

## **PUBLIC NOTICE:**



Home Forward  
BOARD OF COMMISSIONERS  
will meet on  
Tuesday, December 15, 2020  
At 5:15 pm  
Via a Conference Call  
Call in: 1.253.215.8782  
Meeting ID: 973 9955 3769  
Passcode: 4666963



**MEMORANDUM**

To: Community Partners Date: December 8, 2020

From: Michael Buonocore, Executive Director Subject: Home Forward Board of Commissioners December Meeting

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The Board of Commissioners of Home Forward will meet on Tuesday, December 15, 2020 at 5:15 PM via a conference call. The call-in information is as follows:

Dial-In Number: 1.253.215.8782  
Meeting ID: 973 9955 3769  
Passcode: 4666963

The commission meeting is open to the public.

# AGENDA



**BOARD OF COMMISSIONERS MEETING**

**HOME FORWARD  
135 SW ASH STREET  
PORTLAND, OREGON**

**VIA CONFERENCE CALL  
DIAL-IN NUMBER: 1.253.215.8782  
MEETING ID: 973 9955 3769  
PASSCODE: 4666963  
DECEMBER 15, 2020 5:15 PM  
AGENDA**

**INTRODUCTION AND WELCOME**

**PUBLIC COMMENT**

General comments not pertaining to specific resolutions. Any public comment regarding a specific resolution will be heard when the resolution is considered.

**MEETING MINUTES**

Topic
Minutes of November 17, 2020 Board of Commissioner Conference Call Meeting

**MISSION MOMENT**

Topic	Presenter
Partnership with Trash for Peace	Odalis Perez-Crouse, Laura Kutner

## CONSENT CALENDAR

Following Reports and Resolutions:			
20-12	Topic	Presenter/POC	Phone #
01	Authorize Changes to the Administrative Plan and Admissions and Continued Occupancy Policy in Response to COVID-19	Taylor Smiley Wolfe	503.802.8506
02	Authorize Fiscal Year 2021 Budget	Peter Beyer	503.802.8538
03	Authorize Declaring an Intent to Issue Bonds for 85 Stories Central Group	Jonathan Trutt Theresa Auld	503.802.8507 503.802.8319

## REPORTS/RESOLUTIONS

Following Reports and Resolutions:			
20-12	Topic	Presenter/POC	Phone #
04	Authorize Fiscal Year 2019 Annual Audit	Peter Beyer Kandy Sage	503.802.8538 503.802.8585
05	Authorize Financing and Private Activity Bond Applications for the SE Powell Project	Amanda Saul	503.802.8552
06	Authorize Home Forward 2021 Insurance Renewal	Peter Beyer	503.802.8538

## THE NEXT MEETING OF THE BOARD OF COMMISSIONERS

Home Forward is currently operating in a state of emergency. We will continue to conduct board-related business as it is currently scheduled but will update the public on the venue or forum by which it occurs as we assess the situation.

The next Board Work Session will be on Wednesday, January 6, 2021 at 5:30 PM. The next Board of Commissioners meeting will be Tuesday, January 19, 2021 at 5:15 PM.

## EXECUTIVE SESSION

The Board of Commissioners of Home Forward may meet in Executive Session pursuant to ORS 192.660(2). Only representatives of the news media and designated staff are allowed to attend. News media and all other attendees are specifically directed not to disclose information that is the subject of the session. No final decision will be made in the session.

#### **HOME FORWARD DEVELOPMENT ENTERPRISE CORPORATION BOARD**

The Home Forward Development Enterprise Board will meet following the December 15, 2020, Board of Commissioners meeting.

**ADJOURN**

# MINUTES



**BOARD OF COMMISSIONERS MEETING  
HOME FORWARD  
CONFERENCE CALL  
135 SW Ash Street Portland, OR 97204  
November 17, 2020**

**COMMISSIONERS PRESENT**

Chair Damien Hall, Vice Chair Matthew Gebhardt, Treasurer Jenny Kim, Chair Emeritus Miki Herman, Commissioners Richard Anderson, TomiRene Hettman, Vivian Satterfield Rakeem Washington and David Widmark

**STAFF PRESENT**

Elise Anderson, April Berg, Peter Beyer, Alescia Blakely, Ian Davie, Jaclyn Eaton, Tonya Evans, Dena Ford-Avery, Monica Foucher, Carolina Gomez, Biljana Jesic, Kitty Miller, Amanda Saul, Shannon Schmidt, Ian Slingerland, Taylor Smiley Wolfe, Kandy Sage, Aimee Smith, Celia Strauss, Jonathan Trutt

**COUNSEL PRESENT**

Sarah Stauffer Curtiss

Chair Damien Hall convened the meeting at 5:17 PM.

**PUBLIC COMMENT**

Kimberly Malcolm, a resident at Dahlke Manor spoke to concerns of a fellow resident who has been extremely disruptive. Malcolm noted this particular resident deals with mental health issues. The episodes take place in his apartment, as well as in the common areas. They have escalated to the point that police have been called to the property. Several incidents have happened at night and the on-call security will not engage. She recognizes the health concerns, but says this resident is not compiling with the lease agreement and the ongoing outbursts are becoming too much. Chair Hall thanked Malcolm and assured her she is heard, and that staff will be in touch.



Cathy Mills, from Dahlke Manor added that there are two other residents with similar concerns and the residents are frustrated that it appears no action is being taken to address this. She noted cars are parking in the property lot without displaying a parking permit and that the laundry room is not being cleaned. She closed by thanking the commissioners and staff for addressing earlier concerns and feels things are getting better.

## **MEETING MINUTES**

### **Minutes of the October 7 and October 20, 2020 Board of Commissioners Conference Call Meetings**

Chair Damien Hall requested a motion authorizing approval of the minutes to the October 7 and October 20, 2020 Board of Commissioners meetings.

There being no discussion, Treasurer Jenny Kim moved to approve a motion for approval, and Commissioner TomiRene Hettman seconded the motion.

The vote was as follows:

- Chair Damien Hall—Aye
- Vice Chair Matthew Gebhardt—Aye
- Treasurer Jenny Kim—Aye
- Chair Emeritus Miki Herman—Aye
- Commissioner Richard Anderson —Aye
- Commissioner TomiRene Hettman—Aye
- Commissioner Vivian Satterfield—Aye
- Commissioner Rakeem Washington—Aye
- Commissioner David Widmark—Aye

### **MISSION MOMENT – Youth Led Protest at New Columbia**

Alescia Blakely, Program Supervisor said this summer Aidan Carter 10 years old, with the guidance of his mother, Alisha Carter, organized a community protest on June 17 at New Columbia. Blakely introduced Aidan and asked him to share his story as to how he brought together community members and organized the march.

Aidan described the range of emotions in pulling together this event from being nervous, excited and brave all at the same time. As he watched other protest events, he thought, “I can do this.” He shared the cover of Time For Kids September issue that captures Aidan leading the march. Aidan talked about the behind the scenes efforts from his mom and quoted her saying, “it’s not enough to not be racist, must be anti-racist.” As a mother, Alisha has made sure the foundation is there through her experiences, knowledge and with

books, showing examples they have in their library. She said the cultural connection happens in the home. The empowering piece allows us to go after whatever you see, actively dismantling systems of oppression, decentering whiteness and by modeling this. Grounded in this, Aidan came up with the idea for a protest and they partnered to make it happen.

