

PATHWAYS to SUCCESS

TRANSFORM



INNOVATE



ADVOCATE

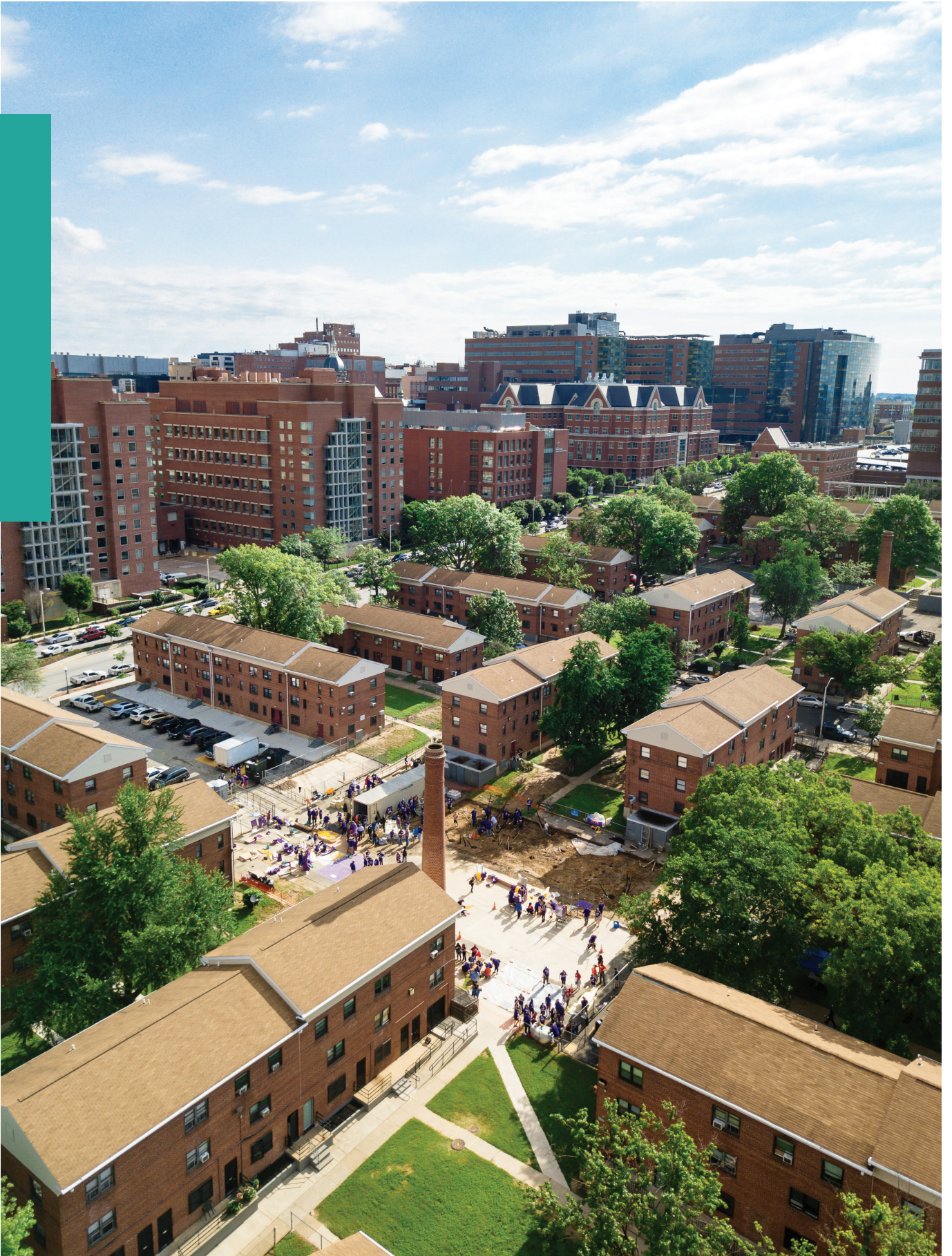


STRATEGIC PLAN FOR HABC



HOUSING
AUTHORITY of
BALTIMORE CITY

Front cover: Children at play Douglass Homes



Douglass Homes

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Preface

This collaborative effort has included support and input from so many participants – most importantly our residents and staff – but also the HABC Board of Commissioners, city agencies, elected officials, neighborhood advisory committees, and the general public.

“Pathways to Success” serves as a roadmap for our agency as we fortify HABC’s existing good works and establish how to strengthen and change the things that must change to secure future success.

It’s exciting to announce our plan, which focuses on the 4C’s of HABC, identifying our goals and defining our path to success. HABC is moving forward, engaging programs and initiatives to enhance the people and portfolio of the Housing Authority of Baltimore City.

We encourage you to become familiar with this plan and to help us move forward in our pursuit of building and preserving affordable and safe housing for all of our residents.

Welcome to the much anticipated strategic guide that the Housing Authority of Baltimore City will use as we navigate our future efforts to support and advance our mission and vision!



Janet Abrahams
Executive Director, HABC

Acknowledgments



West Side Community Meeting at University of Baltimore



East Side Community Meeting at PVG



Kick Off

We are pleased to acknowledge all the support and assistance that has helped to make this inaugural **Strategic Plan, HABC's Pathways to Success**, possible.

We are grateful for the diversity of perspectives and ideas from residents, staff and board members, developers, vendors, advocates, educators, union representatives, employers and multiple Baltimore City departments.

We thank everyone who provided data, participated in the survey and the SWOT analysis, attended meetings or participated in a focus group. A special thanks to Sebastian Marin, Project Photographer and William Wells, Executive Office Project Director.

Pathways to Success was prepared by EJP Consulting Group, LLC. Team members include Rhae Parkes, Naomi Byrne and Steve Hruby.

This strategic planning process benefited from the collective knowledge and experience of a project-specific advisory group, staff and stakeholders, some of whom are listed below:

City of Baltimore Participants

Education Department
 Health Department
 Department of Housing and Community Dev.
 Parks and Recreation Department
 Planning Department
 Police Department
 Public Works Department
 Transportation Department

Developer Representatives

Curtis Adams	The Michaels Organization
Jacqueline Alexander	The Community Builders
Nick Bracco	The Michaels Organization
Daniel Bythewood	La Cite'
Ivy Dench-Carter	Pennrose
Christine Madigan	Enterprise Comm.Prtnrs.
Dan McCarthy	Episcopal Housing
Peter Siegel	Landex
Catherine Stokes	Telesis
Aspasia Xypolia	The Community Builders

HABC Board Members

Chairman Joseph Lee Smith
 Vice Chair Robin Carter
 Commissioner Bowyer G. Freeman
 Resident Commissioner Sharon Jones

Advisory Group Members

Crystal Branch	HABC Resident
Ella Broadway	HABC Resident
Ada Cherry-Mahoi	HABC Resident + Staff
Mary Leighton	HABC Resident
Joseph Smith	HABC Board Chair
Robin Carter	HABC Board Vice Chair
Janet Abrahams	HABC President/CEO
Corliss Alston	HABC Staff
Blanca Carrasquilla	HABC Staff
Anita Chavis	HABC Staff
Jeannine Dunn	HABC Staff
Bridget Hooper	HABC Staff
Marvin Jones	HABC Staff
Tracy Oliver-Keyser	HABC Staff
Joyce Stewart	HABC Staff
Monica Watkins	HABC Staff
Peggy Webster	HABC Staff
Michael Barb	Sandtown-Winchester
Wanda Best	Upton Planning Committee
Michael Braverman*	Dept. of Housing and Community Dev.
(Rep. Jalal Greene-Janes)	Dept. of Public Works
Rudolph S. Chow*	Baltimore City Police Department
Darryl D. DeSousa*	Homeless Persons Representation Project
Antonia Fasanelli	Johns Hopkins University
Andrew B. Frank	Union Baptist Church
Alvin Hathaway	Harry and Jeanette Weinberg Foundation
Amy Kleine	Cherry Hill Development Corporation
Michael Middleton	Department of Recreation and Parks
Reginald Moore*	American Civil Liberties Union
(Rep. Kate Brower)	MD.Dept. of Housing and Community Dev.
Barbara Samuels	Baltimore City Department of Education
Brien O'Toole	Department of Transportation
Allison Perkins-Cohen	Coppin Heights CDC
Michelle Pourcaiu*	Department of Education
(Rep. Frank Murphy)	Southwest Partnership
Dr. Gary Rodwell	City Planning
Sonja Brookins Santelises*	Baltimore City Planning Department
(Rep. James Brennan)	University of Maryland
Michael Siepp	Baltimore City Health Department
Stephanie Smith	Disability Rights Maryland
Thomas J. Stosur	
Ashley Valis	
Leana S. Wen	
Kira Wilpone-Welborn	

* Invited



Chapter 1. Introduction

*With this publication we present the Housing Authority of Baltimore City's first Strategic Plan: **Pathways to Success** which is intended to provide a roadmap for long and short-term priorities.*

Baltimore City, like many of America's older industrial cities, has experienced major economic and demographic changes over the last 50-plus years. Decades of disinvestment and population decrease in the city have resulted in vacant and abandoned properties, neighborhood decline and weakened housing markets, as well as increased poverty and unemployment rates. In addition, almost half of the entire housing stock in Baltimore is nearly 80 years old or older.

By comparison, just over 10% of the housing in Maryland and in the country was built in or before 1939. Depopulation, abandonment and disinvestment are not uniformly distributed throughout the city. Consequently, market strength varies widely, sometimes within just a few blocks. Community development efforts in Baltimore over the years have focused on identifying and building upon emerging markets, eliminating pockets of blight, preserving housing affordability and supporting redevelopment efforts that create housing opportunities for people of all income levels.

Using these strategies, Baltimore continues to make progress in its effort to move forward, prioritizing investment in neighborhoods that have experienced years of neglect and creating new prospects for residents that will allow the city to thrive.



Metro Heights Ribbon Cutting, November 29, 2018

We are proud to present the Housing Authority of Baltimore City's first strategic plan: Pathways to Success.

Developed with input from the Board of Commissioners, HABC leadership, and community members Pathways to Success provides a roadmap to a future where HABC is positioned to make an even greater impact on our residents' futures.

HABC's new strategic plan will help cement its role in creating new opportunities for our residents and move forward in prioritizing investments in communities across Baltimore City.

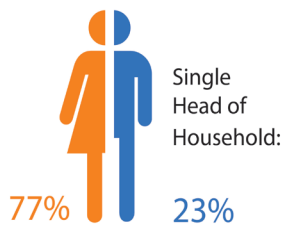
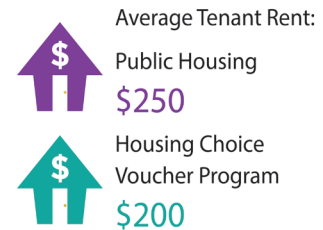
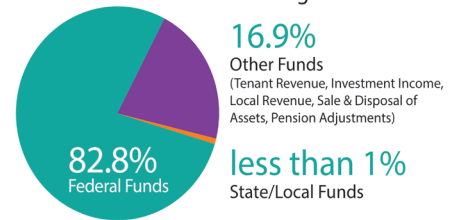
We extend our appreciation to every member of our strategic planning committee for all of their time and effort. We are grateful for their thoughts and insights, which have created an ambitious plan to ensure our positive impact on Baltimore City for years to come.

Joseph L. Smith, Chairman
Robin Carter, Vice Chair
Dr. Bowyer Freeman
Robin Truiett-Theodorson
Sharon Jones

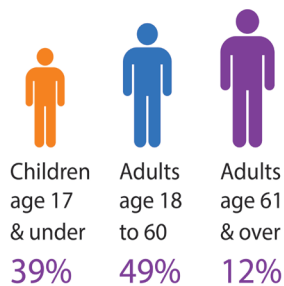
HABC at a Glance

These stats represent a snapshot as of 6.30.2018

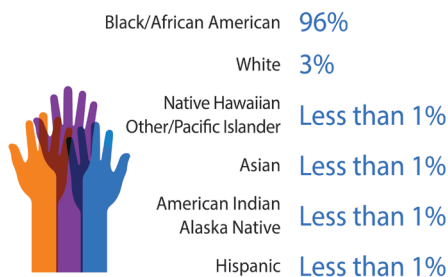
PUBLIC HOUSING AND HOUSING CHOICE VOUCHER PROGRAMS



Ages of those we serve:



Head of Household Race/Ethnicity Summary:*



*These categories are not mutually exclusive

Affordable housing opportunities provided through HABC:*



*Includes Rental Assistance Demonstration & Housing Choice Voucher Mobility Program

Directly served by HABC; excludes privately managed or administered by other agencies.



Former & Current Executive Directors Dan Henson & Janet Abrahams

The Housing Authority of Baltimore City (HABC) was established in 1937 to provide federally funded affordable housing opportunities and related services to Baltimore’s low-income residents. Directly serving nearly 26,000 households through its Public Housing and Housing Choice Voucher programs, HABC is the largest housing authority in the State and is Baltimore City’s largest provider of deeply affordable housing.

The agency is staffed by approximately 741 employees and has an annual capital and operating budget of approximately \$360 million. HABC is a designated Moving to Work (MTW) agency, which is a program that provides public housing authorities with the flexibility to use innovative, locally designed strategies to increase self-sufficiency and improve housing choice for low-income families.

Over the past decade, HABC has seen its share of organizational challenges. In 2016, newly-elected Baltimore City Mayor Catherine E. Pugh announced plans to reorganize Baltimore’s housing and economic development agencies and split the housing agency into two distinct entities – the City of Baltimore’s Department of Housing and Community Development (DHCD), and HABC. The intent was to give HABC the ability to operate independently from DHCD and focus on its mission of providing affordable housing, to Baltimore residents, and allow DHCD to focus on community development.

Mayor Pugh also made it a priority to make significant changes to the leadership team of HABC, bringing in the best and brightest talent to helm the agency.³

In June 2017, Janet Abrahams was named as the Executive Director of HABC with the immediate assignment to oversee the separation of HABC from the City. Since that time, Ms. Abrahams has taken steps to reposition the Housing Authority into an entity that can stand on its own and provide for the affordable housing needs of the City of Baltimore. One of these first steps was the decision to develop the Agency’s first Strategic Plan. In February 2018, HABC engaged EJP Consulting Group, LLC, a nationally recognized firm in the affordable housing industry, to help facilitate the public engagement process and assist HABC with drafting the Strategic Plan.

This Strategic Plan is both about a new beginning for HABC, and an opportunity to leverage HABC’s past successes and future opportunities. This plan is also about transformation and setting the stage for how HABC can maintain, sustain, and create opportunities in the future for the residents of Baltimore. This plan is grounded in HABC’s current fiscal reality but looks ahead boldly, seeking to reposition the agency as the city’s preeminent affordable housing provider.

HABC will be an unapologetic champion of the city’s most vulnerable families, a financially viable entity that continues to support positive transformation throughout Baltimore’s neighborhoods, and an eager partner seeking to leverage public/private partnerships.

The Strategic Plan is organized as follows:

- Preface
- Acknowledgments
- Chapter 1: Planning Process
- Chapter 2: HABC in Context
- Chapter 3: Pathways to Success
- Chapter 4: Action Plan
- Appendices and Reference Materials

³ <https://www.bizjournals.com/baltimore/news/2016/12/07/pugh-grazia-no-will-not-be-housing-commissioner.html>



Transform Poe HUD Visit

Chapter 2. Planning Process

Pathways to Success is the product of a process, lasting more than a year, to develop a strategic plan to guide HABC's future decisions. From the onset, the planning process was driven by HABC's desire to get input from diverse perspectives. It utilized a multi-pronged approach, leveraging the expertise of HABC employees, HABC residents and local thought leaders. It also integrated data from technical studies, agency-wide assessments, surveys, interviews, and community events.

Engagement Activities Participants

March 27th, 2018	35
Advisory Group Meeting #1	
March 27th, 2018	14
Senior/ Executive Staff Meeting #1	
March 29th, 2018	650
HABC All-Staff Meeting	
May 30th, 2018	10
Developer Focus Group	
May 31st, 2018	86
Community Workshop #1	
May 30th - June 1st, 2018	120
Employee Focus Groups	
August 7th, 2018	36
Community Workshop #2	
August 8th, 2018	18
Advisory Group Meeting #2	
October 17th, 2018	17
Advisory Group Meeting #3	
October 17th, 2018	9
Senior/ Executive Staff Meeting #2	
March - September, 2018	300
Survey	

Essential rounds of input & data collection

6

1. An advisory group
2. Meetings and individual interviews
3. Focus Groups
4. Community conversations (large meetings)
5. Technical studies
6. Surveys

The HABC Executive and Senior Management Team, comprised of the senior level management staff from each HABC department, was an integral part of the strategic planning process, providing input and feedback throughout.

