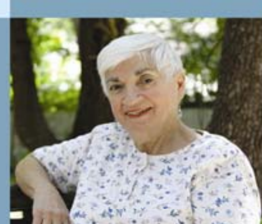
Atlanta Housing Authority
Moving to Work Annual Report

Fiscal Year Ended June 30, 2007
Healthy Mixed-Income Communities

Atlanta Housing Authority



Approved by the Atlanta Housing Authority
Board of Commissioners
August 29, 2007

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CORPORATE MESSAGE

Healthy Mixed Income Communities…

A vision that continues to be more fully realized with each passing year of the Atlanta Housing Authority's (AHA) efforts under its Moving to Work (MTW) CATALYST Implementation Plan. As AHA concludes the fourth year of its seven-year MTW Demonstration period, the agency continues to make great strides in developing and setting forth an affordable housing framework that embodies the following key guiding principles:

1. End the practice of concentrating the poor in distressed, isolated neighborhoods;
2. Create healthy communities using a holistic and comprehensive approach to ensure long-term marketability and sustainability of the community and to support excellent outcomes for families especially the children – emphasis on excellent, high performing neighborhood schools and excellent quality of life amenities, such as first-class retail and green space;
3. Create mixed-income communities with the goal of creating market rate communities with a seamless affordable component;
4. Develop communities through public/private partnerships using public and private sources of funding and market principles;
5. Support residents with adequate resources to assist them in the achievement of their life goals, focusing on self-sufficiency and the educational advancement of their children.

MTW continues to afford AHA the opportunity to test, design and evaluate innovative approaches to providing affordable housing through the regulatory relief and flexibility from the provisions of the United States Housing Act of 1937, as amended and related regulations and agreements. AHA has also used this relief to work closely with the U.S. Department of Housing and Urban Development (HUD) in the development of a number of high level protocols and procedures for implementing AHA's CATALYST Implementation Plan activities in alignment with AHA's MTW Agreement with HUD. Through this process, AHA has been able to further attract and engage the private sector development community; is expanding the availability of affordable housing opportunities in desirable neighborhoods; and is building on efforts to connect families to more long term, sustainable housing options in the City of Atlanta.

MTW has allowed AHA to move exponentially toward its vision of healthy mixed-income communities as well as its mission to provide quality, affordable housing for the betterment of the community. Through this report and other related documents that follow, it is our hope that the merits of MTW will be sustained and institutionalized to the extent that it continues to offer housing authorities the ability to raise the standard of delivery of affordable housing to the benefit of low-income families.

EXECUTIVE SUMMARY

AHA's FY 2007 MTW Annual Report (Annual Report) presents the agency's performance and accomplishments using its MTW regulatory flexibility during fiscal year ended June 30, 2007. Successes achieved during the past fiscal year continually remind us of the critical importance of MTW and its impact on AHA's work in building the long-term viability of the agency; providing affordable housing opportunities in quality, sustainable communities; and most importantly, creating opportunities for our most valued customers – the clients we serve.

Particular outcomes of interest highlighted in this report include:

Expanding Quality Affordable Housing

- AHA and its private sector development partners consummated four financial closings during FY 2007. Construction commenced on four multifamily residential rental apartment communities with a total of 646 apartments of which 243 are Authority assisted.
- AHA entered into ten-year renewable project-based rental assistance contracts with 20 private owners relating to 1,445 apartments of which eight are elderly and 12 are family properties.

Economic Viability

- The number of minimum renters in AHA's affordable communities decreased by 51% resulting in an additional $616,502 in income for AHA for the fiscal year ended June 30, 2007.
- Earned $2 million in developer and transaction fees during FY 2007

Human Development and Support Services

- Work/program participation compliance is 83% at AHA's Affordable Communities with only 376 non-compliant households remaining
- Ongoing case management and support services were provided to 3,174 families impacted by revitalization and relocation activities to help families achieve successful outcomes and stabilize in their new living environments

In addition, AHA continued its High Performance Status providing housing assistance to 17,441 families through AHA-owned family and senior communities, quality affordable housing in the private market, and AHA-sponsored mixed-income communities owned and managed by public/private partnerships.

The presentation of outcomes and achievements under this report are aligned according to AHA's four business lines: (1) Real Estate Development & Acquisitions, (2) Real Estate Management, (3) Housing Choice Administration, and (4) Asset Management. AHA's corporate infrastructure, financial and reporting systems, information technology environment, and human resources activities are implemented as Corporate Support and various outcomes under these supporting activities are also included.

Real Estate Development and Acquisitions

Before

Healthy Mixed Income Communities

Environment Matters!

FY 2007 MOVING TO WORK ACCOMPLISHMENTS

REAL ESTATE DEVELOPMENT & ACQUISITIONS

Real Estate Development & Acquisitions (REDA) is the chief business line responsible for the repositioning of AHA's obsolete public housing. Repositioning involves the creation of viable and sustainable mixed-income communities in partnership with professional private sector developers. Critical to the success of this effort is REDA's excellent management and administration of HUD funding sources. REDA fosters and promotes public sector support on behalf of AHA by managing the interface at the federal, state and local level with HUD, the State of Georgia, the City of Atlanta and related agencies, Fulton County, Atlanta Public Schools, and other public and quasi-public bodies. Engaging the private sector development community and the expertise this group brings to the success of AHA's strategic business plan is another facet of REDA's work from pre-development activities throughout the development process. REDA ensures that the goals and objectives of the various revitalization plans guided by AHA's vision for the revitalized communities and surrounding neighborhoods are achieved. REDA is also responsible for implementing other strategies that increase the supply of quality affordable housing for low income working families, seniors, and persons with disabilities.

Strategic Direction. In partnership with excellent private sector developers, AHA is deploying various strategies to increase the supply of quality affordable housing in mixed-income communities. These strategies include but are not limited to:

- The implementation of revitalization projects utilizing and leveraging HOPE VI and other HUD development grants;
- Investing MTW Block Grant Funds and/or Project Based Rental Assistance in privately owned multifamily properties in order to promote and support the development and/or rehabilitation of mixed-income communities where a percentage of the rental units in the community are reserved for assisted residents;
- Making similar investments in quality affordable supportive housing for seniors and persons with disabilities; and
- Acquiring land for the future development of affordable housing opportunities and in support of the revitalization of communities and neighborhoods.

Over the past five years, the Atlanta metropolitan area has experienced substantial development growth in the housing market. AHA is using the flexibility it has under the MTW Agreement to take advantage of the opportunities in this very dynamic market through a two-prong approach comprised of investment flexibility and project based rental assistance strategies that improve affordable housing opportunities and economic outcomes for low income families, seniors and persons with disabilities; enhance the competitive edge of AHA's development activities in partnership with private developers and investors; and promote the long-term economic viability and sustainability of the organization.

FY 2007 MTW ACCOMPLISHMENTS – REAL ESTATE DEVELOPMENT & ACQUISITIONS

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• Need for additional quality affordable housing units in market competitive, mixed-income communities • 1937 Housing Act regulations create barriers to AHA in taking full advantage of robust real estate market	• MTW gives AHA flexibility to invest MTW funds and project-based rental assistance in privately-owned properties • AHA's MTW Agreement establishes a streamlined development process protocol • MTW relief allows AHA to invest MTW Block grant funds into development deals • MTW Relief provides AHA with the flexibility to use project-based vouchers as a development tool ensuring a continued balance of the mix of incomes at mixed income properties	Progress during FY 2007 under HOPE VI Revitalization Plans include: • Leveraged over $19.8 million in Federal funds with over $48.4 million in funds from private sources toward advancing various phases of the development of three master-planned, mixed use, mixed-income communities • Acquired /financed the acquisition of 15 parcels of land totaling roughly 4.96 acres to support the revitalization of three master-planned, mixed use, mixed-income communities • Closed 14 single family home purchases for former residents of AHA communities as part of the ROSS Homeownership Program • Closed 54 single family home purchases as part of the HOPE VI revitalization program: sold 25 affordable and 29 market rate • Demolished 128 obsolete public housing units at McDaniel Glenn and 21 Turnkey III homes as part of the Grady Homes HOPE VI revitalization • Earned $2 million in developer and transaction fees	• Creation of quality affordable housing seamlessly in healthy mixed-income communities • AHA is more nimble in taking advantage of robust Atlanta real estate market • Enhanced and strengthened relationships with private sector developers in producing quality mixed-income housing opportunities

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
		• Submitted three tax credit applications totaling approximately $1.7 million representing approximately $20.7 million in equity • Received four tax credit awards totaling over $3 million representing at least $36 million in equity	

REAL ESTATE DEVELOPMENT & ACQUISITIONS SUPPORTING ACTIVITIES

A. Quality Living Environments

Priority Projects:

A1. Repositioning. AHA continues to reposition its conventional public housing assisted properties in partnership with private sector development partners. Repositioning may involve any one or a combination of the following strategies: (1) major revitalization using HUD funds as seed capital to attract private sector development interest and private investment; (2) major revitalization using vouchers (obtained from opting-out of the public housing program) and the value of the land as seed capital and equity to attract private investment; (3) sale; (4) land banking; or (5) acquisitions.

Following is the status of major revitalizations underway and their progress as of fiscal year ended June 30, 2007:

Capitol Homes Revitalization: The Capitol Homes Revitalization Plan includes 543 new, mixed income rental of which 64% are affordable and 370 for-sale housing opportunities of which 38% are affordable. There is neighborhood-based retail, new infrastructure, streets, sidewalks, and streetscapes. Central to the revitalization is the "learning village" concept to include the repositioning of Cook Elementary School as a technology magnet school.

During FY 2007, AHA and its private sector development partners completed construction of various phases and began lease-up. Construction was underway in other phases. The following is a description of the status of the active phases within the Capitol Homes Revitalization project:

- **Columbia Senior Residences at MLK Village, (Phase II)**
  A total of 122 units are completed of which 21% market rate and 79% of the apartments are tax credit with project-based rental assistance. Each unit is specifically allocated for senior occupancy.

- **Capitol Gateway I, (Phase III)**
  A total of 269 multi-family rental apartments are completed of which 33% are tax credit with public housing assistance, 39% are market rate, and 28% are tax credit only.

- **Capitol Gateway II, (Phase IV)**
  As of fiscal year ended June 30, 2007 there were 152 multi-family rental apartments under construction of which 32% are tax credit with public housing assistance, 40% are market rate, 17% are tax credit only, and 11% are tax credit with project-based rental assistance.

<u>Carver Homes Revitalization:</u> The Carver Homes Revitalization Plan calls for the development of 851 mixed income rental apartments of which 76% are affordable and 62 single-family homes of which 100% are affordable. This community builds on the live, work, play concept encompassing approximately five acres of retail/commercial space, an on-site state-of-the-art YMCA and baseball academy and recreational space that includes a greenbelt linking the entire development.

During FY 2007, AHA and its private sector development partners completed construction of various phases while other phases continued to have units under construction. Following is a description of the status of the active phases within the Carver Homes Revitalization project:

- **Veranda at Villages at Carver (Phase VIII)**
  The construction of 90 senior rental apartments was completed as of June 30, 2007, of which 21% are market rate, 17% are tax credit only, and 62% are tax credit with project-based rental assistance.

- **Villages at Carver Phase V**
  As of fiscal year ended June 30, 2007 there were 165 multi-family rental apartments under construction of which 47% are tax credit with public housing assistance, 26% are market rate, and 27% are tax credit only.

<u>McDaniel Glenn Revitalization:</u> McDaniel Glenn is being redeveloped using principles of "*New Urbanism*" to create a walkable, mixed-use neighborhood. Features will include mercantile architectural elements, new infrastructure for streets, sidewalks streetscapes and improvements to the community park. The neighborhood elementary school and community center will be reconstituted to interconnect with the development of the new community. Redevelopment plans include 833 multi-family, mixed income rental apartments of which 77% are affordable and 297 homeownership opportunities of which 23% are affordable.

During FY 2007, AHA and its private sector development partners completed construction of various phases while other phases continued to have units under construction. The following is a description of the status of the active phases within the McDaniel Glenn Revitalization project:

- **Columbia Mechanicsville Apartments, (Phase II)**
  As of fiscal year ended June 30, 2007 there were 174 multi-family rental apartments under construction of which 36% are tax credit with public housing assistance, 27% are market rate, 17% are tax credit only, and 20% are tax credit with project-based rental assistance.

- **Columbia Senior Residences at Mechanicsville (Phase III)**
  As of fiscal year ended June 30, 2007 there were 155 senior rental apartments under construction of which 35% are tax credit with public housing assistance, 3% are market rate, 12% are tax credit only, and 50% are tax credit with project-based rental assistance.

- **Mechanicsville Apartments 3 (Phase IV)**
  Received a tax credit award totaling $750,000 representing approximately $9 million in equity.

- **Mechanicsville Apartments 4 (Phase V)**
  Received a tax credit award totaling $750,000 representing approximately $9 million in equity.

Grady Homes Revitalization: The Grady Homes Revitalization Plan includes a wonderful dynamic, mixed use, mixed-income multi-generational, urban community. Within close proximity to Grady Hospital and the historic Sweet Auburn district, the revitalization plan and infrastructure improvements to streets, sidewalks and streetscapes will open up the community and provide full connectivity to neighborhood based retail and amenities for people of all ages. The revitalization will include the development of 889 multi-family rental units of which 80% are affordable and 169 for-sale homes of which 33% are affordable. The plans and unit count for Grady include the revitalization of Antoine Graves and Graves Annex high-rises.

During FY 2007, AHA and its private sector development partners completed tax credit applications to support the development of the Grady Homes Revitalization. The following is a description of the status of the active phases within the Grady Homes Revitalization project:

- **Veranda at Auburn Pointe (Phase II)**
  Received a tax credit award totaling $750,000 representing approximately $9 million in equity.

- **The Oakes at Auburn Pointe I (Phase III)**
  Prepared and submitted a tax credit application in the 2007 tax credit round for an allocation of $750,000 representing approximately $9 million in equity.

The revitalization of University Homes is planned as part of the Grady Homes revitalization. Relocation of families has already commenced at this community with completion by December 31, 2007. The demolition application was approved October 16, 2006. The planning process has begun and will be completed in FY 2008. This community, located on the east-side of the Atlanta University (AU) Center, will greatly enhance housing opportunities to this neighborhood and will complement the development of CollegeTown at West End which is situated directly to the west of the AU Center. As part of the

Grady Homes and University Homes Revitalization, an affiliate of AHA has acquired/financed eleven parcels of land totaling 2.26 acres.

Harris Homes Revitalization: As its name implies, CollegeTown at West End is envisioned to be a master-planned community that joins the adjacent colleges (Atlanta University Center) and neighborhoods via connected open space, a tree-lined Main street and Village Square and a mix of urban housing types for students and community residents. The centerpiece of the community is the newly renovated Dean Rusk Park that features *"The Pond at Dean Rusk"*. This beautifully arranged and scenic water feature serves a dual purpose as a storm water retention facility and includes a walking trail that wraps around the pond with connectivity into the surrounding community. The revitalization for this community will include 572 multi-family housing rental apartments of which 68% are affordable and 119 for-sale (on and off-site) homeownership opportunities of which 66% are affordable.

During FY 2007, AHA and its private sector development partners completed tax credit applications to support the development of the Harris Homes Revitalization. Following is a description of the status of the active phases within the Harris Homes Revitalization project:

- **John O. Chiles Senior Residences (Phase III)**
  Received a tax credit award totaling $750,000 representing approximately $9 million in equity.

- **Ashley CollegeTown II (Phase V)**
  Prepared and submitted a tax credit application in the 2007 tax credit round for an allocation of $750,000 representing approximately $9 million in equity.

- **John O. Chiles Annex Supportive Housing (Phase VI)**
  Prepared and submitted a tax credit application in the 2007 tax credit round for an allocation of $225,000 representing approximately $2.7 million in equity.

Perry Homes Revitalization: West Highlands, one of the most ambitious undertaking in terms of creating a 400-acre planned community with green space development and conservation, incorporates over 70 acres of green space initiatives that will ultimately provide a magnificent and diverse union of open space and housing development. Current features of the community include a community park in the Town Center with an amphitheatre, pavilion, walkways and play areas nestled around arts and crafts style homes and two beautifully appointed market quality senior facilities. Revitalization plans for the community include the development of 700 multifamily rental-housing apartments of which 63% are affordable and 100 single-family homes of which 40% will be affordable.
During FY 2007, AHA and its private sector development partners completed construction of various

phases while other phases continued to have units under construction. The following is a description of the status of the active phases within the Perry Homes Revitalization project:

- **West Highlands at Columbia Grove (Perry IV)**
  Columbia Grove is the final multi-family rental phase that consists of 138 rental apartments that were completed as of June 30, 2007, of which 41% are tax credit with public housing assistance, 30% are market rate, and 29% are tax credit only.

Other Repositioning Activities

Other repositioning activities included the demolition of 128 obsolete public housing units at McDaniel Glenn and 21 Turnkey III homes as part of the Grady Homes HOPE VI revitalization.

AHA or an affiliate entity acquired three parcels of land totaling 2.55 acres to support the Harris Homes revitalization, a .15-acre parcel of land to support the Magnolia Park Perimeter, and acquired/financed 11 parcels of land representing approximately 2.26 acres to support the University Homes revitalization.

Following is the status of two residential properties in which AHA has invested MTW funds or disposition proceeds towards the development of mixed-income communities with a percentage of housing units that are affordable to low-income families. Their progress as of fiscal year ended, June 30, 2007, is as follows:

<u>Columbia Senior Residences at Edgewood</u>

Disposition proceeds: The construction of 136 senior rental apartments was completed as of fiscal year end, of which 1% are market rate, 14% are tax credit only, and 85% are tax credit with project-based rental assistance.

<u>Campbell Stone Apartments</u>

MTW Funds: As of fiscal year ended June 30, 2007, there were 342 senior rental apartments under construction of which 10% are market rate and 90% are tax credit with project-based rental assistance.

A2. Subsidy Conversion. As AHA explored potential outcomes under its subsidy conversion strategy using the disposition of the Section 9 operating subsidy contracts tied to Summerdale Commons as a case study, the positive impact such conversions could have on Mixed-Finance, Mixed-Income Communities became more evident. With this in mind, AHA revised its subsidy conversion strategy in the FY 2008 MTW Plan and began focusing on **Sustaining Mixed-Income Investments** as a clarification and a more accurate statement of this activity.

A3. Comprehensive Homeownership Program. During FY 2007, AHA continued implementing its homeownership programs by providing affordable homeownership opportunities and preparing qualifying families to successfully purchase homes.

During FY 2007, construction was completed on 52 units as part of the HOPE VI revitalization programs:

- 15 - West Highlands at Perry Boulevard,
- 16 – Centennial Place, and
- 17 (off-site) at Capitol Gateway
- 4 (off-site) as part of the revitalization of Grady Homes - the Grady units have been made available as lease-purchase to income eligible families through Habitat for Humanity, Inc.; however, they will not be considered closed until the end of the lease-purchase period.

Also during FY 2007, a total of 25 HOPE VI affordable home purchases were closed:

- 9 - Capitol Gateway,
- 4 - Centennial Place, and
- 12 - West Highlands at Perry Boulevard

Fourteen (14) former residents purchased affordable homes under the ROSS Homeownership Program during FY 2007.

There were 29 market rate homes sold during FY 2007:

- 8 - Capitol Gateway,
- 15 - Centennial Place, and
- 6 - West Highlands at Perry Boulevard

Quality of Life Initiative. During FY 2007, AHA initiated its Quality of Life Initiative (QLI) allowing families in its remaining conventional public housing communities the opportunity to relocate from environments of concentrated poverty. This strategy is consistent with AHA's vision of providing eligible families with access to quality affordable housing in healthier living environments, while deconcentrating poverty. This strategy is also consistent with AHA's FY 2005 MTW Annual Plan (AHA's Business Plan) which discusses AHA's initiative to transform all of its remaining conventional public housing communities into healthy mixed-income communities.

Despite AHA's ongoing revitalization efforts, more than 3,000 families still live in economically and socially detrimental conditions of concentrated poverty. QLI enables these families to relocate from 12 obsolete public housing projects (two senior high-rises and 10 family communities) to better housing opportunities of their choice. This initiative will be completed in three phases beginning in FY 2008 with completion scheduled for 2011.

During FY 2007, AHA announced its plans regarding QLI to the residents and its stakeholders. AHA held a series of QLI Real Talks at each community and provided an opportunity for residents to express their support through response cards. The QLI Real Talks were well attended, averaging approximately 115 or more families at each community. Overwhelmingly, more than 97% of families attending these sessions indicated their enthusiastic desire to receive Housing Choice vouchers in order to move to better housing of their choice. By checking the appropriate box on the cards, these families also gave AHA permission to share their responses with public officials. AHA has submitted demolition applications on all five of the Phase I properties and obtained HUD approval.

Phase I of QLI will be completed in FY 2008 and consists of the relocation of approximately 764 families from the following five properties: Englewood Manor, Jonesboro North, Jonesboro South, Leila Valley, and U-Rescue Villa. A detailed Phase I schedule by property is located in **Appendix L** of this report.

Intensive human development and support services are being provided as part of QLI to support the families both pre- and post-relocation. Human development and support services are being provided for 27 months to each impacted family and will focus on assuring families' successful transition to new communities, increasing economic self-sufficiency, and assisting in the achievement of personal goals.

Georgia State University is assisting by providing training under the Good Neighbor Program to prepare families to be successful neighbors. The continuation of Human Services and Support Services also assists with the successful transition of assisted families into their new neighborhoods. Further, AHA is implementing the following strategies to ensure that the vouchers have a positive impact on neighborhoods: (1) balancing the portfolio between single-family and professionally managed multifamily properties, (2) raising participant eligibility standards for using vouchers in single-family homes, and (3) raising eligibility standards for properties and property owners. The following are details on how the family and community are being supported pre- and post relocation:

- **Responsible Relocation.** Responsible relocation ensures choice, support, and successful outcomes for each family. The Relocation Team provides the families with the tools to make informed choices about the best housing opportunities for their needs. Such opportunities include transfers to remaining AHA high-rise communities (for seniors and disabled residents); moving to private rental communities with a limited percent of Section 8 project-based rental assistance; and utilization of tenant based vouchers in the location of their choice. AHA coordinates activities under QLI with residents of each impacted community and with community stakeholders, including the Atlanta Public Schools. The Relocation Team manages the relocation of families with thoughtful consideration of the impact on Atlanta's neighborhoods.

- **Human Development and Support Services[1].** During FY 2007, AHA expanded Human Development and Support Services to provide support to families relocated as part of the Quality of Life Initiative (QLI). Human Development and Support Services are provided to affected families for a 27-month period and AHA is soliciting additional organizations to provide Human Development and Supportive Services to families.

- **Customer and Community Relations.** AHA's 24-hour customer/community relations hotline (i.e. 1-888-AHA-4YOU) will continue to be available for Atlanta's citizens to contact AHA with compliments and complaints regarding the Housing Choice program.

Operational Activities:

A4. Project-Based Rental Assistance as a Development Tool[2]. The Moving To Work Demonstration Agreement (MTW Agreement) provides that AHA may develop and adopt a reasonable policy and process for project-based Section 8 housing assistance. In developing its FY 2008 Moving To Work Annual Plan, AHA identified Project-Based Rental Assistance (PBRA) as a development tool and as one of its major priorities.

As of June 30, 2007, 1,445 units of affordable housing are under contract in 20 multifamily communities, 12 of which are for families and eight are for seniors. Currently, AHA has issued additional PBRA forward commitments on 21 communities representing 1,538 units of affordable housing for families in eight communities, for seniors in 12 communities, and for special needs residents in one community.

In FY 2008 AHA will deploy its real estate and asset management groups to manage the PBRA Program in a manner consistent with AHA's development program which will utilize market rate principles in driving successful outcomes for assisted families in healthy mixed-income communities. To ensure the effectiveness of PBRA as a development tool, AHA will implement a market rent determination policy that will apply market rate principles in promoting the development of quality affordable housing in quality multifamily communities located in quality, rental market areas. The implementation of this policy will also recognize the positive impact revitalization has on other rental market areas that are on the threshold of becoming economically viable communities.

[1] Former name of the activity was Human Services Management.
[2] Former name of the activity was Project-Based Voucher.

A5. Developing Alternative & Supportive Housing Resources. In support of the Mayor's Regional Homeless Commission master plan to eliminate homelessness in the City of Atlanta, AHA established a Homeless Demonstration Program that utilizes Project-based Vouchers to provide rental assistance targeted to the chronically homeless population. In FY 2007, AHA executed HAP contracts for 100 units and made a commitment for an additional 96 units.

AHA also worked with DHR, the Georgia State Department of Community Affairs (DCA), and public and private sector developers and service providers to explore ways to leverage resources to create quality affordable supportive housing for the disabled, particularly the mentally disabled. During FY 2007, AHA committed to 102 units specifically for the Mental Health Demonstration for special needs housing.

B. Self-Sufficiency

Priority Projects:

B1. Human Development and Support Services[3]. Integral Management Services (IMS) and AHA decided several years ago that a critical component to the relocation process was investing in the affected residents during the development period, so that families would have an opportunity to work through any barriers to being successful in the newly revitalized community, in their new community with the Housing Choice voucher or in another public housing assisted community. The Human Development and Support Services program was designed by IMS in collaboration with AHA. During FY 2007, through its contracts with Integral Youth and Family Project and Peachtree Works, LLC, human development and support services were provided to residents impacted by relocation and revitalization from the former Capitol Homes, Carver Homes, Harris Homes, Grady Homes, Gilbert Gardens, John O. Chiles, University Homes, Perry Homes and McDaniel Glenn communities. All total, human development and support services were provided to 3,174 families. The service delivery strategy continued to focus on activities and processes that assist families with gaining stability after relocation and serving as a support mechanism to give families the greatest opportunity for being successful. Specifically, services included Intensive Case Management, Ongoing Life Counseling and Coaching, A Connection to Quality Resources, and The Promotion of Personal Responsibility.

AHA's philosophy for supporting families through the process of positive transformation is premised on a belief that all members, but especially non-elderly, non-disabled adult members, can and should contribute to the community, and that communities should provide a nurturing environment for such

[3] Human Services Management was renamed Human Development and Supportive Services.

contribution. We believe that in healthy communities there are certain institutions and intangibles that create and sustain the best environment for human development and growth. We recognize that many of AHA's clients may have missed some of these important formative elements and seek to intentionally create such environments within and around the individual.

AHA's human development approach has been developed from numerous lessons learned in similar human and community development situations and believes that it is important to offer support to all members of the family no matter their development phase or demographic grouping. AHA has also learned that the support must be balanced with clear information about individual responsibilities. As a result, the human development process is designed to counsel, coach and educate. Additionally, AHA believes that providing the human development intervention and guidance for the next generation will ensure for them a better chance for individual success and thereby, resulting in successful communities.

This intervention ensures that residents are taught to navigate their way through the mainstream society and to identify and develop solutions to their family's problems. Families are connected to key resources that promote growth and development and prepare them to make valuable contributions to their communities both during and after the relocation process. The human development approach to success is developed around four key principles:

1. **Intensive Case Management**
    i. Meet clients where they are to introduce interventions; client's homes, schools and other sites where they operate are the true workplaces of the professional staff
    ii. Consistent and quality communication and contact with clients which takes place as often as necessary
    iii. Identification of barriers to self-sufficiency and other concerns through a thorough human potential assessment process
    iv. Provide assistance and guidance in identifying and developing solutions to immediate and critical issues

2. **Ongoing Life Counseling and Coaching**
    i. Consistent communication which ensures each Family Support Specialist is informed as to the needs, issues, and concerns of each resident
    ii. Coaching through the process of developing life plans and family goals for each household member
    iii. Coaching through the process of problem solving with each family member

iv. Ongoing monitoring and follow-up with each household member to ensure that the family member remains on track to success

3. A Connection to Quality Resources

i. Seamless referral process with an emphasis on communication, follow-up, and tracking to ensure the following:
   a. Successful enrollment in programs and services
   b. Successful completion of programs and services
   c. Original issues and concerns are addressed
   d. Residents exercise the most appropriate coping skills when problems arise at their employment sites
   e. Ongoing supportive services (transportation, childcare, etc.) are provided that give each client the best chance of being successful

ii. Residents are referred to quality community resources that have a track record of success in addressing the needs and identified barriers to success for low-income individuals and families

4. The Promotion of Personal Responsibility

i. Developing an understanding of each family member's role in ensuring family stability

ii. Ensuring there is an understanding of the consequences for non-performance

iii. Contributing to their community as appropriate

Emphasis is always placed on providing opportunities that lead to the achievement of social and economic success for the entire family.



Real Estate Management






Successful Outcomes for Families!

REAL ESTATE MANAGEMENT

The AHA-owned high-rise and family communities are collectively referred to as AHA's Affordable Communities. The Real Estate Management business line operates AHA's Affordable Communities through professional Property Management Companies (PMCOs). In response to AHA's goals, objectives, and performance benchmarks for each AHA-owned affordable communities, the PMCOs are responsible for the day-to-day management functions including rent collections, property maintenance and upkeep, site security, resident services, property based accounting, capital improvements and CATALYST program activities. This business line also provides real estate technical services to the agency; and through the Resident Services Department facilitates linkages to job training opportunities and other services provided by third party professional organizations for AHA-assisted families.

Strategic Direction. Since 2001, all of AHA-owned public housing properties including family and elderly communities have been managed by PMCOs. AHA's Real Estate Management group articulates AHA's goals and objectives as owner to the PMCOs and monitors their progress in achieving those objectives. The decentralization of the management of AHA-owned properties has enabled AHA to make significant progress toward improving property performance as measured by the MTW Benchmarks and AHA's goals and objectives. Harnessing private market expertise and market discipline, AHA has implemented technology and business system improvements that have drastically improved property operation and data collection and accuracy. AHA is now able to measure and assess progress, at both the property and the management company levels, address issues more efficiently and strategically, and improve the synergy of the CATALYST and QLI initiatives. This strategic move has put the agency on a path to becoming economically viable while improving the quality of life for the residents.

AHA has been implementing important policy changes to better prepare families for long-term success in achieving their life goals regardless of where they choose to live. Families must take personal responsibility, accept, and fulfill their role in this effort. As families meet higher expectations and standards of personal responsibility, the stigmas of "public housing" and "public housing residents" begin to dissipate.

FY 2007 MTW ACCOMPLISHMENTS – REAL ESTATE MANAGEMENT

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• AHA-assisted families continuing to live in a state of poverty rarely advancing off the subsidy program • Low educational achievement • Low workforce participation by AHA-assisted families • Residents not preparing themselves to graduate from assisted programs	• AHA is authorized to adopt a work requirement as a condition of receiving subsidy assistance	• PMCOs continued enforcement of the work and program participation requirement • At the Affordable Communities, household compliance with the work and program participation requirement is at 83% (an increase of 24% from FY 2006)	• Increased household incomes • Resident self-sufficiency • Resident rents are covering more of the operating costs • Increased resident workforce participation • Resident wealth building • Creating a culture of work and positive role models among AHA-assisted families and AHA-owned communities
• Reduced federal funds • Federally mandated restrictive use of funds • Insufficient contribution to operating costs by residents	• AHA is authorized to re-establish and revise its rent policies upon conducting a rent impact analysis, and public hearing, and obtaining approval of its board and HUD	• AHA continued the implementation of its increased Minimum Rent of $125 (excluding elderly and disabled households) • The number of minimum renters decreased by 52.1% • AHA earned $615K in additional income for FY 2007 at the Affordable Communities resulting from increase in minimum rent and increased workforce participation	• Increased contribution from residents towards operating costs and overhead
• High crime rates at Affordable Communities • Low standards of personal responsibility	• MTW allows AHA to change its screening and occupancy policies to align with private, real estate market principles and practices	• PMCOs continued to implement consistent lease enforcement, criminal screening, and health and safety standards that were enhanced by AHA using its MTW flexibility	• Improved screening • Safer environment for families • Reduced health and safety risks • Improved quality of life for residents • Improved inspection processes

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• Housing Quality Standards (HQS) not sufficient • Fragmented inspections systems and processes	• MTW allows AHA to set its own standards above HQS using private real estate market principles and practices	• PMCOs continued to implement Enhanced Uniform Physical Conditions Standards (UPCS Plus) that improved inspection standards in addressing health and safety issues • AHA and PMCOs developed and began implementing additional inspection systems including Elevator, Asset Risk, and Site Security Inspections	• Proactive approach to property management • Improved living environment • Improved management system and approach • Improved cost efficiencies
• Reduced federal funds • Federally mandated restrictive use of funds	• AHA may combine its public housing subsidies and public housing capital funds, and its Housing Choice program assistance into a single, authority-wide funding source ("MTW Funds") and use for purposes of carrying out the MTW Demonstration Program	• Using MTW funds, AHA and the PMCOs increased funding for maintenance, security and capital improvements for longer-term viable properties.	• Improved responses to and completions of emergency and routine work orders
• Federally mandated restrictions on funds for human and support services	• AHA may combine its public housing subsidies and public housing capital funds, and its Housing Choice program assistance into a single, authority-wide funding source ("MTW Funds") for carrying out the MTW Demonstration Program	• Continued implementation of the Service Provider Network and Social Worker support to keep families informed and connected to mainstream supportive services resources	• Families have access to supportive services to assist their transition into employment • Increased resident participation in educational, job training and supportive services programs • Creating a culture of work and positive role models among AHA-assisted families • Eliminate redundancy and duplication of resident programs

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• Challenges in managing issues associated with imbalance of elderly and young disabled residents living in AHA's high-rise communities • Reduced federal funds and federally mandated restrictions on funding for services for special needs populations, i.e. seniors and persons with disabilities • Federally mandated restrictions on funds for human and support services • Poor quality of life for seniors and persons with disabilities • Rent penalties for seniors on fixed incomes	• AHA is authorized to use MTW Funds to implement strategies that create and/or increase housing opportunities for low-income families, seniors and persons with disabilities • AHA is authorized to re-establish and revise its rent policies upon conducting a rent impact analysis, public hearing, and obtaining approval of its board and HUD	• AHA and the PMCOs began full implementation of the 4:1 Elderly Admissions Preference that admits 4 elderly/almost elderly residents to every one young disabled resident • AHA and its PMCO for Marian Road High-rise implemented a Naturally Occurring Retirement Communities (NORC) model as a pilot for leveraging resources to provide supportive services to elderly and disabled residents living in AHA high-rise communities • AHA continued the implementation of the Elderly Income Disregard policy	• Improved quality of life for residents • Seniors on fixed income permitted to have additional employment income without rent penalty

REAL ESTATE MANAGEMENT
SUPPORTING ACTIVITIES

A. Economic Viability

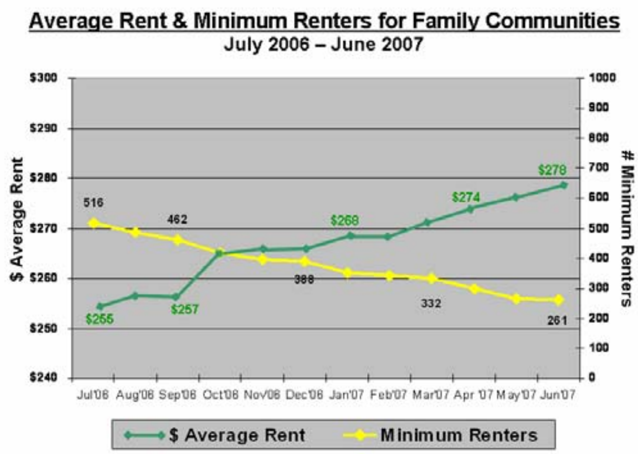
Priority Projects:

A1. Affordable Fixed Rent Demonstration[4]. The Office of Policy and Research revisited the policy implications of the Affordable Fixed Rent Demonstration as part of its work in developing rent policies for the Section 9 and Section 8 Programs. The Affordable Fixed Rent Demonstration analysis will be conducted in the first quarter of FY 2008 including a comprehensive analysis of all rent policies.

Operational Activities:

A2. Elderly Income Disregard. On October 1, 2004, AHA implemented an income disregard for the Public Housing and Housing Choice programs for employment income earned by elderly residents or participants on fixed income. AHA continued this program during FY 2007.

A3. $125 Minimum Rent[5]. Since July 1, 2006, the number of minimum renters has decreased by 52.1% from 543 to 261 as of June 30, 2007. Average rent increased by 9.4% at the family communities to approximately $278 (from $254 as of June 30, 2006) resulting in an additional $616,502 in income for AHA for the fiscal year ended June 30, 2007. (See chart below.) This increase is primarily attributable to an increase in adults moving into the workforce.



These excellent results for families and for AHA would not have been achieved without MTW flexibility.

[4] Former name of the activity was Affordable Flat Rent Demonstration.
[5] Former name of this activity was Minimum Rent.

A4. Enhanced Business Systems (Lease Enforcement, Enhanced Criminal Screening, and Health and Safety Standards). In the Business Plan, AHA identified certain policy and program reforms needed for both the Public Housing and Housing Choice programs. These reforms are designed to improve the health, safety, and welfare of families AHA serves and the neighborhoods in which they live. These reforms include improved screening and stricter lease enforcement. The PMCOs designed enhanced business systems to enforce these stricter standards and continued to enforce them during FY 2007. As a result:

- 100% data accuracy for the participant information data in Public and Indian Housing Information Center (PIC) was achieved.
- Corrections on unit and building data in PIC are in progress.
- A draft of the PMCO Occupancy Guidebook was completed and is currently undergoing staff review. Implementation of the Occupancy Guidebook is scheduled for 10/1/07.
- Training on the Employment Income Verification (EIV) system was completed and PMCOs are using the system.

B. Quality Living Environments

Priority Projects:

B1. 4-to-1 Elderly Admissions Preference[6]. All the high-rises have improved in their administration of the 4:1 ratio.

Although, Designated Housing at Mixed-Finance Developments was included as part of the 4 to 1 Elderly Admissions Preference in the FY 2006 CATALYST Implementation Plan, it is being captured here because it is a separate and distinct priority project activity. Moving forward Designated Housing will be listed as a separate activity in the annual CATALYST Implementation Plans and Reports.

Designated Housing at Mixed-Finance Developments

AHA submitted to HUD and received approval on the three Designated Housing Requests below:

1. The Columbia Senior Residences at Mechanicsville Elderly Only Designated Housing Plan was approved by HUD on August 2, 2006. There are 54 one-bedroom, public housing assisted units designated for elderly only.

[6] Former name of this activity was Elderly Admissions Preference and Designated Housing at AHA's Senior High-rises

2. The Veranda at Auburn Pointe Elderly Only Designated Housing Plan was approved by HUD on March 15, 2007. There are 38 public housing assisted units for elderly only of which 33 are one-bedroom and five are two bedrooms.
3. The John O. Chiles Designated Housing Plan was approved by HUD on May 8, 2007. The designation is for 102 public housing assisted units inclusive of elderly units at the Main Building and disabled units at the Annex. There are 76 elderly designated units (in the Main Building) of which 61 are one-bedroom and 15 are two-bedroom. Also, there are 26 disabled designated units (in the Annex) of which one is a studio and 25 are one-bedroom.

B2. Enhanced Accessibility Initiative. AHA has fully mobilized its accessibility initiative team which includes administration of AHA's Voluntary Compliance Agreement (VCA). The VCA signed by AHA and HUD was effective March 15, 2007. Near-term activity focus includes policy augmentation, procedural enhancement and improved communication to AHA staff as well as external partners and constituents. Additionally, AHA is conducting a Section 504 needs assessment, pursuing real estate upgrades, and conducting additional staff training. Also, AHA's five guiding principles for revitalizing its conventional public housing communities are centered on the need to create fair and equal housing opportunities in healthy mixed-income communities for low income families to facilitate the achievement of the American dream and to provide this opportunity to families regardless of income, age, race, or disabilities.

Additional Projects:

B3. Place-Based Supportive Services Strategy Pilot. During FY 2007, AHA and the Atlanta Regional Commission (ARC) pursued a "place-based" pilot to create the delivery of case management and supportive services to elderly and disabled residents at AHA's high-rises. The pilot initiated with a Naturally Occurring Retirement Community (NORC) model at Marion Road high-rise.

NORC is a national program model that focuses on equipping adults to age in place and building the capacity of the community to support them in that process. Led by the Atlanta Regional Commission's (ARC) Aging Division, the Marian Road NORC is a collaboration among AHA, The Habitat Company (AHA's PMCO for Marian Road), The Jewish Federation of Greater Atlanta, Visiting Nurse Health System, and an alliance of community, state and county partners that are supporting the NORC by providing service delivery, community education and advocacy. During FY 2007, AHA and ARC continued to implement the pilot with the purpose of creating a model that leverages resources and coordinates the "place-based" delivery of supportive services to meet the special needs of seniors and disabled residents in AHA high-rise communities. The Marion Road NORC model has six priority areas that are described below:

- *Priority Area 1:* Health and Wellness – Nurse comes on-site twice per month to do general health screenings and provide information on selected health topics to residents (mobility, breast cancer awareness, cardiology, etc.).

- *Priority Area 2:* Service Coordination – Visiting Nurses Health System along with Atlanta Regional Commission have conducted benefits analysis for all interested residents in their native languages to determine that residents have the public benefits they need such as Medicare, Medicaid, etc.

- *Priority Area 3:* Language and Communication Plan in development
    - Create a system for communication in Chinese, Korean, Russian and Spanish
    - Compile a resource directory list
    - ESOL class
    - Other

- *Priority Area 4:* Safety
    - Pedestrian Safety – Resident safety meeting with Atlanta police department representative; meeting with City officials about crosswalk issues
    - Fire Safety – Developing a resident fire safety and education program for residents in their native languages.

- *Priority Area 5:* Resident Relations
    - Assist Resident Association
    - Resident wellness check in system
    - Developing a resident leadership program – Georgia Center for Non-profits and Leadership Strategies has been contacted seeking a facilitator for this project

- *Priority Area 6:* Transportation – explore development of a transportation voucher program.

The Marian Road NORC is well underway with implementation of place-based resources and support in three priority areas:

<u>*Priority Area 1*</u>: <u>Health and Wellness</u> – A Piedmont Hospital Nurse started visiting twice a month to conduct home visits and blood pressure screenings. The nurse also coordinated monthly health presentations, namely "Dental Awareness", "Healthy Start" and "How to Manage Diabetes". During FY 2007, there were 148 residents who participated in health and wellness presentations.

<u>*Priority Area 2*</u>: <u>Service Coordination</u> – The social worker from Visiting Nurses Health System visits twice a week to help coordinate services for the residents. As of fiscal year end, 240 residents were assisted.

Priority Area 3: Language and Communication Plan - As part of the goal for creating a system of communication among the various spoken languages in the high-rise, the "Translation/Interpretation Voucher" program has progressed from the planning stage and will begin implementation in August 2007 with a kick-off party. Eligible residents can receive a book of vouchers, which may be used to 1) pay a neighbor or friend for translation and interpretation; 2) pay a professional translator; or 3) attend a class to learn common phrases in English or Russian. A professional translation/interpretation agency was hired to call each resident at Marian to discuss the plan for the program in a survey. The survey revealed that only the Russian and English speaking residents were interested in the program; thus, the program will start as a pilot for those two languages.

As a result of a $375,000 HUD ROSS (Resident Opportunities and Self Sufficiency) grant awarded to the Atlanta Regional Commission, the NORC model will continue to serve Marian and will be expanded to two additional AHA high-rise communities: Piedmont Road and Cheshire Bridge high-rises.

Operational Activities:

B4. Enhanced Real Estate Inspection Systems. AHA continued to refine and improve the quality assurance (QA) inspections process for AHA-owned communities. Through its integrated inspections system, AHA continued to inspect each of its conventional public housing communities, four times a year. Each property was inspected for UPCS, RIM, Site Security, and Risk. High-rises received an extra inspection as AHA also has a third party consultant perform quality control reviews on the elevator preventive maintenance.

B5. Comcast Cable Partnership. AHA continued to use technology at the high-rise communities to improve the quality of life for the elderly and disabled. AHA, working through the cable franchise for Atlanta, has established two primary cable information channels at each of its 16 high-rise communities. One channel serves as a “security” channel and is dedicated to security cameras at various locations within each community enabling residents to monitor their own community. The other channel serves as an “information channel” and provides a mechanism to broadcast information and announcements for residents such as recorded public hearings, health information, alerts, fire prevention education, and management announcements.

B6. Video Call Down Systems. Call down systems are a network of cameras with speakers that are monitored by a third party contracted firm to curtail crime from being committed on-site at the conventional public housing communities. The system allows a third party contractor as well as site staff to have visual access to each property being monitored and the ability to “call down” and speak to anyone suspicious or observed committing a crime. The Atlanta Police Department has access to the call down systems and monitors AHA communities periodically. During FY 2007, AHA continued to maintain and enhance these systems to ensure their effectiveness in helping to curtail crime at its family communities. The operational "up time" status is improving and the PMCO's have been able to provide more proactive service and significantly improved response times to adverse actions detected by the system.

C. Self-Sufficiency

Priority Projects:

C1. Work/Program Participation Requirement. AHA's work/program participation policy requires that:

a) At least one non-elderly, non-disabled adult household member maintains continuous full-time employment,

b) All other non-elderly, non-disabled adults maintain work or participation in a combination of school, job training, or part-time employment as a condition of the household receiving or maintaining subsidy assistance.

In addition, this policy states that AHA may require residents to attend economic independence or training programs if referred by AHA, its representatives or agents as a condition of receiving and maintaining subsidy. These programs include, but are not limited to, job skill/training programs, assessment services, coaching and counseling services, the Good Neighbor Program and programs offered by the City of Atlanta Workforce Development Agency (AWDA).

As of June 30, 2007, the average annual income among non-elderly and non-disabled households in the Affordable Communities was $12,902, which represents a 15% increase over FY 2006. Work/program participation compliance is 83% at AHA's Affordable Communities with only 376 non-compliant households remaining. Of the remaining households, 180 received extensions from the work/program participation requirement. AHA and PMCO Resident Services have escalated their work efforts to continue assisting the remaining families toward compliance and improved self-sufficiency.

AHA's family policy initiatives are intended to prepare AHA's families to live in market rate, mixed-income communities. As demonstrated in the statistics above, families are becoming more economically self-sufficient which also allows them to be more competitive within the job market and housing arenas.

C2. Connections to the Service Provider Network (SPN). In collaboration with AHA, the Atlanta Regional Commission applied for and received a $375,000 Resident Opportunities and Self-Sufficiency (ROSS) grant for a supportive services program for seniors and persons with disabilities in three of AHA's high-rise communities: Marian Road, Piedmont Road and Cheshire Bridge. In addition, HUD released its $2.3 billion Super Notice of Funding Availability which is currently being reviewed for partnership opportunities with the Service Provider Network.

AHA is in partnership with Atlanta Metropolitan College (AMC), Atlanta Public Schools, and Georgia State University to implementing a GED pilot for residents who have not been able to meet the work requirement because of lack of high school diploma or GED. This pilot, which is conducted on the campus of AMC, allows residents a deferral from the work/program participation requirement as long as they stay in this program and obtain their GED. The pilot started on April 23, 2007.

AHA continued to work with PMCO On-site Resident Services staff to connect residents to needed services including job training and employment placement services at the Atlanta workforce Development Agency, technical college educational opportunities at Atlanta Technical College, and adult literacy services at Literacy Action, Inc. As a result, at present only 17% of residents living in AHA Affordable Communities are non-compliant with the work requirement.

In conjunction with the Housing Choice Department, REM began development on a process for connecting Housing Choice participants to needed services and monitoring compliance with the work requirement. Housing Choice participants are now being connected to services offered by members of the Service Provider Network on a monthly basis and their participation and responsiveness to services is being monitored and verified. Housing Choice has begun stronger enforcement of the work/program requirement.

Operational Activities:

C3. Service Provider Network. AHA and PMCOs continued to provide outreach and referral services to link AHA clients to the Service Provider Network and other community-based supportive services organizations. To date, 27 organizations are a part of the SPN. In addition, three seasoned social workers contracted by AHA provide intensive case management to 85 families residing in AHA's affordable communities. Those served are among the most critical in need of connection to resources and support in achieving successful family outcomes.

C4. CATALYST Resource Access Guide. AHA recognizes that the lack of knowledge of available community resources and services can become a barrier to self-sufficiency. To overcome this challenge, AHA developed the CATALYST Resource Access Guide (Guide) to support residents in their effort to meet the CATALYST work and program participation requirements. AHA publishes and distributes the Guide, which includes organizations that offer educational, senior and disability, homeownership counseling and childcare services as well as employment and training opportunities. During FY 2007, AHA worked to establish partnerships with mental health and substance abuse provider(s) to enhance the offerings in the guide and to help meet the needs of clients experiencing barriers due to mental health issues. One such provider that AHA established a relationship with was Georgia Rehabilitation Outreach (GRO). Having a background in assisting persons with chronic mental health illnesses, GRO serves as a referral source for the Human Service Providers as well as AHA's on-site Resident Services staff. The CATALYST Resource Guide is also being enhanced to include Atlanta metropolitan area resources to assist families impacted by relocation. Further, the bi-monthly A-HA newsletter, with a circulation of approximately 20,000, is distributed to AHA clients and stakeholders to keep them informed of CATALYST related topics and to serve as a supportive services resource.

Postponed Projects:

C5. Individual Development Accounts (IDAs). AHA has eliminated the existing earned income disregard and will replace it with the Individual Development Accounts (IDA) program for public housing residents who are 18 to 61 years of age and who meet certain requirements.

C6. School Attendance Requirement. During FY 2006, the Georgia state legislature passed a law that requires minors to be in school in order to receive a work permit. Consequently, AHA eliminated its FY 2005 requirement that 16 and 17 year olds work full-time if they are not in school and instead require all minors under 18 years of age to attend school as a condition of the household maintaining or receiving subsidy assistance. During FY 2007, AHA continued to strengthen its partnership with Atlanta Public Schools and moving forward will work aggressively to enforce this requirement.

Communities of Choice

Housing Choice

HOUSING CHOICE ADMINISTRATION

The Moving To Work Demonstration Agreement (MTW Agreement) provides that AHA may create and implement its own Housing Choice Voucher Program (Housing Choice Program) for eligible families using tenant-based vouchers. AHA's Housing Choice Program Administration business line is responsible for managing the Housing Choice Program.

Strategic Direction.

AHA has and will continue to use the flexibility under the MTW Agreement to improve and enhance its Housing Choice Program. AHA wants to ensure that the Housing Choice Program is managed more effectively to achieve greater efficiency, effectiveness, and sustainability in order to create excellent outcomes for Housing Choice participants. AHA has taken a new look at a number of regulatory restraints that have historically shaped the Housing Choice program including:

- The MTW Agreement allows AHA to align fair market rents with city of Atlanta submarkets so that the market rents for a particular neighborhood are not skewed by the subsidized units in that neighborhood. The realignment of the rents will allow AHA to better manage its subsidy allocation so that AHA can provide more housing opportunities in market areas that have lower concentrations of poverty and higher quality units.

- AHA has created an inspection standard that exceeds the basic Housing Quality Standards in order to ensure a higher quality rental unit for Housing Choice participants and provide for the appropriate use of subsidies in supporting better quality housing.

- AHA requires that all Housing Choice participants enroll in and complete the Good Neighbor Program II Program[7]. The Good Neighbor II Program provides for better integration and receptivity of the Housing Choice participants in Atlanta neighborhoods.

[7] The Good Neighbor Program is a training series that prepares Housing Choice Voucher participants to transition successfully from concentrated poverty environments into healthy mixed-income communities.

FY 2007 MTW ACCOMPLISHMENTS – HOUSING CHOICE ADMINISTRATION

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• Significant levels of poverty concentration created by the high absorption rate of assisted housing in impacted communities	• AHA is authorized to create its own Housing Choice Program standards, business practices and procedures based on private real estate market principles and practices	• AHA continued to implement people-based and place-based strategies that further the deconcentration of poverty in Atlanta's neighborhoods[8] • AHA continued to transform more of its tenant-based vouchers to project-based vouchers creating stable affordable housing opportunities in mixed-income communities • AHA met and/or exceeded its MTW performance benchmarks for the Housing Choice Program in the areas of budget utilization and planned and quality control inspections (See MTW Benchmarks Report in Appendix B).	• Healthy mixed-income communities that will result in quantifiable quality of life outcome for families • Increase in number of quality affordable housing units inside of healthy mixed-income communities • Positive community response to Housing Choice Program • Improved quality of life for residents
• Poor quality units in high impacted neighborhoods participating in the program • Lack of effective landlord participation in management and upkeep of leased units	• AHA is authorized to create its own Housing Choice Program standards, business practices and procedures based on private real estate market principles and practices	• AHA continued to implement higher standards to ensure selection of quality units in quality neighborhoods • AHA developed and began implementation of new process	• Increase in quality units in quality neighborhoods participating the program • Better quality living environments for families • Enhanced acceptance of

[8] People-based strategies include but are not limited to requiring and preparing non-disabled/non-elderly adults for workforce participation to increase their incomes. Place-based strategies include but are not limited to implementing standards limiting direct subsidy assistance including tenant-based, project-based and ACC units in multifamily housing to a maximum of 40%.