Aidan explained the route, which began at his elementary school Rosa Parks, up Columbia Blvd. and culminated at the Columbia Annex. The crowd was 2000 strong, with speakers and a return march to New Columbia. When asked who inspires him, Aidan said his Mom, Harriet Tubman and W. E. D. Du Bois.

Chair Damien Hall complimented Aidan on his impressive achievement and asked how he got the word out. They pulled together the materials for posters, flyers and used his Mom's social media. Chair Hall gave Alisha credit for raising a young leader and for what you are doing in the community. Aidan shared the poem "Hey Black Child" by poet Useni Eugene Perkins which speaks to him.

Chair Emeritus Miki Herman was also impressed with Aidan and Alisha, saying an event such as his should be a model for future youth activities. She asked if he has plans for more and he responded yes. He added that on Tuesdays at Sunnyside Park there are kid friendly activities and he has led a march and generally reads "Hey Black Child" poem. Herman thanked Aidan and to Alisha for her love, support and capacity to empower him.

Commissioner TomiRene Hettman said they are a powerful team and Aidan, our future. She asked Aidan what the biggest challenge was and the most treasure of the heart moment. The biggest challenge was getting in front of a crowd – stage fright. He treasured most when everyone chanted "black lives matter."

Commissioner Rakeem Washington was left with a racing heart and lump in his throat. He said that hasn't happened in the last year or two, with every person of color without a reason for hope. History shows many civil rights movements have been led by young people. Seeing you leading this in our community, Washington expressed real gratitude, and the return of hope. He felt personally uplifted and heartened to see Aidan and youth leaders rising to the occasion. Without a mom in the background none of this would happen. He thanked Aidan for his voice and said that lump is hope.

Commissioner Vivian Satterfield said it was an honor to meet Aidan and know his story of courage and leadership. She hoped others would hear the poem he shared and to see it framed and hanging at Home Forward would be an inspiration.

Alisha Carter said Commissioner Washington's comments about hope reminds her of radical joy. Based on our trials and tribulations we lean into each other "together we can, and together we will." As a K-12 teacher, she is aware of the space kids need and she will continue to walk the talk for youth past, present and future, as well as the voiceless. Aidan closed with his mother's quote, "I can, I will, I must."

Chair Hall thanked Aidan and Alisha and encouraged them to keep it up. He said we will look at what space/connections could be made available to continue their efforts. Alescia Blakely thanked the board and appreciated the opportunity for them to hear this emotion charged story. Blakely shared information about the first drive thru for COVID testing and flu shots at New Columbia on December 5.

## **RESOLUTIONS**

### **RESOLUTION 20-11-01 Authorizes Amendments to Housing Choice Voucher Administrative Plan and Public Housing Admissions and Continued Occupancy Policy to Reduce Rent Burden on Households Containing Certain Immigrant Populations**

Ian Davie, Chief Operating Officer presented Resolution 20-11-01. As Aidan said, it's not good enough to not be racist, we must be anti-racist. Davie said we are in a constant battle in racist outcomes of the housing system. Housing laws are not good enough. They can be perpetuated by individuals, corporations or hidden laws. A good example is the 1980 Housing Community Development Act. He described the mixed status families and Home Forward's approach to proration. A year ago this approach was included in our annual MTW Plan and we are now including this change in our program. HUD is proposing more draconian measures and we have heard rumors the current administration is pushing to finalize this rule in the waning hours of the past four years. We are giving thoughts to how we can support efforts against it.

Davie introduced Jaclyn Eaton, program design manager. Ian talked about who the households are but added there are a variety of housing programs that will be affected with the greatest impact to project based households. Every household received standard notification of the change via letter. Additionally, bilingual letters were sent letting them know the change is permanent. This helps convey the spirit of the technical change and recognizing this is permanent. Staff is thrilled as this is rolled out and amplifying Home Forward's belief in equal access to housing for everyone in our programs.

Commissioner Vivian Satterfield thanked everyone who had a hand in this. She went onto say, based on the demographics, besides a racial justice issue, it is also a gender issue. Commissioner TomiRene Hettman added her enthusiasm for a humanistic policy. Chair Damien Hall reiterated his appreciation and support, saying it is no small feat. He appreciated the direct messaging in the resolution and whereas clauses.

There being no further questions, Chair Damien Hall requested a motion to approve. Commissioner Richard Anderson moved to adopt Resolution 20-11-01 and Treasurer Jenny Kim seconded the motion.

The vote was as follows:

- Chair Damien Hall—Aye
- Vice Chair Matthew Gebhardt—Aye
- Treasurer Jenny Kim—Aye
- Chair Emeritus Miki Herman—Aye
- Commissioner Richard Anderson —Aye
- Commissioner TomiRene Hettman—Aye
- Commissioner Vivian Satterfield—Aye
- Commissioner Rakeem Washington—Aye
- Commissioner David Widmark—Aye

**RESOLUTION 20-11-02 Authorize Intergovernmental Agreement with Multnomah County to Accept the Future Transfer of Land Located in Troutdale for a Metro Bond Project**

Amanda Saul, Assistant Director for General Obligation Bond Development, presented the resolution. By entering into the Intergovernmental Agreement with Multnomah County, it will allow the land transfer to Home Forward for affordable housing development in Troutdale with the Metro bond funding. Saul described the housing bond process for affordable housing and our focus on Troutdale, Fairview and Wood Village communities. This site, owned by Multnomah County, is currently vacant and they are prepared to transfer the site to Home Forward once our financing is in place. In doing our due diligence, we feel the site is well located. It is excellent for an affordable housing development, approximately 100 units, with access to amenities such as transit, a new elementary school and industrial jobs (Amazon, FedEx).

Vice Chair Matthew Gebhardt said that this has been before the READ Committee on several occasions. Commissioner Vivian Satterfield asked if this is the first time the GO Bond has funded a project located in Troutdale and Saul responded yes, noting that Home Forward does have some units in Troutdale and she believe there is another affordable property in

Troutdale. Of the three jurisdictions, Saul said Troutdale has the highest rent burdened households.

Satterfield was happy to hear there is access to transit. In response to Commissioner TomiRene Hettman, Saul said we expect to break ground in Summer 2022. We anticipate an RFP for an architect and engineering team to go out in January. Having not done a development in Troutdale, we are not sure of the permit process, but are hopeful it runs smoothly.

Chair Hall asked if the site is across from the Police Department, which it is, and the police offices is where we held our May 2019 board meeting. Hall noted that the referenced Exhibit was missing from the resolution and Saul assured the commissioners she would forward it to them.

There being no questions, Chair Damien Hall requested a motion to approve. Commissioners David Widmark moved to adopt Resolution 20-11-02 and Commissioner TomiRene Hettman seconded the motion.