HABC identified representatives and thought leaders from all departments within the agency to serve as internal focus group members, specifically:

- Mid-level management
- Housing Operations
- Housing Maintenance
- Resident Services
- Housing Choice Voucher Program
- Engineering and Capital Improvements, Construction, and Planning and Development
- Communications, Fair Housing, IT, Finance, Procurement, Public Relations, Human Resources, and Legal

Each of the above focus groups consisted of approximately 15 representatives, except for maintenance staff. Because the maintenance staff make up a large percentage of the total HABC staff, they were represented by two focus groups of approximately 15 each.

HABC relied on a 33-person Advisory Group consisting of community stakeholders, employees, residents and affordable housing advocates. The Advisory Group members represented various facets of the City of Baltimore's affordable housing industry, including public entities, private entities, HABC staff, HABC resident leaders, City of Baltimore representatives, and anchor institutions. Members of the Advisory Group were tasked with learning about the current state of HABC and the industry, making recommendations, and reviewing and commenting on proposed goals and action items.

Eight developers participated in focus groups and interviews.

- The Michaels Organization
- The Community Builders
- Episcopal Housing
- Landex
- Telesis
- La Cite'
- Enterprise Community Partners
- Pennrose

Interviews were conducted with the Resident Advisory Board, City department heads, HABC consultants and others.

HABC facilitated two large community conversations with members of the public to discuss the Strategic Plan and the planning process and solicit input on proposed actions. These community conversations were held at Pleasant View Gardens and the University of Baltimore. Engagement activities were designed to highlight HABC operations, business structure and programs, financing and capital needs, and opine on the goals and action items developed to date. Community members were also encouraged to note items that were not addressed during the workshops for HABC to consider.

The following technical studies were completed or reviewed as part of this process:

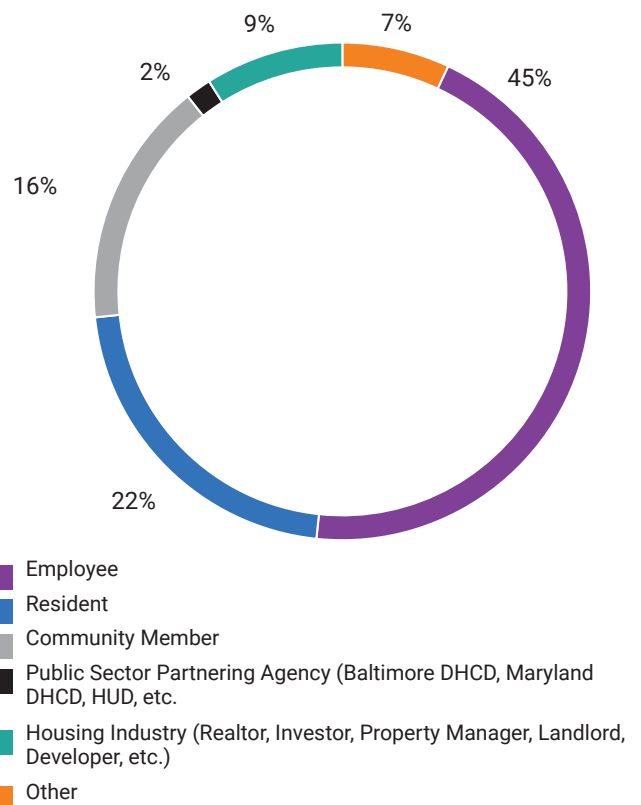
- Physical Needs Assessment (PNA): A 2018 PNA was completed for all HABC developments, including the scattered site inventory. The PNA assessed the condition of each property and provided a cost estimate for capital improvements.
- Organizational Assessment: An Organizational Assessment was completed for all HABC departments in 2018. The Assessment reviewed the staffing, job descriptions, and work flow of every department.
- Scattered Site Assessment: A viability assessment was completed for the scattered site portfolio in which HABC objectively reviewed each scattered site unit and assigned a score to determine the viability of preservation or disposition.
- Voluntary Conversion: In 2017, HABC requested an initial

assessment of the possibility of gains from disposition or voluntary conversion and the use of replacement project-based vouchers for public housing developments.

- Security Assessment: In 2018, HABC conducted a physical security assessment at three properties: Rosemont, Gilmore, and Brooklyn Homes. Additional assessments are planned.
- Fleet Assessment: In 2018, a report was completed that evaluated the management and use of HABC's vehicle fleet.
- Workers Compensation Assessment: In 2018, a report was completed that looked at HABC's workers' compensation loss experience and provided recommendations to improve overall workplace safety performance.

HABC conducted an online survey designed to capture perceptions of HABC. The survey was administered from March through September 2018. Participants provided feedback on the Strengths, Weaknesses, Opportunities and Threats of HABC. Respondents also provided their perceptions of HABC. More than 300 respondents completed the survey, nearly half of the respondents were current HABC employees.

Online Survey Respondents



Chapter 3. HABC in Context

Led by a new Executive Director, HABC undertook a series of planning and organizational change initiatives including an agency-wide organizational review, portfolio assessment and strategic planning. This coincided with the separation of HABC from the Baltimore City Department of Housing and Community Development in 2017. The focus of these efforts was to identify plans, strategies and opportunities to support HABC's mission to assist its residents, create and sustain quality affordable housing opportunities, and ensure HABC's long-term financial viability.

HABC embarked upon a significant rebranding process immediately following its separation from the Baltimore City Department of Housing and Community Development to create a new identity. This early action resulted in the development of four broad organizational goals. The 4C's of HABC were developed in collaboration with staff and represent the outcome of an initial process to separate HABC from the city. This same process resulted in the adoption of a new mission and vision statement for HABC.

It is this new foundation of core beliefs and philosophy that is setting the stage for the transformational change envisioned by the new HABC leadership and is the basis for the goals and strategies set forth in this Strategic Plan.

This chapter addresses existing conditions for the agency:

1. Indicator #1: Local Impact
2. Indicator #2: Families Served
3. Indicator #3: Organizational Structure and Staffing
4. Indicator #4: Systems and Equipment
5. Indicator #5: Housing Programs
6. Indicator #6: Housing Demand
7. Indicator #7: Supportive Services
8. Indicator #8: Fiscal Health
9. Indicator #9: Assets and Tools
10. Indicator #10: Public Perception
11. Indicator #11: Development Portfolio

The 4C's of HABC

4

1. **Community** – Improve the housing and quality of life for the people we serve.
2. **Customer Service** – Increase efficiency, responsiveness and accountability in the services we provide to our internal and external clients.
3. **Collaboration** – Build upon our commitment to strong partnerships with residents, employees, government, nonprofit and business communities.
4. **Communication** – Create clear and consistent communication.

MISSION: To create and provide quality affordable housing opportunities in sustainable neighborhoods for the people we serve.



Ellerslie Ribbon Cutting



PSO Transformation HUD Visit



Thanksgiving Give-Away

VISION: To create diverse and vibrant communities; to provide opportunities for self-sufficiency; and to build pathways for strong partnerships.

Indicator 1: Local Impact

As the largest affordable housing provider in Baltimore City, serving nearly 30,000 households, HABC's impact in both the local and regional market is significant. HABC wears many hats – landlord, developer, employer, landowner, service provider and partner to many.

- With 741³ employees, HABC is a large employer in Baltimore City; only 21 other entities employ more persons.⁴ The majority (68%) of HABC's workforce also live in Baltimore City.
- HABC's expenditure in salaries, housing assistance payments, purchase of goods and services, exceeds \$300 million every year. For example, with an annual operating budget of \$360 million in 2018, HABC spent nearly all these funds in Baltimore City or the region (less retained operating reserves).
- HABC's direct capital expenditure in the city is even more impressive – HABC is on track to generate over \$1 billion to renovate and preserve affordable housing assets. Already, through the RAD redevelopment, over \$714 million has been spent to renovate public housing developments; over 1,900 units have been renovated and preserved with hundreds more in the development pipeline.
- HABC spearheaded the collaborative Perkins-Somerset-Oldtown (PSO) Transformation Plan planning process in partnership with the City and more than 22 local partners. This plan will infuse over \$800 million in investment in the PSO neighborhood alone, including financing from HUD, the City, the State of Maryland and private funders. These funds will help to build a new school, increase the supply of quality housing options, build a new supermarket, add over 3,445 new jobs, provide access to supportive services for families, build two new parks and renovate existing parks and community amenities, convert blighted properties into productive uses, and much more.
- HABC houses nearly 12% of all Baltimore City households and 20% of all renter households.⁵
- HABC is one of the largest landowners in Baltimore City, covering over 831 acres, with land value in excess of \$44M.⁶ HABC assets are disbursed across the entire city and not overly concentrated in any one quadrant.

3 As of May 2018.

4 Maryland Department of Commerce; [http://commerce.maryland.gov/Documents/Research Document/MajorEmployersInBaltimoreCity.pdf](http://commerce.maryland.gov/Documents/Research%20Document/MajorEmployersInBaltimoreCity.pdf); website accessed 2/20/19

5 The City's population is estimated to be approximately 611,848 across 242,416 households. Of these, over 54% are renters.

6 HABC's FYI2016 Financial Statement

741
Employees

68%
Employees Live in Baltimore City

\$300 million
Average Annual Expenditures

\$1 Billion
Renovation & Construction Expenditures

20%
Baltimore City's Rental Market

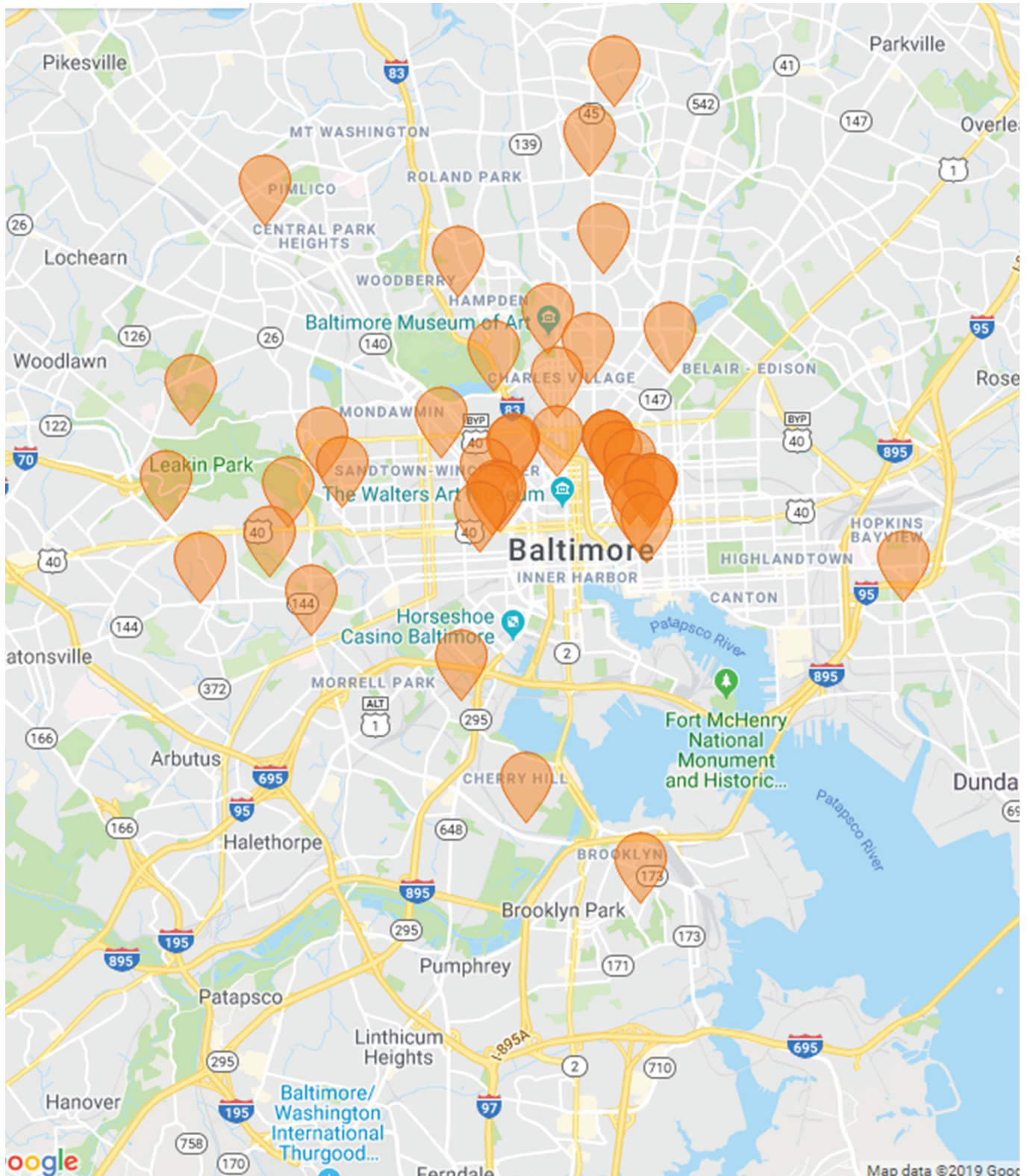
3,445
Projected New Jobs
(PSO Transformation Plan)

30,000
Total Households Served
(HABC & Supported Sites)

120
Residents Purchased Homes

1,900
Renovated Units

HABC is one of the largest landowners in Baltimore City, owning over 831 acres, with land value in excess of \$44M. HABC assets are disbursed across the entire city.

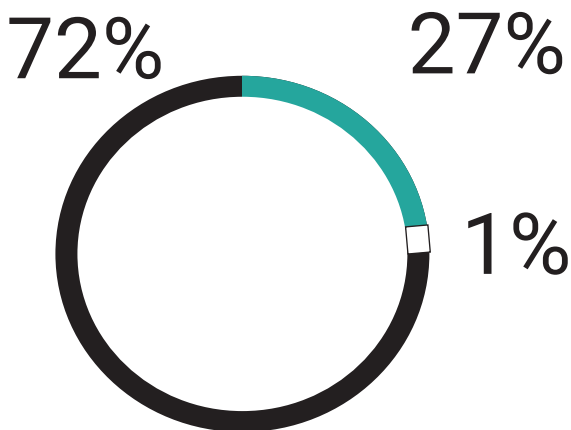


HABC Properties (excludes Scattered Sites)

Indicator 2: Families Served

HABC directly provides housing to over 26,000 Baltimore City households and their families and representing 43,000 individuals. Over 72% of those are served through Housing Choice Voucher (HVCV) programs; approximately 27% live in HABC-owned Public Housing, and the remaining 1% live in HABC-owned units that are made affordable through other programs such as state-supported Partnership Rental Housing Program. In addition, another 3,995 households are housed in HABC-supported developments that are owned and managed by private entities including RAD converted housing units.

Households Served (Directly)



- Public Housing Program
- Housing Choice Voucher Program
- Other

The profile of HABC and Baltimore City families contrast sharply with the State of Maryland. African Americans make up 96% of HABC communities, 63% of the population in the city, and 31% in the State. Nearly all HABC residents live in poverty compared to 22.4% in the city and 9% in the State. The median income of \$76,067 in the State of Maryland is nearly 75% higher than the \$44,262 in the City of Baltimore.

55% of all households are headed by a disabled person (54% in Public Housing 68% in HCVP)

17% of all households are headed by an elderly person age 62 and older, compared to 22% in the city

36% of HABC's population includes children under 18 years

36% of all households are headed by a female, compared to 21% in the city

\$14k average household income is \$14,050, compared to \$46,641 in the city (\$8,800 in public housing and \$12,559 in HCVP)

2 is the average family size compared to 2.6 in the city (3 in public housing and 2 in HCVP)

96% of all households are headed by an African American compared to 63% in the city



Baltimore City Families

Indicator 3: Organizational Structure and Staffing

As of June 2018, HABC employed 741 employees, down slightly from a decade ago. Staffing reduction reflects previous development decisions to demolish and not replace all units and to privatize property management functions for recently converted public housing units (see Indicator 11 Development Portfolio).

HABC commissioned a comprehensive organizational assessment of all departments in 2018. While the assessment looked at each department and identified strengths and weaknesses of each, the assessment documented the following consistent concerns across the agency:

- Lack of communication and collaboration between departments and throughout the agency
- Insufficient manager training
- Lack of employee recognition
- Policy and training inconsistency
- Lack of training & career advancement opportunities
- Lack of accountability
- Low staff morale

The organizational assessment also noted that many of the departments were overstaffed, job descriptions were not indicative of the actual work done, some staff were undercompensated for the work being performed, there were no staff/ department goals, no consistent onboarding and training processes, and technology was not being utilized or was not available to be utilized effectively. These concerns were also borne out in the survey, focus groups and interviews conducted as a part of the strategic planning process.