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• Poor image and acceptance of Housing Choice Program in local communities		for conducting inspections of multifamily tenant-based and project-based sites • Completed Rental market study and identified seven sub-markets in the City of Atlanta	program opens doors to use vouchers to create healthy mixed-income housing opportunities for families • Increased private sector participation increases mixed-income housing opportunities for AHA customers
• Administrative burden associated with existing regulations guiding the administration of tenant-based and project-based vouchers • Bureaucratic and poor customer focus	• AHA is authorized to create its own Housing Choice Program standards, business practices and procedures based on private real estate market principles and practices	• AHA continued re-engineering its Housing Choice back-office operations using technology to streamline operations and manage customer information; completed a call center	• Improved cost efficiencies and reduced administrative burden • Enhanced image and operation of program improves private sector acceptance and participation in the program • Improved customer service
• Families continuing to live in a state of poverty rarely advancing off the subsidy program • Low participant education levels • Low participant workforce participation • Participants not preparing themselves to graduate from assisted programs	• AHA is authorized to create its own Housing Choice Program standards, business practices and procedures based on private real estate market principles and practices • AHA is authorized to adopt a work requirement as a condition of receiving subsidy assistance	• AHA continued the implementation of the work and program participation requirement • As of June 30, 2007, 42% of the target adults in the Housing Choice Program were either working, in a training program or in school • The average income per year as of June 30, 2007 was $14,763 per year	• Increased household incomes • Family self-sufficiency • Participants pay rents to cover operating costs • Increased workforce participation • Family wealth building • Improved quality of life • Creating a culture of work and positive role models among AHA-assisted families and AHA-owned communities • Eliminate redundancy and duplication of resident programs

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• Rent penalties for seniors on fixed incomes	• AHA is authorized to create its own Housing Choice Program standards, business practices and procedures based on private real estate market principles and practices • AHA is authorized to re-establish and revise its rent policies upon conducting a rent impact analysis, public hearing, and obtaining approval of its board and HUD	• AHA continued the implementation of the Elderly Income Disregard	• Seniors on fixed income permitted to have additional employment income without rent penalty
• Complex set of challenges associated with relocation and preparing families to be successful in private marketplace • Limited ability of families to successfully transition to new neighborhoods	• AHA is authorized to create its own Housing Choice Program standards, business practices and procedures based on private real estate market principles and practices • AHA is authorized to adopt a work requirement as a condition of receiving subsidy assistance	• AHA began developing/revising policies to set higher standards for families to use vouchers for residency in single family homes and for homeownership • AHA's procured contractor, Georgia State University, developed and provided training to 347 Housing Choice participants on how to be a good and successful neighbor • AHA's contractors Integral Youth & Family Project and Peachtree Works LLC provided human services management assistance to 3,174 relocated families • AHA developed and documented relocation policies and	• Participant self-sufficiency • Connection to supportive services for job training and employment • Participants prepared to be successful neighbors in private housing through Housing Choice or mixed-income communities • Connecting participants to the mainstream • Participants prepared to be successful in the workforce • Creating a culture of work and positive role models among AHA-assisted families and AHA-owned communities

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
		procedures to support the Quality of Life Initiative	
• Limited HOPE VI opportunities • Physical condition of current public housing portfolio • Effects of concentrated poverty	• AHA is authorized to develop and adopt a reasonable policy and process for project-basing Section 8 rental housing assistance	• AHA made ten year renewable Project Based Rental Assistance commitments to 21 private owners relating to 1,538 apartments in mixed-income communities	• Long-term commitments for affordable housing in mixed-income communities supports development and preservation • Ability to be nimble in robust Atlanta real estate market
• Lack of sufficient supportive housing for elderly and disabled persons	• MTW Agreement gives AHA flexibility to invest MTW funds in its Project Based Rental Assistance program	• AHA entered into ten year renewable Project Based Rental Assistance contracts with 20 private owners for 1,445 units of quality affordable housing (of which eight are elderly) in mixed-income communities • AHA made ten year renewable Project Based Rental Assistance forward commitments to 21 private owners for 1,538 units of quality affordable housing (of which 12 are elderly, 1 serves the special needs population, and the remaining are family communities) in mixed income communities	• Enhanced quality of life and services

HOUSING CHOICE ADMINISTRATION

SUPPORTING ACTIVITIES

A. Economic Viability

Priority Projects:

A1. Re-engineering Housing Choice Operations. During FY 2006, AHA began a major re-engineering of the Housing Choice Program operations with the vision of creating a paperless state-of-the-art, client-focused, self-servicing program. The re-engineering initiative is focused on re-designing the program in the following key areas:

During FY 2007, the focus was on Phase I that included:

1. ***Organizational Structure*** **–** Completed the restructuring of staff and hiring with the necessary skills and abilities to transform the Housing Choice Program and improve operations.
2. ***Systems/Processes*** **–** Completed the re-design and improvements of work systems for operations including site-based management, automated and interactive landlord databases for paperless processing.
3. ***Training and Capacity Building*** **–** Provided training to staff to share the new vision, implement process improvements, mandate technical certifications, create new leaders, teach and utilize project management methodologies, and expand creative thinking.
4. ***Customer Service Delivery*** **–** Implemented a centralized call center to more readily respond to customer inquiries.
5. ***State-of-the-Art Technology*** – Continued to enhance its back office operations through improvements in technology solutions to become a paperless system including the following components which were fully developed and implemented:
   - **File Purge and E-copy.** AHA purged more than 17,000 pounds of paper while remaining compliant with record retention policies. Paper files were eliminated and replaced with electronic files by e-copying all permanent documents.
   - **Automated Rent Reasonableness System.** Continued to develop an automated rent reasonableness system and secure adequate market data to populate the system in accordance with all program requirements.
   - **Program Performance Indicators.** Completed the development and implementation of a monthly statistical report that tracks all key program performance indicators.
   - **Customer Service Call Center.** Implemented a centralized call center for improved customer service responses. The call center system includes electronic notes that capture historical information regarding client actions and activities and the status of each client's case. AHA received an average of 25,000 calls per month with a 90%

response rate. The call center was established to improve responsiveness, eliminate voice mail, and provide a web-based, self-servicing component for participants and landlords.

- **Relocation Policies.** Continued the refinement of the Relocation Operations Manual supporting the Quality of Life Initiative.
- **Automated Hearing Database.** Completed the development and implementation of an automated system to track proposed terminations, hearing requests, hearing actions and final disposition of terminations in the voucher program.
- **Re-engineering Property Owner/Vendor Process.** Completed and implemented the Landlord Portal, which supports increased approvals, and screening for property owners prior to the execution of a Housing Assistance Payment (HAP) contract. All paper checks, paper inspection results, and mailings of remittance forms have been eliminated by use of the electronic/web-based system provided for each property owner.
- **Develop Re-occupancy Process.** AHA continued to define and develop an effective process for the re-occupancy of newly developed mixed-income communities.
- **Voucher Tracking System.** This system captures the success rates and average days to lease.

A2. Housing Choice Program Administration Reform. AHA will implement the following projects to align the Housing Choice Program with its strategic vision.

A2a. Project Based Rental Assistance On-Site Administration. During FY 2006, AHA developed a draft Project Based Rental Assistance (PBRA) Administration Plan. This strategy is consistent with the relief AHA has under its MTW Agreement to eliminate duplicative administrative processes, eligibility determinations, and resident screening with respect to leasing units at PBRA communities. During FY 2007, AHA completed the implementation of Project Based Rental Assistance Administration procedures and the creation and successful use of the Project Based Portal by PBRA communities. Currently there are 21 properties in occupancy; seven additional properties are pending for the first quarter of FY 2008.

In addition, during FY 2007, AHA implemented a homeless demonstration program and a supportive housing program for persons with developmental disabilities and chronic mental illness. The Homeless Demonstration Program is operating in four communities owned by private owners and an additional three communities owned by private owners pending environmental clearance. As part of the demonstration program, AHA has entered into seven two-year renewable project based rental assistance contracts with private owners. The Homeless Demonstration Program is operating in four communities with and additional three communities pending environmental clearance. These contracts and commitments relate to 196 apartments for homeless persons. In each case, supportive services will be funded and provided by a third party for such persons at the property for at least a two-year period.

The Mental Health Demonstration Program is scheduled for implementation for the first quarter of FY 2008. AHA has entered into two-year renewable project based rental assistance commitments with four private owners relating to 102 apartments for persons with mental disabilities. Supportive services will be funded and provided by a third party for such persons for at least a two-year period.

A2b. **Program Moves.** Working with landlords and participants, AHA fully implemented criteria and standards for participants to be eligible to move to another housing unit with continued assistance. AHA will allow moves only for a limited number of reasons, including, but not limited to, emergencies and foreclosures.

A2c. Standards for Residency in Single Family Home. AHA continued to assess the need for setting standards for participants who want to use the voucher to live in single-family homes. A final determination has not been made as of FY 2007 year ended. These standards may include, but are not limited to, household compliance with the CATALYST work requirement, a demonstrated ability to maintain a single family home, an acceptable participant household history, and a minimum amount of earned income.

A2d. Homeownership Standards. AHA continued to develop eligibility criteria and standards for using the voucher for homeownership; however, the program was not implemented during FY 2007. Homeownership standards may include, but are not limited to, successful participant history as occupants of a single family unit, a limit on the percentage of a mortgage that can be paid using voucher subsidy, household compliance with the work requirement and minimum household income requirements.

A2e. Intake/Waitlist Re-engineering. CGI Technologies and Solutions was selected May 2007 as the vendor to help AHA design a new intake process, and organize and manage the waiting list in alignment with CATALYST requirements. The waiting list will be subdivided into homeownership readiness applicants, CATALYST compliant applicants and elderly/disabled applicants. AHA will establish a percentage of vouchers to be issued to each subcategory of applicants on the updated waiting list. The completion of the Waiting List Purging is targeted for 11/2007.

A2f. AHA Payment Standards.[9] The MTW Agreement provides that as a component of the Housing Choice Program, AHA is authorized to make adjustments to the local payment standards (AHA Payment Standards). AHA Payment Standards are determined using true market rent principles driven by private sector rental markets and submarkets within the City of Atlanta, Georgia (Atlanta). AHA's implementation of AHA Payment Standards is designed to provide a greater selection of affordable housing opportunities throughout AHA's jurisdiction and support AHA's poverty deconcentration strategy. The rent subsidy value of a Housing Choice voucher is determined according to family size and the actual market rents in the submarket area where the voucher will be used. AHA Payment Standards thereby permit eligible families to choose rental housing in low poverty areas with more amenities where market rents are typically higher. Moreover, because AHA Payment Standards are tied to the actual market rents, they will not artificially inflate market rents in depressed submarkets with concentrated poverty and minimal amenities where market rents are typically lower. AHA established the AHA Payment Standards based on an independent third-party market researcher's analysis of over 42,000 market rate rental units located throughout seven submarkets within Atlanta. The AHA Payment Standards resulting from this market research represent the maximum allowable voucher subsidy under AHA's Housing Choice Program that corresponds to the actual market rents in each submarket. Based on the results of the market research, AHA will utilize an incremental approach in implementing the AHA Payment Standards in submarkets where there will be a negative impact on families because the market research findings generally demonstrated that the actual market rents are less than existing Housing Choice Program contract rents. To mitigate this negative impact, AHA will benchmark the AHA Payment Standards for the affected submarket areas to 110% of the HUD Fair Market Rents proposed for FFY 2008. This action will relieve Housing Choice Program participants from the unanticipated reduction in housing assistance payments which would thereby increase their tenant rent burden. This implementation strategy will apply to both current and new contracts until such a time as the affected submarkets stabilize and as eligible families begin to understand that higher quality submarkets with higher AHA Payment Standards broaden their range of choices for quality affordable housing. The AHA Payment Standards will be implemented during FY 2008 pursuant to the resolution approved by AHA's Board of Commissioners on August 29, 2007.

[9] Former name of the activity was Housing Choice Fair Market Rent Standards.

Postponed Projects:

A1. Re-engineering Housing Choice Program Operations.

- **Pre-qualification of Units.** Establish a methodology to pre-qualify available housing units prior to listing on AHA's website.
- **Mainstream Re-engineering.** Develop new policies and procedures for the administration of the Mainstream Program Housing Choice Voucher Program.
- **Automated Collections Process.** Develop and implement an automated system for fraud recovery and tracking of repayment agreements in the voucher program.

Additional Projects:

A3. Applicability of CATALYST Requirements on Outbound Portability.[10] During FY 2007, AHA continued to require voucher families to be in full compliance with the CATALYST standards, including compliance with AHA's work requirement, criminal background screening in accordance with AHA's standards prior to approving the family's request to port to another jurisdiction. However, once under contract with a receiving PHA, AHA has no mechanism that allows continued enforcement of these requirements. Revisions were not made to require outbound portability voucher holders to comply with CATALYST policy requirements, or establish limits on the number of families that can exercise the outbound portability option and the criteria for families to port out.

A4. Housing Choice Fixed Subsidy Initiative. During FY 2007 AHA continued its research and analysis of creating and implementing a fixed subsidy structure for Housing Choice participants (Fixed Subsidy Initiative) that would be based on total annual household income adjusted according to a schedule of standard deductions and the implementation of procedures for applying assets in calculating annual income. In support of the transition to the Fixed Subsidy Initiative, AHA established policies that allow AHA to establish standard deductions and asset determination procedures to be used in calculating annual income. Standard income deductions would replace the calculation of income deductions based on actual expenses. Asset determinations would examine the nature and value of the assets reported by Housing Choice participants and whether assets would or would not be used in calculating annual income. AHA's Board of Commissioners must approve any proposed schedule of standard income deductions and any changes to the treatment of assets prior to implementation. In addition, Housing Choice participants who are and remain in good standing with respect to CATALYST requirements under the Fixed Subsidy Initiative would be recertified every two years instead of on an annual basis. AHA will continue the implementation of the Fixed Subsidy Initiative during FY 2008.

[10] Former name of the activity was AHA Standards and Incoming/Outgoing Ports.

Operational Activities:

A5. Enhanced Business Systems (Family Obligations Document Enforcement, Enhanced Criminal Screening, and Health and Safety Standards.) As discussed under the Real Estate Management business line, AHA identified certain policy and programmatic reforms needed for both the Public Housing and Housing Choice programs in its Business Plan. These reforms are designed to improve the health, safety, and welfare of families AHA serves and the neighborhoods in which they live. These reforms include improved screening and stricter enforcement of family obligations. As a policy and operational matter, AHA recognizes the distinction in the severity of certain crimes, creating two major categories of crimes: (1) crimes that are associated with violence or drugs and (2) non-drug related and non-violent crimes. These two categories inform the intake process as well as the recertification process. AHA also continued to enforce higher health and safety standards for all of the households served by AHA. Housing Choice participants are required to comply with these standards as a condition of receiving or maintaining subsidy assistance.

A6. Elderly Income Disregard. On October 1, 2004, AHA implemented an income disregard for the Public Housing and Housing Choice programs for employment income earned by elderly residents or participants on fixed income. AHA continued to recognize this income disregard during FY 2007.

A7. Minimum Rent. Effective October 1, 2004, AHA raised its minimum rent from $25 to $125 under its Public Housing and Housing Choice programs as well. Households on fixed incomes, where all members are either elderly or disabled, are exempt from the minimum rent increase and their total tenant payment continues to be based on 30% of their adjusted gross incomes. Hardship waivers were granted under certain limited circumstances, on a case-by-case basis, based on criteria established in AHA's Administrative Plan. AHA maintained its minimum rent at this level during FY 2007.

Postponed Projects:

A8. Housing Choice Inspection Fees. AHA will charge landlords reasonable fees for pre-inspections and subsequent re-inspections following the initial re-inspection, to cover the administrative costs associated with these additional inspections. Additionally, participant households may be charged a fee to cover the administrative costs of re-inspections due to certain deficiencies which are the responsibility of the household and remain unaddressed. AHA delayed the implementation of this project until FY 2008.

A9. Housing Choice Landlord Certification and Training. AHA delayed its plans to develop a mandatory Landlord Certification Training Program to educate landlords on the requirements for placing and maintaining their properties in the Housing Choice Program, until FY 2008.

B. Quality Living Environments

Priority Projects:

B1. Enhanced Real Estate Inspection Systems. During FY 2007, AHA fully implemented and continued to use higher inspection standards for all subsidized units and integrate various inspection processes and systems. Distinct standards have been developed for multi-family and single family inspections and a property assessment program implemented for multi-family properties. This assessment looks at all areas within the land footprint of the property as well as the surrounding neighborhood conditions. Standards for single family homes also include inspection of the surrounding neighborhood and the specific property under contract.

B3. Enhanced Relocation Process and Database Enhancements. During FY 2007, AHA continued to modify its relocation procedures and processes to support AHA's need to manage the relocation process efficiently for an identified community within a specified timeline. This enhanced process is designed to ensure that AHA and its development partners have the data necessary to track residents and address their needs through the relocation process. In addition, AHA continued to build its Quality Housing Coalition for Seniors and Persons with Disabilities. During FY 2006, AHA developed a Quality Housing Coalition to provide quality housing options and supportive services to seniors and persons with disabilities that AHA will be relocating during the revitalization of its four high-rise communities currently under predevelopment, namely: (1) John O. Chiles, (2) Martin Luther King Towers, (3) Antoine Graves, and (4) Antoine Graves Annex. In building the coalition, AHA developed a comprehensive listing of senior/disabled housing and supportive services providers, and conducted phone surveys and site visits to identify quality providers that would meet the needs of seniors and persons with disabilities that AHA serves.

Postponed Projects:

B2. Place-based and People-based Deconcentration Strategy. AHA will develop a deconcentration strategy with the goal of reducing significant levels of poverty concentration created by the high absorption rate of assisted housing in impacted communities. In seeking to achieve the goals of this strategy, AHA will implement place-based and people-based transformation initiatives. Place-based initiatives will examine the placement of vouchers in neighborhoods impacted by a high level of assisted housing poverty concentration. This approach contemplates the establishment of deconcentration standards which will identify and track assisted housing trends in impacted neighborhoods and establishes benchmarks for analyzing and measuring success in reducing the level of assisted housing poverty concentration. People-based initiatives will address the transformation of very low income families into economically viable citizens who will be able to make informed choices outside of current mobility patterns. AHA delayed the implementation of this project.

C. Self-Sufficiency

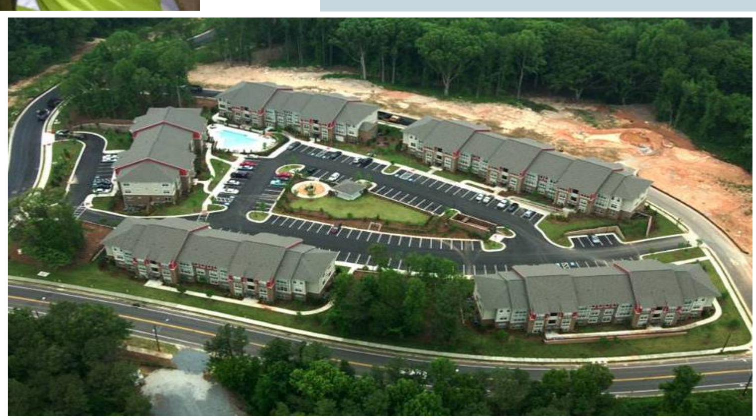
Priority Projects:

C1. Good Neighbor Program II. AHA's Good Neighbor Program (GNP) is designed to teach and prepare Housing Choice participants on how to live and blend into the communities where they live and help them understand their role and responsibilities as good neighbors. During FY 2007, AHA refined the program components to offer Good Neighbor Program II (GNP II). The GNP II builds on the lessons learned and best practices from the Good Neighbor Program I. Greater emphasis has been placed on personal responsibility as well as steps and strategies that promote economic self-sufficiency. The curriculum includes among other things conflict resolution training, substance abuse and family counseling, and preparing a roadmap for moving off subsidy assistance. The GNP II was implemented starting June 9, 2007 by AHA's procured contractor, Georgia State University. GNP II targets residents impacted by relocation as well as targeted participants in the Housing Choice Voucher program. As of June 30, 2007, 347 residents have completed GNP II.

C2. Housing Choice – Connections to the Service Provider Network (SPN). AHA has re-engineered its CATALYST compliance efforts with the intent of developing a coordinated and comprehensive approach to connecting Housing Choice participants to the Service Provider Network and increasing their chances of achieving self-sufficiency. Through this new approach, Housing Choice participants in need of assistance to meet the Housing Choice Program requirements will be able to receive more specialized attention from Resident Services staff. The Resident Services staff will assess the participant's family situations and connect them to the most appropriate service provider. This new approach will ensure that there is consistency in connecting residents in both the Housing Choice and affordable programs to needed services.

C3. Housing Choice Family Self-Sufficiency (FSS) Program. AHA is re-defining its Family Self-Sufficiency Program to align more with a mortgage assistance program that focuses exclusively on homeownership opportunities and providing down payment and mortgage assistance. The improved program is scheduled to launch October 1, 2007 and continues to require residents to be compliant with CATALYST.

Asset Management



ASSET MANAGEMENT

AHA's strategic direction is to become an excellent Asset Management organization that acts responsibly with respect to its various financial and real estate assets and resources. Similar to a large equity corporation that must consider the value of its assets, weigh the risks, formulate investment strategies related to its holdings and portfolio, develop and nurture business and community relationships, and provide excellent service to its customers, so too must AHA do the same as it realizes and seeks to sustain its corporate vision of Healthy Mixed-Income Communities. Asset Management is an overarching organizational endeavor that involves cross-departmental coordination and cooperation in order to achieve excellent results.

AHA's approach during FY 2008 will be to consolidate and streamline a number of functions related to its real estate-owned, financial investments, other assets and other legal and financial arrangements.

Asset Management involves the management and coordination of cross-departmental functions and processes that support and drive AHA's repositioning, revitalization and investment strategies. To achieve results in these areas AHA is designing and implementing tactical administrative processes and automated data management systems that capture multifunctional and interrelated activities to ensure that the ongoing implementation of AHA's Asset Management priority initiative is seamless throughout the organization. As an AHA-wide priority, Asset Management will involve the entire organization by identifying the needs and services of each department and the due diligence and support that each department must provide in achieving AHA's Asset Management goals, whether internal or external to the organization.

AHA will continue to develop and evolve those systems, processes, and human resources that are needed to create a successful Asset Management organization. The Asset Management business line also includes the Office of Policy and Research; the Asset Management and Account Services Group; and the Management and Occupancy Compliance Department. The Asset Management business line is responsible for the strategic oversight and financial management of AHA's assets, real estate investments, and various internal business lines and external business relationships on an organizational basis. This business line is also responsible for program evaluation, compliance monitoring activities, and fee-based contract administration business activities. Other activities include policy development and advisement; program evaluation in coordination with local universities, and the MTW Benchmarking Study.

FY 2007 MTW ACCOMPLISHMENTS – ASSET MANAGEMENT

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• Insufficient levels of subsidy for AHA assisted units at the Mixed-Income Communities • Multiple layers of legal and financial compliance requirements at Mixed-Income Communities	• AHA is authorized to pass on its MTW flexibility to its private development partners	• AHA began working with the owner entity for Summerdale Commons initiating a process of disposing of the Section 9 operating subsidy under the Annual Contributions Contract (ACC) that, once accomplished, will lead to the issuance of tenant-based vouchers to residents formerly assisted with Section 9 operating subsidy funds in connection with a financial restructuring of the property. • AHA investigated complex nature of multiple layers of compliance requirements and initiated a new approach, Streamlining Property Level Operations	• Enhanced sustainability of Mixed-Income Communities • Reduced administrative burden and operating costs associated with Section 9 regulatory scheme • Improved performance
• Environment created by 1937 Housing Act does not allow private development partners to apply innovative methods to achieve their goals for the properties	• MTW Agreement provides relief to AHA from the 1937 Housing Act • AHA is authorized as approved by HUD to pass on its MTW relief to its private development partners	• Prior to FY 2006, AHA amended the Management and Operating Agreements with its development partners essentially passing along the relief allowed AHA under its MTW Agreement • During FY 2007, the owner entities continued to examine	• Flexibility for development partners to use innovation to meet their goals for the properties • Strengthens AHA's relationship with the development community

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
		alternative approaches to occupancy, leasing and rent policies and procedures with respect to their communities and the assisted residents or applicants. These policies and procedures include but are not limited to new rent structure (e.g. fixed rents), application and waiting list procedures, eligibility and/or suitability criteria, program/training participation requirements and term limits	

ASSET MANAGEMENT
SUPPORTING ACTIVITIES

A. Economic Viability

Priority Project:

A1. Asset Management Systems. During FY 2007, the Asset Management Group responsible for this business line evolved into the Asset Management and Policy Development Group with a Chief Operating Officer in the lead. The elevated level of this group's work is grounded in the overarching importance of Asset Management, one of the six major priorities established for AHA's growth and success toward achieving its vision of Healthy Mixed-Income Communities. Processes are in the development and implementation stages that review, track, and/or provide the oversight for construction and financial servicing from the beginning point when a development transaction is being formulated through the various stages including transaction document review, construction progress tracking related to the loan agreement, monitoring stabilization, due diligence review of the conditions and requirements for the permanent loan phase, and ongoing oversight of the asset. The corresponding asset management systems are an organizational priority that requires the attention and collaboration of all business lines.

Additional Projects:

A2. Mixed-Income Communities "Working Laboratory" Initiative[11]. Fact-finding efforts related to other initiatives revealed that in order to have effective public/private partnerships, meaningful communication has to become an institutionalized approach in doing business. AHA is clear that it wants the owner entities of market rate mixed-income communities to adopt their own occupancy, leasing and rent policies utilizing MTW regulatory relief available to them. Innovation can take the form of rent structures, application and waiting list procedures, eligibility and/or suitability criteria, program/training participation requirements and term limits. Learning in FY 2007 that AHA has to be more articulate in promoting innovation, during FY 2008 AHA will implement an ongoing planning process with the owner entities to identify opportunities for private sector innovation using MTW regulatory flexibility.

A3. Sustaining Mixed-Income Investments/Disposition of Public Housing Assisted Units at Mixed-Finance Communities. In order to protect AHA's investment in Summerdale Commons and to facilitate the long-term viability and market position of the property, AHA initiated the process of

[11] This initiative was renamed Private Sector Innovation for FY 2008.

disposing of the Section 9 operating subsidy under the ACC that, once accomplished, will lead to the execution of a ten year renewable project-based rental assistance contract for 74 apartments as part of a much needed financial restructuring of the property. In addition, as AHA began to examine its strategy surrounding the selected community, AHA broadened the initiative by clarifying the intent to reposition the subsidy structure to coincide with timing considerations related to the financial structure, physical condition assessment, and the declaration of restrictive covenants. This approach is outlined in AHA's FY 2008 MTW Implementation Plan.

A4. Tax Credit Compliance Model[12]. Upon investigating the legal and financial structure of mixed-finance transactions with respect to development activities, it was evident that this initiative embraced more than just tax credit compliance. Upon property stabilization and once the permanent loan phase is in place, the owner entity and management agent must comply with a variety of conditions and regulatory requirements connected to private debt financing, insurance programs, tax credit equity, bond financing, Section 9, Section 8, and other federal restrictions. Moving into FY 2008 AHA will be examining ways to reduce duplication of effort, forego obsolete systems, and power up an approach that will streamline property level operations especially in the areas of compliance and reporting.

Operational Activities:

A5. Fee-Based Contract Administration. AHA continued to provide contract administration oversight for approximately 7,200 units in Atlanta and Fulton County. AHA's role as a traditional contract administrator (TCA) ended in FY 2007. This occurred as a result of the HUD Loan Management Division's national strategy to transfer all TCA units to PBCAs. The 8 properties with 690 units under ACC with AHA were transferred to Georgia HAP Administrators, Inc. AHA will continue to conduct management and occupancy reviews of the 8 properties for a fee.

A6. Mark to Market Program. AHA continued to conduct rent and debt restructurings of privately owned FHA-insured multifamily assets with expiring Project-based Section 8 HAP contracts.

A7. Close-out of the Turnkey III Homebuyers Program. HUD approved AHA’s close-out plan for the Turnkey III Homebuyers Program and approved the demolition/disposition of the remaining 21 homes in the program: 18 of the 21 homes were conveyed to Atlanta Habitat for Humanity and the remaining three homes are covered under an option to purchase exercised by Grady Redevelopment, LLC. Atlanta Habitat for Humanity and Grady Redevelopment, LLC entered into a builder agreement as part of the homeownership phase of the HOPE VI revitalization of Grady Homes. HUD also

[12] This initiative was renamed “Streamlining Property-Level Operations” because the central focus of the initiative had changed.

approved the disposition of the two community centers in the Wildwood Lakes and Waites Drive neighborhoods. The renovation of the two centers was underway before the end of FY 2007. The buildings will be turned over to the respective neighborhood homeowners associations to use as venues for community-related social and recreational activities. A consultant worked with both associations during FY 2007 advising them on re-establishing and maintaining their 501(c)(3) non-profit status, board elections and governance, marketing and membership drives, budgeting, maintenance, and so forth.

Corporate Support

CORPORATE SUPPORT

During FY 2007, AHA implemented a number of projects focused on improving its operations and developing its capacity to support the initiatives and projects outlined in the previous sections of this Report. These projects include enhancements in the areas of technology, human resources and development, financial reporting and analysis, communications, and workforce development.

CORPORATE SUPPORT
SUPPORTING ACTIVITIES

A. Economic Viability

Priority Projects:

A1. Project-based Accounting and Financial Systems/Quarterly Financial Statements by Business Line. During FY 2007, AHA continued the refinement of its project-based accounting and management system. Under this system, full financial statements are prepared and issued for each AHA-owned property. This new system enables AHA to comply with HUD's proposed new funding methodology under the Low Rent Operating Subsidy program. As part of the implementation, further improvements are being made to AHA's information technology/financial reporting environment. These and other enhancements to AHA's ORACLE automated system allows AHA to produce quarterly financial statements by business line.

A2. Fee-for-Service Methodology. AHA continued to refine its Fee for Service Methodology approved by HUD.

A3. Utility Allowance Waiver. AHA stated in its FY 2007 CATALYST Implementation Plan that, based on the dynamics of CATALYST initiatives regarding the work/program requirement and the increase in minimum rent, AHA would not adjust the utility allowance for Section 9 tenants. Therefore, under the provisions granted by its MTW Agreement, and as part of AHA's comprehensive repositioning effort, AHA has frozen the utility allowance schedules and the rates it charges for excess utilities.

Operational Activities:

A4. *Statement of Corporate Policies (SCP) Governing the Leasing and Residency of Assisted Apartments* (Statement of Corporate Policies). AHA revised the SCP during FY 2007. Substantive revisions include amendments clarifying AHA's policies that demonstrate its ongoing commitment to federal requirements administered by HUD's Office of Fair Housing and Equal Opportunity. Such amendments incorporate changes in the admissions, occupancy and transfer policy; reasonable accommodation policy; effective communication policy; pet policy; dwelling lease addendum requirements; and grievance procedures. Other key provisions of the SCP include Federal Limited English Proficiency requirements, as applicable to AHA's jurisdiction; clarifications of existing policies related to self-employment income, the treatment of income from assets, and the general definition of Family; a policy that will permit the establishment of standard deductions for determining adjusted annual income; the elimination of interim re-certifications under certain circumstances; and expanded timeframes for re-certifications.

Violence Against Women Act (VAWA). The Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law No: 109-162) was signed by the President on January 5, 2006. Recognizing the significance of this law in serving the needs of children and adult victims of domestic violence, dating violence, sexual assault, or stalking, AHA will develop policies and administrative procedures for its housing programs that will ensure compliance with the legal requirements for providing housing assistance to victims while guarding against violent and unlawful behavior in its housing programs that contribute to the degradation of communities.

A5. Administrative Plan Governing the Housing Choice Program (Administrative Plan). AHA revised the Administrative Plan to include Federal Limited English Proficiency requirements, as applicable to AHA's jurisdiction; clarifications of existing policies related to self-employment income, the treatment of income from assets, and the general definition of Family; a policy that will permit the establishment of standard deductions for determining adjusted annual income; and the elimination of interim re-certifications under certain circumstances, as well as expanded timeframes for re-certifications. In addition, certain revisions of the Administrative Plan will address policies that are unique to the Housing Choice Program. These program-related revisions include language that clarifies that separate payment standards can be implemented within submarket areas within AHA's jurisdiction; sets forth the date when changes in payment standards will go into effect for residents (i.e. at the next annual recertification); requires that inbound voucher holders porting into AHA's program must meet all of AHA's eligibility criteria including the CATALYST work/program requirement; limits the number and timing of program moves a Housing Choice participant may make; clarifies that AHA utilizes the AHA Local Inspection Standards and not the HUD Housing Quality Standards; institutes a landlord screening and eligibility process; requires landlords and owners to utilize various AHA "paperless" systems that can be accessed over the Internet; and establishes various technical amendments related to terms and conditions effecting participant use of a housing voucher.

A6. Financial Analysis. Financial analysis continued to allow AHA to make informed business decisions based on financial projections and scenarios. Financial analysis, modeling, and scenario studies will continue to be enhanced.

A7. Communications Plan. AHA continued to execute its communications plan supporting the implementation of policy changes and initiatives that impact families and stakeholders A core component included ongoing communications with residents and participants through a variety of communications tools, including the AHA newsletters, briefing sessions, and direct mail.

A8. Corporate Culture Project. Over the last year, AHA has continued to evolve as an organization of change. An organizational engagement assessment was conducted to calibrate the Agency's current culture against the desired culture needed to execute the Business Plan. In addition, the Agency involved all of its associates in the process of helping to identify ways to promote a successful culture shift at a three (3) day Employee Retreat.

AHA will continue to work toward creating the disciplines and initiatives to support a culture that is conducive to improving the quality of execution and the optimal performance needed to execute the Business Plan.

AHA will continue its evolution as an organization that values professionalism, integrity, accountability and collaborative teamwork. These elements are critical in promoting important discipline that AHA will need to execute the Business Plan. AHA plans to implement an enhanced performance assessment program that reinforces these core values and corporate behaviors. AHA will focus on promoting a project-management approach to improve quality of execution and performance.

A9. Human Resources Development. AHA reorganized its Human Resources Department in FY 2007 for re-alignment of human resource programs, policies, and systems for efficiency to meet AHA's Business Plan objectives. Specifically, organizational development and training expertise has been added to the organization to address and identify skill gaps and development needs. In addition, AHA has engaged a team of third party experts to assist with employee development and other initiatives that will maximize all employee potential and reinforce performance to drive optimal results.

AHA will assess the professional skill set of current AHA employees and identify the skills required for AHA to implement the Business Plan. AHA will address any identified "skills gap" through the retention and professional development of existing staff, hiring new staff, or utilizing third party expertise where needed.

A10. Financial Operations. In FY 2007, AHA continued the combining of income from three programs into a Single Fund in carrying out the activities of its MTW program. Low income Operating Subsidy and related income from property operations, Housing Choice Voucher Income, and Capital Fund Program Income were used interchangeably for eligible MTW purposes. AHA also used other program funds such as HOPE VI, Development Grants, and ROSS Grants to carry out activities related to those grants, which are aligned with AHA's Business Plan. Sources and amounts of funding for AHA's FY 2007 consolidated budget statement are included in **Appendix G**, and are further explained below.

Low income Operating Subsidy and Related Income. Since HUD now funds on a calendar year and AHA operates on a fiscal year from July 1 through June 30, AHA's Fiscal Year 2007 crosses two federal funding years. AHA submitted the calculation of its Low income Operating Subsidy for 2007 to HUD on September 14, 2006. HUD is using this calculation as the basis for funding January through December 2007, which includes the first six months of AHA's Fiscal Year 2007. Based on this calculation, AHA estimated that it would be eligible for $37.8 million in 2007 operating and utility subsidy, subject to proration. HUD has not yet provided the 2007 proration, so AHA has recorded the subsidy actually received for the last six months of the fiscal year. Total Operating Fund Subsidy recorded for FY 2007 is $28.3 million.

Housing Choice Voucher Related Income. AHA estimated that it would receive $138.3 million in Housing Choice Voucher Related income in 2007. This was based on an aggressive schedule of relocation voucher authorizations, no inflation, and a 94.6% proration factor. AHA actually received $126.7 million in FY 2007 Housing Choice funding, due in large part to an initial proration by HUD of 88.7% for the first months of 2007. HUD ultimately reported no proration in 2007 and a 5% inflation adjustment. HUD provided the balance due to AHA for January through June 2007 in July. AHA is recording these additional funds as FY 2008 revenue and they are not included in the financial statements in this report or used in calculating the FY 2008 Housing Choice Budget Utilization Benchmark.

Capital Funding Program Related MTW Income. AHA estimated that it would receive a $12.3 million grant award from the Capital Funding Program (CFP) in the HUD's Federal Fiscal Year 2006 MTW Block Grant. AHA actually received $14.1 million. The Consolidated Budget is included in **Appendix G**.

FINANCIAL MANAGEMENT

The flexibility provided by the MTW block grant allowed AHA to continue making significant progress in FY 2007. The funding methodology for Housing Choice vouchers included in the block grant and the fungibility between Operating Subsidy, Capital Funds, and Housing Choice MTW Voucher budget allocations gave AHA the ability to implement new programs that have a significant long-range impact on AHA's ability to provide quality affordable housing to the citizens of Atlanta.

Strategic Direction. AHA is continuing to transform its financial management system in alignment with best practices in private sector real estate companies. Long before HUD required property-based accounting, AHA instituted a project-based accounting and management system under which full financial statements are issued for each AHA-owned property. By establishing an asset management function in the agency, AHA continues to change its financial interface with its private development partners in alignment with private sector asset management practices. In addition, AHA continues to implement further improvements using technological solutions for financial analysis and reporting which allow AHA to produce quarterly financial statements by business line. AHA is using financial analysis to inform its business decisions and a fee-for-service methodology to charge a fixed rate to federal grants and programs for administration and overhead.

During FY 2007, many of the MTW reforms that AHA is implementing had a direct or indirect impact on improving cost effectiveness and efficiency of the agency including but not limited to the following:

- As AHA repositions its portfolio of conventional public housing communities, AHA is able to take advantage of the economies as the distressed, out-dated properties are replaced with vibrant mixed-use, mixed-income communities developed by AHA's private sector development partners. The use of project-based vouchers as a development tool in some of these communities is changing the financial dynamics that AHA has had in the past when providing affordable housing. The Quality of Life Initiative (QLI) had little financial effect in FY 2007, but will have significant impact beginning in FY 2008 as AHA relocates families and removes communities from the public housing inventory.

- The flexibility of MTW has allowed AHA to implement higher standards of responsibility for its Public Housing assisted residents and Housing Choice Voucher participants. These changes included the following reforms: (1) a work requirement and (2) a minimum rent increase. These reforms had direct financial impacts. The greatest impact of the work requirement was recognized in FY 2006 when it resulted in increased income for many families, increasing their contribution to rent. At the same time, the increase in minimum rent had a similar impact. The increase in average per unit rental income recognized in FY 2006 in the AHA-owned conventional public housing properties continued into FY 2007 with average rents increasing from $255 to $278 during the fiscal year.

- AHA's investments in tenant education programs, including the Good Neighbor Program, continue to improve relationships among tenants, their neighbors, their landlords, and AHA. Enhanced real estate inspections have improved the quality and safety of our tenant's homes. This new paradigm, coupled with increased use of project based voucher as a development tool is helping the stability of voucher holders, reducing turnover and related expenses.

- AHA's emphasis on deconcentrating poverty also has financial impacts. As AHA eliminates lower quality housing stock from the Housing Choice program, available housing for voucher holders is susceptible of becoming more expensive, particularly for homes and communities located in low poverty or low impacted neighborhoods. At the same time, however, by locally determining market rents rather than using a metropolitan FMR, AHA can fine-tune the appropriate rents and Housing Assistance Payment (HAP) subsidies, resulting in better value on the investment and better housing opportunities for the families.

- As AHA continues to leverage technology, it will see increased efficiencies. AHA's Housing Choice reform promises to provide not only increased service to tenants and landlords, but also produces financial economies. The transition from paper checks and pay advances for landlords to 100% electronic funds transfer and notification has saved a significant amount of time and postage. The implementation of debit cards to provide HAP utility allowance payments to eligible Housing Choice participants is projected to save additional money with its full implementation in July 2007.

- The project-based approach to AHA-owned public housing assisted properties continues to allow the agency to optimize the funds available. Many of the financial impacts of AHA's participation in the MTW Demonstration Program will not be fully realized immediately, but will have significant influence on the agency's financial well being in years to come. Nevertheless, the combination of MTW activities and AHA's revitalization efforts continue to have a positive impact on AHA's bottom line.

Replacement Housing Factor (RHF) Funds. Although the MTW Agreement identifies RHF funds as a component of AHA's block grant, AHA has elected to follow HUD guidance in its use of these funds. In FY2007 AHA submitted to HUD its RHF plan which accumulated RHF awards from Federal Fiscal

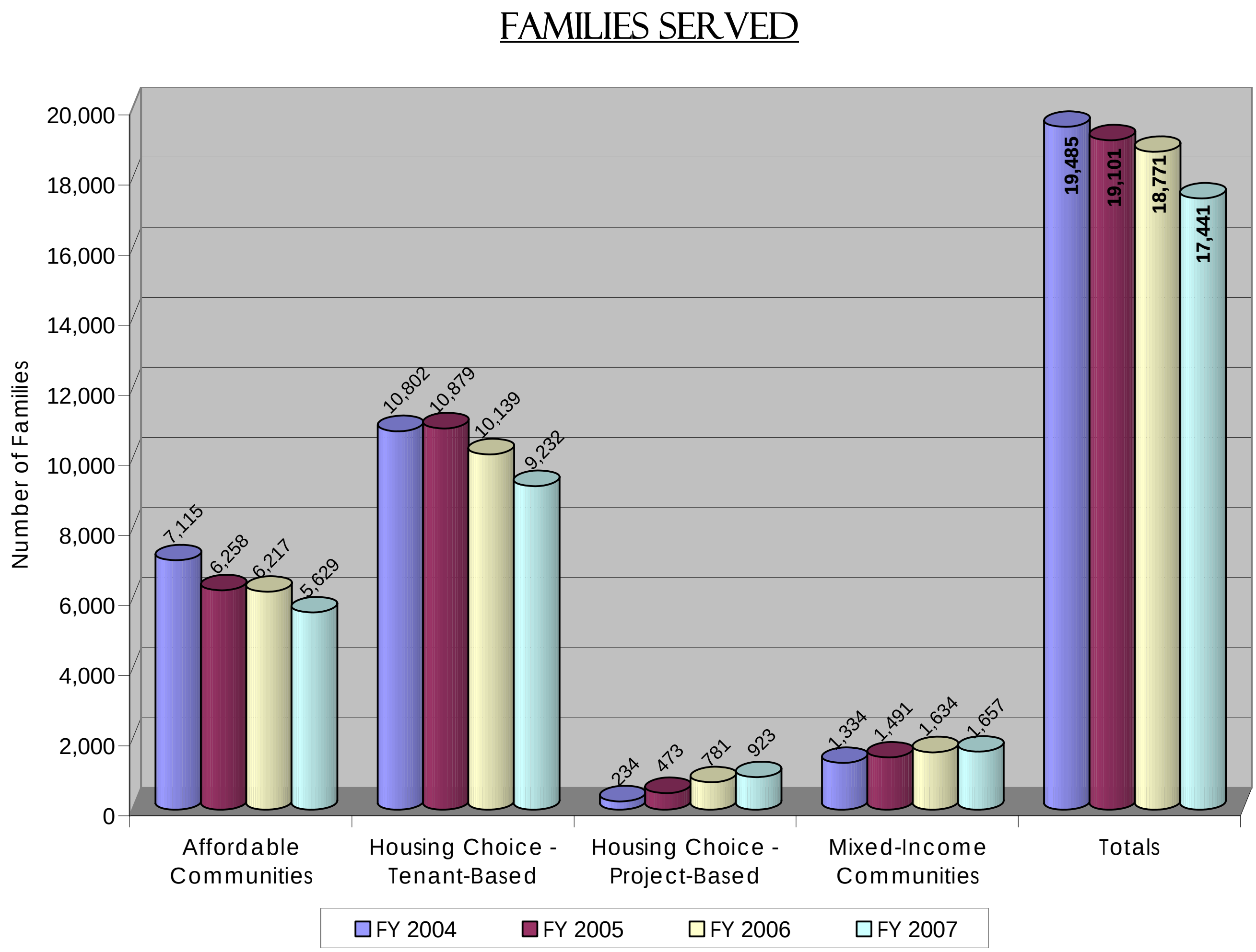
Years 2003-2007. These funds are currently being used for revitalization at Grady Homes and McDaniel Glenn.

FY 2007 MTW ACCOMPLISHMENTS – FINANCIAL ACCOMPLISHMENTS

Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
• Reduced federal funds • Conflicting requirements among Federal funding sources	• AHA may combine its public housing subsidies and public housing capital funds, and its Housing Choice program assistance into a single, authority-wide funding source ("MTW Funds") and use for purposes of carrying out the MTW Demonstration Program • The flexibility of MTW has allowed AHA to implement higher standards of responsibility for our Public Housing assisted residents and Housing Choice Voucher participants	• Because of the flexibility to combine HUD MTW vouchers, low income operating subsidy and capital funds into a single fund and use to implement AHA's approved MTW plan, AHA was able to fund the implementation of its Business Plan • MTW flexibility has allowed AHA to implement the following reforms: (1) a work requirement and (2) a minimum rent increase, which have a direct financial impact. The work requirement resulted in increased income for many families, increasing their contribution to rent. • AHA's investments in tenant education programs, including the Good Neighbors program, have improved relationships among tenants, their neighbors, their landlords, and AHA. • Enhanced real estate inspections have improved the quality and safety of our tenant's homes. This new paradigm, coupled with increased use of Project	• AHA is able to be nimble in robust Atlanta real estate market • AHA is able to fund vital programs with MTW funds • Implement new strategies because of MTW relief, such as acquisition • Eliminate program redundancy

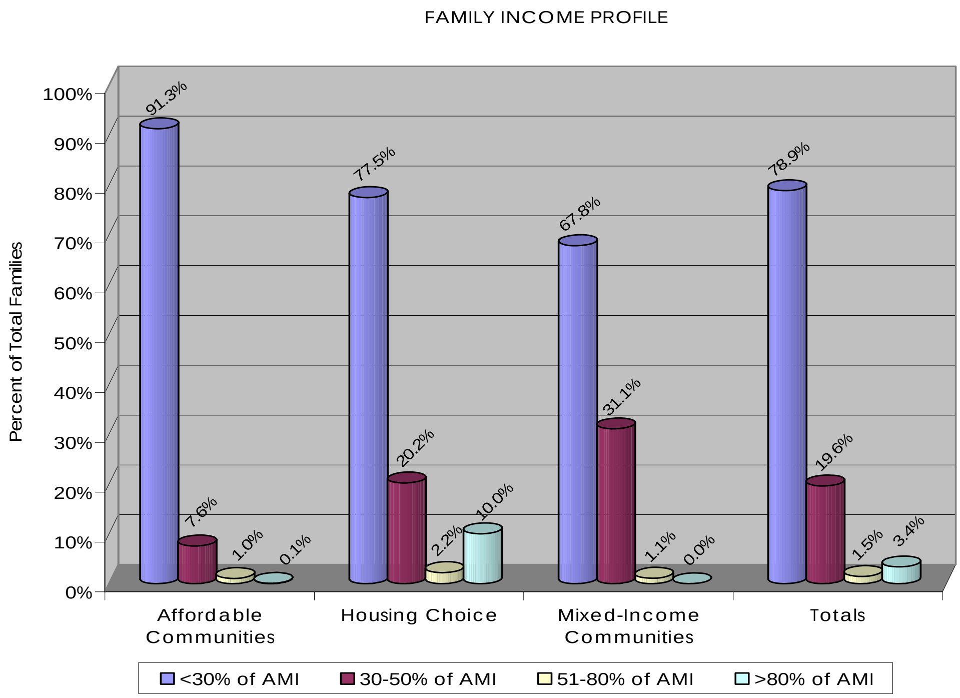
Local Challenge	MTW Relief	FY 2007 Accomplishments	Benefits
		Based Voucher communities will increase the stability of voucher holders, reducing turnover and related expenses.	
• Realignment of financial resources to support AHA repositioning program while maintaining existing commitments	• AHA is authorized to use MTW funds to reduce costs and achieve greater cost effectiveness in federal expenditures.	• AHA continued the implementation of its Fee for Service Methodology for allocating a fixed rate to HUD grants and programs for administration and overhead • Facilitates the development process	• Improved cost efficiency

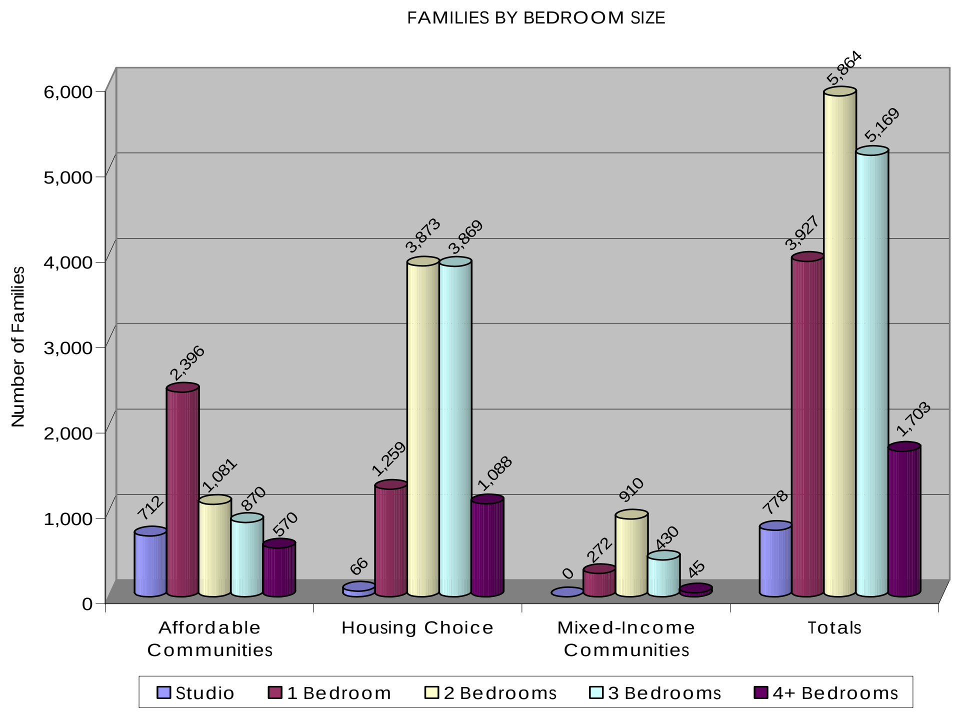
PERFORMANCE HIGHLIGHTS



AHA continues to serve substantially the same number of families as served prior to MTW. AHA's strategy is to serve more families in healthy mixed-income communities through AHA-sponsored market rate mixed-income communities created by private sector developers under AHA's strategic development program and by committing Section 8 project-based rental assistance to privately-owned properties. There was a slight decrease of families served since June 30, 2006, which is primarily attributable to terminations due to more consistent lease enforcement and improved policy standards.

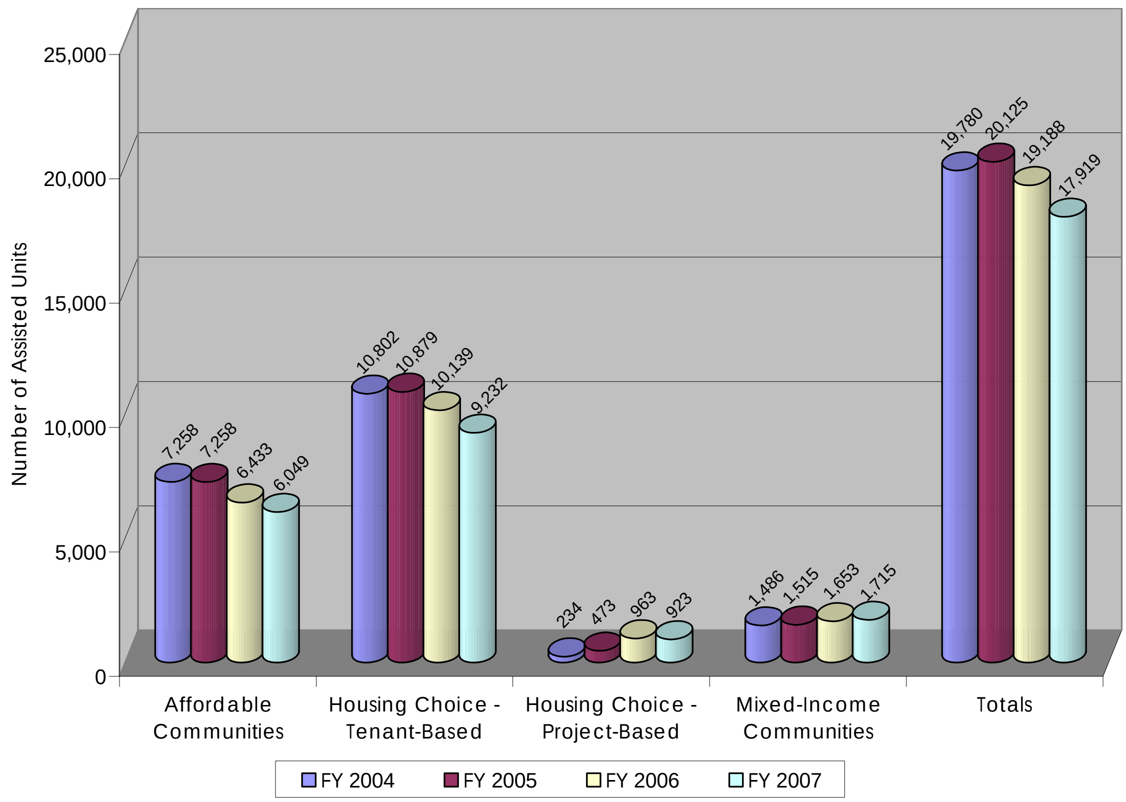
FAMILIES SERVED





Over 98% of families served by AHA are very low-income (50% or below of Area Median Income). In addition, AHA continues to serve the same comparable mix of families by size as prior to its MTW Agreement.

HOUSING OPPORTUNITIES



Consistent with its Business Plan, AHA is continuing to transform its conventional public housing properties into healthy mixed-income communities. Toward this goal, as of June 30, 2007 there was a reduction of 384 affordable units since June 30, 2006 due to (1) demolition of 128 units as part of the revitalization of McDaniel Glenn, (2) the relocation of residents from 250 units at John O. Chiles High-rise in support of the revitalization of the property as part of the Harris Homes HOPE VI Revitalization and (3) the six vacant units in the one remaining building at John Hope which AHA anticipates demolishing prior to 12/30/07. There were 486 unit terminations related to evictions under the Housing Choice program due to consistent enforcement of improved policy standards, and 28 participants graduated from the program because they no longer needed subsidy assistance.

