

THE PHILADELPHIA HOUSING AUTHORITY

2017 UPDATE OF INFORMATION IN OFFICIAL STATEMENT FOR \$28,870,000 PHILADELPHIA HOUSING AUTHORITY GENERAL REVENUE BONDS (PHA HEADQUARTERS PROJECT), SERIES 2017

December 7, 2017

Reference is made to the Continuing Disclosure Agreement dated as of June 1, 2017 between the Philadelphia Housing Authority (the “Authority”) and the Dissemination Agent identified in said agreement, which was signed in connection with the issuance of the above-referenced bonds (“the “Bonds”). Under the Continuing Disclosure Agreement, the Authority has agreed to deliver to the Dissemination Agent and certain others an annual update of the information set forth in the Official Statement. The following is the Authority’s annual update of those sections for Fiscal Year 2017 (the “Last Fiscal Year”).

THE AUTHORITY

General Information

The Authority was organized under the Pennsylvania Housing Authorities Law to develop, acquire, lease, and operate low-rent housing. The Authority is the largest public housing agency in Pennsylvania and the fourth largest in the United States. The Authority employs approximately 1,200 persons. The Authority maintains approximately over 14,000 public housing units. Of this total, about 9,300 public housing units are located in 35 conventional public housing sites and approximately 4,000 public housing units are located in scattered sites. HUD is the primary funding agency for all new construction, modernization, rehabilitation and operations of the Authority's housing units. The Authority's operating budget for the Last Fiscal Year was \$385,032,231. The Authority's Capital Funding Allocation for the Last Fiscal Year was \$41,007,006 including \$40,001,194 in Capital Fund Program funding and two increments of Replacement Housing Factor funding totaling \$1,005,8126 (Source: HUD 2017 PHA ACC Amendments). The major operating divisions of the Authority are Planning and Design, Construction/Capital Projects, Housing Operations, Leased Housing and Resident Services. The administrative departments include Legal Affairs, Office of Audit and Compliance, Supply Chain Management, Finance/Budget, and Information Systems Management.

Since 2010, the Authority has placed under contract in excess of \$150 million of construction of major capital projects, which are in various stages of completion, which includes mixed finance development projects totaling over \$109 million. In Fiscal Year 2017, the Authority had almost \$70,000,000 of major capital projects under contract, which were in various stages of completion at fiscal year-end ('major' capital projects are those with a construction budget greater than \$100,000 at a single asset management project.) Several of the mixed finance projects include tax-exempt bond (or tax-exempt note) and low income tax credit financings leveraged with other federal, commonwealth, and City of Philadelphia (“City”) funds.

In January, 2001, the Authority was designated by HUD to participate in HUD’s Moving to Work Demonstration ("MTW") project. MTW, authorized in Section 204 of the Omnibus

Consolidated Appropriations and Rescissions Act of 1996, is designed to permit HUD and public housing authorities more funding and regulatory flexibility with the goals of encouraging families to become economically self-sufficient, reducing the cost of housing assistance and increasing housing choice for low- income households. The Authority's current MTW Agreement with HUD extends through Fiscal Year 2028.

The executive offices of the Authority are currently located at 12 S. 23rd Street, 6th Floor, Philadelphia, Pennsylvania 19103; telephone (215) 684-4174. Upon completion of construction, the Authority's executive offices will relocate to the HQ Property.

Area of Service

The Authority provides housing to approximately 29,000 low and moderate-income residents in developments and scattered sites units in the City. In addition, through the Section 8 Housing Choice Voucher ("HCV") program, the Authority assists over 48,000 residents in locating and renting housing in privately owned properties.

Strategic Goals and Objectives of the Authority

The Authority maintains twelve strategic goals and objectives, which directs its operations:

1. Preserve and expand the supply of affordable housing available to the City's residents with low-incomes;
2. Achieve excellence in the provision of management and maintenance services to the Authority's residents;
3. Create safe communities in collaboration with neighborhood residents and law enforcement agencies;
4. Enhance resident well-being and independence through partnerships for employment, job training, education, health, and other evidence-based supportive services;
5. Improve access to quality housing choices and opportunity neighborhoods through the Housing Choice
6. Voucher Program;
7. Incorporate energy conservation measures and sustainable practices throughout Authority operations;
8. Improve customer service, streamline operations, and create a business model that is data-driven and high performing;
9. Conduct Authority business in an open and transparent manner that promotes accountability and access, ensures diversity, and adheres to the highest ethical standards;
10. Strengthen existing relationships and forge new public, private, and philanthropic partnerships to support PHA's strategic goals;
11. Make the Authority an employer of choice with an accountable, diverse, trained, and productive workforce;
12. Ensure that the Authority is a good neighbor and reliable community partner; and
13. Encourage innovation and promote the Authority's financial health through ongoing participation in the Moving to Work Program