A significant number of employees indicated that they expected to be working for HABC in five years! In addition, many HABC employees were pleased with the changes in leadership and the direction HABC was going. Many HABC employees praised the organizational goals set forth by the new administration and expressed hope and excitement for the future of HABC.

HABC has begun to critically examine the right-sizing of the agency – both in terms of the way departments and functions are organized as well as how overall staffing changes should reflect funding from HUD and the movement of properties from direct management to private management after RAD conversion or mixed finance development. The future of HABC will look very different than its past. An effective organizational structure and appropriate staffing to tackle future challenges are paramount to achieving the goals spelled out in Pathways to Success. At the same time, HABC has begun to update the appropriate compensation and classification of employees. This action will ensure the ability to attract and retain the talent required to keep the agency working for the residents being served



HABC Communications Dept. Staff

In addressing the findings and recommendations from the organizational assessment, HABC undertook organizational analysis in terms of structure and organization of activities. This analysis has led to a restructuring of the departments of the agency in order to effectively implement Pathways to Success. HABC's new structure is centered on three areas of focus – each headed by what had been a "Chief": Operations, Administration, and Fiscal Operations. HABC's new organizational chart reflects these changes:

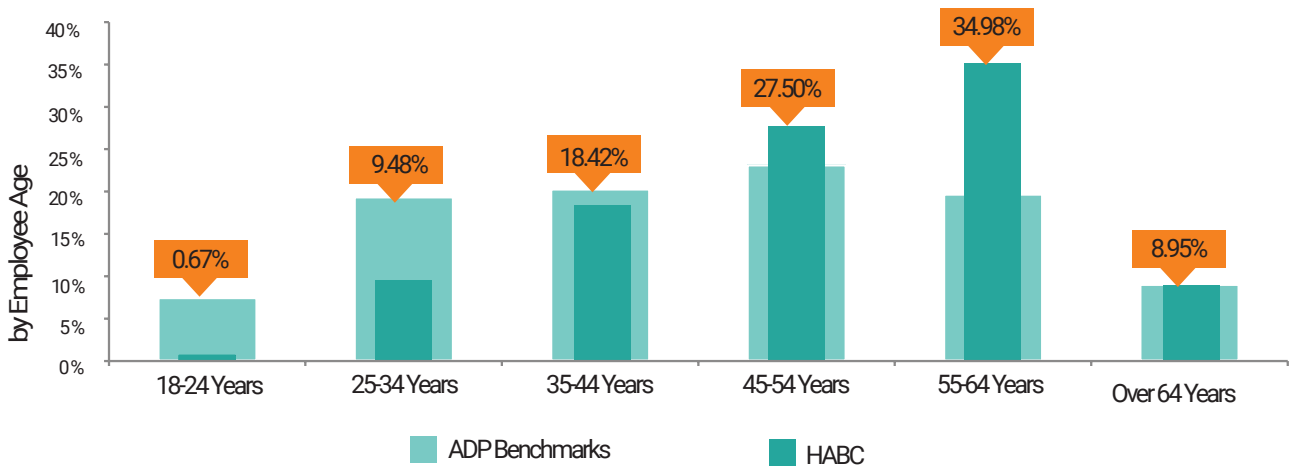
- Restructuring of departments and 'right-sizing' staffing to match current and future needs
- Revising all job descriptions and titles (excluding those covered by bargaining agreements)
- Revising compensation to align employment practices with peer housing authorities
- Standardizing reports and focusing on key performance indicators
- Engaging key front-line staff in planning decisions that impact their department

Acknowledging the critical role of legal affairs, fair housing and communications, these departments remain direct reports to the Executive Director, advising the overall operations of the authority. Operations was reformed to focus on the day-to-day operations of traditional low-income public housing, as well as the expanding portfolio of RAD and privately managed properties. The Office of Resident Services, given its focus on residents, is also contained within Operations, along with Energy, Engineering, and Capital Improvements. A new division of Administration was created to provide direction and leadership to traditional support departments - Human Resources, Information Technology - as well as Planning and Development and the Housing Choice Voucher Program. Fiscal Operations remains the nexus of finance and accounting functions, procurement and printing, with an added division, centralizing grant and budget administration for the entire agency.

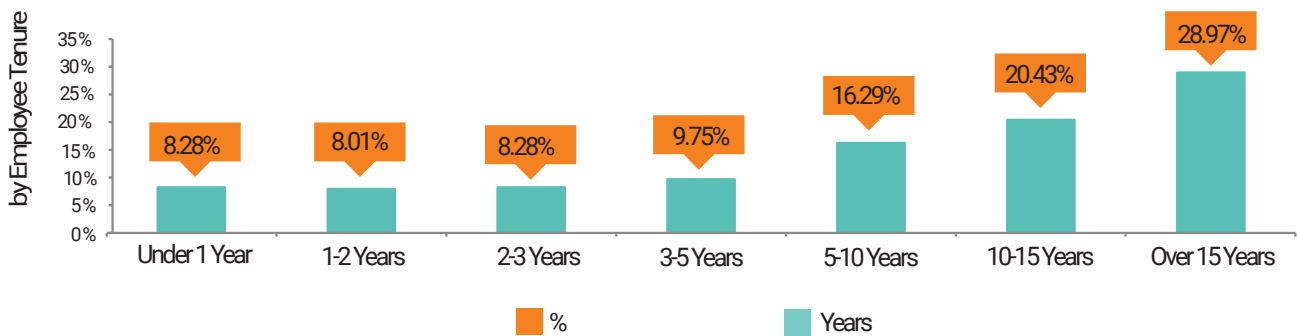
The Profile of HABC's Current Workforce

HABC's workforce is aging, 52% of the workforce is older than 44 years and nearly 20% is nearing or at retirement age. This will require HABC to intentionally plan for staff transitions and succession to ensure no abrupt loss of institutional knowledge.

Employee Profile by Age



Employee Profile by Tenure

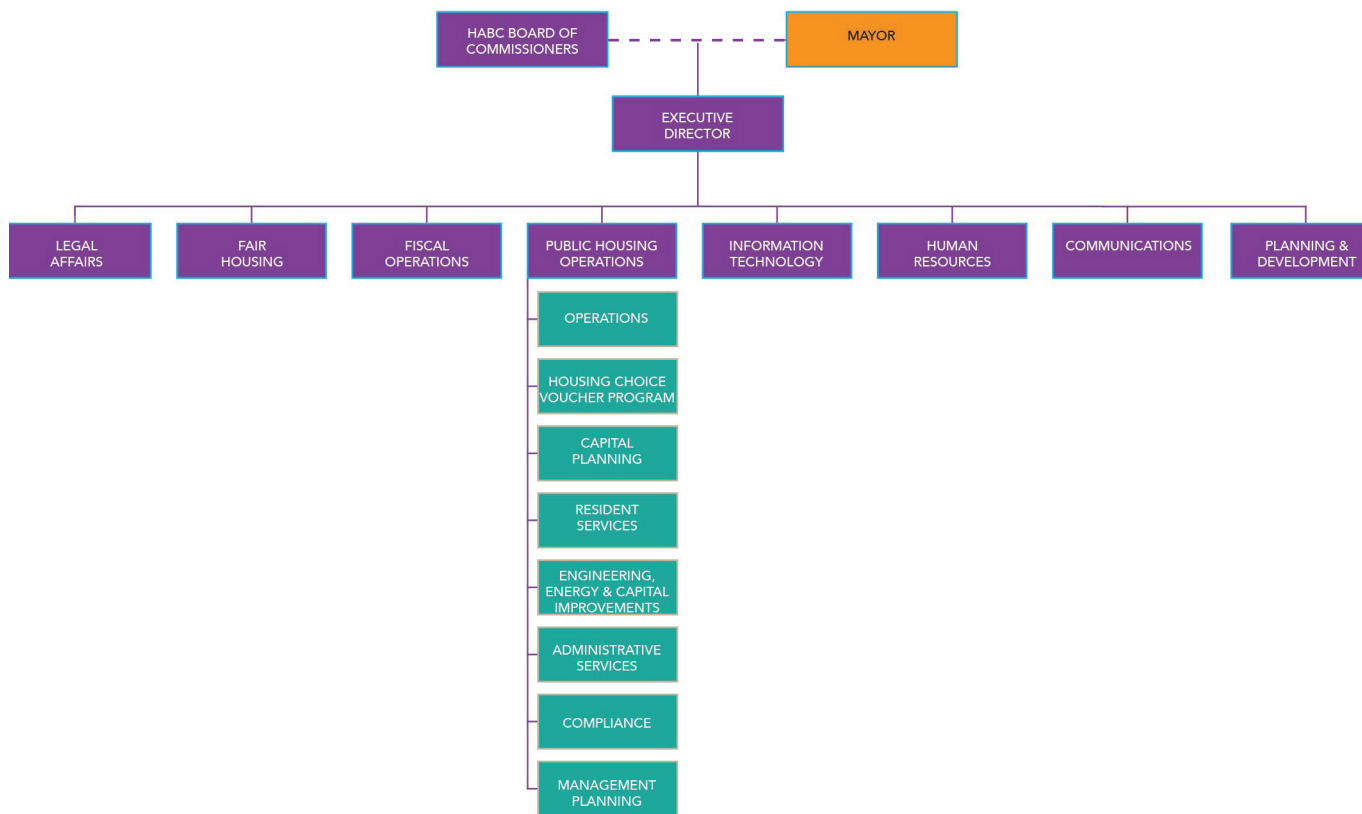


BEFORE - HABC Organizational Chart in 2018



ORGANIZATIONAL CHART

FEBRUARY 12, 2018

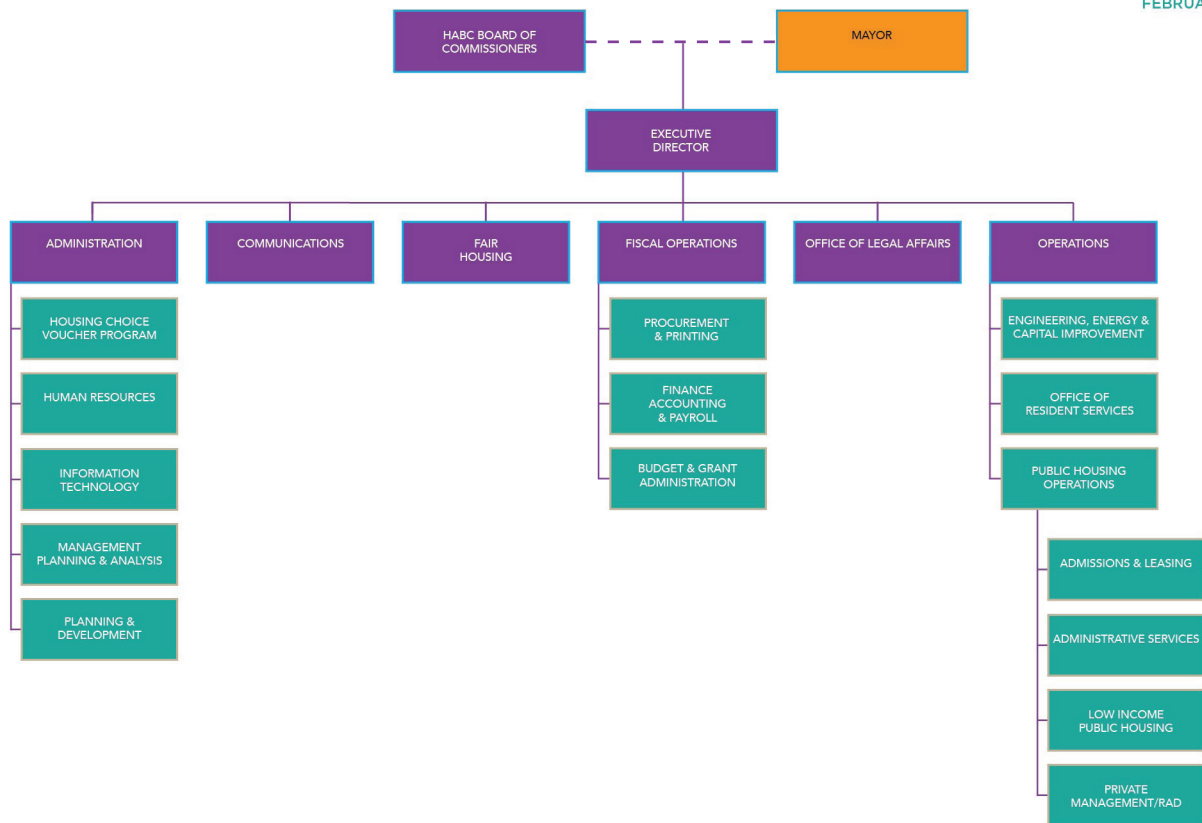


AFTER - HABC Organizational Chart in 2019



ORGANIZATIONAL CHART

FEBRUARY 19, 2019



Indicator 4: Systems and Equipment

Additional topic-specific operations assessments identified areas of improvement within HABC.

MECHANICAL FLEET

HABC currently utilizes a fleet of over 240 vehicles. Approximately 9% were found to have serious defects requiring them to be taken out of service for repairs. This high percentage indicates that the HABC fleet is not being managed or maintained properly. The assessment also indicated poor fleet management and operating practices. These issues were due to years of poor tracking and maintenance of vehicles as well as a failure to remove unused or minimally used vehicles from use. However, the analysis indicated that there is opportunity for HABC to downsize its mechanical fleet to reduce costs and more efficiently utilize its fleet. Furthermore, HABC may consider leasing options in lieu of direct ownership.

TECHNOLOGY

HABC has a large technology program that provides a variety of programmatic and support services to all departments. Due to the broad nature of its programs, HABC also utilizes a variety of software solutions to manage and administer its programs. However, HABC has not maintained consistency among all its users, programs, and departments, and this inconsistency in hardware (typewriters, computers, in-field mobile devices), software, and support has caused significant business process issues, as staff are not able to function efficiently and effectively. In addition, HABC heavily relies on the use of paper and manual systems. The report suggests opportunities for automation and less reliance on paper and manual systems.

WORKERS COMPENSATION

HABC commissioned a worker’s compensation and safety assessment in 2018. Findings from this assessment highlighted the critical need to reduce and manage claims based on critical injury risk drivers. Key recommendations included health and safety training, establishing safety committees and developing written safety programs, among others.

CRIME AND SAFETY

HABC commissioned a safety study of select developments in 2018. This overall assessment presented findings for Gilmor Homes, Rosemont Community and Brooklyn Homes. HABC will need to develop a comprehensive safety plan, given the high incidence of reported criminal activity (by residents, contractors and staff) at certain sites. In interviews with residents and staff, safety issues were cited as among the key reasons for low occupancy rates at certain properties, difficulty retaining property management staff, and high levels of stress and anxiety for residents and staff alike.

	Rosemont	Gilmor	Brooklyn
Install "NO LOITERING" Signs	✓	✓	✓
Clear overgrown brush and/or trim trees	✓		✓
Add BPD Sub-Station/Contract with private security firm	✓	✓	✓
Add more surveillance cameras	✓	✓	✓
Replace old exterior lighting	✓	✓	✓
Purchase metal doors & window covers for vacant units	✓	✓	✓
Install access control buzzers & intercom systems for entry doors		✓	
Install fencing around demolition sites		✓	
Contract with private towing company			✓

Indicator 5: Housing Programs

PUBLIC HOUSING UNITS

HABC's inventory of public housing units has been steadily declining for the past decade. HABC currently owns 7,659 public housing units, down from 9,625 in 2007. This decline is due in part to transfer of ownership to private development entities through the Rental Assistance Demonstration Program (RAD), HOPE VI development that did not result in replacement of all demolished units, demolition and non-replacement of other obsolete units, and mixed-finance development transactions. In all but a few cases, HABC continues to own the land and leases these properties to private development entities via a long-term ground lease.

Of the current public housing portfolio owned by HABC, just over 13% are "scattered site" units, or properties consisting of six or less units in non-contiguous locations across the city. The remaining units are in multifamily properties and, along with scattered sites, represent the most distressed properties in the portfolio. HABC has plans to convert another 37% of the remaining units, though HABC may continue to own some or all of these "to-be-converted" RAD units, unlike previously converted RAD units.