FY 2007 MTW BENCHMARKS REPORT CARD[13]

Performance Measure	Baseline	FY07 Target	FY07 Outcome
Public Housing Program			
% Rents Uncollected	2%	≤2%	**2%**
Occupancy Rate	98%	≥98%	**98%**
Emergency Work Orders Completed or Abated in <24 Hours	99%	≥99%	**99%**
Routine Work Orders Completed in < 7 Days	5 Days	100% (≤7 Days)	**100% (1.3 Days)**
% Planned Inspections Completed	100%	100%	**100%**
Housing Choice Program (Section 8)			
Budget Utilization Rate	98%	≥98%	**99%**
% Planned Annual Inspections Completed	98%	≥98%	**100%**
Quality Control Inspections	≥1.4%	≥1.4%	**6.6%**
Community and Supportive Services			
Resident Homeownership	6	85	**71**
Resident Workforce Participation	6,415	7,615	**7,867**
Household Work/Program Compliance	N/A	62%	**73%**
Finance			
Project Based Financing Closings	N/A	6	**21**
Investment Deals Involving MTW Funds	0	1	**2**

[13] See details with definitions and explanatory notes in Appendix B.

CONCLUSION

AHA continues to produce milestones of progress that further demonstrate the need and benefits of the MTW program. From a local perspective, families being served are faring better in terms of employability, increased wages and connectivity to resources and opportunities that promote family success. As stated in the report, 83% of residents living in AHA's Affordable Communities are compliant with the CATALYST work/program participation requirement and families are being connected to additional resources such as human development and support services and the Service Provider Network. It is being proven that conventional public housing alone is not the key to providing affordable housing options to low-income citizens - nor is it the best approach. Families that are of limited incomes should be afforded opportunities for making decisions about their housing choice based on quality of life amenities such as quality housing, high performing neighborhood schools, first-class retail, and connectivity to employment centers as well as recreational and green space. Under the Quality of Life Initiative, AHA is moving families from pockets of concentrated poverty to offer more opportunities for choice while developing connectivity for families into healthier living environments.

Families are making informed choices about where they make their home – today 1,827 families who relocated from the old projects due to community revitalization initiatives used Housing Choice vouchers to move to affordable housing in places they chose to live. The vast majority (82%) moved to housing within the City of Atlanta. In addition, through thoughtful and engaging partnerships with the development community, AHA continues to stay nimble in a dynamic housing market, and is able to expand its offerings of housing opportunities using the Project-baesd Housing Choice voucher.

Managing public housing and voucher programs requires the operational structure and practices of running a business in determining how best to manage assets, serve customers, develop sustainability, and improve the bottom-line. The MTW Program fosters this level of business mindedness, independence, and creativity while allowing AHA to continue its vision to transform and improve its affordable housing delivery system to create better housing opportunities and better outcomes for AHA families. From a national perspective, this business approach in addressing the challenges facing the delivery of affordable housing is becoming more and more apparent. The Joint Center for Housing Studies of Harvard University puts it succinctly:

> "Federal efforts to address this challenge have been critical but insufficient to keep up with the growing demand. Making significant headway will be difficult without the combined efforts of all levels of government to expand housing subsidies, create incentives for the private sector to build affordable housing, institute land use policies

that reduce the barriers to development, and educate the public about the importance of affordable housing."

Leveraging the lessons learned and best practices of HOPE VI revitalization, AHA has designed a process that works inside of the private market, and MTW is being used as a tool to further make improvements and innovations with the private sector while engaging national and local leaders, groups, and organizations.

As AHA embarks on its fifth year of its seven-year MTW Agreement, the success of the Agency's MTW demonstration program relies heavily on its ability to expedite the implementation of projects and activities using the full flexibility that AHA is granted under its MTW Agreement. Moving forward, AHA will implement the following six major priorities toward achieving its vision of "Healthy Mixed-Income Communities:

- Revitalization Program
- Quality of Life Initiative
- Project-Based Rental Assistance as a Development Tool
- Re-engineering the Housing Choice Voucher Program
- Asset Management
- Human Development

Although AHA will be moving away from its work being captured and reported under its business lines, these activities will work across business lines using the interdisciplinary orientation and specialized expertise of staff to create a teamwork approach. Future reporting will align along these six major priorities but will continue to encompass and track similar outcomes as previously reported.

REFERENCE NOTES

The information presented in the Annual Report including its appendices should be read in connection with the following reference notes. Unless otherwise specified, all information provided in this Annual Report is as of June 30, 2007.

1. **Mixed-Income Communities.** AHA provides Section 9 subsidy to support housing opportunities in 14 mixed-income communities. The mixed-income communities are market-rate communities with a seamless affordable component. Typically, 30% - 40% of the units are reserved for Pubic Housing eligible households. The mixed-income communities are not owned, controlled, or operated by AHA or any of its affiliates. These communities are owned by public/private partnerships (Owner Entity) formed between an affiliate of AHA and AHA's procured private sector development partner. The private developer acts as the managing general partner. The mixed-income communities are managed by private management companies typically affiliates of the development partner. AHA provides a housing assistance payment with Section 9 funds to each Owner Entity, which is calculated to pay the difference between the operating costs for the Public Housing Assisted Units and the residents so that the Public Housing Assisted Units operate on a break-even basis. As of June 30, 2007, each of the 14 mixed-income communities had public housing assisted units that had reached EIOP (End of Initial Occupancy Period).

2. **AHA-Owned Communities.** AHA is the owner of 29 occupied communities, 16 high-rise communities and 13 family communities[14]. These communities are managed by professional third-party management companies procured by AHA and referred to as PMCOs. There are two types of AHA-owned communities:

    A. **High-Rise Communities -** High-rise communities are properties where the heads-of-household are (1) elderly (62-older), (2) almost elderly (55-61) or (3) disabled.

    B. **Family Communities -** Family communities are properties where the heads-of-household are (1) non-elderly and non-disabled, (2) elderly or (3) disabled.

Other special notes include:

- **Properties with Demolition Approval -** AHA received HUD approval to demolish five properties at the end of FY07. Relocation will be completed at these properties during FY08. The properties are Jonesboro North, Jonesboro South, Leila Valley, Englewood, and U-Rescue.

- **Properties with Part of HOPE VI Revitalizations -** Three High-rise properties and one family property have been approved for Revitalization as part of HOPE VI. These properties will be vacated during FY08. The properties include Martin Luther King, Jr. High-Rise, Antoine Graves High-Rise, Antoine Graves Annex High-rise, and University Homes.

- **Recently Vacated Properties -** The John Hope Model building is a six-unit residential facility remaining from the revitalization of John Hope Homes into The Village at Castleberry Hill. AHA has coordinated the demolition of this unit with SHPO and should have HUD approval of the demolition/disposition application during FY 2008. This building will be demolished in FY08. The John O. Chiles High-rise completed resident relocation at the end of FY07 and will be transitioned to the developer for revitalization in FY08.

3. **Public Housing Assisted (PHA) Units -** Public Housing Assisted Units include units at the AHA-owned communities and the units reserved for Public Housing assisted eligible households at the Mixed-Income Communities.

4. **Housing Choice Program -** AHA's "Section 8 Voucher Program" or "Leased Housing" program is referred to as AHA's Housing Choice Program. AHA provides both project-based Housing Choice voucher assistance and tenant-based Housing Choice voucher assistance.

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[14] The 13 family communities exclude the John Hope Model Building, a six-unit residential facility remaining from the revitalization of John Hope Homes into The Village at Castleberry Hill. These units are pending HUD approval of AHA's demolition application.

FY 2007 Moving To Work Annual Report
Appendices Table of Contents

MTW ANNUAL REPORT CROSS REFERENCE GUIDE

The following requirements for AHA's MTW Annual Report are revised based on HUD's approval of revisions outlined in the supplemental portion of AHA's FY 2006 CATALYST Implementation Plan. Approved eliminations and replacement information are highlighted in blue.

REQUIREMENT	LOCATION
I. Households Served	
Number served: plan vs. actual by Unit size, family type, income group, program/housing type, race & ethnicity	N/A for FY 2007[1]
A. Changes in tenant characteristics	
B. Changes in waiting list numbers and characteristics	
C. Narrative discussion/ explanation of difference	
II. Occupancy Policies	
A. Changes in concentration of lower-income families, by program	Appendix E Page 63
B. Changes in Rent Policy, if any	Appendix K
C. Narrative discussion/explanation of change	Appendix D Page 63 Note: A copy of AHA's Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments is included as Appendix L of AHA's FY 2007 CATALYST Implementation Plan.
III. Changes in the Housing Stock	
A. Number of units in inventory by program: planned vs. actual	No longer required.[2] Appendix F
B. Narrative discussion/explanation of difference	Same as above

[1] As part of the approval of AHA's FY 2006 CATALYST Implementation Plan, HUD approved AHA to replace this information with its MTW Benchmarking Study being conducted by the Boston Research Group, Inc. The study will include three reports: an FY 2006 Baseline Report, an FY 2008 Interim Report and an FY 2010 Final Report.

[2] As part of the approval of AHA's FY 2006 CATALYST Implementation Plan, HUD approved elimination of the requirement for AHA to provide this information as part of its annual plans.

REQUIREMENT	LOCATION
IV. Sources and Amounts of Funding	
A. Planned vs. actual funding amounts	Appendix G
B. Narrative discussion/explanation of difference	Appendix G
C. Consolidated Financial Statement	Appendix G
V. Uses of Funds	
A. Budgeted vs. actual expenditures by line item	Appendix G
B. Narrative/explanation of difference	Appendix G
C. Reserve balance at end of year. Discuss adequacy of reserves.	Appendix G
VI. Capital Planning	
A. Planned vs. actual expenditures by property	Appendix G
B. Narrative discussion/explanation of difference	Appendix G
VII. Management Information for Public Housing Assisted Units	
A. Occupancy Rates	
1. Target vs. actual occupancies by property	Appendix F
2. Narrative/explanation of difference	Appendix F
B. Rent Collections (Rents Uncollected)	
1. Target vs. actual uncollected rents	Appendix F
2. Narrative/explanation of difference	Appendix F
C. Work Orders	
1. Target vs. actual response rates	Appendix F
2. Narrative/explanation of difference	Appendix F
D. Inspections	
1. Planned vs. actual inspections completed	Appendix F
2. Narrative/discussion of difference	Appendix F

REQUIREMENT	LOCATION
VII. Management Information for Public Housing Assisted Units (continued)	
3. Results of independent PHAS inspections	HUD did not conduct a REAC/PHAS inspection of AHA-owned public housing assisted units during FY 2007
E. Security	
1. Narrative: planned vs. actual actions/explanation of difference	Pages 21, 28 - 29
VIII. Management Information for Housing Choice	
A. Leasing Information	
1. Target vs. actual lease ups at end of period	No longer required.[3]
2. Information and Certification of Data on Leased Housing Management including: Ensuring rent reasonableness; Expanding housing opportunities; Deconcentration of low-income families	Appendix D Note: A copy of AHA's Administrative Plan Governing the Housing Choice Voucher Program is included as Appendix M of AHA's FY 2007 CATALYST Implementation Plan.
3. Narrative/explanation of differences	Appendix D
B. Inspection Strategy	
1. Results of strategy, including: a) Planned vs. actual inspections completed by category: Annual HQS inspections; Pre-contract HQS inspections; HQS Quality Control inspections; b) HQS Enforcement	Pages 33 – 34, 40
2. Narrative/discussion of difference	Page 33 – 34, 40
IX. Client Services	
1. Narrative: planned vs. actual actions/explanation of difference	Pages 26 – 28, 30 - 31
2. Results of latest PHAS Resident Survey, or equivalent as determined by HUD.	Appendix C
X. Other Information as Required by HUD	
A. Results of latest completed 133 Audit, (including program-specific OMB compliance supplement items, as applicable to the HA's Agreement)	Appendix H
B. Required Certifications and other submissions from which the Agency is not exempted by the MTW Agreement	Appendix J
C. Submissions required for the receipt of funds	Appendix I

[3] As part of the approval of AHA's FY 2006 CATALYST Implementation Plan, HUD approved elimination of the requirement for AHA to provide this information as part of its annual plans.

FY 2007 MTW BENCHMARKS REPORT

Performance Measure	Baseline	FY06 Outcome	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY07 Outcome	FY07 Goal	Comments
Public Housing Program (Section 9)									
% Rents Uncollected	2%	**1%**	2.7%	3.0%	1.6%	**2.00%**	**2.00%**	≤ 2%	**Benchmark met.**
Gross tenant rents receivable through the last day of the Fiscal Year (FY) divided by the total amount of tenant rents billed during the FY shall be less than or equal to the target benchmark.									
Occupancy Rate	98%	**99%**	96.2%	97.1%	97.6%	**98.0%**	**98.0%**	≥ 98%	**Benchmark met.**
The ratio of occupied public housing units to available units as of the last day of the FY shall be greater than or equal to the target benchmark.									
Emergency Work Orders Completed or Abated in <24 Hours	99%	**99%**	97.0%	99.5%	99.9%	**99.0%**	**99.0%**	≥ 99%	**Benchmark met.**
The percentage of emergency work orders that are completed or abated within 24 hours of issuance of the work order shall be greater than or equal to the target benchmark. (Abated is defined as "emergency resolved through temporary measure, and a work order for long term resolution has been issued.")									
Routine Work Orders Completed in< 7 Days	5 Days	**100% (1.6 Days)**	100%	100%	100%	**100%**	**100%**	**100%**	**Benchmark met.**
The average number of days that all non-emergency work orders will be active during the FY shall be 7 days or less.									
% Planned Inspections Completed	100%	**100%**	48.5%	70.5%	94.9%	**100.0%**	**100.0%**	**100%**	**Benchmark met.**
The percentage of all occupied units and common areas that are inspected during the FY shall be greater than or equal to the target benchmark.									
Housing Choice Program (Section 8)									
Budget Utilization Rate	98%	**98%**	88%	89%	98%	**99%**	**99%**	≥ 98%	**Exceeded benchmark.**
The expenditure of FY Housing Choice Annual Budget allocation for MTW vouchers utilized for MTW eligible activities will be greater than or equal to the target benchmark of 98%.									
% Planned Annual Inspections Completed	98%	**98%**	96%	98%	98%	**100%**	**100%**	≥ 98%	**Exceeded benchmark.**
The percent of all units under contract that are inspected directly by AHA or any other agency responsible for monitoring the property during the fiscal year shall be greater than or equal to the target benchmark by the last day of the fiscal year.									
Quality Control Inspections	≥1.4%	**7.6%**	6.9%	5.3%	6.0%	**6.6%**	**6.6%**	≥ 1.4%	**Exceeded benchmark.**
The percent of quality control inspections on units inspected directly by AHA during the fiscal year shall be greater than or equal to the target benchmark.									

*Revised benchmark included in AHA's FY 2007 CATALYST Implementation Plan; pending HUD approval.

Performance Measure	Baseline	FY06 Outcome	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY07 Outcome	FY07 Goal	Comments
Community and Supportive Services									
Resident Homeownership	6	**37**	17	26	13	**15**	**71**	**85**	**Benchmark not met.** This report reflects the number of eligible low income families from Signature Communities, Affordable Communities, and the Housing Choice Program who closed on purchasing a home during each quarter. Delays in land transfers and revitalization plan approvals have hindered accomplishment of this objective.
The number of Public Housing residents, Housing Choice Voucher participants, and other income eligible families who close on purchasing a home during the FY, regardless of participation in a homeownership counseling program, shall be greater than or equal to the target benchmark.									
Household Work/Program Compliance*	N/A	**N/A**	65.0%	65.0%	69.0%	**73.0%**	**73.0%**	**62%**	**Exceeded benchmark.**
The annual percentage of Public Housing and Housing Choice assisted households that are Work/Program compliant (excluding elderly and disabled members of the households) through the last day of the FY shall be greater than or equal to the target benchmark.									
Resident Workforce Participation	6,415	**9,567**	7,245	7,405	7,954	**7,867**	**7,867**	**7,615**	**Exceeded benchmark.**
Annual number of Public Housing or Housing Choice heads of households (excluding elderly and disabled) who are in the workforce.									
Finance									
Project Based Financing Closings (original)	N/A	**N/A**	0	0	0	**0**	**0**	**3**	**Replaced with benchmark below.**
Annual number of properties refinanced using project based financing demonstration principles.									
Project Based Financing Closings (revised)*	0	**1**	3	6	4	**7**	**21**	**6**	**Exceeded benchmark.**
Annual number of projects in which AHA will commit project-based vouchers.									
Investment Deals Involving MTW Funds*	0	**2**	0	0	0	**2**	**2**	**1**	**Exceeded benchmark.**
Annual number of projects in which AHA will investment MTW funds.									

*Revised benchmark included in AHA's FY 2007 CATALYST Implementation Plan; pending HUD approval.

Atlanta Housing Authority
FY2007 Resident Satisfaction Survey
Summary of Results

Property Maintenance

	Never	1 to 3 times	More than 3 times	No Response	Multiple Responses
1. In the past year, how often did you need assistance from the maintenance staff?					
Number of responses	102	707	280	121	11
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	8.4%	57.9%	22.9%	9.9%	0.9%

	Yes	No	Does Not Apply	No Response	Multiple Responses
2. Do maintenance workers complete work orders in one week or less?					
Number of responses	898	210	33	64	19
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	73.5%	17.2%	2.7%	5.2%	1.6%
3. Do maintenance workers complete emergency repairs in one day or less?					
Number of responses	822	221	101	69	8
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	67.3%	18.1%	8.3%	5.7%	0.7%
4. Do maintenance workers fix your work orders in a single visit?					
Number of responses	840	286	27	56	12
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	68.8%	23.4%	2.2%	4.6%	1.0%
5. Do maintenance workers answer your questions?					
Number of responses	971	138	42	50	20
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	79.5%	11.3%	3.4%	4.1%	1.6%
6. When you go to the laundry room do the machines work?					
Number of responses	500	325	278	91	27
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	41.0%	26.6%	22.8%	7.5%	2.2%
7. Is there trash on the ground or in the streets around the apartments?					
Number of responses	368	748	18	61	26
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	30.1%	61.3%	1.5%	5.0%	2.1%

The total of 1,221 represents the total number of surveys that were returned by residents. The "No Response" category is inclusive of individuals who returned the survey but did not respond to a particular question on the survey. The "Multiple Responses" category is inclusive of individuals who returned the survey and provided multiple responses to a particular question on the survey.

Atlanta Housing Authority
FY2007 Resident Satisfaction Survey
Summary of Results

Property Management

	Never	1 to 3 times	More than 3 times	No Response	Multiple Responses
8. In the past year, how often did you need assistance from the property management staff?					
Number of responses	350	592	181	96	2
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	28.7%	48.5%	14.8%	7.9%	0.2%

	Yes	No	Does Not Apply	No Response	Multiple Responses
9. Do the people in the rent office answer the phone?					
Number of responses	1,033	56	51	64	17
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	84.6%	4.6%	4.2%	5.2%	1.4%
10. When you visit the rent office is someone there to help you?					
Number of responses	1,110	47	13	44	7
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	90.9%	3.8%	1.1%	3.6%	0.6%
11. Do the people in the rent office answer your questions?					
Number of responses	1,065	77	19	53	7
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	87.2%	6.3%	1.6%	4.3%	0.6%

General Performance	Very Good	Good	Average	Poor	No Response	Multiple Responses
12. Overall, how would you describe living in your community?						
Number of responses	321	401	318	138	39	4
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221	1,221
Percentage	26.3%	32.8%	26.0%	11.3%	3.2%	0.3%

	Yes	No	No Response	Multiple Responses
13. Would you recommend your community to a friend?				
Number of responses	799	302	109	11
Total number of surveys returned	1,221	1,221	1,221	1,221
Percentage	65.4%	24.7%	8.9%	0.9%

Atlanta Housing Authority
FY2007 Resident Satisfaction Survey
Summary of Results

Resident Services

	Never	1 to 3 times	More than 3 times	No Response	Multiple Responses
14. In the past year, how often did the resident services staff help you?					
Number of responses	342	609	183	79	8
Total number of surveys returned	1,221	1,221	1,221	1,221	1,221
Percentage	28.0%	49.9%	15.0%	6.5%	0.7%

	Yes	No	No Response	Multiple Responses
15. Does the resident services staff help you?				
Number of responses	783	308	116	14
Total number of surveys returned	1,221	1,221	1,221	1,221
Percentage	64.1%	25.2%	9.5%	1.1%
16. Do you know when the resident association meetings are held?				
Number of responses	970	182	57	12
Total number of surveys returned	1,221	1,221	1,221	1,221
Percentage	79.4%	14.9%	4.7%	1.0%
17. Do you feel the resident association meetings are important?				
Number of responses	941	195	70	15
Total number of surveys returned	1,221	1,221	1,221	1,221
Percentage	77.1%	16.0%	5.7%	1.2%
18. Do you regularly attend the resident association meetings?				
Number of responses	557	580	75	9
Total number of surveys returned	1,221	1,221	1,221	1,221
Percentage	45.6%	47.5%	6.1%	0.7%

Safety	Yes	No	No Response	Multiple Responses
19. Do you feel safe inside your apartment?				
Number of responses	1,004	168	36	13
Total number of surveys returned	1,221	1,221	1,221	1,221
Percentage	82.2%	13.8%	2.9%	1.1%
20. Do you feel safe in your apartment community?				
Number of responses	891	276	46	8
Total number of surveys returned	1,221	1,221	1,221	1,221
Percentage	73.0%	22.6%	3.8%	0.7%

DECONCENTRATION AND OCCUPANCY POLICIES

Atlanta Housing Authority (AHA) has made a commitment to achieve excellent outcomes that will promote the deconcentration of poverty and the creation of healthy mixed-income communities. To fulfill this commitment, AHA will consider effective strategies that include, but are not limited to, repositioning its public housing portfolio under the Quality of Life Initiative; implementing a comprehensive project-based rental assistance program that will apply market rate principles in promoting the development of quality affordable housing in quality rental market areas; developing its own system of payment standards inside its Housing Choice Program that will permit eligible families to choose rental housing in low poverty areas and open up a broader area of affordable housing opportunities throughout AHA's jurisdiction; partnering in the development of mixed-income communities and pursuing strategies to sustain mixed-income investments through the creation of asset management systems; establishing standards of personal responsibility, accountability and success for clients by emphasizing the importance of employment and economic independence; supporting fair housing and equal housing opportunities for families, seniors, and persons with disabilities by seeking those opportunities through site-based waiting lists, designated housing and special needs housing; and establishing nimble and effective and reasonable response mechanisms to assist fragile clients that may fall prey to hardships beyond their control.

AHA's approach to deconcentration is to utilize eligibility standards and criteria that recognize the value that employment brings to the success of families. AHA believes this positive approach to poverty deconcentration should result in increasing household incomes which, in turn, would reduce the level of poverty among clients and in the neighborhoods and communities where they live. Minimum rent and work requirement policies have led to successful outcomes supporting the deconcentration of poverty. The minimum rent established at $125 has not increased rent burdens. The work requirement that requires at least one household member (adults ages 18-61, excluding elderly and disabled persons) to work full-time at least 30 hours per week has contributed to the positive upward trend in household incomes. For an in depth review of AHA's policies, please refer to the *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments (Rev. 3)* and the *Fifth Amended and Restated Administrative Plan Governing the Housing Choice Program*, both of which were included in AHA's FY 2008 MTW Annual Plan.

As an overarching deconcentration strategy, AHA will continue the aggressive transition away from distressed and obsolete public housing projects toward market rate, mixed-income communities of opportunity that have a seamless affordable component for families on the road to economic independence and for seniors and for persons with disabilities.

E-1 Change in Households Served - INCOME PROFILE

PROGRAM/COMMUNITY TYPE	< 30% of AMI					30 - 50% of AMI					51 - 80% of AMI				
	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg
Public Housing Assisted															
High-Rise	2,917	2,957	2,870	2,551	-13%	140	78	146	166	19%	14	8	14	21	50%
Family	3,788	3,092	2,956	2,589	-32%	204	104	205	260	27%	23	19	24	38	65%
Mixed-Income	962	1,155	1,004	1,124	17%	296	202	602	515	74%	76	134	28	18	-76%
PHA Total	**7,667**	**7,204**	**6,830**	**6,264**	**-18%**	**640**	**384**	**953**	**941**	**49%**	**113**	**161**	**66**	**77**	**-32%**
Housing Choice	8,954	9,121	8,649	7,868	-12%	1,664	1,906	2,063	2,052	24%	87	147	204	225	159%
AHA Total	**16,621**	**16,325**	**15,479**	**14,132**	**-15%**	**2,304**	**2,290**	**3,016**	**2,993**	**31%**	**200**	**308**	**270**	**302**	**51%**

PROGRAM/COMMUNITY TYPE	> 80% of AMI					TOTAL				
	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg
Public Housing Assisted										
High-Rise	1	0	2	1	0%	3,072	3,043	3,032	2,739	-11%
Family	28	0	0	3	-89%	4,043	3,215	3,185	2,890	-29%
Mixed-Income	0	0	0	0	0%	1,334	1,491	1,634	1,657	24%
PHA Total	**29**	**0**	**2**	**4**	**-86%**	**8,449**	**7,749**	**7,851**	**7,286**	**-14%**
Housing Choice	4	2	4	10	150%	10,709	11,176	10,920	10,155	-5%
AHA Total	**33**	**2**	**6**	**14**	**-58%**	**19,158**	**18,925**	**18,771**	**17,441**	**-9%**

NOTE: The percentage change was calculated based on the difference between FY 2004 and FY 2007.

E-2 Change in Households Served - BEDROOM SIZE PROFILE

PROGRAM/COMMUNITY TYPE	Studio					1 Bedroom					2 Bedrooms				
	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg
Public Housing Assisted															
High-Rise	758	754	758	693	-9%	2,298	2,281	2,262	2,041	-11%	13	7	10	5	-62%
Family	54	39	39	19	-65%	717	490	467	355	-50%	1,487	1,147	1,161	1,076	-28%
Mixed-Income	0	0	0	0	0%	238	244	266	272	14%	702	796	886	910	30%
PHA Total	**812**	**793**	**797**	**712**	**-12%**	**3,253**	**3,015**	**2,995**	**2,668**	**-18%**	**2,202**	**1,950**	**2,057**	**1,991**	**-10%**
Housing Choice	4	41	20	66	1550%	934	1,046	2,092	1,259	35%	4,151	4,228	4,705	3,873	-7%
AHA Total	**816**	**834**	**817**	**778**	**-5%**	**4,187**	**4,061**	**5,087**	**3,927**	**-6%**	**6,353**	**6,178**	**6,762**	**5,864**	**-8%**

PROGRAM/COMMUNITY TYPE	3 Bedrooms					4+ Bedrooms					TOTAL				
	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg
Public Housing Assisted															
High-Rise	1	1	2	0	-100%	2	0	0	0	-100%	3,072	3,043	3,032	2,739	-11%
Family	1,173	961	950	870	-26%	612	578	568	570	-7%	4,043	3,215	3,185	2,890	-29%
Mixed-Income	349	406	437	430	23%	45	45	45	45	0%	1,334	1,491	1,634	1,657	24%
PHA Total	**1,523**	**1,368**	**1,389**	**1,300**	**-15%**	**659**	**623**	**613**	**615**	**-7%**	**8,449**	**7,749**	**7,851**	**7,286**	**-14%**
Housing Choice	4,508	4,579	3,267	3,869	-14%	1,439	1,458	836	1,088	-24%	11,036	11,352	10,920	10,155	-8%
AHA Total	**6,031**	**5,947**	**4,656**	**5,169**	**-14%**	**2,098**	**2,081**	**1,449**	**1,703**	**-19%**	**19,485**	**19,101**	**18,771**	**17,441**	**-10%**

NOTE : The percentage change was calculated based on the difference between FY 2004 and FY 2007.

F-1 Number of AHA-Assisted Units as of 6/30/07

PROGRAM/COMMUNITY TYPE	Studio					1 Bedroom					2 Bedrooms				
	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg
Public Housing Assisted															
High-Rise	764	764	764	717	-6%	2,302	2,302	2,302	2,101	-9%	15	15	15	14	-7%
Family	54	54	40	40	-26%	750	750	495	429	-43%	1,530	1,530	1,219	1,215	-21%
Mixed-Income	0	0	0	0	0%	238	247	276	277	16%	805	812	907	941	17%
PHA Total	**818**	**818**	**804**	**757**	**-7%**	**3,290**	**3,299**	**3,073**	**2,807**	**-15%**	**2,350**	**2,357**	**2,141**	**2,170**	**-8%**
Housing Choice	4	41	20	66	1550%	934	1,046	2,092	1,259	35%	4,151	4,228	4,705	3,873	-7%
AHA Total	**822**	**859**	**824**	**823**	**0%**	**4,224**	**4,345**	**5,165**	**4,066**	**-4%**	**6,501**	**6,585**	**6,846**	**6,043**	**-7%**

PROGRAM/COMMUNITY TYPE	3 Bedrooms					4+ Bedrooms					TOTAL				
	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg	June 2004	June 2005	June 2006	June 2007	Chg
Public Housing Assisted															
High-Rise	1	1	1	0	-100%	0	0	0	0	0%	3,082	3,082	3,082	2,832	-8%
Family	1,213	1,213	996	934	-23%	629	629	601	599	-5%	4,176	4,176	3,351	3,217	-23%
Mixed-Income	398	407	422	449	13%	45	49	48	48	7%	1,486	1,515	1,653	1,715	15%
PHA Total	**1,612**	**1,621**	**1,419**	**1,383**	**-14%**	**674**	**678**	**649**	**647**	**-4%**	**8,744**	**8,773**	**8,086**	**7,764**	**-11%**
Housing Choice	4,508	4,579	3,267	3,869	-14%	1,439	1,458	836	1,088	-24%	11,036	11,352	11,102	10,155	-8%
AHA Total	**6,120**	**6,200**	**4,686**	**5,252**	**-14%**	**2,113**	**2,136**	**1,485**	**1,735**	**-18%**	**19,780**	**20,125**	**19,188**	**17,919**	**-9%**

NOTE : The percentage change was calculated based on the difference between FY 2004 and FY 2007.

AHA continues to serve the same comparable mix of families by size as prior to its MTW Agreement.

F-2 Public Housing Assisted - Communities Rent Collection Levels as of 6/30/07

Program/Community Type	Target	Percentage of Rent Uncollected	Difference
High-Rise			
Antoine Graves	2%	0.1%	-1.9%
Barge Road	2%	0.3%	-1.7%
Cheshire Bridge	2%	0.2%	-1.8%
Cosby Spear Towers	2%	0.7%	-1.3%
East Lake Towers	2%	0.0%	-2.0%
Georgia Avenue	2%	0.0%	-2.0%
Graves Annex	2%	0.2%	-1.8%
Hightower Manor	2%	0.5%	-1.5%
John O. Chiles	2%	0.0%	-2.0%
Juniper & 10th	2%	0.4%	-1.6%
M.L. King Tower	2%	0.0%	-2.0%
Marian Road	2%	0.3%	-1.7%
Marietta Road	2%	0.4%	-1.6%
Palmer House	2%	0.5%	-1.5%
Peachtree Road	2%	0.1%	-1.9%
Piedmont Road	2%	0.0%	-2.0%
Roosevelt House	2%	0.1%	-1.9%
High-Rise Totals	**2.00%**	**0.22%**	**-1.8%**
Family			
Bankhead Courts	2%	2.9%	0.9%
Bowen Apartments	2%	2.3%	0.3%
Englewood Manor	2%	2.6%	0.6%
Herndon Homes	2%	2.0%	0.0%
Hollywood Courts	2%	1.2%	-0.8%
Jonesboro North	2%	4.4%	2.4%
Jonesboro South	2%	3.9%	1.9%
Leila Valley	2%	4.1%	2.1%
Martin Street Plaza	2%	0.0%	-2.0%
McDaniel Glenn	2%	0.0%	-2.0%
Thomasville Heights	2%	1.2%	-0.8%
University Apartments	2%	0.5%	-1.5%
U-Rescue Villa	2%	0.6%	-1.4%
Westminster	2%	0.7%	-1.3%
Family Totals	**2.00%**	**1.89%**	**-0.1%**
Mixed-Income			
Ashley CollegeTown	2%	5.1%	3.1%
Ashley Courts at Cascade	2%	9.3%	7.3%
Ashley Courts at Cascade - Phase I	2%	9.7%	7.7%
Ashley Courts at Cascade - Phase II	2%	7.7%	5.7%
Ashley Courts at Cascade - Phase III	2%	10.9%	8.9%
Ashley Terrace at West End	2%	0.8%	-1.2%
Centennial Place	2%	-1.4%	-3.4%
Columbia Commons	2%	11.2%	9.2%
Columbia Village	2%	8.0%	6.0%
Magnolia Park	2%	2.6%	0.6%
Summerdale Commons	2%	-0.1%	-2.1%
The Village at Castleberry Hill	2%	-1.8%	-3.8%
The Villages at Carver	2%	0.8%	-1.2%
The Villages of East Lake	2%	7.0%	5.0%
West Highlands at Columbia Creste	2%	2.0%	0.0%
West Highlands at Columbia Park Citi	2%	6.3%	4.3%
West Highlands at Columbia Estates	2%	3.4%	1.4%
Mixed-Income Totals	**2%**	**5%**	**2.8%**
PHA Total	**2.00%**	**2.33%**	**0.3%**

Rounded to 2% on AHA's MTW Benchmarks Report in Appendix B.

F-3 Public Housing Assisted Communities - Occupancy Rate Levels as of 6/30/07

Program/Community Type	Target	Percentage of Occupancy Level	Difference
High-Rise			
Antoine Graves	98%	100.0%	2.0%
Barge Road	98%	99.2%	1.2%
Cheshire Bridge	98%	98.8%	0.8%
Cosby Spear Towers	98%	100.0%	2.0%
East Lake Towers	98%	99.3%	1.3%
Georgia Avenue	98%	100.0%	2.0%
Graves Annex	98%	100.0%	2.0%
Hightower Manor	98%	99.2%	1.2%
John O. Chiles	98%	100.0%	2.0%
Juniper & 10th	98%	100.0%	2.0%
M.L. King Tower	98%	100.0%	2.0%
Marian Road	98%	100.0%	2.0%
Marietta Road	98%	100.0%	2.0%
Palmer House	98%	99.6%	1.6%
Peachtree Road	98%	99.0%	1.0%
Piedmont Road	98%	100.0%	2.0%
Roosevelt House	98%	98.4%	0.4%
High-Rise Totals	**98%**	**99.6%**	**1.62%**
Family			
Bankhead Courts	98%	98.4%	0.4%
Bowen Apartments	98%	98.1%	0.1%
Englewood Manor	98%	100.0%	2.0%
Herndon Homes	98%	98.5%	0.5%
Hollywood Courts	98%	99.0%	1.0%
Jonesboro North	98%	100.0%	2.0%
Jonesboro South	98%	100.0%	2.0%
Leila Valley	98%	100.0%	2.0%
Martin Street Plaza	98%	96.6%	-1.4%
McDaniel Glenn	98%	100.0%	2.0%
Thomasville Heights	98%	98.3%	0.3%
University Apartments	98%	100.0%	2.0%
U-Rescue Villa	98%	100.0%	2.0%
Westminster	98%	100.0%	2.0%
Family Totals	**98%**	**99.2%**	**1.2%**
Mixed-Income			
Ashley CollegeTown	98%	97.4%	-0.6%
Ashley Courts at Cascade	98%	96.6%	-1.4%
Ashley Terrace at West End	98%	100.0%	2.0%
Centennial Place	98%	97.7%	-0.3%
Columbia Commons	98%	89.6%	-8.4%
Columbia Village	98%	100.0%	2.0%
Magnolia Park	98%	99.3%	1.3%
Summerdale Commons	98%	74.3%	-23.7%
The Village at Castleberry Hill	98%	98.3%	0.3%
The Villages at Carver	98%	96.4%	-1.6%
The Villages of East Lake	98%	100.0%	2.0%
West Highlands at Columbia Creste	98%	95.0%	-3.0%
West Highlands at Columbia Park Citi	98%	98.4%	0.4%
West Highlands at Columbia Estates	98%	98.0%	0.0%
Mixed-Income Totals	**98%**	**95.8%**	**-2.2%**
PHA Total	**98%**	**98.*%**	**0.6%**

Rounded to 98% on AHA's MTW Benchmarks Report in Appendix B.

Note: The John Hope Model building is a six-unit residential facility remaining from the revitalization of John Hope Homes into The Village at Castleberry Hill. AHA has coordinated the demolition of this unit with SHPO and should have HUD approval of the demolition/disposition application during FY 2008. This building will be demolished in FY08.

F-4 Public Housing Assisted Communities - Emergency Work Order Responses as of 6/30/07

Program/Community Type	Target	Percentage of Emergency Work Orders Completed or Abated Within 24 Hours	Difference
High-Rise			
Antoine Graves	100%	100.0%	0.0%
Barge Road	100%	100.0%	0.0%
Cheshire Bridge	100%	100.0%	0.0%
Cosby Spear Towers	100%	100.0%	0.0%
East Lake Towers	100%	99.2%	-0.8%
Georgia Avenue	100%	100.0%	0.0%
Graves Annex	100%	99.0%	-1.0%
Hightower Manor	100%	100.0%	0.0%
John O. Chiles	100%	100.0%	0.0%
Juniper & 10th	100%	100.0%	0.0%
M.L. King Tower	100%	100.0%	0.0%
Marian Road	100%	100.0%	0.0%
Marietta Road	100%	100.0%	0.0%
Palmer House	100%	99.2%	-0.8%
Peachtree Road	100%	99.0%	-1.0%
Piedmont Road	100%	100.0%	0.0%
Roosevelt House	100%	100.0%	0.0%
High-Rise Totals	**100%**	**99.8%**	**-0.2%**
Family			
Bankhead Courts	100%	100.0%	0.0%
Bowen Apartments	100%	100.0%	0.0%
Englewood Manor	100%	100.0%	0.0%
Herndon Homes	100%	100.0%	0.0%
Hollywood Courts	100%	100.0%	0.0%
Jonesboro North	100%	100.0%	0.0%
Jonesboro South	100%	100.0%	0.0%
Leila Valley	100%	99.6%	0.1%
Martin Street Plaza	100%	100.0%	0.0%
McDaniel Glenn	100%	100.0%	0.0%
Thomasville Heights	100%	99.1%	-0.9%
University Apartments	100%	99.7%	-0.3%
U-Rescue Villa	100%	100.0%	0.0%
Westminster	100%	100.0%	0.0%
Family Totals	**100%**	**99.9%**	**-0.11%**
Mixed-Income			
Ashley CollegeTown	100%	100.0%	0.0%
Ashley Courts at Cascade	100%	90.0%	-10.0%
Ashley Terrace at West End	100%	100.0%	0.0%
Centennial Place	100%	100.0%	0.0%
Columbia Commons	100%	93.0%	-7.0%
Columbia Village	100%	98.0%	-2.0%
Magnolia Park	100%	100.0%	0.0%
Summerdale Commons	100%	100.0%	0.0%
The Village at Castleberry Hill	100%	100.0%	0.0%
The Villages at Carver	100%	100.0%	0.0%
The Villages of East Lake	100%	100.0%	0.0%
West Highlands at Columbia Creste	100%	92.0%	-8.0%
West Highlands at Columbia Park Citi	100%	100.0%	0.0%
West Highlands at Columbia Estates	100%	100.0%	0.0%
Mixed-Income Totals	**100%**	**98.1%**	**-1.9%**
PHA Total	**100%**	**99.4%***	**-0.6%**

Rounded to 99% on AHA's MTW Benchmarks Report in Appendix B.

Note: The John Hope Model building is a six-unit residential facility remaining from the revitalization of John Hope Homes into The Village at Castleberry Hill. AHA has coordinated the demolition of this unit with SHPO and should have HUD approval of the demolition/disposition application during FY 2008. This building will be demolished in FY08.

F-5 Public Housing Assisted Communities - Routine Work Order Responses as of 6/30/07

Program/Community Type	Target	Average # of Days to Complete Routine Work Orders	Difference
High-Rise			
Antoine Graves	7	1.0	-6.0
Barge Road	7	1.0	-6.0
Cheshire Bridge	7	1.0	-6.0
Cosby Spear Towers	7	1.8	-5.2
East Lake Towers	7	1.1	-5.9
Georgia Avenue	7	1.3	-5.7
Graves Annex	7	1.0	-6.0
Hightower Manor	7	1.5	-5.5
John O. Chiles	7	1.0	-6.0
Juniper & 10th	7	1.1	-5.9
M.L. King Tower	7	1.0	-6.0
Marian Road	7	1.3	-5.7
Marietta Road	7	1.1	-5.9
Palmer House	7	1.1	-5.9
Peachtree Road	7	1.0	-6.0
Piedmont Road	7	1.0	-6.0
Roosevelt House	7	1.0	-6.0
High-Rise Totals	**7**	**1.1**	**-5.9**
Family			
Bankhead Courts	7	1.8	-5.2
Bowen Apartments	7	2.4	-4.6
Englewood Manor	7	1.0	-6.0
Herndon Homes	7	1.3	-5.7
Hollywood Courts	7	1.2	-5.8
Jonesboro North	7	2.3	-4.7
Jonesboro South	7	2.0	-5.0
Leila Valley	7	2.3	-4.7
Martin Street Plaza	7	1.7	-5.3
McDaniel Glenn	7	0.3	-6.7
Thomasville Heights	7	1.0	-6.0
University Apartments	7	1.0	-6.0
U-Rescue Villa	7	2.4	-4.6
Westminster	7	1.7	-5.3
Family Totals	**7**	**1.6**	**-5.4**
Mixed-Income			
Ashley CollegeTown	7	1.0	-6.0
Ashley Courts at Cascade	7	1.0	-6.0
Ashley Terrace at West End	7	1.0	-6.0
Centennial Place	7	1.0	-6.0
Columbia Commons	7	1.0	-6.0
Columbia Village	7	1.7	-5.3
Magnolia Park	7	1.0	-6.0
Summerdale Commons	7	1.2	-5.8
The Village at Castleberry Hill	7	1.0	-6.0
The Villages at Carver	7	1.0	-6.0
The Villages of East Lake	7	1.1	-5.9
West Highlands at Columbia Creste	7	1.3	-5.7
West Highlands at Columbia Park Citi	7	1.0	-6.0
West Highlands at Columbia Estates	7	1.0	-6.0
Mixed-Income Totals	**7**	**1.1**	**-5.9**
PHA Total	**7**	**1.3**	**-5.7**

Reported as 1.3 days (100%) on AHA's MTW Benchmarks Report in Appendix B.

Note: The John Hope Model building is a six-unit residential facility remaining from the revitalization of John Hope Homes into The Village at Castleberry Hill. AHA has coordinated the demolition of this unit with SHPO and should have HUD approval of the demolition/disposition application during FY 2008. This building will be demolished in FY08.

F-6 Public Housing Assisted Communities - Unit and Common Area Inspection Levels as of 6/30/07

Program/Community Type	Target	Percentage of Units and Common Areas Inspected	Difference
High-Rise			
Antoine Graves	100%	100.0%	0.0%
Barge Road	100%	100.0%	0.0%
Cheshire Bridge	100%	100.0%	0.0%
Cosby Spear Towers	100%	100.0%	0.0%
East Lake Towers	100%	100.0%	0.0%
Georgia Avenue	100%	100.0%	0.0%
Graves Annex	100%	100.0%	0.0%
Hightower Manor	100%	100.0%	0.0%
John O. Chiles	100%	100.0%	0.0%
Juniper & 10th	100%	100.0%	0.0%
M.L. King Tower	100%	100.0%	0.0%
Marian Road	100%	100.0%	0.0%
Marietta Road	100%	100.0%	0.0%
Palmer House	100%	100.0%	0.0%
Peachtree Road	100%	100.0%	0.0%
Piedmont Road	100%	100.0%	0.0%
Roosevelt House	100%	100.0%	0.0%
High-Rise Totals	**100%**	**100.0%**	**0.0%**
Family			
Bankhead Courts	100%	100.0%	0.0%
Bowen Apartments	100%	100.0%	0.0%
Englewood Manor	100%	100.0%	0.0%
Herndon Homes	100%	100.0%	0.0%
Hollywood Courts	100%	100.0%	0.0%
Jonesboro North	100%	100.0%	0.0%
Jonesboro South	100%	100.0%	0.0%
Leila Valley	100%	100.0%	0.0%
Martin Street Plaza	100%	100.0%	0.0%
McDaniel Glenn	100%	100.0%	0.0%
Thomasville Heights	100%	100.0%	0.0%
University Apartments	100%	100.0%	0.0%
U-Rescue Villa	100%	100.0%	0.0%
Westminster	100%	100.0%	0.0%
Family Totals	**100%**	**100.0%**	**0.0%**
Mixed-Income			
Ashley CollegeTown	100%	100.0%	0.0%
Ashley Courts at Cascade	100%	100.0%	0.0%
Ashley Terrace at West End	100%	100.0%	0.0%
Centennial Place	100%	100.0%	0.0%
Columbia Commons	100%	100.0%	0.0%
Columbia Village	100%	100.0%	0.0%
Magnolia Park	100%	100.0%	0.0%
Summerdale Commons	100%	100.0%	0.0%
The Village at Castleberry Hill	100%	100.0%	0.0%
The Villages at Carver	100%	100.0%	0.0%
The Villages of East Lake	100%	100.0%	0.0%
West Highlands at Columbia Park Citi	100%	100.0%	0.0%
West Highlands at Columbia Estates	100%	100.0%	0.0%
Mixed-Income Totals	**100%**	**100.0%**	**0.0%**
PHA Total	**100%**	**100.0%**	**0.0%**

Reported as 100% on AHA's MTW Benchmarks Report in Appendix B.

Note: The John Hope Model building is a six-unit residential facility remaining from the revitalization of John Hope Homes into The Village at Castleberry Hill. AHA has coordinated the demolition of this unit with SHPO and should have HUD approval of the demolition/disposition application during FY 2008. This building will be demolished in FY08.

The Housing Authority of the City of Atlanta, Georgia
Combined* Statement of Revenues and Expenses
For Fiscal Year Ended June 30, 2007
(Unaudited)

	Annual Plan Budget	*Restated Budget*	*Actual*	*Variance*	*% Variance*
OPERATING REVENUES					
Rental Revenue	$ 15,684,063	$ 17,815,756	$ 17,282,562	$ (533,194)	-3.0%
Low Income Operating Subsidy	28,276,411	28,301,703	27,847,320	(454,383)	-1.6%
Housing Choice Operating Subsidy	138,340,180	127,255,623	126,675,738	(579,885)	-0.5%
Capital Funds Program	9,014,196	5,776,417	6,076,768	300,351	5.2%
Development and HOPE VI Grants	8,337,469	3,000,000	3,000,000	-	0.0%
Soft Grants	259,649	1,044,718	583,224	(461,494)	-44.2%
Development and Transaction Fees	-	3,015,038	2,039,396	(975,642)	-32.4%
Other Revenue	4,289,809	7,041,495	8,197,356	1,155,861	16.4%
TOTAL OPERATING REVENUES	$ 204,201,777	$ 193,250,750	$ 191,702,364	$ (1,548,386)	-0.8%
OPERATING EXPENSES					
Administrative	33,247,082	37,180,557	34,905,378	2,275,179	15.1%
Housing Assistance Payments	$ 109,264,978	$ 88,735,190	$ 84,812,490	$ 3,922,700	4.4%
Resident Services	9,281,447	4,307,660	3,738,996	568,665	13.2%
Utilities	16,371,236	16,353,401	15,367,163	986,238	6.0%
Ordinary Maintenance and Operation	14,571,698	15,509,936	14,662,047	847,889	5.5%
Protective Services	5,144,494	5,914,292	5,916,121	(1,828)	0.0%
General Expenses	12,515,488	8,786,427	9,139,488	(353,061)	-4.0%
Depreciation Expense		13,983,018	13,859,575	123,443	0.9%
TOTAL OPERATING EXPENSES	$ 200,396,423	$ 190,770,481	$ 182,401,257	$ 8,369,224	4.4%
NET OPERATING GAIN/(LOSS)	$ 3,805,354	$ 2,480,269	$ 9,301,107	$ 6,820,838	275.0%
NON-OPERATING REVENUES					
Capital	$ 28,486,533	$ 8,648,418	$ 6,181,334	$ (2,467,084)	-28.5%
Interest Income	1,511,314	4,143,988	5,728,806	1,584,818	38.2%
Acquisitions	4,063,809				
Other sources of Funds	2,029,874				
TOTAL NON-OPERATING REVENUES	$ 36,091,530	$ 12,792,406	$ 11,910,141	$ (882,265)	-6.9%
NON-OPERATING EXPENDITURES					
Loss/(Gain) on Sale of Fixed Assets	$ (510,000)	$ 3,809,976	$ 5,266,349	$ (1,456,373)	
Extraordinary Maintenance and Demolition	3,086,260	2,482,509	2,928,423	(445,914)	-18.0%
Interest Expense	334,015	1,073,370	957,867	115,503	10.8%
Payment of Principal	674,196				
MTW Funds used for Development Purposes		14,000,000	12,568,289	1,431,711	10.2%
TOTAL NON-OPERATING EXPENSES	$ 3,584,471	$ 21,365,855	$ 21,720,929	$ (355,074)	-1.7%
NET NON-OPERATING GAIN/(LOSS)	$ 32,507,059	$ (8,573,449)	$ (9,810,788)	$ (1,237,339)	14.4%
CHANGE IN NET ASSETS BEFORE DEVELOPMENT ACTIVITIES	$ 36,312,413	$ (6,093,180)	$ (509,682)	$ 5,583,499	-91.6%
Change in Net Assets related to Development Activities		35,143,613	26,581,334	(8,562,279)	-24.4%
CHANGE IN NET ASSETS AFTER DEVELOPMENT ACTIVITIES	$ 36,312,413	$ 29,050,433	$ 26,071,653	$ (2,978,780)	-10.3%

***** NOTE: These figures reflect AHA's Operating budgets and funds for public housing Capital Projects. They do not include HOPE VI, Replacement Housing Factor Funds, Public Improvement funds, or other funds used in AHA's development program, which are displayed on the next page. In February 2007, the Board of Commissioners approved a Restated FY2007 Budget, which reflected changes in AHA's priorities for FY2007 to include the implementation of AHA's Quality of Life Initiative.

Variances stated above are calculated from the Restated FY2007 Budget. Favorable variances are indicated by a positive value.

Atlanta Housing Authority
Development Grants Budget
As of June 30, 2007

	Total Budget	Actuals Thru 2006	Available for FY07 and later	FY07 Board Budget	FY07 Actuals	Available for Future Years
Capitol Homes Revitalization						
HOPE VI Grant	$35,000,000	$13,958,869	$21,041,130	$13,423,683	$8,862,938	$12,178,192
Public Improvements	$15,112,794	$4,340,430	$10,772,364	$10,832,045	$4,395,843	$6,376,521
Other	$6,495,375	$0	$6,495,375	$0	$760,392	$5,734,983
Total Capitol Homes	$56,608,168	$18,299,298	$38,308,870	$24,255,728	$14,019,173	$24,289,696
Grady Homes Revitalization						
HOPE VI Grants	$24,177,935	$4,177,932	$20,000,003	$512,813	$756,863	$19,243,140
Capital Grants	$16,998,127	$1,574,372	$15,423,755	$2,559,029	$1,004,055	$14,419,700
Other	$9,148,786	$279,748	$8,869,038	$1,912,069	$3,448,018	$5,421,020
Total Grady Homes	$50,324,848	$6,032,052	$44,292,796	$4,983,911	$5,208,937	$39,083,859
Techwood/Clark Howell Revitalization						
Public Improvements	$2,847,782	$357,141	$2,490,641	$2,490,641	$436,431	$2,054,210
Other	$698,000	$200,000	$498,000	$879,000	$250,000	$248,000
Total Techwood/Clark Howell	$3,545,782	$557,141	$2,988,641	$3,369,641	$686,431	$2,302,210
Carver Homes Revitalization						
HOPE VI Grants	$44,389,920	$33,147,507	$11,242,413	$13,418,517	$9,157,849	$2,084,564
Public Improvements	$12,117,396	$10,332,138	$1,785,258	$1,785,258	$1,785,258	$0
Other	$14,364,955	$1,576,779	$12,788,176	$0	$2,265,983	$10,522,193
Total Carver Homes	$70,872,271	$45,056,424	$25,815,847	$15,203,775	$13,209,090	$12,606,758
Harris Homes Revitalization						
HOPE VI Grants	$39,254,450	$18,874,165	$20,380,285	$3,690,625	$3,131,555	$17,248,730
Public Improvements	$10,230,185	$7,606,860	$2,623,325	$2,463,846	($121,529)	$2,744,855
Other	$8,886,767	$984,547	$7,902,220	$1,094,496	$691,348	$7,210,873
Total Harris Homes	$58,371,402	$27,465,572	$30,905,830	$7,248,966	$3,701,373	$27,204,457
Perry Homes Revitalization						
HOPE VI Grants	$25,135,500	$22,415,717	$2,719,782	$2,744,282	$2,719,782	$0
Public Improvements	$3,900,000	$105,115	$3,794,885	$3,794,885	$0	$0
Capital Grants	$20,047,986	$17,687,380	$2,360,606	$2,641,038	$2,360,606	$0
Other	$8,925,128	$2,172,051	$6,753,077	$770,000	$1,436,364	$5,316,713
Total Perry Homes	$58,008,614	$42,380,264	$15,628,350	$9,950,205	$6,516,752	$9,111,599
McDaniel Glenn Revitalization						
HOPE VI Grants	$20,600,000	$5,773,692	$14,826,308	$10,095,668	$2,049,958	$12,776,350
Public Improvements	$6,258,645	$0	$6,258,645	$0	$0	$0
Capital Grants	$16,467,743	$0	$16,467,743	$314,532	$266,000	$16,201,743
Other	$11,008,114	$50,139	$10,957,975	$9,490,658	$8,775,123	$2,182,851
Total McDaniel Glenn	$54,334,501	$5,823,831	$48,510,671	$19,900,858	$11,091,082	$37,419,589
Grand Total All Revitalization Projects	$352,065,586	$145,614,581	$206,451,006	$84,913,086	$54,432,837	$152,018,168

NOTE: This schedule reflects all sources of funding for AHA's revitalization program that flow through AHA. Only expenditures that affect AHA's net assets are included in the schedule on the preceding page.

FY 2007 BUDGET EXPLANATION

The following explanations are provided for the variances in the Combined Statement for Revenues and Expenses that are greater than $1 million or ten percent of the budgeted amounts.

OPERATING REVENUES

- **Development and Transaction Fees** (Variance of $975,642 or 32.4%) Transaction Fees related to Grady Phase II amounting to $495,253 was not recognized in FY07 because the financial closing was rescheduled until FY08; the transaction fees will be recorded at that time. The balance of the variance is due to a timing difference of recognizing developer fees. Due to a change in accounting policy, developer fees, which are contingent in nature, are now recognized when received while the budget was based on recognizing the fee income at the time of financial closing.

