



homeforward

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**Fiscal Year 2018
ending 12-31-18**

Budget

April 1, 2018 through December 31, 2018

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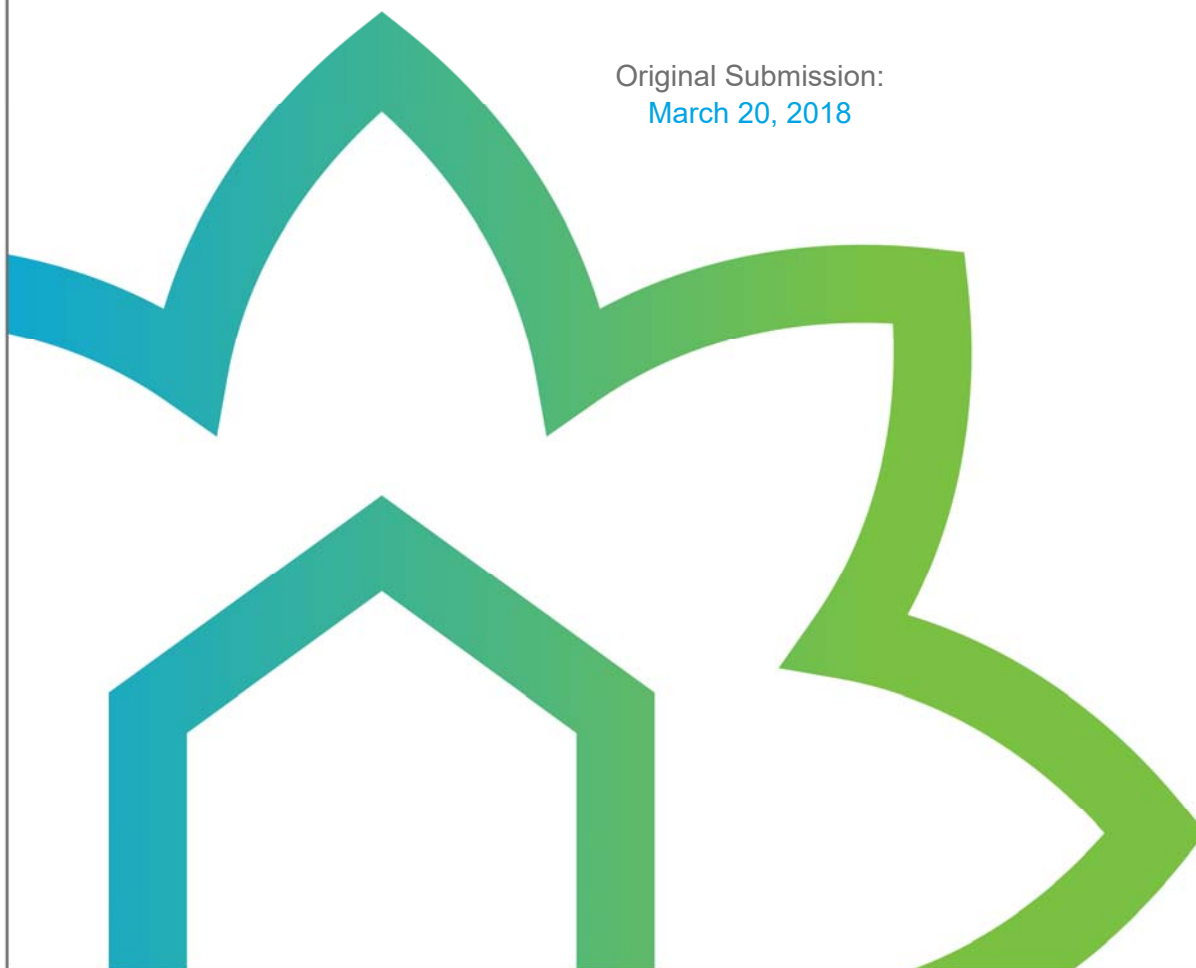


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Management Discussion

This document presents the planned activities and financial budget for Home Forward for the nine month period beginning April 1, 2018 and ending December 31, 2018 (FY 18 12-31-18). Home Forward is moving to a calendar year fiscal year with the first full year taking place in 2019.

General Overview

The Federal Housing Act of 1937 authorized the creation of public housing authorities. Utilizing the 1937 Federal Housing Act, the Portland City Council established Home Forward (at that time, the Housing Authority of Portland) as a municipal corporation under the Oregon Revised Statutes in December 1941.

Home Forward is governed by a nine-member Board of Commissioners; four appointments are recommended by the City of Portland, two by the City of Gresham and two by Multnomah County. Home Forward is not financially dependent on the City of Portland and is not considered a component unit of the City. The Executive Director is appointed by the Board and is responsible for the daily functioning of Home Forward.

Home Forward is one of only 39 public housing authorities in the country (out of more than 3,000) that have been selected by the U.S. Department of Housing and Urban Development (HUD) and approved by Congress to participate in the Moving to Work (MTW) program. Moving to Work is a long-term federal pilot program designed to learn whether public housing authorities can serve their communities better with more local discretion over funding allocation, policies, and procedures. Home Forward has been operating as a Moving to Work agency since April 1, 1999. The MTW designation allows for exemptions from certain federal requirements allowing the merger of Housing Choice Voucher & administrative funds and Public Housing Operating & Capital funds into a single fund. This enables Home Forward to create and implement innovative programs across its four main mission-based business lines.

The mission-based business lines are:

- **Development** – includes work on large scale development projects such as 85 Stories, part of Home Forward’s public housing preservation initiative, and improvement of our existing properties through the use of Capital Grants, local grants and mainstream financing products. Revenue for this group is generated from developer fees; fees which may be earned in one reporting period but paid in a different period.
- **Real Estate Properties** – Home Forward owns, manages, or is a partner in 109 properties with over 6,400 units. (Of these totals, 16 properties with 2,145 units are owned through tax credit partnerships of which Home Forward is the minority owner. The forecasted and budgeted results of these 16 properties are not included in this document.)

For public housing, revenue is generated from two main sources 1) HUD subsidies - based on a HUD-approved rate multiplied by the number of HUD-approved units multiplied by a proration rate and 2) tenant revenue – rents collected from residents which are driven by occupancy levels and by tenant income levels.

For affordable housing properties, revenue is mainly generated by tenant rents and impacted by occupancy levels and contractually allowed affordable rental rates based on unit size.

- **Real Estate Services** – Real Estate Services includes Asset Management, Property Management and Integrated Facilities Services for our affordable, master-leased, and public housing properties.

As part of Home Forward's strategic plan, the Asset Management group now provides long-term planning services to all of Home Forward's real estate portfolio. Asset Management generates fee income as well as uses cash flow generated from the real estate portfolio.

Home Forward's Property Management group is responsible for overseeing the daily operations, compliance and maintenance at 42 properties. These 42 properties provide housing for 2,383 households. The group generates property management fees to cover its costs.

Integrated Facilities Services is Home Forward's specialized maintenance services including electrical work, plumbing, pest control, painting, and garbage, trash and recycling hauling. Fees are earned based on billable services to Home Forward's real estate portfolio.

- **Rent Assistance** – includes traditional and non-traditional rent assistance programs. Traditional programs include Housing Choice Vouchers, Vouchers for Homeless Vets (VASH), Family Unification Program Vouchers (FUP), SRO/MODs and Shelter Plus Care. Non-traditional rent assistance programs include short and medium-term rent assistance and rent assistance combined with partner services. Home Forward provides rent assistance to over 10,000 households on an annual basis.

This year, Home Forward will add 791 in Rental Assistance Demonstration (RAD) Vouchers. This is a result of the first phase of RAD subsidy conversion from Public Housing Operating Subsidy and Capital Grant funding to Project-Based Vouchers.

The Housing Choice Voucher Program (Section 8) is the largest rent assistance program administered by Home Forward, with funding determined by vouchers authorized, voucher utilization and proration rates.

- **Community Services** – includes social and economic development programs for families, along with administration of community housing and service partnerships throughout Multnomah County. Programs include congregate supportive housing and family self-sufficiency programs. These programs are typically funded by cost reimbursement grants and property fees.

Budget Principles

The budget document provides greater context around where we are investing our resources to achieve the goals of ensuring the members of our community are housed.

This document presents comparative budget information in two formats, first in a Generally Accepted Accounting Principle (GAAP) format and second in a Funding Flow (simplified operating cash basis) format. It is important for the reader to understand this distinction as certain revenue and expense items may be recorded in one fiscal year, while the cash involved impacts a different fiscal year (such as development fee revenue) or has no cash impact (such as depreciation expense). Additionally, this document only presents the results of Home Forward and does not include the budget of any component units.

The budget was created with several guiding principles:

- All funds will be accounted for, meaning that current year activities will be funded with current year revenue, business line reserves, allowable transfers from other programs, or agency-level reserves. Also, any remaining funds will be assigned to reserves for specific purposes or to general reserves to address funding volatility.
- Because the life cycle of development projects spans several years, we monitor development performance to match that life cycle rather than using a single year snapshot.

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- Revenues for the Housing Choice Voucher Program and administration, Public Housing Operating Subsidy and Public Housing Capital Grant are budgeted based on estimated calculations of rates and prorations as determined from the January 2018 actual funding. With the federal government operating on a continuing resolution, our actual funding was the best indicator of future funding.
 - Funds using MTW flexibility are aligned with strategic initiatives.
 - Home Forward strives to meet the MTW requirement of serving substantially the same number of households as it would if it did not have MTW status.
 - Funds from the sale of real estate will be used only for the acquisition, development, and/or preservation of real estate assets.

Budget Summary

See section “Line Item Analysis & Assumptions” for a more detailed analysis of line item changes, and section “Operating and Administrative Segment Review” for a more detailed analysis of results by operating group.

Key Activities and Financial Highlights for FY 18 12-31-18

(Please note: numbers may differ slightly from source documents due to rounding)

Key activities planned for FY 18 12-31-18 include:

- The Rent Assistance department plans to have utilization at 92%. Actual utilization rates have fallen below planned levels due to lease up challenges resulting from Portland’s tight rental market and rising voucher costs. Unfortunately, federal funding has not been adequate to meet these housing costs. As a result, Home Forward has stopped pulling from the voucher waitlist and does not anticipate being able to pull from the waitlist during this fiscal year.
- Additionally, Home Forward will receive 791 units of RAD Voucher funding as part of the conversion from public housing to a voucher funding stream.
- Development will provide development services to Lloyd Housing LP and the Framework project. Development is projected to earn \$5.4 million in developer fee for the Lloyd and Framework projects.
- Public Housing will serve 1,284 households in 33 public housing properties given the expected occupancy rate of 98%.
- Properties in Home Forward’s Affordable Housing Portfolio will serve 4,217 households given the expected average occupancy rate of 98%. Home Forward-owned affordable properties are expected to serve 2,434 households, tax credit limited partnerships will serve 2,102 households, and special needs properties will serve 505 households.
- For this fiscal year, Fountain Place (an 80 unit apartment building) will convert from a tax credit limited partnership to being fully owned by Home Forward.
- In support of the emerging “One” strategic plan, Community Services will begin to look at trauma, healing and equity as integral components for meaningful engagement and service delivery, with the goal of extending services and support to a greater number of Home Forward recipients.

Financial highlights of the upcoming budget include:

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- Annual operating revenues are projected to be \$118.1 million. This is mainly due to:
 - \$5.4 million in developer fee revenue from Lloyd Housing (\$3.8 million), Framework (\$1.6 million).
 - Public Housing Operating Subsidy revenue of \$6.0 million which reflects reduced funding due to phase 1 of the RAD conversion of 791 units to Project-Based Voucher Subsidy.
 - HUD funding for Housing Choice Vouchers is projected to increase due to the RAD conversion (\$2.4 million).
 - Admin fee will increase \$402 thousand due to additional funding received for the RAD Vouchers.
 - Annual operating expenses is projected to be of \$116.9 million. This is mainly due to:
 - The Rent Assistance department projects the utilization rate to be 94.2%. Actual utilization rates have fallen below planned levels due to lease up challenges resulting from Portland's tight rental market and the lack of federal funds to cover rising housing costs.
 - Overall personnel expenses will be \$9.5 million for the upcoming budget year.
 - Other administrative expenses will be \$6.4 million primarily due to investment in Home Forward's information technology infrastructure of \$321 thousand along with \$142 thousand in consultant expenses related to the YARDI upgrade, property management fees of \$789 thousand, and costs associated with legal services of \$197 thousand.
 - Other Tenant Services expense will be \$1.4 million primarily due to \$634 thousand related to CHSP and \$202 thousand for support services at Bud Clark Commons.
 - Other maintenance expenses will be \$6.0 million primarily due to major maintenance projects at multiple affordable properties in FY18 12-31-18.
 - Of the \$116.9 million of operating expenses, \$73.8 million represents rent assistance payments made directly to landlords on behalf of Home Forward participants. Backing out this activity, Home Forward's operating expenses would be \$43.1 million.
 - Based on the impact of items above, operating income is projected to be \$1.2 million.
 - The combined impact yields an \$1.1 million decrease in changes to net assets.