HABC maintains an average adjusted occupancy rate of 92.6% in HABC owned sites, compared to 98.4% in non-HABC owned sites, which include recently converted RAD sites.

OTHER UNITS (Under Asset Management)

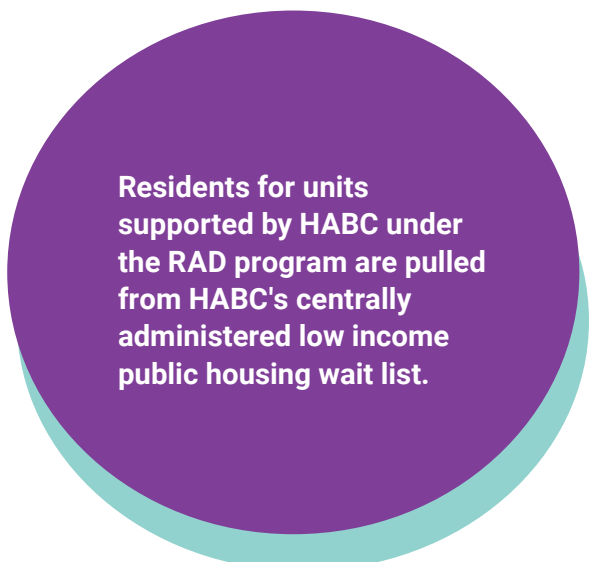
There are another 3,995 units that are not owned by HABC, but where HABC has an asset management relationship. As an asset manager, HABC monitors performance and compliance and maintains a long-term ground lease for the land. Nearly 73% of these units are RAD converted units – prior public housing units converted through the RAD program and are now subsidized by RAD Project Based Rental Assistance. The balance are units that are made affordable through other programs: 710 of the units are HABC owned public housing units, which are privately managed, and 242 of these units are HABC-owned non-public housing units under private management.

What is RAD?

Rental Assistance Demonstration (RAD)
RAD is a voluntary program that allows Housing Authorities to convert existing Public Housing to long-term, project-based assistance.

Goals:

- Improve and preserve Public Housing units and subsidy
- Provide more stable funding to Public Housing units
- Offer residents greater choice and mobility in where they live



Residents for units supported by HABC under the RAD program are pulled from HABC's centrally administered low income public housing wait list.



HABC Voucher Program

HOUSING CHOICE VOUCHER PROGRAM

HABC currently assists over 17,000 families through the Housing Choice Voucher program, including Baltimore Regional Housing Partnership (BRHP, see Indicator 6 Housing Demand).

These households are served through several different voucher programs, many targeted towards a specific demographic group such as veterans. Others are allocated to various populations based on different consent decrees.

TENANT-BASED VOUCHER PROGRAM (HABC SET ASIDES)

Bailey Consent Decree

- Set aside for non-elderly persons with a disability who were on HABC's HCVP waiting list and were found to meet HABC's eligibility criteria; chosen by date and time of the application.

Housing First Initiative

- Set aside for eligible chronically homeless households.
- Referrals from the Mayor's Office of Homeless Services.

Families with Children with Elevated Blood-Lead Levels

- Set aside for families with children with elevated blood levels.
- Referrals from the Baltimore City Health Department and/or Baltimore Health Services.

Re-Entry Program

- Set aside for issuance to ex-offenders participating in reentry program developed and operated by the Mayor's Office of Human Services Selection.
- Referrals from the Mayor's Office of Human Services.

TENANT-BASED VOUCHER PROGRAM (HUD SPECIAL FUNDING PROGRAMS)

Family Unification Program (FUP)

- Provided to families in jeopardy of losing custody of children due to inadequate housing and youths aging out of the foster care system.
- Referrals from the Department of Social Services.

NEDS Category II

- This program enables non-elderly persons with disabilities (NEDS) to transition from nursing homes and other healthcare institutions into the community. Families must be transitioning from a nursing home or other healthcare institution and provided the services needed to live independently in the community.
- There is a structured partnership between HABC and The Coordinating Center, which provides care/case management to referees and links participants to needed health and social services.
- Referrals from the Maryland Department of Health and Mental Hygiene under Medicaid's Money Follows the Person (MFP) Program.

HUD SPECIAL FUNDING PROGRAMS (NON HABC REFERRALS)

HUD-VASH

- Joint effort between HUD and Veterans Affairs (VA) to move veterans and their families out of homelessness and into permanent housing.
- HUD provides housing assistance through the HVCP program which allows homeless veterans to rent privately owned housing.
- VA offers eligible homeless veterans clinical and

Housing Choice Voucher Program Inventory Under Lease as of 7.01.2018	
MTW Tenant Based Vouchers (Non-Consent Decree)	8,564
MTW Project Based Vouchers (Includes Bailey Consent Decree, Total Under Contract: 2118)	1,742
MTW Tenant Based Set-Asides	
Bailey Consent Decree (850 vouchers)	798
Re-Entry (250 vouchers)	190
Lead (250 vouchers)	179
Housing First - Homeless-Homeless (850 vouchers)	692
Homeless Project-Based RFP (192 awarded)	83
MTW Tenant Based - HUD Special Funding (w/MTW Flexibility)	
Family Unification Program (FUP) (100 vouchers)	93
NED Category II (40 vouchers)	37
Homeownership (includes 35 Thompson)	112
Sub-Total	12,490
Portability Vouchers (includes VASH port-ins)	273
Sub-Total	12,763
MTW Tenant Based Vouchers - Thompson Consent Decree	1,646
MTW Remedial Vouchers - Thompson Consent Decree	2,284
Sub-Total	3,930
TOTAL MTW INVENTORY	16,693
Non-MTW VASH Vouchers (Total Award: 526)	428
VeteransProject -Based RFP (182 awarded)	-
Non-MTW Section 8 Moderate Rehab (Total Inv: 323)	216
Non-MTW Section 8 New Construction / Substantial Rehab	-
Sub-Total	644
TOTAL INVENTORY	17,337
<i>Total for all MTW and VASH Vouchers (excludes Thompson and Portability Vouchers)</i>	12,918

Indicator 6: Housing Demand

The need for quality affordable housing in Baltimore City is high, far outpacing HABC's ability to meet the need. As of June 30, 2018, there were 54,755 total applicants on HABC's public housing and voucher programs waiting lists combined. Just over 4,555 of these applicants submitted applications for both programs. The Housing Choice Voucher (HCVP) and Project-Based Voucher (PBV) waiting lists are currently closed, so the 89 Mainstream will be allocated to applicants currently on the waiting list. The HCVP waiting list was last opened in 2014 for 10 days and HABC received approximately 75,000 applications.

For public housing, HABC administers a central waiting list. 92% of public housing and 88% of HVCP applications are households comprised of three or fewer persons, indicating a trend for smaller sized units. 36% of public housing applicants and 27% of HVCP applicants are either elderly or disabled. Nearly 96% of all applicants are at or below 30% of the area median income (AMI) and are considered extremely low income (ELI) families.

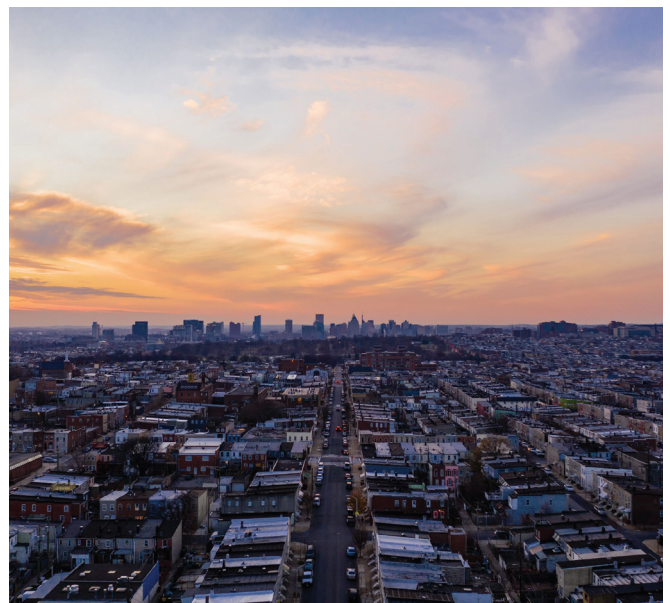
A study conducted by the National Low-Income Housing Coalition found that in 2016, for the approximate 97,000 extremely low-income households in Baltimore, there were only 35,854 affordable and available units. This left a deficit gap of over 61,000 affordable units needed. The study also found that for every 100 households at or below 30% of the AMI, there were only 37 affordable and available units, and for every 100 households at or below 50% of the AMI, there were only 64 units available.

Baltimore City is not unique. This trend holds for every state and nationally, where for every 100 households at or below 50% of the AMI, there are only 55 available and affordable rental units, and only 35 available and affordable units for every 100 households at or below 30% of the AMI. Part of this gap is driven by the lack of investment by the federal government in affordable housing programs such as public housing, which typically houses families at or below 30% of the AMI. Congress has also historically underinvested in both the operations and the maintenance of public housing. On average, Housing Authorities (and HABC) only receive 85% to 95% of their requests for Operating Funds. For Capital Funding, the gap is even larger. Capital funding for all public housing authorities has declined 53% since 2000 by nearly a billion dollars, to just \$1.9 billion in 2016.

Capital funding has declined 53% since 2000









THOMPSON PCD VOUCHERS AND THOMPSON REMEDIAL VOUCHERS

Pursuant to the Thompson Settlement Agreement, the waiting list for Thompson PCD Vouchers and Thompson Remedial Vouchers is maintained by Baltimore Regional Housing Partnership (BRHP) and is separate from any other HABC waiting list for housing assistance. Application for, receipt of, or termination of a Thompson Voucher will not affect a family's standing on any other HABC waiting list. As of December 30, 2016, there were 11,985 families on the waiting list for the Thompson Vouchers and 1,033 families were enrolled in the BRHP mobility counseling program that applicants for a Thompson Voucher must complete before receiving a Thompson Voucher. The BRHP waiting list for Thompson Vouchers was closed on March 31, 2017.



Old Line Sunset

Waiting List Applicants By Family Size

Households (By Family Size)	Public Housing		HCVP (Section 8)	
	Total	%	Total	%
1 	13,775	58.8%	18,796	60.0%
2 	5,469	23.4%	6,480	20.7%
3 	2,265	9.7%	3,321	10.6%
4 	1,112	4.7%	1,656	5.3%
5 	524	2.2%	704	2.3%
6 	207	0.9%	262	0.8%
7 	58	0.2%	62	0.2%
8+ 	28	0.1%	36	0.1%
Total	23,438	100%	31,317	100%

Waiting List Applicants By Household Income

Households (By AMI)	Public Housing		HCVP (Section 8)		Both			
	Total	%	Total	%	Total	%	Total	%
Below 30%	22,414	95.6%	26,956	95.6%	4,343	95.3%	52,372	95.6%
30% to 50%	913	3.9%	1,151	3.7%	183	4.1%	2,064	3.8%
50% to 80%	98	0.4%	189	0.6%	22	0.5%	287	0.5%
Over 80%	13	0.1%	21	0.1%	5	0.1%	34	0.1%
Total	23,432	100%	31,317	100%	4,555	100%	54,755	100%

Indicator 7: Supportive Services

HABC's Office of Resident Services (ORS) provides residents (public housing and HCVP communities) with access to limited supportive services designed to enhance residents' lives, provide opportunities for growth and learning, and assist residents in becoming more financially self-sufficient and if able, transition out of subsidized housing. These programs are predominantly grant-funded, with supplemental support funded by HABC by way of its Moving to Work authority. However, the needs of families for supportive services outpace available resources to sustain a robust supportive services program across the agency.

The following programs are currently offered by ORS:

ECONOMIC SELF-SUFFICIENCY PROGRAMS/ SERVICES (Adults And Older Youth)

Family Self Sufficiency (FSS): Provides goal-oriented case management services that lead to opportunities of self-sufficiency and economic independence, including home buying education to encourage homeownership; FSS is designed to assist residents in achieving economic independence and self-sufficiency through structured 5-year contract goals and case management.

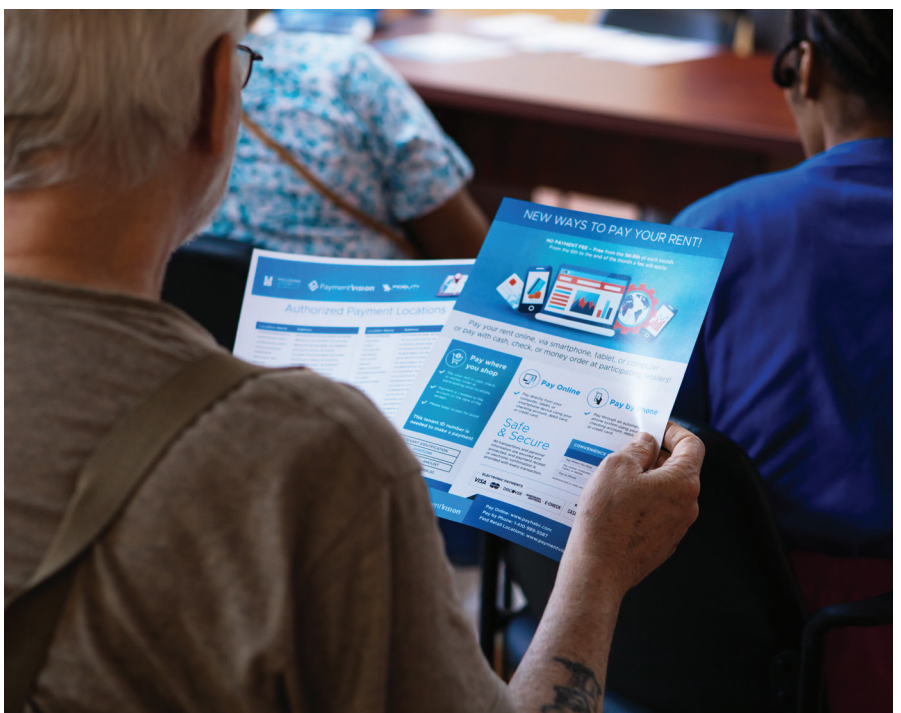
PACE (People Accessing Continued Employment): Provides employment readiness, skill assessment, job placement, retention services, case management, and training referral services to public housing and Housing Choice Voucher residents; also, an Employment Network for the Social Security Ticket to Work Program targeting beneficiaries of SSI and/or SSDI who are seeking employment and are between the ages of 18 and 64.



Supportive Services

Youth Employment Services: Provides youth ages 18-24 with opportunities that will enable them to become productive, well-rounded, economically self-sufficient individuals, including skills assessment, career assessment, mentoring, life skills coaching, job training, tutoring, and education assistance.

My Goals for Employment Success: Is a workforce and coaching demonstration program for residents between the ages of 18-56 who are unemployed or work no more than 20 hours per month. This is one of only two pilot programs in the country.



Payment Vision Community Meeting

PERSONAL SELF-SUFFICIENCY AND INDEPENDENCE

Supportive services are provided through Service coordination and crisis intervention to stabilize households and help improve the overall quality of life in public housing communities.

Service Coordination: Supportive services are provided to families by Service Coordinators who coordinate services and collaborate with community service providers to arrange for service delivery to individuals and families.

Pre and Post Occupancy Training:

This training is designed to give residents an introduction to housing and the information needed for them to maintain their units and be good neighbors. The workshop format assists new and existing public housing residents in understanding the responsibilities of their lease, complying with the community service requirement, becoming self-reliant in the upkeep and maintenance of their units and being informed on the resources and programs that exist within their communities and Baltimore City.