- **Other Revenue** (Variance of $1.2 million or 16.4%) Unbudgeted Other Revenue of $630,506 was recognized from forfeited funds from the Housing Choice Family Self Sufficiency escrow accounts that AHA had previously funded. Also, AHA received $264,396 from revenue sharing on the sale of single family homes at communities undergoing revitalization which was not anticipated in the Restated Budget.

OPERATING EXPENDITURES

- **Housing Assistance Payments (HAP)** (Variance of $3,922,700 or 4.4) The variance was primarily due to a change in the implementation schedule of the Quality of Life Initiative (QLI); therefore, the number of Housing Choice Vouchers that were to be used for relocated residents has been delayed until FY2008.

- **Resident Services (Relocation)** (Variance of $568,665 or 13.2%) This variance was also due to a change in the implementation schedule of QLI. The resident relocation is deferred until FY2008.

NON-OPERATING REVENUES

- **Capital** (Variance of $2.5 million or 28.5%) The majority of the variance reflects delays in capital improvement work begun in FY2007, which will be completed in FY2008. The balance of the variance reflects multi-year Capital Funding Program funds available for projects that were deferred until F2008.

- **Interest Income** (Variance of $1.5 million or 38.2%) The variance primarily reflects higher bank balances and investments with higher rates of return than anticipated in the budget.

NON-OPERATING EXPENDITURES

- **Gain or Loss on Sale of Fixed Assets** (Variance of $1.5 million or 38.2%) The variance primarily reflects the write off of the book value of assets related to prior year demolitions and dispositions which were not included in the Revised Budget.

- **Extraordinary Maintenance and Demolition** (Variance of $445,994 or 10.8%) Some items originally budgeted within the Capital Projects budget were expensed as extraordinary maintenance.

- **MTW Funds used for Development Purposes** (Variance of $1.3 million or 10.2%) AHA's Board of Commissioners authorized the use of up to $14 million in MTW funds to make acquisitions and bridge loans to support AHA revitalization program in accordance with AHA's MTW Agreement. Only $12.6 million was required because certain bridge loans were not fully utilized by June 30, 2007.

CHANGES IN NET ASSETS FROM DEVELOPMENT GRANT ACTIVITIES

- **Variance of $13.5 million** (38.5%) AHA's revitalization program is subject to a variety of external influences which result in changes in development schedules. Such changes delayed forecasted construction of new phases at Capitol Homes and McDaniel Glenn, as well as ongoing construction at other sites. Such expenditures and the resulting increase in net assets have been deferred to FY08.

FY07
Capital Expenditures

Site Name	Project Description	Budget	7/1/06 Budget	6/30/07 Budget	Expended through 6/30/07	Balance for Future Period	Status
Antoine Graves	Distress Call Down	$0.00	$54,356.50	$18,683.50	$0.00	$18,683.50	Active
Antoine Graves Total			**$54,356.50**	**$18,683.50**	**$0.00**	**$18,683.50**	
Antoine Graves Annex		$14,359.41	$0.00	$0.00	$0.00	$0.00	
Antoine Graves Annex Total			**$0.00**	**$0.00**	**$0.00**	**$0.00**	
Bankhead Courts	Cabinet Installation	$189,000.00	$120,339.47	$125,773.47	$125,773.47	$0.00	Complete
Bankhead Courts	Site Improvements		$8,761.50	$8,761.50	$8,761.50	$0.00	Complete
Bankhead Courts	Pedestrian Bridge Repair	$200,000.00	$0.00	$6,050.00	$6,050.00	$0.00	Complete
Bankhead Courts	Building Envelope Repairs	$175,030.00	$73,876.74	$73,876.74	$73,876.74	$0.00	Complete
Bankhead Courts	Boiler/Water Heater Expansion Tank	$0.00	$16,500.00	$280.39	$280.39	$0.00	Complete
Bankhead Courts	Parking Lot Upgrades	$0.00	$33,000.00	$48,501.16	$48,501.16	$0.00	Complete
Bankhead Courts	Backflow Preventers	$0.00	$0.00	$14,905.00	$14,905.00	$0.00	Complete
Bankhead Courts	Emergency Water Line Repairs	$0.00	$0.00	$15,730.00	$15,730.00	$0.00	Complete
Bankhead Courts	Fire Panel Upgrade	$0.00	$0.00	$3,300.00	$3,300.00	$0.00	Complete
Bankhead Courts	Daycare Fire Damage	$0.00	$0.00	$4,400.00	$4,400.00	$0.00	Complete
Bankhead Courts Total			**$252,477.71**	**$301,578.26**	**$301,578.26**	**$0.00**	
Barge Road	Gate Controller Upgrade	$0.00	$0.00	$2,750.00	$2,750.00	$0.00	Complete
Barge Road	Ceiling Fan Installation	$0.00	$0.00	$40,910.10	$40,910.10	$0.00	Complete
Barge Road	Patio Upgrades	$0.00	$0.00	$3,700.13	$3,700.13	$0.00	Complete
Barge Road	Elevator Audio Upgrades	$0.00	$0.00	$6,490.00	$6,490.00	$0.00	Complete
Barge Road	Cabinet Installation	$0.00	$44,568.70	$49,500.00	$49,500.00	$0.00	Complete
Barge Road	Video Camera Replacement	$0.00	$8,794.50	$3,188.42	$3,188.42	$0.00	Complete
Barge Road	Boiler/ Water Heater Expansion Tank	$0.00	$44,000.00	$25,468.88	$25,468.88	$0.00	Complete
Barge Road	Carpet Replacement	$0.00	$33,000.00	$18,164.78	$18,164.78	$0.00	Complete
Barge Road	Access Control	$0.00	$0.00	$7,218.47	$7,218.47	$0.00	Complete
Barge Road Total			**$130,363.20**	**$157,390.78**	**$157,390.78**	**$0.00**	
Bowen Homes	Building Concrete Repair	$400,839.40	$220,000.00	$251,142.84	$246,576.61	$4,566.23	Active
Bowen Homes	Sidewalk Installation	$0.00	$37,400.00	$26,045.51	$26,045.51	$0.00	Complete
Bowen Homes	Bollard Installation	$0.00	$0.00	$28,868.73	$28,868.73	$0.00	Complete
Bowen Homes	Breezeway Repairs	$0.00	$11,000.00	$33,551.84	$33,551.84	$0.00	Complete
Bowen Homes Total			**$268,400.00**	**$339,608.92**	**$335,042.69**	**$4,566.23**	
Cheshire Bridge	Replace Emergency Generator	$11,014.41	$39,033.56	$39,033.56	$39,033.56	$0.00	Complete
Cheshire Bridge	Hallway Painting & Carpet Cleaning	$11,014.41	$0.00	$108,609.84	$53,881.55	$54,728.29	Active
Cheshire Bridge	Fire Alarm Design	$11,014.41	$0.00	$17,325.00	$9,972.50	$7,352.50	Active
Cheshire Bridge	Install Fire Alarm	$11,014.41	$0.00	$72,844.20	$16,986.66	$55,857.54	Active
Cheshire Bridge	Ceiling Fan Installation	$11,014.41	$0.00	$265,546.60	$265,546.60	$0.00	Complete
Cheshire Bridge	Pressure Washing/Painting	$35,485.06	$77,000.00	$26,950.00	$26,950.00	$0.00	Complete
Cheshire Bridge Total			**$116,033.56**	**$530,309.20**	**$412,370.87**	**$117,938.33**	
Cosby Spears	Common Area HVAC	$0.00	$55,802.81	$448,652.91	$448,652.91	$0.00	Complete
Cosby Spears	Window Replacement/Cleaning	$0.00	$33,000.00	$0.00	$0.00	$0.00	Complete
Cosby Spears	Distress Call System	$0.00	$62,040.00	$203,501.18	$203,501.18	$0.00	Complete
Cosby Spears	PTAC Replacement	$0.00	$0.00	$475,580.60	$475,580.60	$0.00	Complete
Cosby Spears	Exterior Washing/Sealing	$0.00	$0.00	$110,254.10	$110,254.10	$0.00	Complete
Cosby Spears Total			**$150,842.81**	**$1,237,988.79**	**$1,237,988.79**	**$0.00**	
Eastlake Towers	Common Area HVAC	$100,000.00	$111,100.79	$97,103.29	$97,103.29	$0.00	Complete
Eastlake Towers	Elevator Mod	$0.00	$302,500.00	$297,529.84	$297,529.84	$0.00	Complete
Eastlake Towers	Distress Call System	$0.00	$33,000.00	$99,010.75	$99,010.75	$0.00	Complete
Eastlake Towers	Window Replacement Design	$0.00	$0.00	$7,164.30	$5,756.61	$1,407.69	Canceled
Eastlake Towers	Boiler Replacement	$0.00	$0.00	$21,533.60	$21,533.60	$0.00	Complete
Eastlake Towers	Interior Upgrades	$0.00	$0.00	$220,589.21	$220,589.21	$0.00	Complete
Eastlake Towers Total			**$446,600.79**	**$742,930.99**	**$741,523.30**	**$1,407.69**	
Englewood Manor	Dwelling Unit		$33,120.00	$33,120.00	$33,120.00	$0.00	Complete
Englewood Manor	Erosion Control		$51,245.81	$51,245.81	$51,245.81	$0.00	Complete
Englewood Manor	Fire Restoration - Unit Rehab	$0.00	$46,386.04	$48,806.04	$48,806.04	$0.00	Complete
Englewood Manor Total			**$130,751.85**	**$133,171.85**	**$133,171.85**	**$0.00**	
Georgia Avenue	ADA Units Improvements	$100,000.00	$4,986.48	$0.00	$0.00	$0.00	Complete
Georgia Avenue	Water Heater replacement	$100,000.00	$7,965.60	$6,810.10	$6,810.10	$0.00	Complete
Georgia Avenue	Common Area HVAC	$100,000.00	$18,455.80	$18,455.80	$18,455.80	$0.00	Complete
Georgia Avenue	Elevator Mod	$0.00	$220,000.00	$243,247.40	$6,634.02	$236,613.38	Active
Georgia Avenue	Distress Call System	$0.00	$17,820.00	$59,938.07	$59,938.07	$0.00	Complete
Georgia Avenue	Emergency HVAC	$0.00	$0.00	$11,990.00	$11,990.00	$0.00	Complete
Georgia Avenue	Interior Upgrades	$0.00	$40,792.28	$278,199.44	$197,857.91	$80,341.53	Active
Georgia Avenue Total			**$310,020.16**	**$618,640.81**	**$301,685.90**	**$316,954.91**	

FY07
Capital Expenditures

Site Name	Project Description	Budget	7/1/06 Budget	6/30/07 Budget	Expended through 6/30/07	Balance for Future Period	Status
Herndon Homes	Cabinet Replacement	$0.00	$131,481.97	$128,682.65	$128,682.65	$0.00	Complete
Herndon Homes	Burn Unit Restoration	$0.00	$0.00	$20,864.80	$20,864.80	$0.00	Complete
Herndon Homes	Automatic Door Opener	$0.00	$0.00	$4,620.00	$4,620.00	$0.00	Complete
Herndon Homes	Parking Lot Upgrades	$0.00	$38,500.00	$38,280.80	$38,280.80	$0.00	Complete
Herndon Homes	Pressure Wash & Paint	$0.00	$0.00	$18,441.18	$18,441.18	$0.00	Complete
Herndon Homes Total			**$169,981.97**	**$210,889.43**	**$210,889.43**	**$0.00**	
Hightower Manor	Gate Controller Upgrade	$10,000.00	$0.00	$2,750.00	$2,750.00	$0.00	Complete
Hightower Manor	Video Camera Replacement	$10,000.00	$8,794.50	$2,391.31	$2,391.31	$0.00	Complete
Hightower Manor	Window Repair/Replace		$14,892.42	$14,892.42	$14,892.42	$0.00	Complete
Hightower Manor	Pressure Wash & Paint	$0.00	$60,500.00	$69,588.82	$69,588.82	$0.00	Complete
Hightower Manor	Access Control	$0.00	$0.00	$8,103.32	$8,103.32	$0.00	Complete
Hightower Manor	Appliance Replacement	$0.00	$0.00	$61,648.88	$61,648.88	$0.00	Complete
Hightower Manor	Ceiling fan Installation	$0.00	$0.00	$66,000.00	$57,267.85	$8,732.15	Active
Hightower Manor Total			**$84,186.92**	**$225,374.75**	**$216,642.60**	**$8,732.15**	
Hollywood Courts	Vehicle Gate Reconfiguration	$175,030.00	$0.00	$5,021.50	$5,021.50	$0.00	Complete
Hollywood Courts	Cabinet Installation	$175,030.00	$129,580.00	$107,954.00	$107,954.00	$0.00	Complete
Hollywood Courts	Access Control	$175,030.00	$0.00	$2,590.50	$2,590.50	$0.00	Complete
Hollywood Courts	Window Sill Repairs	$175,030.00	$0.00	$13,944.70	$13,944.70	$0.00	Complete
Hollywood Courts	Parking Lot Upgrades	$175,030.00	$38,500.00	$51,704.94	$51,704.94	$0.00	Complete
Hollywood Courts	Erosion Control	$175,030.00	$33,000.00	$20,661.61	$20,661.61	$0.00	Complete
Hollywood Courts	Boiler/Water Heater Expansion Tanks	$175,030.00	$22,000.00	$14,476.63	$14,476.63	$0.00	Complete
Hollywood Courts	Splash Guard Installation	$175,030.00	$33,000.00	$29,909.00	$29,909.00	$0.00	Complete
Hollywood Courts	Building Envelope Repairs	$175,030.00	$71,500.00	$10,823.26	$10,823.26	$0.00	Complete
Hollywood Courts	Unit Upgrades	$0.00	$0.00	$7,393.10	$7,393.10	$0.00	Complete
Hollywood Courts	Video Camera Replacement	$0.00	$0.00	$2,391.31	$2,391.31	$0.00	Complete
Hollywood Courts Total			**$327,580.00**	**$266,870.55**	**$266,870.55**	**$0.00**	
John O. Chiles		$0.00	$0.00	$0.00	$0.00	$0.00	
John O. Chiles Total			**$0.00**	**$0.00**	**$0.00**	**$0.00**	
Jonesboro North	Steel Repairs	$0.00	$28,359.64	$0.00	$0.00	$0.00	Complete
Jonesboro North Total			**$28,359.64**	**$0.00**	**$0.00**	**$0.00**	
Jonesboro South	Fence Relocation	$143,886.38	$0.00	$30,684.50	$30,126.60	$557.90	Active
Jonesboro South Total			**$0.00**	**$30,684.50**	**$30,126.60**	**$557.90**	
Juniper and 10th	Cabinet Replacement		$103,114.00	$87,914.00	$87,914.00	$0.00	Complete
Juniper and 10th	Gate Controller Upgrade	$0.00	$0.00	$5,501.10	$5,501.10	$0.00	Complete
Juniper and 10th	Video Camera Replacement	$0.00	$8,794.50	$3,188.42	$3,188.42	$0.00	Complete
Juniper and 10th	Foundation/Patio Improvements	$0.00	$44,000.00	$88,291.41	$88,291.41	$0.00	Complete
Juniper and 10th	Elevator Cab Upgrades	$0.00	$11,000.00	$32,279.50	$32,279.50	$0.00	Complete
Juniper and 10th	Community Center Kitchen Upgrade	$0.00	$11,000.00	$40,776.25	$40,776.25	$0.00	Complete
Juniper and 10th	Access Control	$0.00	$0.00	$9,318.11	$9,318.11	$0.00	Complete
Juniper and 10th	Elevator Audio Upgrades	$0.00	$0.00	$6,490.00	$6,490.00	$0.00	Complete
Juniper and 10th	PTAC Replacement	$0.00	$0.00	$224,999.50	$8,316.33	$216,683.17	Active
Juniper and 10th	Common Area Renovations	$0.00	$0.00	$3,740.00	$3,740.00	$0.00	Complete
Juniper and 10th	Dwelling Units Upgrades	$0.00	$220,535.70	$220,535.70	$220,535.70	$0.00	Complete
Juniper and 10th Total			**$398,444.20**	**$723,033.99**	**$506,350.82**	**$216,683.17**	
Leila Valley	Mailbox Upgrades	$0.00	$16,213.38	$0.00	$0.00	$0.00	Complete
Leila Valley	Demo Design	$0.00	$48,224.00	$48,224.00	$43,634.66	$4,589.34	Active
Leila Valley	Concrete Repairs	$0.00	$11,596.97	$11,596.97	$11,596.97	$0.00	Complete
Leila Valley	Structural Design	$0.00	$5,667.86	$0.00	$0.00	$0.00	Complete
Leila Valley	Structural Repairs	$0.00	$8,255.75	$0.00	$0.00	$0.00	Canceled
Leila Valley Total			**$89,957.96**	**$59,820.97**	**$55,231.63**	**$4,589.34**	

FY07
Capital Expenditures

Site Name	Project Description	Budget	7/1/06 Budget	6/30/07 Budget	Expended through 6/30/07	Balance for Future Period	Status
Marian Road	Fire Panel Upgrade	$222,968.06	$0.00	$4,120.60	$4,120.60	$0.00	Complete
Marian Road	Ceiling Fan Installation	$222,968.06	$0.00	$53,457.80	$53,457.80	$0.00	Complete
Marian Road	Common Area Renovations	$222,968.06	$0.00	$3,608.00	$3,608.00	$0.00	Complete
Marian Road	Cabinet Installation	$222,968.06	$148,500.00	$207,905.50	$207,905.50	$0.00	Complete
Marian Road	Parking Garage Lighting Upgrade	$222,968.06	$0.00	$30,189.50	$30,189.50	$0.00	Complete
Marian Road	Dumpster Enclosure	$222,968.06	$0.00	$2,557.50	$2,557.50	$0.00	Complete
Marian Road	Access Control	$222,968.06	$0.00	$8,489.72	$8,489.72	$0.00	Complete
Marian Road	Landscaping	$222,968.06	$0.00	$7,128.00	$7,128.00	$0.00	Complete
Marian Road	Bathroon Renovations	$222,968.06	$0.00	$5,804.70	$5,804.70	$0.00	Complete
Marian Road	Foundation/Patio Improvements	$0.00	$77,000.00	$21,662.39	$21,662.39	$0.00	Complete
Marian Road	Parking Lot Repairs	$0.00	$55,000.00	$11,380.40	$11,380.40	$0.00	Complete
Marian Road	Erosion Control	$0.00	$55,000.00	$44,670.69	$44,670.69	$0.00	Complete
Marian Road	Extior Painting	$0.00	$27,500.00	$129,653.76	$129,653.76	$0.00	Complete
Marian Road	Parking Garage Sealer	$0.00	$41,800.00	$109,835.00	$109,835.00	$0.00	Complete
Marian Road	Carpet Replacement	$0.00	$137,500.00	$136,497.75	$136,497.75	$0.00	Complete
Marian Road Total			**$542,300.00**	**$776,961.31**	**$776,961.31**	**$0.00**	
Marietta Road	Gate Controller Upgrade	$0.00	$0.00	$2,750.00	$2,750.00	$0.00	Complete
Marietta Road	Ceiling Fan Installation	$0.00	$0.00	$29,205.00	$29,205.00	$0.00	Complete
Marietta Road	Patio Upgrades	$0.00	$0.00	$19,389.92	$19,389.92	$0.00	Complete
Marietta Road	Hallway Upgrades	$0.00	$0.00	$29,150.00	$29,150.00	$0.00	Complete
Marietta Road	Appliance Replacement	$0.00	$0.00	$3,740.62	$3,740.62	$0.00	Complete
Marietta Road	Access Control	$0.00	$0.00	$8,701.18	$8,701.18	$0.00	Complete
Marietta Road	Elevator Mod	$0.00	$302,500.00	$274,991.20	$110,999.65	$163,991.55	Active
Marietta Road	Roof Access Installation	$0.00	$0.00	$9,933.00	$9,933.00	$0.00	Complete
Marietta Road	Video Camera Replacement	$0.00	$8,791.97	$3,188.42	$3,188.42	$0.00	Complete
Marietta Road	Erosion Control	$0.00	$0.00	$21,129.90	$21,129.90	$0.00	Complete
Marietta Road Total			**$311,291.97**	**$402,179.24**	**$238,187.69**	**$163,991.55**	
Martin Luther King		$0.00	$0.00	$0.00	$0.00	$0.00	
Martin Luther King Total			**$0.00**	**$0.00**	**$0.00**	**$0.00**	
Martin Street Plaza	HVAC & Electrical Upgrades	$28,577.50	$242,872.52	$242,872.52	$238,456.66	$4,415.86	Active
Martin Street Plaza	Interior Upgrades	$250,000.00	$279,970.70	$279,970.70	$274,880.32	$5,090.38	Active
Martin Street Plaza	Sewer Cleaning	$0.00	$27,498.90	$30,083.90	$30,083.90	$0.00	Complete
Martin Street Plaza Total			**$550,342.12**	**$552,927.12**	**$543,420.88**	**$9,506.24**	
Palmer House	Pressure Washing/Painting	$0.00	$22,000.00	$53,509.50	$53,509.50	$0.00	Complete
Palmer House	Hallway Globe Replacement	$0.00	$0.00	$30,943.00	$30,943.00	$0.00	Complete
Palmer House	Hallway Painting & VCT Cleaning	$0.00	$0.00	$67,674.20	$67,674.20	$0.00	Complete
Palmer House	Ceiling Fan Installaion	$0.00	$0.00	$71,607.80	$71,607.80	$0.00	Complete
Palmer House	Ceiling Fan Installaion	$0.00	$0.00	$124,272.50	$124,272.50	$0.00	Complete
Palmer House	Plumbing & Mechanical Repairs	$0.00	$137,500.00	$244,808.30	$240,357.24	$4,451.06	Active
Palmer House	Fire Alarm Upgrade		$79,700.53	$79,700.53	$79,700.53	$0.00	Complete
Palmer House Total			**$239,200.53**	**$672,515.83**	**$668,064.77**	**$4,451.06**	
Peachtree Road	ADA Special Features	$1,934.90	$3,395.70	$10,496.20	$10,496.20	$0.00	Complete
Peachtree Road	Boiler & PTAC Replacement	$0.00	$98,454.40	$98,454.40	$98,454.40	$0.00	Complete
Peachtree Road	Hallway Lighting Upgrade	$0.00	$0.00	$60,121.60	$60,121.60	$0.00	Complete
Peachtree Road	Elevator Mod	$0.00	$297,000.00	$323,658.50	$31,038.80	$292,619.70	Active
Peachtree Road	Lobby Design	$0.00	$0.00	$17,050.00	$4,505.00	$12,545.00	Active
Peachtree Road	Ceiling Fan Installation	$0.00	$0.00	$143,187.00	$143,187.00	$0.00	Complete
Peachtree Road	Hallway Painting & Carpet Cleaning	$0.00	$0.00	$71,610.00	$71,610.00	$0.00	Complete
Peachtree Road	Plumbing & Mechanical Repairs	$0.00	$49,500.00	$127,949.80	$45,255.09	$82,694.71	Active
Peachtree Road	Mailbox Architectural Design	$10,059.41	$6,094.00	$6,094.00	$6,094.00	$0.00	Complete
Peachtree Road	Mailbox Replacement	$0.00	$34,817.78	$40,381.00	$40,381.00	$0.00	Complete
Peachtree Road	Major Systems		$29,669.96	$29,669.96	$29,669.96	$0.00	Complete
Peachtree Road Total			**$518,931.84**	**$928,672.46**	**$540,813.05**	**$387,859.41**	
Piedmont Road	Elevator Mod	$0.00	$84,080.66	$0.00	$0.00	$0.00	Complete
Piedmont Road	ADA Site Improvements	$0.00	$12,846.16	$0.00	$0.00	$0.00	Complete
Piedmont Road	Roof Replacement	$0.00	$308,000.00	$329,340.00	$323,400.00	$5,940.00	Active
Piedmont Road	ADA Sidewalk Design	$0.00	$2,273.33	$12,144.00	$7,370.71	$4,773.29	Active
Piedmont Road	HVAC Replacement	$0.00	$0.00	$111,537.66	$111,537.66	$0.00	Complete
Piedmont Road	Interior Upgrades	$0.00	$0.00	$257,049.50	$252,375.87	$4,673.63	Active
Piedmont Road	ADA Sidewalk	$0.00	$49,610.00	$51,221.70	$28,608.39	$22,613.31	Active
Piedmont Road	Retention Pond	$0.00	$36,850.00	$23,232.00	$23,232.00	$0.00	Complete
Piedmont Road	Sprinkler Head Replacement	$0.00	$19,296.20	$10,088.23	$10,088.23	$0.00	Complete
Piedmont Road Total			**$512,956.35**	**$794,613.09**	**$756,612.86**	**$38,000.23**	

FY07
Capital Expenditures

Site Name	Project Description	Budget	7/1/06 Budget	6/30/07 Budget	Expended through 6/30/07	Balance for Future Period	Status
Roosevelt House	Pressure Washing/Painting	$29,250.00	$375,111.00	$305,613.00	$305,613.00	$0.00	Complete
Roosevelt House	Plumbing & Mechanical Repairs	$200,000.00	$27,500.00	$12,761.10	$12,529.08	$232.02	Active
Roosevelt House	Emergency Generator Repair	$283.85	$55,000.00	$19,292.17	$19,292.17	$0.00	Complete
Roosevelt House	Ceiling Fan Installaion	$0.00	$0.00	$100,980.00	$100,980.00	$0.00	Complete
Roosevelt House	Laundry Room Upgrade	$20,000.00	$0.00	$37,400.00	$37,400.00	$0.00	Complete
Roosevelt House Total			**$457,611.00**	**$476,046.27**	**$475,814.25**	**$232.02**	
Thomasville Heights	Appliance Replacement	$192,364.00	$112,200.00	$120,725.00	$120,725.00	$0.00	Complete
Thomasville Heights	Interior/Exterior Painting	$6,000.00	$143,000.00	$96,085.00	$96,085.00	$0.00	Complete
Thomasville Heights	Sewer & Storm Drain Cleaning	$0.00	$82,500.00	$50,008.75	$50,008.75	$0.00	Complete
Thomasville Heights	Extrior Handrail Mod	$0.00	$15,400.00	$49,306.84	$48,410.35	$896.49	Active
Thomasville Heights Total			**$353,100.00**	**$316,125.59**	**$315,229.10**	**$896.49**	
University Homes	Playground Removal	$192,364.00	$16,500.00	$1,595.00	$1,595.00	$0.00	Complete
University Homes Total			**$16,500.00**	**$1,595.00**	**$1,595.00**	**$0.00**	
U-Rescue	Gutters, Fascia & Soffet	$0.00	$92,548.83	$95,576.84	$95,576.84	$0.00	Complete
U-Rescue	HVAC Design	$0.00	$20,306.00	$20,306.00	$16,277.83	$4,028.17	Active
U-Rescue	HVAC Upgrade	$0.00	$29,920.00	$10,231.26	$10,231.26	$0.00	Complete
U-Rescue Total			**$142,774.83**	**$126,114.10**	**$122,085.93**	**$4,028.17**	
Westminster	Dwelling Units		$9,001.16	$9,001.16	$9,001.16	$0.00	Complete
Westminster	Exterior Painting	$10,286.00	$11,137.50	$4,405.44	$4,405.44	$0.00	Complete
Westminster	Access Upgrades	$0.00	$8,759.30	$9,237.80	$9,237.80	$0.00	Complete
Westminster	Patio Upgrades	$0.00	$0.00	$8,479.95	$8,479.95	$0.00	Complete
Westminster	Sewer Pump Replacement	$0.00	$0.00	$7,480.00	$7,480.00	$0.00	Complete
Westminster Total			**$28,897.96**	**$38,604.35**	**$38,604.35**	**$0.00**	
Grand Total			**$6,632,263.87**	**$10,683,331.65**	**$9,384,253.26**	**$1,299,078.39**	

Note: Active means the contract is still opnen, the work was not completed in FY07, and funds were carried forward into FY08. The 7/1/06 Budget totals include some projects with funds carried over from FY06, and the 6/30/07 Budget includes additional MTW funds which were added to the capital projects budget.

A Comprehensive Annual Financial Report and Report of Independent Certified Public Accountants

The Housing Authority of the City of Atlanta, Georgia

June 30, 2006 and 2005

BKR Metcalf Davis

Certified Public Accountants

Prepared by Atlanta Housing Authority
Finance Department

A COMPREHENSIVE ANNUAL FINANCIAL REPORT AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

THE HOUSING AUTHORITY OF THE CITY OF ATLANTA, GEORGIA

June 30, 2006 and 2005

Prepared by Atlanta Housing Authority
Finance Department

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INTRODUCTORY SECTION

Atlanta Housing Authority

November 3, 2006

To the Board of Commissioners
The Housing Authority of the City of Atlanta, Georgia

We are pleased to present the Atlanta Housing Authority (AHA or the Authority) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006.

The U.S. Department of Housing and Urban Development's (HUD) Real Estate Assessment Center (REAC) requires that all public housing authorities publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America including the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide for a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's financial statements have been audited by BKR Metcalf Davis, a firm of licensed certified public accountants. The purpose of the independent audit is to provide reasonable assurance that the financial statements of the Authority for the fiscal years ended June 30, 2006 and 2005 are free of material misstatement. An independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditors issued an unqualified opinion on the Authority's financial statements for the fiscal years ended June 30, 2006 and 2005, indicating that they were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Authority is part of a broader, Federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require an independent auditor to report not only on the fair presentation of the financial statements, but also on the Authority's internal controls and compliance with legal requirements. Special emphasis is placed on internal control and legal requirements associated with the administration of Federal awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

AHA's basic financial statements include a single enterprise fund combining the statement of financial position, statement of revenue and expenses, statement of net assets, and cash flows of AHA.

THE REPORTING ENTITY AND ITS SERVICES

The Authority was established in 1938 as a public body corporate and politic created under The Housing Authorities Law of the State of Georgia. The first public housing project in the nation was built in Atlanta at Techwood Homes and was dedicated by President Franklin D. Roosevelt. The governing body of the Authority is the Board of Commissioners appointed by the Mayor of the City of Atlanta.

More than 10 years ago, AHA embarked on an important and ambitious vision: to transform its delivery of affordable housing by abandoning the traditional 100% public housing model through procured private sector developers, and creating healthy mixed-income communities. AHA has committed itself to creating environments where Atlanta's families, regardless of current income status, can thrive and achieve the American dream. AHA believes that every person has unlimited potential and promise, but the quality of his or her living environment impacts the outcome. AHA's vision is "Healthy Mixed-Income Communities."

We have been able to successfully address the problems associated with concentrated poverty through our mixed-use, mixed-income, mixed-finance developments. By leveraging HUD development funds, operating subsidies, and AHA land, AHA engages private sector developers and private investors, using market principles to create market rate communities with a seamless affordable component. As a consequence, neighborhoods are being transformed to healthy mixed-income communities with great neighborhood schools and great quality of life amenities. The outcomes have been outstanding – dramatically higher work force participation, dramatically lower rates of crime, increasing real estate values, dramatically improved school performance and healthier communities.

AHA's focus in the future will continue to be on facilitating or creating housing opportunities that integrate all of the families assisted with AHA subsidies into mainstream, market-oriented residential environments. Using the financial flexibility and regulatory relief afforded by AHA's Moving to Work (MTW) Agreement with HUD, AHA has three strategic goals: 1) providing quality affordable housing in healthy mixed-income communities with access to excellent quality of life amenities, 2) maximizing AHA's economic viability and sustainability, and 3) facilitating opportunities for families and individuals to build wealth and reduce their dependency on subsidy, ultimately becoming financially independent. Using our MTW authority, AHA is demonstrating to HUD and Congress that there is a solution to the issues created by long-standing poverty in America.

Business Plan Update

On July 1, 2006, AHA began its fourth year of its seven-year Moving to Work (MTW) Agreement. The MTW Program provides AHA with the opportunity to fulfill its vision and to provide substantially better housing opportunities and achieve better outcomes for AHA-assisted families. Under the MTW Agreement, AHA has the authority to address local issues and needs with local solutions. The Business Plan, developed using the MTW regulatory flexibility, outlines the major initiatives that AHA is undertaking using its MTW flexibility to transform the manner of providing the affordable housing resource in the City of Atlanta.

AHA has implemented several innovative reform initiatives that are models for HUD and congressional consideration in providing quality affordable housing towards the betterment of families, communities, and society as a whole. AHA's goals are directly aligned with Congress' vision for the MTW Demonstration Program of reducing costs and achieving greater cost effectiveness in Federal expenditures. This includes enhancing housing choices for low-income families, and giving incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient. AHA's financial results as described in Management's Discussion and Analysis (MD&A) section of this CAFR will demonstrate AHA's cost effectiveness, operational efficiency, and financial stewardship in managing the Authority.

Over the past ten years, AHA has learned the best ways to provide quality affordable housing so that it is an asset to families and the local community. From the lessons learned, AHA has established five guiding principles that drive the Authority's success toward achieving its vision, mission and goals, namely:

1. End the practice of concentrating the poor in distressed, isolated neighborhoods.
2. Create healthy communities using a holistic and comprehensive approach to ensure long-term marketability and sustainability of the community and to support excellent outcomes for families (especially the children) – emphasis on excellent, high performing neighborhood schools and excellent quality of life amenities, such as first class retail and green space.
3. Create mixed-income communities with the goal of creating market rate communities with a seamless affordable component.

4. Develop communities through public/private partnerships using public and private sources of funding and market principles.
5. Support residents with adequate resources to assist them in achieving their life goals, focusing on self-sufficiency and educational advancement of the children. Expectations and standards for personal responsibility should be benchmarked for success.

These guiding principles have helped shape AHA's Business Plan called CATALYST. AHA is managed through four business lines: (1) Real Estate Development and Acquisitions, (2) Real Estate Management, (3) Housing Choice Administration, and (4) Asset Management. AHA's corporate infrastructure, financial and reporting systems, information technology environment, and human resources activities are implemented as Corporate Support. The following sections highlight AHA's progress, major accomplishments and improved outcomes related to its implementation of policy changes, operational changes, and innovation during the fiscal year ended June 30, 2006.

Real Estate Development and Acquisitions

AHA's Real Estate Development and Acquisitions (REDA) business line is responsible for (a) facilitating the repositioning of AHA conventional public housing communities to mixed-use, mixed-income communities by professional private development companies; (b) facilitating, from the public sector side, the management of the HUD grants and contract administration responsibilities, (c) on behalf of AHA, managing the interface with HUD, the City of Atlanta, and related agencies, Fulton County, the State of Georgia, the Atlanta Public Schools and other public and quasi-public bodies; and (d) interfacing with AHA's private sector development partners to facilitate the pre-development and development activities so that the goals and objectives of the Revitalization Plans and shared vision for the revitalized communities are achieved. REDA is also responsible for implementing strategies that increase the supply of quality affordable housing for low-income working families, seniors, and disabled persons including mixed-income housing and supportive housing.

Strategic Direction. In partnership with excellent private sector developers, AHA is employing a variety of strategies to increase the supply of quality mixed-income housing opportunities for low-income families and quality supportive housing for seniors and disabled persons. These strategies include but are not limited to:

- The implementation of revitalization projects utilizing and leveraging HOPE VI and other HUD development grants
- Single-family home development
- Investing MTW Block Grant Funds and/or Section 8 project-based vouchers in residential properties owned by private entities in order to facilitate the creation of mixed-income communities promoting and supporting the development and rehabilitation of housing units that are affordable to low-income families
- Acquiring properties for rehabilitation or development
- Acquiring land for future development

Over the past five years, Atlanta has been experiencing one of highest levels of real estate development. AHA's MTW Agreement provides AHA with the flexibility to be creative and nimble in this active real estate market environment in terms of leveraging its assets toward creating better housing opportunities and better outcomes for low-income families. AHA strongly believes that a two-prong approach of investment flexibility and project-based strategizing leads to more efficiency, better outcomes for families, and enhanced operational and economical viability and sustainability of the agency. AHA is able to garner the long-term financial partnership of private investors; thereby, increasing its competitive edge within the private market ensuring the provision of affordable housing opportunities to low and very-low income citizens.

FY 2006 Outcomes. During FY 2006, AHA, in partnership with its private development partners,

- Leveraged over $17.5 million in Federal funds with over $92.5 million in funds from private sources toward advancing various phases of the development of five master-planned, mixed-use, mixed-income communities
- Received five tax credit awards totaling more than $3.75 million representing at least $37.5 million in equity
- Earned $2.3 million in developer and transaction fees
- Established an equity investment fund with $12 million to seek opportunities to invest in real estate for future development or sale in order to maximize return on investment
- Invested MTW Funds in two communities supporting the development of 478 mixed-income units for seniors

Real Estate Management

The Real Estate Management business line is responsible for overseeing the property management of AHA's conventional public housing communities by professional property management companies; providing real estate technical services; and facilitating linkages to job training opportunities and other services provided by third party professional organizations for AHA-assisted families.

Strategic Direction. Since 2001, all of AHA-owned public housing properties including family and elderly communities are managed by professional property management companies (PMCOs). These companies are responsible for the day-to-day management functions including rent collections, property maintenance, property planning, resident services, capital improvements and other construction activities. AHA's Real Estate Management group articulates AHA's goals and objectives as owner to the PMCOs and monitors their progress in achieving those objectives. The decentralization of the management of AHA-owned properties since 1996 has enabled AHA to measure the progress toward achieving MTW benchmarks and AHA goals and objectives by property and by management company and address them more strategically, efficiently, and financially. This strategic move has put the agency on a path to better economic viability. The AHA-owned high-rise and family communities are collectively referred to as AHA's Affordable Communities.

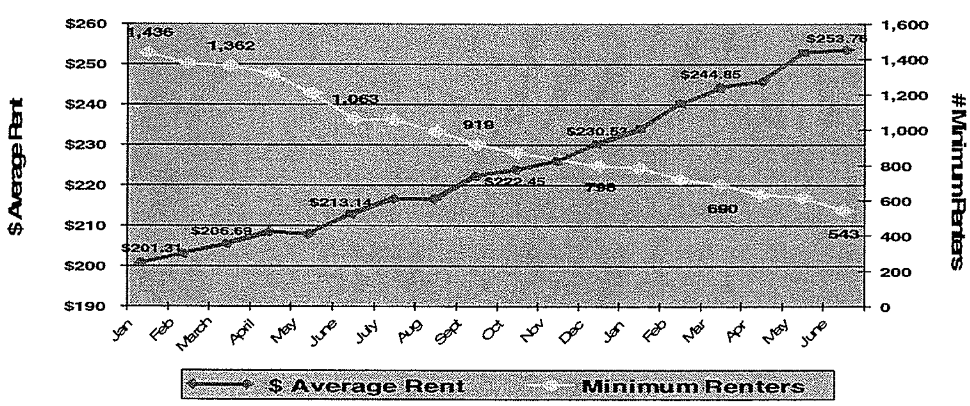
While AHA believes that repositioning its conventional public housing communities into market rate mixed-income communities is vital to the long-term success for families and neighborhoods, AHA is implementing important policy changes to better prepare families for long-term success in achieving their life goals regardless of where they choose to live. Families must take personal responsibility and accept and fulfill their role in this effort. Families must embrace and be held accountable to maintaining the standards of quality set in their new surroundings and must be contributing members in these communities. This means raising the expectations and standards of personal responsibility for adults and youth; and this means eliminating the stigma of "public housing" and "public housing residents."

FY 2006 Outcomes. AHA, in partnership with the PMCOs, met and/or exceeded all of its MTW performance benchmarks for the Public Housing Program in the areas of occupancy, rent collections, work orders, and inspections.

Workforce participation at the Affordable Communities increased by 39.7% since FY 2005 and household compliance with AHA's work and program participation requirement policy increased by 45.8%[1]. The average annual income among non-elderly and non-disabled households in the Affordable Communities increased by 28.38% from $8,485 in FY 2005 to $10,893 as of FY 2006.

Since July 1, 2005, the number of minimum renters has decreased by 51% from 1,063 to 543 as of June 30, 2006. Average rent increased by 19% to approximately $254, resulting in an additional $2.3 million in income for AHA for the fiscal year ended June 30, 2006. This increase is primarily attributable to an increase in adults moving into the workforce. These excellent results for families and for AHA would not have been achieved without MTW flexibility.

Average Rent & Minimum Renters for Family Communities
January 2005 – June 2006



AHA's family policy initiatives such as the work requirement are aligned with standards set in

[1] Excludes elderly and disabled persons/households.

the private sector. These policies are intended to prepare AHA's families to live in market rate, mixed-income communities. As demonstrated in the statistics above, families are becoming more economically self-sufficient which also allows them to be more competitive within the job market and housing arenas.

Housing Choice Administration

AHA's Housing Choice Administration business line is responsible for managing the Housing Choice voucher and relocation programs. AHA's Housing Choice voucher program provides housing choices to income eligible families in the private, single and multifamily markets.

Strategic Direction. AHA's MTW Agreement has created the regulatory flexibility and is the foundation for all of AHA's voucher reform initiatives. AHA's MTW agreement has enabled AHA to participate in the private market thereby enabling leverage of Federal dollars and enhancing housing choices for families under the Housing Choice program. By enhancing the Housing Choice voucher program, MTW provides AHA with an opportunity to (1) eliminate administrative burdens and operational costs associated with duplicative processes; (2) better manage subsidy and rent levels so that local markets are not skewed; and (3) improve the receptivity of the Housing Choice program in the local community.

AHA has and will continue to use its MTW flexibility to re-engineer the Housing Choice program. AHA wants to ensure that the Housing Choice program is managed more effectively to achieve greater efficiency, effectiveness, and sustainability from the perspective of all involved parties, clients, landlords and other residents of the City of Atlanta. AHA has taken a new look at a number of regulatory restraints that have historically shaped the Housing Choice program including:

- MTW allows AHA to align fair market rents with City of Atlanta sub-markets so that the market rents for a particular neighborhood are not skewed by subsidy paid by AHA in that neighborhood. The realignment of the rents will allow AHA to better manage its subsidy allocation so that AHA can provide more housing opportunities in low poverty and less impacted areas.
- AHA has created a higher inspection standard to improve the quality of the product that is subsidized by AHA and to provide better housing opportunities for AHA's families.
- AHA's requirement that all participants enroll in and complete the Good Neighbor Program[2]. The Good Neighbor Program provides for better integration and receptivity of the Housing Choice participants in Atlanta neighborhoods.

[2] The Good Neighbor Program is a training series that prepares Housing Choice Voucher participants to transition successfully from concentrated poverty environments into healthy mixed-income communities.

FY 2006 Outcomes. AHA met and/or exceeded all of its MTW performance benchmarks for the Housing Choice Program in the areas of budget utilization, planned inspections and quality control inspections. Workforce participation among Housing Choice participants increased by 7.4% since FY 2005. As of June 30, 2006, 4,373 (41%) of 10,774 target adults in the Housing Choice Program were either working, in a training program or in school.

Asset Management

AHA's Asset Management business line is responsible for the strategic and financial management of AHA's assets, real estate investments, and various business relationships. This business line is also responsible for program evaluation, compliance monitoring including fee-based contract administration activities, and policy development.

The primary focus of the Asset Management business line is management of these various agreements relating to mixed-income communities: loan agreements, regulatory and operating agreements, ground leases, and other contractual arrangements with respect to such communities. These are market rate developments with a seamless affordable component. These communities offer excellent quality of life amenities such as parks, early childhood development, retail, excellent schools, and recreational facilities that are important to providing a living environment where low-income families can achieve their full potential.

The mixed-income communities are not owned, controlled or operated by AHA or any of its affiliates. These communities are owned by public/private partnerships formed between an AHA affiliate and AHA's procured private sector development partners, with the private developer as the managing general partner. The limited partnership interests are acquired and owned by entities that purchase the low-income housing tax credits. In most cases, greater than 97% of those interests are held by those investors. AHA continues to own the land, on which the mixed-income, multi-family rental apartments are constructed. AHA leases the land to the public/private partnership (Owner Entity) pursuant to a long-term ground lease, typically 50 to 60 years. At the end of the ground lease term, the land and improvements revert to AHA. The Owner Entity executes the development activities, including the construction of the improvements.

Strategic Direction. For over ten years, AHA has been transforming the Authority from a public sector/government public housing model to a private sector real estate business model. As a result, AHA has become a diversified real estate company, with a public mission and purpose to serve low-income citizens of Atlanta. The MTW relief has allowed AHA to become a more effective and efficient business enterprise. In addition, MTW has allowed AHA to further enhance its relationship with its private developers by passing along the MTW relief that AHA has by its MTW Agreement. MTW has also allowed AHA to implement strategies necessary to sustain its investments in the mixed-income communities.

FY 2006 Outcomes. During FY 2006, AHA reorganized its asset management function for Mixed-income communities by creating a separate asset management group inside the agency. This group will manage the overall task of integrating asset management systems and business processes related to mixed-income communities into an account management system that services mixed finance business relationships. An Internet-based relationship and asset management system, in many ways designed to be similar to on-line banking, will be created to track subsidies, service loans, monitor occupancy, and provide real-time data for various reporting purposes including those required by HUD for the Multifamily Tenant Characteristics System (MTCS) and Public and Indian Housing Information Center (PIC) systems.

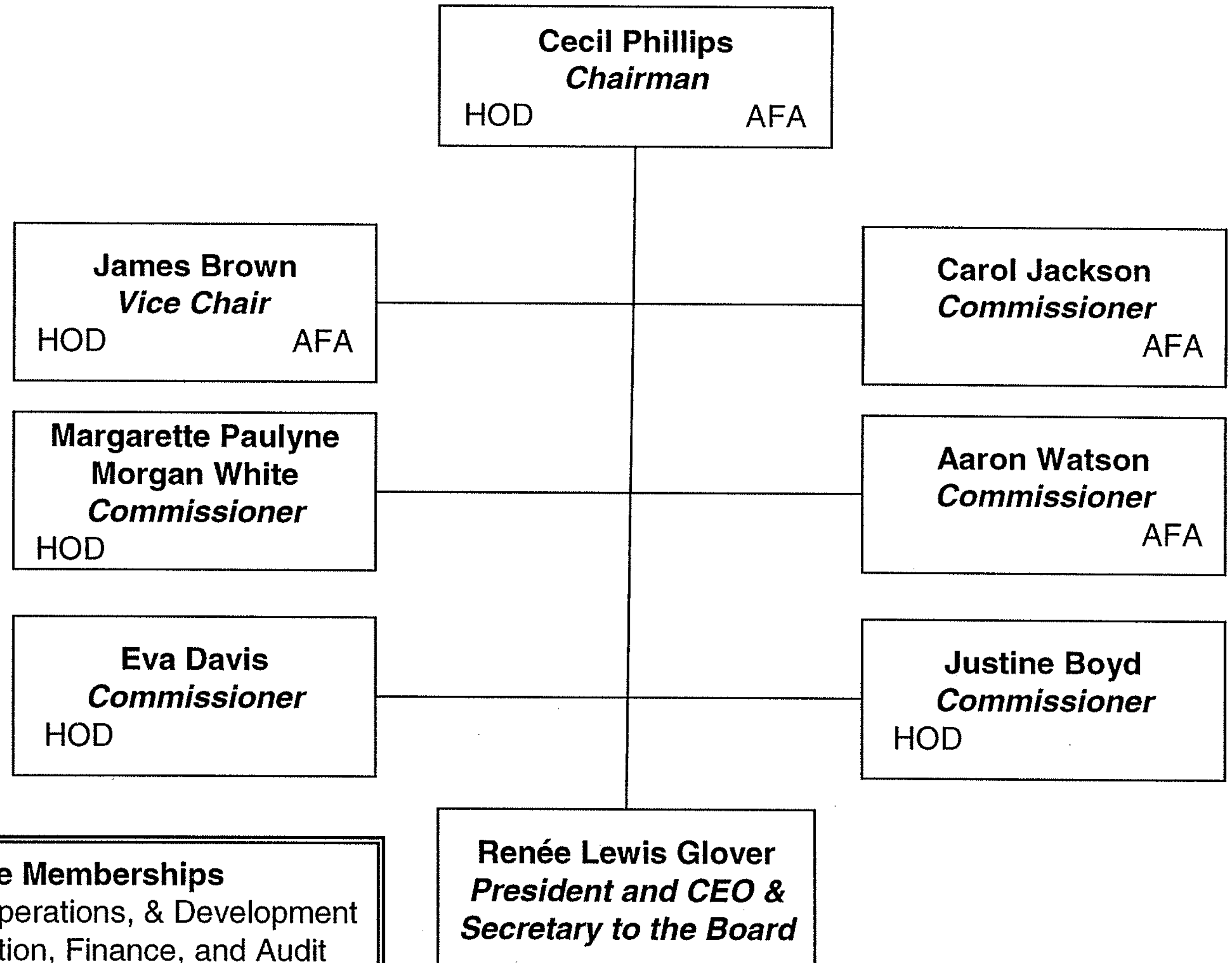
Acknowledgement

The preparation of this report has been accomplished through the efforts of the entire staff of the Finance Department. Assistance was also provided by employees of other divisions and by our auditors, BKR Metcalf Davis, LLP. We wish to express our appreciation to the individuals who contributed to its preparation.

Sincerely,

Renée Lewis Glover	Stephen D. Nolan, CPA
President and Chief Executive Officer	Chief Financial Officer

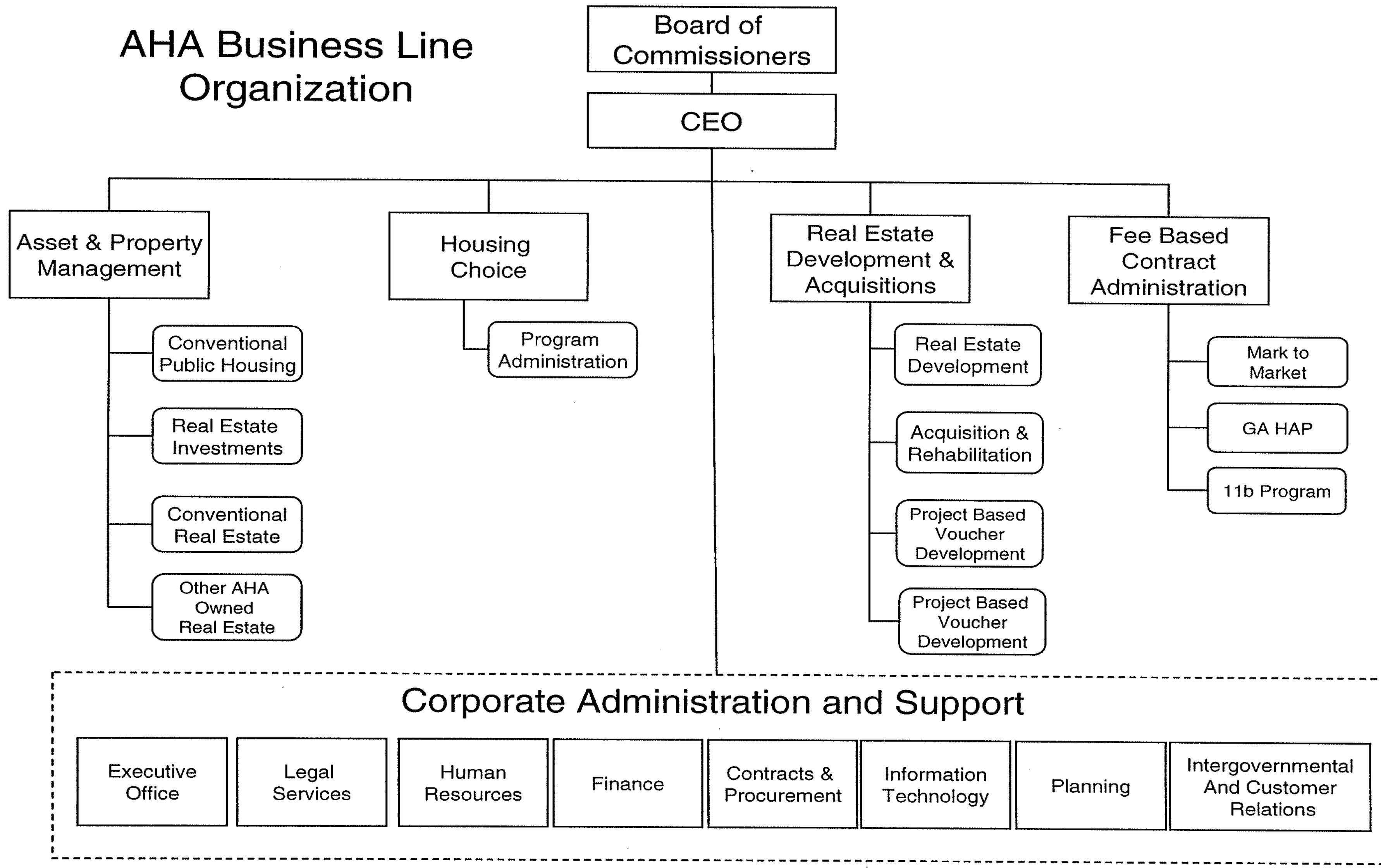
AHA's Board of Commissioners



Committee Memberships

HOD Housing Operations, & Development
AFA Administration, Finance, and Audit

AHA Business Line Organization



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Certified Public Accountants

<u>Independent Auditors' Report</u>

Board of Commissioners
The Housing Authority of the City of Atlanta, Georgia

We have audited the accompanying basic financial statements of **The Housing Authority of the City of Atlanta, Georgia,** as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These basic financial statements are the responsibility of **The Housing Authority of the City of Atlanta, Georgia's** management. Our responsibility is to express opinions on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of **The Housing Authority of the City of Atlanta, Georgia** as of and for the years ended June 30, 2006 and 2005 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2006, on our consideration of **The Housing Authority of the City of Atlanta, Georgia's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audits.

Management's Discussion and Analysis on pages 17 through 32 and schedule of pension funding progress on page 72, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of **The Housing Authority of the City of Atlanta, Georgia** taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and notes thereto is presented for purposes of additional analysis as required by the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations and is not a required part of the basic financial statements. The Financial Data Schedules and notes thereto, the Reconciliation of Advances, Costs and Budget – Certain HUD programs and Capital Grant Program Cost Certification Schedules, listed as other supplementary information in the table of contents are required by the U.S. Department of Housing and Urban Development and are presented for purposes of additional analysis and are not a required part of the basic financial statements of **The Housing Authority of the City of Atlanta, Georgia**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

BKR Metcalf Davis

Atlanta, Georgia
November 3, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2006

The following discussion is intended to provide a narrative overview and analysis of the financial activities of The Housing Authority of the City of Atlanta, Georgia ("AHA" or the "Authority") for the fiscal year ("FY") ended June 30, 2006. The information presented in this discussion should be read in conjunction with the financial statements and the notes thereto and additional information furnished in the Transmittal Letter.