The vote was as follows:

- Chair Damien Hall—Aye
- Vice Chair Matthew Gebhardt—Aye
- Treasurer Jenny Kim—Aye
- Chair Emeritus Miki Herman—Aye
- Commissioner Richard Anderson —Aye
- Commissioner TomiRene Hettman—Aye
- Commissioner Vivian Satterfield—Aye
- Commissioner Rakeem Washington—Aye
- Commissioner David Widmark—Aye

**ADJOURN**

There being no further business, Chair Damien Hall adjourned the meeting at 6:08 PM.

**Celia M. Strauss**  
**Recorder, on behalf of**  
**Michael Buonocore, Secretary**

ADOPTED: DECEMBER 15, 2020

Attest:

Home Forward:

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Michael Buonocore, Secretary

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Damien R. Hall, Chair

# MISSION MOMENT



# TRASH *for* PEACE

## DECEMBER ACTIVITIES AT HOME:

**NATURAL WORLD: RAINY WEATHER WINDSOCK**



**REUSE: NEW YEAR'S PARTY HAT**



**COMMUNITY: DIY PICTURE FRAME**



**WARMING DRINKS FROM AROUND THE WORLD**



**ACTIVE GAME: HUMAN, BANANA, SODA POP**



**Share your activities with us! @trashforpeace**



# MEET THE TRASH FOR PEACE SUSTAINABILITY SUPERSTARS!

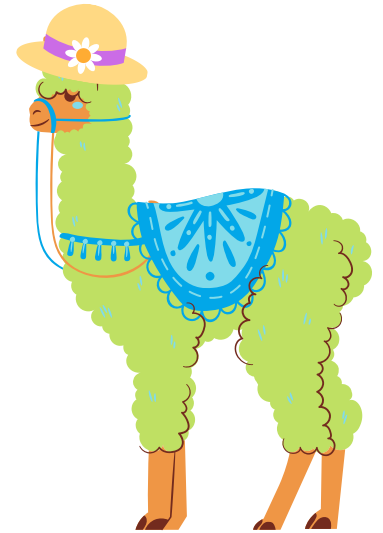


They are all about NATURE, COMMUNITY, and REDUCING, REUSING, and RECYCLING!

## Aspen the Nature Alpaca!

Alice sets a perfect example of how to be kind to the **natural world!** Alpacas graze gently so not to kill the plants they munch on, and have padded feet that don't hurt the soil!

*Nature: We must work to protect, conserve, and enjoy nature in order for us to maintain a healthy and vibrant planet for all.*



*Community: we need to work together to create a more equitable planet for everyone.*



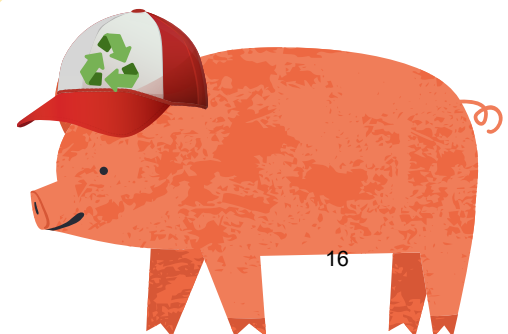
## Currant the Community Bee!

Bees are **community** insects! They work together to gather food, keep each other warm, and communicate with and support each other!

## Pine the Reduce, Reuse, and Recycle Pig!

Did you know that pigs will eat just about anything? They'll snack on stuff that would otherwise head to the trash, making Roger a **reduce** rock star!

*Reduce, Reuse, Recycle: We must use the resources we have wisely so we have what we need to live healthy, happy lives today and in the future. This means we need to **reduce** what we buy, **reuse** what we can, and **recycle** what is left!*



# RAINY WEATHER WINDSOCK

## Materials needed:

- Blue construction paper with holes punched on both ends
- Toilet paper tube (optional, but makes it more sturdy)
- White paper (for clouds)
- Yarn
- Scissors
- Hole punch
- Glue/tape
- Pipe cleaner (or more yarn)



## Instructions:

1. Begin by cutting the cloud shapes out of white paper (or the bag this kit came in) and attaching them to the blue construction paper (with glue or tape)

2. Form your tube! Wrap the blue paper around a toilet paper roll, OR omit the roll and simply roll the paper into a tube. Secure it with tape or glue. Make sure the end with more holes is at the bottom of your tube.

*Make sure to hang up your windssock and watch it blow in the wind!*

3. Cut the yarn into 5 pieces, and thread each one through the holes at the base of the tube. You don't need to tie them, as the rain drops will be attached to each end of the yarn.

4. Now, attach your raindrops! Secure one drop to each end of yarn with glue or tape. There should be 10 total!

5. Finally, put the pipe cleaner through each hole on top of the windssock and bend the ends to secure. You can also use more yarn here to hang your windssock.

# NEW YEAR'S PARTY HATS

Celebrate 2021 in style with these fun DIY party hats!

## Materials needed:

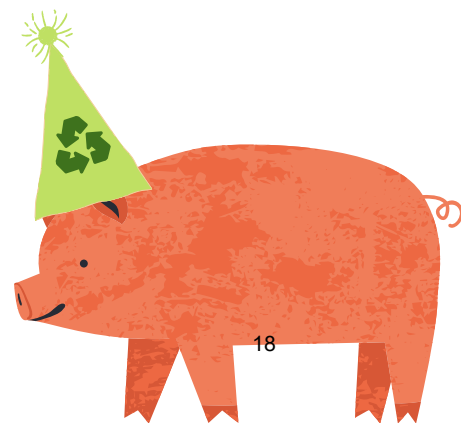
- Construction paper (use the bag this kit came in, or the backside of a used piece of paper!)
- String
- Materials for decoration
- Template for cutting hat (included on the next page)
- Scissors
- Pom-poms or ribbon (optional)