YOUTH SERVICES

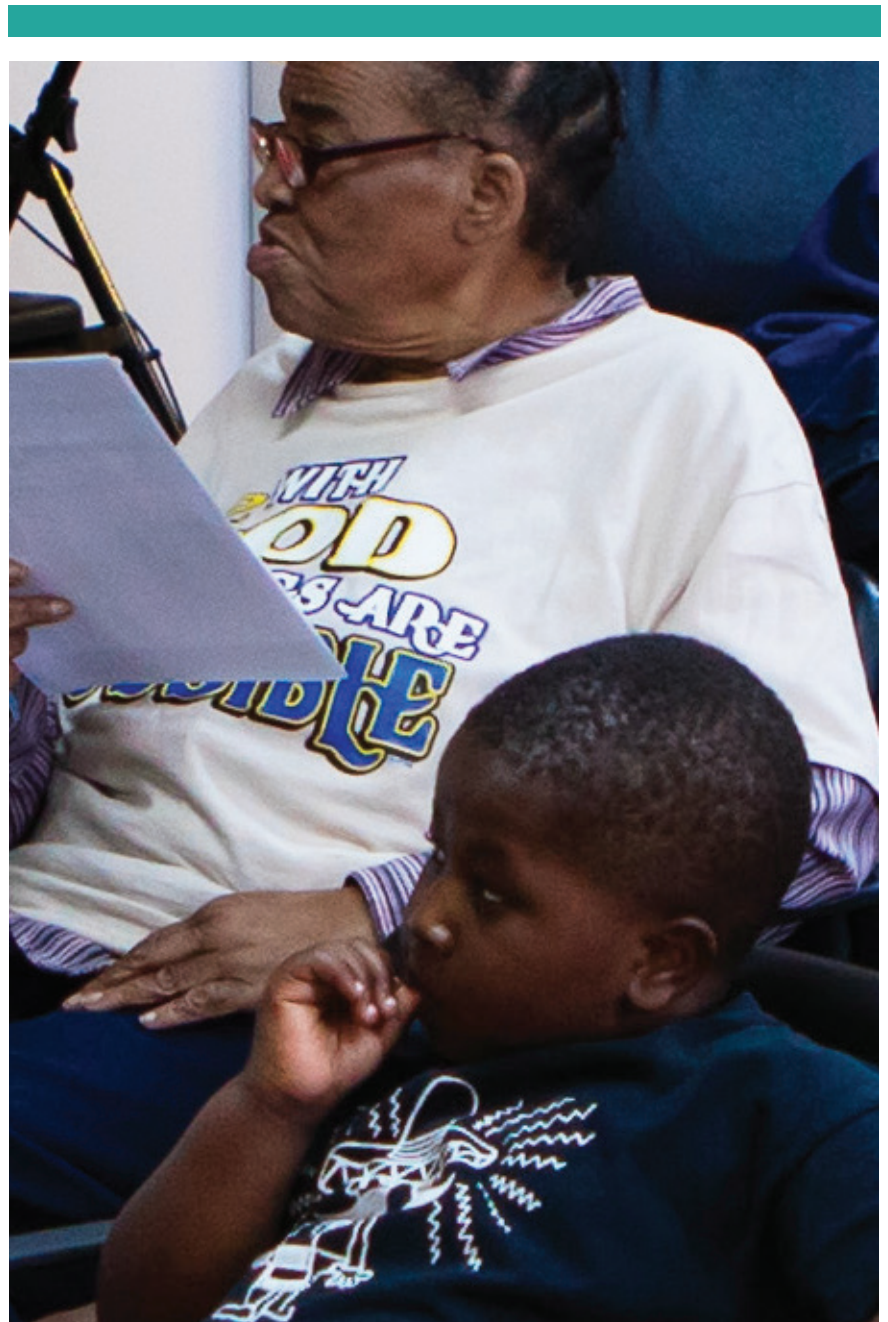
Youth Leadership Clubs: Twelve youth leadership clubs are in operation at various developments. Youth leaders receive training and enhanced support that encourages growth and sustainability.

Boys & Girls Clubs: The partnerships with the Boys & Girls Clubs of Metropolitan Baltimore and Living Classrooms for on-site youth programs will continue at O'Donnell Heights, Westport/Mt. Winans.

Early Head Start : To assist in educational preparation and achievement, the Our House Early Head Start program serves families in the South Baltimore area. Partnerships with other early head and regular start programs around the city help assure that public housing students enter school ready to learn.

Dr. Emerson Julian Childcare Center: Provides an array of customized childcare services to residents of public housing. This fully accredited center provides educational programs designed to assist infants, toddlers, pre-school and school age children and it's located in Heritage Crossing.

The Rising Star Scholarship Program: Provides need-and merit-based scholarships to students who have been accepted to accredited higher learning institutions. The funding for this program comes from fundraising through RSI, and is managed through a partnership with Central Scholarship of Maryland.



Community Meeting

SITE-SPECIFIC SUPPORTIVE SERVICES AND PROGRAMS

Choice Neighborhoods (CN) Case Management and Supportive Services (Perkins Homes): As part of the FY2018 \$30 million CN implementation grant from HUD, HABC has earmarked \$4.5 million to invest in a robust supportive services plan for this site. This portion of the grant leverages another \$30 million in local services from 22 partners. The supportive services plan principally focuses on 3 key elements – employment and work, health and wellness and education. HABC has hired a third-party vendor to implement this plan. This program is grant-funded and in effect through 2025.

Jobs Plus (Gilmor Homes): In 2016, HABC was awarded a \$2.5 million Jobs Plus Initiative grant. The grant leverages another \$2.5 million in local services from 10 partners. The purpose of the Jobs Plus Initiative program is to develop locally-based, job-driven approaches to increase earnings and advance employment outcomes through work readiness, employer linkages, job placement, educational advancement technology skills, and financial literacy for residents of public housing. The place-based Jobs Plus Initiative program addresses poverty among public housing residents by incentivizing and enabling employment through income disregards for working families, and a set of services designed to support work including employer linkages, job placement and counseling, educational advancement, and financial counseling. ORS operates this program, which is in effect through 2019.

SECTION 8 HOMEOWNERSHIP

HABC operates a Section 8 homeownership program. Since the program's inception HABC has assisted 120 families in purchasing a home; another 85 are currently enrolled in the program.



Jobs Plus Meeting



Housing Plus First Move In

OTHER

The Emergency Preparedness Community event "PrepareAthon":

Is a free community-wide event held in September in observance of Emergency Preparedness Month. The purpose of the event is to inform and remind families how to be prepared for emergencies, or disasters in their homes, businesses and communities to make communities safer. One of the goals of the event is to provide each attendee with a Community Preparedness toolkit that includes a first aid kit, battery operated flashlights, a blanket, an emergency packaged meal and other useful resources.

The Gift of Love project: Provides gifts to needy families living in HABC's public housing and Housing Choice Voucher communities. Each family is selected by a team of HABC management and ORS staff based on family need. Sponsors select families to provide gifts to the children for the holiday season. HABC staff, friends and community partners contribute and participate in the yearly event.

T-Mobile Partnership: The goal is to add another level of support to our already successful Connect Home partnership with Comcast. With the distribution of 500 tablets (including 2 years of service), this initiative seeks to bridge the digital divide that exists within our communities. The goal is to make a greater impact on the entire household by having unlimited access to a device and internet service for the purposes of educational support and homework assistance, job search, online bill payment and expanded communication.



Thanksgiving Turkey Giveaway



Gifts to Needy Families

Indicator 8: Fiscal Health

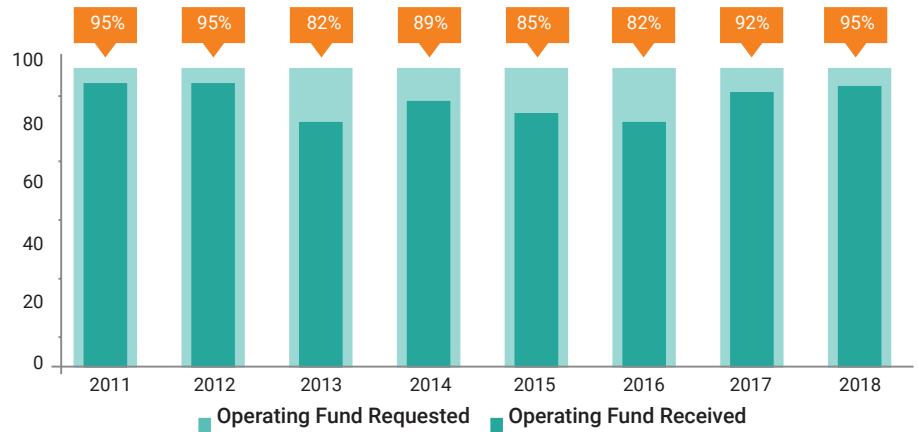
As is the case with all housing authorities across the country, most of HABC's funding comes from the federal government through the US Department of Housing and Urban Development (HUD). HABC receives the following sources of financing:

HOUSING CHOICE VOUCHER SUBSIDY - SECTION 8

For the Voucher programs, traditionally, Congress has provided adequate housing voucher renewal funding (Housing Assistance Payments or rent subsidy costs). This is not true of Administrative fees, funds PHAs receive to administer the HCVP program, which have seen a steady decrease similar to the Public Housing program fund. However, rent costs in most jurisdictions have risen year after year and the funding levels, though level, now support fewer voucher users. Funding remains inadequate, rental costs continue to rise, and HCVP participants find themselves competing with market-rate tenants for fewer and fewer quality rental units at higher rents.

Average Tenant Rents were \$250 in the public housing program and \$213 in the Voucher program in 2018

Public Housing Operating Fund Allocations Historically Underfunded



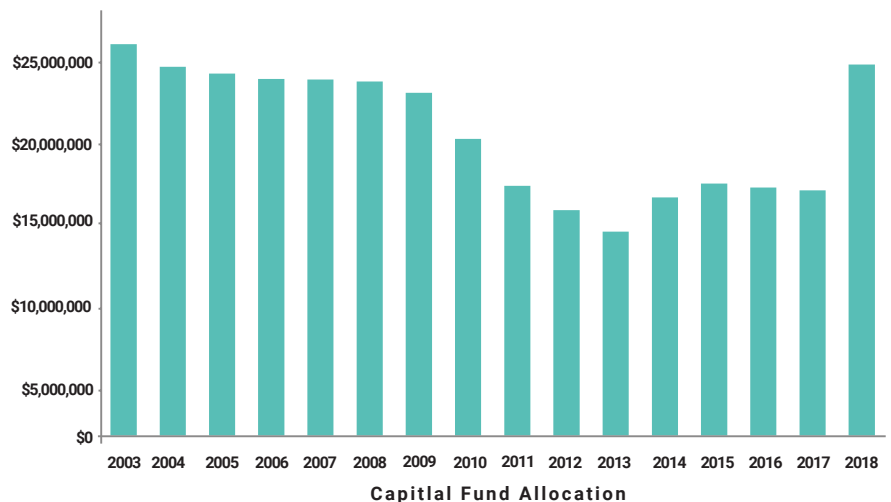
OPERATING FUND - PUBLIC HOUSING

Historically, federal appropriations are not enough to fund 100% of Operating Fund requests and the public housing operating fund has been underfunded since 2005.

On average, HABC receives 91% of its requested Operating Funds, with 2018 representing a significant increase to 94.7%. 2018 was an anomaly – PHAs received an increase despite the Administration's proposed budget cuts. However, as an MTW agency, HABC has the flexibility to block-grant its funding to address local priorities. (see Indicator 9 Assets and Tools)

CAPITAL FUND – PUBLIC HOUSING

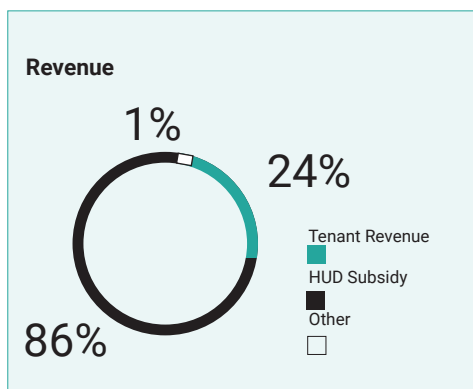
In 2010, HUD estimated the backlog of capital needs to be in excess of \$26 billion, with an average accrual of need of at least \$3.4 billion nationally. With an average annual allocation of \$1.9 billion in capital funds nationally, there is a \$1.5 billion gap each year in addition to the outstanding need. In addition, HUD estimates 300,000 units of public housing have been lost between 1990 and 2010, mainly due to lack of investment in repairs. Historical underfunding of capital repairs has resulted in the loss of approximately 10,000-12,000 units lost every year due to deterioration.



This same trend is evident at HABC. Ongoing reductions to the Public Housing Operating Fund in the context of rising operating costs continue to stress and pose challenges to HABC's ability to provide quality, timely maintenance services to residents and to quickly make-ready vacant units for re-occupancy. These challenges are further exacerbated by existing conditions for all HABC properties, most of which have had inadequate capital investments for decades. A Physical Needs Assessment conducted by HABC in December 2017 found that the HABC Capital Needs from 2017 – 2023 were anticipated to be in excess of \$475 million. Yet, HABC expects to receive just \$79.9 million in Capital Funds from HUD, leaving a gap of over \$384 million.

OPERATING BUDGET

HABC's Capital Funds have seen similar drastic decrease over the past fifteen years, seeing a nearly 40% decrease in Capital Funds from 2003 to 2018. HABC has an FY2018 operating budget of \$360M, 86% of which is subsidy from the US Department of Housing and Urban Development. HABC tenants pay 30% of their household income in rent. This subsidy is to be used for the administration and management of both the Public Housing and Housing Choice Voucher programs. The decrease in HABC's capital funds fifteen years mirrors the national trend with nearly a 40% decrease over the same period.



UTILITY BILLING

HABC procured a third party utility billing company to handle excess charges for resident consumption. HABC's Energy & Environmental Programs Department will oversee this company in close collaboration with other agency departments. This is a key cost savings initiative.

EARNED INCOME/PROGRAM INCOME

Despite decreased funding from HUD, HABC has used its MTW flexibility to finance RAD conversions principally. In addition, HABC's development affiliate has steadily earned program income as a result of RAD conversion and recent development activities. Unfortunately, nearly \$16 million of program income earned by Baltimore Affordable Housing Development, Inc (BAHD) was used to establish a self-insurance fund to settle a 2015 litigation in 2016 against HABC .

ENERGY PERFORMANCE CONTRACTS

HABC has an energy performance contract (EPC) and will continue monitoring, measurement and verification efforts for the Phase I EPC properties which include Latrobe, Cherry Hill, Gilmore, Westport and Brooklyn. An additional EPC program has been planned for the installation of conservation measures (lighting, water conservation fixtures, utility metering and system upgrades) at select properties in the amount of \$10-\$15 million. The second EPC is planned for a total of 15 years with two years of construction. As a part of the EPC strategic plan, HABC re-negotiated Veolia steam contracts for service to Perkins Homes, Douglass Homes and Cherry Hill Homes.

EPC is a financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. Normally offered by Energy Service Companies (ESCOs.), this financing technique allows building users to achieve energy savings without up-front capital expenses. The costs of the energy improvements are borne by the performance contractor and paid back out of the energy savings. Other advantages include the ability to use a single contractor to do necessary energy audits and retrofit and to guarantee the energy savings from a selected series of conservation measures.

Since ESCO debt must be paid off before conversion of development, HABC will need to evaluate whether the planned improvements will limit the Authority's future redevelopment options.

Indicator 9: Assets and Tools

MOVING TO WORK

HABC is one of 39 participating Moving To Work (MTW) agencies nationwide. HABC has been a participant in the program since 2005, and most recently, signed an extension of its MTW Agreement with HUD through June 30, 2028.

MTW is a national demonstration program which gives HABC the flexibility to waive certain statutes and HUD regulations pertaining to the Public Housing and Housing Choice Voucher (HVCP) programs. The MTW statutory objectives include the following:

1. Reduce costs and achieve greater cost effectiveness in federal expenditures;
2. Give incentives to families with children whose heads of households are either working, seeking work, or are participating in job training, educational and other programs that assist in obtaining employment and becoming economically self-sufficient; and
3. Increase housing choices for low-income families.

BALTIMORE AFFORDABLE HOUSING INC (BAHD)

HABC established BAHD as a wholly-owned 501c3 instrumentality in 2014 to undertake certain development activities on behalf of HABC. BAHD, a non-profit development entity, has undertaken 12 development transactions since its inception. Because BAHD has no employees, it has a resource sharing agreement with HABC under which HABC costs are reimbursed by BAHD. As of July 2017, BAHD's financial standing presents \$74.7 million in net worth, \$5.6 million in cash, and \$3.9 million in paid developer fees. These funds were used to pay for HABC's legal liabilities and are therefore not available for planned development activities. It is assumed, however, that once these legal claims are satisfied, BAHD is well positioned to serve as a developer or co-developer for HABC.

AFFORDABLE HOUSING RESIDENTIAL MANAGEMENT (AHRM)

HABC established AHRM as a wholly-owned instrumentality of HABC in 2014 to undertake certain property management activities on behalf of HABC. To date, AHRM has not undertaken any property management activities on behalf of HABC.

RESIDENT SERVICES INC (RSI)

HABC established RSI as a wholly-owned instrumentality of HABC in 2008 to undertake resident services and related fundraising activities on behalf of HABC.

