

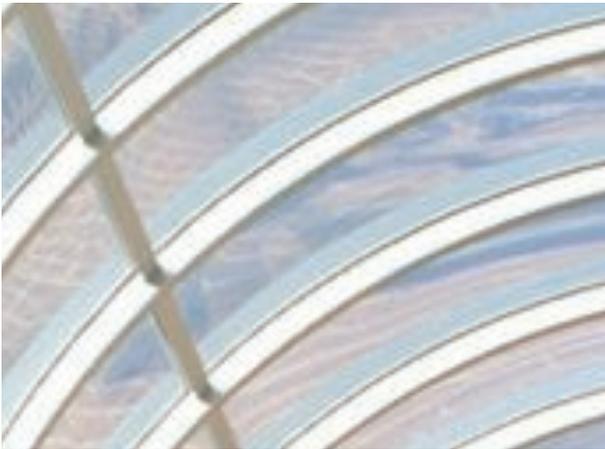


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The Housing Authority of the City of Dallas will not discriminate on the basis of race, color, national origin, religion, sex, handicap, familial status, or age.

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TRANSITIONS

Dallas Housing Authority



2006 Annual Report

Mission

The Housing Authority of the City of Dallas, Texas (DHA) provides quality, affordable housing to low-income families and individuals through the effective and efficient administration of housing assistance programs; and by creating and cultivating opportunities for program participants to achieve self-sufficiency and economic independence.



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P R E S I D E N T ' S M E S S A G E



For Dallas Housing Authority, 2006 was a year of transition. As the saying goes, the only true constant is change, and DHA must constantly adapt to the shifting social and economic climate in which we operate. The theme of this year's annual report reflects the adjustments we are making to ensure the long-term success of our agency.

Now more than ever, our service to the community is vital. With thousands of families on the waiting list for assistance, DHA faces a daily challenge to provide high quality facilities and services to an ever-increasing number of citizens in need. Our devotion to the cause is limitless, but our resources are finite. Despite the growing demand for low-income housing, federal monies available for grants continue to evaporate.

Adversity can be a blessing in disguise, however. It forces us to think creatively, to find new ways to achieve the age-old mission of providing benevolent service to those who need it most. Thus, the past year provided an opportunity for DHA to take a hard look in the mirror. We were able to make objective assessments of the agency's strengths and weaknesses, bolstering support of successful programs while making changes where necessary. These changes included wide-reaching initiatives such as re-evaluating our portfolio of developments to deliver more contemporary housing; revamping our internal operating structure; and re-committing ourselves to a culture of compassionate service to our clients and each other.

Broad changes like these take time. We are realistic about the fact that, in some cases, we may take one step back in order to take two steps forward. We are confident, however, that these strategic and calculated moves are best for our clients in the long run.

For all our efforts, DHA does not operate in a vacuum. We need our community's support to succeed, which is why we seek partnerships with forward-thinking leaders to further our cause and overcome short-sighted resistance that would stifle our progress. Promoting economic independence and self-sufficiency for our less fortunate neighbors ultimately improves the quality and productivity of our neighborhoods, the DFW region and our entire country.

Our world is changing. We see it every day throughout the city we call home. The modern needs of working families are different than yesterday. Business is also conducted differently, as our economic reality evolves and the lines between public and private endeavors blur. Even the people we serve are changing as the American population grows older. As you read this year's report, you will see how DHA is changing too.

A handwritten signature in black ink, appearing to read "Ann Lott", with a long horizontal flourish extending to the right.

Ann Lott
President and CEO

In 2006, the agency took many important steps to make its housing portfolio stronger for the long-term benefit of clients.



P L A C E S I N T R A N S I T I O N

Balancing DHA's vision for the future with today's financial realities sometimes requires difficult – even sensitive – decisions. That includes deciding when to build new housing developments, renovate or rebuild older properties, or divest of others altogether. In 2006, the agency took many important steps to make its housing portfolio stronger for the long-term benefit of clients.

Last December DHA completed the first phase of a \$60 million commitment to bring new life to one of its oldest and largest developments. Frazier Courts, located in southeast Dallas, was demolished, and on



the same property DHA is constructing new facilities to meet the modern needs of today's families.

Frazier's original barracks-style units were replaced with more contemporary, spacious apartments. Clients provided input on floorplans and amenities, and now each unit comes equipped with washer/dryer combinations, a dishwasher and ceiling fans.