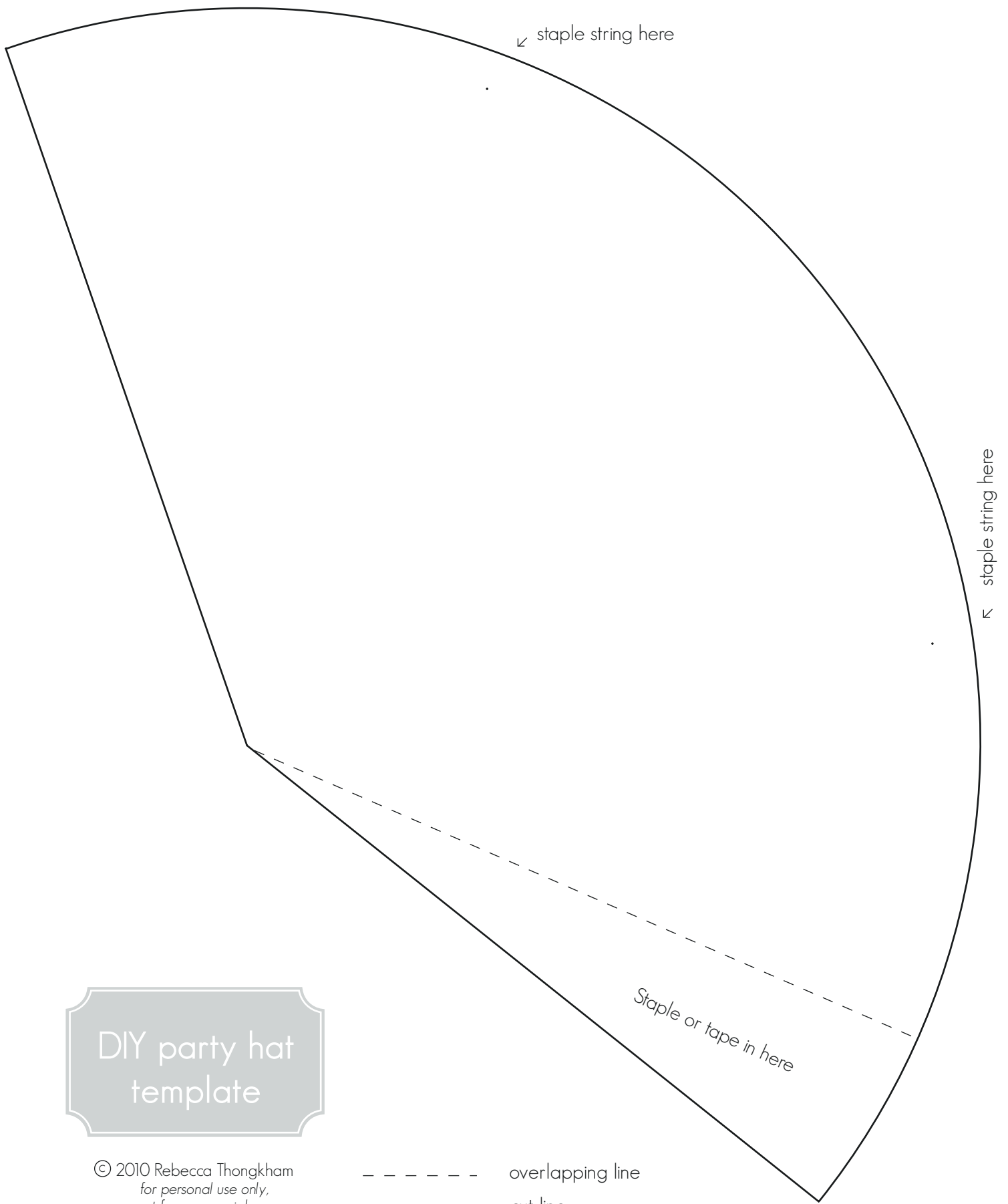


## Instructions:

1. Use scissors to cut out the template included on the next page.
2. Trace the party hat shape onto onto construction paper or card stock.
3. Decorate your party hat! Use markers, crayons, paint, stickers, paper cut-outs, or anything else you can think of to decorate your party hat!
4. Glue or tape the hat together into a cone, overlapping the area designated on the template.
5. Staple, tape, or tie string to the two spots indicated on the template to create a band to tie around your head.
6. Attach pom-poms or ribbon to the top for decoration, if you desire.
7. Allow your hat to dry if you used glue or paint, then wear and celebrate!

I drew the reduce, reuse, recycle symbol on my party hat! My New Year's resolution is to learn even more about recycling! What's yours?





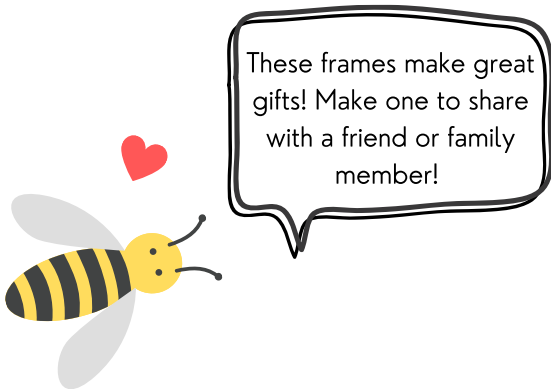
DIY party hat  
template

© 2010 Rebecca Thongkham  
for personal use only,  
not for commercial use

----- overlapping line  
————— cut line



# POPSICLE STICK FRAMES



## Materials:

- Photograph or artwork to frame
- Thin cardboard box (cereal boxes work well)
- Scissors
- Popsicle sticks
- Glue
- Tape
- Colored pencils, markers, crayons, etc. for decorating!
- Ribbon or yarn for hanging

## Instructions:

1. Begin by cutting a piece of **cardboard** big enough for your photo plus the popsicle sticks to go around the photo.
2. Attach your photo to the middle of the cardboard using **glue**. A glue stick works really well for this.
3. Use **popsicle sticks** to create a frame around the photo in any pattern or way you like. You can use as few as 4 popsicle sticks overlapping to frame your photo, or use more for a thicker frame.
4. Use glue to attach the sticks to the cardboard.
5. Decorate your frame with markers, stickers, **crayons** or whatever craft supplies you have on hand! Allow to dry before proceeding.
6. Cut a piece of **ribbon or yarn** to hang your frame. Using tape or glue, attach each end of the string to the back to create a loop for hanging!

# WARMING DRINKS FROM AROUND THE WORLD!



## Champurrado

This traditional Mexican chocolate drink is deliciously warm, creamy, and is thickened with corn flour!

### Ingredients:

- 5-6 cups water
- 1/2 can condensed milk
- 1 can evaporated milk
- 4 cups regular milk
- 1 cinnamon stick
- 1.5 bars chocolate abuelita
- masa harina

### Instructions:

1. Add 1 cinnamon stick to about 1 cup of water in a medium-large sauce pan and bring to a boil
2. Once the water comes to a boil, add 4 cups of regular milk
3. Then add one 1 can of evaporated milk and half a can of condensed milk (or to your taste)
4. Add the chocolate abuelita and mix these ingredients for about 5 minutes over low-medium heat
5. In another bowl or a blender, mix 1 cup of masa harina and 4-5 cups of water until well mixed
6. Then, slowly add the masa harina mixture to the milk and chocolate mixture, pouring in little by little. Make sure you keep stirring to avoid clumps!
7. Keep stirring for about 20 minutes over medium-low heat, adding the masa harina to your liking. Add more for a thicker drink, and less for a thinner Champurrado!

## Moroccan Mint Tea

This sweet herby tea is a common traditional drink in Morocco!



### Ingredients:

- 4 cups water
- 7-10 sprigs of fresh mint
- 1 tbs (or 3 bags) green tea
- 3-4 tbs sugar, or to tast

### Instructions:

1. Boil 4 cups of water.
2. Prepare a tea pot with green tea leaves or bags. Once the water has boiled, add the water to the tea and let it steep for 2 minutes.
3. Stir in sugar and mint leaves and allow to steep 3-4 minutes more.
4. Serve in glasses! To create a nice foam on the tea, carefully pour with the teapot a high distance from the glasses.

# Human, Banana, Soda Pop

## Get Ready!

This game is like rock, paper, scissors except we move our whole body!

