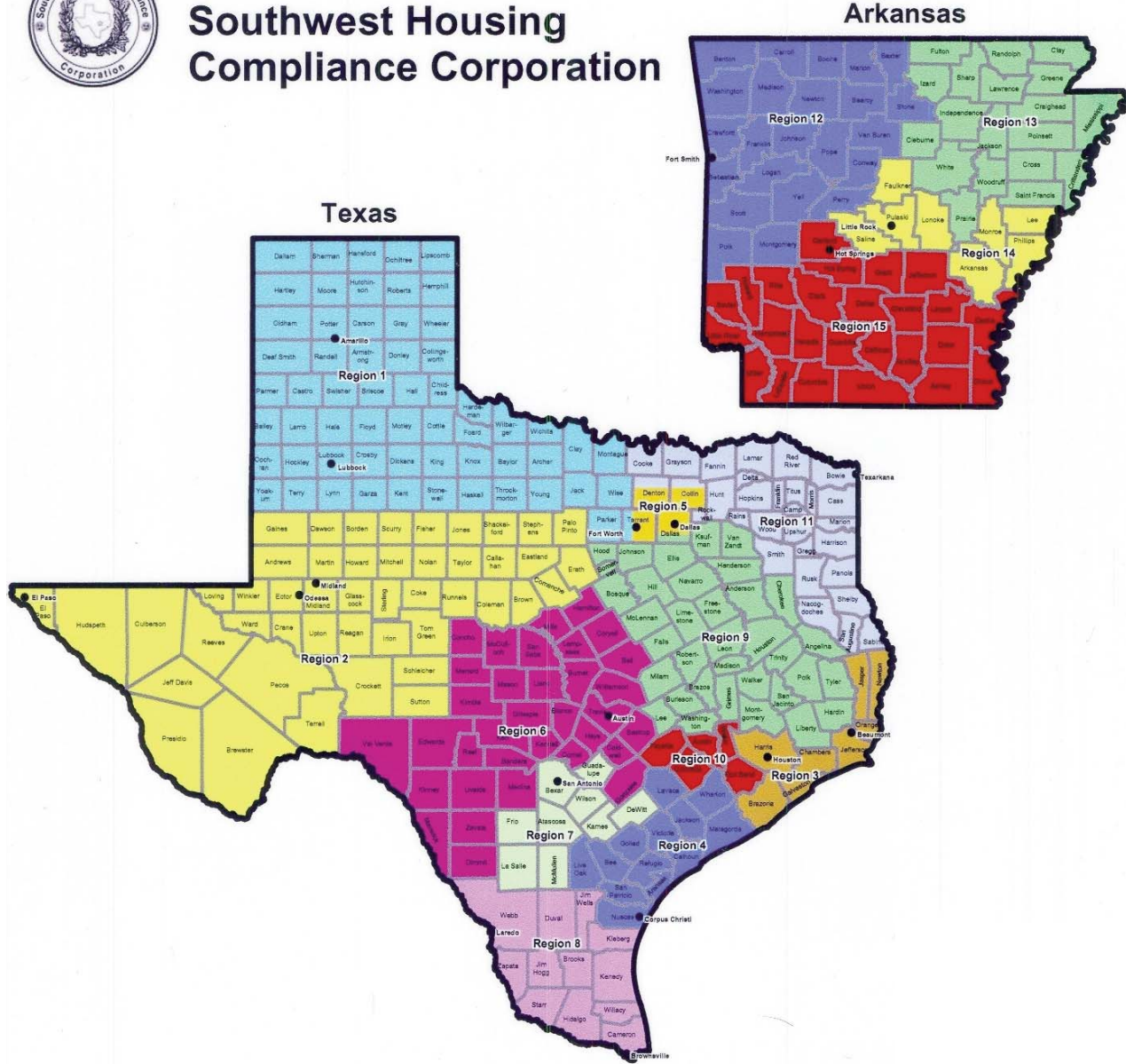
- ◆ **7 years operating**
- ◆ **629 Texas properties**
- ◆ **42,454 units**
- ◆ **239 Arkansas properties**
- ◆ **10,068 units**
- ◆ **868 total properties**
- ◆ **52,522 total units**