HABCo

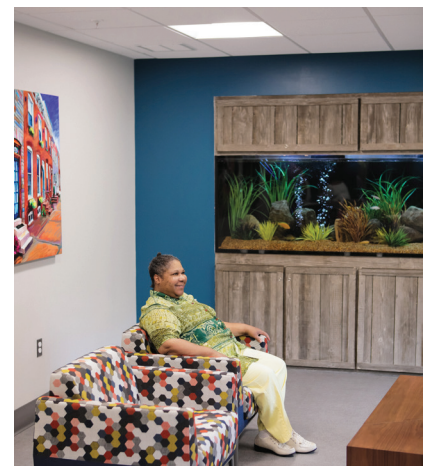
Was established in 1994 as the Construction Services Department to perform certain construction and demolition projects for HABC. HABCo is funded from overhead fees on construction costs, staffed by seasoned construction managers from the private sector and field staff who are journeymen from local construction and trades unions. HABCo projects have expanded from its founding to include whole demolition, rehabilitation, interior and exterior UFAS modifications, renovation of Scattered Site housing units, mechanical and electrical distribution systems, upgrades and repairs, lead paint and environmental risk reduction. In addition to working with HABC, HABCo provides construction services to the Baltimore City Department of Housing and Community Development, including emergency demolition and stabilization of vacant and condemned structures.



HABC Staff Day of Service



Brentwood Ribbon Cutting



Ellersie Ribbon Cutting

Indicator 10: Public Perception and Highlights from Engagement Activities

During the strategic plan planning process, participants were asked to provide feedback on their perception of HABC today and in the future. Feedback was provided via surveys, 'dot' exercises at community workshops, focus groups and interviews. Opinions varied greatly, but key themes emerged.

- HABC lacks the capacity to manage large projects or partnerships and, staff transition has often resulted in loss of institutional knowledge
- There were historical problems as a result of the overlapping structures of HABC and DHCD (hope that separation of HABC from the city will result in more focused attention to HABC's core mission)
- HABC has historically not included its partners in the decision-making process for many actions and activities
- HABC has not communicated its plans and programs effectively to residents and stakeholders
- Residents have complained about an 'abrupt' shift in 'the way things used to be' and the way things are now; better and consistent communication was requested
- There is broad support for development of a strategic plan and providing opportunities for stakeholder input



Gilmor Homes Community Workshop



East Side Community Workshop



West Side Community Workshop

Community Feedback – Headlines From The Future

Survey participants were asked to:

“Pretend you can look into the future and it is the year 2023. You are reading the newspaper and the headline is about HABC. What would it say?”



Indicator 11: Development and Portfolio

LOOKING BACK AT THE 2014 CAPITAL DEVELOPMENT PLAN

In 2014 HABC assessed its entire portfolio resulting in a portfolio-wide Capital and Development Plan. Three key objectives guided the 2014 assessment:

1. Identify and rank each property in HABC's portfolio with regard to their relative strengths and considering several key indicators:
 - Demographic Trends
 - Management Operations
 - Physical Conditions
 - Neighborhood Quality
2. Develop a portfolio-wide Capital Investment Plan
3. Recommend strategies and plans for future redevelopment and development efforts

HABC has been using the 2014 plan as its road map for capital and development decisions since 2014. However, the state of public housing nationally has changed significantly and the organizational structure, physical and fiscal conditions of HABC have also experienced significant changes.

The significant change factors from 2014 to today include the following:

CONVERSIONS

RAD was only a fledgling HUD demonstration program in 2014 and is now a driving force in repositioning public housing nationwide. Since 2014 nearly all mixed population developments have been converted to project-based rental assistance through RAD and HABC has transferred ownership of these units to private developers/owners, while retaining ownership of the land. Additional RAD conversions are in process (see the following exhibits). This differs from the 2014 Plan which called for some properties to be vacated and demolished, if not viable for conversion.

Several of the mixed-finance and HOPE VI developments were scheduled for RAD conversion in 2014. At that time, only Pleasant View Gardens (Townhouses and Senior), Broadway Overlook, Hillside Park and Terrace Garden Coop Apartments and Heritage Crossing were under consideration. All have successfully been converted to RAD project based rental assistance.

At the time of the 2014 Plan, HABC was servicing a capital bond used to make improvements to various properties. Those bonds were guaranteed by HUD annual Capital Funding Grants. The terms of the loans required HABC to maintain a minimum number of units to insure security of the bond debt. In order to convert developments with RAD, the agency had to retire and repay a large portion of that debt since 2014.

All future development and redevelopment will meet the legal requirements for UFAS.



The Brentwood Before RAD Conversion



The Brentwood After RAD Conversion

Phase I Sites Converted Via RAD

Project Name	Total Units	Neighborhood	City Council District	State District	Cost
The Allendale	164	Allendale	8	41	\$27,552,358
Bernard E. Mason Apts.	223	Wakefield	8	41	\$38,538,000
Bel Park Tower	253	Arlington	5	41	\$35,666,884
The Brentwood	150	Barclay	12	43	\$27,911,223
Chase House	189	Mount Vernon	11	40	\$35,986,589
Hollins House	130	Hollins Market	9	40	\$25,876,789
Lakeview Tower	302	Reservoir Hill	7	40	\$43,840,300
Pleasant View Senior	110	Pleasant View Gardens	12	46	\$17,195,631
Pleasant View Townhomes	201	Pleasant View Gardens	12	46	\$36,200,638
Primrose Place	125	St. Agnes	10	40	\$21,606,568
Wyman House	168	Charles Village	12	43	\$31,306,276

Phase II Sites Converted Via RAD (completed or in process)

Project Name	Total Units	Neighborhood	City Council District	State District	Cost
Arbor Oaks	62	Evesham Park	4	43	\$6,241,800
Broadway Overlook	84	Washington Hill	12	45	\$6,772,277
Ellersie Apts.	117	Better Waverly	4	43	\$28,134,605
Govans Manor	191	Govans	4	43	\$40,487,521
Heritage Crossing	75	Harlem Park	9 & 11	40	\$19,785,096
Hillside Apts.	30	Irvington	8	44	\$11,606,706
J. Van Story Branch Apt.	350	1Charles Village	12	43	\$73,012,300
MuCulloh Extension	347	Upton	11	40	\$78,624,450
Monument East Apt.	170	Dunbar Broadway	12	45	\$47,239,867
Rosemont Tower	203	Rosemont	9	40	\$38,560,762
Terrace Garden Coop	47	Poppleton	9	44	\$1,110,637
Somerset Extension	58	Old Town	12	46	\$17,369,890
Townes at the Terraces	203	Poppleton	9	44	\$3,186,000

Phase III Sites (pending)

Project Name	Total Units	Neighborhood	City Council District	State District	Cost
Broadway Homes- 58	58	Various	Various	Various	TBD
Carey House	23	Sandtown - Winchester	7	40	TBD
Dukeland	27	Sandtown - Winchester	7	40	TBD
Hollander Ridge	110	Various	Various	Various	TBD
Laurens House	36	Sandtown - Winchester	7	40	TBD
McCulloh Homes	556	Upton	11	40	TBD
Oswego Mall	35	Greenspring	6	40	TBD
Perkins Homes	100	Perkins	12	46	TBD
Poe Homes	286	Poppleton	9	40	TBD
Shipley Hills	21	Various	9	44	TBD
The Rosemont	106	Rosemont	9	40	TBD



Keys Pointe Ribbon Cutting

DEVELOPMENT INITIATIVES

The primary development priorities in the 2014 Plan were to acquire up to 196 additional public housing units using the HUD Replacement Housing Funds (RHF) the agency was entitled to funds from the Hollander Ridge HOPE VI grant. The strategy was to develop the units and then immediately convert them to project based assistance through RAD. Additional development priorities were to complete the redevelopment of O'Donnell Heights, and possibly redevelop Perkins Homes in the future. McCulloh Homes would be considered for redevelopment if the plans for a new State Office Complex became a reality.

The second phase of O'Donnell redevelopment is underway. Additional units have been approved for demolition. Redevelopment of the cleared site is moving slower than anticipated. Lack of funding is the limiting factor.

The 2014 Plan included exploration of Choice Neighborhoods (CN) feasibility for Perkins Homes. A CN implementation grant application for Perkins Homes was successfully funded in 2018, following on the heels of a two year planning effort. This will completely redevelop Perkins Homes as well as provide replacement housing on the site of former Somerset Homes. The \$30M grant from HUD leverages over \$800M in investment in the area with financing from Baltimore City, the State of Maryland, HABC, foundations, service providers and many others. All existing Perkins Homes units will be replaced (the plan introduces, 1,345 new units in a new mixed income setting), a new school will be constructed, new retail, parks and amenities introduced and/or improved, and 3,445 new jobs created.

A \$1.3 million CN Planning and Action grant for Poe Homes was successfully funded in 2018. The 24-month planning effort is underway and will result in the development of a transformation

plan for the Poe Homes site and surrounding neighborhood. The planning effort follows the Perkins-Somerset-Oldtown Transformation Planning process, both of which represent HABC's new approach to planning for and redeveloping its communities through a neighborhood transformation lens. The final plan will result in a housing plan that preserves all existing units in a new mixed income community with net new affordable and market rate housing opportunities; a people plan that addresses the needs of Poe Homes families and that connects them to opportunities that will allow families and children to thrive; and a neighborhood plan that outlines strategies to address crime and safety, blighted, vacant and abandoned land, economic development, open space and infrastructure improvements, among other things.

The use of the Hollander Ridge HOPE VI funds is dictated by the Thompson Settlement Agreement, which requires the acquisition and renovation of 90 to

100 scattered site units in Baltimore City that are in areas of opportunity, Regional Choice neighborhoods or other neighborhoods agreed upon by the parties. After all of the units are occupied, they will be converted under RAD.

The competitive funding criteria for the State's LIHTC program, the primary source to finance affordable housing, have changed significantly in the past several years. The criteria are skewed toward development in stable neighborhoods. There is a disconnect between the reality of land availability, affordability and neighborhood distress in Baltimore City and the State's criteria. The change in criteria has made it more difficult for a developer in Baltimore to be competitive though in 2018, the Qualified Allocation Plan awarded bonus points to developments with a Transformation Plan, such as Perkins Homes.

Perkins-Somerset-Oldtown Transformation Planning Process

Perkins Somerset Oldtown Transformation Plan

Catalyzing comprehensive neighborhood change

Neighborhood Background and Vision

Located within minutes of Downtown Baltimore and the historic waterfront, Perkins Somerset Oldtown (PSO) is a community of 4,300 residents in 2,122 households. The largest public housing site—Perkins Homes—is currently home to 347 families in 629 units. Built in 1962, Perkins Homes has long continued to provide the rock that complete demolition is now necessary.

The Plan encompasses two additional development sites, Somerset and Oldtown, both of which are situated at the north end of the PSO development. Somerset is a public housing site that opened for occupancy in 1948 on an 8.4-acre, rectangular parcel of land in East Baltimore, bounded by Monument, Central, Orleans, and Hospital Streets, just two blocks west of the Johns Hopkins Hospital. It was demolished in 2009-2010. Reserved for the Somerset site is Oldtown, which is bounded by Essex, Karmel, East, and Orleans Streets. Oldtown was once the site of 646 flats, a seven-story apartment complex, which closed in 1994 and was razed in 2002.

The long-term vision of the PSO Transformation Plan is to transform Perkins Homes and the surrounding community into a Community of Choice that is thriving, provides resident pride and unity among neighbors, and is integrated into the surrounding area—or more modest for a 21st century urban neighborhood.

Outcomes	Baseline	Expected Result
Increased early learning program	15%	20%
Reduced maternal delays	30%	50%
Screen children for developmental delays	76%	87%



PSO Transformation Announcement July 19, 2018

BAILEY CONSENT DECREE

The Bailey Consent Decree (“the “Bailey Decree”) was entered in 2004 and required, among other things, the creation of a specific number of units for non-elderly persons with disabilities and of a specific number of wheelchair accessible units. The parties expected that the remedies set forth in the Bailey Decree would be completed by 2014. Although HABC completed the majority of the obligations in the Bailey Decree and made substantial progress towards completing others, due to circumstances beyond HABC’s control, several remedies had not been completed by 2014. Therefore, in 2015, the parties entered into the Bailey Supplemental Decree (the “Supplemental Decree”), which extended the deadline for completing the remedies and incorporated reporting requirements thereby extending the Bailey Decree, as amended, to December 31, 2030. The Bailey Supplemental Decree also included requirements with respect to the units converted under RAD to ensure that persons with disabilities generally, and more specifically non-elderly persons with disabilities,

would be able to continue to occupy the units at particular developments. The provisions with respect to each of the RAD properties are in effect for fifteen years beginning from the closing date that each property converts from public housing to project based rental assistance under RAD. Because the Bailey Decree, as amended by the Supplement Decree, remains in effect, HABC will have to replace any of the wheelchair accessible units that are removed from HABC’s inventory.

MANAGEMENT ISSUES

The most significant change to the organization since the 2014 Plan was the separation of HABC from the City of Baltimore’s Housing Department. Once this was done, it was imperative that HABC completely reevaluate its organization structure and how it does business. This strategic plan is a key element of the process and will provide the road map for the repositioning of the agency in the Baltimore housing market.

When the 2014 Plan was being finalized, RAD was just beginning to be considered by HABC. One of the major discussion items was the downsizing

of HABC staff. Several options were under consideration. They included, encouraging the developer for sites being converted under RAD take HABC property management staff. Other options included attrition, immediate hiring freeze and early retirement. HABC has been using a combination of these strategies to right-size its staff as the number of units are reduced due to RAD.

Another major concern in the 2014 Plan was the fact that HABC’s Moving to Work (MTW) contract with HUD would end in 2018. The MTW funding calculation for HABC was one of the most advantageous in the program and loss of the MTW status would result in significant drop in federal funding. Fortunately, HABC secured a new 15-year extension of the MTW agreement that retains the previous funding levels.

Poe Homes Transformation Planning Effort

The target neighborhood for the planning effort includes the Poe Homes, Poppleton, Hollins Market and Barre Circle neighborhoods and has a population of approximately 5,086 residents (or 2,181 households) including Poe Homes public housing residents. The CN planning study area is bordered by Mulberry Street to the North, Martin Luther King Boulevard to the East, Pratt Street to the South, and Carey Street to the West. The targeted community is comprised of predominantly row-house style, single family residential buildings and hosts James McHenry Elementary and Middle School, Excel Academy (an alternative high school), and the University of Maryland BioPark.

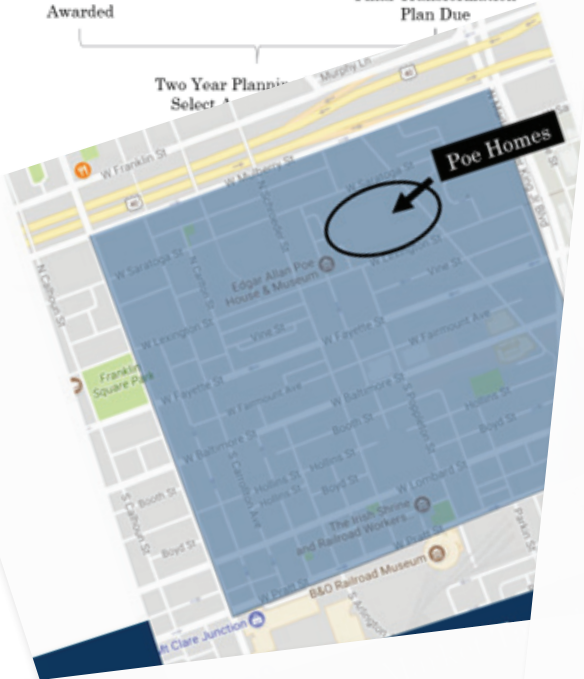
In addition to Poe Homes and neighborhood residents and stakeholders, many partners are actively engaged in the planning effort.



FY 2018 Planning & Action Grant



\$1.3 million Planning and Action Grant from HUD - Poe Homes.



Southwest Partnership Vision Plan

"We envision an awesome, healthy, architecturally beautiful, diverse, cohesive community of choice built on mutual respect and shared responsibility. We embrace all diversity: from race, gender, and sexual orientation to economic, educational, and housing choice. Our diversity is our strength."