Instead of rock, paper, scissors we use:

**HUMAN:** flex arms overhead like a body builder and say “Oh, yeah!”

**BANANA:** stand on tippy toes, put both arms straight up in the air and say “banana”

**SODA POP:** Squat down and make arms into a circle shape in front of your chest (like a basketball hoop) and say “Fizzzzzzz”



## Rules:

*Humans eat bananas (and bananas are good for humans) so humans BEAT bananas.*

*Bananas are healthier than soda, so bananas BEAT soda. Soda is full of empty calories and/or sugar, so soda BEATS humans.*

## Instructions:

1. Find a partner and stand back to back with at least one foot (one arm’s length) of space between you.
2. One partner will yell “human, banana, soda pop” and then both players will jump and spin to face each other. Before you land, do the movement for human, banana, or soda pop and hold it!
3. The winner does ten star jumps (one foot hops, jumping jacks) and your partner does ten squats (calf raises, frog jumps).

## Family Talking Points:

*Discuss together and write or draw your answers in the space provided.*

What beverages can you choose instead of soda that would be a healthier option?

List some healthy snacks other than bananas:



# PEN PALS!

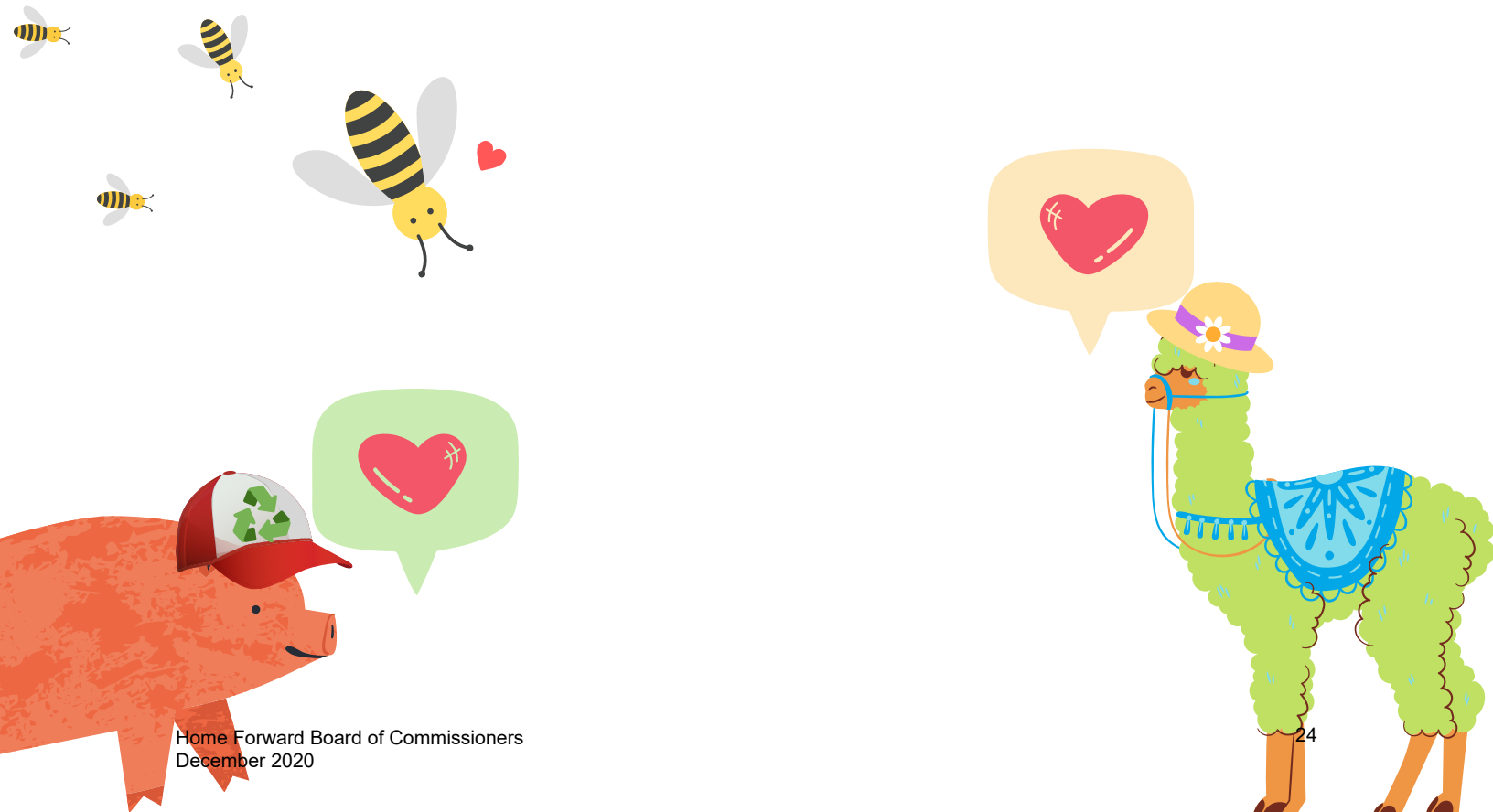


Interested in writing to  
a pen pal?

Use the letter and envelope included in this kit to write to a new  
friend your age!

Tell your pen pal about your hobbies, your favorite parts of winter, or  
anything else you want to share!

Let us know that you have a letter ready by emailing  
[laura@trashforpeace.org](mailto:laura@trashforpeace.org) or texting 503-250-0997 and we will pick it  
up! Soon after, you will get a letter back from your new pen pal!



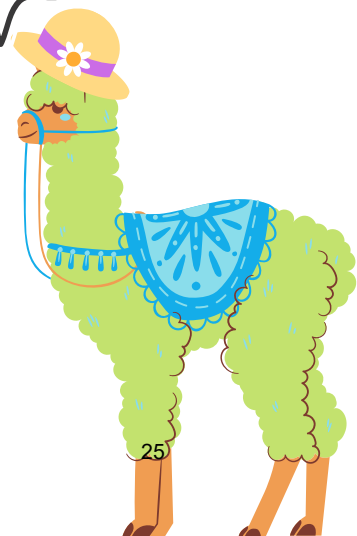
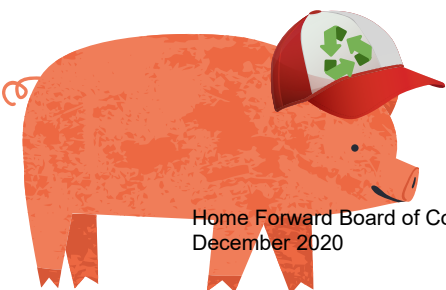


Trash for Peace is a Portland-based nonprofit organization! We partner with multifamily housing communities to provide weekly hands-on activities and community engagement opportunities to youth and families that are focused on sustainability.

Usually we are there in person, but in order to be safe we are providing some fun activities to do while at home!

Want to get in touch?  
Email us at  
[info@trashforpeace.org](mailto:info@trashforpeace.org)!

Find out more about us at  
[www.trashforpeace.org](http://www.trashforpeace.org)!