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Southwest Housing Compliance Corporation



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Combined Balance Sheet as of March 31, 2007

ASSETS

Current Assets

Cash and cash equivalents	\$11,888,081
Investments	341,848
Receivables -- net	3,377,618
Inventories -- net	109,844
Prepaid expenses and other assets	667,448
Interprogram due from	2,260,6682
Total current assets	\$ 18,645,521

Noncurrent Assets

Restricted cash and cash equivalents	\$ 2,194,028
Capital assets:	
Land	9,311,746
Building and equipment	117,697,600
Construction in progress	4,112,990
Less accumulated depreciation	(81,564,168)
Capital assets, net	49,558,168
Other noncurrent assets	36,609
Total noncurrent assets	\$ 51,788,805

TOTAL ASSETS	\$ 70,434,326
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LIABILITIES

Current Liabilities

Accounts payable	\$ 422,642
Accrued liabilities	950,751
Intergovernmental payables	2,564,360
Tenant security deposits	464,776
Deferred revenue	99,117
Bonds, notes and loans payable	2,159,772
Interprogram due to	2,260,682
Total current liabilities	\$ 8,922,100

Noncurrent Liabilities

Bonds, notes and loans payable	\$15,782,759
Accrued compensated absences non-current	309,925
Noncurrent liabilities -- other	390,035
Total noncurrent liabilities	\$ 16,482,719

TOTAL LIABILITIES	\$ 25,404,819
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NET ASSETS

Invested in capital assets, net of related debt	\$ 31,615,637
Unrestricted net assets	13,413,870

TOTAL NET ASSETS	\$ 45,029,507
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Combined Statement of Revenues, Expenses and Changes in Fund Net Assets for the
Fiscal Year Ended March 31, 2007

OPERATING REVENUES

Tenant revenue	\$ 5,419,095
Government operating grants	71,279,498
Other revenue	1,403,328

TOTAL OPERATING REVENUES

\$ 78,101,921

OPERATING EXPENSES

Administrative	\$ 15,921,380
Tenant services	2,290,342
Utilities	2,821,036
Maintenance	5,082,171
Protective services	593,351
General	915,674
Housing assistance payments	44,869,382
Depreciation	4,179,228

TOTAL OPERATING EXPENSES

\$ 76,672,564

OPERATING INCOME (LOSS)

\$ 1,429,357

NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	\$ 453,846
Interest expense	(917,915)
Total nonoperating revenues (expenses)	\$ (464,069)
Income (loss) before contributions and transfers	965,288
Capital grants	\$ 1,933,955
Change in net assets	2,899,243
Total net assets -- beginning	\$42,130,264

TOTAL NET ASSETS -- ENDING

\$ 45,029,507

Financial Report

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We, the Housing Authority of the City of Austin, dedicate ourselves to creating and sustaining healthy communities that promote individual responsibility, economic growth, human dignity and hope for the future.

Employee Initiatives

Employees of the Housing Authority of the City of Austin are very familiar with dreaming big. HACA is consistently recognized as one of the top performing housing agencies in the nation. The dedication we provide our residents is unmistakable, as the agency strives to ensure safe, quality affordable housing opportunities exist for families of low income, in addition to creating meaningful partnerships to maximize available community resources for our residents. In a reflection of the agency's success, all goals set for 2006 were accomplished.

In acknowledgement of the hard work and commitment of the diverse HACA, SHCC and AAHC staff, the Employee Recognition Committee continues to recognize employees nominated for outstanding service through the Employee of the Quarter program, as well as Employee of the Year. Votes, cast by all employees of the agency, provide a true indication of employee accomplishments.