Impact on Funding Flow

As noted in the Budget Principles section, the agency presents its budget in not only a GAAP presentation but also in a funding flow format. The standard expectation of the funding flow is that Home Forward programs (excluding development) will break even for the fiscal year, and that development activities will (at a minimum) break even over the course of the life of its various projects.

A funding flow summary presented by operating group is presented below:

“*Non-reserve funding flow adjustments*” include add-backs for depreciation, offsets for allocated capital acquisitions and certain debt payments, property-level reserves, and increases/decreases related to the timing of affordable housing cash flows.

“*Reserve transfers in*” to fund current activities reflect the inflow of reserve funds to cover current year expenses. This activity translates to a reduction of agency reserves.

“*Additions to reserves*” reflect the transfer of remaining operating income into reserve accounts. Please note, the bracketed number in this column does not represent an outflow of agency cash but rather an increase to agency reserves.

Net reserves are dedicated to the following identified purposes:

- \$5.4 million of collected development fee revenue is transferred to reserves and used to cover department operations and fund project costs that span multiple fiscal years.
- As part of a ten year plan to ensure adequate reserve levels for Home Forward, \$375 thousand will be directed to an insurance reserve and \$225 thousand for an agency-level capital reserve.
- Using single fund flexibility, \$1.6 million will be drawn from Home Forward-held reserves to fund MIF initiatives.
- \$93 thousand will be contributed to Agency Initiatives as a result of the cash flow of the operating groups.
- \$435 thousand will be available from business line-level reserves to address funding volatility.

Staffing Update

Home Forward staff provide services that are funded with both agency resources (Home Forward legal entity) and resources from other legal entities, such as several tax credit partnerships. The breakout by funding source and the change in budgeted full-time equivalents (FTEs) is:

Full-Time Equivalents (FTEs) by Funding Source			
	FY 18	FY 18 12-31-18 Budget	Inc.(Dec.)
Agency Funded	250.87	251.09	0.22
Other Legal Entity Funded	35.24	36.36	1.12
Total Agency Managed Positions	286.11	287.45	1.34

In total, full-time equivalent employees have increased by 1.3 FTE due to positions related to RAD.

Risks and Opportunities

As is the case every year, the level of congressional appropriations determines federal funding. While this funding has been volatile over the last five years, there is extreme uncertainty as to what level of investment the federal government will continue to provide. Given the passage of several continuing resolutions, the latest of which expires March 23, 2018, and a lack of detailed information from the Congressional Appropriations bill, we have had to develop a budget with estimates for most of its major federal program. The approach used was to base funding activity on flat funding and historical trends, to use program reserves as needed, and to prepare to implement budget revisions as soon as more accurate information is available.

Also, with the reduction of corporate taxes, interest in the federal Low Income Housing Tax Credit (LIHTC) is likely to decline. The reduction in the corporate tax rate from 35 percent to 21 percent reduces the tax loss benefits of LIHTC investments, which causes a reduction in pricing for tax credit properties. This reduction may impact Home Forward by requiring more internal funds or higher levels of debt to develop future properties or even cause planned real estate deals to be delayed for an extended period. For development projects, there is always the risk of delays in construction but we are confident in the historical success of the Development team to monitor and manage projects to mitigate this risk. Additionally, the Development team monitors new funding opportunities and strategies for financing affordable housing.

Not only is there volatility at the federal level but the State of Oregon is facing a \$1.7 billion budget deficit, an increase from last year's deficit stemming from the changes to federal tax law. Absent an increase in state-level tax revenues, significant budget cuts will need to be made to balance the state budget.

In addition to funding volatility, in any given year there is the potential for weather-related incident/natural disaster that impacts most agency properties.

Conclusion

Home Forward's FY18 12-31-18 budget was developed with the context that our community continues experiencing a major shortage in housing that is affordable. Our dedicated staff continue to align much needed services to support our families, but we depend on receiving appropriate levels of federal funding to match the reality of housing costs. Absent a renewed commitment from our federal partners, we will struggle with, but never give up on achieving our mission - to assure that the people of the community are sheltered.

Operating Statement & Summary of Funding Flow

Operating Statement

<u>Operating Statement</u>	<u>FY18 12-31-18 Budget</u>
Dwelling Rental	14,313,791
Non-dwelling Rental	1,909,046
HUD Subsidies -Housing Assistance	67,815,576
HUD Subsidies -Admin Fee	5,298,156
HUD Subsidies -Public Housing	5,968,996
HUD Grants	4,932,979
Development Fee Revenue, Net	5,335,331
State, Local & Other Grants	5,062,420
Other Revenue	7,460,561
Total IA Revenue	-
Total Operating Revenues	118,096,857
PH Subsidy Transfer	-
Housing Assistance Payments	73,750,733
Administration	11,762,355
Administrative Personnel Expense	5,410,149
Other Admin Expenses	6,352,206
Fees/overhead charged	(3)
Tenant Services	3,085,516
Tenant Svcs Personnel Expense	1,677,313
Other Tenant Svcs Expenses	1,408,203
Program Expense	7,984,996
Maintenance	8,445,409
Maintenance Personnel Expense	2,447,074
Other Maintenance Expenses	5,998,335
Utilities	3,816,437
Total IA Expense	(88,763)
Depreciation	6,555,420
General	1,591,741
Impairment Charge	-
Total Operating Expenses	116,903,841
Operating Income (Loss)	1,193,015
Total Overhead Allocations	(0)
Operating Income (Loss) after Overhead	1,193,016
Investment Income	495,538
Interest Expense	(2,176,285)
Gain (Loss) on Sale of Assets	(1,114,845)
Net Other Income (Expense)	(2,795,593)
HUD Nonoperating Contributions	535,604
Net Capital Contributions	535,604
Change in Net Position	(1,066,974)

Funding Flow Analysis

<u>Funding Flow Analysis</u>	<u>FY 18 12-31-18 Budget</u>
Funding Flow Analysis	\$ 1,193,016
Funding Flow Adjustments	(1,193,015)
Final Funding Source or (Shortfall)	\$ 0

Line Item Analysis & Assumptions

Revenue

Dwelling Rental \$19.1 million

- Affordable Housing Portfolio - \$16.4 million due to property transitions (\$1.7 million), high occupancy rates and rate increases (capped at 5%) except for Project-Based Vouchers (no increase).
- Public Housing Portfolio - \$2.7 million - will continue to benefit from the continuing impact of rent reform and the implementation of minimum rents.

Non-dwelling Rental \$2.0 million

- Non-dwelling rental includes commercial rents, payments received from special needs master-leased properties, land lease revenue, cell tower revenues, and parking revenue.

HUD Subsidies - Housing Assistance \$66 million

- HUD's Housing Choice Voucher proration is budgeted to at 97.1%, the current effective rate as of January 2018.
- RAD Funding will be \$2.8 million for the 791 converted vouchers.

HUD Subsidies - Administrative Fees \$5.3 million

- Administrative Fee funding will benefit from the RAD conversion of 791 units, resulting in \$400 thousand in funding for the budget year.
- Administrative fees for HUD Housing Assistance are budgeted based on funding appropriations and assume flat rate for CY 2018.

HUD Subsidies - Public Housing \$6.0 million

- Budget assumes that Operating Subsidy's proration will be 85% the next budget year. The Operating Subsidy will be \$2.8 million less than previous fiscal year, as 791 units have converted to RAD Project-Based Voucher funding.

Development Fee Revenue \$5.4 million

- Projected for the following Projects:

Project (in millions)	Accrued Developer Fee Revenue
Lloyd Housing LP	\$3.8
Framework Project	1.6
Total	\$5.4

HUD, State, Local & Other Grants \$5 million

Grant (in thousands)	FY 18 12-31-18 Budget
Short-Term Rent Assistance	
State of Oregon	\$590
Homeless Family System of Care	3,688
United Way	48
PILOT Revenue	119
Short-Term Rent Assistance Total	\$4,445
Medicaid	321
City of Portland – Bud Clark	297
Total	\$5,062

Other Revenue \$7.3 million

Other Revenue (in thousands)	FY 18 12-31-18 Budget
Portability Revenue	\$3,695
Property Related Income – Management & General Partner Fees	644
Property Related Income – Operations	578
Property Related Income – Community Services	555
West & Woods Contributions	392
Integrated Facilities Services Fees	1,399
Other	10
Total	\$7,273

Expense

Personnel Expense \$17.3 million

- Total Full-time Equivalents (FTE) for agency funded positions in are budgeted to be 251.0 FTE. An additional 36.3 FTE are funded directly from tax credit limited partnerships. Combined FTE are 287.5 FTE, a 1.3 FTE increase from the FY 18 Budget.

Personnel Expense (in thousands)	FY 18 12-31-18 Budget
Administrative Personnel Expense	\$5.4
Community Services Personnel Expense	1.7
Program Expense	7.7
Maintenance Personnel Expense	2.4
Total Personnel Expense	<u>\$17.3</u>

- Planned compensation increases and higher PERS expense are factored into the above data.

Other Administrative Expense \$6.4 million

- Affordable Housing Portfolio is projected to have the following expenses
 - Outside Payroll \$1.4 million
 - Management fees \$740 thousand
- Public Housing is projected to incur \$2.1 million in Property Management fees.
- Administrative groups \$1.9 million due to \$610 thousand in software and licensing fees, \$142 thousand for the YARDI upgrade and \$277 thousand for consultant projects related to the YARDI upgrade and other agency projects.

Other Tenant Services Expenses \$1.4 million

- Tenant Services Expense is projected to include \$1.1 million in contracted resident services.

Other Maintenance Expenses \$6.5 million

- \$1.6 million in projects at public housing properties
- \$4.3 million in projects at affordable housing properties
- \$224 thousand in projects at master-leased properties
- \$173 thousand in projects at New Market West

Utilities \$4.1 million

- Sewer rates are rising while rates continue to decrease for gas and fuel.

Total Inter Agency (IA) Expense (\$89 thousand)

- This credit represents the cost of labor associated with capital projects that will be moved to work in progress and capitalized as part of property improvements on the Agency balance sheet.

Depreciation \$6.5 million

- Depreciation represents the non-cash write-down of the properties physical assets. Depreciation expense decreases \$319 thousand in the Affordable Housing Portfolio primarily due to treatment of tax credit conversions.

General \$1.6 million

- Bad Debt Expense is projected to be \$296 thousand based on historical debt.
- General insurance expenses will again increase due to rising premium rates and is projected to be \$835 thousand.

Net Other Income (Expense)

Investment Income \$496 thousand

- Investment Income is projected to increase based upon higher interest rates.
- Interest Expense (\$2.3 million) is primarily due to property transitions (\$330 thousand, Fairview \$300 thousand, Lovejoy \$259 thousand).

Gain (Loss) on Sale of Assets \$1.1 million

- The offsetting budgeted loss on sale of assets represents reductions in the “book” value of assets reported when undepreciated assets are replaced during renovation activities.
 - In the next budget Fairview Oaks (\$758 thousand) and Richmond Place (\$242 thousand) are expected to experience write-offs from renovations.