AHA executed a Moving to Work (MTW) Demonstration Agreement (MTW Agreement) with the U.S. Department of Housing and Urban Development (HUD) on September 25, 2003. As a participant in the MTW Demonstration Program, AHA has the financial, legal, and regulatory flexibility to implement local solutions to address local challenges in providing affordable housing. AHA's MTW demonstration period began on July 1, 2003, and will last seven years through June 30, 2010, unless otherwise extended. AHA intends to seek an extension of its MTW Agreement.

Under the MTW Agreement, AHA is able to further streamline operations and design systems and service delivery in a less regulated environment. The Housing Choice Voucher budget allocation, Low Income Operating Subsidy and Capital Funds may be utilized as a single block grant or MTW eligible activities as set forth in AHA's Business Plan. As part of reengineering AHA to become a diversified real estate company and as we develop our asset management capacity, AHA is institutionalizing the re-engineered business processes and system changes developed under our MTW Agreement and related Business Plan and our Implementation Plans. During FY2005, AHA developed its Business Plan for the seven-year demonstration period, and each year AHA amends the Business Plan, if needed, and develops an, annual Implementation Plan which identifies the goals and objectives to be achieved during that fiscal year, within the resources (financial and other) that are available.

The Business Plan builds on and expands upon successful initiatives and programs undertaken by AHA since September 1994 to address local challenges. This Management's Discussion and Analysis will highlight the financial impact of the implementation of policy changes, operational changes, and other innovations.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	2006	2005	2004
Operating Income before Depreciation	$ 16,755,046	$ 13,768,376	$ 10,735,508
Operating Income (Loss) after Depreciation	$ 2,848,811	$ (1,982,573)	$ (2,578,677)
Change in Net Assets	$ 24,441,644	$ 9,675,083	$ 8,248,392
Total Assets	$ 397,720,958	$ 366,905,952	$ 350,547,808
Total Liabilities	$ 57,035,365	$ 50,662,003	$ 43,979,022
Total Net Assets	$ 340,685,593	$ 316,243,949	$ 306,568,866

As discussed in the Transmittal letter, AHA has four business lines: (1) Real Estate Development and Acquisitions, (2) Real Estate Management, (3) Housing Choice Administration, and (4) Asset Management. The following achievements are some of the operating highlights for each of these business lines for FY2006:

Real Estate Development and Acquisitions (REDA)

Under its Business Plan, AHA is committed to repositioning its existing conventional public housing communities to create healthy mixed-income communities for families. The revitalization of six family communities leveraging HOPE VI funds is underway. Predevelopment activity is underway for an additional family community and four high-rise communities further leveraging the HOPE VI revitalization activities. During FY2006, AHA, in partnership with excellent private sector developers:

- Demolished over 795 obsolete public housing units at Grady and McDaniel Glen.
- Closed five deals resulting in 1,177 mixed-income units, both rental and for sale in various communities owned by separate public/private partnerships.
- Acquired four properties totaling 12.4 acres to support the development of three communities undergoing revitalization.
- Completed a major land trade with College Partners, Inc. in conjunction with the revitalization of Harris Homes.
- Constructed and sold 9 affordable and 38 market rate single family homes as part of the revitalization of three communities.

In addition to the repositioning of its conventional public housing communities, AHA used the flexibility of the MTW Agreement to make strategic investments for the preservation and development of affordable units in mixed income communities owned by private owners in the City of Atlanta. Using MTW flexibility, AHA:

- Invested MTW funds and project based vouchers in two communities supporting the development of a total 478 mixed-income units for seniors.

Real Estate Management (REM)

AHA owns and operates all of the properties in its conventional public housing portfolio until these properties are repositioned through revitalization by public/private partnerships as mixed-income communities or are otherwise repositioned. To the greatest extent feasible, AHA, through contracted private management companies, will continue to operate AHA-owned properties in a way that achieves AHA's MTW Agreement benchmarks for rent collection levels, occupancy rates, emergency and routine work orders completed, and inspections. In partnership with professional property management agents, AHA:

- Continued the implementation of the work and program participation requirement.
- Increased household compliance by 45.8% with work and program participation requirement.
- Increased overall resident workforce participation at AHA-owned Affordable communities by 35.7% , which resulted in increased rental income
- Continued the implementation of its increased minimum rent of $125 which led to increased rental revenue.
- Began full implementation of the 4:1 Elderly Admissions preference that admits 4 elderly/almost elderly residents to every one young disabled resident to improve the quality of the living environment.

Housing Choice Administration

AHA's Housing Choice voucher program provides housing choices to income eligible households in the private rental market through the administration of Housing Choice vouchers. AHA believes that with the appropriate redesign, the Housing Choice program can help AHA fulfill its goals under the Business Plan of providing affordable housing opportunities in healthy mixed-income communities and improving its position as an asset to the larger Atlanta community. In FY2006, AHA:

- Continued the implementation of the work and program participation requirement.
- Increased overall workforce participation of participants in Housing Choice Program by 7.4%.
- Developed and began implementation of new process for conducting inspections of multifamily tenant-based and project-based sites.

- Began streamlining operations by reengineering its back-office operations using technology, managing customer information, establishing a call center, and delivering better, quality customer service.
- Began developing or revising policies to set higher standards for families to use vouchers for residency in single family homes and for home ownership.

Asset Management

The Asset Management Group strategically manages the financial, contractual performance and compliance of (regulatory and other) AHA's assets and investments. One of the Asset Management Group's principal functions is the management and oversight of the various agreements and investments relating to AHA-sponsored mixed-income communities including, but not limited to, loan agreements, regulatory and operating agreements, and ground leases. In FY 2006, AHA:

- Began designing a Web-based relationship and asset management system to track subsidies, service loans, monitor regulatory compliance, and provide real-time data for various reporting purposes.
- Began working with the Owner Entity of one of the mixed-income communities to initiate a process of disposing of the Section 9 operating subsidy under the Annual Contributions Contract (ACC) that will lead to issuance of tenant-based vouchers to residents formerly assisted with Section 9 operating subsidies. This transaction will enable the Owner Entity to refinance the property and implement much needed capital improvements to make the property more market competitive.
- Began designing a compliance model based on the tax credit program that eliminates duplicative compliance requirements for Authority-assisted units in mixed-income communities.

OVERVIEW OF FINANCIAL STATEMENTS

Governmental accounting falls under the auspices of the Government Accounting Standards Board ("GASB"). AHA's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the GASB. AHA is a special-purpose government entity engaged only in business-type activities; therefore, AHA is structured as a single enterprise fund.

AHA's basic financial statements are comprised of two components: (1) the financial statements and (2) the notes to the financial statements. The financial statements also contain other supplementary information in addition to the basic financial statements. See the Notes to the financial statements for a summary of AHA's significant accounting policies. AHA's financial statements encompass and include the following:

- The ***Combined Statements of Net Assets*** provide detail about the assets of AHA, as well as its outstanding liabilities. The difference between Assets and Liabilities is reported as Net Assets. The Net Assets presentation shows additional breakdowns, which may help the reader's understanding of which of AHA's resources is restricted or unrestricted. The Combined Statements of Net Assets appear on page 34.

- The ***Combined Statements of Revenues and Expenses and Changes in Net Assets***, found on page 35, present the Revenues and Expenses of the current and previous fiscal years which resulted from operations. The net of Revenues less Expenses when combined with other non-operating items such as interest income, interest expense, capital grants and contributions results in the change in net assets (excess Revenues over Expenses) AHA generated for the fiscal year.

- The ***Combined Statements of Cash Flows***, found on pages 37 and 38, show those items that resulted in increases or decreases to AHA's cash balance for the fiscal year. A reconciliation of the change in cash position to the operating income of AHA's Statement of Revenues and Expenses is included as a part of the Statements of Cash Flows.

- The ***Notes to the Financial Statements*** provide background information that is essential to a full understanding of the data provided in the financial statements. These notes give the reader additional information on items that may not be seen on the actual statements such as details on capital assets, disclosure of contingent liabilities, retirement plan and benefit information, details on leases, disclosure of conduit debt instruments and information regarding transactions with related development project partnerships at mixed-income, mixed-finance communities. The Notes to the Financial Statements begin on page 39 and are an integral part of the financial statements.

- ***Supplementary Information*** presents additional information that may be of interest to the reader. This section includes the Financial Data Schedules as required by the U.S. Department of Housing and Urban Development ("HUD"), the Reconciliation of Advances, Costs and Budget for HUD Funded Programs, and Schedules of Certification on Grant Programs which were closed. Supplementary Information begins on page 71.

- ***Statistical Information*** provides information on the operational activity within the Authority's four business lines.

FINANCIAL ANALYSIS

Total net assets serve as a useful indicator of the Authority's financial position. As shown in the following table, AHA's total net assets at June 30, 2006 increased $27.0 million or 7.7% from June 30, 2005. Please see Combined Statements of Net Assets, page 34.

CONDENSED COMBINED STATEMENTS OF NET ASSETS

	2006	2005	2004
ASSETS			
Current Assets	$ 128,462,399	$ 85,553,303	$ 70,513,287
Other Assets	7,658,934	18,052,901	10,100,501
Related development project partnership notes	110,100,455	98,586,157	81,524,051
Capital Assets, Net of Accumulated Depreciation	151,499,170	164,713,591	188,410,049
Total Assets	$ 397,720,958	$ 366,905,952	$ 350,547,888
LIABILITIES			
Current Liabilities	$ 47,897,072	$ 30,752,716	$ 23,342,384
Long Term Debt, Net of Current Portion	5,739,213	16,213,414	16,681,345
Other Non Current Liabilities	3,399,080	3,695,873	3,955,293
Total Liabilities	$ 57,035,365	$ 50,662,003	$ 43,979,022
NET ASSETS			
Invested in Capital Assets, Net of Debt	$ 145,109,703	$ 147,851,482	$ 171,093,132
Restricted for			
Designated for Federal programs	45,239,572	38,571,276	22,987,402
Related Development Project Partnerships	109,180,865	98,884,577	82,751,674
Related Partnership Operating Reserves	7,495,559	7,059,822	6,813,185
Other	3,953,957	3,952,881	3,287,316
Unrestricted			
Undesignated	29,705,937	19,923,911	19,636,157
Total Net Assets	340,685,593	316,243,949	306,568,866
Total Liabilities and Net Assets	$ 397,720,958	$ 366,905,952	$ 350,547,888

Assets

Assets increased $30.8 million from $366.9 million at June 30, 2005 to $397.7 million at June 30, 2006. This increase resulted from positive results from operations and an increase in the aggregate amount of *related development project partnership notes* executed by various Owner Entities in connection with the financial arrangements for developing mixed-income communities.

Current Assets increased \$42.9 million primarily as the result of reclassification of two items from long term assets to *Current Assets.* Gates Park Crossing ("GPC") was acquired by Renaissance Gates, LLC, whose sole member is Renaissance Affordable Housing ("RAH"), an AHA affiliate, in April 2003 for a purchase price of \$9.8 million with the intent of comprehensively rehabilitating the property and operating it as a mixed-income community with a portion of the community subsidized by project-based vouchers. RAH borrowed \$9.8 million from a bank. AHA guaranteed the loan and pledged a \$4 million financial instrument to further secure the debt.

On February 23, 2006, AHA's Board of Commissioners approved a proposal to sell GPC for \$10 million to an unaffiliated third party. The sale was contingent on 9% low-income housing tax credits being awarded to the purchaser. The tax credits were awarded in 2006 and RAH will sell the property before December 31, 2006. RAH will use the sales proceeds to repay the bank loan. Given the pending sale of the property, AHA reclassified the associated assets from *Capital Assets Net of Accumulated Depreciation* to a *Current Asset* and the associated debt to *Current Liabilities.*

AHA also reclassified \$12.3 million from *Other Assets* (long term assets) to *Current Assets* for the accounts receivable related to public improvement work completed on behalf of the City of Atlanta at West Highlands, Collegetown at West End, and Capitol Gateway, all of which are mixed-income communities created as a result of AHA's strategic revitalization program. AHA advanced funds in order to complete the public improvement and infrastructure work so that the revitalization could proceed according to the development schedule. The reimbursement from the City of Atlanta is expected in FY2007.

Related development project notes, net of valuation reserve increased \$11.5 million due to AHA's continued revitalization efforts. In an effort to substantially improve the quality of life for the families served by AHA, to end the practice of concentrating poor families, to improve the quality of its properties and the surrounding neighborhoods. AHA made the strategic determination, in the winter of 1994, to reposition its distressed public housing through a comprehensive revitalization program which involves demolition and disposition and the creation of mixed-income, mixed finance communities through public/private partnerships.

The mixed-income communities are not owned, controlled or operated by AHA or any of its affiliates. These communities are owned by public/private partnerships formed between an AHA affiliate and AHA's procured private sector development partners, with the private developer as the managing general partner. The limited partnership interests are acquired and substantially owned by entities that purchase the low income housing tax credits. In most cases, greater than 97% of those interests are held by those investors. AHA continues to own the land, on which the mixed-income, multi-family rental apartments are constructed. AHA leases the land to the public/private partnership (Owner Entity) pursuant to a long-term ground lease, typically 50 to 60 years. At the end of the ground lease term, the land and improvements revert to AHA. The Owner Entity executes the development activities, including the construction of the improvements and manages the property once constructed.

The development model for mixed-income communities is a market rate community, with a seamless affordable component. Typically, 30% to 40% of the apartments are reserved for families who are public housing eligible. The remaining 60% to 70% are leased to market rate and tax credit eligible families based on the financial and legal structure. The total development budgets for the mixed-income communities are comprised of a variety of public and private sources of funds. In all cases, AHA's development funds serve as seed capital to leverage private investment. The Owner Entity borrows conventional first mortgage debt either from a bank or other financial institution; or FHA insured 221(d)(4) arrangement; or private activity bonds with 4% low income housing tax credits. The Owner Entity, subject to limits under the State of Georgia's Qualified Allocation Plan, applies for 9% low income housing tax credits. If awarded, the credits are sold to investors to raise equity for the development project. AHA loans its funds to the Owner Entity for its proportionate share of the construction budget. AHA's proportionate share is based on the percentage of the apartments reserved for public housing eligible residents pursuant to regulatory agreements with HUD. AHA's notes receivable are second mortgage loans subordinated to the first mortgage and are payable only out of cash flow generated from the property. These loans are reflected in the Combined Statements of Net Assets as *Related development project partnership notes, net of valuation reserve.*

Liabilities

Liabilities increased $6.3 million from $50.7 million at June 30, 2005 to $57.0 million at June 30, 2006. While the total liabilities changed slightly, the composition of the *Current Liabilities* and *Long-Term Debt, net of current portion* changed from FY2005 to FY2006 primarily due to reclassification of the $9.8 million debt associated with Gates Park Crossing Apartments to *Current Liabilities.*

Current liabilities also increased due to higher levels of public improvements funds held by AHA for infrastructure work to be performed for the benefit of the City of Atlanta as part of AHA's strategic revitalization program. Pursuant to commitments made by The City of Atlanta to support AHA's strategic revitalization program, the City of Atlanta has advanced to AHA funds to complete public improvement and infrastructure work in the public right of way at or around various AHA communities undergoing revitalization. These funds are restricted and held by AHA to be spent by AHA's private development partners on the agreed public improvement and infrastructure work. Until such work is executed, AHA reflects the advanced funds as *Current Liabilities.*

Also, *Current Liabilities* includes a $1.6 million increase to AHA's pension fund liability based on an updated actuarial study. In FY2006, AHA updated the actuarial assumptions which included, among other things, an update to better reflect the earning potential of the pension fund.

Net Assets

The largest portion of the Authority's net assets at June 30, 2006 represented its investment in capital assets (e.g., land, buildings, improvements and equipment), less the related debt outstanding used to acquire those capital assets. AHA uses these assets primarily to provide affordable housing to qualified income eligible families and persons. Although AHA's investment in its capital assets is reported net of related debt, it is noted that the assets reflected generally represent land and buildings that carry a restricted use and cannot be used to liquidate liabilities. The capital assets net of related debt of $145.1 million represented 42.6% of AHA's total net assets in FY2006 as compared to the $147.9 million or 46.8% of net assets in FY2005. This downward trend is expected to continue as AHA continues repositioning its owned property to mixed income communities owned and operated by public/private partnerships. AHA retains ownership of the land and facilitates the development of the multi-family rental through long term ground leases. A portion of the land may be sold to support homeownership and/or retail and commercial uses.

In FY2006, Restricted Net Assets included $109.2 million for related development project partnership notes. Such notes represent loans made to the Owner Entities of mixed-income, mixed-finance communities. This compares with $98.8 million in FY2005. This upward trend will continue as AHA continues to reposition its public housing properties to mixed-use, mixed-income communities. Also, $7.6 million (2.2%) of net assets are R*estricted for Related partnership operating reserves*. This compares with $7.1 million in FY2005. These reserves provide a source of operating subsidy for the AHA-assisted units in the various mixed-income, mixed finance communities owned by separate Owner Entities under certain specified conditions. These reserves are expected to increase as AHA expands the number of mixed-income communities unless AHA is able to substitute another form of financial instrument (such as a Letter of Credit) to satisfy the reserve requirement.

Restricted Net Asset designed for HUD funded programs of $48.8 million (13.3%) are held to implement MTW eligible activities under AHA's Business Plan. This compares with $38.6 million (12.2%) in FY2005.

The *Other Restricted Net Assets* of $4.0 million (1.2%) represents an investment pledged by AHA to the lender in conjunction with the loan on Gates Park Crossing Apartments. This pledge will be released when the property is sold and proceeds are used to satisfy the related bank debt.

Unrestricted Net Assets of $38.8 million (8.7%) may be used to fund activities that facilitate and/or enhance affordable housing for low income families consistent with AHA's charter and Business Plan. This compares to $20.5 million (6.3%) in FY2005.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	2006	2005	2004
REVENUES			
Operating Revenues	$ 199,921,336	$ 209,175,774	$ 195,926,224
Non-operating Revenues	29,063,770	26,075,256	27,188,421
TOTAL REVENUES	$ 228,985,106	$ 235,251,030	$ 223,114,645
EXPENSES			
Operating Expenses	197,072,524	211,158,347	198,504,901
Non-operating Expenses	7,470,938	14,417,600	16,361,352
TOTAL EXPENSES	$ 204,543,462	$ 225,575,947	$ 214,866,253
CHANGE IN NET ASSETS	24,441,644	9,675,083	8,248,392
BEGINNING NET ASSETS	316,243,949	306,568,866	298,320,474
ENDING NET ASSETS	$ 340,685,593	$ 316,243,949	$ 306,568,866

REVENUES

	2006	2005	2004
OPERATING REVENUES			
Rental revenue	$ 18,405,003	$ 17,608,530	$ 17,054,377
Operating subsidies - programs	160,100,727	160,662,816	152,843,160
Operating subsidies - grants	13,899,402	24,717,281	22,709,053
Other Revenue	7,516,204	6,187,147	3,319,634
Total Operating Revenues	$ 199,921,336	$ 209,175,774	$ 195,926,224

Total Operating Revenues decreased by $9.3 million or 4.4% from $209.2 million in FY2005 to $199.9 million in FY2006 primarily as a result of the $10.8 million decrease in *Operating Subsidies – Grants.* The $10.8 million decrease in operating grant subsidies reflects decreases in the use of capital grant funds for operations because of the overall lower level of operating expenses during 2006. Generally, capital grants are expended on a reimbursement basis and revenue from such grants is not recognized until the associated cost is incurred. Although AHA did not use all the available grant awards, these grant funds are not lost, but are available to use in future periods on a reimbursement basis, consistent with the requirements of the grant.

Rental Revenue increased $0.8 million primarily as a result of the increase in minimum rent to $125 per month and implementing a work and program compliance requirement as described in AHA's Business Plan. The work requirement was adopted on October 1, 2004 and until June 30, 2006 could be met by targeted non-disabled adults (ages 18-62) by participating in some combination of school, program participation and part-time employment as a substitute for full-time employment. After July 1, 2006, AHA's work policy generally requires at least one able bodied adult in a household between the ages of 18 and 62 to maintain continuous full-time employment as a condition of receiving and maintaining subsidy assistance.

	2006	2005	2004
NON-OPERATING REVENUES			
Gain on disposition of capital assets	$ 1,179,361	$ 2,441,081	$ -
Interest income	3,620,133	1,461,353	824,397
Investment income	2,577,449	628,076	704,279
Non-operating revenues before capital grants contribution	7,376,943	4,530,510	1,528,676
Capital grants contributions			
Development/investments	17,595,628	14,556,749	19,203,939
Capital improvements	4,091,199	6,987,997	6,455,806
Total capital grant contributions	21,686,827	21,544,746	25,659,745
Non-operating revenues after capital grants contribution	$ 29,063,770	$ 26,075,256	$ 27,188,421

Non-operating revenues after capital grants contribution increased $3.0 million from $26.1 million in FY2005 to $29.1 million in FY2006. *Interest Income* increased $2.1 million due to higher interest rates and higher deposits in FY2006. *Gain on disposition of capital assets* and *Investment Income* included proceeds earned from the sale of land at the former Carver Homes site to facilitate homeownership opportunities in the new Villages of Carver community. Approximately 67 (22%) of the 302 total homes will be affordable for low income families.

Capital Grants Contributions – Development/Investments represent funds used to make loans to the Owner Entities in connection with the financing of the development of mixed-income communities. There was a $3.0 million increase in loans to Owner Entities from $14.6 million in FY2005 compared to $17.6 million in FY2006.

Capital Grants Contributions-Improvements represents grant funds used to make capital improvements to AHA-owned properties. *Capital Grant Contributions-Improvements* decreased from $7.0 million in FY2005 to $4.1 million in FY2006. However, AHA also completed an additional $6.0 million of capital improvements using other MTW funds (non-grant funds) that are not captured as *Capital Grants Contributions-Improvements.* AHA continues to focus its resources on three priorities at the AHA-owned communities: health and safety of residents, security, and sustainability of the properties until such time as they can be repositioned.

EXPENSES

	2006	2005	2004
OPERATING EXPENSES			
Administrative	$ 34,113,054	$ 36,436,848	$ 34,507,988
Housing Assistance Payments	96,382,051	104,855,563	104,999,798
Resident Services	5,445,229	6,732,464	6,035,585
Utilities	15,675,579	16,572,186	15,529,271
Ordinary Maintenance and Operation	14,947,511	14,271,361	12,755,308
Protective Services	5,589,844	6,823,744	6,567,239
General Expenses	11,013,022	9,715,232	4,795,527
Depreciation Expense	13,906,235	15,750,949	13,314,185
Total Operating Expenses	$ 197,072,525	$ 211,158,347	$ 198,504,901

Total Operating Expenses decreased 6.7% or $14.1 million to $197.1 million in FY2006 from $211.2 million in FY2005. Lower levels of *Housing Assistance Payments* (HAP) accounted for $8.4 million of the decrease. Consistent with the 2006 MTW Implementation Plan, AHA used its MTW funds which include Housing Choice funds for broader MTW Business Plan activities. Such activities included, but not limited to, redesigning many of the systems in the Housing Choice operation. AHA made an investment in process redesign, program innovations and Information Technology infrastructure. The redesigned systems and program innovation will result in more efficient operations in the future.

The AHA work requirements also lowered HAP expense as working residents pay a higher portion of the contract rents based on their income level. This has led to increased employment and less dependency by the participants on rental assistance.

Resident Services includes activities at AHA-owned communities, case management services for affected residents at properties undergoing repositioning, and relocation activities. The decline in Resident Services expenses in FY2006 reflects lower levels of relocation expense as the relocation activity for Grady and McDaniel Glenn was substantially completed in FY2005 and the reallocation of certain costs to the administrative line item.

Utilities decreased due to lower utility rates in FY2006 and from operating fewer AHA-owned communities as McDaniel Glenn and Grady Homes were demolished during FY2006. Also, *Depreciation expenses* decreased as a result of the demolition of these two properties. This trend is expected to continue as AHA repositions its properties from the conventional public housing projects owned by AHA to healthy mixed-income communities owned by public/private partnerships.

Protective Services decreased due to AHA's strategic deployment of security call down systems at certain family communities with a reduced level of Authority-managed contract security patrols. The call down systems are remotely monitored video cameras with a speaker attached that allows security officers to "call down" to subjects.

The increase in *General Expenses* was primarily due to an increase in funding for the pension plan. More detailed information about AHA's pension plan is presented in Note N to the financial statements.

	2006	2005	2004
NET NON-OPERATING EXPENSES			
Loss on disposition of capital assets	$ 632,200	$ 11,880,879	$ 3,095,441
Extraordinary maintenance	2,700,854	1,464,792	2,970,176
Demolition	3,237,033	330,168	2,829,616
Interest Expense	900,851	741,761	723,768
Valuation loss on notes receivable	-	-	6,742,351
Net Non-operating Expenses	$ 7,470,938	$ 14,417,600	$ 16,361,352

Net Non-operating Expenses decreased $6.9 million from FY2005 to FY2006. The reduction relates primarily to the $11.2 million change in the *Loss on disposition of capital assets*. AHA recognized a loss on the disposition of the improvements at McDaniel Glenn and Grady Homes during FY2005 when these properties were vacated for demolition. AHA retained ownership of the land. AHA did not remove any other significant properties during FY2006. *Demolition expense* increased $2.9 million from FY2005 to FY2006 due to the demolition of McDaniel Glenn and Grady Homes.

Extraordinary maintenance increased at the AHA-owned properties from $1.4 million in FY2005 to $2.7 million in FY2006. AHA has committed to sustain its conventional public housing communities (all built before 1982) until they can be repositioned. As such conventional public housing properties continue to age, they will continue to require higher levels of extraordinary maintenance each year.

CAPITAL ASSETS ADMINISTRATION

AHA's capital assets are summarized as follows:

	2006	2005	2004
Land	$ 29,975,963	$ 27,536,481	$ 26,268,554
Land improvements	16,650,691	14,881,378	9,312,049
Building improvements	104,292,565	104,515,355	108,991,643
Equipment	5,362,314	6,824,563	3,388,224
Modernization in process	5,041,573	10,955,814	40,449,579
Total capital assets, net	161,323,106	164,713,591	188,410,049
Less, assets held for sale	9,823,936	-	-
Total capital assets, net	$ 151,499,170	$ 164,713,591	$ 188,410,049

AHA capital assets (net of accumulated depreciation) decreased $13.2 million from $164.7 million at June 30, 2005 to $151.5 million at June 30, 2006 primarily due to the reclassification of Gates Park Crossing due to its pending sale. More detailed information about AHA's capital assets is presented in Note E to the financial statements.

LONG-TERM DEBT ADMINISTRATION

AHA's long-term debt is summarized as follows:

	2006	2005	2004
EPC capital lease	$ 1,315,435	$ 1,724,531	$ 2,119,743
JW Dobbs note payable	4,423,778	4,688,883	4,761,602
Renaissance Gates note payable	-	9,800,000	9,800,000
Total Long Term Debt	$ 5,739,213	$16,213,414	$16,681,345

Long-term debt at June 30, 2006, consisted primarily of the Energy Performance Contract ("EPC") capital lease and the JW Dobbs note payable. The long-term portion of AHA's total debt was $5.7 million at June, 30 2006, which reflects a decrease of 64.6% from the year before. This decline was the result of a reclassification of the Renaissance Gates note payable, due October 29, 2006, out of long-term debt to current portion of long-term debt. AHA has requested and the bank as agreed in principle to extend the loan maturity date to February 1, 2007. More detailed information about AHA's long-term debt is presented in Note J to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

HUD subsidy for both AHA's Housing Choice and Low Income Housing Programs annually face uncertainty as HUD responds to the level of Congressional Appropriations. Uncertainty is further compounded for AHA since its fiscal year (July-June) crosses two HUD funding cycles which are now on a calendar year basis for both programs.

For AHA's Housing Choice program, this means that the first six months of AHA's FY2007 are prorated at 95.9%, or a reduction of over $3.5 million for July–December 2006. The level of funding for January through June 2007 is uncertain since it will depend on the level of Congressional Appropriations for Federal Fiscal Year 2007.

HUD has announced that the Low Income proration factor for calendar year 2006 will probably be 85.5% based on current Congressional funding. Since this is lower than the 92% proration factor HUD had applied during the first six months of 2006, HUD will apply a 78% proration factor for the last six months of the year to compensate for the overpayments which had occurred during the first six months of the year. This change in proration results in a reduction of $1.7 million in AHA's Budget for that period which was based on the proration previously reported. As is the case for Housing Choice, the Low Income Housing proration for the last six months of FY2007 will depend on Congressional Appropriations.

In addition to these funding level challenges, HUD will also introduce significant changes to the Low Rent Public Housing Program beginning in calendar year 2007. Under the new rule, HUD will fund on a property-by-property basis. HUD will also limit the amount of operating funding that can be transferred from a property to the central (headquarters) cost center. HUD has also revised the entire calculation of operating and utility subsidy. However, calendar year 2007 will be a transition year with housing authorities funded on an authority-wide basis using a single-per-unit funding factor and without restrictions on central cost center transfers. HUD is still considering how and to what extent, such rules will apply to MTW agencies.

Currently, the funding factor to be used in the 2007 Low Income Operating Subsidy calculation is substantially higher than the 2006 Authorize Expense Level (AEL) factor HUD uses to fund AHA and should result in significant increase in funding. The estimated 70-80% proration anticipated for 2007 will significantly reduce any gain from the calculation.

AHA operates in the local multifamily rental housing market in metro-Atlanta. Rising interest rates have put home ownership out of reach for many people. This has increased the demand in the rental housing market, although the rental market in metro-Atlanta remains soft. Such softness in the rental market has enabled AHA to capture excellent market opportunities through the strategic use of project based vouchers. These market conditions, however, have not yet adversely affected AHA's ability to leverage federal development dollars through partnership relationships with private development partners to develop quality mixed income communities. The market conditions influence the mix of rental and for-sale units in the mixed-income communities.

CONTACTING AHA'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of AHA's finances and to demonstrate AHA's accountability for the assets it manages to interested persons, including citizens of our local jurisdiction, creditors and other interested parties. If you have questions about this report or wish to request additional financial information, contact the Chief Financial Officer at The Housing Authority of the City of Atlanta, Georgia, 230 John Wesley Dobbs Ave., N.E.; Atlanta, Georgia 30303, telephone number 404-892-4700.

BASIC FINANCIAL STATEMENTS

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF NET ASSETS

June 30,

ASSETS	2006	2005
CURRENT ASSETS		
Cash and cash equivalents		
Unrestricted	$ 66,429,003	$ 55,979,552
Restricted	23,993,941	17,648,965
	90,422,944	73,628,517
Receivables, net of allowance	23,888,420	11,541,838
Assets held for sale	9,823,936	-
Investments, short-term	3,953,957	-
Prepaid expenses	373,142	382,948
Total current assets	128,462,399	85,553,303
NONCURRENT ASSETS		
Related development project notes, net of valuation reserve	110,100,455	98,586,157
Capital assets, net of accumulated depreciation	151,499,170	164,713,591
Investments, restricted	7,626,315	11,140,359
Other assets, net of accumulated amortization	32,619	6,912,542
Total noncurrent assets	269,258,559	281,352,649
	$ 397,720,958	$ 366,905,952

LIABILITIES AND NET ASSETS	2006	2005
CURRENT LIABILITIES		
Accounts payable	$ 8,206,977	$ 6,942,035
Accrued liabilities	14,118,003	12,348,108
Other current liabilities	15,097,902	10,813,878
Current portion of long-term debt	10,474,190	648,695
Total current liabilities	47,897,072	30,752,716
LONG-TERM DEBT, net of current portion	5,739,213	16,213,414
OTHER NONCURRENT LIABILITIES	3,399,080	3,695,873
Total liabilities	57,035,365	50,662,003
CONTINGENCIES		
NET ASSETS		
Invested in capital assets, net of related debt	145,109,703	147,851,482
Restricted for:		
HUD funded programs	45,239,573	38,571,276
Related development projects	109,180,865	98,884,577
Related partnership operating reserves	7,495,559	7,059,822
Other	3,953,957	3,952,881
	165,869,954	148,468,556
Unrestricted	29,705,936	19,923,911
Total net assets	340,685,593	316,243,949
	$ 397,720,958	$ 366,905,952

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year ended June 30,

	2006	2005
Operating revenues		
Tenant dwelling revenue	$ 18,405,002	$ 17,608,530
Operating subsidies	174,000,129	185,380,097
Other revenue	7,516,205	6,187,147
	199,921,336	209,175,774
Operating expenses		
Administrative	34,113,054	36,436,848
Housing assistance payments	96,382,051	104,855,563
Tenant services	5,445,229	6,732,464
Utilities	15,675,579	16,572,186
Ordinary maintenance and operation	14,947,511	14,271,361
Protective services	5,589,844	6,823,744
General expenses	11,013,021	9,715,232
Total operating expense before depreciation	183,166,289	195,407,398
Net operating income before depreciation	16,755,047	13,768,376
Depreciation & amortization expense	13,906,235	15,750,949
Net operating income (loss)	2,848,812	(1,982,573)
Non-operating revenue/(expense)		
Interest & investment income	6,197,582	2,089,429
Gain on sale of capital assets	1,179,361	2,441,081
Loss on capital asset write-down	(632,200)	(11,880,879)
Extraordinary maintenance and demolition	(5,937,887)	(1,794,960)
Interest expense	(900,851)	(741,761)
Net non-operating revenue/(expense)	(93,995)	(9,887,090)
Capital grants	21,686,827	21,544,746
Change in net assets	$ 24,441,644	$ 9,675,083

The accompanying notes are an integral part of these statements.

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENT OF CHANGES IN NET ASSETS

Years Ended June 30, 2006 and 2005

	Investment in capital assets, net of related debt	Restricted for HUD Funded Programs	Related partnership development projects	Restricted for related partnership operating reserves	Restricted for other	Undesignated Unrestricted	Total
Balance at June 30, 2004	$ 171,093,132	$ 22,987,402	$ 82,751,674	$ 6,813,185	$ 3,287,316	$ 19,636,157	$ 306,568,866
Change in net assets	(23,241,650)	15,583,874	16,132,903	246,637	665,565	287,754	9,675,083
Balance at June 30, 2005	147,851,482	38,571,276	98,884,577	7,059,822	3,952,881	19,923,911	316,243,949
Change in net assets	(2,741,779)	6,668,296	10,296,288	435,737	1,076	9,782,025	24,441,643
Balance at June 30, 2006	$ 145,109,703	$ 45,239,572	$ 109,180,865	$ 7,495,559	$ 3,953,957	$ 29,705,936	$ 340,685,592

The accompanying notes are an integral part of this statement.

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF CASH FLOWS

Year Ended June 30,

	2006	2005
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from residents	$ 17,440,388	$ 15,597,989
Operating subsidies	172,653,967	202,164,780
Other receipts	1,016,746	8,347,871
Payments to landlords	(96,382,051)	(104,855,563)
Payments to suppliers	(52,265,775)	(57,012,371)
Payments to employees	(29,702,498)	(27,849,067)
Net cash provided by operating activities	12,760,777	36,393,640
Cash flows from capital and related financing activities		
Capital grants	20,451,025	24,981,419
Gain on sale of fixed assets	547,370	2,441,081
Cost of assets sold	745,969	234,814
Purchase and modernization of capital assets	(11,219,276)	(4,170,183)
Extraordinary maintenance	(5,937,887)	(1,794,959)
Developer notes and other grants receivable	(4,727,211)	(18,686,397)
Payments under capital debt	(1,584,009)	(1,236,438)
Net cash (used in) provided by capital and related financing activities	(1,724,020)	1,769,337
Cash flows from investing activities		
Purchase of investments	(439,913)	(1,039,858)
Investment income	2,168,057	-
Interest and dividends	4,029,525	2,089,428
Net cash provided by investing activities	5,757,669	1,049,570
Net increase in cash and cash equivalents	16,794,427	39,212,546
Cash and cash equivalents at beginning of the year	73,628,517	34,415,971
Cash and cash equivalents at end of the year	$ 90,422,944	$ 73,628,517

There were no cash flows from noncapital financing activities.

Continued...

The Housing Authority of the City of Atlanta, Georgia

COMBINED STATEMENTS OF CASH FLOWS - Continued

Year Ended June 30,

	2006	2005
Reconciliation of Excess Operating Loss to Net Cash Used In Operating Activities		
Excess operating revenues over (under) operating expenses	$ 2,848,812	$ (1,982,573)
Adjustments to reconcile revenues in excess of expenses to net cash used in operating activities		
Depreciation expense	13,863,583	15,750,949
Amortization expense	42,652	-
Provision for bad debts	670,199	1,809,212
Change in assets and liabilities		
(Increase) decrease in receivables	(14,470,349)	10,658,068
(Increase) decrease in prepaid assets	(660,392)	81,709
Increase in accounts payable and accrued liabilities	6,386,206	4,945,895
Increase in deferred revenue and other credits	619,467	5,136,056
Increase (decrease) in other noncurrent liabilities	3,460,600	(5,677)
	9,911,966	38,376,213
Net cash provided by operating activities	$ 12,760,778	$ 36,393,640

The accompanying notes are an integral part of these statements..

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization

The Housing Authority of the City of Atlanta, Georgia ("AHA") is a public body corporate and politic created under the Housing Authorities laws of the State of Georgia. AHA is an affordable housing provider with broad corporate powers including the power to acquire, manage and renovate housing. The primary purpose of AHA is to provide safe, decent and affordable housing assistance for low-income, elderly and disabled families in Atlanta. Many of AHA's programs are funded and regulated by the U.S. Department of Housing and Urban Development ("HUD") under the provisions of the U.S. Housing Act of 1937, as amended.

In September 2003, AHA executed its Moving to Work (MTW) Demonstration Program Agreement (MTW Agreement) with HUD. The effective date of the MTW Agreement was July 1, 2003. Under the terms of the MTW Agreement, AHA has been given a significant amount of statutory and regulatory relief with respect to its operations, including AHA's Housing Choice Voucher Program and the Low Rent (Public Housing Program). In addition to the regulatory relief, AHA's MTW Agreement also permits AHA to use Section 9 Operating Subsidy, Section 14 Capital Funds (including Development and Replacement Housing Factor Funds) and Section 8 Housing Choice budget authority (collectively, "MTW Funds") interchangeably for eligible MTW activities consistent with AHA's MTW Business Plan and Annual Implementation Plans. All references to sections in this Note A are to specific sections in the U.S. Housing Act of 1937, as amended. See Note S for further details.

As discussed under Management's Discussion and Analysis, AHA operates through four business lines: (1) Real Estate Development and Acquisition (2) Real Estate Management, (3) Housing Choice Administration and (4) Asset Management.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Real Estate Development and Acquisition

AHA, in partnership with third-party private sector development partners, uses its assets to leverage private resources to facilitate the creation of mixed-income communities. Under AHA's strategic revitalization program, AHA uses a portion of these funds for relocation of affected residents, demolition of the affected dwelling and non-dwelling structures, site improvements, human development programs for affected residents and to buy down the project development cost of the AHA-assisted component. Typically, AHA provides one or more loan(s) to the Owner Entities, to cover a portion of the development costs associated with the AHA assisted component. In addition, AHA may invest MTW funds and award project based vouchers on a competitive basis to certain properties owned by independent third party owners to facilitate the creation of mixed- income communities.

Real Estate Management

AHA owns and operates 32 public housing communities (comprised of 17 elderly/disabled and 15 family communities) which are reserved for income eligible families and persons. Such families and persons pay either 30 percent of their adjusted income or a flat rent. Substantially all of the families elect to pay 30 percent of their adjusted income. Rental income and MTW funds are the principal sources of funding the operations and capital improvements for these properties. Real Estate Management also provides real estate technical and advisory services in order to manage certain agency-wide initiatives and issues.

Housing Choice Administration

AHA operates the Housing Choice Voucher Program ("HCVP") and manages relocation activities to support the repositioning of AHA's public housing communities. Section 8 funding, under the Annual Contributions Contract A-3910 with HUD, has historically been exclusively for the HCVP, but now may be used for any MTW eligible activities under AHA's MTW Agreement and related Business Plan and MTW Implementation Plans. AHA's HCVP consisted of a voucher allocation of 14,568 and 14,008 vouchers for fiscal years 2006 and 2005, respectively. The purpose of the HCVP is to provide decent and affordable housing to low-income families, elderly and disabled persons through rental subsidies provided by AHA. The subsidized units are owned and managed by private landlords. Vouchers may be tenant-based (utilized by the family) or project-based (attached to the property).

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Asset Management

AHA's Asset Management business line is responsible for the strategic and financial management of AHA's assets, real estate investments and various business relationships. This business line is also responsible for program evaluation, compliance monitoring including fee-based contract administration activities and policy development.

One primary focus of the Asset Management business line is management and oversight of the various agreements and investments relating to AHA-sponsored mixed-income communities. Such communities are market rate developments with a seamless affordable component. These communities offer excellent quality of life amenities such as parks, early childhood development, retail, excellent schools and recreational facilities that are important in providing a living environment where low-income families can achieve their full potential. AHA provides Section 9 housing assistance payments to the Owner Entities for AHA assisted families who reside in 12 mixed-income, mixed-finance communities on a break-even basis.

AHA is one of the 11 founding members of Georgia HAP Administrators, Inc. ("Georgia HAP"). Georgia HAP, a Georgia not-for-profit 501(c)(4) corporation, performs contract services on project based Section 8 properties for HUD on a fee basis. Georgia HAP has a central office that administers the HUD contract through a contractual relationship with each of its members. This contractual relationship is in the form of a subcontract agreement and each member is a Georgia HAP field office. AHA provides oversight for 74 Housing Assistance Contracts with a total of 7,164 units.

2. Reporting Entity

The governing body of AHA is its Board of Commissioners which is comprised of seven members appointed by the Mayor of the City of Atlanta; five members serve five-year staggered terms and two resident members serve one-year terms. The Board appoints the President and Chief Executive Officer to administer the business of AHA. AHA is not considered a component unit of the City, as the Board independently oversees AHA's operations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Sections 2100 and 2600 of the *"Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14 of the Governmental Accounting Standards Board, The Financial Reporting Entity."* This criteria requires the entity to consider factors such as a) manifestation of oversight responsibility including financial accountability, b) appointment of a voting majority, c) imposition of will, d) financial benefit to or burden on a primary organization, e) financial accountability as a result of fiscal dependency, f) potential for dual inclusion and g) organizations included in the reporting entity although the primary organization is not financially accountable.

To manage its business and financial affairs more effectively, AHA has several affiliates to support its various product lines and ventures. While AHA, the parent entity, manages Federal programs, the following affiliates support the various functions necessary to meet AHA's mission of providing quality affordable housing for the betterment of the community. The reporting entity includes the following blended component units:

a. Atlanta Housing Development Corporation ("AHDC") is a Georgia not-for-profit organization, organized solely to serve as an "instrumentality" of AHA for the purpose of issuing tax exempt bonds for operation and development of low-income housing pursuant to Section 11(b) of the Housing Act of 1937, (42 U.S.C. Section 1437i).

b. Atlanta Affordable Housing for the Future, Inc. ("AAHFI") is a Georgia 501(c)(3) corporation created at the direction of the AHA Board of Commissioners in order to facilitate the revitalization of AHA-owned distressed public housing communities. AAHFI participates in the revitalization of AHA communities by holding limited partnership interests in the general partner entities of the various public/private partnerships that own the mixed-income multi-family rental communities.

c. Special Housing and Homeownership, Inc. ("SHHI") is a Georgia 501(c)(3) corporation created to develop, maintain and implement programs to assist low-income individuals in achieving the goal of homeownership.

d. 230 John Wesley Dobbs Boulevard Ventures, Inc. ("JWD") is a Georgia 501(c)(3) corporation created at the direction of the AHA Board of Commissioners in order to lessen the burdens of government by acquiring and holding title to real property and improvements, and by providing such real property and improvement to government agencies and tax exempt organizations at a cost.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Renaissance Affordable Housing, Inc. ("RAH") is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board of Commissioners in order to enhance the ability of AHA to reach its goals and objectives, including participating in the acquisition and development of certain properties to support the overall revitalization program at or near AHA communities or other appropriate locations in metropolitan Atlanta. RAH is the sole member of Renaissance Gates, LLC, a Georgia limited liability company that acquired Gates Park Crossing Apartments, an apartment community consisting of approximately 16.89 acres containing 332 apartment units, in fiscal year 2003. Gates Park Crossing Apartments is scheduled to be sold before December 31, 2006.

f. Westside Affordable Housing, Inc. ("WAH") is a Georgia 501(c)(3) not-for-profit corporation and was created at the direction of the AHA Board of Commissioners in order to enhance the ability of AHA to reach its goals and objectives, including participating in the acquisition and development of certain properties to support the overall revitalization program at or near AHA communities or other appropriate locations in metropolitan Atlanta. WAH is the sole member of Carver Leasing Facility, LLC, Centennial Place Holdings, LLC, Harris Holdings I , LLC, Pryor Road Corridor, LLC, Westside Pryor Courts, LLC and Westside Joyland LLC, all of which are Georgia limited liability companies. WAH has an ownership interest in Harris Redevelopment, LLC, Centennial Park North, LLC and Centennial Park East, LLC and Carver Homeownership I, LLC.

g. Strategic Resource Development Corporation, Inc. ("SRDC") is a Georgia 501(c)(3) not-for-profit corporation created at the direction of the AHA Board of Commissioners to solicit and accept charitable donations to fund AHA initiatives.

h. Atlanta Housing Investment Company, Inc., ("AHICI") is a for-profit corporation created at the direction of the AHA Board of Commissioners in order to assist AHA in its revitalization efforts at or near AHA communities or other appropriate locations in metropolitan Atlanta. AHICI will participate in revitalizations by holding partnership and financial interests in various transactions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Basis of Presentation and Accounting

The financial statements of AHA have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. AHA and its component units maintain their accounts substantially in accordance with the chart of accounts prescribed by HUD and are organized utilizing the Fund Accounting model. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. The Authority's operations are reported in a single Enterprise Fund. Enterprise funds account for those operations financed and operated in a manner similar to private business or where the Authority has decided that determination of revenues earned, costs incurred and net revenue over expenses is necessary for management accountability. The financial statements represent the consolidated results of AHA. All significant intercompany balances and transactions have been eliminated.

Enterprise funds are proprietary funds used to account for business activities of special purpose governments, for which a housing authority qualifies, under GASB 34. Proprietary funds apply Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of providing services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

4. Budgets

Annually, AHA adopts a comprehensive budget to support its Business Plan and annual Implementation Plans. Budgets are prepared and adopted on a basis consistent with generally accepted accounting principles on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The budgets are used by management and various program supervisors to evaluate interim activity and are used to plan, control and evaluate proprietary fund spending. The capital projects budgets are adopted on a work item basis. Other revitalization and development project budgets are adopted on a project-length basis. Budgets are not required for financial statement presentation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Inter-company and Inter-fund Receivables and Payables

Inter-company receivables/payables are all current; cash settlements are made periodically. Inter-fund receivables/payables are the result of the use of a central fund as the common paymaster for shared costs of AHA. All inter-company and inter-fund balances net to zero in consolidation and hence, are eliminated for presentation purposes in the combined statements of net assets which aggregates all programs into the single Enterprise Fund.

6. Investments

Investments are recorded at fair value. Investments consist of items specifically approved for public housing agencies by HUD. It is AHA's policy that all funds on deposit are collateralized in accordance with HUD requirements and in AHA's name if held by a third party.

7. Inventories

AHA maintains no inventory of expendable items. All supplies are expensed when purchased. Supplies on hand are minimal.

8. Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid expenses. Prepaid expenses at June 30, 2006 and 2005 consist primarily of prepaid insurance premiums and service contracts on intellectual property.

9. Restricted Assets

Certain assets may be classified as restricted assets on the combined statement of net assets because their use is restricted by time or specific purpose.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts. Accounting estimates for such items as depreciation, valuation of notes receivable including the realization of accrued interest, other operating receivables and contingent liabilities are all reflected in AHA's financial statements and disclosed in the notes to financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Risk Management

AHA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. AHA carries commercial insurance and certain reserves deemed sufficient to meet current requirements.

12. Fair Value of Financial Instruments

The carrying amount of AHA's financial instruments at June 30, 2006 and 2005, including cash, investments, accounts receivable, notes receivable, accounts payable and long-term debt closely approximates fair value due to the relatively short maturity of these instruments.

13. Related Development Partnership Notes and Fees Receivable

The Authority advances second and third priority mortgage loans to Owner Entities in conjunction with financing arrangements relating to mixed-income multi- family rental developments, in most cases, on land owned by the Authority. Such loans are interest-bearing and are payable from cash flow from the property owned by each respective Owner Entity. Such loans are funded from HOPE VI and development funds representing a portion of the construction costs associated with the AHA-assisted component of the mixed-income communities. Because interest and principal on these loans are subordinated and are contingent on cash flow from the property, interest, income recognition has been deferred until the loan payments are received or are reasonably expected to be received, whichever comes first. The Authority also earns developer fees associated with the development project. To the extent any portion of the fees are contingent on cash flow, income recognition will be deferred until such fee is received or is reasonably expected to be received, whichever comes first.

14. Allowance for Doubtful Accounts

AHA has established an allowance for doubtful accounts based on the greater of receivables from vacated tenants or aging of tenant accounts receivable greater than 60 days. A general allowance has also been established for development related accounts receivable activity.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. Capital assets

Capital assets include land, buildings, equipment and modernization in progress for improvements to land and buildings. Capital assets are defined by AHA as assets with an initial cost of more than $2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or improved. Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements, construction interest during the construction period and other modernization activities, are recorded as "modernization in progress" until they are placed in service.

The costs of normal maintenance and repairs that do not add to the value of the asset or extend asset lives are not capitalized. Extraordinary maintenance and repairs are expensed as non-operating items. Demolition costs that are incurred, prior to revitalization are also expensed as non-operating items. Under GAAP, demolition costs are disposal costs recognizable currently as part of the asset disposition. Land preparation, soil remediation and other site improvements that do not add value are also expensed as reported as non-operating items.

Depreciation is calculated using the straight line method and the useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings	20-40 years
Building improvements	10-30 years
Building equipment	10-15 years
Land improvements	15 years
Equipment	5-10 years

Long-lived assets are to be reviewed annually for impairment under the provisions and in accordance with GASB No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" and FASB No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

AHA is the owner of several paintings of historical significance. These works of art were commissioned in the 1940s by AHA at minimal cost and management estimates a value of $550,000; however, the value of these works of art has not been recorded. These paintings are protected, cared for and preserved for future uses which are educational purposes and exhibition to the public.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation. A liability for compensated absences that are attributable to services already rendered is accrued as employees earn the right to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of AHA and its employees, are accounted for in the period in which such services are rendered or in which such services take place. The current portion recognized represents the amount estimated to be taken in the ensuing year.

17. Self-insurance and Litigation Losses

AHA recognizes estimated losses related to self-insured workers' compensation claims and litigation claims in the period in which the occasion giving rise to the loss occurred when the loss is probable and reasonably estimable.

18. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for services provided; operating subsidy, representing the difference between fair market rent and rental income (resident's share); and operating subsidy used for modernization, normal repair and maintenance (non-capitalized) items. A portion of the Capital Funds may be used for operations and is recognized by AHA as operating revenue at the time such costs are incurred and funds are drawn from HUD. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents and others, including housing assistance payments for HUD, as permitted under the MTW Agreement and defined in the Annual Contributions Contract "ACC."

AHA recognizes development fees earned as a co-developer with its private sector development partners in connection with AHA's strategic revitalization program. To the extent any portion of the fees are contingent on cash flows, income recognition will be deferred until such fee is received or is reasonably expected to be received, whichever comes first.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The definition above is consistent with the treatment of individual transactions in the cash flow statements. In the cash flow statements, operating and non-operating transactions are separately reported. Non-operating transactions include all non-resident related activities and are categorized on the cash flow statements as cash flows from capital and related financing activities or investing activities. Non-operating revenues, expenses and other transactions include capital grants received from HUD used for modernization, demolition, revitalization and other development activities in mixed-income communities, interest income and expense and gain or loss from disposal of assets.

19. Change in Presentation

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents consist principally of cash in checking accounts and money market accounts and other investments maturing within three months or less of the date acquired. They are stated at cost, which approximates market value. All funds on deposit are Federal treasury accounts or are fully collateralized in accordance with requirements of HUD with collateral held by third parties in AHA's name.

HUD requires housing authorities to invest excess HUD funds in obligations of the United States, certificates of deposit or any other Federally insured investments. HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by AHA or with an unaffiliated bank or trust company for the account of AHA.

It is AHA's policy to maintain collateralization in accordance with HUD requirements.

There are three credit risk categories defined as follows:

a. Insured or collateralized with securities held by the entity or by its agent (correspondent bank or Federal Reserve Bank) in the entity's name.

b. Collateralized with securities held by the pledging financial institution trust department or agent in the entity's name.

c. Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name.

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS - Continued

At June 30, 2006 and 2005, cash and temporary cash investments consisted of deposits with financial institutions either fully collateralized by FDIC insurance and/or collateralized by securities held by a third party in AHA's name and in government securities.