An employee fund, operated by the ERC, finances an array of team building activities for the staff including a year-end Christmas party, Thanksgiving luncheon and annual company picnic. Events allow employees from all departments the opportunity to socialize and meet co-workers' families, while celebrating the vast accomplishments of the organization.

Investing in the support and recognition of our staff is of great importance. Valuing the hard work, dedication and innovative solutions contributed by our employees is paramount to achieving high morale and offering a work culture valued by all.

Lisa Romanowski
Employee of the First Quarter



Marcia Clark
Employee of the Second Quarter and Employee of the Year



Diana Trimino
Employee of the Third Quarter



Rudy Ayala
Employee of the Fourth Quarter



James Hargrove
President & CEO



Thomas Cherian
VP & CFO



Lisa Garcia
VP of Assisted Housing



Ron Kowal
VP of Housing Development



Veronica Macon
VP of Community Development



Sylvia Blanco
VP of Housing Operations

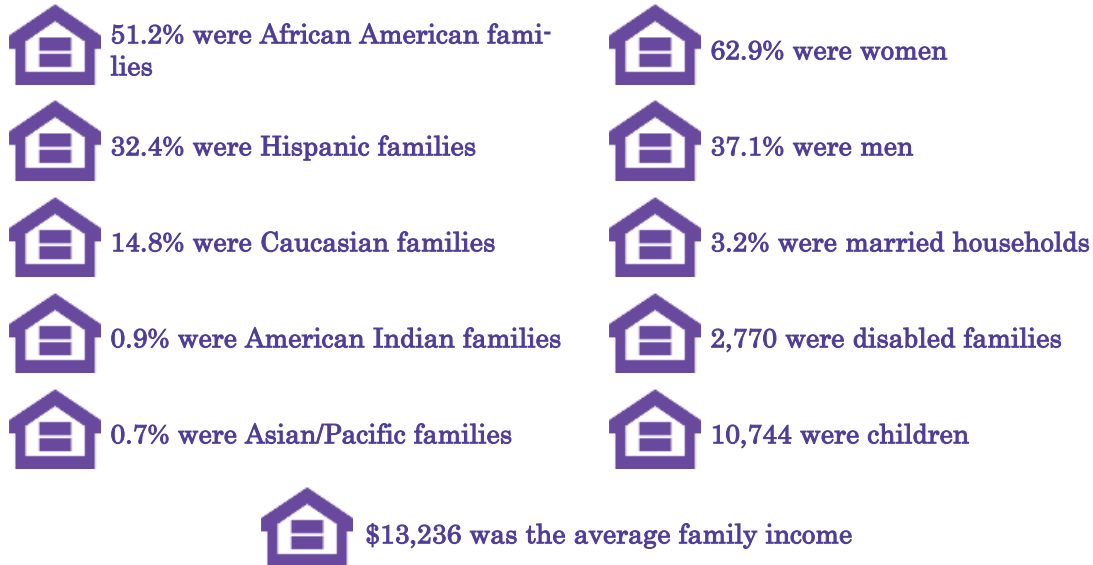


Michael Cummings
VP of Asset Management

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The provided statistical breakdown reflects the 2006-2007 fiscal year ending March 31, 2007.

HACA housed 19,612 Austinites consisting of 7,254 families



For more information, please contact one of the following housing authority representatives:

President and CEO -- James Hargrove, jimh@hacanet.org
Vice President of Assisted Housing -- Lisa Garcia, lisag@hacanet.org
Vice President and CFO -- Thomas Cherian, thomasc@hacanet.org
Vice President of Housing Operations -- Sylvia Blanco, sylviab@hacanet.org
Vice President of Community Development -- Veronica Macon, veronicam@hacanet.org
Vice President of Housing Development -- Ron Kowal, ronk@hacanet.org
Vice President of Asset Management -- Michael Cummings, michaelc@hacanet.org

Who Does HACA Serve?

The Housing Authority
of the City of Austin
P.O. Box 6159
Austin, TX 78762