Operating and Administrative Segment Review

FY 18 12-31-18 Operating Statement by Operating Group*

Operating Statement	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Community Services	Administration	Real Estate Finance	Reserves	Elimination	Home Forward Total
Dwelling Rental	\$ -	\$ 2,653,821	\$ 15,335,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,675,877)	\$ 14,313,791
Non-dwelling Rental	-	118,925	1,259,634	-	-	-	-	-	27,351	367,243	503,136	-	(367,243)	1,909,046
HUD Subsidies -Housing Assistance	65,668,736	-	2,146,840	-	-	-	-	-	-	-	-	-	-	67,815,576
HUD Subsidies -Admin Fee	5,298,156	-	-	-	-	-	-	-	-	-	-	-	-	5,298,156
HUD Subsidies -Public Housing	43,084	5,686,138	-	-	126,750	-	-	-	113,024	-	-	-	-	5,968,996
HUD Grants	3,547,734	234,744	-	-	556,589	-	-	-	593,911	-	-	-	-	4,932,979
Development Fee Revenue, Net	-	-	-	-	-	-	-	5,335,331	-	-	-	-	-	5,335,331
State, Local & Other Grants	4,444,873	-	-	-	-	-	-	-	617,547	-	-	-	-	5,062,420
Other Revenue	3,790,250	65,149	475,881	449,934	3,060,885	-	1,404,018	-	594,317	-	-	-	(2,379,872)	7,460,561
Total IA Revenue	88,090	-	-	48,785	15,247	-	-	81,911	450,942	31,642	-	-	(716,618)	-
Total Operating Revenues	82,880,924	8,758,778	19,218,202	498,719	3,759,471	-	1,404,018	5,417,242	2,397,092	398,885	503,136	-	(7,139,610)	118,096,857
PH Subsidy Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing Assistance Payments	77,337,847	-	-	-	-	-	-	-	-	-	-	-	(3,587,114)	73,750,733
Administrative Personnel Expense	252,833	-	-	182,480	212,837	71,260	62,913	257,146	108,431	4,262,249	-	-	-	5,410,149
Other Admin Expenses	506,880	2,536,319	3,212,529	75,018	201,495	8,250	28,214	139,093	118,666	1,900,482	5,130	-	(2,379,872)	6,352,206
Fees/overhead charged	285,906	-	-	30,322	4,433	-	-	46,582	-	(3)	-	-	(367,243)	(3)
Tenant Svcs Personnel Expense	447,008	-	-	-	-	-	-	128,018	1,102,286	-	-	-	-	1,677,313
Other Tenant Svcs Expenses	91,973	40,672	21,333	-	-	-	-	-	1,209,883	44,343	-	-	-	1,408,203
Program Expense	3,645,783	1,021,231	73,020	655,259	749,943	-	137,204	1,237,039	402,234	63,284	-	-	-	7,984,996
Maintenance Personnel Expense	-	1,288,760	67,070	-	313,952	-	777,293	-	-	-	-	-	-	2,447,074
Other Maintenance Expenses	-	1,641,730	4,001,375	-	77,448	11,000	88,462	-	-	178,320	-	-	-	5,998,335
Utilities	-	1,509,202	2,152,259	-	71,910	-	71,910	-	-	83,065	-	-	-	3,816,437
Total IA Expense	199,157	-	354,098	237,089	277,329	8,643	-	154,194	149,893	(663,784)	-	-	(805,382)	(88,763)
Depreciation	1,026	2,047,868	4,170,361	-	4,878	-	3,816	90,693	-	208,104	66,204	-	(37,530)	6,555,420
General	128,498	310,785	958,971	434	136,292	-	13,874	-	2,074	40,809	3	-	-	1,591,741
Total Operating Expenses	82,896,911	10,396,568	15,011,016	1,180,603	1,978,607	99,153	1,183,686	2,052,765	3,093,467	6,116,869	71,337	-	(7,177,141)	116,903,841
Operating Income (Loss)	(15,988)	(1,637,790)	4,207,185	(681,883)	1,780,864	(99,153)	220,332	3,364,477	(696,374)	(5,717,984)	431,799	-	37,530	1,193,015
Total Overhead Allocations	1,543,234	-	98,443	670,500	1,769,992	7,501	222,398	853,952	501,620	(5,667,640)	-	-	-	(0)
Operating Income (Loss) after Overhead	(1,559,222)	(1,637,790)	4,108,742	(1,352,383)	10,872	(106,654)	(2,066)	2,510,524	(1,197,994)	(50,343)	431,799	-	37,530	1,193,016
Reserve Funding	1,677,131	-	(693,750)	-	32,850	(0)	(20,763)	1,145,063	385,952	(283,152)	(140,317)	(2,103,014)	-	(0)
Operating Income (Loss) after Reserve Funding	117,909	(1,637,790)	3,414,992	(1,352,383)	43,722	(106,654)	(22,829)	3,655,587	(812,042)	(333,496)	291,482	(2,103,014)	37,530	1,193,015
Investment Income	-	-	132,235	-	-	-	-	-	-	356,652	6,651	-	-	495,538
Interest Expense	-	-	(2,007,304)	-	-	-	-	-	-	(87,324)	(81,657)	-	-	(2,176,285)
Gain (Loss) on Sale of Assets	-	(5,889)	(1,108,956)	-	-	-	-	-	-	-	-	-	-	(1,114,845)
Net Other Income (Expense)	-	(5,889)	(2,984,026)	-	-	-	-	-	-	269,328	(75,006)	-	-	(2,795,593)
HUD Nonoperating Contributions	-	230,061	-	-	-	-	-	-	-	-	305,543	-	-	535,604
Net Capital Contributions	-	230,061	1,550,000	-	-	-	-	2,000,000	-	-	1,794,543	(5,039,000)	-	535,604
Other Equity Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change In Net Position	\$ 117,909	\$ (1,413,618)	\$ 1,980,967	\$ (1,352,383)	\$ 43,722	\$ (106,654)	\$ (22,829)	\$ 5,655,587	\$ (812,042)	\$ (64,168)	\$ 2,011,018	\$ (7,142,014)	\$ 37,530	\$ (1,066,974)

*See Appendix for larger version of this table.

FY 18 12-31-18 Funding Flow Analysis By Operating Group*

	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Community Services	Administration	Real Estate Finance	Reserves	Elimination	Home Forward Total
Operating Income (Loss) after Overhead	\$ (1,559,222)	\$ (1,637,790)	\$ 4,108,742	\$ (1,352,383)	\$ 10,872	\$ (106,654)	\$ (2,066)	\$ 2,510,524	\$ (1,197,994)	\$ (50,343)	\$ 431,799	\$ -	\$ 37,530	\$ 1,193,016
Real Estate Portfolio														
Affordable Housing Properties Operating Activity	-	-	(8,196,159)	-	-	-	-	-	-	-	-	-	-	(8,196,159)
Revenue from Properties to Home Forward	-	-	-	(449,934)	-	-	-	-	(355,029)	-	(251,691)	-	-	(1,056,654)
Unrestricted Cash to HAP	-	-	2,295,227	449,934	-	-	-	-	390,061	-	1,185,288	-	-	4,320,510
Net Replacement Reserve Activity (New Market West)	-	-	-	-	-	-	-	-	-	(73,800)	-	-	-	(73,800)
Net Replacement Reserve Activity (Special Needs)	-	-	(139,901)	-	-	-	-	-	-	-	-	-	-	(139,901)
Developer Fee - Impact to Funding Flow														
Developer Fee Revenue	-	-	-	-	-	-	-	(5,335,331)	-	-	-	-	-	(5,335,331)
Developer Fee - Cash to HAP(Net)	-	-	-	-	-	-	-	1,541,000	-	-	-	-	-	1,541,000
Financing/Investment Activity														
Investment Income - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal & Interest - Special Needs	-	-	(85,833)	-	-	-	-	-	-	-	-	-	-	(85,833)
Principal & Interest - New Market West	-	-	-	-	-	-	-	-	(124,911)	-	-	-	-	(124,911)
Capital Acquisitions														
IT Equipment and Software	(15,750)	-	-	(15,750)	(15,750)	-	(1,750)	(15,750)	(5,250)	-	-	-	-	(70,000)
Non-Cash Operating Activity														
Depreciation Expense	1,026	2,047,868	4,079,171	-	4,878	-	3,816	90,693	-	208,104	66,204	-	(37,530)	6,464,230
Operating Activity Funded by Cash Reserves														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIF Initiative Reserve Activity														
MTW Special Initiates Fund	1,000,302	-	-	-	-	-	-	-	40,845	40,950	-	-	-	1,082,097
MTW - Local Blended Subsidy (LBS)	902,439	-	-	-	-	-	-	-	-	-	-	-	-	902,439
MTW Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Section 8 - LBS	(328,796)	-	-	-	-	-	-	-	-	-	-	-	-	(328,796)
Tax Credit Support Services	-	-	-	-	-	-	-	-	237,640	-	-	-	-	237,640
MTW Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Purpose Reserve Activity														
Inter Departmental Reserve Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency Initiatives	-	-	(1,461,248)	1,368,133	-	106,654	-	889,728	-	(903,267)	-	-	-	-
DCR Operating Reserve	-	-	-	-	-	-	-	1,208,864	-	-	-	-	-	1,208,864
Affordable Portfolio Reserve	-	-	(225,000)	-	-	-	-	-	-	-	-	-	-	(225,000)
Insurance Reserve	-	-	(375,000)	-	-	-	-	-	-	-	-	-	-	(375,000)
Funding Source or (Shortfall)	(0)	410,078	0	0	0	0	-	0	0	(0)	528,333	-	0	938,412
Department Reserve Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Housing Portfolio	-	(410,079)	-	-	-	-	-	-	-	-	-	-	-	(410,079)
Real Estate Finance	-	-	-	-	-	-	-	-	-	0	(528,333)	-	-	(528,333)
Funding Required or (Contributed) for Current Agency Activities	-	(410,079)	-	-	-	-	-	-	-	0	(528,333)	-	(0)	(938,412)
Final Funding Source or (Shortfall)	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -	\$ 0	\$ (0)	\$ -	\$ -	\$ 0

*See Appendix for larger version of this table. Numbers may be off slightly due to rounding.

FY 18 12-31-18 Staffing Summary by Operating Group

	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Community Services	Administration	Agency Funded	Limited Partnerships	Agency Managed
FY 18 12-31-18 Budgeted FTE	68.7	39.9	2.0	9.0	18.5	0.8	13.4	17.0	29.4	52.5	251.2	36.4	287.6
FY 2018 Budgeted FTE	68.4	44.2	1.6	9.0	15.7	0.8	13.9	17.0	29.2	51.2	251.0	35.3	286.3
Changes	0.3	(4.3)	0.4	-	2.8	-	(0.5)	-	0.2	1.3	0.2	1.1	1.3

Budget Commentary – Rent Assistance

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$82,880,924
Operating Expense	82,896,911
Operating Income Before OH	(15,988)
Allocated Overhead	1,543,234
Operating Income After OH	(1,559,222)
Funding Flow Activity	1,559,221
Funding Required or (Contributed) for Current Agency Activities	\$0
Total Budgeted FTE	68.7

Key Assumptions

Housing Choice Voucher Assistance funding is \$65.7 million, \$793 thousand for FUP and \$3.6 million for VASH.

Due to a lack of a Congressional Appropriations Bill and Continuing Resolutions, the January 2018 HCV funding rate is reflected for the full year.

Housing Choice Voucher Housing Assistance Payments are \$77.6 million, \$813 thousand for FUP and \$3.7 million for VASH.

Program Cost/Expenses	Total Vouchers	Average Voucher Cost	Total HAP Expense
Tenant-Based	6,092	\$753.20	\$38,415,106
Project-Based	2,326	811.28	20,136,845
VASH	591	726.43	3,699,337
FUP	100	958.51	813,382
RAD	791	\$547.71	\$2,779,375

Average voucher costs continue to rise but enacted policies such as the Project-Based Voucher rent increase freeze have significantly slowed the rate of increases as compared to previous years.

Total Budgeted FTE for the year remains flat.

Major Programs/Initiatives/Activities and Estimated Budget Impact

Housing Choice Vouchers – \$69.4 million:

The Housing Choice Voucher (HCV) program is the federal government's major program for assisting very low-income families, seniors, and people with disabilities to afford decent, safe, and sanitary housing in the private

market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. Home Forward manages three distinct HCV programs:

- Moving to Work (MTW) Vouchers - \$64.9 million
 - Home Forward manages 8,418 Moving to Work Vouchers. Due to ongoing funding constraints, utilization of these vouchers for FY 18 12-31-18 is anticipated to be 92.1%.
- Veterans Affairs Supportive Housing (VASH) Vouchers - \$3.7 million
 - Home Forward manages 591 VASH Vouchers in partnership with the Department of Veterans Affairs. Utilization of these vouchers for FY 18 12-31-18 is anticipated to be 97.1%.
- Family Unification Program (FUP) Vouchers - \$814 thousand
 - Home Forward manages 100 FUP Vouchers. Utilization of these vouchers for FY 18 12-31-18 is anticipated to be 94%.
- Rental Assistance Demonstration (RAD) Vouchers - \$2.4 million
 - Home Forward manages 791 RAD Vouchers from conversions that occurred in calendar year 2017. Utilization of these vouchers for FY 18 12-31-18 is anticipated to be 97%.

Homeless Prevention Services – \$7.8 million:

In addition to federally funded HCV, Home Forward receives grant funding and partners with community service providers to offer Short-Term Rent Assistance (STRA). Serving approximately 455 households per month, STRA provides limited housing assistance to households in Multnomah County that are experiencing homelessness or are at risk of homelessness. Home Forward also manages Shelter Plus Care grants, serving approximately 468 households per month, which provide rent assistance and supportive services to people with disabilities who are experiencing homelessness.

Rent Assistance Moving to Work Initiatives - \$1.9 million:

Home Forward uses Moving to Work flexibility to fund a variety of local programs that support affordable housing and further align the organization with our strategic operating plan. Among these programs are:

- Alder and Earl Boyles School Housing Partnerships - \$310 thousand
 - Home Forward will provide short to medium-term rent assistance and leverage support at community schools with the goal of improving academic outcomes and housing stability.
- Local Blended Subsidy - \$902 thousand
 - Local Blended Subsidy (LBS) program uses a blend of MTW Section 8 and RAD funds to subsidize units reserved for families earning 80 percent or below of area median income. These units may be new construction, rehabilitated, or existing housing. LBS has been utilized for 284 units at three properties. This includes 130 units at Bud Clark Commons, 45 units at Madrona Place, and 109 units at Stephens Creek Crossing.

The remainder of MIF activity can be found in the Moving to Work Initiative Schedule included in the Appendix.

Rental Assistance Demonstration (RAD) - \$402 thousand

Home Forward converted a total of 791 RAD units and will receive an administrative fee of \$402 thousand for these units. The conversion will shift the funding from Public Housing Operating Subsidy and Capital Grant Funding to Project-Based Voucher Funding.