NOTE C – RECEIVABLES

Receivables at June 30, 2006 and 2005 consist of the following:

	2006	2005
U.S. Department of HUD	$ 4,831,717	$ 5,609,322
Predevelopment advances	2,993,556	2,637,512
Developer fees	1,814,423	789,564
Incentive fees	116,000	12,000
Dwelling rents (net of allowance of $113,742 for 2006 and $120,760 for 2005)	290,381	215,528
Public improvement receivables	12,819,461	1,437,826
Other receivables	1,022,883	840,086
	$ 23,888,420	$ 11,541,838

NOTE D – NOTES RECEIVABLE

Notes receivable at June 30, 2006 and 2005 consist of the following:

	2006	2005
Related development project notes (net of valuation allowance of $8,793,890 for 2006 and $9,293,890 for 2005)	$ 109,180,866	$ 98,884,577
Developer fees (net of allowance of $500,000 in 2006 and $0 for 2005)	2,921,866	2,203,503
Incentive fees	221,703	215,653
Homeownership downpayment assistance	291,500	34,500
Other notes receivable	2,408,500	675,000
	$ 115,024,435	$ 102,013,233
Current portion	$ 4,923,980	$ 3,427,076
Long-term portion	110,100,455	98,586,157
	$ 115,024,435	$ 102,013,233

NOTE D – NOTES RECEIVABLE - Continued

Loans to the Owner Entities of mixed-income mixed-finance communities (i.e., loans to related development project partnerships) are due and payable from net cash flow, net project proceeds and condemnation proceeds, as defined in the respective notes and loan agreements, of the developed projects supported by the loans. These subordinated loans are provided during the construction period as construction loans. Permanent subordinated financing (AHA's subordinated permanent loan) is then put in place to repay the construction loan after certain conditions are met. The permanent loans are amortized over periods up to 55 years at interest rates ranging from zero percent to 7.99 percent as agreed to by AHA and the Owner Entity and, as approved by HUD. Such loans are funded from Development and HOPE VI grant funds. At June 30, 2006, management evaluated the loan balances in accordance with FASB No. 118, *"Accounting by Creditors for Impairment of a Loan – Income Recognition and Disclosures" (an amendment of FASB No. 114)* and determined that a reserve of $8,793,890 was appropriate in the aggregate pertaining to the notes receivable. See Note R for the schedule of related party transactions.

Furthermore, this allowance reflects the contingent nature of the repayment of the AHA loans which are payable from net cash flow, net project proceeds or condemnation proceeds, to the extent such proceeds are available as estimated. It is management's expectation and intent, as well as the expectation and intent of the Owner Entities of the mixed-income, mixed-finance communities that these loans will be repaid to AHA from net cash flow, net project proceeds or condemnation proceeds, to the extent such proceeds are available, consistent with the terms of the respective notes and loan agreements. AHA's accounting practice is to value these related notes receivable periodically, not exceeding two-year intervals and to record the interest earnings in the period when received or when considered collectible, whichever comes first. The interest income received and recognized during the year was $409,391 and $514,583 in 2006 and 2005, respectively. The cumulative unpaid interest contingent on net cash flow was $13,638,557 and $10,404,650 as of June 30, 2006 and 2005, respectively.

AHA also earns developer fees, a portion of which is deferred if contingent upon cash flow of the mixed-income multi-family rental communities. These fees will be recognized in the period when received or probable for collection in the fiscal year, whichever comes first. The developer fees earned were $2,225,231 and $897,680 for 2006 and 2005, respectively. The portion of developer fees due and payable from net cash flow amounted to $448,858 as of June 30, 2006. Management determined that a $500,000 allowance for doubtful accounts related to development fees receivable was necessary at June 30, 2006 See Note R for further explanation.

NOTE E – CAPITAL ASSETS

Changes in capital assets consist of the following at June 30, 2006:

	Balance at June 30, 2005	Additions	Deletions	Reclasses	Balance at June 30, 2006
Land	$ 27,536,481	$ 2,387,763	$ (745,969)	$ 797,687	$ 29,975,963
Land improvements	14,881,378	1,769,313	-	-	16,650,691
Buildings & improvements	257,509,417	2,325,102	(392,901)	8,036,554	267,478,172
Equipment	13,044,121	1,701,160	(210)	115,938	14,861,009
Modernization in process	10,955,814	3,035,938	-	(8,950,179)	5,041,573
	323,927,211	11,219,276	(1,139,080)	-	334,007,408
Less accumulated depreciation					
Buildings & improvements	(152,994,062)	(10,584,446)	392,901	-	(163,185,607)
Equipment	(6,219,558)	(3,279,137)	-	-	(9,498,695)
	(159,213,620)	(13,863,583)	392,901	-	(172,684,302)
	$ 164,713,591	$ (2,644,307)	$ (746,179)	$ -	$ 161,323,106
Less, assets held for sale					(9,823,936)
					$ 151,499,170

Changes in capital assets consist of the following at June 30, 2005:

	Balance at June 30, 2004	Additions and reclasses	Deletions and reclasses	Inter-fund elimination	Balance at June 30, 2005
Land & land improvements	$ 26,268,554	$ 17,739,285	$ (532,000)	$ (1,057,980)	$ 42,417,859
Buildings & improvements	269,668,154	8,016,746	(20,175,484)	-	257,509,416
Equipment	8,036,364	6,200,779	(1,193,021)	-	13,044,122
Modernization in process	40,449,579	13,558,590	(43,052,355)	-	10,955,814
	344,422,651	45,515,400	(64,952,860)	(1,057,980)	323,927,211
Less accumulated depreciation					
Buildings & improvements	(151,364,462)	(14,164,266)	12,534,665	-	(152,994,063)
Equipment	(4,648,140)	(1,586,683)	15,266	-	(6,219,557)
	(156,012,602)	(15,750,949)	12,549,931	-	(159,213,620)
	$ 188,410,049	$ 29,764,451	$ (52,402,929)	$ (1,057,980)	$ 164,713,591

NOTE F – OTHER LONG-TERM ASSETS

Other long-term assets at June 30, 2006 and 2005 consist of the following:

	2006	2005
Perry Bolton TAD proceeds receivable	$ -	$ 6,837,272
Loan costs, (net of accumulated loan amortization of $52,422 and $9,771 for 2006 and 2005, respectively)	32,619	75,270
	$ 32,619	$ 6,912,542

NOTE G – ACCOUNTS PAYABLE

Accounts payable at June 30, 2006 and 2005 consist of the following:

	2006	2005
Accounts payable, trade	$ 6,995,086	$ 5,739,254
Contract retentions	972,855	815,722
Other	239,036	387,059
	$ 8,206,977	$ 6,942,035

NOTE H - ACCRUED LIABILITIES

Accrued liabilities at June 30, 2006 and 2005 consist of the following:

	2006	2005
Accounts payable, U.S. Department of HUD	$ 1,492,072	$ 3,657,858
Compensated absences	618,395	606,193
Wages payable	582,391	552,141
Worker's Comp Claims payable (notes L and M)	307,021	298,670
Contingencies and uncertainties (notes L and M)	2,851,470	2,848,491
Accrued expenses	6,196,751	3,957,102
Interest payable	69,903	61,702
Accrued pension	2,000,000	365,950
	$ 14,118,003	$ 12,348,108

NOTE I – OTHER CURRENT LIABILITIES

Other current liabilities at June 30, 2006 and 2005 consist of the following:

	2006	2005
Public Improvement funds received from City of Atlanta	$ 13,029,551	$ 9,272,158
Deferred interest	316,000	408,837
Deferred gain land swap	1,540,283	-
Deferred rooftop satellite lease revenue	77,727	77,727
Deferred revenue, vouchers	45,114	1,030,882
Other	89,227	24,274
	$ 15,097,902	$ 10,813,878

NOTE J – LONG-TERM DEBT

Long-term debt at June 30, 2006 consist of the following:

	Balance at July 1, 2005	Additions	Reductions	Balance at June 30, 2006	Long-Term	Current
EPC capital lease	$ 2,119,743	$ -	$ (395,223)	$ 1,724,520	$ 1,315,435	$ 409,084
AHA Corporate	4,942,367	-	(253,484)	4,688,883	4,423,778	265,105
Renaissance Gates	9,800,000	-	-	9,800,000	-	9,800,000
	$16,862,110	$ -	$ (648,707)	$16,213,403	$ 5,739,213	$10,474,190

NOTE J – LONG-TERM DEBT - Continued

Long-term debt at June 30, 2005 consist of the following:

	Balance at July 1, 2004	Additions	Reductions	Balance at June 30, 2005	Long-Term	Current
EPC capital lease	$ 2,501,543	$ -	$ (381,800)	$ 2,119,743	$ 1,724,531	$ 395,212
JW Dobbs	5,015,374	-	(5,015,374)	-	-	-
JW Dobbs note (refinanced)	-	5,125,000	(182,633)	4,942,367	4,688,883	253,483
Renaissance Gates	9,800,000	-	-	9,800,000	9,800,000	-
	$ 17,316,917	$ 5,125,000	$ (5,579,807)	$ 16,862,110	$ 16,213,414	$ 648,695

EPC Capital Lease

The Energy Performance Contract ("EPC") capital lease consists of an Equipment Lease and Option Agreement which had an original balance of $4,623,000 between a bank and AHA to finance water and energy conservation improvements. Generally, improvements under an Energy Performance Contract create lower energy consumption resulting in savings in utility expenses. To date, the savings have been sufficient to repay the debt under the capital lease. The improvements are included in building and improvements (see note E) and have a net book value of $2,945,760 and $3,146,650 at June 30, 2006 and 2005, respectively. Repayment commenced March 31, 2000. The EPC Capital Lease was refinanced September 19, 2003 with quarterly payments of approximately $115,910 consisting of principal and interest. Final payment is due on June 30, 2010.

Annual lease payments for the next four years and in the aggregate are as follows:

	Principal	Interest	Total
2007	$ 409,084	$ 54,555	$ 463,639
2008	423,360	40,279	463,639
2009	438,338	25,301	463,639
2010	453,749	9,893	463,642
	$ 1,724,531	$ 130,028	$ 1,854,559

NOTE J – LONG-TERM DEBT - Continued

J.W. Dobbs Note Payable (Refinanced)

The J.W. Dobbs Capital Lease agreements and note payable were refinanced and combined effective September 1, 2004 in the total amount of $5,125,000 requiring monthly payments of $39,193. The payments include principal and interest and are based on a fixed rate of 4.43 percent; a final balloon payment is due September 1, 2014. The note is collateralized by the land and building located at 230 J.W. Dobbs Avenue, which have a net book value of $7,759,862 and $7,915,214 at June 30, 2006 and 2005, respectively.

Annual note payments scheduled for the next five years and thereafter in the aggregate are as follows:

	Principal	Interest	Total
2007	$ 265,105	$ 205,207	$ 470,313
2008	276,733	193,578	470,311
2009	289,950	180,362	470,312
2010	303,244	167,067	470,311
2011	317,148	153,163	470,311
2012 through 2014	3,236,704	394,453	3,631,157
	$ 4,688,884	$ 1,293,830	$ 5,982,716

Renaissance Gates Note Payable

The Renaissance Gates note payable is a promissory note with the principal amount of $9,800,000 originally maturing on April 29, 2006 and extended to October 29, 2006. It is an interest only loan at a rate of LIBOR adjustable plus two percent, with interest payable monthly beginning June 1, 2003. It is secured by Gates Park Crossing Apartments located in Fulton County, Georgia, purchased on April 29, 2003. AHA has guaranteed this indebtedness for Renaissance Gates, LLC and Renaissance Affordable Housing, Inc. (a blended component unit). During 2006, Renaissance Gates, LLC entered into a contract to sell Gates Park Crossing with an estimated closing date on or before October 29, 2006. The closing has been extended and is now expected to occur before December 31, 2006. AHA has requested and the bank has agreed, in principle, to extend the bank loan until February 1, 2007. The entire balance is included in short-term liabilities.

NOTE J – LONG-TERM DEBT - Continued

AHA will receive $10,000,000 (sales price) for Gates Park Crossing Apartments and has agreed to loan the purchaser, Gates Park Crossing HFOP Apartments, L.P. $1,032,054 and Gates Park Crossing HFS Apartments, L.P. $893,490. The interest rates for both loans will be the applicable Federal rate (AFR) at loan closing.

NOTE K - OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities at June 30, 2006 and 2005 consist of the following:

	2006	2005
Deferred rooftop satellite lease revenue	$ 880,671	$ 958,634
Resident security deposits	1,226,401	1,315,833
Family self sufficiency escrow	842,009	972,138
Compensated absences	450,000	449,268
	$ 3,399,080	$ 3,695,873

NOTE L – CLAIMS PAYABLE

AHA is exposed to various risks of loss related to: torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. AHA is self-insured for workers' compensation claims. Settled claims have not exceeded purchased commercial insurance coverage in any part of the past five years. There was no reduction in insurance limits in the current fiscal year. AHA purchases commercial insurance to finance other risks of loss and participates in a national medical insurance risk pool along with other housing authorities. The premium amounts are periodically adjusted as necessary to cover current claims and those incurred-but-not-reported. The Authority is on a pay-as-you-go basis and shares this cost with their employees.

Claims payable is comprised of amounts payable under AHA's workers' compensation self-insurance plan, described further in the following paragraphs.

Self-Insurance Plan - Workers' Compensation

AHA is self-insured for workers' compensation claims. Excess insurance has been purchased which limits AHA's liability to $300,000 per occurrence.

NOTE L – CLAIMS PAYABLE - Continued

Benefit payments under the plan under $300,000 are handled by AHA Risk Management. As of June 30, 2006, the aggregate liability under the plan (which includes both actual benefits payable and an estimate of claims that have been incurred-but-not-reported), for losses as of June 30, 2006 was between $347,921 and $425,237. Based upon the actuarial study supporting these amounts, the estimated total outstanding liability is $386,579 and the corresponding discount reserve liability of $307,021 has been recorded in the financial statements as of June 30, 2006.

The calculations below, supporting this reserve requirement, are taken from the July 17, 2006 study performed as of June 30, 2006.

Accident Period	Ultimate losses	Paid losses	Claim reserves	Discount factor	Reserve at fiscal year-end
03/01/99-02/29/00	$ 565,000	$ 400,432	164,568	75.4%	$ 124,084
03/01/00-02/28/01	98,430	98,430	-	75.8%	-
03/01/01-02/28/02	118,403	118,403	-	76.5%	-
03/01/02-02/28/03	20,567	20,567	-	77.7%	-
03/01/03-02/29/04	141,000	69,992	71,008	80.0%	56,806
03/01/04-02/28/05	292,000	190,997	101,003	82.8%	83,630
03/01/05-02/28/06	4,902	4,902	-	85.6%	-
03/01/06-06/30/06	50,000	-	50,000	85.0%	42,500
	$ 1,290,302	$ 903,723	$ 386,579		$ 307,021

Litigation and Claims

AHA is party to several legal actions arising in the ordinary course of business. These actions are in various stages of the litigation process and their ultimate outcome cannot be determined currently. Accordingly, not all potential liabilities in excess of insurance coverage have been reflected in the accompanying financial statements. While it is the opinion of outside and in-house legal counsel that the ultimate outcome of such litigation would be impossible to predict, the financial statements include estimates of probable liabilities in the amounts of $2,851,470 and $2,848,491 which are accrued for financial statement purposes as of June 30, 2006 and 2005, respectively.

NOTE L – CLAIMS PAYABLE - Continued

Between September 2004 and August 2006, AHA was served with twenty-three complaints alleging that plaintiffs (each minors) suffered personal injuries relating to alleged exposure to lead-based paint while residing at AHA-owned communities, many of which have been demolished as a result of AHA's strategic revitalization program. In addition, there are nine outstanding claims or pending complaints for the same or similar alleged exposure to lead-based paint. Plaintiffs seek general, compensatory, special and punitive damages, attorney's fees and expenses of litigation. AHA intends to vigorously contest each case. Since these are developing actions, AHA cannot yet identify a range of potential monetary damages, but AHA liability could be material.

NOTE M – CONTINGENCIES AND UNCERTAINTIES

Hazardous Waste

One of three parcels remaining on a former landfill site is currently listed on the Georgia Hazardous Site Response Act ("HSRA"). Management is not able to reasonably estimate the amount of any obligation for remediation that could be material to AHA's financial statements, while intending to seek reimbursement from the Hazardous Site Trust Fund.

Generally, real property owned by AHA under the public housing program is subject to a HUD declaration of trust and most have various customary easements (e.g., utility, right-of-way, etc.). In some cases, a property may have a mechanics or other such lien. Additionally, AHA real property that is ground leased to owner entities in connection with mixed-income communities and real property owned by AHA component units (see notes J and R) are also subject to mortgage liens and other contractual obligations.

Valuation of Related Development Project Partnership Notes Receivable Estimate

The multi-family rental housing market is affected by a number of factors such as mortgage interest rates, supply and demand, changes in neighborhood demography and growth of the metropolitan Atlanta area. Because related development project partnership notes receivable for loans to owner entities of mixed-income, mixed-finance communities are cash flow notes contingent upon the performance of the properties, the local market conditions could impact the value of those receivables as reflected on AHA's books based upon an estimated realizable measurement standard. AHA's strategy is to minimize the impact of periodic adjustments to these notes by monitoring local market conditions and requiring a valuation study to be performed bi-annually.

NOTE N – DEFINED BENEFIT PENSION PLAN

Plan Description

The Housing Authority of the City of Atlanta, Georgia's Retirement Plan is a single-employer non-contributory defined benefit Pension Plan (the "Plan") under a group annuity contract with Massachusetts Mutual Life Insurance Company, an insurance carrier, which maintains custody of Plan assets and administers the Plan in a co-mingled trust and invests all funds through a pooled trust.

Assets of the Plan represent less than one percent of the insurance carrier's total assets. None of the Plan investments are the property of AHA. The Plan covers all regular full-time employees of AHA who have completed their required months of service. The Plan provides retirement, disability and death benefits to employees and beneficiaries.

The Plan was formed by the AHA Board of Commissioners and the Board has the authority to amend and/or terminate the Plan at any time. If terminated, the Plan provides that if funds remain after satisfaction of all liabilities, the funds do not revert to AHA, but shall be allocated to the employees.

Funding Policy

AHA's contributions to the Plan are authorized and may be amended by the Board of Commissioners. AHA's contributions to the Plan are primarily based on actuarial valuations.

AHA's funding policy is to contribute an amount equal to or greater than the minimum required contribution. The *Actuarial Standard of Practice* recommends the use of best-estimate range for each assumption, based on past experience, future expectations and application of professional judgment. The recommended contributions were computed as part of the actuarial valuation performed as of January 1, 2006, 2005 and 2004. Beginning June 1996, AHA's contributions were determined under the projected unit credit cost method (pay-related benefit formula). Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation.

NOTE N – DEFINED BENEFIT PENSION PLAN - Continued

Annual Pension Costs and Minimum Required Contribution

For the fiscal years ended June 30, 2006, 2005 and 2004, AHA's annual funding pension payments of $4,635,013, $1,217,522 and $1,228,500, respectively, were greater than AHA's minimum required contributions, calculated as of January 1, 2006, 2005 and 2004, of $1,480,101, $731,500 and $585,130, respectively using the projected unit credit cost method. The minimum required contribution increased substantially for 2006. This increase was primarily due to the update of actuarial assumptions; mortality tables were updated from GA83 to RP2000; investment rate of return (net of administrative expenses) was six percent for 2006 and eight percent for 2005 and 2004; and projected average salary increases were reduced to four percent for 2006 from the five percent used for 2005 and 2004. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at January 1, 2006 was 30 years.

	January 1, 2006 to December 31, 2006	January 1, 2005 to December 31, 2005	January 1, 2004 to December 31, 2004	January 1, 2003 to December 31, 2003
Net assets available for benefits expressed as a percentage of actuarial accrued liability	83.9%	101.1%	110.1%	109.0%
Un-funded actuarial accrued liability expressed as a percentage of covered payroll	53%	0%	0%	0%
Actual employer contributions expressed as a percentage of required contribution	100.0%	100.0%	100.0%	121.5%
Net pension obligation	-	-	-	-

NOTE N – DEFINED BENEFIT PENSION PLAN - Continued

Supplementary Information - Historical Trend

The items presented below are based on the January 1, 2006, 2005 and 2004 actuarial valuations:

	2006		2005		2004	
Market value of assets	$36,301,044		$34,586,113		$33,491,848	
Accumulated Pension benefit obligations before assumption changes	34,557,780	**	34,195,565	**	30,407,288	**
Effect of assumption changes	8,714,695		-		-	
Accumulated Pension benefit obligations after assumption changes described above	43,272,475	*	34,195,565	**	30,407,288	**
Percentage funded	83.9%		101.1%		110.1%	
Unfunded pension benefit obligations (funding excess)	6,971,431		(390,548)		(3,084,560)	
Minimum required contribution	1,480,101		731,900		585,130	
Annual covered payroll	13,150,498		14,243,999		15,699,710	
Unfunded obligation (funding excess) as percentage of covered payroll	53.0%		-2.7%		-19.6%	
Minimum required contribution as percentage of covered payroll	11.0%		5.0%		4.0%	
Net pension obligation	-		-		-	
Accrued pension liability	2,000,000		365,950		648,521	

* Based on six percent interest

** Based on eight percent interest

NOTE O – DEFERRED COMPENSATION PLAN

AHA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. As required by Federal regulations, the funds are held in trust for the exclusive benefit of participants and their beneficiaries. AHA has no ownership of or fiduciary relationship with the plan. Accordingly, the plan's assets are not reported in AHA's financial statements.

NOTE P – LEASES

AHA is party to numerous lease agreements as lessor whereby it receives revenues for tenant dwellings leased within the affordable housing program. These leases are considered, for accounting purposes, to be operating leases. A majority of the revenue is received from HUD and the remaining revenue is received from the tenant based on the tenant's adjusted family income. These leases are for a one-year period which may or may not be renewed depending upon eligibility and desire.

AHA is the ground lessor to Owner Entities of most of the mixed-income multi-family rental communities, discussed further in Note R, Related Party Transactions.

AHA is also a party to several lease agreements as lessor whereby it receives revenues for leasing office and retail spaces to various businesses. These revenue leases are considered, for accounting purposes, to be operating leases. Revenues derived from these leases are not significant.

AHA is party to several operating lease agreements for office equipment used in the normal course of business. The yearly disbursements over the remaining life are estimated to be as follows:

2007	2008	2009	2010	Total
$ 374,192	$ 351,891	$ 219,373	$ 6,755	$ 952,211

NOTE Q – CONDUIT DEBT

Taxable Mortgage Revenue Refunding Bonds

In order to provide quality low-income housing and to reduce the mortgage costs, six Taxable Mortgage Revenue Refunding bonds were issued on September 25, 1995. While AHA, in prior years, received a fee from the earned savings of the bonds, the bonds do not represent a debt or pledge of faith and credit of AHA and, accordingly, have not been reported in the accompanying financial statements.

NOTE Q – CONDUIT DEBT - Continued

Site	2006 Mortgage balances	2005 Mortgage balances
Oakland City	$ 3,810,753	$ 2,993,042
Bedford Pines	1,317,862	1,394,550
Bedford Towers	4,302,543	4,376,714
Grant Park	3,669,746	3,931,101
Capital Towers	1,163,398	1,183,004
Capital Avenue	743,735	884,234
Total Taxable Mortgage Revenue Refunding bonds	$ 15,008,037	$ 14,762,645

Multi-Family Housing Revenue Bonds

In order to provide a portion of the funds for the construction of two AHA sponsored mixed-income communities, Multi-Family Housing Revenue bonds were issued on May 1, 1999 and June 22, 1999. The bonds do not represent a debt or pledge of faith and credit of AHA and, accordingly, have not been reported in the accompanying financial statements.

AHA receives issuer fees from the following related partnerships as compensation for its role as issuer:

	2006	2006
John Hope Community Partnership II, L.P.	$ 11,660,000	$ 11,660,000
East Lake Redevelopment II, L.P.	13,000,000	13,000,000
Total Multi-Family Housing Revenue Bonds	$ 24,660,000	$ 24,660,000

NOTE R – RELATED PARTY AND PARTNERSHIP INVESTMENT TRANSACTIONS

AAHFI, one of the component units of AHA, as described in note A2, owns limited partner interests in either the related development project partnerships or in the general partner of the related development project partnerships. Each of the related development project partnerships has entered into subordinated mortgage loans, as borrower, with AHA, as lender. The interest and principal are payable primarily from cash flow, net project proceeds or condemnation proceeds generated from the property owned by the Owner Entity. For most of these development projects, AHA owns the land and has a long-term lease for a nominal amount ($10 annually) to the related development partnerships. In some transactions, AHA receives a ground lease payment in an amount calculated to provide an economic return to AHA.

AHA receives developer fees, cash flow and other fees in connection with the related development partnerships transactions. During fiscal years 2006 and 2005, AHA recognized $409,391 and $514,583, respectively, in interest income from development loans made to owner entities. Additionally, AHA recognized fee income of $2,225,231 and $897,680, respectively, for developer fees and related fees.

The partnerships operate under various regulatory and operating agreements with AHA, whereby a certain number of units are set aside for public housing assisted families. There is a guarantee in each operating agreement whereby AHA is obligated to fund operating costs related to the public housing-assisted apartments on a break-even basis. During 2006 and 2005, payments in the amount of $4,094,799 and $2,939,574, respectively, were paid under these agreements.

Pursuant to authority under its MTW Agreement, AHA made cash flow loans and earned development fees from two properties, Campbellstone and Columbia Edgewood Senior owned by independent third parties. AHA also awarded Project Based Section 8 Vouchers to a percentage of the apartments to assist with their affordability.

NOTE R – RELATED PARTY AND PARTNERSHIP INVESTMENT TRANSACTIONS - Continued

The Authority sold to Centennial Place Holdings, LLC, ("CPH") whose sole member is Westside Affordable Housing Inc. ("WAH"), a parcel consisting of 2.36 acres at the former Techwood/Clark Howell Homes site for $2,530,000. AHA took back a note for the purchase price. CPH sold to Centennial Park East, LLC substantially the same parcel for $2,481,400 on August 19, 2005. CPH took back a note for the entire purchase price with no interest for the first 24 months and a 6% interest rate for the final 12 months. The note requires CPE to pay $632,500 at the closing of the CPE construction loan with a pro-ratable share of the balance being payable for each residential unit sold. Repayment of the note is guaranteed by a Guaranty executed by Integral Development Company, LLC. In addition, AHA through WAH will receive a percentage of the distributable cash.

In 2005, the Authority sold a parcel consisting of 8.88 acres for $2,100,000 to Centennial Place Holdings, LLC, ("CPH"). AHA took back a note for the purchase price. CPH agreed to sell this property to Centennial Park North, LLC (CPN) to facilitate home ownership. CPN is an affiliate of the Authority with WAH (a wholly owned AHA affiliate) having a 10% membership interest in CPN. In the first of three transactions, CPH sold 5.30 acres for $945,000 to CPN with CPH taking a note back for the purchase price. The note is interest free for the first 24 months of the term and will accrue simple interest at the rate of six percent (6%) per annum for the final 12 months. The note will be paid, in part, when the construction loan closes, with the balance payable ratably as the lots are sold to individual homeowners. Repayment of the note is also guaranteed by a Guaranty executed by Integral Development Company, LLC. In addition, AHA through its affiliate, WAH, will receive a percentage of the distributable cash. Nine of the 45 townhomes will be developed to meet the affordability requirement. The outstanding loan receivable balance from CPN was $408,000 at June 30, 2006.

The related development project partnership entities are audited by other certified public accounting firms. A complete audited financial statement and related auditors' report is available on request at AHA. A summary of certain key transactions between AHA and the investment partnerships is as follows and others are further explained in notes A2 and D.

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE R – RELATED PARTY AND PARTNERSHIP INVESTMENT TRANSACTIONS - Continued

The following is a schedule of related party transactions for June 30, 2006:

Partnership Name	Development notes receivable	Valuation allowance	Development related receivables	Predevelopment advances	Accrued interest (not paid)	Deferred interest income	Current interest income	Development related income	Housing assistance payments	Component unit	Percent ownership
Pre-Development Loans											
Carver Redevelopment Partnership IV, L.P.	$ -	$ -	$ 267,953	$ -	$ -	$ -	$ -	$ 268,176	$ -		
Carver Redevelopment Partnership V, L.P.				168,360							
Columbia at Mechanicsville Apartments, LP - McDaniel Glen P2	-	-	-	1,087,923	-	-		10,000	-		
Columbia Senior Residences at Mechanicsville, LP - McDaniel Glen P3	-	-	-	1,021,024	-	-		10,000	-		
Grady Redevelopment Partnership I, LP	-	-	-	566,250	-	-		-	-		
Centennial Marketplace	-	-	-	150,000	-	-	-	-	-		
Construction financing loans											
Capitol Gateway Partnership I, L.P.	3,844,115	-	591,509	-	-	86,240	-	889,248	-	AAHFI	0.005%
Centennial Park East, LLC	7,444	-	-	-	-	-	-	-	-	WAHI	10.0000%
Centennial Park North, LLC	-	-	-	-	-	-	-	-	-	WAHI	10.0000%
Columbia Estates, L.P.- Perry Homes Phase I	3,750,000	-	328,500	-	581,116	-	-	-	137,978	AAHFI	0.0030%
Columbia Park Citi Residences, L.P. -Perry Homes Phase 2B	4,575,000	-	191,600	-	188,264	-	55,941	(1,125)	196,684	AAHFI	0.0001%
Columbia Creste, LP - Perry Homes Phase 3	4,900,000	-	392,733	-	58,903	-	195,593	-	-	AAHFI	0.01%
Columbia Grove, LP - Perry Homes Phase 4	1,569,366	-	254,334	-	-	229,761	555	326,592	-	AAHFI	0.01%
Columbia Commons, L.P.	2,800,000	-	-	-	444,895	-	-	-	59,459	AAHFI	0.0030%
Permanent financing loans											
Carnegie Library, L.P.	-	-	-	-	-	-	-	-	-	AAHFI	0.01%
Carver Redevelopment Partnership I, L.P.	8,200,000	-	112,472	-	687,228	-	-	-	227,482	AAHFI	0.0001%
Carver Redevelopment Partnership II, L.P.	740,000	-	97,300	-	78,752	-	-	-	7,953	AAHFI	0.0025%
Carver Redevelopment Partnership III, L.P.	8,430,000	-	-	-	21,075	-	-	-	255,376	AAHFI	0.0001%
Columbia Village, L.P.	2,250,000	-	-	-	973,647	-	-	-	55,088	AAHFI	0.003%
East Lake Redevelopment II, L.P.	11,903,505	5,200,000	-	-	-	-	-	-	659,380	AAHFI	0.067%
East Lake Redevelopment, L.P.	5,824,000	3,593,890	-	-	-	-	-	-	345,123	AAHFI	0.25%
Harris Redevelopment Partnership I, L.P.	7,795,370	-	415,979	-	202,815	-	157,302	-	37,550	AAHFI	0.005%
Harris Redevelopment Partnership II, L.P.	-	-	107,883	-	-	-	-	-	-	AAHFI	0.0049%
CCH John Eagan I Homes, LP	5,896,000	-	-	-	117,920	-	-	-	240,643	AAHFI	0.01%
CCH John Eagan II Homes, LP	4,536,000	-	-	-	49,253	-	-	-	175,068	AAHFI	0.01%
John Hope Community Partnership I, L.P.	4,620,000	-	174,763	-	142,450	-	-	-	184,238	AAHFI	0.0025%
John Hope Community Partnership II, L.P.	7,980,000	-	54,100	-	325,850	-	-	-	192,007	AAHFI	0.0025%
Kimberly Associates I, L.P.	2,605,000	-	-	-	632,948	-	-	-	133,094	AAHFI	0.0001%
Kimberly Associates II, L.P.	1,507,000	-	35,143	-	311,007	-	-	-	143,173	AAHFI	0.0025%
Kimberly Associates III, L.P.	1,305,000	-	91,241	-	142,592	-	-	-	83,895	AAHFI	0.0025%
Legacy Partnership I, L.P.	3,520,000	-	-	-	2,104,244	-	-	-	212,828	AAHFI	0.067%
Legacy Partnership II, L.P.	3,445,000	-	-	-	1,958,137	-	-	-	146,965	AAHFI	0.099%
Legacy Partnership III, L.P.	3,774,000	-	-	-	1,344,818	-	-	-	190,871	AAHFI	0.099%
Legacy Partnership IV, L.P.	3,920,000	-	-	-	960,469	-	-	-	168,077	AAHFI	0.099%
Summerdale Partners II, L.P.	1,778,000	-	-	-	831,644	-	-	-	99,054	AAHFI	0.0015%
Summerdale Partners, L.P.	2,208,000	-	-	-	1,268,096	-	-	-	103,520	AAHFI	0.15%
West End Phase III Redevelopment Partnership, LP	1,298,400	-	-	-	212,435	-	-	-	39,293	AAHFI	0.0025%
	$ 114,981,199	$ 8,793,890	$ 3,115,510	$ 2,993,556	$ 13,638,557	$ 316,000	$ 409,391	$ 1,502,891	$ 4,094,799		

NOTE R – RELATED PARTY AND PARTNERSHIP INVESTMENT TRANSACTIONS - Continued

The following is a schedule of related party transactions for June 30, 2005:

Partnership Name	Notes receivable	Valuation allowance	Interest owed/not recognized	Other assets	Current interest income	Deferred interest income	Other fee income	Housing Assistance payments paid by AHA	Component unit	Percent ownership
Construction or predevelopment loans										
Carver Redevelopment Partnership III, L.P.	$ 6,302,873	$ 139,000	$ 376,144	$ 113,082	$ -	$ -	$ -	$ 107,040	AAHFI	0.0001%
Carver Redevelopment Partnership IV, L.P.	52,195	-	-	-	-	-	-	-		
Grady Homes	292,654	-	-	-	-	-	10,000	-		
Columbia Estates, L.P. - Perry Homes Phase 1	-	896,000		-	-	-	124,655	-		
Columbia Heritage Senior Residences, L.P. - Perry Homes Phase 2A	-	-	-	328,500	-	-	328,500	70,612		
Columbia Park Citi Residences, L.P. - Perry Homes Phase 2B	-	-		-	-	55,941	(392,905)	-		
Columbia Creste, L.P. - Perry Homes Phase 3	4,625,726	-	-	395,733	51,024	195,593	434,083	-		
Columbia Groove, L.P. - Perry Homes Phase 4	700,000	-	-	-	-	-	10,000	-		
Permanent financing loans										
Carver Redevelopment Partnership I, L.P.	8,200,000	2,235,000	480,361	112,472	-	-	37,167	151,104	AAHFI	0.0001%
Carver Redevelopment Partnership II, L.P.	740,000	-	40,358	97,300	-	-	79,947	42,239	AAHFI	0.0025%
Columbia Commons, L.P.	2,800,000	-	218,507	-	-	-	-	49,611	AAHFI	0.0030%
Columbia Estates, L.P.- Perry Homes Phase I	3,750,000	-	285,323	-	-	-	-	-	AAHFI	0.0030%
Columbia Park Citi, L.P. -Perry Homes Phase II	4,575,000	-	-	382,552	187,597	-	-	-	AAHFI	0.0001%
Columbia Village, L.P.	2,250,000	-	776,784	-	-	-	-	55,113	AAHFI	0.003%
East Lake Redevelopment II, L.P.	11,903,505	42,000	-	-	-	-	-	448,885	AAHFI	0.067%
East Lake Redevelopment, L.P.	5,824,000	3,754,890	-	-	-	-	-	352,152	AAHFI	0.25%
Harris Redevelopment Partnership I, L.P.	6,177,451	-	-	437,351	176,306	157,302	32,790	-	AAHFI	0.005%
Harris Redevelopment Partnership I, L.P.	-	-	-	210,302	-	-	236,741	-		
John Eagan I	5,896,000	-	58,960	-	-	-	-	174,857	AAHFI	0.01%
John Eagan II	4,536,000	1,024,000	3,893	-	41,465	-	-	101,227	AAHFI	0.01%
John Hope Community Partnership I, L.P.	4,620,000	395,000	96,250	174,763	-	-	-	237,828	AAHFI	0.0025%
John Hope Community Partnership II, L.P.	7,890,000	-	246,050	27,280	-	-	-	155,356	AAHFI	0.0025%
Kimberly Associates I, L.P.	2,605,000	-	436,184	-	-	-	-	93,410	AAHFI	0.0001%
Kimberly Associates II, L.P.	1,507,000	-	212,644	87,859	-	-	(7,535)	14,486	AAHFI	0.0025%
Kimberly Associates III, L.P.	1,455,000	-	69,201	91,241	-	-	-	10,284	AAHFI	0.0025%
Legacy Partnership I, L.P.	3,520,000	-	1,782,389	-	-	-	-	188,832	AAHFI	0.067%
Legacy Partnership II, L.P.	3,445,000	-	1,669,085	-	30,670	-	-	221,761	AAHFI	0.099%
Legacy Partnership III, L.P.	3,774,000	-	1,073,203	-	27,520	-	-	175,537	AAHFI	0.099%
Legacy Partnership IV, L.P.	3,920,000	-	717,466	-	-	-	-	131,154	AAHFI	0.099%
Legacy Partnership V, L.P.	284,554	-	-	-	-	-	4,237	-		
Legacy Partnership VI, L.P.	1,158,109	-	-	-	-	-	-	-		
Summerdale Partners II, L.P.	1,778,000	-	680,050	-	-	-	-	28,667	AAHFI	0.0015%
Summerdale Partners, L.P.	2,208,000	808,000	1,042,242	-	-	-	-	44,623	AAHFI	0.15%
West End Phase III Redevelopment Partnership, L.P.	1,298,400	-	139,556	-	-	-	-	84,796	AAHFI	0.0025%
	$ 108,088,467	$ 9,293,890	$ 10,404,650	$ 2,458,435	$ 514,583	$ 408,837	$ 897,679	$ 2,939,574		

NOTE S – MOVING TO WORK DEMONSTRATION AGREEMENT

In January 2001, HUD designated AHA as a Moving To Work ("MTW") agency. This designation allows AHA to participate in the MTW Demonstration Program, a program authorized by Congress to permit public housing authorities to explore more effective and efficient methods of delivering affordable housing and supportive services in their localities. As a designated MTW agency, AHA was able to negotiate a new regulatory framework with HUD. This framework is documented in AHA's MTW Agreement that was executed on September 25, 2003 and is effective as of July 1, 2003 with a term of seven years.

The purpose of the MTW program as defined in the statement of authorizations is to delegate to AHA the authority to pursue locally driven policies, procedures and programs with the aim of developing better, more efficient ways to provide housing assistance to low and very low income families. The three funding sources included in this agreement are: Low Rent (Public Housing) Performance Funding Subsidy ("Low Rent"), Housing Choice Voucher Program ("HCVP") (Section 8) and Capital Fund Program (including Replacement Housing Factor Grants and Development Grants). The MTW program covered existing unobligated grant balances at the time of the signing of the MTW Agreement. Accordingly, these primary funding sources will be consolidated into one MTW Block Grant for compliance. Funds are made available to achieve and maintain adequate operations, maintenance services, reserve funds, capital improvement funds and asset management fees for public housing assisted units and contract administration fees and rental assistance units leased from private owners under the Housing Choice Voucher Program.

The initial financial impact of the MTW Agreement on AHA is in the areas of funding under the Housing Choice Voucher Program, authorizations related to regulatory relief and revised benchmarks for assessing performance. Under the new calculation, Housing Choice receives full funding for all HCVP vouchers in the block grant and is not required to return any funds not used for housing assistance voucher payments or earned as related administrative fees. Additionally, compliance with the MTW program assumes no differentiation in uses between funding streams, except where specifically noted in the Agreement. Compliance is based on program performance and eligibility requirements as defined in the MTW Agreement and/or MTW Annual Plan.

NOTE T – POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in note M, AHA provides employees, who elect early retirement under prescribed open windows, an opportunity to continue their medical benefits until age 65 at 50 percent of the premium cost. AHA records these expenditures on a pay-as-you-go basis. Annual cost was approximately $42,000 and $52,000 for years ended June 30, 2006 and 2005, respectively. AHA has offered early retirement programs in 1993, 1995 and 2004. As of June 30, 2006, 16 employees were receiving these benefits; none from 1993; 11 from 1995; and 5 from 2004.

NOTE U – NET ASSETS

The difference between assets and liabilities is net assets. Net assets are subdivided into three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Restricted net assets can be restricted by time and or purpose, temporarily or permanently restricted. Each component of net assets is reported separately on the financial statements.

Invested in capital assets, net of related debt is the balance of capital assets less accumulated depreciation, net of outstanding related debt.

Restricted net assets are subject to constraints externally imposed by funding agencies or legislation. The amount of restricted net assets is calculated by reducing the carrying value of restricted assets by their related liabilities. The Authority's restricted net assets include its notes receivable from each of the various Owner Entities of the mixed-income, mixed-financed communities (see Note R) and the Authority Reserves in conjunction with mixed-income mixed-financed transactions. Restricted net assets also include investments held in escrow as required by the mortgagor placed on Renaissance Affordable Housing, Inc., in conjunction with the purchase of Gates Park Crossing.

The unrestricted component of net assets represents that portion remaining after the "invested in capital assets" and "restricted" amounts have been determined. The unrestricted net assets are subdivided into amounts designated for HUD Programs and Undesignated, which may be used to meet ongoing obligations.

REQUIRED SUPPLEMENTARY INFORMATION

Housing Authority of the City of Atlanta

SCHEDULE OF PENSION FUNDING PROGRESS

June 30, 2006 and 2005

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Underfunded Overfunded AAL (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)/(c)]
January 1, 2001	34,742,104	32,681,685	(2,060,419)	106.30%	15,425,579	-13.36%
January 1, 2002	33,912,491	29,317,632	(4,594,859)	115.67%	17,043,407	-26.96%
January 1, 2003	32,258,280	29,594,674	(2,663,606)	109.00%	14,592,516	-18.25%
January 1, 2004	33,491,848	30,407,288	(3,084,560)	110.14%	15,699,710	-19.65%
January 1, 2005	34,586,113	34,195,565	(390,548)	101.14%	14,243,999	-2.74%
January 1, 2006	36,301,044	43,272,475	6,971,431	83.89%	13,150,498	53.01%

Notes

(1) The latest actuarial valuation report as of January 1, 2006 was prepared by Mass Mutual Finance Group and is available from management at AHA.

(2) See also methodologies and assumptions used for this schedule are included in the notes to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

The Housing Authority of the City of Atlanta, Georgia

FINANCIAL DATA SCHEDULE OF COMBINING BALANCE SHEET ACCOUNTS

June 30, 2006

	Public housing	Housing choice	Revitalization of severely distressed public housing	KDHAP program	AHA Corp	Market to market	N/C S/R Section 8 programs	Business activities	State/Local program	Combined component units	Totals	Eliminations	Totals
ASSETS													
CURRENT ASSETS													
Cash and cash equivalents													
Unrestricted	$ 12,817,784	$ 39,610,588	$ (1,463,783)	$ (13,572)	$ 1,358,436	$ 13,371	$ 828,520	$ 12,449,907	$ -	$ 827,752	$ 66,429,003	$ -	$ 66,429,003
Restricted	-	842,009	1,463,783	558,555	462,615	-	-	6,491,208	14,175,771	-	23,993,941	-	23,993,941
	12,817,784	40,452,597	-	544,983	1,821,051	13,371	828,520	18,941,115	14,175,771	827,752	90,422,944	-	90,422,944
Receivables, net of allowance	1,952,297	75,736	16,095,043	-	9,102	-	-	5,681,397	6,398	1,192,964	25,012,937	(1,124,517)	23,888,420
Prepaid expenses	219,461	1,753	-	-	145,833	-	-	-	-	6,095	373,142	-	373,142
Assets held for sale				-		-		-	-	9,823,936	9,823,936	-	9,823,936
Short-term investments				-		-		3,953,957	-	-	3,953,957	-	3,953,957
Interprogram - due from	1,568,784	944,077	18,817,853	-	2,276,108	-	577,198	3,651,124	24,926	2,135,112	29,995,182	(29,995,182)	-
Total current assets	16,558,326	41,474,163	34,912,896	544,983	4,252,094	13,371	1,405,718	32,227,593	14,207,095	13,985,859	159,582,098	(31,119,699)	128,462,399
NONCURRENT ASSETS													
Notes receivable, net of valuation	-	-	-	-	-	-	-	114,322,455	-	408,000	114,730,455	(4,630,000)	110,100,455
Investments, restricted			-	-	-	-	-	7,495,559	-	130,756	7,626,315	-	7,626,315
Other non-current assets	-	-	-	-	-	-	-		-	32,619	32,619	-	32,619
Capital assets, net of accumulated depreciation	134,449,491	-	186,801	-	1,805,528	-	-	-	-	16,115,330	152,557,150	(1,057,980)	151,499,170
Total noncurrent assets	134,449,491	-	186,801	-	1,805,528	-	-	121,818,014	-	16,686,705	274,946,539	(5,687,980)	269,258,559
TOTAL ASSETS	$ 151,007,817	$ 41,474,163	$ 35,099,697	$ 544,983	$ 6,057,622	$ 13,371	$ 1,405,718	$ 154,045,607	$ 14,207,095	$ 30,672,564	$ 434,528,637	$ (36,807,679)	$ 397,720,958
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Accounts payable	5,593,582	245,127	924,091	-	1,164,892	-	-	1,000	-	278,285	8,206,977	-	8,206,977
Accrued liabilities	7,381,466	676,754	3,043,021	542,602	3,295,486	-	234,669	30,720	-	37,802	15,242,520	(1,124,517)	14,118,003
Deferred revenue and other credits	160,651	-	14,468,223	-	50,000	-	-	312,022	29,187	77,819	15,097,902	-	15,097,902
Current portion of long-term debt	409,084	-	-	-	-	-	-	-	-	12,595,106	13,004,190	(2,530,000)	10,474,190
Interprogram - due to	10,670,688	2,599,169	149,506	-	-	82,342	55,733	2,643,063	13,008,797	785,884	29,995,182	(29,995,182)	-
Total current liabilities	24,215,471	3,521,050	18,584,841	542,602	4,510,378	82,342	290,402	2,986,805	13,037,984	13,774,896	81,546,771	(33,649,699)	47,897,072
NONCURRENT LIABILITIES													
Long-term debt, net of current	1,315,435	-	-	-	-	-	-	-	-	6,523,778	7,839,213	(2,100,000)	5,739,213
Other noncurrent liabilities	2,100,546	842,009	-	-	450,000	-	-	-	-	6,525	3,399,080	-	3,399,080
Total liabilities	27,631,452	4,363,059	18,584,841	542,602	4,960,378	82,342	290,402	2,986,805	13,037,984	20,305,199	92,785,064	(35,749,699)	57,035,365
NET ASSETS													
Invested in capital assets, net of related debt	132,724,972	-	186,801	-	1,805,528	-	-	-	-	6,820,382	141,537,683	3,572,020	145,109,703
Restricted for:													
HUD Funded Programs	(9,348,607)	37,111,104	16,328,055	2,381	-	-	1,115,316	-	31,324	-	45,239,573	-	45,239,573
Related development project partnerships	-	-		-		-	-	113,810,865	-	-	113,810,865	(4,630,000)	109,180,865
Related partnership operating reserves	-	-		-		-	-	7,495,559	-	-	7,495,559	-	7,495,559
Other		-		-		-	-	3,953,957	-	-	3,953,957	-	3,953,957
Unrestricted									-				
Undesignated	-	-	-	-	(708,284)	(68,971)	-	25,798,421	1,137,787	3,546,983	29,705,936	-	29,705,936
Total net assets	123,376,365	37,111,104	16,514,856	2,381	1,097,244	(68,971)	1,115,316	151,058,802	1,169,111	10,367,365	341,743,573	(1,057,980)	340,685,593
TOTAL LIABILITIES AND NET ASSETS	$ 151,007,817	$ 41,474,163	$ 35,099,697	$ 544,983	$ 6,057,622	$ 13,371	$ 1,405,718	$ 154,045,607	$ 14,207,095	$ 30,672,564	$ 434,528,637	$ (36,807,679)	$ 397,720,958

The Housing Authority of the City of Atlanta, Georgia

FINANCIAL DATA SCHEDULE OF COMBINING PROGRAM REVENUES, EXPENSES AND CHANGES IN NET ASSET ACCOUNTS

June 30, 2006

	Public housing	Housing choice	Development	Capital fund	Revitalization of severely distressed public housing	KDHAP program	Project Safe Neighborhood	Market to market	N/C S/R Section 8 programs	Business activities	State/Local program	Senior disabled	AHA Corp	Combined component units	Totals	Eliminations	Totals
Revenues																	
Rental revenue	$ 17,103,409	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,301,593	$ 18,405,002	$ -	$ 18,405,002
Governmental grants	39,189,949	125,963,231	-	-	24,857,803	207,080	-	-	4,965,029	-	-	-	112,660	391,204	195,686,956	-	195,686,956
Investment income - unrestricted	316,450	1,619,495	-	-	-	2,789	-	1,391	31,726	1,764,818	336,660	-	96,293	2,027,960	6,197,582	-	6,197,582
Gain/loss on sale of fixed asset	1,119,261				-					-	-		1,350	(573,450)	547,161	-	547,161
Other revenue	954,316	1,557,919	-	-	3,469	62,430	-	25,565	242,702	4,518,730	19,190	-	27,768,504	1,183,507	36,336,332	(28,820,127)	7,516,205
TOTAL REVENUES	58,683,385	129,140,645	-	-	24,861,272	272,299	-	26,956	5,239,457	6,283,548	355,850	-	27,978,807	4,330,814	257,173,033	(28,820,127)	228,352,906
Expenses																	
Operating expenses																	
Adminstrative	18,432,501	19,650,462	-	-	1,363,059	52,908	-	23,423	225,654	968,635	11,198	-	21,650,671	554,670	62,933,181	(28,820,127)	34,113,054
Resident services	1,785,061	-	-	-	3,098,323	-	-	-	-	70,378	-	-	479,767	11,700	5,445,229	-	5,445,229
Utilities	14,924,505	-	-	-	-	-	-	-	-	-	-	-	247,903	503,171	15,675,579	-	15,675,579
Ordinary maintenance and operation	13,859,169	-	-	-	-	-	-	-	-	35,000	-	-	202,583	850,759	14,947,511	-	14,947,511
Protective services	5,113,327	-	-	-	-	-	-	-	-	-	-	-	246,136	230,381	5,589,844	-	5,589,844
General expenses	1,954,651	1,302,464	-	-	(138,254)	9,930	-	-	-	54,210	-	-	7,617,019	213,002	11,013,022	(1)	11,013,021
Total operating expenses	56,069,214	20,952,926	-	-	4,323,128	62,838	-	23,423	225,654	1,128,223	11,198	-	30,444,079	2,363,683	115,604,366	(28,820,128)	86,784,238
Excess operating revenues over operating expenses	2,614,171	108,187,719	-	-	20,538,144	209,461	-	3,533	5,013,803	5,155,325	344,652	-	(2,465,272)	1,967,131	141,568,667	-	141,568,668
Other expenses																	
Extraordinary maintenance and demolition	2,617,417	-	-	-	3,045,530	-	-	-	-	-	-	-	49,816	225,124	5,937,887	-	5,937,887
Housing assistance payments	4,094,799	87,316,013	-	-	-	207,080	-	-	4,763,027	1,496	-	-	(364)	-	96,382,051	-	96,382,051
Depreciation expense	12,027,739	3,555	-	-	4,718	-	-	-	-	-	-	-	1,157,814	712,409	13,906,235	-	13,906,235
Interest expense	68,416	-	-	-	-	-	-	-	-	-	-	-	-	832,435	900,851	-	900,851
Total other expenses	18,808,371	87,319,568	-	-	3,050,248	207,080	-	-	4,763,027	1,496	-	-	1,207,266	1,769,968	117,127,024	-	117,127,024
TOTAL EXPENSES	74,877,585	108,272,494	-	-	7,373,376	269,918	-	23,423	4,988,681	1,129,719	11,198	-	31,651,345	4,133,651	232,731,390	(28,820,128)	203,911,262
Net income excluding depreciation before transfers	(4,166,461)	20,871,706	-	-	17,492,614	2,381	-	3,533	250,776	5,153,829	344,652	-	(2,514,724)	909,572	38,347,878	-	38,347,879
Other financing sources (uses)																	
Transfers, net	(10,477,453)	(8,112,592)	(868,406)	(8,298,260)	(1,696,034)	-	7,562	-	-	17,599,580	(1,492,173)	2,132	4,769,782	8,565,862	-	-	-
Change in net assets	(26,671,653)	12,755,559	(868,406)	(8,298,260)	15,791,862	2,381	7,562	3,533	250,776	22,753,409	(1,147,521)	2,132	1,097,244	8,763,025	24,441,643	-	24,441,644
Total net assets																	
Beginning of year	150,048,010	24,355,545	868,406	8,298,260	722,994	-	(7,562)	(72,504)	864,540	128,305,393	2,316,632	(2,132)	-	1,604,340	317,301,922	(1,057,972)	316,243,950
End of year	$ 123,376,357	$ 37,111,104	$ -	$ -	$ 16,514,856	$ 2,381	$ -	$ (68,971)	$ 1,115,316	$ 151,058,802	$ 1,169,111	$ -	$ 1,097,244	$ 10,367,365	$ 341,743,565	$ (1,057,972)	$ 340,685,593

NOTES TO FINANCIAL DATA SCHEDULES

June 30, 2006

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Combining Program Revenues, Expenditures and Changes in Net Asset Accounts and Schedule of Combining Balance Sheet Accounts have been prepared using the basis of accounting required by HUD's Real Estate Assessment Center and in accordance with the provisions, policies and requirements as contained in the Moving to Work ("MTW") Demonstration Agreement. Under MTW, the Low Rent and Public Housing, Housing Choice Voucher Program, Capital Fund and Development Program are funded as a "block grant" with funds fully fungible.