Governance

Pursuant to the Pennsylvania Housing Authorities Law, the Authority is governed by a Board of Commissioners. Under a law passed by the Pennsylvania General Assembly on July 5, 2012, the number of members of the Authority's board was increased from five to nine, with the Mayor of Philadelphia nominating all nine Commissioners, subject to approval by the Philadelphia City Council. Pursuant to the new law, two of the Commissioners are currently residents of the Authority's public housing. The current members of the Board of Commissioners are:

Lynette M. Brown-Sow - Vice President of Marketing and Government Relations for Community College of Philadelphia;

Leslie D. Callahan - Pastor of St. Paul's Baptist Church in North Philadelphia;

Rev. Bonnie Camarda - Director of Partnerships for the Salvation Army of Eastern Pennsylvania and Delaware;

Patrick J. Eiding - President of the Philadelphia Council AFL-CIO;

Herbert Wetzel – Executive Director of Housing and Community Development for Philadelphia City Council;

Ethel Wise – President of the Wilson Park Family Resident Council;

Julia Danzy – Former City of Philadelphia Director of Social Services, Deputy Commissioner of Health; and Operations Director for the Department of Human Services;

Asia Coney – President of the PHA's Resident Advisory Board; and

Frederick S. Purnell, Sr. – Deputy Director for Housing and Community Development for the City of Philadelphia

Senior Management

During the Last Fiscal Year, the Authority has been led by Kelvin A. Jeremiah, President and CEO. Senior managers and their respective operating divisions at the end of the Last Fiscal Year were:

Operating Division	Name	Title
Administrative & Financial	Celeste Fields	Senior Executive Vice President - Finance
Planning & Design	Michael Johns	Executive Vice President – Planning & Design
Construction and Capital Projects	Gregory Hampson	Executive Vice President - Construction and Capital Projects
Finance	Nnena Ukwa	Vice President – Finance
Housing Operations	Dinesh Indala	Executive Vice President – Housing Operations
Leased Housing	Celeste Fields	Executive Vice President - Leased Housing
Human Resources	Wendi Barrish	Acting Executive Vice President – Human Resources
Information Systems Management	Faisal G. Hassan	Executive Vice President – Information Systems Management/Chief Information Technology Officer
Office of Audit & Compliance	Janea Jordon	Executive Vice President – Audit & Compliance
Office of General Counsel	Lawrence Redican	Executive Vice President – Legal Affairs/General Counsel
PHA Police	Branville Bard	Chief of Police/Chief of Public Safety
Supply Chain	David Walsh	Executive Vice President – Supply Chain Management
Communications	Nichole Tillman	Executive Vice President – Communications
Community Operations and Resident Development	William Myles	Executive Vice President – Community Operations and Resident Development
Executive Office	Annie Cheng	Chief of Staff

Authority Communities and Occupancy Statistics

Alternatively Managed Sites			
Fiscal Year Ended March 31, 2017			
<u>Community Name</u>		<u>Number of Units</u>	<u>Average Occupancy %</u>
8 Diamonds		152	100.00
Angela Court I (St. Ignatius)		67	95.52
Angela Court II		54	100.00
Falls Ridge		135	99.26
Impact Services Veterans Family Housing		18	94.44
Martin Luther King - Phase I		49	100.00
Martin Luther King - Phase III		45	97.78
Neumann North		67	100.00
New Courtland Apartments		56	100.00
Spring Garden II		32	96.87
Spring Garden Scattered Sites		86	100.00
St. Anthony's Senior Residence		38	100.00
St. Francis Villa		40	100.00

Limited Partnership Properties			
Fiscal Year Ended March 31, 2017			
<u>Community Name</u>		<u>Number of Units</u>	<u>Average Occupancy %</u>
Cambridge Plaza I		44	100.00
Cambridge Plaza II		40	100.00
Cambridge Plaza III		40	97.50
Germantown House		133	98.50
Greater Grays Ferry Estates I		245	97.96
Greater Grays Ferry Estates II		184	97.28
Lucien E. Blackwell I		80	97.50
Lucien E. Blackwell II		80	98.75