Sixty families moved into the first units in December 2006, and many were impressed with the name of the resurrected property. Frazier Fellowship, a name that both recognizes the past and implies a renewed sense of community in the once troubled development, is befitting. As one resident mused, the name implies a "coming together."

Upon completion, Frazier will include retail space and services such as a 18,000 square foot Head Start school, bringing hope to children in the neighborhood.

"Frazier is one example of how we are partnering with our clients to better meet their needs for housing, and also for affordable services that impact their lives," said Bill Manning, DHA vice president of Development. "Now Frazier is much more than just a building. It is a budding community that people are proud to call home."

Based on the success of the Frazier plan, DHA is currently undertaking similar initiatives to rebuild outdated facilities and revitalize surrounding communities. The Turner Courts and Rhoads Terrace developments face similar challenges to the original Frazier Courts development; and the agency will work with private developers to rebuild these facilities, as well as make positive contributions to the entire community.

In other cases, DHA must weigh the usefulness of some developments against the property's financial value, which could potentially be put to more effective use for clients. For example, in 2006 the agency determined that selling Oakland Apartments was justified to create funds for positive growth in other developments. On the other hand, DHA has declined lucrative offers for more than 10 years to sell its Little Mexico Village complex to developers. The land sits near Dallas' booming and upscale Victory Park, making it an extremely valuable piece of real estate. However, the agency's commitment to the area and the strong bond of Little Mexico Village clients surpasses any price tag.

AN AGENCY IN TRANSITION

As the needs and motivations of clients evolve, DHA also must adapt to ensure the continued value of its services and the agency's fiscal viability. Change comes in many forms, be it inside the agency or among the external partnerships formed in the community. In 2006, DHA employees, clients and partnering organizations alike witnessed progress across the board.

Internally, DHA made tangible business adjustments to streamline and enhance the operating performance of the agency. The most significant example was the reorganization of the Finance department. The agency enlisted a new chief financial officer, added more full-time certified public accountants to the payroll, and implemented a more efficient and fully functional software platform to support today's more complex financial activities.



Beyond the hard data of business issues, the people of DHA also recognized a need to re-commit themselves to the softer skills of client service. The agency undertook a major communications effort to articulate and promote a unified "culture statement," a set of 10 essential habits that every employee should embrace. The culture statement, called "Working Better Together," was the focus of an agency-wide customer service training program designed to ensure employees maintain a connection with the struggles of the people they serve.

"We hold ourselves accountable for our service to clients. That includes having an ear for their needs

even beyond what they are telling us," said Kim Carthon, a data entry specialist and DHA employee of 11 years. "The culture statement applies to everyone, and it is helping us adopt a team mentality and set a new standard of excellence. This is a new day at the agency."

Just as change is rippling through the halls of DHA headquarters, the agency's undertakings in the community also reflect a shifting mindset. In 2006,

DHA began working toward an asset-based management system for its housing developments, in which every property is managed under a separate budget and accounting system. Ultimately, this federally mandated transition promises to improve customer service, as property managers have a stronger

incentive to retain current tenants.

Furthermore, the housing authority's approach to new development is evolving. The agency increasingly seeks to leverage partnerships with private companies, as well as government and faith-based organizations, to provide faster access to more valuable amenities and services than DHA could deliver alone. Initiatives with organizations such as ACORN, H.I.S. Bridge-Builders, Central Dallas Ministries, American Housing Foundation and Southwest Housing give more families a better place to live and provide the encouragement and tools they need to succeed.

Whether it comes in the form of a financial calculation or a heartfelt gesture, the sheer desire to help can catalyze change. And DHA's focus has never been stronger.

Whether it comes in the form of a financial calculation or a heartfelt gesture, the sheer desire to help can catalyze change.





Lakewest Multi-Purpose Facility

From assistance with childcare or public transportation to financial education and career support, the agency is adopting a holistic approach to helping its clients succeed.

PEOPLE IN TRANSITION

The people who come to Dallas Housing Authority for help are in a state of transformation. They recognize the need to take control of their lives, and they are committed to improving their prospects for the future. Like most Americans, they dream of a quality education, a good job and a place to call their own. Many only lack the opportunities or the knowledge to make their dreams come true. In each of these areas, DHA is enhancing its services to help bridge the gap.