Properties Converted to Housing Choice Voucher Subsidy in FY 18	
Property	Units Converted
Fairview Oaks & Woods	40
Martha Washington	25
New Columbia – Cecelia	72
New Columbia – Haven	29
New Columbia – Trouton	125
New Columbia – Woolsey	71
Rockwood Station	25
The Jeffrey	20
Bud Clark Commons	130
Humboldt Gardens	100
Stephens Creek Crossing – North	64
Stephens Creek Crossing – South	45
Madrona Place	45
Total RAD Conversions	791

Budget Commentary – Public Housing Portfolio

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$8,758,778
Operating Expense	10,396,568
Operating Income Before OH	(1,637,790)
Allocated Overhead	-
Operating Income After OH	(1,637,790)
Funding Flow Activity	2,047,868
Funding Required or (Contributed) for Current Agency Activities	\$(410,079)
Total Budgeted FTE	39.9

The Public Housing Portfolio includes the budget activity for 33 traditional public housing properties and 40 property-level staff. Home Forward’s public housing stock provides an important resource to the community by providing housing for 1,310 units throughout Multnomah County. Property staff focus on the management and maintenance of the properties and work towards preserving the aging housing stock.

In FY 18 12-31-18, staff will continue to integrate maintenance, property management, inspections, and services with the goal of decreasing maintenance costs and turnover time.

Key Assumptions

Public Housing Portfolio Operating Subsidy Assumptions	
	FY 18 12-31-18
Units in Public Housing Portfolio	1,310
Eligibility Per Unit Per Month	\$637
Budgeted Proration	85%
Budgeted Proration Per Unit Per Month	\$541
Total Subsidy (in millions)	\$6.0

Households Served – occupancy is assumed at 98%.

FTEs – During FY 18 staff reviewed open positions, workloads and consolidated property assignments where feasible. The result was a net decrease of 3.1 FTE. This includes:

- Decreases:
 - 2.2 FTE Maintenance Supervisor

- 0.3 FTE Maintenance Generalist III
- 2.2 FTE Maintenance Generalist I
- Increases:
 - 1.6 FTE net change between Property, Site and Assistant Property Managers

Major Programs/Initiatives/Activities and Estimated Budget Impact

Home Forward converted a total of 791 RAD units (from Public Housing Operating Subsidy funding to voucher funding) in the previous fiscal year. Within the Public Housing Portfolio, Madrona Place was the only property to convert to RAD in FY 18.

Properties Converted to Housing Choice Voucher Subsidy in FY 18		
Property	Units Converted	Department
Madrona Place	45	Public Housing
Total RAD Conversions	45	

Property staff will assist with conversion of 350 units of public housing to RAD. This conversion will occur at 7 properties, beginning in January 2019. This will involve completing inspections, signing new leases and conducting program briefings for each household.

Outside of work planned under the RAD conversion, planned Capital Grant projects include plumbing and sewer line repair at Dekum Court, abatement at Dekum Court, garbage enclosure repair at Demar Downs, and a capital needs assessment for the entire Public Housing Portfolio.

Major Revenue and Expense Items

Operating Revenue is \$8.8 million.

- Dwelling Rental is \$2.7 million.
- HUD Subsidies for public housing is \$5.7 million.
- HUD Grants are \$235 thousand.

Operating Expense is \$10.4 million.

- Maintenance is \$2.9 million and includes \$1.3 million in Maintenance Personnel Expense (includes planned compensation increases), and \$1.6 million in Other Maintenance Expenses.
- Administration is \$2.5 million and includes \$2.1 million in property management fees charged by the Property Management department. The remaining administration expenses includes \$95 thousand in communications and equipment expense, \$63 thousand in courtesy patrols, and \$33 thousand in legal expenses.
- Depreciation is \$2.0 million.
- Utilities are \$1.5 million.

-
- Program Expense is \$1.0 million.

Operating Income after Overhead is \$(1.6 million). Agency Overhead is charged through Property Management and is allocated to Public Housing Portfolio through the property management fee.

Funding Required for Current Agency Activities

Net Capital Contributions are \$230 thousand.

The Public Housing Portfolio fully funds all of its operations and has \$410 thousand in cash flow projected for future property needs.

Budget Commentary – Affordable Housing Portfolio

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$19,218,202
Operating Expense	15,011,016
Operating Income Before OH	4,207,185
Allocated Overhead	98,443
Operating Income After OH	4,108,742
Funding Flow Activity	(4,108,742)
Funding Required or (Contributed) for Current Agency Activities	\$(1,461,248)
Total Budgeted FTE	2

The Affordable Housing Portfolio consists of 58 properties with 2,944 units throughout Multnomah County financed by private debt, public debt, and tax credits.

The summary data below is for properties owned exclusively by Home Forward, which includes the Master-Leased Portfolio (505 units in 34 properties). Tax credit partnership activity is excluded except for the unrestricted cash generated and remitted to Home Forward. The FTE for this operating group is only 2, since the majority of the FTE are at the external property management companies. The expenses are on the Home Forward financials, but the FTE are not included in the Home Forward head count as they are not managed through Home Forward payroll.

The Affordable Housing Portfolio is a major contributor of revenue to the agency through cash flow from mature properties. The major challenge for the Affordable Housing Portfolio in the upcoming year is balancing the agency's need for cash flow while completing much needed capital improvements at a number of aging sites. Rising insurance costs and the transition to RAD funding will be other issues in the upcoming fiscal year.

Key Assumptions

Change on Net Operating Income and Unit Size by Transition			
Type	Property	Units	FY 18 12-31-18
Tax Credit Conversion	Fountain Place	80	\$14,628
Total		80	\$14,628

The average budgeted occupancy is 98% (consistent with actual property performance).

FTE has increased by 0.4 FTE due to maintenance staff at some master-leased properties.

Major Programs/Initiatives/Activities and Estimated Budget Impact

Insurance premiums are projected to be \$573 thousand as premium rates continue to rise.

To prepare for increased insurance deductibles, a \$375 thousand insurance reserve will be funded from a combination of Property and Asset Management department reserves.

\$4.3 million in Maintenance Projects including the following large projects:

- Fairview Oaks (Exterior Rehab)
- Unthank (Heaters and Exterior Rehab)
- Grace Peck (Parking Lot and Smart Burners)
- Rockwood Landing (Roof Replacement)
- Gretchen Kafoury (Terrace Deck and Siding)

Major Revenue and Expense Items

Operating Revenues are budgeted to be \$20.3 million (\$1.7 million due to property transitions). The below comments highlight the major trends.

- Dwelling rental is projected to be \$16.4 million which is attributable to high occupancy rates, and rental increases capped at 5%.
- Madrona (45 units), Fairview (40 units) and Rockwood (20 units) have converted to RAD subsidy and will be receiving funding through the voucher funding. For Fairview and Rockwood, only the units receiving Public Housing Operating Subsidy have converted.

Operating Expenses are projected to be \$15.9 million (\$1.4 million due to property transitions).

- Utilities of \$2.4 million reflecting rate increases and \$299 thousand from property transitions.
- Depreciation of \$4.2 million (\$319 thousand as a result of property transitions).

Funding Required for Current Agency Activities

- Unrestricted cash to the agency is expected to be \$4.3 million, of which \$1.6 million has been reallocated to the appropriate operating groups.
- The funding of a Real Estate Capital Reserve (\$225 thousand) is part of a ten-year plan to address capital needs within the Affordable Housing Portfolio. This is a \$100 thousand decrease from the prior year.
- The funding of a \$375 thousand insurance reserve that is intended to pay for deductibles in the upcoming year.

Budget Commentary – Asset Management

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$498,719
Operating Expense	1,180,603
Operating Income Before OH	(681,883)
Allocated Overhead	670,500
Operating Income After OH	(1,352,383)
Funding Flow Activity	1,352,383
Funding Required or (Contributed) for Current Agency Activities	\$1,368,133
Total Budgeted FTE	9.0

The Asset Management group is responsible for overseeing the performance of the entire Home Forward portfolio with the following breakdown:

Portfolio Type	Properties	Units
Public Housing	33	1,310
Special Needs	34	505
Affordable	24	2,434
Tax Credit	17	2,102
Total	108	6,351

Key Assumptions

Changes in Staffing – Asset Management staffing is projected to hold steady at 9 FTE.

Major Revenue and Expense Items

As noted in the Affordable Housing Portfolio section, the Asset Management department needs \$1.4 million to fully fund all planned operations to oversee the performance of the properties.

- Operating Expenses of \$1.2 million are mainly comprised of personnel expenses and reflect planned compensation increases.
- Overhead is projected to be \$671 thousand for the upcoming budget year.

Funding Required for Current Agency Activities

The Asset Management department needs \$1.4 million to fully fund all planned operations.

Budget Commentary – Property Management

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$3,759,471
Operating Expense	1,978,607
Operating Income Before OH	1,780,864
Allocated Overhead	1,769,992
Operating Income After OH	10,872
Funding Flow Activity	(10,872)
Funding Required or (Contributed) for Current Agency Activities	\$-
Total Budgeted FTE	18.5

Property Management is the service department for Home Forward’s self-managed properties. The Property Management group is responsible for overseeing the compliance and maintenance at 33 traditional public housing properties, one project-based Section 8 RAD property, and eight tax credit properties that include tax credits and project-based Section 8 RAD. These 42 properties provide housing for 2,383 households.

Subsidy Type	Properties
Public Housing	33
Project-Based Section 8 RAD	1
Tax Credit	8
Total Properties Managed	42

Overall, the Property Management group supervises 95 FTE. Thirty-six of those staff are budgeted in Home Forward tax credit properties. The operating activity for the tax credit properties is reported outside of the Property Management budget but their associated overhead costs are included. Another 40 staff are budgeted at the traditional public housing properties and the associated costs are within the Public Housing Portfolio budget. The 18.5 staff captured in this budget include management and compliance staff, and maintenance staff who provide peer training and backfill.

Property Management will continue to transition their business model and support the goals of Home Forward’s Strategic Operations Plan. In FY 18 Property Management supported the first public housing properties converting to RAD (Rental Assistance Demonstration) and will participate in RAD Phase 2 and Section 18 applications for the remaining public housing properties. In FY 18 12-31-18, Property Management will continue to provide support for properties converting to RAD and Section 18.

Managed Properties Converted to Housing Choice Voucher Subsidy in FY 18

Property	Units Converted	Department
Bud Clark Commons	130	Property Management
Humboldt Gardens	100	Property Management
Stephens Creek Crossing – North	64	Property Management
Stephens Creek Crossing – South	45	Property Management
Total RAD Conversions	339	

Over the last year Property Management reviewed vacant staff positions, workloads and consolidated assignments where feasible. Property Management will also continue to evaluate how best to integrate maintenance, property management, inspections, and services with the goal of decreasing maintenance costs and turnover time.

Key Assumptions

FTEs – Property Management shows a net increase of 2.8 FTE. This includes:

- Decreases:
 - 1 FTE Property Manager II
- Increases:
 - 1 FTE Compliance Specialist focused on training and onboarding
 - 1 FTE Compliance Manager
 - 1 FTE Maintenance Generalist I
 - 0.5 FTE Maintenance Generalist III
 - 0.3 FTE Maintenance Supervisor

The Property Manager II position was reclassified to a Compliance Manager. The Compliance Specialist position was added to support the department through the RAD and LIHTC conversions. The Maintenance Generalist I and Maintenance Generalist III were moved from property budgets into the department budgets. Both positions will fill in at properties when there are vacancies. Even though these positions are budgeted within the Property Management department, the majority of the expense will be charged directly to properties. The Maintenance Supervisor position was previously budgeted at the properties as well and will be providing support during RAD.

Major Programs/Initiatives/Activities and Estimated Budget Impact

Physical Needs Assessments are budgeted for the proposed Section 18 properties and are funded by Capital Fund grant.

Property Management staff will support the conversion of five RAD public housing properties and two Section 18 properties beginning in January 2019.

Property Management will provide support for the 26 public housing properties pending future conversions of RAD and Section 18 applications.

Continue to assess property management operations and develop strategies to achieve a sustainable business model.

Major Revenue and Expense Items

Operating Revenue is forecasted to be \$3.8 million.

- Public Housing HUD Subsidies is \$127 thousand.
- Other Revenue is \$3.1 million and includes a property management fee model where fees are being charged to properties instead of being charged overhead. This will allow for the indirect costs to be captured in Operating Expenses. Property Management Fees are projected to total \$2.7 million.
 - \$2.1 million from the Public Housing Portfolio.
 - \$600 thousand from Tax Credit Property Management fees.
- HUD Grants are \$557 thousand.

Operating Expenses are forecasted at \$2 million.

- Administration Expenses are \$414 thousand.
 - \$213 thousand is in Administrative Personnel Expense.
 - \$201 thousand is in Other Admin Expenses. Other Admin Expenses include \$51 thousand in Office Rent; \$46 thousand for consultants and staff training to support RAD conversions; \$25 thousand for Gresham police support; and \$10,000 for staff safety and other training.
- Program Expense is \$750 thousand, primarily in personnel expense.
- Maintenance Expenses are \$391 thousand, \$314 thousand of which are Maintenance Personnel Expenses and \$77 thousand are Other Maintenance Expenses.
- Total Inter-Agency Expense is \$277 thousand.
- General Expenses are \$136 thousand, comprised mainly of Payment in Lieu of Taxes (PILOT).
- Personnel expenses include planned compensation increases.

Operating Income Before Overhead is \$1.8 million.

Allocated Overhead is \$1.8 million.

Operating Income after Overhead is a \$11 thousand.