Limited Partnership Properties				
Fiscal Year Ended March 31, 2017				
Lucien E. Blackwell III		50		100.00
Ludlow Phase III		75		98.67
Mantua I		50		94.00
Mantua II		51		98.04
Marshal Shepherd		80		97.50
Martin Luther King IV		42		95.24
Mount Olivet		161		96.89
Nellie Reynolds Garden		64		93.75
Norris, LP		51		96.08
Paschall Village I		50		96.00
Paschall Village II		50		96.00
Queen Lane LP		55		96.36
Richard Allen III		178		98.31
Suffolk Manor		137		94.89
Warnock I		50		90.00
Warnock II		45		95.56

Authority-Owned and Operated				
Fiscal Year Ended March 31, 2017				
<u>Community Name</u>		<u>Number of Units</u>		<u>Average Occupancy %</u>
Arch Homes		73		99.93
Bartram Village		499		99.95
Blumberg Apts		96		99.00
Cassie L Holley		71		99.93
Gladys B Jacobs		80		99.99
Haddington Homes		149		99.96
Haverford Homes		23		100.00
Katie B Jackson		58		99.98
Raymond Rosen		553		99.96

Authority-Owned and Operated				
Fiscal Year Ended March 31, 2017				
Richard Allen		150		99.96
Spring Garden Apartments		203		99.94
West Park Apartments		325		99.93
Westpark Plaza		65		100.00
Wilson Park		727		99.97
Abbottsford Homes		235		99.97
Arlene Homes		32		99.94
Bentley Hall		98		99.94
Cecil B Moore		29		100.00
Champlost Homes		102		99.96
College View		54		100.00
Emlen Arms		155		99.98
Fairhill Apartments		264		99.93
Harrison Plaza		300		99.95
Hill Creek		338		99.92
Holmecrest Homes		84		99.98
Johnson Homes		535		99.96
Morton Homes		248		99.96
Norris Apartments		146		99.81
Oxford Village		200		99.98
Parkview Apartments		20		100.00
Plymouth Hall		53		99.98
Queen Lane Apartments		-		-
Queen Row		43		99.98
Whitehall Apartments		250		99.93
Fairhill Square		453		99.86
Germantown/Hunting Park		345		99.88
Haddington		414		99.90
Kingsessing		499		99.91
Mantua		397		99.88
Francisville		435		99.91
Ludlow		418		99.89
Oxford Jefferson		334		99.86
Strawberry Mansion		432		99.88
Susquehanna		395		99.81

Summary Financial Information of the Authority

Philadelphia Housing Authority Net Position as of March 31

			Increase/(Decrease)	
	FY2017	FY2016	Dollar Variance	Percent Variance
Assets				
Cash and Investments	\$ 125,901,901	\$ 134,951,081	\$ (9,049,180)	(6.71%)
Accounts Receivable	71,398,822	56,113,442	15,285,380	27.24%
Other Current Assets	1,529,333	2,382,323	(852,990)	(35.80%)
Total Current Assets	198,830,056	193,446,846	5,383,210	2.78%
Net Program Loans Receivable	377,168,992	382,425,013	(5,256,021)	(1.37%)
Restricted Cash & Investments	1,602,926	2,732,598	(1,129,672)	(41.34%)
Capital Assets	545,093,402	560,022,085	(14,928,683)	(2.67%)
Other Assets	14,034,065	10,936,175	3,097,890	28.33%
Total Assets	1,136,729,441	1,149,562,717	(12,833,276)	(1.12%)
Deferred Outflows	27,299,605	24,527,371	2,772,234	11.30%
Total Assets and Deferred Outflows	\$1,164,029,046	\$ 1,174,090,088	\$ (10,061,042)	(0.86%)
Liabilities				
Accounts Payable	\$ 5,434,821	\$ 10,599,861	\$ (5,165,040)	(48.73%)
Other Current Liabilities	30,542,280	37,462,579	(6,920,299)	(18.47%)
Total Current Liabilities	35,977,101	48,062,440	(12,085,339)	(25.15%)
Noncurrent Liabilities	134,193,353	133,427,041	766,312	0.57%
Total Liabilities	170,170,454	181,489,481	(11,319,027)	(6.24%)
Net Position				
Net Investment in Capital Assets	504,192,318	517,287,419	(13,095,101)	(2.53%)
Restricted	3,245,279	3,035,237	210,042	6.92%
Unrestricted	486,420,995	472,277,951	14,143,044	2.99%
Total Net Position	993,858,592	992,600,607	1,257,985	0.13%
Total Liabilities and Net Position	\$ 1,164,029,046	\$ 1,174,090,088	\$ (10,061,042)	(0.86%)