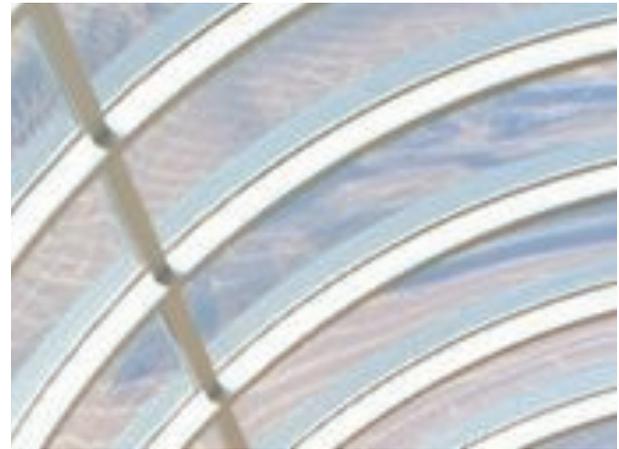
While the agency's core purpose is to provide affordable housing for low-income families and individuals, its activities have a much broader influence. From assistance with childcare or public transportation to financial education and career support, the agency has implemented a holistic approach to helping its clients succeed.

One example is Sarosa Tyler, who was among the first graduates of DHA's "Money Matters" course, a service made possible by a \$25,000 grant from CitiGroup to the agency's Phoenix Foundation. Tyler, a client at the Roseland Townhomes, dreams of owning her own home and running a small business one day. And she knows that getting her finances in order is a prerequisite. "I am at a point where I need to know more about money in order to move on with my life," said Tyler. "The class taught me how simple things – like making a menu of meals before going grocery shopping – can help me spend less and save more."

Other clients take advantage of DHA's Family Self Sufficiency (FSS) program, which continues to

deepen its impact on the lives of aspiring homeowners. The five-year program counsels clients on making life-changing improvements such as finding higher-wage jobs, repairing their credit and taking advantage of first-time homebuyer loans.

"Self-sufficiency is about more than just moving from one home to another. We help our



clients achieve a mental transition, from a mindset of dependency to being able to stand on their own two feet," said Alicia Dumas, an FSS case manager. "Our programs teach them to think beyond the moment and look further into the future, for their own well-being and also to provide a good example for their children."

With DHA at their side, clients are becoming empowered to provide for themselves and create a better life for future generations. When Sarosa Tyler opens the doors to her very own company, she can look back with pride, and move forward with confidence.

A M E R I C A I N T R A N S I T I O N

As the times change, so does the face of poverty. Shifting demographics throughout the country hit close to home for DHA and its clients. And in 2006 the agency made strides to keep pace.

Perhaps the most important issue at hand is the upward trend of the average age in America. Increased life expectancy is creating record numbers



of people over age 65, and the group expected to grow most rapidly over the next 30 years is citizens 85 and

older. This “graying of America” has significant implications for DHA, as approximately one-third of its clients are now considered elderly and/or disabled. In turn, the agency is stepping up its efforts with a \$50 million commitment to meet the special needs of elderly low-income citizens.

A prime example is the start of a comprehensive senior village, which is the final phase of the Lakewest community, located in West Dallas. In 2006 the DHA board approved a first-ever joint venture with Generations Senior Living to build the new senior complex, which caters especially to the economic and lifestyle needs of aging individuals.

Mattie Nash, a former DHA board member and Dallas city councilwoman, understands the importance of a development like Lakewest. Known in the community as the unofficial “mayor of West Dallas,” 85-year-old

Nash has been a key campaigner for affordable housing and revitalization in the area.

“Senior citizens have been the life of this community. I am delighted to see DHA’s success in making sure they are not forgotten as they grow old,” said Nash. “Lakewest is like a little city within itself, where a community of senior citizens can care for each other.”

Aside from the increase in elderly renters, citizens who utilize public housing are changing in other ways too. Where single women and under-employed families have always made up a large percentage of DHA clients, in recent years the agency has seen a rise in families who were once part of the middle class, gainfully employed and who never thought they would need housing assistance. In other words, families who are now part of the shrinking middle class.

In addition, the number of DHA clients who are becoming first-time homeowners is steadily increasing. The agency works with these families to navigate the mortgage process and provides guidance in the ongoing responsibilities that come with owning a home.

Different demographic groups have different needs, requiring DHA to think strategically about the long-term practicality of every initiative. The agency continues to examine the bigger picture, laying a foundation today to meet the challenges of years to come. All the while, the people of DHA never lose sight of their ultimate goal for America’s less fortunate: to turn hope into opportunity, and dreams into reality. Through this period of transition, every day brings the agency and its clients one step closer to creating thriving communities that foster social and economic opportunities.