Funding Required for Current Agency Activities

Sufficient property management fee revenue results in zero use of funding for agency activities.

Budget Commentary – Safety

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$-
Operating Expense	99,153
Operating Income Before OH	(99,153)
Allocated Overhead	7,501
Operating Income After OH	(106,654)
Funding Flow Activity	106,654
Funding Required or (Contributed) for Current Agency Activities	\$106,654
Total Budgeted FTE	0.8

Safety coordinates Home Forward's property and staff safety awareness and training. The overarching objective is to utilize a proactive approach in reducing losses, with a focus on providing safe and comfortable homes for residents, and a safe and inviting workplace for employees. The Safety group identifies potential risks to properties and operations, develops strategies to mitigate risks, and delivers safety and compliance training to Home Forward staff.

Key Assumptions

FTEs – the Safety group includes:

- 0.4 FTE Director of Integrated Services and Safety
- 0.4 FTE Facilities and Safety Supervisor

Major Programs/Initiatives/Activities and Estimated Budget Impact

Staff will conduct physical assessments of properties and make safety and training recommendations. This will include:

- Tracking and ensuring compliance with various occupational, safety laws, regulations, and
- Creating and implementing safety policies to guide agency departments and staff.

Major Revenue and Expense Items

Operating Expenses are \$99 thousand for FY 18 12-31-18.

- Administration includes \$71 thousand in Personnel Expenses and \$8 thousand in Other Admin Expenses for training and support of safety activities.

Overhead Allocations are \$8 thousand based on Home Forward's allocation methodology.

Operating Income after Overhead is \$(107) thousand.

Funding Required for Current Agency Activities

Safety will use \$107 thousand of Agency funding for FY 18 12-31-18 activities.

Budget Commentary – Integrated Facilities Services

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$1,404,018
Operating Expense	1,183,686
Operating Income Before OH	220,332
Allocated Overhead	222,398
Operating Income After OH	(2,066)
Funding Flow Activity	2,066
Funding Required or (Contributed) for Current Agency Activities	\$-
Total Budgeted FTE	13.4

Integrated Facilities Services is the operating group for Home Forward’s specialized maintenance services.

Services include electrical work, plumbing, pest control, painting, trash/hauling, and garbage and recycling pick up. Home Forward-managed properties utilize Integrated Facilities Services based on need and are billed for services provided.

Key Assumptions

FTEs – Facilities Services shows a net decrease of 0.5 FTE. This includes:

- Decreases:
 - 1 FTE Maintenance Generalist II
- Increases:
 - 0.5 FTE Supervising Electrician

Major Programs/Initiatives/Activities and Estimated Budget Impact

Improve how services are billed to properties for a more efficient process.

Continued planning and analysis of services to Home Forward Properties.

In FY 18 12-31-18, Integrated Facilities Services has positioned itself as a self-sustaining business unit. Trades billing on an hourly basis provide services at rates that are competitive with, and in some instances, below market rates.

The Trash and hauling service is uniquely equipped to provide vacate and hauling services that are not available from third party providers. More analysis is planned to determine how this department might expand its business.

Major Revenue and Expense Items

Operating Revenue is \$1.4 million.

Operating Expenses are \$1.2 million.

- Administrative personnel expense and program personnel expense in support of department administration is \$200 thousand and includes planned compensation increases.

Each trade is forecasted to generate positive net operating income.

Allocated Overhead is \$222 thousand.

Funding Required for Current Agency Activities

Integrated Facilities fully funds its operations, requiring no funding for agency activities.

Budget Commentary – Development & Community Revitalization

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$5,417,242
Operating Expense	2,052,765
Operating Income Before OH	3,364,477
Allocated Overhead	853,952
Operating Income After OH	2,510,524
Funding Flow Activity	(2,510,524)
Funding Required or (Contributed) for Current Agency Activities	\$-
Total Budgeted FTE	17.0

The Development and Community Revitalization (DCR) department undertakes development of new affordable rental housing, plus acquisition and rehabilitation of existing affordable housing properties. As part of its development and rehabilitation efforts, DCR is also responsible for structuring the financing that supports these construction activities. Relocation services are provided as necessary in support of various development and rehabilitation projects. The department earns Developer Fees to support the costs of development.

- Active Projects: 13
- Active Projects – total budget: \$153 million

Key Assumptions

DCR staffing is budgeted to remain at 17 FTE for FY 18 12-31-18 staffing levels.

- Full-term Senior Developer position is added to FY 18 12-31-18 budget to assist Portland Housing Bureau's (with the passage of the 2016 General Obligation Bond) plan to create 1,300 affordable housing units. Home Forward will be acting as a development consultant. All staff cost will be funded from the developer fee earnings for this project.
- The increase in FTE due to the addition of the Senior Developer position will offset by the elimination of the Design and Construction Project Manager position in FY 18 12-31-18. This position which is currently vacant and will likely be needed in FY 2019 to complete the work associated with the repositioning the entire Public Housing Portfolio via RAD conversions and Section 18 dispositions.
- The Relocation Specialist position, which is currently vacant is expected to be filled in FY 18 12-31-18 to assist with the increased workload due to a public housing repositioning effort.
- The department will continue to utilize inter-agency transfers to reflect staffing costs capitalized in real properties or transferred from other departments.

Developer Fees Accrued and Received FY 18 12-31-18 (amount in Millions)			
Project	Project Budget	Accrued Developer Fee Revenue	Developer Fee Cash to be Received
St. Francis Park	\$23.2	\$0.0	\$0.1
Square Manor	20.1	0.0	0.7
Lloyd Housing LP	76.9	3.8	0.0
Framework Project	28.9	1.6	0.4
Total	\$149.1	\$5.4	\$1.2

Major Programs/Initiatives/Activities and Estimated Budget Impact

St. Francis Park Development - Home Forward has partnered with Catholic Charities for the development of an affordable housing project in Southeast Portland. Home Forward served as the Limited Partner Investor and developer of record with Catholic Charities serving as the General Partner and property manager. Construction was completed and the property received the final Certificate of Occupancy in August 2017.

St. Francis Park (In Millions)	FY 15	FY 16	FY 17	FY 18	FY 18 12-31-18
Total Project Uses	\$2.2	\$4.0	\$13.9	\$3.0	\$0.1
Total Project Sources	\$2.2	\$4.0	\$13.9	\$3.0	\$0.1

Square Manor – Gladstone Square and Multnomah Manor Apartments Rehabilitation – This tax credit partnership utilizes a 4% low income housing tax credits, bond funds, grants and reserve funds. Rehabilitation project for Gladstone Square began in March 2017 and Multnomah Manor began in May 2017. Rehabilitation of these properties was completed in January 2018.

Square Manor (In Millions)	FY 17	FY 18	FY 18 12-31-18	FY 19
Total Project Uses	\$10.3	\$8.7	\$1.0	\$0.1
Total Project Sources	\$10.3	\$8.7	\$1.0	\$0.1

Lloyd Housing (formerly known as NE Grand) – This project is a mixed-use new construction development. The Portland Housing Bureau awarded the land and funding to Home Forward. This tax credit partnership will utilize 4% low income housing tax credits, bond funds, grants and reserve funds. Construction finance closed in December 2017 and construction began in January 2018. Project completion schedule is December 2019.

Lloyd Housing (In Millions)	FY 18	FY 18 12-31-18	FY 19	FY 20	FY21
Total Project Uses	\$21.4	\$30.7	\$14.1	\$1.5	\$9.2
Total Project Sources	\$21.4	\$30.4	\$14.1	\$1.5	\$9.2

Framework Housing Project – Home Forward has partnered with Beneficial Bank LLC to redevelop their existing real estate property in the Pearl District. The project will develop the site consisting of commercial and affordable housing condominiums. Home Forward will serve as the General Partner and co-developer responsible for the construction of the housing units. Cody Developer will serve as the lead developer responsible for the construction of the commercial units. Framework is a mixed-use new construction development. This tax credit partnership will utilize 4% low income housing tax credits, bond funds, grants and reserve funds. Close of construction finance is scheduled in March 2018 and construction is scheduled to begin in March 2018.

Framework (In Millions)	FY 18	FY 18 12-31-18	FY 19	FY 20
Total Project Uses	\$6.3	\$16.0	\$4.8	\$1.8
Total Project Sources	\$6.3	\$16.0	\$418	\$1.8

Capital Improvement Projects – Currently, there are eight capital improvement projects in progress. Total budget for these projects is \$3.5 million utilizing the Capital Fund Program (CFP) grant and reserves fund.

Projects	Project Budget (in Millions)	Estimated Project Completion
Harold Lee Comprehensive Rehabilitation	\$1.8	April 2018
Tamarack Sewer Emergency Repair	0.1	December 2018
Williams Plaza Water Line Repair	0.1	April 2018
Fairview Woods Recladding	1.0	June 2018
Richmond Place Rehabilitation	0.5	June 2018
Total	\$3.5	

Major Revenue and Expense Items

Operating Revenue of \$5.4 million from Developer Fees.

Developer Fees (in Millions)		
Projects	Total	FY 18 12-31-18
Lloyd Housing LP	\$8.3	\$3.8
Framework	3.3	1.6
Total	\$11.6	\$5.4

Total Operating Expense of \$2.1 million primarily due to:

- Personnel expenses of \$1.6 million.
- Other administrative expenses of \$430 thousand attributed to:
 - Office Rent Expense of \$47 thousand,
 - Preliminary/Close-out Development Expenses of \$38 thousand,
 - Training and Travel Expenses of \$34 thousand,
 - Other Miscellaneous Admin Expenses of \$157 thousand, and
 - Inter-Agency Expenses of \$154 thousand.

Funding Required for Current Agency Activities

The cash to Home Forward highlights the cyclical nature of projects where developer fees earned and paid over the next fiscal years. The project lifecycle of the department exhibited by:

- The St. Francis Park project generates \$1.4 million in developer fee over multiple fiscal years. The first installment of \$250 thousand paid at the close of finance in March 2016. In FY 18 12-31-18 expected payments of earned developer fees is \$534 thousand.
 - Second installment of \$250 thousand is due to be paid upon receipt of Final Cost Certification of the Eligible Basis scheduled in April 2018.
 - Third installment of \$234 thousand is due to be paid upon receipt of Form 8609 scheduled in June 2018.
 - Fourth installment of \$50 thousand is due to be paid upon satisfaction of all conditions of Final Installment scheduled in July 2018.
 - Developer fee balance of \$616 thousand evidenced by a promissory note will be paid out of the Limited Partnership cash flow from Operations.
- Square Manor will generate \$1.2 million in developer fee over multiple fiscal years. The first installment of \$188 thousand paid from the proceeds of the Limited Partners Second Installment to the Partnership in January 2018. In FY 18 12-31-18 expected payments of earned developer fees is \$753 thousand.
 - Second installment of \$189 thousand is due at construction completion scheduled in April 2018.

-
- Third installment of \$494 thousand is due upon receipt of Final Cost Certification of the Eligible Basis scheduled in September 2018.
 - Fourth installment of \$70 thousand is due upon receipt of Form 8609 scheduled in October 2018.
 - Development fee balance of \$300 thousand evidenced by a promissory note will be paid out of the Limited Partnership cash flow from Operations.
 - Lloyd Housing will generate \$8.3 million in developer fee over multiple fiscal years.
 - First installment of \$5.4 million is due at Conversion Installment estimated in April 2021.
 - Second installment of \$574 thousand is due upon receipt of Limited Partner's Final Installment estimated in August 2021.
 - Developer fee balance of \$2.3 million evidenced by a promissory note will be paid out of the Limited Partnership cash flow from Operations and proceeds available for distribution from Capital Transaction.
 - Framework Housing will generate \$3.3 million in developer fee over multiple fiscal years. The first installment of \$493 thousand is due at the close of construction finance estimated in March 2018.
 - Second installment of \$424 thousand is due at construction completion scheduled in April 2019.
 - Third installment of \$1.4 million is due upon receipt of Final Cost Certification of the Eligible Basis scheduled in February 2020.
 - Fourth installment of \$319 thousand is due upon receipt of Form 8609 scheduled in May 2020.
 - Developer fee balance of \$669 thousand evidenced by a promissory note will be paid out of the Limited Partnership cash flow from Operations.

Budget Commentary – Community Services

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$2,397,092
Operating Expense	3,093,467
Operating Income Before OH	(696,374)
Allocated Overhead	501,620
Operating Income After OH	(1,197,994)
Funding Flow Activity	1,197,994
Funding Required or (Contributed) for Current Agency Activities	\$889,728
Total Budgeted FTE	29.4

The Community Services department provides services for Home Forward residents, utilizing both in-house staff and contractors. In FY 18 12-31-18, the Community Services team will continue to play a pivotal role in the coordination and delivery of services at 51 Home Forward properties throughout Multnomah County. The group plans to deliver services to approximately 3,000 residents providing around 15,000 service interactions. Through intentional alignment with community partners, the department will work holistically with both individual and family systems to further their goals of social, emotional, academic and economic advancement and well-being. In support of the “One” Strategic Plan, the department will infuse trauma awareness, healing and equity for meaningful engagement and service delivery. Community Services will also attempt to extend services and support to a greater number of Home Forward recipients through asset development, the creation of a Health and Support Services platform and alignment with early childhood strategies identified by the Program Director of Education and Youth Initiatives. Finally, with proposed shifts in funding, we foresee opportunities to critically review organizational practices and extend strategies to adequately fund services over time.