# CONSENT CALENDAR



**MEMORANDUM**

To: Board of Commissioners

Date: December 15, 2020

From: Taylor Smiley Wolfe, Director of  
Policy and Planning  
503.802.8506

Subject: Authorize Changes to the  
Administrative Plan and Admissions  
and Continued Occupancy Policy in  
response to COVID-19  
Resolution 20-12-01

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The Board of Commissioners is asked to approve Resolution 20-12-01 authorizing approval of time-limited informal changes and one permanent change to the Administrative Plan, which governs Home Forward’s Housing Choice Voucher Program, and time-limited informal changes to the Admissions and Continued Occupancy Policy (ACOP) which governs Home Forward’s public housing. “Informal changes” are changes to our practices authorized by regulatory waivers that were not physically made to the Admin and ACOP plans because they are temporary.

This request supports the Home Forward strategic plan “One Agency” initiative working together in ways that help us constantly evolve and improve our ability to serve our community.

**BACKGROUND**

In response to the COVID-19 public health emergency, the Department of Housing and Urban Development (HUD) exercised its authority under the CARES Act to establish waivers and administrative flexibilities to provide regulatory relief to Public Housing Authorities (PHAs). HUD published an initial set of waivers in PIH Notice 2020-05 on April 10, 2020. This Notice was superseded by PIH Notice 2020-13, published on July 2, 2020, and PIH Notice 2020-33 which was published on November 30, 2020. In all three notices, HUD encouraged PHAs to utilize waivers to keep Public Housing and Housing Choice Voucher programs operational to

the extent practicable and to expand housing assistance opportunities to address issues that increase risk of COVID-19, like homelessness and overcrowding.

Two of the waivers provided in all three Notices temporarily waived the requirement that a PHA Board approve revisions to the Administrative Plan (HCV-1) and Admissions and Continued Occupancy Policy (PH-4). In both cases, the waiver is available through March 31, 2021 and HUD required that: "Any informally adopted revisions under this waiver authority must be formally adopted no later than June 30, 2021."

The informal changes Home Forward made to Admin and ACOP plans were authorized by either waivers included in PIH Notice 2020-33 or Home Forward's Moving to Work authority. The informal changes will not be physically made to the Admin and ACOP plans, but rather added as an addendum. The one permanent change Home Forward is requesting to make to our Admin plan is a technical change to align our rent increase notice requirements in the Housing Choice Voucher program with State law. Home Forward is requesting approval from the Board for the period of availability of each change that is outlined in the detailed summary of requested changes in Attachment A.

## **OVERVIEW**

In response to the requirement that any informally adopted revisions to our Admin and ACOP plans be formally approved by the Board no later than June 30, 2021, we are requesting Board approval of these changes. Attachment A outlines a full summary of the regulatory flexibility provided and informal changes Home Forward made to our Admin and ACOP.

The Board is being asked to approve Home Forward's informal change to our Admin and ACOP plans as outlined in Attachment A.

## **ATTACHMENTS**

Attachment A. Detailed Changes to Admin and ACOP



## RESOLUTION 20-12-01

**RESOLUTION 20-12-01 AUTHORIZES HOME FORWARD TO AMEND LANGUAGE IN THE ADMINISTRATIVE PLAN WHICH GOVERNS PROCESSES AND PROCEDURES IN THE HOUSING CHOICE VOUCHER PROGRAM AND ADMISSIONS AND CONTINUED OCCUPANCY POLICY WHICH GOVERNS PROCESSES AND PROCEDURES IN THE PUBLIC HOUSING PROGRAM**

**WHEREAS**, Home Forward builds our skills and works together in ways that help us constantly evolve and improve our ability to serve our community; and

**WHEREAS**, the Coronavirus Aid, Relief, and Economic Security (CARES) Act provided the Department of Housing and Urban Development (HUD) with broad authority to waive or establish alternative requirements for numerous statutory and regulatory requirements for the Public Housing and Housing Choice Voucher program; and

**WHEREAS**, the Department of Housing and Urban Development established waivers and alternative requirements for statutory and regulatory requirements in PIH Notice 2020-05, PIH Notice 2020-13, and PIH Notice 2020-33. HUD waived of the requirement that Public Housing Authorities receive Board approval for changes to the Admin and ACOP plans, for the purpose of providing relief to Public Housing Agencies (PHAs); and

**WHEREAS**, Home Forward made informal changes to our Administrative Plan and Admissions and Continued Occupancy Policy without Board approval using the waiver authority and our Moving to Work authority provided by HUD to respond in a timely manner to the COVID-19 public health emergency; and

**WHEREAS**, Home Forward wishes to comply with the HUD's alternative requirement that PHAs receive Board approval of all informal changes to the Admin and ACOP made using the regulatory waiver by June 30, 2021;

**WHEREAS**, Home Forward wishes to make one permanent technical change to the notice requirements for rent increases in our Housing Choice Voucher program to comply with State law;

**NOW, THEREFORE, BE IT RESOLVED**, the Board of Commissioners of Home Forward hereby authorizes the Executive Director to approve changes to the Administrative Plan for the Housing Choice Voucher program and Admissions and Continued Occupancy Policy to implement informal and one permanent policy change in response to the COVID-19 public health emergency.

**ADOPTED: DECEMBER 15, 2020**

**Attest:**

**Home Forward:**

\_\_\_\_\_  
Michael Buonocore, Secretary

\_\_\_\_\_  
Damien R. Hall, Chair

# Attachment A: Detailed Changes to Admin and ACOP

Prepared by: Taylor Smiley Wolfe, Director of Policy and Planning

Date: December 15, 2020

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## Background

In response to the COVID-19 public health emergency, the Department of Housing and Urban Development (HUD) exercised its authority under the CARES Act to establish waivers and administrative flexibilities to provide regulatory relief to Public Housing Authorities (PHAs). HUD published an initial set of waivers in PIH Notice 2020-05 on April 10, 2020, superseded by PIH Notice 2020-13 on July 2, 2020, and PIH Notice 2020-33 on November 30, 2020. In all three notices, HUD encouraged PHAs to utilize waivers to keep Public Housing and Housing Choice Voucher programs operational to the extent practicable and to expand housing assistance opportunities to address issues that increase risk of COVID-19, like homelessness and overcrowding.

All three notices provided PHAs with the ability to make changes to their Administrative Plans (Admin Plans), which govern the Housing Choice Voucher program, and Admissions and Continued Occupancy Policy (ACOP) plans, which govern the Public Housing Program, without Board approval. Specifically, waiver HCV-1 allowed PHAs to make informal changes to their Administrative Plans without Board approval and waiver PH-4 allowed PHAs to make informal changes to their ACOP plans without Board approval. In both cases, the regulatory flexibility was made available through March 31, 2021 meaning that a PHA could make changes to their Admin and ACOP plans without Board approval through March 31, 2021. Both of these waivers also required that: “Any informally adopted revisions under this waiver authority must be formally adopted no later than June 30, 2021.”

This document outlines all of the informal changes made to Home Forward’s Admin and ACOP plans using the waiver authority granted via waivers HCV-1 and PH-4 initially in HUD Notice PIH 2020-05 and subsequently in HUD Notices PIH 2020-13 and PIH Notice 2020-33. In compliance with the requirements of these waivers, all of the changes were implemented prior to March 31, 2020 and Home Forward is requesting Board approval of these informal changes prior to June 30, 2021.