NOTE B – COMBINING SCHEDULE OF COMPONENT UNITS

AHA's component units are *not-for-profit* entities owned and controlled by AHA and established to assist the Authority with development and other acquisition activities. Under GASB 14 and 34, these entities are presented with AHA's other funds and programs as reported within the Financial Data Schedule. These component units are also blended and reported within the Enterprise Fund. The component units for 2006 are as follows:

	Year ended June 30, 2006						
	JWD	AAHFI	SHHI	RAH	SRDC	WAH	Total Component Units
ASSETS							
Current and other assets	$ 1,223,188	$ 134,083	$ 58,750	$ 10,022,955	$ -	$ 2,546,883	$ 13,985,859
Capital assets	8,513,161	-	-	-	-	7,602,169	16,115,330
Other non-current assets	32,619	-	-	130,756	-	408,000	571,375
Total assets	$ 9,768,968	$ 134,083	$ 58,750	$ 10,153,711	$ -	$ 10,557,052	$ 30,672,564
LIABILITIES AND NET ASSETS							
Current and other liabilities	$ 370,995	$ -	$ -	$ 10,094,634	$ -	$ 3,315,792	$ 13,781,421
Long-term debt outstanding	4,423,778	-	-	-	-	2,100,000	6,523,778
Total liabilities	4,794,773	-	-	10,094,634	-	5,415,792	20,305,199
Capital assets, net of debt	3,824,278	-	-	23,936	-	2,972,168	6,820,382
Restricted				130,756			130,756
Unrestricted	1,149,917	134,083	58,750	(95,615)	-	2,169,092	3,416,227
Total net assets	4,974,195	134,083	58,750	59,077	-	5,141,260	10,367,365
Total liabilities and net assets	$ 9,768,968	$ 134,083	$ 58,750	$ 10,153,711	$ -	$ 10,557,052	$ 30,672,564
Revenues							
Operating revenue	$ 391,203	$ -		$ 1,295,997	$ -	$ -	$ 1,687,201
Non-operating revenue	1,092,551	7,140	58,750	101,783	256	1,383,130	2,643,612
Total revenues	1,483,755	7,140	58,750	1,397,781	256	1,383,130	4,330,812
Expenses							
Operating and other expenses	1,501,545	-	-	2,370,948	-	261,155	4,133,649
Operating transfers in	5,273,028	-	249,414	993,393	(63,952)	2,113,979	8,565,862
Change in net assets	5,255,237	7,140	308,164	20,225	(63,696)	3,235,954	8,763,025
Net assets at beginning of year	$ (281,041)	$ 126,942	$ (249,414)	$ 38,852	$ 63,696	$ 1,905,305	$ 1,604,340
Net assets at end of year	$ 4,974,196	$ 134,082	$ 58,750	$ 59,077	$ 0	$ 5,141,259	$ 10,367,365

The Housing Authority of the City of Atlanta, Georgia

RECONCILIATION OF ADVANCES, COSTS AND BUDGET - HUD FUNDED PROGRAMS SPECIAL GRANTS AND CAPITAL PROJECTS FUND

Year Ended June 30, 2006

		Grant Drawdowns			Expenditures				Budget		Reconciliation of HUD advances			
Fund	Program	Cumulative as of June 30, 2005	Year ended June 30, 2006	Cumulative as of June 30, 2006	Cumulative as of June 30, 2005	Year ended June 30, 2006	Cumulative as of June 30, 2006	(Deficiency)/excess of advances as of June 30, 2006	Budget	Budget over costs as of June 30, 2006	HUD AR/AP June 30, 2005	Cash receipts June 30, 2006	Expenditures June 30, 2006	HUD AR/AP June 30, 2006
Capital Grants														
3108	Capital Fund Program Year 2	$ 16,420,093	$ -	$ 16,420,093	$ 16,423,146	$ (3,053)	$ 16,420,093	$ -	$ 16,420,093	$ -	$ 3,053	$ -	$ (3,053)	$ -
3115	Capital Fund Program Year 3	14,595,988	241,608	14,837,596	14,502,304	335,292	14,837,596	-	14,837,596	-	(93,684)	241,608	335,292	-
3118	Capital Fund Program Year 4	10,660,102	1,020,641	11,680,743	10,982,409	698,334	11,680,743	-	11,680,743	-	322,307	1,020,641	698,334	-
3119	Capital Fund Program Year 4.2	3,421,085	76,301	3,497,386	3,348,062	149,324	3,497,386	-	3,497,386	-	(73,023)	76,301	149,324	-
3121	Capital Fund Program Year 5	10,866,616	1,793,000	12,659,616	10,946,762	1,712,854	12,659,616	-	12,659,616	-	80,146	1,793,000	1,712,854	-
3124	Capital Fund Program Year 6	-	7,592,015	7,592,015	-	8,826,892	8,826,892	(1,234,877)	13,117,907	4,291,015	-	7,592,015	8,826,892	1,234,877
Total Capital Grants		55,963,884	10,723,565	66,687,449	56,202,683	11,719,643	67,922,326	(1,234,877)	72,213,341	4,291,015	238,799	10,723,565	11,719,643	1,234,877
Demo Grants														
5105	HOPE VI - Carver (D)	8,640,402	298,551	8,938,953	8,713,709	210,198	8,923,907	15,046	9,720,520	796,613	73,306	298,551	210,198	(15,047)
5106	HOPE VI - Harris Demo	3,726,140	258,255	3,984,395	3,704,862	174,872	3,879,734	104,661	4,254,450	374,716	(21,278)	258,255	174,872	(104,661)
5167	Grady Homes Demo Grant	607,427	2,820,202	3,427,629	1,718,792	2,459,139	4,177,931	(750,302)	4,777,472	599,541	1,111,366	2,820,202	2,459,139	750,303
Total Demo Grants		12,973,969	3,377,008	16,350,977	14,137,363	2,844,209	16,981,572	(630,595)	18,752,442	1,770,870	1,163,394	3,377,008	2,844,209	630,595
Development Grants														
5216	DVP - Clark Howell	207,716	267,615	475,331	275,331	200,000	475,331	-	8,104,743	7,629,412	67,615	267,615	200,000	-
Total Development Grants		207,716	267,615	475,331	275,331	200,000	475,331	-	8,104,743	7,629,412	67,615	267,615	200,000	-
HOPE VI Grants														
5101	HOPE VI - Carver Revitalization	21,574,895	2,161,726	23,736,621	22,045,080	2,178,520	24,223,600	(486,979)	34,669,400	10,445,800	470,185	2,161,726	2,178,520	486,979
5102	HOPE VI - Harris Revitalization	9,464,688	4,615,141	14,079,829	10,567,611	4,426,820	14,994,431	(914,602)	35,000,000	20,005,569	1,102,923	4,615,141	4,426,820	914,602
5104	HOPE VI - Perry Revitalization	13,252,765	4,156,674	17,409,439	13,487,610	3,792,608	17,280,218	129,221	20,000,000	2,719,782	234,845	4,156,674	3,792,608	(129,221)
5108	HOPE VI - Capitol Revitalization	10,005,966	3,460,963	13,466,929	10,850,451	3,108,417	13,958,868	(491,939)	35,000,000	21,041,132	844,485	3,460,963	3,108,417	491,939
5166	HOPE VI - McDaniel Glen	-	5,245,605	5,245,605	954,776	4,818,916	5,773,692	(528,087)	20,000,000	14,226,308	954,776	5,245,605	4,818,916	528,087
Total HOPE VI Grants		54,298,314	19,640,109	73,938,423	57,905,528	18,325,281	76,230,809	(2,292,386)	144,669,400	68,438,591	3,607,214	19,640,109	18,325,281	2,292,386
Replacement Housing Factor Grants														
3111	CFP Replacement Housing Factor 2000	3,701,871	19,678	3,721,549	3,702,870	18,679	3,721,549	-	3,721,549	-	999	19,678	18,679	-
3112	CFP Replacement Housing Factor 2001	4,613,330	267,097	4,880,427	4,522,388	385,412	4,907,800	(27,373)	5,115,824	208,024	(90,941)	267,097	385,412	27,374
3116	CFP Replacement Housing Factor 2002	2,425,439	1,608,954	4,034,393	2,548,019	1,749,928	4,297,947	(263,554)	6,450,529	2,152,582	122,580	1,608,954	1,749,928	263,554
3117	CFP Replacement Housing Factor 2003	981,776	880,466	1,862,242	292,654	1,281,719	1,574,373	287,869	3,432,489	1,858,116	(689,122)	880,466	1,281,719	(446,011)
3120	CFP Replacement Housing Factor 2004	78,750	-	78,750	-	-	-	78,750	2,435,481	2,435,481	(78,750)	-	-	-
Total Replacement Housing Factor Grants		11,801,166	2,776,195	14,577,361	11,065,931	3,435,738	14,501,669	75,692	21,155,872	6,654,203	(735,234)	2,776,195	3,435,738	(155,083)
Special Grants														
6118	ROSS - 2002	157,596	12,500	170,096	22,917	-	22,917	147,179	250,000	227,083	(134,679)	12,500	-	(147,179)
6119	ROSS - 2003	24,654	35,594	60,248	22,576	35,771	58,347	1,901	400,000	341,653	(2,078)	35,594	35,771	(1,901)
6120	MTW Technical Assistance Grant	3,950	171,050	175,000	175,000	-	175,000	-	175,000	-	171,050	171,050	-	(0)
6122	ROSS 2003 QLS	163,904	136,096	300,000	216,642	83,358	300,000	-	300,000	-	52,738	136,096	83,358	-
6130	Policy Research & Development Grant	-	28,625	28,625	-	28,625	28,625	-	28,625	-	-	28,625	28,625	-
Total Special Grants		350,104	383,865	733,969	437,135	147,754	584,889	149,080	1,153,625	568,736	87,031	383,865	147,754	(149,080)
Grand Total		$ 135,595,153	$ 37,168,357	$ 172,763,510	$ 140,023,971	$ 36,672,625	$ 176,696,596	$ (3,933,086)	$ 266,049,423	$ 89,352,827	$ 4,428,818	$ 37,168,357	$ 36,672,625	$ 3,853,694

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CAPITAL FUND PROGRAM COMPLETION COSTS AND ADVANCES PROGRAM CERTIFICATION

Contract Completed During Year Ended June 30, 2006

GRANT NAME	Replacement Housing Factor 2000
PROJECT NUMBER	GA06R006501-00
CONTRACT AWARD DATE	9/2/2000
CONTRACT COMPLETION DATE	3/3/2006
BUDGET	$ 3,721,549
ADVANCES	3,721,549
COSTS	3,721,549
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$ -
AMOUNT TO BE RECAPTURED BY HUD	$ -

The actual Capital Fund Program Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undercharged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CAPITAL FUND PROGRAM COMPLETION COSTS AND ADVANCES PROGRAM CERTIFICATION - Continued

Contract Completed During Year Ended June 30, 2006

GRANT NAME	Capital Fund Program Year 3
PROJECT NUMBER	GA06P006501-02
CONTRACT AWARD DATE	7/1/2002
CONTRACT COMPLETION DATE	6/23/2006
BUDGET	$ 14,837,596
ADVANCES	14,837,596
COSTS	14,837,596
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$ -
AMOUNT TO BE RECAPTURED BY HUD	$ -

The actual Capital Fund Program Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undercharged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CAPITAL FUND PROGRAM COMPLETION COSTS AND ADVANCES PROGRAM CERTIFICATION - Continued

Contract Completed During Year Ended June 30, 2006

GRANT NAME	Capital Fund Program Year 4
PROJECT NUMBER	GA06P006501-03
CONTRACT AWARD DATE	9/17/2003
CONTRACT COMPLETION DATE	6/30/2006
BUDGET	$ 11,680,743
ADVANCES	11,680,743
COSTS	11,680,743
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$ -
AMOUNT TO BE RECAPTURED BY HUD	$ -

The actual Capital Fund Program Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undercharged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CAPITAL FUND PROGRAM COMPLETION COSTS AND ADVANCES PROGRAM CERTIFICATION - Continued

Contract Completed During Year Ended June 30, 2006

GRANT NAME	Capital Fund Program Year 4-2
PROJECT NUMBER	GA069006502-03
CONTRACT AWARD DATE	12/23/2003
CONTRACT COMPLETION DATE	11/29/2005
BUDGET	$ 3,497,386
ADVANCES	3,497,386
COSTS	3,497,386
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$ -
AMOUNT TO BE RECAPTURED BY HUD	$ -

The actual Capital Fund Program Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undercharged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CAPITAL FUND PROGRAM COMPLETION COSTS AND ADVANCES PROGRAM CERTIFICATION - Continued

Contract Completed During Year Ended June 30, 2006

GRANT NAME	Capital Fund Program Year 5
PROJECT NUMBER	GA06P006501-04
CONTRACT AWARD DATE	9/14/2004
CONTRACT COMPLETION DATE	6/30/2006
BUDGET	$ 12,659,616
ADVANCES	12,659,616
COSTS	12,659,616
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$ -
AMOUNT TO BE RECAPTURED BY HUD	$ -

The actual Capital Fund Program Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undercharged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CAPITAL FUND PROGRAM COMPLETION COSTS AND ADVANCES PROGRAM CERTIFICATION - Continued

Contract Completed During Year Ended June 30, 2006

GRANT NAME	Resident Opportunity and Self Sufficiency 2003
PROJECT NUMBER	GA006REL038A003
CONTRACT AWARD DATE	7/27/2004
CONTRACT COMPLETION DATE	4/21/2006
BUDGET	$ 300,000
ADVANCES	300,000
COSTS	300,000
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$ -
AMOUNT TO BE RECAPTURED BY HUD	$ -

The actual Capital Fund Program Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undercharged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF CAPITAL FUND PROGRAM COMPLETION COSTS AND ADVANCES PROGRAM CERTIFICATION - Continued

Contract Completed During Year Ended June 30, 2006

GRANT NAME	Policy Research & Development Grant
PROJECT NUMBER	H21293RG
CONTRACT AWARD DATE	7/23/2001
CONTRACT COMPLETION DATE	8/24/2005
BUDGET	$ 28,625
ADVANCES	28,625
COSTS	28,625
EXCESS/(DEFICIENCY) OF ADVANCES DUE TO/(FROM) HUD	$ -
AMOUNT TO BE RECAPTURED BY HUD	$ -

The actual Capital Fund Program Cost Certificate is in agreement with AHA records.

All amounts due have been received and all liabilities have been paid and there are no undercharged liens (mechanics, laborers, contractors, or material-means) against the Project on file in any public office where the same should be filed in order to be valid. The time in which such liens could be filed has expired.

There were no budget overruns.

STATISTICAL SECTION (unaudited)

The Housing Authority of the City of Atlanta, Georgia

COMPOSITION OF HOUSING RESOURCES

June 30, 2006

Fiscal Year	Public Housing Owned	Assisted Units in Mixed Income Communities Owned by Public/ Private Entities	Housing Choice Tenant Based Vouchers	Housing Choice Project Based Vouchers
1996	14,308	-	5,890	
1997	12,148	74	7,101	
1998	9,618	252	8,373	
1999	8,181	572	9,466	
2000	9,080	779	9,566	
2001	8,487	1,036	10,432	
2002	8,086	1,206	10,939	
2003	7,765	1,247	11,849	158
2004	7,258	1,515	12,648	348
2005	6,452	1,654	13,641	473
2006	6,217	1,634	13,787	781

Real Estate Development and Acquisitions

The Housing Authority of the City of Atlanta, Georgia

REAL ESTATE DEVELOPMENT AND AQUISITIONS

June 30, 2006

SUMMARY OF AHA REVITALIZATION PROGRAM

Mixed Income Rental Housing Under Construction as of 6/30/06

Community		Public Housing Replacement Housing	Market Rate Apartments	Tax Credit Apartments	PBRA Replacement Housing	Total
Capitol Gateway	III	89	106	74	0	269
West Highlands: Columbia Grove	IV	56	42	40	0	138
Villages at Carver (Senior)	VIII	0	19	71	56	90
Columbia Edgewood Senior	*I*	*0*	*1*	*19*	*116*	136
Campbell Stone Apartments	*I*	*0*	*35*	*0*	*307*	342
Subtotal: Units Under Construction		**145**	**203**	**204**	**479**	**975**

Mixed Income Rental Housing Pending Closings as of 6/30/06

Community		Public Housing Replacement Housing	Market Rate Apartments	Tax Credit Apartments	PBRA Replacement Housing	Total
Capitol Gateway	IV	49	61	26	16	152
Villages at Carver (Multifamily)	V	78	42	45	0	165
Columbia Mechanicsvillle Apartments (McDaniel Glenn II)	II	*62*	*48*	*29*	*35*	174
Columbia Senior Residences at Mechanicsvile (McDaniel Glenn III)	III	*54*	*5*	*18*	*78*	155
Subtotal: Pending Closings		**243**	**156**	**118**	**129**	**646**

Mixed income Rental Housing Tax Credit Applications Submitted as of 6/30/06

Community		Public Housing Replacement Housing	Market Rate Apartments	Tax Credit Apartments	PBRA Replacement Housing	Total
Grady Senior (Grady II)	II	38	25	0	61	124
John O. Chiles (Harris III)	III	76	38	0	76	190
Mechanicsville 3 (McDaniel Glenn IV)	IV	*68*	*66*	*0*	*30*	164
Mechanicsville 4 (McDaniel Glenn V)	V	*63*	*66*	*0*	*35*	164
Subtotal Units Applying for Tax Credits		**245**	**195**	**0**	**202**	**642**
Total Rental Housing Units		**633**	**554**	**322**	**810**	**2,263**

Project Based Properties Commitments as of 6/30/06

Community	Total Units	PBRA Units
William H. Borders Senior	130	117
Marcus Street Senior	78	70
Mechanicsville Phase 3	164	30
Mechanicsville Phase 4	164	35
Grady Senior Residences	124	61
Edgewood I	75	19
Edgewood II	83	21
John O'Chiles Senior	190	76
Subtotal		**429**

Project Based Homeless Demonstration Properties Commitments as of 6/30/06

Community	Total Units	PBRA Units
Woods at Glenrose	145	12
The Villas Apartments	40	13
Crescent Hills Apartments	240	48
Gladstone Apartments	302	27
Subtotal		**100**
Total PBRA Units		**529**

Real Estate Management

The Housing Authority of the City of Atlanta, Georgia

REAL ESTATE MANAGEMENT

June 30, 2006

AHA Owned Affordable Housing Report

I. Operational Performance

	Occupancy* * MTW Benchmark >98% Occupancy		**June 30, 2006**
	Total Units	Family	3,217
		High-rise	3,082
		Combined	6,299
	Total Vacancies	Family	104
		High-rise	27
		Combined	131
MTW	**% Occupied**	Family	**97.7%**
		High-rise	**99.2%**
		Combined	**98.5%**

Compliance* * CATALYST Work Program Requirements	**June 30, 2006**
Target Households	2,523
Non-Compliant Households	672
Percent Non-Compliant	26.6%

The Housing Authority of the City of Atlanta, Georgia

REAL ESTATE MANAGEMENT - Continued

June 30, 2006

	Uncollected Rent* * % of Tenant Rent uncollected (Benchmark < 2%)	**June 30, 2006**
MTW	Family	**2.2%**
MTW	High-rise	**0.2%**
MTW	Combined	**1.1%**
	PMCO UPCS Inspections	**June 30, 2006**
MTW	% Unit Inspected / Benchmark	**100% / 100%**
MTW	% Building Inspected / Benchmark	**100% / 100%**
	Emergency Work Orders* * % Completed in less than 24 hours (Benchmark > 99%)	**June 30, 2006**
MTW	Family	**99.9%**
MTW	High-rise	**100.0%**
MTW	Combined	**100.0%**
	Routine Work Orders* * Average # days to complete routine work orders (Benchmark < 7 days)	**June 30, 2006**
MTW	Family	**2.0**
MTW	High-rise	**1.1**
MTW	Combined	**1.5**

The Housing Authority of the City of Atlanta, Georgia

REAL ESTATE MANAGEMENT - Continued

June 30, 2006

Move Analysis		June 30, 2006
Move Ins	Family	883
	High-rise	492
	Combined	1,375
Evictions	Family	361
	High-rise	46
	Combined	407
Waitlist		**June 30, 2006**
Family	Total Applicants	3,157
	# Elderly and Near Elderly (55+)	174
	# Young Disabled	66
	# Working Families	488
	Other	2,429
High-rise	Total Applicants	1,206
	# Elderly and Near Elderly (55+)	488
	# Young Disabled	594
	Other	124

Income & Rent		June 30, 2006
Average Household Income	Family	$10,554
	High-rise	$8,972
Average Rent	Family	$254
	High-rise	$211
Minimum Renters	Family	535
	High-rise	8
Demographics		**June 30, 2006**
Adults / Children per Unit	Family	1.2 / 1.9
	High-rise	1.0 / 0.0
Average Years in Unit	Family	7.2
	High-rise	7.7

Community Safety			June 30, 2006
Family	Part I* Crimes	Prior Year	171
		Current Year	154
	Part II** Crimes	Prior Year	587
		Current Year	501
High-rise	Part I* Crimes	Prior Year	22
		Current Year	17
	Part II** Crimes	Prior Year	59
		Current Year	66

* Part I Crimes are: Homicide, Rape, Robbery, Burglary, Larceny, Aggravated Assault, Auto Theft, and Arson.

* Part II Crimes include Burglarly, Prostitution, and all other crimes not mentioned above in the Part I Crimes definition.

Housing Choice Administration

The Housing Authority of the City of Atlanta, Georgia

HOUSING CHOICE ADMINISTRATION

June 30, 2006

		June 30, 2006
	BUDGET AUTHORITY	
M	Total Funds Received YTD	**$124,227,383**
T	Total Funds Expended YTD	**$121,795,040**
W	**Percent of Budget Authority Expended**	98%
	TOTAL VOUCHERS	
	MTW Rental	9,491
	MTW Homeownership	52
	Mainstream Under Contract	225
	TOTAL VOUCHERS UNDER CONTRACT	**9,768**
	PROJECT BASED VOUCHERS	
	PBV Properties Under HAP	14
	Total PBV Under HAP	969
	PERCENT OF TOTAL VOUCHERS PROJECT BAS	10%
	PBV Units Leased	781
	PBV Occupancy Rate	81%
	PBV Units under AHAP (In construction)	572
	TOTAL PB VOUCHERS	1541
	OUTBOUND PORTABILITY	
	Metro Atlanta	2748
	Other In-State	13
	Out of State	22
	TOTAL OUTBOUND PORTABILITY	**2783**
	PERCENT OF PROGRAM PORTED	**28.5%**
	CATALYST COMPLIANCE	
M	Target Households	8437
T	Non-Compliant Households	5221
W	**PERCENT HOUSEHOLDS NON-COMPLIANT**	**61.9%**

The Housing Authority of the City of Atlanta, Georgia

HOUSING CHOICE ADMINISTRATION - Continued

June 30, 2006

PROGRAM MOVE ANALYSIS	
Total Moves this Quarter	588
Within AHA Jurisdiction	443
Atlanta Metro	145
Portability Other	0
PERCENT TOTAL PROGRAM MOVES	**6.0%**
PROGRAM TERMINATION ANALYSIS	
Proposed Terms Issued	79
Criminal	27
Inspections Standards	7
Other Family Obligations	45
Hearings Requested	47
Hearings Conducted	47
Final Termination (%)	79
Voluntary Off Subsidy	3
Total Contracts Terminated	82
PERCENT PROGRAM TURNOVER	**0.8%**
NEW CONTRACT ANALYSIS	
Total New Contracts	**1018**
Program Move Contracts	588
Relocation Contracts	211
Incoming Ports	115
Opt-Out Contracts	104
Wait List New Contracts	**0**

The Housing Authority of the City of Atlanta, Georgia

HOUSING CHOICE ADMINISTRATION - Continued

June 30, 2006

	INSPECTIONS ANALYSIS	
	Annual Inspections	2210
	Annual Re-inspections	1612
	New Contract Inspections	1134
	New Contract Re-inspections	433
	Special Inspections	102
	Special Re-inspections	79
	Quality Control Inspections	165
	Quality Control Re-inspections	9
M	**TOTAL INSPECTIONS**	**5744**
T	**PERCENT INSPECTIONS FAILED**	**73%**
W	**PERCENT RE-INSPECTIONS FAILED**	**29%**
	PROPERTY ANALYSIS	
	Total Single Family Units	7214
	Percent Single Family	68.4%
	Total Multi-Family Units	3335
	Percent Multi-Family Units	31.6%
	WAITING LIST TOTAL	22428
	Pulled from List	0
	Withdrawn	0
	Ending Wait List Total	22428
	ANNUAL RE-CERTIFICATIONS	
	Pending, Previous Quarter	65
	Required This Quarter	2048
	Total Required Re-Certifications	**2113**
	Completed This Quarter	1781
	Outstanding Balance	**332**
	<60 days	308
	60 days plus	14

The Housing Authority of the City of Atlanta, Georgia

HOUSING CHOICE ADMINISTRATION - Continued

June 30, 2006

FAMILY SELF-SUFFICIENCY	
Total Family Self-Sufficiency	326
DEMOGRAPHIC INFORMATION	
Average Household Income	$12,806
Average Contract Rent	$812
Average Tenant Rent	$193
PERCENT OF TENANT RENT	23.8%
Minimum Renters	1693
Less than Minimum Rent	132
PERCENT </= MINIMUM RENT	**18.6%**

Asset Management

The Housing Authority of the City of Atlanta, Georgia

ASSET MANAGEMENT

June 30, 2006

Property Name	Public Housing Units			Tax Credit Units			Market Rate Units			Totals		
	Number	Occupied	% Occupied	Number	Occupied	% Occupied	Number	Occupied	% Occupied	Number	Occupied	% Occupied
Centennial Place I	74	73	98.6%	36	33	91.7%	71	63	88.7%	181	169	93.4%
Centennial Place II	70	70	100.0%	36	30	83.3%	71	64	90.1%	177	164	92.7%
Centennial Place III	74	72	97.3%	37	34	91.9%	74	68	91.9%	185	174	94.1%
Centennial Place IV	83	82	98.8%	17	16	94.1%	95	88	92.6%	195	186	95.4%
Total of All Phases	301	297	98.7%	126	113	89.7%	311	283	91.0%	738	693	93.9%
Villages of East Lake I	91	91	100.0%	0	0	0.0%	91	83	91.2%	182	174	95.6%
Villages of East Lake II	180	180	100.0%	0	0	0.0%	180	169	93.9%	360	349	96.9%
Total of Phases	271	271	100.0%	0	0	0.0%	271	252	93.0%	542	523	96.5%
Ashley Collegetown	78	77	98.7%	40	37	92.5%	78	68	87.2%	196	182	92.9%
Ashley Terrace at West End	34	33	97.1%	34	34	100.0%	44	43	97.7%	112	110	98.2%
Ashley Courts at Cascade I	46	44	95.7%	75	68	90.7%	31	29	93.5%	152	141	92.8%
Ashley Courts at Cascade II	41	41	100.0%	54	50	92.6%	41	37	90.2%	136	128	94.1%
Ashley Courts at Cascade III	29	29	100.0%	39	34	87.2%	28	24	85.7%	96	87	90.6%
Total of All Phases	116	114	98.3%	168	152	90.5%	100	90	90.0%	384	356	92.7%
Columbia Village	30	30	100.0%	70	67	95.7%	0	0	0.0%	100	97	97.0%
Columbia Commons	48	48	100.0%	31	31	100.0%	79	76	96.2%	158	155	98.1%
Columbia Estates	50	50	100.0%	12	12	100.0%	62	60	96.8%	124	122	98.4%
Columbia Park Citi	61	60	98.4%	19	18	94.7%	72	68	94.4%	152	146	96.1%
Columbia Creste**	48	20	41.7%	15	10	66.7%	58	51	87.9%	121	81	66.9%
(Total Units after construction)	61			19			72			152		
Villages at Carver I	110	107	97.3%	44	42	95.5%	66	59	89.4%	220	208	94.5%
Villages at Carver II	33	32	97.0%	7	6	85.7%	26	24	92.3%	66	62	93.9%
Villages at Carver III	108	108	100.0%	54	47	87.0%	54	47	87.0%	216	202	93.5%
Total of All Phases	251	247	98.4%	105	95	90.5%	146	130	89.0%	502	472	94.0%
Villages at Castleberry I	66	66	100.0%	36	32	88.9%	64	59	92.2%	166	157	94.6%
Villages at Castleberry II	114	112	98.2%	57	50	87.7%	113	106	93.8%	284	268	94.4%
Total of All Phases	180	178	98.9%	93	82	88.2%	177	165	93.2%	450	425	94.4%
Magnolia Park I	87	85	97.7%	45	42	93.3%	88	86	97.7%	220	213	96.8%
Magnolia Park II	73	73	100.0%	35	34	97.1%	72	66	91.7%	180	173	96.1%
Total of All Phases	160	158	98.8%	80	76	95.0%	160	152	95.0%	400	386	96.5%
Summerdale Commons I	41	40	97.6%	69	57	82.6%	26	22	84.6%	136	119	87.5%
Summerdale Commons II	33	31	93.9%	53	43	81.1%	22	19	86.4%	108	93	86.1%
Total of All Phases	74	71	95.9%	122	100	82.0%	48	41	85.4%	244	212	86.9%
Total for Portfolio	1702	1654	97.2%	915	827	90.4%	1606	1479	92.1%	4223	3960	93.8%

****Columbia Creste Notes:**
Property still under construction. Reporting rent ready unit figures instead of total unit figures.

SINGLE AUDIT SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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BKR Metcalf Davis

Certified Public Accountants

<u>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with *Government Auditing Standards*</u>

Board of Commissioners
The Housing Authority of the City of Atlanta, Georgia

We have audited the basic financial statements of **The Housing Authority of the City of Atlanta, Georgia** as of and for the year ended June 30, 2006, and have issued our report thereon dated November 3, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **The Housing Authority of the City of Atlanta, Georgia's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **The Housing Authority of the City of Atlanta, Georgia's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **The Housing Authority of the City of Atlanta, Georgia** in a separate letter dated November 3, 2006.

This report is intended for the information and use of the Board of Commissioners, **The Housing Authority of the City of Atlanta, Georgia's** management and Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

BKR Metcalf Davis

Atlanta, Georgia
November 3, 2006

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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Certified Public Accountants

Report of Independent Certified Public Accountants on
Compliance with Requirements Applicable to
Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133

Board of Commissioners
The Housing Authority of the City of Atlanta, Georgia

Compliance

We have audited the compliance of **The Housing Authority of the City of Atlanta, Georgia** ("Authority" or "AHA"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2006. **The Housing Authority of the City of Atlanta, Georgia's** major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of **The Housing Authority of the City of Atlanta, Georgia's** management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and *OMB Circular A-133*, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program.

An audit includes examining, on a test basis, evidence about **The Housing Authority of the City of Atlanta, Georgia's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **The Housing Authority of the City of Atlanta, Georgia's** compliance with those requirements.

In our opinion, **The Housing Authority of the City of Atlanta, Georgia** complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of **The Housing Authority of the City of Atlanta, Georgia** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered **The Housing Authority of the City of Atlanta, Georgia's** internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, **The Housing Authority of the City of Atlanta, Georgia's** management and Federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

BKR Metcalf Davis

Atlanta, Georgia
November 3, 2006

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2006

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weaknesses?	No
• Type of auditors' report issued on compliance for major programs:	Unqualified
• Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

CFDA Number	Name of Federal Program
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:	$ 3,000,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for 2006.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal award findings and questioned costs for 2006.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2005-1 U.S. Department of Housing and Urban Development – Public and Indian Housing 14.850

Lack of Performance in Annual Re-Certification Process

Condition
The PHA's procedures for performing the annual re-certification process in the Low Rent Program resulted in questions regarding the accuracy of rent calculations, program integrity, and participant eligibility.

Status
This finding is considered closed except for on-going agency monitoring of private management companies.

The Housing Authority of the City of Atlanta, Georgia

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2006

Federal Program/Cluster Title	CFDA Number	Pass Thru Entity I.D. Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Public Housing			
Public and Indian Housing	14.850 (a)	N/A	$ 35,211,411
Development Program	14.850 (b)	N/A	200,000
Housing Choice Voucher	14.871	N/A	108,272,495
Katrina Disaster Housing Assistance Program		N/A	138,429
Public Housing Capital Funds and Replacement Housing Factor Programs	14.872	N/A	14,935,603
Demolition and revitalization of Severely Distressed Public Housing (HOPE VI)	14.866	N/A	21,409,915
Resident Opportunity and Supportive Services Program	14.870	N/A	119,129
Section 8 New Construction and Substantial Rehabilitation Awards	14.182	N/A	4,988,681
Total direct programs			185,275,663
Pass through from City of Atlanta			
Community Development Block Grant	14.218	58-6000511	11,198
Total U.S. Department of Housing and Urban Development			185,286,861
Department of Homeland Security			
Federal Emergency Management Agency	97.048	N/A	130,530
Total Department of Homeland Security			130,530
Department of Justice			
Public Safety Partnership and Community Policing Grant	16.710	N/A	133,961
Total Department of Justice			133,961
Total Federal Expenditures			$ 185,551,352

The accompanying notes are an integral part of this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2006

NOTE A – SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES

The Schedule of Expenditures of Federal Awards included herein represents all of the Federal grant awards of The Housing Authority of the City of Atlanta, Georgia ("AHA") over which AHA exercised direct operating control for the year ended June 30, 2006.

NOTE B – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting and includes revenues earned and expenses incurred by AHA during its fiscal year ended June 30, 2006.

NOTE C – SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All Federal grant operations of AHA are included in the scope of the Office of Management and Budget ("OMB") Circular A-133 audit (the "Single Audit"). The Single Audit was performed in accordance with the provisions of the *OMB Circular A-133 Compliance Supplement.* Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below.

For fiscal year ended 2006, these programs were selected using a risk-based approach to determine which Federal programs are major programs. This risk-based approach includes consideration of current and prior year audit experience, oversight by Federal agencies, inherent risk over the program, professional judgment and other criteria contained in the Federal guidelines. Audit coverage applying to AHA as a low risk auditee requires at least 25 percent of the total Federal awards be examined. Actual coverage for 2006 is approximately 58 percent.

CFDA Number	Name of Federal Program	
14.871	Section 8 Housing Choice Vouchers	$ 108,272,495

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant: 2001
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: GA06R006501-01	

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☒ Final Performance and Evaluation Statement

Line No.	Summary by Development Account		Total Estimated Cost Original	Total Estimated Cost Revised	Total Actual Cost Obligated	Total Actual Cost Expended
1	Total non-CFP Funds					
2	1406	Operations				
3	1408	Management Improvements Soft Costs				
		Management Improvements Hard Costs				
4	1410	Administration				
5	1411	Audit				
6	1415	Liquidated Damages				
7	1430	Fees and Costs				
8	1440	Site Acquisition				
9	1450	Site Improvement				
10	1460	Dwelling Structures				
11	1465.1	Dwelling Equipment - Nonexpendable				
12	1470	Nondwelling Structure				
13	1475	Nondwelling Equipment				
14	1485	Demolition				
15	1490	Replacement Reserve				
16	1492	Moving to Work Demonstration	$4,431,156.00	$4,431,156.00	$4,431,156.00	$4,431,156.00
17	1495.1	Relocation Costs				
18	1499	Development Activities	$684,668.00	$684,668.00	$684,668.00	$684,668.00
19	1502	Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)		**$5,115,824.00**	**$5,115,824.00**	**$5,115,824.00**	**$5,115,824.00**
21	Amount of line 20 Related to LBP Activities					
22	Amount of line 20 Related to Section 504 Compliance					
23	Amount of line 20 Related to Security - Soft Costs					
24	Amount of line 20 Related to Security - Hard Costs					
25	Amount of line 20 Related to Energy Conservation Measures					
26	Collateratization Expenses or Debt Service					

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant:
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: GA06R006501-02	2002

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☒ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Total Estimated Cost Revised	Total Actual Cost Obligated	Total Actual Cost Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$6,450,529.00	$6,450,529.00	$6,450,529.00	$6,450,529.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$6,450,529.00**	**$6,450,529.00**	**$6,450,529.00**	**$6,450,529.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateratization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant:
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: GA06R006501-03	2003

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☐ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Revised	Total Actual Cost Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$3,432,489.00	$3,432,489.00	$3,432,489.00	$2,971,551.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$3,432,489.00**	**$3,432,489.00**	**$3,432,489.00**	**$2,971,551.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateralization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant: 2003
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: GA06R006502-03	

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☐ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Revised	Total Actual Cost Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$2,435,481.00	$2,435,481.00	$2,435,481.00	$265,999.64
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$2,435,481.00**	**$2,435,481.00**	**$2,435,481.00**	**$265,999.64**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateralization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name

The Housing Authority of the City of Atlanta, Georgia

Grant Type and Number
Capital Fund Program Grant No:
Replacement Housing Factor Grant No: **GA06R006501-04**

Federal FY of Grant: **2004**

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☐ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Total Estimated Cost Revised	Total Actual Cost Obligated	Total Actual Cost Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$4,540,123.00	$4,540,123.00	$0.00	$0.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$4,540,123.00**	**$4,540,123.00**	**$0.00**	**$0.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateratization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant: 2004
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: **GA06R006502-04**	

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☐ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Total Estimated Cost Revised	Total Actual Cost Obligated	Total Actual Cost Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$3,398,919.00	$3,398,919.00	$0.00	$0.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$3,398,919.00**	**$3,398,919.00**	**$0.00**	**$0.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateratization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number		Federal FY of Grant: 2005
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No:	GA06P006501-05	
	Replacement Housing Factor Grant No:		

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☒ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Total Estimated Cost Revised	Total Actual Cost Obligated	Total Actual Cost Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$13,117,907.00	$13,117,907.00	$13,117,907.00	$13,117,907.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$13,117,907.00**	**$13,117,907.00**	**$13,117,907.00**	**$13,117,907.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateratization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant: 2005
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: **GA06R006501-05**	

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☒ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Revised	Total Actual Cost Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$2,712,327.00	$2,712,327.00	$0.00	$0.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$2,712,327.00**	**$2,712,327.00**	**$0.00**	**$0.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateralization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant: 2005
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: GA06R006502-05	

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☐ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Total Estimated Cost Revised	Total Actual Cost Obligated	Total Actual Cost Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$5,292,808.00	$5,292,808.00	$0.00	$0.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$5,292,808.00**	**$5,292,808.00**	**$0.00**	**$0.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateratization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number		Federal FY of Grant: 2006
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No:	**GA06P006501-06**	
	Replacement Housing Factor Grant No:		

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☐ Final Performance and Evaluation Statement

Line No.	Summary by Development Account		Total Estimated Cost Original	Revised	Total Actual Cost Obligated	Expended
1	Total non-CFP Funds					
2	1406	Operations				
3	1408	Management Improvements Soft Costs				
		Management Improvements Hard Costs				
4	1410	Administration				
5	1411	Audit				
6	1415	Liquidated Damages				
7	1430	Fees and Costs				
8	1440	Site Acquisition				
9	1450	Site Improvement				
10	1460	Dwelling Structures				
11	1465.1	Dwelling Equipment - Nonexpendable				
12	1470	Nondwelling Structure				
13	1475	Nondwelling Equipment				
14	1485	Demolition				
15	1490	Replacement Reserve				
16	1492	Moving to Work Demonstration	$14,113,642.00	$14,113,642.00	$8,880,334.40	$7,527,062.00
17	1495.1	Relocation Costs				
18	1499	Development Activities				
19	1502	Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)		**$14,113,642.00**	**$14,113,642.00**	**$8,880,334.40**	**$7,527,062.00**
21	Amount of line 20 Related to LBP Activities					
22	Amount of line 20 Related to Section 504 Compliance					
23	Amount of line 20 Related to Security - Soft Costs					
24	Amount of line 20 Related to Security - Hard Costs					
25	Amount of line 20 Related to Energy Conservation Measures					
26	Collateratization Expenses or Debt Service					

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant:
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: GA06R006501-06	2006

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
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Line No.	Summary by Development Account	Total Estimated Cost Original	Revised	Total Actual Cost Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$1,567,427.00	$1,567,427.00	$0.00	$0.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$1,567,427.00**	**$1,567,427.00**	**$0.00**	**$0.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateralization Expenses or Debt Service				

Annual Statement / Performance and Evaluation Report
Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part 1: Summary

PHA Name	Grant Type and Number	Federal FY of Grant: 2006
The Housing Authority of the City of Atlanta, Georgia	Capital Fund Program Grant No: Replacement Housing Factor Grant No: GA06R006502-06	

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement/Revision Number (__ ___)
☒ Performance and Evaluation Report for Program Year Ending 06/30/2007 ☐ Final Performance and Evaluation Statement

Line No.	Summary by Development Account	Total Estimated Cost Original	Revised	Total Actual Cost Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations				
3	1408 Management Improvements Soft Costs				
	Management Improvements Hard Costs				
4	1410 Administration				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment - Nonexpendable				
12	1470 Nondwelling Structure				
13	1475 Nondwelling Equipment				
14	1485 Demolition				
15	1490 Replacement Reserve				
16	1492 Moving to Work Demonstration	$5,941,122.00	$5,941,122.00	$0.00	$0.00
17	1495.1 Relocation Costs				
18	1499 Development Activities				
19	1502 Contingency				
20	Amount of Annual Grant (Sum of lines 2-19)	**$5,941,122.00**	**$5,941,122.00**	**$0.00**	**$0.00**
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Compliance				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
26	Collateratization Expenses or Debt Service				

Operating Fund **Calculation of Operating Subsidy** PHA-Owned Rental Housing	**U.S. Department of Housing and Urban Development** **Office of Public and Indian Housing** OMB Approval No. 2577-0029 (exp. 10/31/2008)

Public Reporting Burden for this collection of information is estimated to average .75 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it display a currently valid OMB control number. This information is required by Section 9(a) of the U.S. Housing Act of 1937, as amended, and by 24 CFR Part 990 HUD regulations. HUD makes payments for the operation and maintenance of low-income housing projects to PHAs. The Operating Fund determines the amount of operating subsidy to be paid to PHAs. PHAs provide information on the Project Expense Level (PEL), Utilities Expense Level (UEL), Other

Formula Expenses (Add-ons) and Formula Income - the major Operating Fund components. HUD reviews the information to determine each PHA's Formula Amount and the funds to be obligated for the Funding Period to each PHA based on the appropriation by Congress. HUD also uses the information as the basis for requesting annual appropriations from Congress. Responses to the collection of information are required to obtain a benefit. The information requested does not lend itself to confidentiality.

Section 1

1. Name and Address of Public Housing Agency: ☑ Original ☐ Revision Housing Authority of the City of Atlanta Georgia 230 John Wesley Dobbs N.E. Atlanta, GA 30303		**2. Funding Period:** 01/01/2007 to 12/31/2007 **3. Type of Submission:** ☐ Original ☑ Revision
4. ACC Number: 09/30 A-3107	**5. Fiscal Year End:**	**6. Operating Fund Project Number:** **GA00600107D**
7. DUNS Number: 069189850	**8. ROFO Code:** 0401	**HUD Use Only**

Section 2

Calculation of ACC Units for 12-month period from July 1 to June 30 that is prior to the first day of the Funding Period:

	ACC Units on 7/1/2005	Units Added to ACC (+)	Units Deleted from ACC (-)	ACC Units on 6/30/2006 (=)
Requested by PHA	7,850	213	20	**8,043**
HUD Modifications				

Line No.	Category	Column A Unit Months: Req'd by PHA	Column A Unit Months: HUD Mod.	Column B Eligible Unit Months (EUMs): Req'd by PHA	Column B Eligible Unit Months (EUMs): HUD Mod.	Column C Resident Participation Unit Months: Req'd by PHA	Column C Resident Participation Unit Months: HUD Mod.
Categorization of Unit Months:							
Occupied Unit Months							
01	Occupied dwelling units -- by public housing eligible family under lease	90,464		90,464		90,464	
02	Occupied dwelling units -- by PHA employee, police officer, or other security personnel who is not otherwise eligible for public housing	91				91	
03	New units -- eligible to receive subsidy during the Funding Period but not included on Lines 01, 02, or 05-13 of this section	1,460		1,460		1,460	
04	New units -- eligible to receive subsidy from 10/1 to 12/31 of previous funding period but not included on previous Calculation of Operating Subsidy	0		0		0	
Vacant Unit Months							
05	Units undergoing modernization	40		40			
06	Special use units	249		249			
06a	Units on Line 02 that are occupied by police officers and that also qualify as special use units			0			
07	Units vacant due to litigation	0		0			
08	Units vacant due to disasters	0		0			
09	Units vacant due to casualty losses	16		16			
10	Units vacant due to changing market conditions	0		0			
11	Units vacant and not categorized above	1,709					
Other ACC Unit Months							
12	Units eligible for asset repositioning fee and still on ACC (occupied or vacant)	14,172					
13	All other ACC units not categorized above	0					

				Operating Fund Project No	GA00600107D		
Calculations Based on Unit Months:							
14	Limited vacancies			1,709			
15	**Total Unit Months**	108,201		93,938		92,015	
16	Units eligible for funding for resident participation activities (Line 15C divided by 12)					7,668	
Special Provision for Calculation of Utilities Expense Level:							
17	Unit months for which actual consumption is included on Line 01 of form HUD-52722 and that were removed from Lines 01 through 11, above, because of removal from inventory, including eligibility for the asset repositioning fee			0			

Section 3

Line No.	Description	Requested by PHA	HUD Modifications
Part A. Formula Expenses			
Project Expense Level (PEL)			
01	PUM project expense level (PEL)	$363.57	
02	Inflation factor	1.02000	
03	PUM inflated PEL (Part A, Line 01 times Line 02)	$370.84	
04	PEL (Part A, Line 03 times Section 2, Line 15, Column B)	$34,835,968	
Utilities Expense Level (UEL)			
05	PUM utilities expense level (UEL) (from Line 26 of form HUD-52722)	$192.68	
06	UEL (Part A, Line 05 times Section 2, Line 15, Column B)	$18,099,974	
Add-Ons			
07	Self-sufficiency	$0	
08	Energy loan amortization	$0	
09	Payment in lieu of taxes (PILOT)	$65,323	
10	Cost of independent audit	$106,515	
11	Funding for resident participation activities	$191,700	
12	Asset management fee	$432,804	
13	Information technology fee	$216,402	
14	Asset repositioning fee	$2,138,542	
15	Costs attributable to changes in federal law, regulation, or economy	$0	
16	**Total Add-Ons** (Sum of Part A, Lines 07 through 15)	**$3,151,286**	
17	**Total Formula Expenses** (Part A, Line 04 plus Line 06 plus Line 16)	**$56,087,227**	
Part B. Formula Income			
01	PUM formula income	$166.46	
02	PUM change in utility allowances	$0.00	
03	PUM adjusted formula income (Sum of Part B, Lines 01 and 02)	$166.46	
04	**Total Formula Income** (Part B, Line 03 times Section 2, Line 15, Column B)	**$15,636,919**	
Part C. Other Formula Provisions			
01	Moving-to-Work (MTW)	$0	
02	Transition funding	-$2,833,640	
03	Other	$0	
04	**Total Other Formula Provisions** (Sum of Part C, Lines 01 through 03)	**-$2,833,640**	
Part D. Calculation of Formula Amount			
01	Formula calculation (Part A, Line 17 minus Part B, Line 04 plus Part C, Line 04)	$37,616,668	
02	Cost of independent audit (Same as Part A, Line 10)	$106,515	
03	Formula amount (Greater of Part D, Lines 01 or 02)	$37,616,668	
Part E. Calculation of Operating Subsidy (HUD Use Only)			
01	Formula amount (Same as Part D, Line 03)		
02	Adjustment due to availability of funds		
03	HUD discretionary adjustments		
04	**Funds Obligated for Period** (Part E, Line 01 minus Line 02 minus Line 03) Appropriation symbol(s):		

Operating Fund Project No	GA00600107D

Section 4

Remarks (provide section, part and line numbers):

Section 5

Certifications

In accordance with 24 CFR 990.215, I hereby certify that **Housing Authority of the City of Atlanta Georgia** is in compliance with the annual income reexamination requirements and that rents and utility allowance calculations have been or will be adjusted in accordance with current HUD requirements and regulations.

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

Signature of Authorized PHA Representative & Date:	Signature of Authorized HUD Representative & Date:
X President/CEO 7/25/07	X

Previous edition is obsolete

form HUD 52723 (08/2005)

Operating Fund
Calculation of Utilities Expense Level
PHA-Owned Rental Housing

TOTAL

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0029 (exp 10-31-2008)

Section 1 – General Information

1. Name of Public Housing Agency:	2. Funding Period:	3. Type of Submission	4. Unit Change Indicator:	5. Frozen Rolling Base:	6.Rate Reduction
Housing Authority of the City of Atlanta Georgia 230 John Wesley Dobbs NE Atlanta, GA, 30303	1/1/2007 to12/31/2007	X_ Original ____Revision	No	Yes	No
7. ACC Number	**8. Operating Fund Project Number**	**9. Fiscal Year End:**	**10. ROFO Code (HUD Use Only):**	**11. DUNS NUMBER:**	
A-3107	GA00600107D	__ 12/31 __ 3/31 X 6/30 __9/30		69189850	

Line No	Description	Sewerage and Water	Electricity	Gas	Fuel (Specity type, e.g., oil, coal, wood)			Total
A	B	C	D	E	F	G	H	I
Section 2 - Current Consumption Level								
01	Actual consumption (12 month period 7/1/05 to 6/30/06)							
01a	Unit of Consumption	CCF	Kwh	Therm				
Section 3- Rolling Base Consumption Level								
02	Rolling base year 1-actual consumption (12-month period 7/1/04 to 6/30/05)							
03	Rolling base year 2-actual consumption (12-month period 7/1/03 to 6/30/04)							
04	Rolling base year 3-actual consumption (12-month period 7/1/02 to 6/30/03)							
05	Total Consumption during 3-year Rolling base				0	0	0	

Operating Fund Number: GA00600107D

06	Average Rolling Base Consumption	-	-	-	0	0	0	
07	Actual Consumption for new units							
08	Rolling Base Consumption				0	0	0	
	Section 4 Base Consumption							
09	Base Consumption	-	-	-	0	0	0	
	Section 5 - Utility Consumption Incentive							
10	Actual consumption > rolling base				0	0	0	
11	Actual consumption < rolling base				0	0	0	
12	75%/25% Split				0	0	0	
13	75%/25% Split	-	-	-	0	0	0	
	Section 6 - Payable Consumption							
14	Annualization of consumption for new units							
15	Payable Consumption					0	0	
	Section 7 - Actual Utility Costs and Average Rate							
16	Actual utility costs (12-month period 7/1/05 to 6/30/06							
17	Actual average utility rate							
	Section 8 - Base Utilities and Inflation/Deflation Factor							
18	Base Utilities expense level-whole dollars	$ 7,456,432	$ 4,965,542	$ 4,924,946	$ -	$ -	$ -	$ 17,346,920
19	Surcharges for excess consupmtion of PHA-supplied utilities							$ 623,024

Operating Fund Number:
GA00600107D

20	Base utilities expense level minus surcharges	$ 16,723,896
21	Utilities inflation/deflation factor	1.1195

22	Utilities Expense level adjusted for inflation/deflation	$ 18,722,402
23	Energy rate incentive	
24	Utilities expense level	$ 18,722,402
25	Eligible unit months	97,167
26	Utilities Expense Level - PUM	$ 192.68

SECTION 10 REMARKS

Remarks

Demolished Units

Property	Units	Move Date
Jonesboro South	10	2/24/2005
Herndon Homes	10	12/15/2004
Grady	495	1/23/2004
McDaniel	434	2/22/2004
Englewood	4	9/12/2005

Units Added

Property	Units
Westend Parc City	61
Ashley Courts at Cascade III	29
Ashley CollegeTown	78
Columbia Creste	61
Columbia Commons	48
Columbia Estates	50

Operating Fund
Calculation of Utilities Expense Level
PHA-Owned Rental Housing

Non-EPC

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0029 (exp 10-31-2008)

Section 1 – General Information

1. Name of Public Housing Agency:	2. Funding Period:	3. Type of Submission	4. Unit Change Indicator:	5. Frozen Rolling Base:	6.Rate Reduction
Housing Authority of the City of Atlanta Georgia 230 John Wesley Dobbs NE Atlanta, GA, 30303	1/1/2007 to12/31/2007	X Original ___ Revision	No	Yes	No
7. ACC Number	**8. Operating Fund Project**	**9. Fiscal Year End:**	**10. ROFO**	**11. DUNS NUMBER:**	
A-3107	GA00600107D	__ 12/31 __ 3/31 X 6/30 __ 9/30		69189850	

Line No	Description	Sewerage and Water	Electricity	Gas	Fuel (Specity type, e.g., oil, coal, wood)			Total
A	B	C	D	E	F	G	H	I
Section 2 - Current Consumption Level								
01	Actual consumption (12 month period 7/1/05 to 6/30/06)	8.6752	(11,528,720)	(332,660)				
01a	Unit of Consumption							
Section 3- Rolling Base Consumption Level								
02	Rolling base year 1-actual consumption (12-month period 7/1/04 to 6/30/05)	8.6752	53,501,536	2,397,386				
03	Rolling base year 2-actual consumption (12-month period 7/1/03 to 6/30/04)	729,476	53,630,382	2,834,757				
04	Rolling base year 3-actual consumption (12-month period 7/1/02 to 6/30/03)	733,004	50,050,095	2,887,121				
05	Total Consumption during 3-year Rolling base	1,462,489	157,182,013	8,119,264	0	0	0	

Operating Fund Number: GA00600107D

06	Average Rolling Base Consumption	487,496	52,394,004	2,706,421	0	0	0	
07	Actual Consumption for new units	19,841	1,494,492	1,681				
08	Rolling Base Consumption	507,337	53,888,496	2,708,102	0	0	0	
	Section 4 Base Consumption							
09	Base Consumption	9	(11,528,720)	(332,660)	0	0	0	
	Section 5 - Utility Consumption Incentive							
10	Actual consumption > rolling base	0	0	0	0	0	0	
11	Actual consumption < rolling base	507,329	65,417,216	3,040,762	0	0	0	
12	75%/25% Split	0	0	0	0	0	0	
13	75%/25% Split	380,496	49,062,912	2,280,571	0	0	0	
	Section 6 - Payable Consumption							
14	Annualization of consumption for new units	2,294	344,581					
15	Payable Consumption	382,799	37,878,773	1,947,912	0	0	0	
	Section 7 - Actual Utility Costs and Average Rate							
16	Actual utility costs (12-month period 7/1/05 to 6/30/06	8.6752	$ (795,505.41)	$ (487,739.81)				
17	Actual average utility rate	1.0000	0.0690	1.4662				
	Section 8 - Base Utilities and Inflation/Deflation Factor							
18	Base Utilities expense level-whole dollars	$ 6,071,729	$ 4,013,827	$ 4,141,767	$ -	$ -	$ -	$ 14,227,323
19	Surcharges for excess consupmtion of PHA-supplied utilities							$ 623,024

Operating Fund Number:
GA00600107D

20	Base utilities expense level minus surcharges	$ 13,604,299
21	Utilities inflation/deflation factor	1.1195

Section 9 - Calculation Utilities Expense Level

22	Utilities Expense level adjusted for inflation/deflation	$ 15,230,013
23	Energy rate incentive	
24	Utilities expense level	$ 15,230,013
25	Eligible unit months	85380
26	Utilities Expense Level - PUM	$ 178.38

Section 10 -- Remarks (provde section, part and line numbers)

Demolished Units

Property	Units	Move Date
Jonesboro South	10	2/24/2005
Herndon Homes	10	12/15/2004
Grady	495	1/23/2004
McDaniel	434	2/22/2004
Englewood	4	9/12/2005

Units Added

Property	Units
Westend Parc City	61
Ashley Courts at Cascade III	29
Ashley CollegeTown	78
Columbia Creste	61
Columbia Commons	48
Columbia Estates	50

Operating Fund
Calculation of Utilities Expense Level
PHA-Owned Rental Housing

EPC

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB Approval No. 2577-0029 (exp 10-31-2008)

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Section 1 – General Information

1. Name of Public Housing Agency:	2. Funding Period:	3. Type of Submission	4. Unit Change Indicator:	5. Frozen Rolling Base:	6.Rate Reduction
Housing Authority of the City of Atlanta Georgia 230 John Wesley Dobbs NE Atlanta, GA, 30303	1/1/2007 to12/31/2007	X_ Original ___Revision	No	Yes	No
7. ACC Number	**8. Operating Fund Project Numbe**	**9. Fiscal Year End:**	**10. ROFO Code (HUD Use Only):**	**11. DUNS NUMBER:**	
A-3107	GA00600107D	__ 12/31 __ 3/31 X 6/30 __9/30		69189850	

Line No	Description	Sewerage and Water	Electricity	Gas	Fuel (Specity type, e.g., oil, coal, wo			Total
A	B	C	D	E	F	G	H	I
Section 2 - Current Consumption Level								
01	Actual consumption (12 month period 7/1/05 to 6/30/06)	86,533	11,528,720	332,660				
01a	Unit of Consumption	CCF	Kwh	Therm				
Section 3- Rolling Base Consumption Level								
02	Rolling base year 1-actual consumption (12-month period 7/1/04 to 6/30/05)	152,263	13,212,880	504,110				
03	Rolling base year 2-actual consumption (12-month period 7/1/03 to 6/30/04)	167,528	15,060,320	623,713				
04	Rolling base year 3-actual consumption (12-month period 7/1/02 to 6/30/03)	163,589	13,104,480	474,664				
05	Total Consumption during 3-year Rolling base	483,380	41,377,680	1,602,487	0	0	0	

Operating Fund Number: GA00600107D

06	Average Rolling Base Consumption	161,127	13,792,560	534,162	0	0	0	
07	Actual Consumption for new units							
08	Rolling Base Consumption	161,127	13,792,560	534,162	0	0	0	
	Section 4 Base Consumption							
09	Base Consumption	161,127	13,792,560	534,162	0	0	0	
	Section 5 - Utility Consumption Incentive							
10	Actual consumption > rolling base	0	0	0	0	0	0	
11	Actual consumption < rolling base				0	0	0	
12	75%/25% Split				0	0	0	
13	75%/25% Split				0	0	0	
	Section 6 - Payable Consumption							
14	Annualization of consumption for new units							
15	Payable Consumption	161,127	13,792,560	534,162	0	0	0	
	Section 7 - Actual Utility Costs and Average Rate							
16	Actual utility costs (12-month period 7/1/05 to 6/30/06	$ 743,654.04	$ 795,505.41	$ 487,739.81				
17	Actual average utility rate	8.5939	0.0690	1.4662				
	Section 8 - Base Utilities and Inflation/Deflation Factor							
18	Base Utilities expense level-whole dollars	$ 1,384,703	$ 951,715	$ 783,179	$ -	$ -	$ -	$ 3,119,597
19	Surcharges for excess consupmtion of PHA-supplied utilities							$ -

Operating Fund Number:
GA00600107D

20	Base utilities expense level minus surcharges	$ 3,119,597
21	Utilities inflation/deflation factor	1.1195

Section 9 - Calculation Utilities Expense Level

22	Utilities Expense level adjusted for inflation/deflation	$ 3,492,389
23	Energy rate incentive	
24	Utilities expense level	$ 3,492,389
25	Eligible unit months	23076
26	Utilities Expense Level - PUM	$ 151.34

Section 10 -- Remarks (provde section, part and line numbers)

Section 8, Line 19 Per 24CFR990.185(a)(iii) AHA is excluding increased income due to the differences between the EPC baseline and allowances and the revised allowances for the projects involved.