This summary includes the services budgets for Home Forward’s three HOPE VI developments (Humboldt Gardens, Stephens Creek Crossing and New Columbia), Bud Clark Commons, 85 Stories - Phase I and programs and services to residents at traditional affordable housing and public housing properties.

Key Assumptions

FTEs – Community Services FTE is flat for FY 18 12-31-18.

Major Programs/Initiatives/Activities and Estimated Budget Impact

Barrier Reduction and Opportunity Funds: \$20 thousand is proposed in Moving to Work Initiative funds (MIF) to continue efforts to implement strategies to increase independence at senior and individuals with disabilities, short-term respite care for individual impact by violence and to provide opportunities for economic advancement a family properties.

Service Approach Redesign: \$19 thousand is proposed in Moving to Work Initiative funds to create a service delivery model that meets the needs and wants of Home Forward’s residents and participants.

Service staff will continue to support residents during the RAD conversions.

Major Revenue and Expense Items

Operating Revenue is \$2.4 million:

- Program Fees from properties are \$867 thousand.
- State, Local and Other Grants are \$618 thousand.
 - \$321 thousand in Medicaid Revenue from senior/disabled support services CHSP program.
 - \$297 thousand from the City of Portland for Bud Clark Commons programs.
- HUD grants are \$594 thousand from senior/disabled support services, family services, and Stephens Creek Crossing programs.

Operating Expenses are \$3.1 million:

- Tenant Services expense is \$2.3 million
 - Direct Community Services, Program Supplies, Contract Tenant Services and other related expenses are \$1.2 million.
 - Tenant Services Personnel Expense is \$1.1 million and includes budgeted benefits and payroll increases.
- Program Personnel Expense is \$402 thousand and Admin Personnel Expenses of \$108 thousand.
- Other Admin expenses of \$119 thousand (\$19 thousand for Consultants, \$34 thousand for training and travel).
- Inter-Agency expense is \$150 thousand and includes \$53 thousand of estimated accounting and financial support services.

Operating Loss Before Overhead is \$(696 thousand).

Allocated Overhead in Community Services is \$502 thousand.

Funding Required for Current Agency Activities

The Community Services department needs \$890 thousand to fully fund all planned operations.

There is \$308 thousand in funding flow activity. \$237 thousand is for resident support services at the tax credit properties and \$41 thousand is for support services for seniors and people with disabilities.

Budget Commentary – Administration

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$398,885
Operating Expense	6,116,869
Operating Income Before OH	(5,717,984)
Allocated Overhead	(5,667,640)
Operating Income After OH	(50,343)
Funding Flow Activity	50,343
Funding Required or (Contributed) for Current Agency Activities	\$-
Total Budgeted FTE	52.5

The Administration group provides management and administrative support to Home Forward’s operating departments. In addition, the Administration group researches, develops new program opportunities, and manages agency-level initiatives to further the Agency’s mission.

Key Assumptions

Staffing increase of 1.3 FTE primarily due to:

- Increases:
 - 0.75 FTE Human Resource Assistant
 - 0.55 FTE other miscellaneous changes

Major Programs/Initiatives/Activities and Estimated Budget Impact

Software Upgrade and Migration - \$143 thousand

- During the year, Home Forward will work on upgrading its primary estate software platform to YARDI Voyager 7s. The new system will be a cloud based service and will allow Home Forward to take advantage of the newer functionality and features only available on the cloud platform including improved navigation tools and a customized user interface. The upgrade also allows Home Forward to stay supported as YARDI discontinues their support of previous versions of Voyager.

Resident Legal Services and Expungement Partnership - \$41 thousand

- Working with community partner Metropolitan Public Defenders, this initiative helps Home Forward residents meet ongoing obligations to the courts, request criminal record expungements and provide other legal and consulting services.

Major Revenue and Expense Items

Operating Revenue, primarily rent charged to the operating groups for New Market West (NMW), is \$398 thousand.

Operating Expenses are \$6.2 million

- Personnel costs are \$4.3 million. These costs reflect an addition of 0.75 FTE as described above, planned compensation increases and a higher PERS liability.
- Software and Information Technology equipment expenses are \$610 thousand primarily due to licensing fees (YARDI and Microsoft) and upgrading obsolete computers.
- Consultant expenses are \$277 thousand primarily due to the Upgrade and Migration to YARDI Voyager 7s.
- Training expenses are \$91 thousand for programming including Trauma Informed Care, MTW conferences and other organizational training.
- \$178 thousand for maintenance needs at New Market West including \$57 thousand for lighting upgrades.
- There is \$47 in Agency Initiatives, primarily \$39 thousand for the Resident Legal Services and Expungement partnership.

Funding Required for Current Agency Activities

Overhead for Administration is \$5.7 million.

Home Forward will utilize MTW flexibility to finance \$41 thousand in legal services for residents.

Budget Commentary – Real Estate Finance

Summary Budget Data	FY 18 12-31-18 Budget
Operating Revenue	\$503,136
Operating Expense	71,337
Operating Income Before OH	431,799
Allocated Overhead	-
Operating Income After OH	431,799
Departmental Reserve Transfer	3,419
Funding Required or (Contributed) for Current Agency Activities	\$(1,431,600)
Total Budgeted FTE	-

The Real Estate Finance group captures the financing activity for Home Forward. It allows for greater transparency by isolating the operating and financing activities of the agency.

Major Revenue and Expense Items

West and the Woods Limited Partnerships

- Land lease revenue is \$253 thousand.
- Cell tower revenue is \$75 thousand.

New Columbia

- Land lease revenue is \$68 thousand.

Stephens Creek Crossing

- Land lease revenue is \$108 thousand.
- Home Forward owned site improvements at Stephens Creek Crossing will generate \$66 thousand of depreciation expense in FY 18 12-31-18. These are non-cash expenses.

Real Estate Finance will contribute \$1.4 million in unrestricted cash to the agency.

Attachments

Summary of Moving to Work Initiative Funds

Initiative	Description	First Year	FY 18 12-31-18 Budget (9 mo.)
Action for Prosperity*	In collaboration with community partners, transition participants into employment within two years by providing access to stable housing, case management, and priority access to workforce services.	FY 12	\$-
Economic Opportunity Program	Home Forward will provide support along with Worksource and Human Solutions to provide assistance to unstably housed or homeless households who are successfully engaged in Worksource training or employment programs.	FY 16	108,657
Earl Boyles Housing Partnership	Home Forward will provide short to medium-term rent assistance and leverage school support at Earl Boyles School with the goal of improved academic outcomes and housing stability.	FY 17	112,161
STRA Funding (sub-programs Oxford and Alder)	In collaboration with community partners, provide limited housing assistance to eligible households in Multnomah County who are at risk of eviction, are newly homeless, or are experiencing immediate crises in their housing.	FY 12	396,934
Expungement Partnership	Working with community partner Metropolitan Public Defender to support Home Forward residents with the following: criminal record expungements; consultation to meet ongoing obligations to the courts; recurring events in the community to provide drop in expungement and consultation services.	FY 17	40,950
Worksystems Liaison	Funds an agreement with Worksystems for residents in pursuit of economic advancement products.	FY 17	35,438
Barrier Reduction and Opportunities	Combines initiatives to promote asset building, short-term respite care for resident impacted by community violence and assists senior and disabled population age-in-place by maintain their quality of life.	FY 12	\$40,845

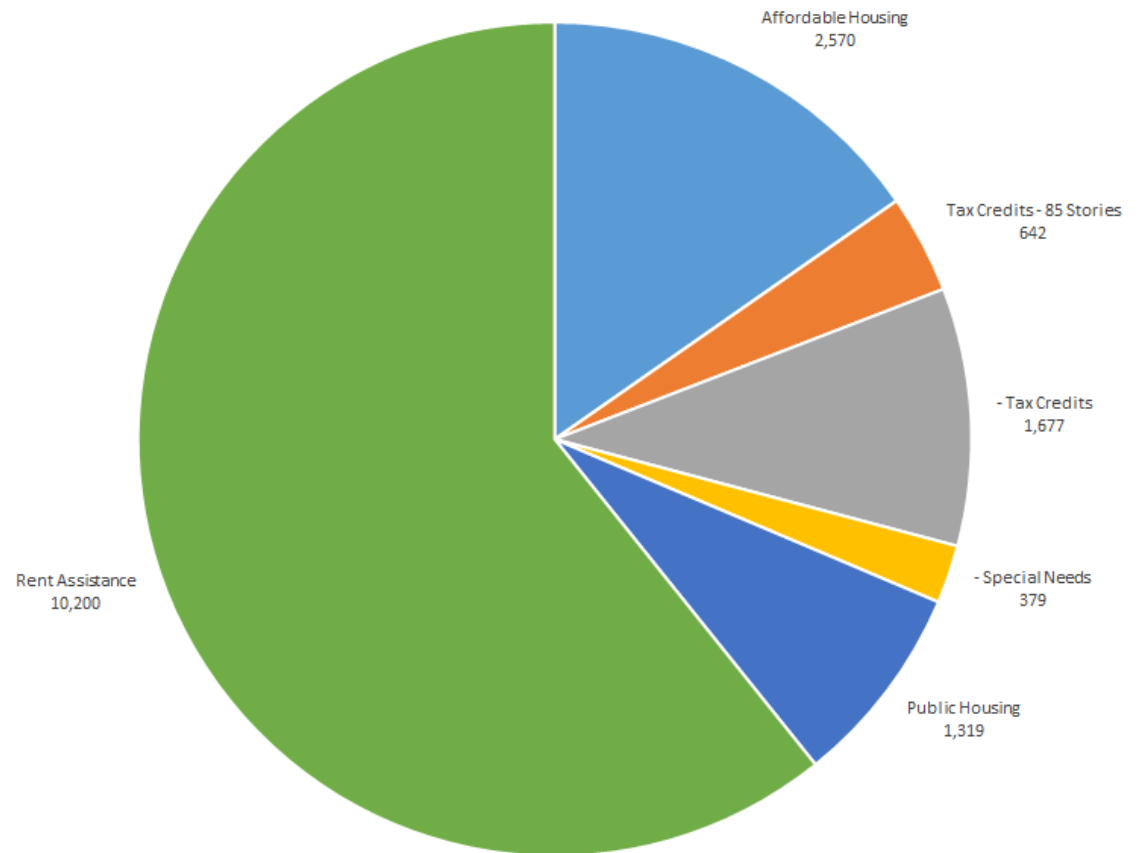
Initiative	Description	First Year	FY 18 12-31-18 Budget (9 mo.)
Neighbor 2 Neighbor	A grant program for resident groups from our public or affordable housing communities. Resident groups submit applications for grant funds to improve their community livability and reinforce community values.	FY 12	\$-
Local Blended Subsidy (LBS)	LBS uses a blend of MTW Section 8 and public housing operating funds to subsidize rental units. Leveraging subsidy allows for a more adequate revenue stream and increases the number of households that can be served. Funds will pay for the LBS implementation costs.	FY 12	902,439
VASH Security Deposit	Initiative addresses a serious barrier to successful use of VASH Vouchers by providing security deposits for homeless veterans leasing units requiring deposits.	FY 12	15,918
Landlord Incentive Fund	Attract new landlords and units in low poverty areas to the Housing Choice Voucher program. Eligible units must be located in zip codes considered low-poverty areas and not have had a Housing Choice Voucher tenant in the prior 24 months.	FY 13	15,750
Domestic Violence Transfer Funds	In collaboration with other MTW-authorized housing authorities and the local domestic violence service system, Implement an inter-jurisdictional transfer program to assist participants who are victims of domestic violence relocate to cities outside Multnomah County. Home Forward will provide up to \$2,000 in relocation assistance for up to five households per year.	FY 13	7,875
Alder School	Home Forward will provide short to medium-term rent assistance and leverage school support at Alder school with the goal of improved academic outcomes and housing stability.	FY 14	197,941
New Doors/NAFY	Leverages services dollars from Multnomah County to assist Oxford foster youth.	FY 14	15,258
Family Unification Program Extension	Fulfills public commitment to extend vouchers focused on reuniting youth with the families.	FY 14	44,150
OHI	Opportunity Housing Initiative – programs to explore different approaches to help families achieve economic independence.	FY 12	\$2,977

Initiative	Description	First Year	FY 18 12-31-18 Budget (9 mo.)
Tenant Education	A program designed to help our tenants better understand the rental process.	FY 16	\$47,246
Total – MTW Initiatives			<u>\$1,984,539</u>