Center West Master Plan

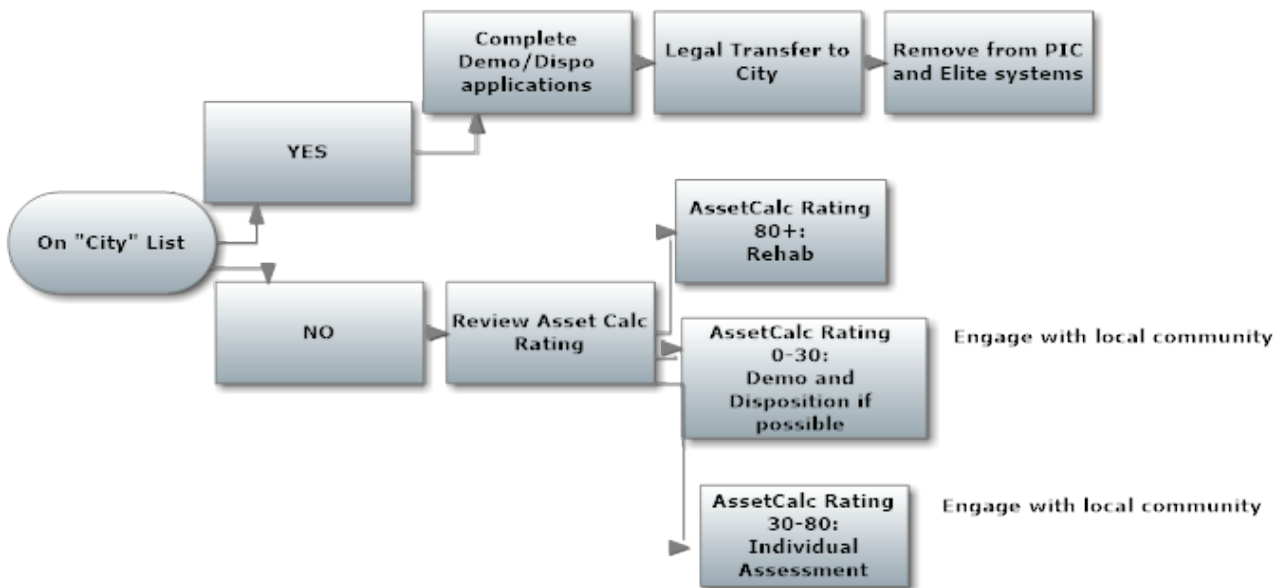


- \$460 M
- 13 ac
- 1,663 home
- 20% rent
- 52,0 incl
- Lo



SCATTERED SITES

One of the most serious issues addressed by the 2014 Plan was the physical, locational and operational problems with this segment of the portfolio. As part of the Plan, the entire portfolio of scattered site units was ranked and prioritized based on several physical, neighborhood condition and community investment considerations. A protocol was established to ensure that investment in individual properties was only made in reasonably stable neighborhoods and the investment costs were reasonable. That protocol has been the basis for investment, demolition and disposition decisions regarding the scattered site portfolio since 2014. In 2018, HABC developed an electronic tool (AssetCALC Rating System) to update the viability of the scattered site inventory, using quantifiable data. The tool allows HABC to make objective decisions about each property based on site and neighborhood conditions. As the graphic illustrates, an initial step will be for HABC to determine ownership as HABC was previously part of the city. Sites still owned by Baltimore City ("City List") will revert back to the city and HABC will determine the best action for the remaining sites.



CONVENTIONAL PUBLIC HOUSING DEVELOPMENTS

It was obvious from the 2014 Plan that once targeted sites were converted under RAD and/or redeveloped, HABC would be left with the largest, oldest and most distressed public housing often in the most distressed neighborhoods. There were a series of strategies to mitigate some of the more egregious conditions and stabilize the properties within the context of limited resources. The 2014 Plan called for the inclusion of Somerset Court Extension into the RAD program and to demolish Mt. Winans. HABC did follow through with the plan for Somerset Court Extension. It demolished only the Mt. Winans buildings located near the railroad tracks and decided to retain the remainder of the buildings for the near future.

The 2014 Plan had identified McCulloh Homes, Douglass Homes, Cherry Hill Homes, Albert Spencer Gardens, Oswego Mall and Shipley Hills as properties that could likely be preserved and managed without extra-ordinary capital investment. Oswego and Shipley will now be converted under RAD.

The plan categorized Gilmor Homes, Poe Homes, Brooklyn Homes, Westport Homes, Rosemont and Dukeland as properties that could benefit from site and building modifications and reconfigurations making them more sustainable. At this time, Rosemont and Dukeland will be incorporated into a future RAD program and those suggestions will be addressed in the context of the improvements financed under RAD. There are no plans to make any changes at Brooklyn or Westport. The 2014 Plan identified the walk-up

buildings at Gilmor Homes as the most distressed, indefensible and troublesome buildings on the site and recommended that they be vacated and demolished, retaining only the two-story buildings. HABC is moving forward with this approach. Poe Homes is now the subject of a CN planning grant from HUD and a planning process like the one that won a CN implementation grant for Perkins Homes has begun. No action has been taken to address Brooklyn and Westport.

The 2014 Plan also identified Perkins Homes and Latrobe Homes for redevelopment in the long term. Perkins Homes moved forward much sooner (see discussion on previous page). The partial reconfiguration and demolition suggested for Latrobe is still a long-term vision.

Some of the remaining properties may not be feasible for a RAD conversion due to the high modernization cost, low market rents and distressed neighborhood locations. Each must be evaluated individually given new tools currently available to HABC. Therefore, they will remain in the HABC inventory for the foreseeable future until a final strategy is determined.

AFFORDABLE HOUSING PROPERTIES (NON-PUBLIC HOUSING)

HABC owns or has interest in 7 non-public housing properties. They are Barrister Court Apartments, Indecco Apartments, Irvington Place Apartments, Maxwell III, Norman Lohn House, Somerset Chase and West Lexington Street. The 2014 Plan recommended disposal of Maxwell III. The remainder of this portfolio was to be acquired with Replacement Housing Factor funds (RHF) funding, placed under an Annual Contributions Contract (ACC) and then converted to RAD, subject to HUD approval. This strategy was considered a low priority by HABC and no action has been taken on these properties.

NEIGHBORHOOD INVESTMENT

The investment strategies outlined in the 2014 Plan were significantly influenced by the conditions in the neighborhoods where HABC developments are located. Characteristics such as crime, income levels, property value, rents, public and private investment and disinvestment were factored into ranking the neighborhoods that influenced investment strategies for HABC properties. One of the primary sources of data for this evaluation was the city of Baltimore's Department of Planning and particularly their Housing Market Typology assessments. This was particularly true for the triaging of the Scattered Site portfolio. In 2018, the city Planning Department updated the Housing Market Typology

assessment, adding new data which shows neighborhood trends over the past 10 years. The resulting changes to neighborhood ranking will likely have a minor impact on HABC investment strategies outlined in the 2014 Plan.

HABC PORTFOLIO TODAY

The challenge for HABC is to meet the growing capital needs of an aging portfolio, suffering from obsolescence, failing infrastructure and the effects of decades of under-funding while relying on an ever-shrinking federal funding source. In the past decade, HABC obligated and expended \$161.2M in Capital Funds received from HUD. That is an average of \$14.4M annually. Assuming a federal funding stream at this level, HABC can expect to receive \$79.9M in capital funds over the seven-year period from 2017 to 2023. Leveraging those funds, the agency can expect to raise an additional \$11.5M for a total capital budget of \$91.4M. The projected capital needs for this period is estimated to be \$475M which is more than five times the available funding. This is a shortfall of \$384M over a seven-year period.

The extent of the capital needs varies greatly over the portfolio depending on the size, type, age and location of the units. For the purposes of this study the portfolio was divided into four groups:

- Large Developments consisting of 250 units or more

- Medium Developments consisting of 100-250 units
- Small Developments consisting of less than 100 units
- Scattered Sites (6 or fewer units per structure) which consist of single homes, duplexes and small apartment buildings scattered throughout the city.

The capital demand of the medium and small developments is not significant. They represent only 11% of the portfolio and have only 5% of the total capital needs. The highest needs are in the large developments and the scattered sites. These two segments of the portfolio constitute 90% of the units and 95% of the need. More than three quarters of the units in HABC's public housing portfolio are in large developments. But the capital needs demand of this segment is 70% of the total capital needs. The scattered site segment represents only 14% of the portfolio but has one quarter of the total capital needs. It also has the highest average per unit cost at \$124.8K.

Capital Need - Portfolio Wide

	Total Capital Need	Cost / Unit	% of Total Units	% of Total Capital Needs
Large Developments	\$332.3M	\$64.5K	76%	70%
Medium Developments	\$14.3M	\$32.1K	6%	3%
Small Developments	\$10.3M	\$39.2K	4%	2%
Scattered Sites	\$117.1M	\$124.8K	14%	25%

LARGE DEVELOPMENTS

Nine of HABC's developments are large developments with more than 250 units. Cherry Hill is by far the largest with 1,281 units and Poe Homes is the smallest with 288 units. The total capital needs for this segment over the seven-year period is \$332.3M with the average cost of \$64.5K per unit.

The capital investment strategies for this segment of the portfolio vary greatly from total redevelopment to manage and maintain as conventional public housing.

Four developments, Perkins Homes, Poe Homes, Latrobe Homes and O'Donnell Heights are designated for neighborhood transformation and redevelopment.

Perkins

Perkins Homes is already in the redevelopment process with the award of a \$30M HUD Choice Neighborhood (CN) Implementation grant in Summer 2018. The result will be a revitalization of the site and surrounding neighborhood into a vibrant mixed-income community that replaces all existing units and introduces additional affordable and market units along with a range of community amenities. The redevelopment of Perkins Homes is expected to be completed in 2025. Both the City and the State are major investors and partners in this redevelopment plan.

Poe

Poe Homes and the surrounding neighborhood is currently the subject of a HUD-funded \$1.3M CN planning effort that is anticipated to result in a neighborhood transformation plan like that at Perkins. The planning effort is expected to be completed in early 2020.

O'Donnell

O'Donnell Heights is being redeveloped under a decades old redevelopment plan which produced primarily public



Perkins Homes

and low-income housing. This plan is currently stalled due to lack of funding. The strategy for O'Donnell Heights would be to prepare a new revitalization plan which would include a range of housing options that are consistent with present day market and examines opportunities to develop a broader neighborhood strategy.

Latrobe

Latrobe Homes suffers from obsolescence and years of deferred maintenance with capital improvements estimated at 127M. This site should be considered for neighborhood revitalization strategy which will not likely happen for a decade or more, due to other higher priorities in the agency.

McCulloh

McCulloh Homes and McCulloh Extension have a unique potential for redevelopment. However, that potential is subject to the success of development plans and activity for the expansion of the adjacent State Office Complex, which is currently the subject of litigation. Once the litigation is resolved, a neighborhood masterplan should be developed in conjunction with HABC, the neighborhood, the State, and the city.

The strategies for Gilmor Homes and Brooklyn Homes is one of selective demolition.

Gilmor

At Gilmor Homes, the site experiences high criminal activity and it has been determined that the mid-rise walkup buildings are functionally obsolete and due to their design and siting are difficult to manage and secure. The plan is to demolish these buildings and HABC has secured HUD approval to do so. Demolition will be completed in 2019. HABC will retain the two-story townhouse type buildings. The cleared land will be retained for future development.

Brooklyn

The short and mid-term strategy for Brooklyn Homes is to maintain and manage it as public housing. The long-term strategy would be to reduce the density and eliminate indefensible space on the site through selective demolition of individual buildings.

Cherry Hill and Douglass

The plan for Cherry Hill Homes and Douglass Homes is to retain and maintain them as conventional public housing making timely capital improvements

necessary to sustain them as safe, sanitary and decent housing until a neighborhood transformation is feasible. It is expected that as the Perkins-Somerset-Oldtown (PSO) Transformation Plan is implemented, Douglass Homes will become the next important redevelopment site as the surrounding neighborhood will have realized significant investment in part because of the PSO transformation effort. Market conditions will be much more favorable then. Similarly, it is hoped that Cherry Hill Homes may benefit from implementation of the broader redevelopment strategy for the Cherry Hill waterfront, which is currently in an approved Tax Increment Financing district.

MEDIUM DEVELOPMENTS

Three of the HABC developments are medium sized with between 100 and 250 units in each development. Only 446 of the units in the portfolio are in these developments. The total capital needs for the seven-year period is \$14.3M for an average cost of \$32.1K per unit.

Mount Winans and Westport

The strategy for Mount Winans Homes and Westport Homes is to manage and maintain the units as conventional public housing, making the timely capital improvements necessary to sustain them as safe, sanitary and decent housing until a neighborhood revitalization is feasible. It is hoped that the projected revitalization of the Westport waterfront will have a positive impact on both the Westport and Mount Winans neighborhoods and spur revitalization of the properties.

Rosemont

Rosemont Homes is of the size, condition and location that is conducive to RAD conversion. Therefore, the strategy for Rosemont Homes is to convert the property to project-based assistance under a RAD program and make significant capital improvements using the leveraged funds generated by the conversion.

SMALL DEVELOPMENTS

This portion of the portfolio consists of 263 units in 10 developments with less than 35 units in each development. They have a seven-year capital need of \$10.3M or \$39.2K per unit. The strategy for four of these developments (Albert Spencer Gardens, Dukeland, Oswego Mall and Shipley Hills) is to convert them under RAD which would fund the outstanding capital needs using leveraged funds generated by the conversion. The remaining six developments are relatively new (developed in the past two decades) and in reasonably good condition. The strategy is to maintain and retain them as conventional public housing and make timely capital improvements necessary to sustain them as safe, sanitary and decent housing. They may also be candidates for RAD straight conversion and HABC should explore 'bundling' RAD applications to maximize highest rents.

Large Developments	# Units	Medium Developments	# Units	Small Developments	# Units
Brooklyn Homes	486	Mount Winans	140	Albemarle Square	4
Cherry Hill Homes	1281	Rosemont	106	Albert Spencer Gardens	20
Douglass Homes	387	Westport	200	Bailey UFAS	34
Gilmor Homes	548			Dukeland	30
Latrobe Homes	672			Midtown	35
McCulloh Homes	556			Oswego Mall	35
O'Donnell Heights	304			Shipley Hills	21
Perkins Homes	629			Stricker Street	25
Poe Homes	288			Thompson 22	22
				Uptown	37



McCulloh Opening Celebration

SCATTERED SITES

This portion of the portfolio consists of 938 units located in 1-6-unit buildings scattered throughout the city. Many are old row house and tenement structures which were constructed more than a century ago. Due to their age, construction type and often location in distressed neighborhoods, they have very high capital investment needs. Although this segment of the portfolio constitutes only 14% of all units, it has 25% of the capital needs and the highest per unit cost at \$124.8K per unit. The plan is to continue implementation the 2014 Plan recommendations, with some enhancements.

There are multiple strategies for the scattered sites depending on their location, condition of the unit, condition of the surrounding neighborhood, opportunities for land assembly, cost to rehab and housing quality. HABC will utilize its newly developed Asset Calc tool to determine how to sort these properties into 'Keepers and Leavers'.

Scattered Site Strategy 1

The first strategy is to dispose or demolish vacant units located in neighborhoods that are not stable or improving and any unit which requires an unreasonably high cost to rehabilitate. These units and lots would be offered to mission-oriented community-based organizations (CBOs) who express a willingness and ability to use the properties for their housing mission. HABC could package these units and lots as a single grouping or clusters, depending on the number and capacity of CBOs who can redevelop these sites.

Scattered Site Strategy 2

The second strategy is to establish a homeownership program to dispose of units in stable and improving neighborhoods that have been renovated or require minor improvements. These units would be offered first to eligible HABC residents and then to other eligible low- and moderate-income residents living in the city.

Scattered Site Strategy 3

The third strategy would be for HABC to divest itself of all remaining properties that are in stable and improving neighborhoods to BAHD, its development affiliate. BAHD would either rehabilitate the property or redevelop the site. It would then sell the units on the open market as affordable homeownership or rental properties. Program income earned from these sales could then be reinvested into development of other sites and communities.

Continuous communication with residents of these properties will be essential. In addition, HABC should explore the possibility of retaining the rental subsidy either via RAD or Section 18 conversion. These rental subsidies could then be transferred to another site and community. Under this scenario, HABC would have no net loss of an affordable rental resource, though the property may be sold.

OTHER HOUSING PROPERTIES

This segment of the HABC portfolio is not public housing. These properties were developed over the past two decades under the State of Maryland's Partnership Rental Housing Program (PRHP). The Affordable Housing segment is comprised of seven properties with 216 apartments; five of the properties are for family occupancy and two are for elderly occupancy. They are a combination of rehabilitated or repurposed buildings and newly constructed multi-family properties. Although they are owned by HABC, they are managed by private management companies with HABC providing only asset management. All capital improvements at these properties must be funded from each property's replacement reserve fund.