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BOARD OF COMMISSIONERS



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V I C E C H A I R M A N ' S M E S S A G E



As one of multiple board members appointed by the mayor of Dallas to provide oversight and guidance to Dallas Housing Authority, I am proud to work alongside such a talented team of innovative leaders who share a common vision. Just as DHA's officers and employees are experiencing and driving change, the board is equally committed to a metamorphosis that will, over time, produce a more efficient organization that is better equipped to achieve its altruistic mission. The theme of "transitions" is certainly fitting for this year's annual report.

While we devote our time and bring our collective experiences to bear on this process, we cannot do it alone. DHA is primarily funded by federal funds which have limited uses. This also makes it difficult for the agency to leverage debt financing against the HUD properties in its portfolio. To meet its increasingly challenging goals, DHA must continuously initiate public/private partnerships with organizations that embrace the agency's charge of providing safe, decent and affordable housing for low-income citizens.

In other words, we need the help of the Dallas business community. Public encouragement is always appreciated, but to truly succeed DHA requires substantial, tangible commitments from like-minded private organizations. Financial contributions are essential, as every dollar goes directly toward providing a better future for our citizens in need. Business leaders can also put their passion to work in other areas, by volunteering their time and specialized skills to help the agency reach unique and enduring housing solutions.

As diverse as the families DHA serves – from ethnic minorities to people with special needs – diversity of experience and opinion is the key to a high-performance organization. DHA is a melting pot from a social perspective, serving families who need to be treated holistically and with sensitivity. I encourage our corporate citizens to get involved, put their resources to work for the community, and experience the personal and professional rewards of public service. It makes a difference you can see and feel, in once-troubled neighborhoods now revitalized, and in faces that have been given hope.

Thank you for your support.

Joe Velazquez

Joe Velazquez
Vice Chairman, Board of Commissioners

Assets



	Total Primary Gov'ts	Component Units	Total Reporting Entity
Current Assets:			
Pooled Cash & Cash Equivalents	48,662,221	4,177,738	52,839,959
Accounts Receivable:			
Tenant & Service Charges	500,075	178,413	678,488
Allowance for Doubtful Accounts	(59,389)		(59,389)
Other	1,431,080	591,764	2,022,844
Due From:			
Other Funds			
Other Governments	13,851,168	79,384	13,930,552
Component Units	6,927,194		6,927,194
Investment in Partnership	207		207
Inventory and Prepaid Items	308,414	16,102	324,516
Total Current Assets	71,620,970	5,043,401	76,664,371
Total Current Assets:			
Restricted Cash and Cash Equivalents	4,561,969	10,370,411	14,932,380
Restricted Investments	2,540,765	411,764	2,952,529
Notes Receivable-Component Units	25,334,825		25,334,825
Restricted Interest Receivable	1,099,869		1,099,869
Deffered Charges	643,793	1,214,034	1,857,827
Capital Assets:			
Land	22,722,720	337,497	23,060,217
Structures	243,633,355	65,954,713	309,588,068
Furniture and Equipment	5,332,596	1,497,699	6,830,295
Construction In Progress	23,025,305	5,613,728	28,639,033
Less Accumulated Depreciation	(153,993,981)	(13,345,558)	(167,339,539)
Net Capital Assets	140,719,995	60,058,079	200,778,074
Total Non Current Assets	174,901,216	72,054,288	246,955,504
Total Assets	246,522,186	77,097,689	323,619,875

* - Unaudited

For a full financial report, see the Comprehensive Annual Financial Report.



Dallas Housing Authority

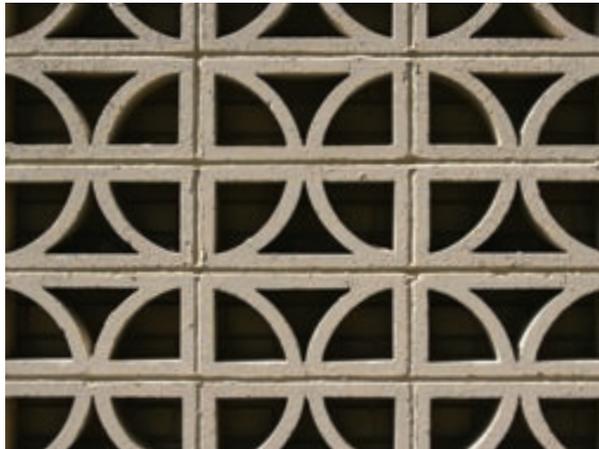
In 1937, the federal government recognized the need to give U.S. cities aid to clear slums and to replace them with decent, affordable housing. To provide this aid, Congress created the U.S. Housing Authority, giving it power to make loans to local housing authorities for the construction of affordable housing projects. On March 11, 1938, The Housing Authority of the City of Dallas, Texas, (DHA) was created by the Dallas City Council after being authorized by the Legislature of Texas under the Housing Authorities Law of 1937.