Home Forward is also requesting approval of one permanent technical change to our administrative plan to align rent increase notice requirements in the Housing Choice Voucher program with State notice requirements.

## Informal Changes: Admin and ACOP

### 1. Annual Examination: Income Verification Requirements

**Description of Current Requirements:** Public Housing Authorities (PHAs) are required to obtain third-party verification via the Enterprise Income Verification (EIV) system, or document why third-party verification was not available, during mandatory reexaminations or recertification of family composition and income. HUD also describes the required verification hierarchy process that PHAs must follow during this process, which includes obtaining documentation in the following order of priority: (1) written third party verification, (2) written third party verification form, (3) oral third party verification, (4) self-certification.

**Description of Home Forward Policy:** Home Forward complies with HUD's requirements and uses the Enterprise Income Verification (EIV) system to verify a family's income at their examination which occurs every two or three years, depending on whether the household is "work-focused" or is a household with a senior or person with a disability.<sup>1</sup>

**Regulatory Waiver:** PH and HCV-3, PIH Notice 2020-33

**Description of Alternative Authority:** With waiver PH and HCV-3 in PIH Notice 2020-33, HUD waived the requirement that PHAs use the income hierarchy. This waiver allowed PHAs to forgo third-party income verification requirements for reexaminations, including the use of EIV and allowed PHAs to consider self-certification as the highest form of income verification when processing examinations. The waiver also allowed PHAs to accept self-certification through email, postal mail, through other electronic means, or over the phone (if the PHA staff contemporaneously documented the self-certification in writing). Finally, the waiver requires PHAs to address any discrepancies that arise between the income that the resident or participant self-certified and any income shown through the EIV report at a later date.

#### **Description of Informal Change:**

ACOP: Instead of strictly following the income hierarchy, staff accepted self-certification of income prior to pursuing other forms of income verification in the hierarchy.

Admin Plan: Instead of strictly following the income hierarchy, staff accepted self-certification of income prior to pursuing other forms of income verification in the hierarchy.

**Period of Implementation:** April 14, 2020 to June 30, 2021.

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin and ACOP plan during the period of implementation.

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<sup>1</sup> Home Forward, Chapter 9: Recertifications, Admissions Continued Occupancy Plan, pp 9-2 to 9-4; and Home Forward, Chapter 7: Verification, Administrative Plan, pp 7-3 to 7-10.

### 3. Interim Examinations: Income Verification Requirements

**Description of Current Requirements:** At any time, a resident of the public housing program or participant of the Housing Choice Voucher program may request an interim determination of family income and the PHA must respond within a reasonable amount of time. For example, if a household member loses their job due to COVID-19, they may request an income reexamination and have their rent adjusted in accordance with their change in income. Public Housing Authorities (PHAs) are required to obtain third-party verification via the Enterprise Income Verification (EIV) system, or document why third-party verification was not available, during interim reexaminations. HUD also describes the required verification hierarchy process that PHAs must follow during this process, which includes obtaining documentation in the following order of priority: (1) written third party verification, (2) written third party verification form, (3) oral third party verification, and (4) self-certification.

**Description of Home Forward Policy:** Home Forward complies with HUD's requirements and uses the Enterprise Income Verification (EIV) system to verify a family's income during an interim re-examination.<sup>2</sup>

**Regulatory Waiver:** PH and HCV-4, Notice PIH 2020-33

**Description of Alternative Authority:** HUD waived the requirement to use the income verification requirements for interim reexaminations, including the required use of EIV. PHAs may consider self-certification as the highest form of income verification to process reexaminations. PHAs may accept self-certification through email, postal mail, through other electronic means, or over the phone (if the PHA staff contemporaneously documented the self-certification in writing). Finally, the waiver requires PHAs to address any discrepancies that arise between the income that the resident or participant self-certified and any income shown through the EIV report at a later date.

**Description of Informal Change:**

ACOP: Instead of strictly following the income hierarchy, staff accepted self-certification of income prior to pursuing other forms of income verification in the hierarchy.

Admin: Instead of strictly following the income hierarchy, staff accepted self-certification of income prior to pursuing other forms of income verification in the hierarchy.

**Period of Implementation:** April 14, 2020 to June 30, 2021.

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin and ACOP plan during the period of implementation.

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<sup>2</sup> Home Forward, Chapter 9: Recertifications, Admissions Continued Occupancy Plan, pp 9-5 to 9-6; and Home Forward, Chapter 7: Verification, Administrative Plan, pp 7-3 to 7-10.

## Informal Changes: Administrative Plan

### 1. Housing Quality Standards (HQS) – Initial Inspection Requirements

**Description of Current Requirements:** PHAs are required to inspect a unit to ensure it meets Housing Quality Standards (HQS) before any assistance payment can be made, before a Housing Assistance Payment (HAP) contract can be executed, and before the beginning of the initial lease term.

**Description of Home Forward Policy:** Home Forward complies with the requirement that a unit meet HQS prior to making assistance payments, executing a HAP contract, and beginning the initial lease term.<sup>3</sup>

**Regulatory Waiver:** HQS-1, Notice PIH 2020-33

**Description of Alternative Authority:** HUD waived the requirement that PHAs inspect a unit to ensure it meets HQS prior to making an assistance payment, executing a HAP contract, and prior to the initial lease term. In order to place the unit under HAP contract and commence making payments, the PHA may rely on the owner's certification that: "the owner has no reasonable basis to have knowledge that life threatening conditions exist in the unit or units in question instead of conducting an initial inspection." The PHA must complete the initial inspection as soon as is reasonably possible, but no later than the 1-year anniversary date of the owner's certification. Home Forward may delay the initial inspection until June 30, 2021, when the waiver authority expires.

**Description of Informal Change:** Home Forward continued to perform initial inspections in vacant units. Home Forward accepted owner certification in lieu of performing an initial inspection in occupied units.

**Period of Implementation:** April 14, 2020 to June 30, 2021<sup>4</sup>

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>3</sup> Home Forward, "Chapter 8-II.B: Initial HQS Inspection, Timing of Initial Inspections," Administrative Plan, pg 8-13.

<sup>4</sup> This waiver authority is available until June 30, 2021. If Home Forward received owner certification that their unit meets HQS requirements on June 30, 2021, Home Forward would have until one year after that owner's certification to complete the inspection (June 30, 2022).

## 2. Housing Quality Standard (HQS) – Biennial Inspections

**Description of Current Requirements:** PHAs are required to inspect the unit not less often than biennially during the term of the HAP contract.

**Description of Home Forward Policy:** Home Forward complies with the requirement to inspect units at least biennially during the term of the HAP contract.<sup>5</sup>

**Regulatory Waiver:** HQS-5, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is allowing PHAs to delay biennial inspections for tenant-based and project-based units. All delayed inspections must be completed as soon as reasonably possible and no later December 31, 2021. PIH Notice 2020-33, which was published on November 30, 2020 required that the PHA must require owner certification that the owner has no reasonable basis to have knowledge that life-threatening conditions exist in the unit or units in question.