Summary Financial Information of the Authority

Philadelphia Housing Authority Statements of Revenues, Expenses and Changes in Net Position for the year ended March 31

			FY 2017 – FY2016 Increase/(Decrease)	
	FY2017	FY2016	Dollar Variance	Percent Variance
Revenue				
Program Revenue:				
Charges for Services	\$ 26,685,078	\$ 26,089,704	\$ 595,374	2.28%
Federal Revenue	351,720,093	365,450,191	(13,730,098)	(3.76%)
Other Income	15,699,328	4,111,928	11,587,400	281.80%
Total Operating Revenue	394,104,499	395,651,823	(1,547,324)	(0.39%)
Expenses				
Direct	289,602,442	298,018,665	(8,416,223)	(2.82%)
Administrative	78,709,325	78,514,832	194,493	0.25%
Total Operating Expenses	368,311,767	376,533,497	(8,221,730)	(2.18%)
Depreciation	44,156,807	48,847,725	(4,690,918)	(9.60%)
Total Expenses	412,468,574	425,381,222	(12,912,648)	(3.04%)
Operating Loss	(18,364,075)	(29,729,399)	11,365,324	(38.23%)
Net Non-operating Revenue(Expense)	2,562,494	(14,225,000)	16,787,494	(118.01%)
Capital Subsidies	17,059,566	19,222,882	(2,163,316)	(11.25%)
Change in Net Position	1,257,985	(24,731,517)	25,989,502	(105.09%)
Prior Period Adjustments	-	(58,130,799)	58,130,799	(100.00%)
Increase/(Decrease) in Net Position	\$ 1,257,985	\$ (82,862,316)	\$ 84,120,301	101.52%

General Revenues and Outstanding Long-Term Debt of the Authority

Accounts Receivable Fiscal Year Ended March 31, 2017

	<u>Primary Government</u>	<u>Component Units</u>
Tenant Receivables	\$2,195,449	\$3,334,717
Due from HUD	\$67,801,276	\$0
Accrued Interest	\$76,076	\$0
Development Fees	\$4,050,519	\$0
Due from Affiliates	\$2,104,377	\$316,822
Miscellaneous	\$470,248	\$749,245
Less allowance for doubtful accounts	(\$5,299,123)	(\$882,792)
	<u>\$71,398,822</u>	<u>\$3,517,992</u>

General Revenues

	<u>FY 2017</u>	<u>FY 2016</u>	FY 2017-FY 2016 Increase/(Decrease)	
<u>Revenue</u>			<u>Dollar</u>	<u>Percent</u>
			<u>Variance</u>	<u>Variance</u>
Program Revenue:				
Charges for Services	\$26,685,078	\$26,089,704	\$595,374	2.28%
Federal Revenue	\$351,720,093	\$365,450,191	\$13,730,098	-3.76%
Other Revenue	\$15,699,328	\$4,111,928	\$11,587,400	281.80%
Total Operating Revenue	\$394,104,499	\$395,651,823	\$1,547,324	-0.39%

Outstanding Long-Term Debt of the Authority			
Fiscal Year Ended March 31, 2017			
<u>Bonds</u>	<u>Principal Outstanding</u>		<u>Maturity</u>
Tasker Capital Fund Revenue Bonds, Series A of 2002	\$29,690,000		December, 2021
Tasker II Capital Fund Revenue Bonds, Series D of 2003	\$11,000,000		December, 2022

THE PUBLIC HOUSING CAPITAL FUND PROGRAM

Series 2003D, 2002A

Historical Federal Funding Levels				
<u>Fiscal Year</u>		<u>National Modernization Funds Appropriations</u>		<u>National Percent Change Year To Year</u>
2016		\$1,900,000,000		1.30%
2017		\$1,850,000,000		-2.60%

Historical Federal Funding Levels (Authority)				
<u>Fiscal Year</u>		<u>Authority Allocations</u>		<u>Philadelphia Percent Change Year To Year</u>
2016		\$41,872,446		-3.00%
2017		\$41,007,006		-2.10%

Historical Obligation and Expenditure Obligation Compliance				
<u>Year</u>		<u>Authority Allocation</u>	<u>Obligation Funds</u>	<u>Expended Funds</u>
2017		\$41,007,006	0	0