*Action for Prosperity amount is now included in the STRA Funding amount

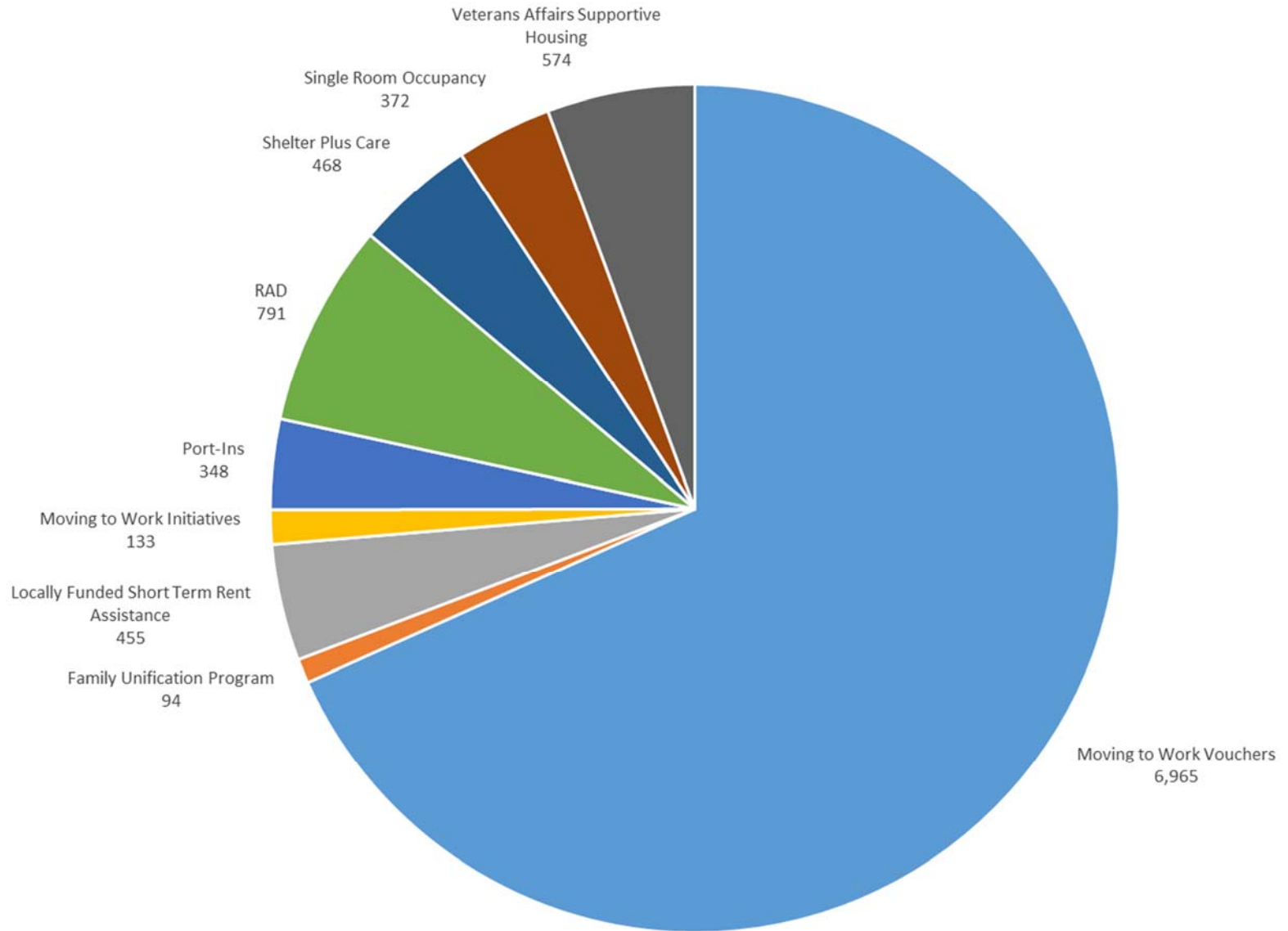
FY 18 12-31-18 Estimated Households Served by Category

Category	Households Served	Percent
Affordable Housing	2,570	17%
Special Needs	379	2%
Tax Credits – 85 Stories	642	4%
Tax Credits	1,677	11%
Public Housing Portfolio	1,319	8%
Rent Assistance	10,200	65%
Total	16,787	
Rent Assistance Occupying Affordable Housing / Tax Credit Units*	(1,166)	-7%
Unduplicated Total	15,621	100%



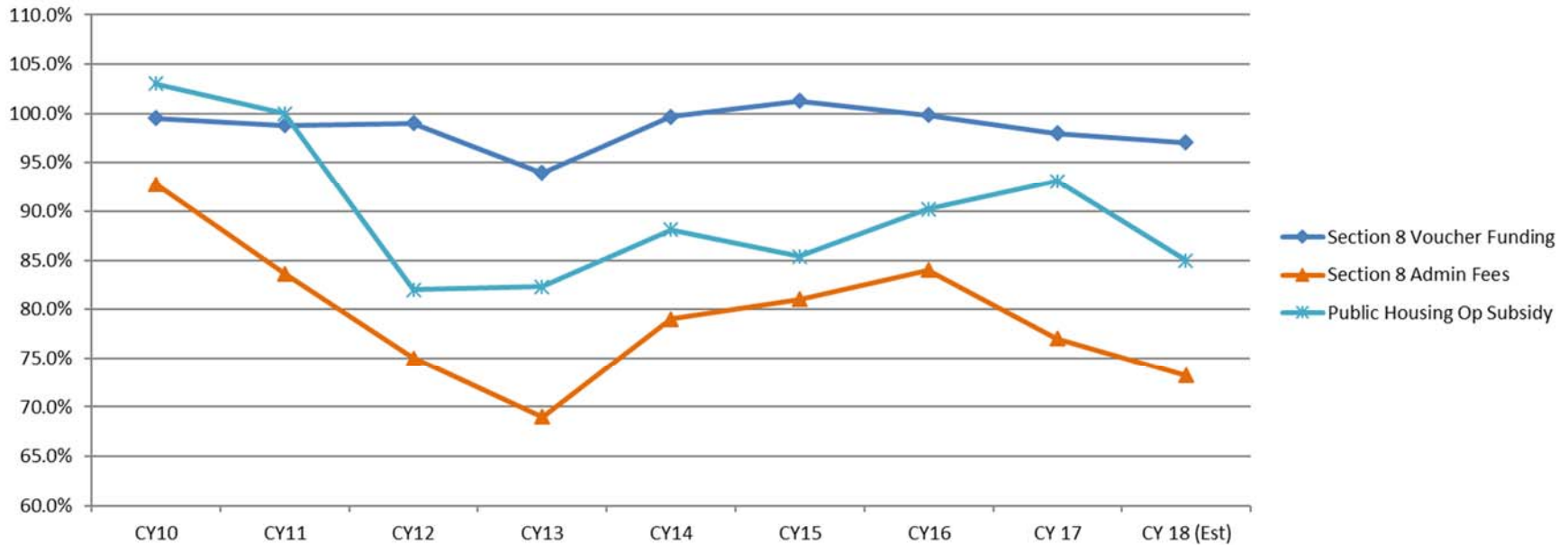
*Rent Assistance Occupying Affordable Units represents voucher holders that live within our Affordable and Tax Credit properties. The 1,166 represents residents already included in the Rent Assistance / Affordable Housing / Tax Credit Portfolios. An adjustment is made to provide an unduplicated total.

FY 18 12-31-18 Estimated Rent Assistance Households Served by Category



Subsidy Proration Trends

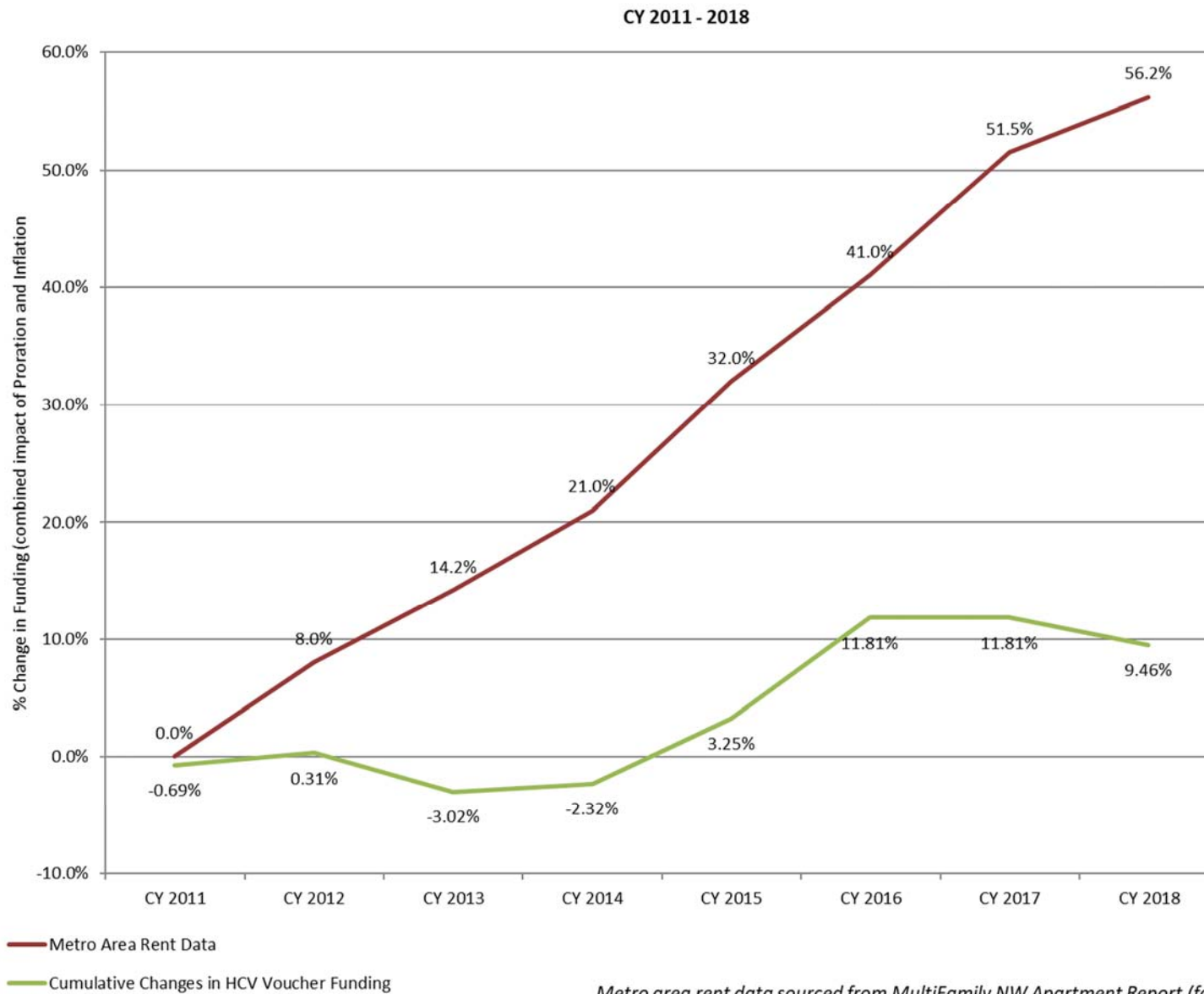
Subsidy Proration Trends ^(1,2)									
Actual Funding Year	CY 10	CY 11	CY 12	CY 13	CY 14	CY 15	CY16	CY 17	CY 18 (Est)
Home Forward Budget Year	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 18 (Est) 12-31-18
Section 8 Voucher Funding	99.5%	98.8%	99.0%	94.0%	99.7%	101.2%	99.9%	98.0%	97.1%
Section 8 Admin Fees	92.8%	83.6%	75.0%	69.0%	79.0%	81.0%	84.0%	77.0%	73.2%
Public Housing Operating Subsidy	103.0%	100.0%	82.0%	82.3%	88.1%	85.4%	90.2%	93.1%	85.0%



1. Proration represents the percentage of full funding under HUD's program formula. Percentages below 100% represent inadequate federal budget appropriations based on HUD's program formulas.

2. Admin Fee CY 18 estimates are equal to the CY 17 actual award. CY 18 Operating Subsidy is based upon a 5-year trend of actual proration.

Cumulative Change in HCV Funding vs. Cumulative Change in Metro Area Apartment Rent



Metro area rent data sourced from MultiFamily NW Apartment Report (fall version each year)

FTE Change Comparison Schedule

FY 18 12-31-18 Summary of FTE Changes

New Positions

Human Resources Assistant	0.8
Supervising Electrician	0.5
Compliance Manager	1.0
Compliance Specialist	1.0
Program Supervisor	1.0
Project Coordinator	1.0
Total New Positions	5.3

Eliminated Positions

Property Management Reorganization	
Maintenance Generalist I	(1.0)
Maintenance Generalist II	(1.0)
Maintenance Generalist III	(2.2)
Property Manager II	(0.9)
Total Eliminated Positions	(5.1)

All Other Changes	1.1
Net Increase (Decrease) in FTE	1.34

Acronym Key

85 Stories: Multi-year development initiative to change the subsidy structure for ten hi-rise public housing apartment communities to leverage equity and debt to make needed capital repairs to deteriorating building systems.

ACOP: Admission and Condition Operating Plan – document that establishes guidelines for determining public housing eligibility and occupancy.

AH: Affordable Housing – properties owned in whole or in part by Home Forward that are managed by outside management companies

Congregate Care: Programs that provide services to help senior and disabled residents maintain their independence.