Maxwell III

The strategy for Maxwell III is demolition and disposition of the site.

Because HABC is under its Faircloth limit, which sets the maximum number of public housing units HABC can own, the strategy for the other six properties would be for HABC to purchase them by paying down the bonds and then converting them to public housing, subject to HUD approval. HABC would then immediately place them into a RAD program converting them to project based rental assistance and allowing them to be comprehensively modernized with leveraged funds resulting from the RAD conversion.



State of Maryland's Partnership Rental Program

Other Housing Properties	# Units
Barrister Court Apartments	32
Indecco Apartments	45
Irvington Place Apartments	41
Maxwell III	20
Norman Lohn House	12
Somerset Chase	22
West Lexington Street	44

Chapter 4. Pathways to Success

Strategic Plan recommendations are organized into three strategic priorities - Transform, Innovate & Advocate.

Transform

HABC will transform the way it does business to proactively plan for a sustainable future for the affordable housing it provides.

These transformation strategies will encompass a variety of strategies that will increase efficiency, diversify business operations, leverage HABC's existing assets and tools, expand housing choice, and build capacity to provide good internal and external customer service. HABC will also actively seek out opportunities to leverage development at HABC sites as a tool for catalyzing neighborhood revitalization that stabilizes communities and maintain and grow affordable housing.

Innovate

HABC will innovate the way it connects residents to housing and supportive services by consolidating services and partnerships to ensure success.

These innovative strategies will create ladders of opportunity to help HABC residents succeed through increased housing options, counseling, and service connections. HABC will create and leverage partnerships with external partners who align with HABC's core mission and values, including the city of Baltimore, State of Maryland, philanthropic entities, and advocacy groups.

Advocate

HABC will advocate for long-term sustainability and redevelopment of public housing to successfully provide affordable housing opportunities over time.

These advocacy strategies will seek out federal, state, and local policy changes that will ensure sustainability for HABC operations, supportive services for residents, and increase affordable housing options. Dedicated funding of supportive services, investment in strategic neighborhoods, and the recruitment of networks of "champions" to support affordable housing and community development activities in Baltimore will form the base of HABC's advocacy strategies.

Priority # 1

TRANSFORM

Current Reality:

Given declining federal revenue, significant deferred capital costs for an aging portfolio, growing demand for quality affordable housing options in the city, and reduction in portfolio, HABC is left with the most challenging sites in its portfolio, while simultaneously serving among the city's most vulnerable families. Therefore, HABC needs to proactively plan for a sustainable future for the next generation and beyond.



Objective **Operate More Efficiently**

1.1

- Strategies**
- 1 Upgrade business infrastructure and technology to enhance data collection, track performance and deliverables, and improve overall business management including rent collection and maintenance
 - 2 Reduce costs and achieve greater cost effectiveness
 - 3 Collaborate with public safety organizations to develop and implement comprehensive security plan to mitigate crime and safety challenges which cause loss of revenue from prolonged vacancies, and reluctance by residents, staff and contractors to live or work at challenging sites

- Success Measures**
- Number and type of technology upgrades made
 - Amount of net savings realized
 - Collaboration with public safety organizations
 - Public safety plan

Timeline Year 1 - 3

Objective **Diversify Business Operations**

1.2

- Strategies**
- 1 Use non-traditional and entrepreneurial business models and creative financing tools to generate revenue
 - 2 Develop housing in thriving and emerging neighborhoods that allow for integration of unsubsidized units, which can allow greater cross-subsidization of affordable units
 - 3 Expand supportive services offerings beyond HUD grant-funded programs
 - 4 Expand housing offerings beyond traditional public housing and housing choice vouchers to include VASH, Mainstream, Family Unification Program, unsubsidized housing and other federally or state-supported housing initiatives
 - 5 Grow HABC's portfolio by acquiring and preserving LIHTC expiring use properties and market-rate affordable units in emerging and stable neighborhoods to help expand and diversify the portfolio in a cost-effective way

- Success Measures**
- New lines of business
 - New revenue streams
 - Number of units acquired in stable and thriving neighborhoods
 - Type of units developed in stable and thriving neighborhoods

Timeline Year 1 - 5

Objective **Leverage HABC's Existing Assets & Tools**

1.3

- Strategies**
- 1 Reposition Baltimore Affordable Housing Development (BAHD) to be a more robust developer to assist HABC expand housing options to serve more families, including targeted homeownership
 - 2 Re-examine ownership options for all future development transactions
 - 3 Re-evaluate Moving to Work (MTW) designation to test new and innovative solutions to providing both housing and supportive services

- Success Measures**
- Transactions with revenue generating options for BAHD and/or HABC
 - Revenue generated from development transactions
 - Number of units under Asset Management
 - Revamped MTW Plan approved by HUD
 - Number of transactions with BAHD as developer or co-developer

Timeline Year 1 - 5

Objective **Expand Housing Choice and Reach of Assistance**

1.4

- Strategies**
- 1 Review ways to maximize budget authority to improve voucher utilization
 - 2 Identify and target submarkets within Baltimore City where higher payment standards can incentivize landlords and improve landlord participation in the voucher program
 - 3 Develop pilot mobility program for current HCVP households to address health issues
 - 4 Leverage MTW designation to provide incentives for landlord participation and to expand housing choice
 - 5 Create pathways for residents to move into more thriving neighborhoods and prepare residents for long-term housing success

- Success Measures**
- Pilot to expand voucher program into targeted submarkets (continue and increase if successful)
 - Adopted mobility program
 - Number of participating landlords
 - Diversity of neighborhoods with participating landlords
 - Number of residents living in more thriving neighborhoods

Timeline Year 1 - 3

Objective Build Capacity to Expand Culture of Customer Service

1.5

- Strategies**
- 1 Educate staff, tenants and external stakeholders and customers on HABC's abilities (what it can and cannot do), especially considering the recent separation from the city
 - 2 Engage residents around major development and changes; provide residents with access to training and capacity building opportunities so they can meaningfully engage with HABC
 - 3 Develop and deploy a marketing, communications and outreach plan
 - 4 Communicate HABC's plans consistently and clearly
 - 5 Provide opportunities for resident and stakeholder engagement, but clarify opportunities for input v. decision-making to ensure clarity of expectations

Success Measures

- A public relations and marketing strategy
- Written internal and external communications plans
- Resident and community feedback mechanism
- Number of opportunities for resident and community engagement
- Results from resident and customer satisfaction survey evidence changed perception

Timeline

Year 1 - 5



Transform Poe

Objective
1.6

Leverage Development Opportunities at HABC Sites as a Tool for Catalytic Neighborhood Revitalization

Strategies

- 1 Use selective demolition and reconfiguration methods at Gilmor, Latrobe, Brooklyn (Now)
- 2 Develop neighborhood transformation plans for sites currently in thriving, stable and emerging to maximize market potential and public/private investment at Perkins Homes, Poe Homes and McCulloh Homes (Now)
- 3 Seek opportunities and form partnerships as market and development opportunities emerge at Cherry Hill, Douglass Homes, Mt. Winans and Westport (Over time).
- 4 Dispose of challenging scattered sites to mission-oriented neighborhood-based organizations (Now)
- 5 Divest of high value sites in stable and emerging neighborhoods to BAHD for redevelopment and sale as home ownership or rental properties (Now)
- 6 Establish a homeownership scattered site disposition program; divest of some units to eligible HABC residents (priority) then sell to other eligible Baltimore City residents (Now)
- 7 Convert Rosemont, Oswego, Shipley, and Dukeland sites via RAD; retain ownership via BAHD
- 8 Reposition State-funded/non-ACC properties via conversion to ACC and then RAD; retain ownership (subject HABC's Faircloth limit) via BAHD
- 9 Reevaluate stalled development plans at O'Donnell Heights and develop a new master plan for the neighborhood that transitions the development from 100% very low income to a mixed income community
- 10 For development plans in emerging, stable and thriving neighborhoods, replace existing units while simultaneously introducing mixed-income opportunities (subject to demand, financing and market conditions. The redevelopment of McCulloh homes is tied to efforts to redevelop the State Center complex)
- 11 Evaluate HABC's vacant land holdings to determine optimal redevelopment strategy

Success Measures

- HUD approved demolitions plans
- Number of units demolished
- Number of community-supported neighborhood transformation plans
- HUD approved disposition plans for scattered site units
- HUD approved homeownership plan for scattered site units
- MOU with community-based organizations to redevelop certain scattered site units
- Vacant lot development strategy

Timeline

Year 1 -10

Priority # 2

INNOVATE



Current Reality:

Service delivery and partnerships today are fragmented and driven in large part by individual grant requirements for individual sites.

Objective **Create Ladders of Opportunity to Help HABC Residents Succeed**

2.1

- Strategies**
- 1 Partner with residents to identify service needs and opportunities
 - 2 Develop a broad agency-wide supportive services plan to support residents and help them achieve their goals
 - 3 Develop mobility counseling programs to provide expanded housing options and support services
 - 4 Partner with other service providers to deliver services in HABC properties and surrounding communities
 - 5 Expand utilization of Section 3 program to provide employment and contracting opportunities for residents
 - 6 Develop employer-based strategy to connect residents to in-demand jobs with living wages

- Success Measures**
- Comprehensive agency-wide Human Capital plan
 - Number of MOUs with supportive service providers
 - Amount of supportive services leverage
 - Number of residents who achieve increase economic opportunity (such increased employment, earnings, savings, etc.)
 - Expanded resident capacity
 - Updated Section 3 policy

Timeline Year 1

Objective **Create or Leverage Partnerships that Align with HABC’s Core Mission and Values**

2.2

- Strategies**
- 1 Collaborate with Baltimore City and State partners in neighborhood revitalization
 - 2 Collaborate with developers to leverage joint assets and capacity to build more housing and expand supportive services for residents
 - 3 Build partnerships with foundations, businesses, non-profits, educators and anchor partners
 - 4 Engage and involve local neighborhood groups in planning for and sustaining affordable housing
 - 5 Work with local advocacy groups to develop a mutually agreed-upon action plan to address the concerns of both parties

- Success Measures**
- MOU with the Baltimore City
 - MOU with the State
 - MOU with philanthropic entities
 - Number and type of public private partnerships
 - Action Plan developed with Advocacy groups

Timeline Year 1 - 3

Objective **Create Staff Transition and Succession Plan For Long Term Stability**

2.3

- Strategies**
- 1 Evaluate current staffing to determine short and longterm needs
 - 2 Expand staff capacity to support long term-growth and sustainability
 - 3 Invest in staff training and development to ensure an internal pipeline for staff advancement

Success Measures

- Staff transition and succession plan

Timeline Year 3 - 5



Priority # 3

ADVOCATE



Current Reality:

HABC has historically focused inwards on its developments and/or residents. Long-term sustainability, however, requires HABC to form strategic and innovative partnerships to remain successful over time.

Objective
3.1 **Advocate for Federal, State and Local Policy Changes to Sustain HABC Operations, Provide Supportive Services for Clients and Increase Affordable Housing Options**

- Strategies**
- 1 Advocate for dedicated affordable housing funding (set asides) from the State of Maryland
 - 2 Advocate for the award of bonus points for State of Maryland funding applications/ transactions located in urban redevelopment districts, approved RAD awards and/or transformation planning areas (both CN and non-CN-funded)
 - 3 Form a coalition with the city and developers to jointly press for policy changes
 - 4 Advocate for legislation favorable to affordable housing (e.g. state-wide legislation on Source of Income Discrimination, landlord discrimination or incentives in opportunity neighborhoods)
 - 5 Advocate for affordable housing ordinances to encourage and incentivize private developers to integrate public housing replacement and other affordable housing into their communities in thriving neighborhoods

- Success Measures**
- Amount of dedicated affordable housing funds in city and state budgets
 - Change to Qualified Application Plan supportive of HABC-involved redevelopments
 - New affordable housing ordinances adopted by Baltimore City Council
 - Coalitions that includes HABC as key member

Timeline Year 1 - 10

Objective
3.2 **Advocate for Dedicated Supportive Services Financing**

- Strategies**
- 1 Introduce supportive services as a standard line-item in all City and State budget requests
 - 2 Earmark dedicated line-item in HABC budgets for supportive services
 - 3 Develop strategies to maximize participation of HABC residents in free education at Baltimore City Community College
 - 4 Advocate for flexibility in funding for related causes (e.g. mental health funding = housing funding; crime and violence funding = supportive services funding)

- Success Measures**
- Amount of funding dedicated to supportive services
 - Resident-Community College enrollment and retention strategy

Timeline Year 1 - 2

Objective 3.3	Advocate for Focused Baltimore City Investments in Neighborhoods that Dually Align with HABC Priorities and Baltimore City Economic and Community Revitalization Efforts	
Strategies	1	Request dedicated annual allocation from the Mayor’s Neighborhood Revitalization Fund
	2	Work with the Baltimore City and State of MD to determine optimal ways to leverage the Opportunity Zone designation
Success Measures		<ul style="list-style-type: none"> • Number of HABC-supported projects included in Mayor and Baltimore City Council’s priorities • Amount of dedicated funding allocated by the Mayor and Baltimore City Council
Timeline		Year 1- 2

Objective 3.4	Recruit and Build a Network of Local and Regional “Champions” that Support Housing and Community Development Initiatives for Baltimore City	
Strategies	1	Establish partnership network to include businesses, educators, foundations, civic institutions, residents and others to advocate for specific projects, funding, legislation, policy changes and other opportunities in support of HABC’s strategic plan priorities
	2	Recruit and support residents to advocate for their own programs and needs
	3	Ensure that resident voices are heard in HABC-led advocacy efforts
Success Measures		<ul style="list-style-type: none"> • Number of committed partners • Creation of Partnership network • Number of residents involved in advocacy efforts
Timeline		Year 1- 2





2019 Housing Day in Annapolis

Chapter 5. 2019 Action Plan

Implementation of the Strategic Plan has already begun and it will require substantial commitment by HABC to simultaneously invest in expanded staff capacity, improved organizational systems, supports for residents and invest in physical assets. Additional planning and technical studies will be required to make good on some recommendations; securing deep and lasting partnerships with philanthropic institutions, service providers and residents will be essential for long-term success; and thoughtful investment in staff training and capacity building is a must. HABC will also need to continue to align with Baltimore City priorities to sustain a meaningful partnership with Baltimore City, one that is now well established and evidenced by the significant financial contribution and resources Baltimore City has pledged in support of the PSO Transformation Plan.

This section highlights immediate Action Items to position HABC to build momentum for long term success. It is assumed that HABC will, on an annual basis, develop action plans that set priorities for the upcoming year. HABC will need to remain flexible and opportunistic as strategies and priorities may change in response to market dynamics, economic changes, funding, or resident needs.



2019 Housing Day in Annapolis

2019 Tasks

1

Adopt the Strategic Plan as the definitive communications tool for the agency.

2

Launch an aggressive campaign to ensure that residents, staff and partners are aware of HABC's priorities.

3

Develop a comprehensive supportive services plan that seamlessly integrates site specific plans; adopts unified measures of success, data collection and reporting processes; partnership agreements with service partners; and process for ongoing assessment and plan refinement.

4

Reevaluate existing MTW plan strategies and priorities to ensure alignment with Strategic Plan priorities; submit revised MTW plan to HUD for approval; agree on single reporting protocol to avoid duplication.

5

Determine development site(s) and communities for next comprehensive and community-centered master planning.

6

Secure agreement with Baltimore City – DHCD and Mayor's Office – for priority sites to ensure alignment with City priorities for neighborhood revitalization.

7

Secure agreement with the State of Maryland on how to proceed with a comprehensive master plan should the litigation surrounding McCulloh Homes be resolved quickly; agree on a planning framework.

8

Complete comprehensive RAD portfolio assessment on all remaining public housing sites; determine RAD application/implementation strategy (portfolio application, individual site application, bundled applications, combination RAD/Section 18 applications, etc).

9

Submit request to Maryland CDA for RAD or CN set-aside in future QAPs.

10

Complete comprehensive security assessment on all sites.

11

Complete rollout of technology upgrades and automation.

12

Complete customer satisfaction survey (compare to 2018 Headlines from the Future).

13

What gets measured gets done! Prepare and publish an Agency Report Card on Year 1 achievements, challenges and lessons learned; invite stakeholder input.

14

Develop Year 2 Implementation Plan.

15

Complete the projects that have started!



Children at Play



HOUSING
AUTHORITY of
BALTIMORE CITY



Housing Authority of Baltimore City

417 East Fayette St.

Suite 1320

Baltimore, MD

USA