Dallas Housing Authority

DHA continues to evolve as an agency that builds sustainable communities, offering updated properties that residents are proud to call home and providing a stepping stone to self-sufficiency.

Liabilities



	Total Primary Gov'ts	Component Units	Total Reporting Entity
Current Liabilities:			
Accounts Payable:			
Vendors and Contractors	2,764,652	2,576,825	5,341,477
Other	2,956,494		2,956,494
Accrued Liabilities	1,065,429	51,803	1,117,232
Accrued Interest	277,504	1,886,299	2,163,803
Tenant Security Deposits	521,326	91,463	612,789
Due To Other Governments	6,555,233	6,927,194	13,482,427
Current Portion of Long Term Debt	1,878,797	244,764	2,123,561
Current Portion of Accrued Compensated Absence	289,051		289,051
Deferred Revenue	14,780,028	9,670	14,789,698
Total Current Liabilities	31,088,514	11,788,018	42,876,532
Non Current Liabilities:			
Bonds Payable	14,179,685		14,179,685
Accrued Compensated Absences	2,625,859	697	2,626,556
Notes Payable	20,758,108	49,364,966	70,123,074
Other Non Current Liabilities	1,246,457		1,246,457
Investment in Partnership	573		573
Total Non Current Liabilities	38,810,682	49,365,663	88,176,345
Total Liabilities	69,899,196	61,153,681	131,052,877
Net Assets:			
Invested in Capital Assets, Net of Related Debt	104,547,198	18,097,866	122,645,064
Restricted for Debt Service	3,414,510	3,770,552	7,185,062
Restricted for Special Purpose			
Unrestricted (deficit)	68,661,282	(5,924,410)	62,736,872
Total Net Assets	176,622,990	15,944,008	192,566,998
Total Liabilities and Net Assets	246,522,186	77,097,689	323,619,875

* - Unaudited

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Revenues



	Total Primary Gov'ts	Component Units	Total Reporting Entity
Operating Revenues:			
Dwelling Rent	13,008,773	3,671,679	16,680,452
Operating Grants	217,912,402	1,478,982	219,391,384
Other	5,150,705	626,891	5,777,596
Total Operating Revenues	236,071,880	5,777,552	241,849,432
Operating Expenses:			
Administration	18,412,522	1,449,318	19,861,840
Tenant Services	968,534	342,650	1,311,184
Utility Services	10,182,949	1,991,010	12,173,959
Ordinary Maintenance & Operations	13,554,124	675,651	14,229,775
General	8,862,765	2,134,680	10,997,445
Housing Assistance Payments	160,539,334		160,539,334
Other	1,593,088		1,593,088
Depreciation and Amortization	4,468,133	2,462,503	6,930,636
Total Operating Expenses	218,581,449	9,055,812	227,637,261
Operating Income (Loss)	17,490,431	(3,278,260)	14,212,171
Non-Operating Revenues (Expenses):			
Capital Subsidy	10,156,638		10,156,638
Investment Income	2,051,005	140,647	2,191,652
Gain/(Loss) on Sale of Fixed Assets	(149,722)		(149,722)
Total Non-Operating Revenues/(Expenses)	12,057,921	140,647	12,198,568
Income/(Loss) Before Transfers & Contributions	29,548,352	(3,137,613)	26,410,739
Transfers In/(Out) Contributions		3,812,996	3,812,996
Total Transfers and Contributions		3,812,996	3,812,996
Increase/(Decrease) in Net Assets	29,548,352	675,383	30,223,735
Net Assets, Beginning	147,074,638	15,268,625	162,343,263
Net Assets, Ending	176,622,990	15,944,008	192,566,998

* - Unaudited

For a full financial report, see the Comprehensive Annual Financial Report.



Dallas Housing Authority

DHA residents can choose rental housing in the private marketplace throughout the city with the use of vouchers. Residents generally have more than 500 apartment complexes with more than 12,000 units from which to choose and innovative programs that assist residents with homeownership.