SECRETARY'S CERTIFICATE

I, RENÉE LEWIS GLOVER, DO HEREBY CERTIFY that:

1. I am the presently appointed and qualified Secretary of the Board of Commissioners of The Housing Authority of the City of Atlanta, Georgia ("AHA"). In such capacity, I am custodian of its records and I am familiar with its organization, membership and activities.

2. Attached hereto as Exhibit 1 is a true and correct copy of a resolution authorizing AHA to submit its FY 2007 Moving To Work (MTW) Annual Report to the United States Department of Housing and Urban Development in accordance with AHA's MTW Demonstration Agreement, and other related matters.

3. This resolution was presented to the AHA Board of Commissioners (the "Board") at its Regular Meeting on August 29, 2007 (the "Meeting").

4. The following Board members were present for the Meeting:

   Cecil Phillips, Chair
   Elder James Brown, Vice Chair
   Aaron Watson
   Justine Boyd

5. At the Meeting, the Board unanimously adopted and approved the resolution attached hereto as Exhibit 1.

IN WITNESS WHEREOF, I have hereunto set my hand and the duly adopted official seal of The Housing Authority of the City of Atlanta, Georgia this 31st day of August, 2007.

THE HOUSING AUTHORITY OF THE CITY OF ATLANTA GEORGIA
CORPORATE SEAL
1938

RENÉE LEWIS GLOVER,
Secretary

EXHIBIT 1
RESOLUTION ADOPTED AT THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS HELD ON WEDNESDAY, AUGUST 29, 2007

RESOLUTION

WHEREAS, in 1996, the United States Congress authorized the United States Department of Housing and Urban Development (HUD) to select up to 30 housing authorities to participate in the Moving To Work (MTW) Demonstration Program;

WHEREAS, the purpose of the MTW Demonstration Program is to give housing authorities the flexibility to design and test innovative approaches and strategies for providing affordable housing resources to low-income families on the most cost effective and cost efficient basis possible;

WHEREAS, The Housing Authority of the City of Atlanta, Georgia (AHA) was selected by HUD to participate in the MTW Demonstration Program in January 2001, and AHA executed its MTW Demonstration Agreement with HUD effective July 1, 2003 (MTW Agreement);

WHEREAS, under AHA's MTW Agreement, AHA is required to submit an MTW Annual Report to HUD which, except for certain reports identified in the MTW Agreement, will replace all other conventional HUD performance measures, including Public Housing Assessment System (PHAS) and Section 8 Management Assessment Program (SEMAP);

WHEREAS, the FY 2007 MTW Annual Report must be submitted to HUD by September 1, 2007, which is 60 days after the end of AHA's fiscal year end on June 30, 2007;

WHEREAS, the FY 2007 MTW Annual Report will be AHA's fourth annual report under the MTW Demonstration Program;

WHEREAS, AHA's MTW Agreement identifies specific types of information that are required to be included in the MTW Annual Report, except as modified by HUD's approval of revised requirements included in AHA's FY 2006 CATALYST Implementation Plan;

WHEREAS, this information includes: households served, occupancy policies, changes in housing stock, sources and amounts of funding, uses of funds, capital planning, management information for the Housing Choice Program, and management information for the Public Housing including occupancy rates, rent collections, work order management, inspections, security and resident programs;

WHEREAS, additionally, AHA's MTW Agreement includes thirteen performance benchmarks designed to evaluate AHA's performance during the MTW Demonstration Period;

WHEREAS, AHA's performance toward the benchmarks is summarized in Exhibit STO-1-A;

WHEREAS, AHA's MTW Agreement also requires that the Agency conduct an annual reevaluation of the impact of its MTW rent policy changes; and

WHEREAS, AHA's Annual Evaluation of Rent Impact Analysis is attached hereto as Exhibit STO-1-B.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF ATLANTA, GEORGIA (AHA) that AHA's FY 2007 Moving To Work (MTW) Annual Report is hereby approved. Further, the President and Chief Executive Officer is authorized to submit AHA's FY 2007 MTW Annual Report and such other required documents, certifications or forms to United States Department of Housing and Urban Development (HUD) with such changes, additions or corrections as she shall deem necessary or appropriate or as may be required by HUD without further vote or approval of this Board. Further, the Chair of the Board of Commissioners and the President and Chief Executive Officer are hereby authorized to execute any required documents, certifications or HUD forms related to the approval and filing of AHA's FY 2007 MTW Annual Report without further vote or approval of this Board. Further, the President and Chief Executive Officer is hereby authorized to negotiate with HUD regarding any portion of AHA's FY 2007 MTW Annual Report without further vote or approval of this Board

EXHIBIT STO-1-A

MTW Program Benchmarks – Measurable Outcomes

Performance Measure	Performance Measure Definition	Baseline	FY07 Target	FY07 Outcome
Public Housing Program (See Note A Below)				
% Rents Uncollected (Annual percentage of rents that are uncollected)	Gross tenant rents receivable for the Fiscal Year (FY) divided by the amount of tenant rents billed during the FY shall be less than or equal to the target benchmark.	2%	≤2%	**2%**
Occupancy Rate (See Note B Below) (Annual physical occupancy rate)	The ratio of occupied public housing units to available units as of the last day of the FY will be greater than or equal to the target benchmark. (See Notes B and C below.)	98%	≥98%	**98%**
Emergency Work Orders Completed or Abated in <24 Hours (Percentage of emergency work orders that will be completed or abated in less than 24 hours)	The percentage of emergency work orders that are completed or abated within 24 hours of issuance of the work order shall be greater than or equal to the target benchmark. (Abated is defined as "emergency resolved through temporary measure, and a work order for long term resolution has been issued.")	99%	≥99%	**99%**
Routine Work Orders Completed in < 7 Days (Percentage of routine work orders that will be completed in less than 7 days)	The average number of days that all non-emergency work orders will be active during the FY shall be less than or equal to 7 days.	5 Days	100% (≤7 Days)	**100% (1.6 Days)**

Performance Measure	Performance Measure Definition	Baseline	FY07 Target	FY07 Outcome
% Planned Inspections Completed (See Note C Below) (Percentage of all units inspected and common areas)	The percentage of all occupied units and common areas that are inspected during the FY shall be greater than or equal to the target benchmark.	100%	100%	**100%**
Housing Choice Program (Section 8)				
Budget Utilization Rate (Annual percentage of Housing Choice Budget authority spent on housing assistance payments and administration)	The ratio of FY Housing Choice HAP and MTW administrative expenses to Housing Choice MTW Subsidy will be greater than or equal to the target benchmark.	98%	≥98%	**99%**
% Planned Annual Inspections Completed (Annual percentage of occupied units inspected)	The percentage of all occupied units that are inspected during the FY shall be greater than or equal to the target benchmark.	98%	≥98%	**100%**
Quality Control Inspections (Annual percentage of previously inspected units [initial or renewal inspection] that will be inspected again for quality control purposes)	The percentage of all previously inspected units having a quality control inspection during the FY shall be greater than or equal to the target benchmark.	≥1.4%	≥1.4%	**6.6%**
Community and Supportive Services				
Resident Homeownership (Annual number of Public Housing residents or Housing Choice participants who close on purchasing a home)	The number of Public Housing residents or Housing Choice Voucher participants that close on purchasing a home during the FY, regardless of participation in a current homeownership counseling program, shall be greater than or equal to the target benchmark.	6	85	**71**

Performance Measure	Performance Measure Definition	Baseline	FY07 Target	FY07 Outcome
Household Work/Program Compliance (The annual percentage of Public Housing and Housing Choice assisted households that are Work/Program compliant (excluding elderly and disabled members of the households) through the last day of the FY shall be greater than or equal to the target benchmark.)	The annual percentage of Public Housing and Housing Choice assisted households that are Work/Program compliant (excluding elderly and disabled members of the households) through the last day of the FY shall be greater than or equal to the target benchmark. **(See Note D below)**	N/A	62%	**73%**
Resident Workforce Participation (Annual number of Public Housing residents or Housing Choice participants [excluding elderly and disabled] who are in the workforce)	The number of Public Housing residents or Housing Choice participants (excluding elderly and disabled) that are employed as of the last day of the FY shall be greater than or equal to the target benchmark.	6,415	7,615	**7,867**
Finance				
Project Based Financing Closings (See Note E Below) (Annual number of projects in which AHA will commit project-based vouchers.)	The annual number of projects in which AHA will commits project-based vouchers and/or make an investment of MTW funds.	N/A	6	**21**
Investment Deals Involving MTW Funds (See Note F Below) (Annual number of projects in which AHA will commit investments of MTW funds.)	The annual number of healthy mixed-income communities owned by private entities where AHA committed project-based vouchers and/or invested MTW Funds to promote or support the development or rehabilitation of housing units that are affordable to low-income families.	0	1	**2**

Notes:

A. **General – Public Housing Program.** Information for the Public Housing Program includes information for both AHA-owned public housing communities and the public housing assisted units at AHA-sponsored mixed-income communities ("Signature Properties").

B. **Occupancy Rates – Public Housing Program.** Available Units: Units defined as dwelling units (occupied or vacant) under AHA's Annual Contributions Contract (ACC), that are available for occupancy, after adjusting for four categories of exclusions:

1. Units Approved For Non-Dwelling Use: These are units that are HUD approved for non-dwelling status for the use in the provision of social services, charitable purposes, public safety activities, and resident services, or used in the support of economic self-sufficiency and anti-drug activities.
2. Employee Occupied Units: These are units that are occupied by employees who are required to live in public housing as a condition of their job, rather than the occupancy being subject to the normal resident selection process.
3. Vacant Units Approved For Deprogramming: These are units that are HUD approved for demolition/disposition.
4. Temporarily Off-Line Units: Units undergoing modernization and/or major rehabilitation.

AHA's performance under this measurement will be impacted by the execution of various initiatives that will be set forth in AHA's approved MTW Plans, e.g. enhanced criminal background screening and portfolio repositioning.

C. **% Planned Inspections Completed – Public Housing Program.** Units exempted from the calculation include the following:

1. Occupied units for which AHA has documented two attempts to inspect the unit and where AHA has initiated eviction proceedings with respect to that unit.
2. Vacant units that are undergoing capital improvements.
3. Vacant units that are uninhabitable for reasons beyond AHA's control due to:
   a) Unsafe levels of hazardous/toxic materials;
   b) An order or directive by a local, state or federal government agency;
   c) Natural disasters; or
   d) Units kept vacant because they are structurally unsound and AHA has taken action to rehabilitate or demolish those units.
4. Vacant units covered in an approved demolition or disposition application.

D. **Household Work/Program Compliance - Community and Supportive Services.** This benchmark is further clarified to align the previous Resident Workforce Participation benchmark with measuring resident and participant compliance with AHA's Work/Program Compliance policy. Since the execution of AHA's MTW Agreement, the agency has implemented a Work/Program Compliance policy requiring one adult (age 18-61, excluding elderly and disabled persons) in the household to work full-time at least 30 hours per week and all other adults in the household to be either work or program compliant (see table below for compliance meanings).

CATALYST Compliance Meanings	
Full-time Worker	• Employed for 30 or more hours per week
Participation in an approved program	• attending an accredited school as a "full-time" student • participating in an approved "full-time" training program • attending an accredited school as a "part-time" student, AND successfully participating in an approved "part-time" training program
Part-time Job and Part-time Program Participant	• Employed as a part-time employee (at least 16 hours) AND successfully participating in an approved training program • Employed as a part-time employee (at least 16 hours) AND successfully participating in an accredited school as a "part-time" student

The following timelines apply to AHA's Work/Program Compliance requirements:

12/31/05: 1 target adult in the household to be work/program compliant

6/30/06 and thereafter: 1 target adult in the household to be work compliant and all other adults in the household to be either work or program compliant

E. **Project-based Financing Closings – Finance.** This benchmark is further clarified with measuring AHA's progress in facilitating the creation of healthy mixed-income communities owned by private entities by committing project-based vouchers to a percentage of the units and/or investing MTW funds to promote or support the development or rehabilitation of housing units that are affordable to low-income families.

F. **Investment Deals Involving MTW Funds – Finance**. This benchmark is also further clarified to align to measure AHA's progress in facilitation of the creation of healthy mixed-income communities owned by private entities by committing project-based vouchers and/or investing MTW Funds to promote or support the development or rehabilitation of housing units that are affordable to low-income families.

Exhibit STO-1-B

TREATMENT OF ASSETS POLICY

PART I

SECTION 9 TREATMENT OF ASSETS POLICY:

Part III, Article One, Paragraph 7 of the *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments - Rev.3* outlines this policy:

> Atlanta Housing Authority, in its discretion, may establish fixed-rate, or standard deduction and asset determination procedures to be used in calculating Income-Adjusted Rents. Standard income deductions would replace the calculation of income deductions based on actual expenses. Asset determinations would examine the nature and value of the asset in establishing procedures for setting a schedule of assets that would or would not be used in calculating Income-Adjusted Rents. The Atlanta Housing Authority Board of Commissioners must approve the schedule of Standard Income Deductions and any changes to the treatment of assets prior to implementation.

IMPLEMENTATION: Atlanta Housing Authority will not use household assets in calculating Income Adjusted Rent.

IMPACT ANALYSIS: As indicated in the chart below, 80.2% of all households residing in AHA's Affordable Communities do not have any assets that would be used in calculating their monthly rent. Households with assets would benefit from this policy because the assets of such households would not be included in the income calculation used in determining household rent. Implementation of the policy would result in a projected annual loss in rental income of $10,056 based on the value of assets currently recorded for Section 9 residents, or a 0.06% reduction in AHA's annual gross rent potential. This policy does not have a negative impact on residents.

PART II

HOUSING CHOICE PROGRAM TREATMENT OF ASSETS POLICY:

Part IV, Article Five of the *Fifth Amended and Restated Administrative Plan Governing the Housing Choice Program* outlines this policy:

> Atlanta Housing Authority, in its discretion, may establish fixed-rate, or standard deduction and asset determination procedures to be used in calculating annual income. Standard income deductions would replace the calculation of income deductions based on actual expenses. Asset determinations would examine the nature and value of the asset in establishing procedures for setting a schedule of assets that would or would not be used in calculating annual income. The Atlanta Housing Authority Board of Commissioners must approve the schedule of Standard Income Deductions and any changes to the treatment of assets prior to implementation.

IMPLEMENTATION: Atlanta Housing Authority will not use household assets in calculating Annual Income.

IMPACT ANALYSIS: As indicated in the chart below, 98.1% of all Housing Choice households do not have any assets that would be used in calculating their monthly tenant rent. Households with assets would benefit from this policy because the assets of such households would not be included in the income calculation used in determining tenant rent. The implementation of the policy would represent a projected annual increase of $28,421 in HAP payments to landlords based on the value of assets currently recorded for Housing Choice participants, or a 0.04% increase in HAP payments to landlords. This policy does not have a negative impact on Housing Choice participants.

TREATMENT OF ASSETS FOR SECTION 9 AND HOUSING CHOICE HOUSEHOLDS | IMPACT ANALYSIS |

	AFFORDABLE HOUSING HOUSEHOLDS WITH ASSETS				HOUSING CHOICE HOUSEHOLDS WITH ASSETS			
Asset Value	HOUSEHOLDS WITH ASSETS		Average Monthly Resident Rent Savings	Annual Reduction in Rent	HOUSEHOLDS WITH ASSETS		Average Monthly Per Unit Subsidy Increase	Annual Increase In HAP to LL
	Number	%			Number	%		
$0	4,516	80.2%			9,616	98.1%		
$1- $1,000	821	14.6%	$0.00	$0	42	0.4%	$0.16	$81
$1,001-$5,000	213	3.8%	$0.14	$358	58	0.6%	$0.26	$181
$5,001-$20,000	52	0.9%	$5.10	$3,182	45	0.5%	$5.81	$3,137
Over $20,000	27	0.5%	$20.11	$6,516	44	0.4%	$47.39	$25,022
Totals	**5,629**	**100.0%**	**$0.75**	**$10,056**	**9,805**	**100.0%**	**$12.53**	**$28,421**

Exhibit STO-1-B

MINIMUM RENT POLICY IMPACT ANALYSIS

PART I

SECTION 9 MINIMUM RENT POLICY:

Part III, Article One, Paragraphs 9 -10 of the *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments - Rev.3* outlines this policy:

1. Residents paying an Income Adjusted Rent must pay a minimum rent of $125, or such lesser or greater amount as Atlanta Housing Authority may set from time to time.
2. The minimum rent requirement does not apply to Resident households, in which all household members are either elderly and/or disabled, and whose sole source of income is Social Security, SSI, or other fixed annuity pension or retirement plans. Such Resident households will still be required to pay the Income Adjusted Rent or Affordable Fixed Rent, as applicable.

IMPACT ANALYSIS:

Chart 1 compares the FY 2006 and the FY 2007 rents paid by households residing in Atlanta Housing Authority's Affordable Communities. The analysis controls for Elderly and Disabled households exempted under the Minimum Rent Policy

In FY 2006, 76.8% of the resident households were able to pay rents greater than the Minimum Rent. Another 23% were paying rents at the $125 Minimum Rent level. Five households or 0.20% of all resident households were paying less than the Minimum Rent under approved hardship exemptions.

In FY 2007, 86.9% of the resident households were able to pay rents greater than the Minimum Rent. Another 13% were paying rent at the $125 Minimum Rent level. Two households or 0.09% of all resident households were paying less than the Minimum Rent under approved hardship exemptions.

The comparison indicates a positive upward trend in ability of resident households to pay the Minimum Rent.

PART II

HOUSING CHOICE PROGRAM MINIMUM RENT POLICY:

Part IV, Article Two, Paragraphs 1-2 of the *Fifth Amended and Restated Administrative Plan Governing the Housing Choice Program* outlines this policy:

1. Participants must pay a minimum rent of $125, or such other amount approved by Atlanta Housing Authority.
2. The minimum rent requirement does not apply to Participants, in which all household members are either elderly and/or disabled.

IMPACT ANALYSIS:

Chart 2 compares the FY 2006 and the FY 2007 tenant rents paid by Housing Choice Program households. The analysis controls for Elderly and Disabled households exempted under the Minimum Rent Policy

In FY 2006, 71.9% of Housing Choice households were able to pay rents greater than the Minimum Rent. Another 28% were paying rents at the $125 Minimum Rent level. Six households or 0.10% of all households were paying less than the Minimum Rent under approved hardship exemptions.

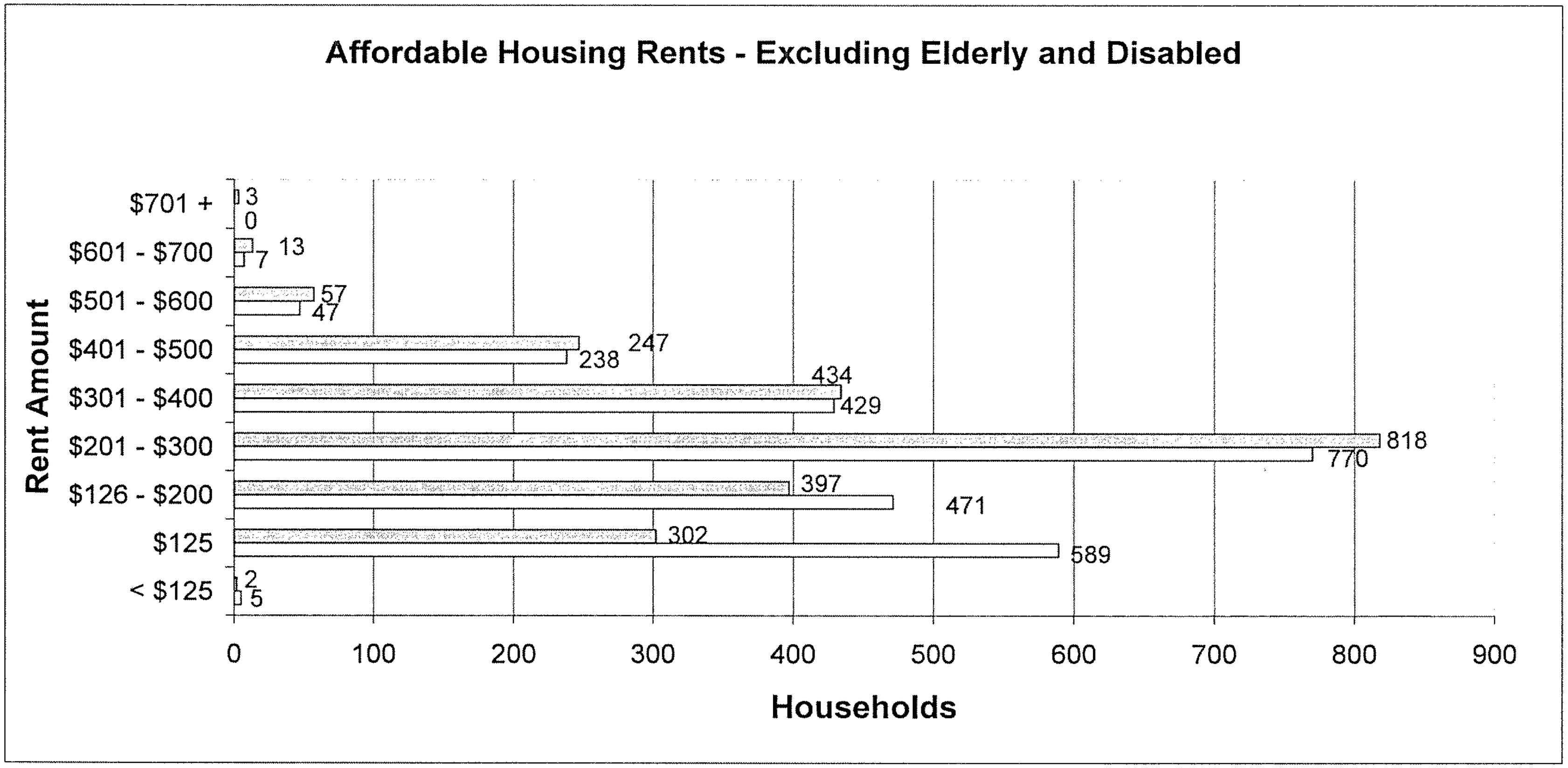
In FY 2007, 77.9% of Housing Choice households were able to pay rents greater than the Minimum Rent. Another 22% were paying rent at the $125 Minimum Rent level. Five households or 0.09% of all households were paying less than the Minimum Rent under approved hardship exemptions.

The comparison indicates a positive upward trend in ability of resident households to pay the Minimum Rent.

IMPACT ANALYSIS CONCLUSION

The Minimum Rent Policy does not have a negative impact on assisted families.

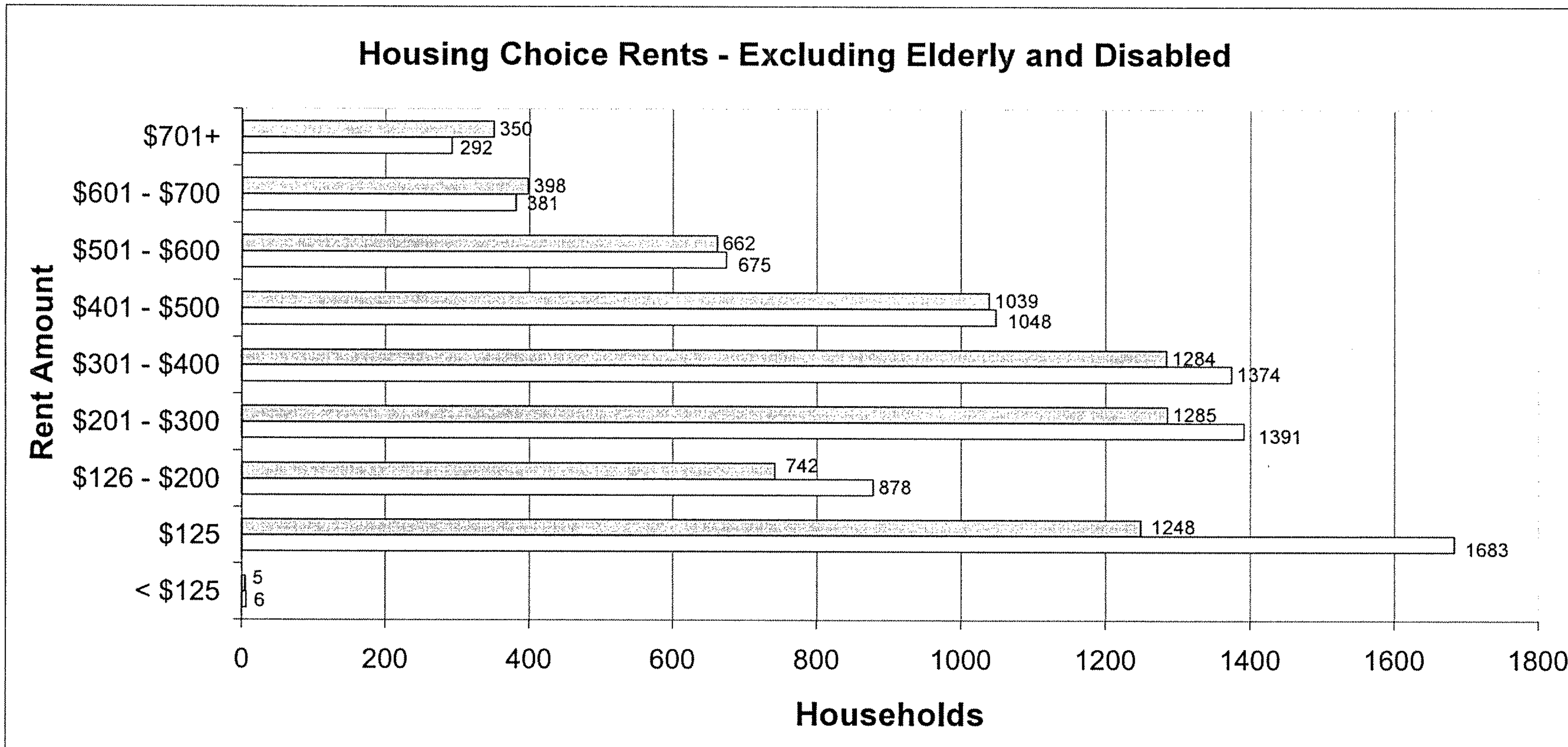
STO-1-B: Chart 1 - Section 9 Minimum Rent Analysis



FY07	< $125	$125	$126 - $200	$201 - $300	$301 - $400	$401 - $500	$501 - $600	$601 - $700	$701 +	Total
Total Households	2	302	397	818	434	247	57	13	3	2273
%	0.09%	13%	17%	36%	19%	11%	3%	0.57%	0.13%	100%

FY06	< $125	$125	$126 - $200	$201 - $300	$301 - $400	$401 - $500	$501 - $600	$601 - $700	$701 +	Total
Total Households	5	589	471	770	429	238	47	7	0	2556
%	0.20%	23%	18%	30%	17%	9%	2%	0.27%	0%	100%

STO-1-B: Chart 2 - Housing Choice Program Minimum Rent Analysis



FY07	< $125	$125	$126 - $200	$201 - $300	$301 - $400	$401 - $500	$501 - $600	$601 - $700	$701+	Total
Total Households	5	1248	742	1285	1284	1039	662	398	350	7013
%	0.09%	22%	13%	22%	22%	18%	11%	6.90%	6.07%	100%

FY06	< $125	$125	$126 - $200	$201 - $300	$301 - $400	$401 - $500	$501 - $600	$601 - $700	$701+	Total
Total Households	6	1683	878	1391	1374	1048	675	381	292	7728
%	0.10%	28%	15%	23%	23%	17%	11%	6.30%	5%	100%

Exhibit STO-1-B

ELDERLY INCOME DISREGARD POLICY

PART I

SECTION 9 ELDERLY INCOME DISREGARD POLICY:

Part III, Article One, Paragraph 11 of the *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments - Rev.3* outlines this policy:

> Under the Elderly Income Disregard policy, if an Elderly Resident, whose sole source of income is Social Security, SSI, and/or other fixed annuity pension and retirement plan income (Annual Fixed Income), becomes employed on a temporary, part-time, or other limited basis which does not result in the discontinuance of the Elderly Resident's Annual Fixed Income, the Elderly Resident's employment income will not be utilized in calculating annual income, and will be permanently disregarded thereafter.

IMPACT ANALYSIS: As indicated in the chart below, 95.6% of all Elderly households residing in AHA's Affordable Communities do not have employment income. Disregarding part-time and temporary income of seniors who otherwise must live on fixed incomes is a policy that can only have a positive impact. The cost to AHA is negligible. This policy does not have a negative impact on residents.

PART II

HOUSING CHOICE ELDERLY INCOME DISREGARD POLICY:

Part IV, Article Four *Fifth Amended and Restated Administrative Plan Governing the Housing Choice Program* outlines this policy:

> Atlanta Housing Authority has created an Elderly Income Disregard program. If an Elderly participant, whose sole source of income is Social Security, SSI, or other fixed annuity pension and retirement plan income (Annual Fixed Income), becomes employed on a temporary, part-time, or other limited basis which does not result in the discontinuance of the Elderly participant's Annual Fixed Income, the Elderly participant's employment income will not be utilized in calculating annual income, and will be permanently disregarded thereafter. Such Elderly participants will still be expected to pay the Income Adjusted Rent based on the Annual Fixed Income and any adjustments to the Annual Fixed Income.

IMPACT ANALYSIS: As indicated in the chart below, 97.4% of all Elderly households participating in the Housing Choice program do not have employment income. Disregarding part-time and temporary income of seniors who otherwise must live on fixed incomes is a policy that can only have a positive impact. The cost to AHA is negligible. This policy does not have a negative impact on Housing Choice participants.

ELDERLY INCOME DISREGARD POLICY IMPACT ANALYSIS

Elderly Income Status	Fixed Income only		Employment Income only		Fixed and Employment (Receives Elderly Income Disregard)		Fixed and Employment (Does not receive Elderly Income Disregard)	
	Number	%	Number	%	Number	%	Number	%
Public Housing Elderly	1,878	95.6%	18	0.9%	15	0.8%	53	2.7%
Average Rent	$225		$351		$188		$302	
Housing Choice Elderly	1,535	97.4%	27	1.7%	11	0.7%	3	0.2%
Average TTP	$254		$343		$356		$627	

TREATMENT OF ASSETS POLICY

PART I

SECTION 9 TREATMENT OF ASSETS POLICY:

Part III, Article One, Paragraph 7 of the *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments - Rev.3* outlines this policy:

> Atlanta Housing Authority, in its discretion, may establish fixed-rate, or standard deduction and asset determination procedures to be used in calculating Income-Adjusted Rents. Standard income deductions would replace the calculation of income deductions based on actual expenses. Asset determinations would examine the nature and value of the asset in establishing procedures for setting a schedule of assets that would or would not be used in calculating Income-Adjusted Rents. The Atlanta Housing Authority Board of Commissioners must approve the schedule of Standard Income Deductions and any changes to the treatment of assets prior to implementation.

IMPLEMENTATION: Atlanta Housing Authority will not use household assets in calculating Income Adjusted Rent.

IMPACT ANALYSIS: As indicated in the chart below, 80.2% of all households residing in AHA's Affordable Communities do not have any assets that would be used in calculating their monthly rent. Households with assets would benefit from this policy because the assets of such households would not be included in the income calculation used in determining household rent. Implementation of the policy would result in a projected annual loss in rental income of $10,056 based on the value of assets currently recorded for Section 9 residents, or a 0.06% reduction in AHA's annual gross rent potential. This policy does not have a negative impact on residents.

PART II

HOUSING CHOICE PROGRAM TREATMENT OF ASSETS POLICY:

Part IV, Article Five of the *Fifth Amended and Restated Administrative Plan Governing the Housing Choice Program* outlines this policy:

> Atlanta Housing Authority, in its discretion, may establish fixed-rate, or standard deduction and asset determination procedures to be used in calculating annual income. Standard income deductions would replace the calculation of income deductions based on actual expenses. Asset determinations would examine the nature and value of the asset in establishing procedures for setting a schedule of assets that would or would not be used in calculating annual income. The Atlanta Housing Authority Board of Commissioners must approve the schedule of Standard Income Deductions and any changes to the treatment of assets prior to implementation.

IMPLEMENTATION: Atlanta Housing Authority will not use household assets in calculating Annual Income.

IMPACT ANALYSIS: As indicated in the chart below, 98.1% of all Housing Choice households do not have any assets that would be used in calculating their monthly tenant rent. Households with assets would benefit from this policy because the assets of such households would not be included in the income calculation used in determining tenant rent. The implementation of the policy would represent a projected annual increase of $28,421 in HAP payments to landlords based on the value of assets currently recorded for Housing Choice participants, or a 0.04% increase in HAP payments to landlords. This policy does not have a negative impact on Housing Choice participants.

TREATMENT OF ASSETS FOR SECTION 9 AND HOUSING CHOICE HOUSEHOLDS | IMPACT ANALYSIS |

	AFFORDABLE HOUSING HOUSEHOLDS WITH ASSETS				HOUSING CHOICE HOUSEHOLDS WITH ASSETS			
Asset Value	HOUSEHOLDS WITH ASSETS		Average Monthly Resident Rent Savings	Annual Reduction in Rent	HOUSEHOLDS WITH ASSETS		Average Monthly Per Unit Subsidy Increase	Annual Increase In HAP to LL
	Number	%			Number	%		
$0	4,516	80.2%			9,616	98.1%		
$1- $1,000	821	14.6%	$0.00	$0	42	0.4%	$0.16	$81
$1,001-$5,000	213	3.8%	$0.14	$358	58	0.6%	$0.26	$181
$5,001-$20,000	52	0.9%	$5.10	$3,182	45	0.5%	$5.81	$3,137
Over $20,000	27	0.5%	$20.11	$6,516	44	0.4%	$47.39	$25,022
Totals	**5,629**	**100.0%**	**$0.75**	**$10,056**	**9,805**	**100.0%**	**$12.53**	**$28,421**

MINIMUM RENT POLICY IMPACT ANALYSIS

PART I

SECTION 9 MINIMUM RENT POLICY:

Part III, Article One, Paragraphs 9 -10 of the *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments - Rev.3* outlines this policy:

1. Residents paying an Income Adjusted Rent must pay a minimum rent of $125, or such lesser or greater amount as Atlanta Housing Authority may set from time to time.
2. The minimum rent requirement does not apply to Resident households, in which all household members are either elderly and/or disabled, and whose sole source of income is Social Security, SSI, or other fixed annuity pension or retirement plans. Such Resident households will still be required to pay the Income Adjusted Rent or Affordable Fixed Rent, as applicable.

IMPACT ANALYSIS:

Chart 1 compares the FY 2006 and the FY 2007 rents paid by households residing in Atlanta Housing Authority's Affordable Communities. The analysis controls for Elderly and Disabled households exempted under the Minimum Rent Policy

In FY 2006, 76.8% of the resident households were able to pay rents greater than the Minimum Rent. Another 23% were paying rents at the $125 Minimum Rent level. Five households or 0.20% of all resident households were paying less than the Minimum Rent under approved hardship exemptions.

In FY 2007, 86.9% of the resident households were able to pay rents greater than the Minimum Rent. Another 13% were paying rent at the $125 Minimum Rent level. Two households or 0.09% of all resident households were paying less than the Minimum Rent under approved hardship exemptions.

The comparison indicates a positive upward trend in ability of resident households to pay the Minimum Rent.

PART II

HOUSING CHOICE PROGRAM MINIMUM RENT POLICY:

Part IV, Article Two, Paragraphs 1-2 of the *Fifth Amended and Restated Administrative Plan Governing the Housing Choice Program* outlines this policy:

1. Participants must pay a minimum rent of $125, or such other amount approved by Atlanta Housing Authority.
2. The minimum rent requirement does not apply to Participants, in which all household members are either elderly and/or disabled.

IMPACT ANALYSIS:

Chart 2 compares the FY 2006 and the FY 2007 tenant rents paid by Housing Choice Program households. The analysis controls for Elderly and Disabled households exempted under the Minimum Rent Policy

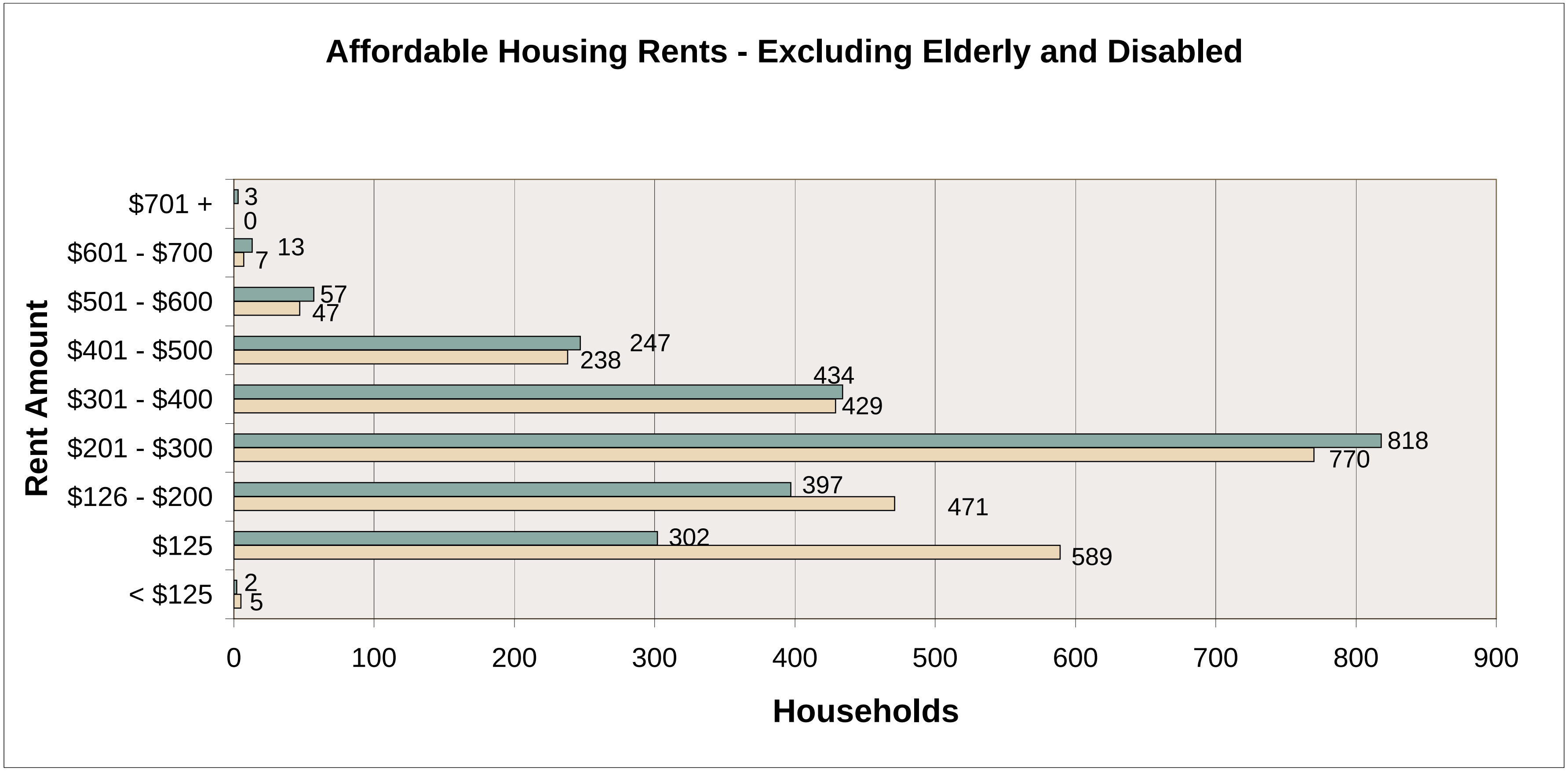
In FY 2006, 71.9% of Housing Choice households were able to pay rents greater than the Minimum Rent. Another 28% were paying rents at the $125 Minimum Rent level. Six households or 0.10% of all households were paying less than the Minimum Rent under approved hardship exemptions.

In FY 2007, 77.9% of Housing Choice households were able to pay rents greater than the Minimum Rent. Another 22% were paying rent at the $125 Minimum Rent level. Five households or 0.09% of all households were paying less than the Minimum Rent under approved hardship exemptions.

The comparison indicates a positive upward trend in ability of resident households to pay the Minimum Rent.

IMPACT ANALYSIS CONCLUSION

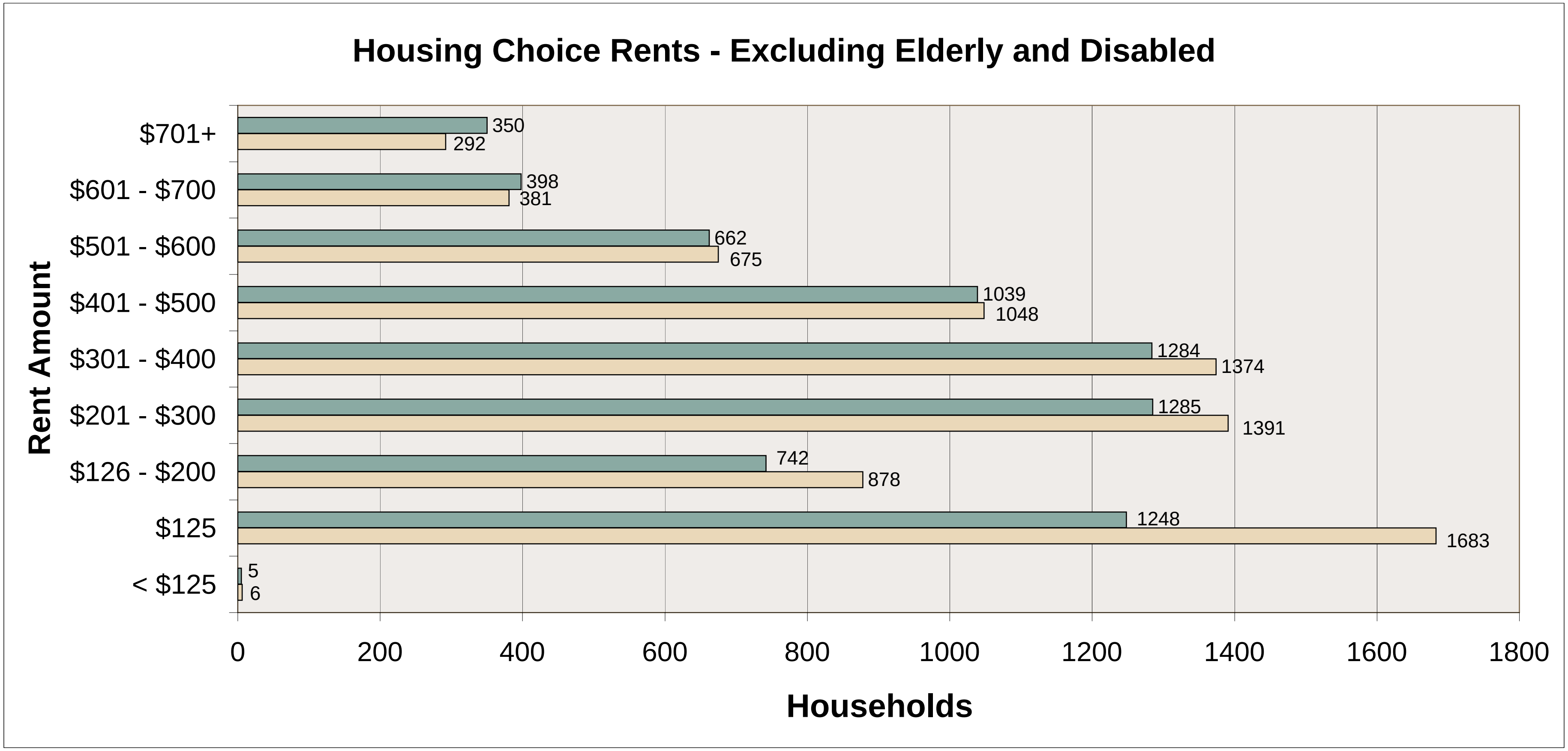
The Minimum Rent Policy does not have a negative impact on assisted families.



FY07	< $125	$125	$126 - $200	$201 - $300	$301 - $400	$401 - $500	$501 - $600	$601 - $700	$701 +	Total
Total Households	2	302	397	818	434	247	57	13	3	2273
%	0.09%	13%	17%	36%	19%	11%	3%	0.57%	0.13%	100%

FY06	< $125	$125	$126 - $200	$201 - $300	$301 - $400	$401 - $500	$501 - $600	$601 - $700	$701 +	Total
Total Households	5	589	471	770	429	238	47	7	0	2556
%	0.20%	23%	18%	30%	17%	9%	2%	0.27%	0%	100%

C:\Documents and Settings\emp-proc\My Documents\6.Documents for Review\Min Rent\CHT-Affordable Housing Rents (Excludes Elderly and Disabled) Final v2
Issue Date: 8/22/2007
Data Date: June 2006, June 2007



FY07	< $125	$125	$126 - $200	$201 - $300	$301 - $400	$401 - $500	$501 - $600	$601 - $700	$701+	Total
Total Households	5	1248	742	1285	1284	1039	662	398	350	7013
%	0.09%	22%	13%	22%	22%	18%	11%	6.90%	6.07%	100%

FY06	< $125	$125	$126 - $200	$201 - $300	$301 - $400	$401 - $500	$501 - $600	$601 - $700	$701+	Total
Total Households	6	1683	878	1391	1374	1048	675	381	292	7728
%	0.10%	28%	15%	23%	23%	17%	11%	6.30%	5%	100%

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Issue Date: 8/22/2007
Data Date: 2006 2007

ELDERLY INCOME DISREGARD POLICY

PART I

SECTION 9 ELDERLY INCOME DISREGARD POLICY:

Part III, Article One, Paragraph 11 of the *Statement of Corporate Policies Governing the Leasing and Residency of Assisted Apartments - Rev.3* outlines this policy:

> Under the Elderly Income Disregard policy, if an Elderly Resident, whose sole source of income is Social Security, SSI, and/or other fixed annuity pension and retirement plan income (Annual Fixed Income), becomes employed on a temporary, part-time, or other limited basis which does not result in the discontinuance of the Elderly Resident's Annual Fixed Income, the Elderly Resident's employment income will not be utilized in calculating annual income, and will be permanently disregarded thereafter.

IMPACT ANALYSIS: As indicated in the chart below, 95.6% of all Elderly households residing in AHA's Affordable Communities do not have employment income. Disregarding part-time and temporary income of seniors who otherwise must live on fixed incomes is a policy that can only have a positive impact. The cost to AHA is negligible. This policy does not have a negative impact on residents.

PART II

HOUSING CHOICE ELDERLY INCOME DISREGARD POLICY:

Part IV, Article Four *Fifth Amended and Restated Administrative Plan Governing the Housing Choice Program* outlines this policy:

> Atlanta Housing Authority has created an Elderly Income Disregard program. If an Elderly participant, whose sole source of income is Social Security, SSI, or other fixed annuity pension and retirement plan income (Annual Fixed Income), becomes employed on a temporary, part-time, or other limited basis which does not result in the discontinuance of the Elderly participant's Annual Fixed Income, the Elderly participant's employment income will not be utilized in calculating annual income, and will be permanently disregarded thereafter. Such Elderly participants will still be expected to pay the Income Adjusted Rent based on the Annual Fixed Income and any adjustments to the Annual Fixed Income.

IMPACT ANALYSIS: As indicated in the chart below, 97.4% of all Elderly households participating in the Housing Choice program do not have employment income. Disregarding part-time and temporary income of seniors who otherwise must live on fixed incomes is a policy that can only have a positive impact. The cost to AHA is negligible. This policy does not have a negative impact on Housing Choice participants.

ELDERLY INCOME DISREGARD POLICY IMPACT ANALYSIS

Elderly Income Status	Fixed Income only		Employment Income only		Fixed and Employment (Receives Elderly Income Disregard)		Fixed and Employment (Does not receive Elderly Income Disregard)	
	Number	%	Number	%	Number	%	Number	%
Public Housing Elderly	1,878	95.6%	18	0.9%	15	0.8%	53	2.7%
Average Rent	$225		$351		$188		$302	
Housing Choice Elderly	1,535	97.4%	27	1.7%	11	0.7%	3	0.2%
Average TTP	$254		$343		$356		$627	

Atlanta Housing Authority ~ Community Relocation Schedule and Resource Allocation

PROPERTY	PMCO	Units	FY 2006 May-06	Jun-06	FY 2007 Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
John O. Chiles	IMS	250														
University Homes	IMS	455														
Leila Valley	LANE	124								☑	☑	◷ ※	◷ ※			
Jonesboro North	LANE	100						☑	☑	◷	◷					
Jonesboro South	LANE	150						☑	☑	◷	◷					
Englewood Manor	IMS	320						☑	☑	◷	◷	◷				
U-Rescue	LANE	70					☑	☑	◷	◷	◷	◷				

PROPERTY	FY 2008 Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	FY 2009 Jul-08	Aug-08	Sep-08	Oct-08	Nov-08
John O. Chiles																	
University Homes					※	※	※	※	※	Demo/Dispo TBD				Demo/Dispo TBD			
Leila Valley			❖	❖	❖	❖	↓	↓	↓	↓	↓	↓					
Jonesboro North						❖	❖	❖	❖				↓	↓	↓	↓	
Jonesboro South						❖	❖	❖	❖	↓	↓	↓	↓				
Englewood Manor						❖	❖	❖	❖	↓	↓	↓	↓	↓	↓		
U-Rescue					❖	❖	❖	❖	↓	↓	↓	↓	↓	↓			

Total 1469

Total QLI Phase 1 764 *Leilia Valley; Jonesboro North; Jonesboro South; U-Rescue; Englewood Manor*

Relocation Activity Key
Relocation Planning
Revitalization Relocation
Structural Relocation
QLI Relocation Implementation

Relocation Planning Details:
Phasing and Caseload Assignment
Relocation Task Force Development
Compilation of Resident Files
Survey/Assessment of Families
Housing Choice Voucher Intake

R.E.M Activity Key	
Demolition Application Prep	☑
Demo Application Approval	◷
Environmental	※
Demolition Prep (Design & Procurement)	❖
Property Demolition	↓

Demolition Application Prep Details:
Complete Demo Application
Mayor's Signature and Support Letter
Strategic Partners Meetings
Resident Association Briefing
AHA Board Resolution
Submit for HUD Approval