CSS: Community & Supportive Services – community services tied to a HOPE VI property

CY: Calendar Year – the year running from January 1 to December 31 (as opposed to fiscal year)

DCR: Development and Community Revitalization – Home Forward’s department for managing rehabilitation, redevelopment and new construction of Home Forward properties; DCR is also a financial acronym that stands for Debt Coverage Ratio, which is used to measure annual debt payments compared to a property’s operating income

FSS: Family Self-Sufficiency – HUD programs that seek to increase the skills of participants and enable them to obtain employment

FTE: Full-Time Equivalent – a measure of how many full-time employees an organization has that is arrived at by adding all positions, including those that are part-time

FUP: Family Unification Program – a HUD Section 8 Voucher program focused on reuniting youth with their families.

FY: Fiscal Year – the 12-month accounting year; Home Forward’s fiscal year runs from April 1 to March 31 (as opposed to calendar year)

GOALS: Greater Opportunities to Advance, Learn and Succeed – a Home Forward program that provides Section 8 and public housing clients with five years of supportive services as they work toward economic independence

HAP: Housing Assistance Payment – amount of money Section 8 pays to a landlord on behalf of the tenant

HCV: Housing Choice Voucher

HFDE: Home Forward Development Enterprises

HUD: US Department of Housing and Urban Development

IA: Inter-Agency Revenue/Expense – direct cost transfer between departments and operating groups

LIHTC: Low Income Housing Tax Credit – program created by HUD in 1986 to provide tax credits for the acquisition, rehabilitate, or new construction of rental housing targeted to lower-income households

MIF: MTW Initiatives Fund – Home Forward funding source for significant initiatives, funded from prior year excess Section 8 proceeds

MOD: Moderate Rehabilitation

MTW: Moving to Work – a national program authorized by Congress and administered by HUD that allows certain regulatory flexibilities to some 30 participating housing authorities

NOFA: Notice of Funding Availability

PERS: Public Employee Retirement System

PH: Public Housing – Home Forward owned and operated subsidized housing supported by HUD funding

PHB: Portland Housing Bureau

PILOT: Payment In Lieu of Taxes – payments negotiated with local municipalities to cover city services normally funded by property taxes. Currently, contracts provide for reinvestment of these funds into Short-Term Rent Assistance.

RAD: Rental Assistance Demonstration – HUD program to preserve public housing properties by converting them to project-based section 8 allowing housing authorities leverage public and private debt to reinvest in public housing stock.

ROSS: Resident Opportunities and Self Sufficiency Grant Program – HUD program that funds staff to coordinate community resources with public housing residents' needs.

Shelter Plus Care: a federal rent assistance program for homeless persons with disabilities provided in connection with supportive services funded from sources outside the program.

SRO: Single Room Occupancy

STRA: Short-Term Rent Assistance – a program administered by Home Forward that disperses funding from public sector partners to agencies that provide assistance to families experiencing homelessness or in danger of losing their housing

Towers: Group of four properties originally in the Public Housing Portfolio that was converted to site-based Section 8 in September 2013. The four properties are Gallagher Place, Hollywood East, Northwest Towers and Sellwood Center.

VASH: Veterans Affairs Supportive Housing – Section 8 Vouchers for homeless veterans referred by Veterans Affairs

FY 18 12-31-18 Operating Statement by Operating Group

Operating Statement	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Community Services	Administration	Real Estate Finance	Reserves	Elimination	Home Forward Total
Dwelling Rental	\$ -	\$ 2,653,821	\$ 15,335,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,675,877)	\$ 14,313,791
Non-dwelling Rental	-	118,925	1,259,634	-	-	-	-	-	27,351	367,243	503,136	-	(367,243)	1,909,046
HUD Subsidies -Housing Assistance	65,668,736	-	2,146,840	-	-	-	-	-	-	-	-	-	-	67,815,576
HUD Subsidies -Admin Fee	5,298,156	-	-	-	-	-	-	-	-	-	-	-	-	5,298,156
HUD Subsidies -Public Housing	43,084	5,686,138	-	-	126,750	-	-	-	113,024	-	-	-	-	5,968,996
HUD Grants	3,547,734	234,744	-	-	556,589	-	-	-	593,911	-	-	-	-	4,932,979
Development Fee Revenue, Net	-	-	-	-	-	-	-	5,335,331	-	-	-	-	-	5,335,331
State, Local & Other Grants	4,444,873	-	-	-	-	-	-	-	617,547	-	-	-	-	5,062,420
Other Revenue	3,790,250	65,149	475,881	449,934	3,060,885	-	1,404,018	-	594,317	-	-	-	(2,379,872)	7,460,561
Total IA Revenue	88,090	-	-	48,785	15,247	-	-	81,911	450,942	31,642	-	-	(716,618)	-
Total Operating Revenues	82,880,924	8,758,778	19,218,202	498,719	3,759,471	-	1,404,018	5,417,242	2,397,092	398,885	503,136	-	(7,139,610)	118,096,857
PH Subsidy Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing Assistance Payments	77,337,847	-	-	-	-	-	-	-	-	-	-	-	(3,587,114)	73,750,733
Administrative Personnel Expense	252,833	-	-	182,480	212,837	71,260	62,913	257,146	108,431	4,262,249	-	-	-	5,410,149
Other Admin Expenses	506,880	2,536,319	3,212,529	75,018	201,495	8,250	28,214	139,093	118,666	1,900,482	5,130	-	(2,379,872)	6,352,206
Fees/overhead charged	285,906	-	-	30,322	4,433	-	-	46,582	-	(3)	-	-	(367,243)	(3)
Tenant Svcs Personnel Expense	447,008	-	-	-	-	-	-	128,018	1,102,286	-	-	-	-	1,677,313
Other Tenant Svcs Expenses	91,973	40,672	21,333	-	-	-	-	-	1,209,883	44,343	-	-	-	1,408,203
Program Expense	3,645,783	1,021,231	73,020	655,259	749,943	-	137,204	1,237,039	402,234	63,284	-	-	-	7,984,996
Maintenance Personnel Expense	-	1,288,760	67,070	-	313,952	-	777,293	-	-	-	-	-	-	2,447,074
Other Maintenance Expenses	-	1,641,730	4,001,375	-	77,448	11,000	88,462	-	-	178,320	-	-	-	5,998,335
Utilities	-	1,509,202	2,152,259	-	-	-	71,910	-	-	83,065	-	-	-	3,816,437
Total IA Expense	199,157	-	354,098	237,089	277,329	8,643	-	154,194	149,893	(663,784)	-	-	(805,382)	(88,763)
Depreciation	1,026	2,047,868	4,170,361	-	4,878	-	3,816	90,693	-	208,104	66,204	-	(37,530)	6,555,420
General	128,498	310,785	958,971	434	136,292	-	13,874	-	2,074	40,809	3	-	-	1,591,741
Total Operating Expenses	82,896,911	10,396,568	15,011,016	1,180,603	1,978,607	99,153	1,183,686	2,052,765	3,093,467	6,116,869	71,337	-	(7,177,141)	116,903,841
Operating Income (Loss)	(15,988)	(1,637,790)	4,207,185	(681,883)	1,780,864	(99,153)	220,332	3,364,477	(696,374)	(5,717,984)	431,799	-	37,530	1,193,015
Total Overhead Allocations	1,543,234	-	98,443	670,500	1,769,992	7,501	222,398	853,952	501,620	(5,667,640)	-	-	-	(0)
Operating Income (Loss) after Overhead	(1,559,222)	(1,637,790)	4,108,742	(1,352,383)	10,872	(106,654)	(2,066)	2,510,524	(1,197,994)	(50,343)	431,799	-	37,530	1,193,016
Reserve Funding	1,677,131	-	(693,750)	-	32,850	(0)	(20,763)	1,145,063	385,952	(283,152)	(140,317)	(2,103,014)	-	(0)
Operating Income (Loss) after Reserve Funding	117,909	(1,637,790)	3,414,992	(1,352,383)	43,722	(106,654)	(22,829)	3,655,587	(812,042)	(333,496)	291,482	(2,103,014)	37,530	1,193,015
Investment Income	-	-	132,235	-	-	-	-	-	-	356,652	6,651	-	-	495,538
Interest Expense	-	-	(2,007,304)	-	-	-	-	-	-	(87,324)	(81,657)	-	-	(2,176,285)
Gain (Loss) on Sale of Assets	-	(5,889)	(1,108,956)	-	-	-	-	-	-	-	-	-	-	(1,114,845)
Net Other Income (Expense)	-	(5,889)	(2,984,026)	-	-	-	-	-	-	269,328	(75,006)	-	-	(2,795,593)
HUD Nonoperating Contributions	-	230,061	-	-	-	-	-	-	-	-	305,543	-	-	535,604
Net Capital Contributions	-	230,061	1,550,000	-	-	-	-	2,000,000	-	-	1,794,543	(5,039,000)	-	535,604
Other Equity Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change In Net Position	\$ 117,909	\$ (1,413,618)	\$ 1,980,967	\$ (1,352,383)	\$ 43,722	\$ (106,654)	\$ (22,829)	\$ 5,655,587	\$ (812,042)	\$ (64,168)	\$ 2,011,018	\$ (7,142,014)	\$ 37,530	\$ (1,066,974)

FY 18 12-31-18 Funding Flow Analysis By Operating Group*

	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Community Services	Administration	Real Estate Finance	Reserves	Elimination	Home Forward Total
Operating Income (Loss) after Overhead	\$ (1,559,222)	\$ (1,637,790)	\$ 4,108,742	\$ (1,352,383)	\$ 10,872	\$ (106,654)	\$ (2,066)	\$ 2,510,524	\$ (1,197,994)	\$ (50,343)	\$ 431,799	\$ -	\$ 37,530	\$ 1,193,016
Real Estate Portfolio														
Affordable Housing Properties Operating Activity	-	-	(8,196,159)	-	-	-	-	-	-	-	-	-	-	(8,196,159)
Revenue from Properties to Home Forward	-	-	-	(449,934)	-	-	-	-	(355,029)	-	(251,691)	-	-	(1,056,654)
Unrestricted Cash to HAP	-	-	2,295,227	449,934	-	-	-	-	390,061	-	1,185,288	-	-	4,320,510
Net Replacement Reserve Activity (New Market West)	-	-	-	-	-	-	-	-	-	(73,800)	-	-	-	(73,800)
Net Replacement Reserve Activity (Special Needs)	-	-	(139,901)	-	-	-	-	-	-	-	-	-	-	(139,901)
Developer Fee - Impact to Funding Flow														
Developer Fee Revenue	-	-	-	-	-	-	-	(5,335,331)	-	-	-	-	-	(5,335,331)
Developer Fee - Cash to HAP(Net)	-	-	-	-	-	-	-	1,541,000	-	-	-	-	-	1,541,000
Financing/Investment Activity														
Investment Income - Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal & Interest - Special Needs	-	-	(85,833)	-	-	-	-	-	-	-	-	-	-	(85,833)
Principal & Interest - New Market West	-	-	-	-	-	-	-	-	-	(124,911)	-	-	-	(124,911)
Capital Acquisitions														
IT Equipment and Software	(15,750)	-	-	(15,750)	(15,750)	-	(1,750)	(15,750)	(5,250)	-	-	-	-	(70,000)
Non-Cash Operating Activity														
Depreciation Expense	1,026	2,047,868	4,079,171	-	4,878	-	3,816	90,693	-	208,104	66,204	-	(37,530)	6,464,230
Operating Activity Funded by Cash Reserves														
MIF Initiative Reserve Activity														
MTW Special Initiates Fund	1,000,302	-	-	-	-	-	-	-	40,845	40,950	-	-	-	1,082,097
MTW - Local Blended Subsidy (LBS)	902,439	-	-	-	-	-	-	-	-	-	-	-	-	902,439
MTW Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess Section 8 - LBS	(328,796)	-	-	-	-	-	-	-	-	-	-	-	-	(328,796)
Tax Credit Support Services	-	-	-	-	-	-	-	-	237,640	-	-	-	-	237,640
MTW Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Special Purpose Reserve Activity														
Inter Departmental Reserve Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency Initiatives	-	-	(1,461,248)	1,368,133	-	106,654	-	-	889,728	-	(903,267)	-	-	-
DCR Operating Reserve	-	-	-	-	-	-	-	1,208,864	-	-	-	-	-	1,208,864
Affordable Portfolio Reserve	-	-	(225,000)	-	-	-	-	-	-	-	-	-	-	(225,000)
Insurance Reserve	-	-	(375,000)	-	-	-	-	-	-	-	-	-	-	(375,000)
Funding Source or (Shortfall)	(0)	410,078	0	0	0	0	-	0	0	(0)	528,333	-	0	938,412
Department Reserve Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Housing Portfolio	-	(410,079)	-	-	-	-	-	-	-	-	-	-	-	(410,079)
Real Estate Finance	-	-	-	-	-	-	-	-	-	0	(528,333)	-	-	(528,333)
Funding Required or (Contributed) for Current Agency Activities	-	(410,079)	-	-	-	-	-	-	-	0	(528,333)	-	(0)	(938,412)
Final Funding Source or (Shortfall)	\$ (0)	\$ (0)	\$ 0	\$ 0	\$ 0	\$ 0	\$ -	\$ 0	\$ -	\$ 0	\$ (0)	\$ -	\$ -	\$ 0

*Numbers may be slightly off due to rounding