**Description of Informal Change:** The Housing Choice Voucher program has delayed biennial inspections that would have been due between April 14, 2020 and November 30, 2020 and may delay biennial inspections due between December 1, 2020 and June 30, 2021. In compliance with the new alternative requirements in PIH Notice 2020-33, if Home Forward delays a biennial inspection that would otherwise have been due between December 1, 2020 and June 30, 2021, Home Forward will require owner certification that the owner has no reasonable basis to have knowledge that life-threatening conditions exist for inspections and will complete all delayed biennial inspections by December 31, 2021.

**Period of Implementation:** April 14, 2020 and December 31, 2021.

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>5</sup> Home Forward, "Chapter 8-III.D: Inspecting Units," Administrative Plan, pg 8-15; Home Forward, "Chapter 17.II.F: Cap on Number of PBV Units in each project," Administrative Plan, pg 17-20; Home Forward, "Chapter 18-III.D: Inspecting Units," Administrative Plan, pg 18-14.

### 3. Housing Quality Standard (HQS) – Interim Inspections

**Description of Current Requirements:** If a PHA receives notification by a family or government official that an assisted unit does not comply with the HQS and the condition is life-threatening, the PHA must inspect the unit within 24 hours of receiving notification. If a PHA receives notification by a family or government official that an assisted unit does not comply with the HQS but the condition is not life threatening, the PHA must inspect the unit within 15 days.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements outlined above.<sup>6</sup>

**Regulatory Waiver:** HQS-6, Notice PIH 2020-33

**Description of Alternative Authority:** HUD waived these requirements and provided an alternative requirement for both tenant-based and project-based units. If a reported deficiency is life-threatening, the PHA must notify the owner of the reported life threatening deficiency and the owner must correct it within 24 hours or provide documentation (text or e-mail photo to PHA) that the reported deficiency does not exist. If the deficiency is not life threatening, the PHA must notify the owner within 30 days and the owner must either make the repair or document that the deficiency does not exist within 30 days of receiving the PHA notification or any approved PHA extension. This waiver may also apply to PHA-owned units if the independent entity is unable to perform the inspection.

**Description of Informal Change:** Home Forward completed in person inspections for any complaint related to fire, life safety, no water or no heat. In these cases, we followed our standard protocols and notified the landlord with a list of repairs. If we couldn't gain access to the unit or the client denied entrance due to COVID, we notified the landlord via letter with fail items noted. Home Forward did not require in person inspections for complaints related to other issues than those outlined above. In these cases, Home Forward worked with the tenant and landlord to resolve any complaints related to noncompliance with HQS. Home Forward required owners to provide documentation that an issue had been resolved or did not exist within the time period described above.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>6</sup> Home Forward, "Chapter 8-II.G: Inspection Results and Reinspections for units under HAP contract," Administrative Plan, pg 8-18

#### 4. Housing Quality Standard (HQS) – PBV Turnover Unit Inspections

**Description of Current Requirements:** Before providing assistance to a new family in a PBV contract unit, the PHA must inspect the unit.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements outlined above.

**Regulatory Waiver:** HQS-7, Notice PIH 2020-33

**Description of Alternative Authority:** HUD waived the requirement that PHAs inspect a PBV contract unit prior to providing assistance to a new family to ensure it meets HQS. The PHA may rely on the owner's certification that: "the owner has no reasonable basis to have knowledge that life threatening conditions exist in the unit or units in question," to allow a new family to occupy the vacated unit. The PHA must complete the inspection as soon as is reasonably possible, but no later than the 1-year anniversary date of the owner's certification. This waiver may also apply to PHA-owned units if the independent entity is unable to perform the inspection.

**Description of Informal Change: Home Forward continued inspections in vacant units.** In cases where the unit was occupied, Home Forward's implemented an informal change to our Admin plan to accept owner-certification as outlined in alternative authority provided in the regulatory wavier above in lieu of completing an inspection.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

## 5. Housing Quality Standards (HQS) – Inspections to Add or Substitute Units (PBV HAP Contract)

**Description of Current Requirements:** The PHA may amend the Housing Authority Payment (HAP) contract to add additional Project-based Voucher (PBV) contract units or substitute a different unit for a previously covered contract unit. Proposed additional or substituted units must be inspected to ensure compliance with HQS before they may be added to the HAP contract.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements outlined above.<sup>7</sup>

**Regulatory Waiver:** HQS-8, Notice PIH 2020-33

**Description of Alternative Authority:** HUD waived the requirement that PHAs inspect unit prior to adding or substituting it in the HAP contract. The PHA may rely on the owner’s certification that: “the owner has no reasonable basis to have knowledge that life threatening conditions exist in the unit or units in question,” to add or substitute the unit in the HAP contract. The PHA must complete the inspection as soon as is reasonably possible, but no later than the 1-year anniversary date of the owner’s certification. This waiver may also apply to PHA-owned units if the independent entity is unable to perform the inspection.

**Description of Informal Change:** Home Forward continued to comply with the regulatory requirements absent this waiver in vacant units. For occupied units, Home Forward accepted owner certification of absence of life threatening conditions.

**Period of Implementation:** April 14, 2020 to June 30, 2021.

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward’s Admin plan during the period of implementation.

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<sup>7</sup> Home Forward, “Chapter 17: Project Based Vouchers: Amendments to the HAP Contract,” Administrative Plan, pg 17-31.



## 6. Housing Quality Standards (HQS) – Quality Control Inspections

**Description of Current Requirements:** PHAs are required to conduct supervisory quality control inspections of a sampling of units under contract.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements outlined above.<sup>8</sup>

**Regulatory Waiver:** HQS-9, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving this regulatory requirement.

**Description of Informal Change:** Home Forward suspended Quality Control sampling inspections during the waiver period.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>8</sup> Home Forward, "Chapter 8-III.D: Inspecting Units," Administrative Plan, pg 8-16

## 7. Housing Choice Voucher – Oral Briefing

**Description of Current Requirements:** PHAs are required to give families selected to participate in the HCV or PBV program an oral briefing.

**Description of Home Forward Policy:** When a family is determined to be eligible for the Housing Choice Voucher (HCV) or Project Based Voucher (PBV) program, the PHA must ensure that the family fully understands the way the program operates and the family's obligations under the program. The family must attend an oral briefing prior to being issued their voucher.<sup>9</sup>

**Regulatory Waiver:** HCV-2, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving the requirement for a family to attend an oral briefing prior to being issued their voucher. The PHA must instead conduct the briefing by other means, such as a webcast, video call, or expanded information packet.

**Description of Informal Change:** The Rent Assistance team conducted part of the briefings over the phone, including (1) which forms must be returned, (2) which forms to give to landlord, (3) review of maximum rent calculation sheet, and (4) time for questions. To make sure families received all of the information, Home Forward provided families with a full briefing packet and powerpoint slides.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>9</sup> Home Forward, "Chapter 5: Briefings and Voucher Issuance," Administrative Plan, pp. 5-1 to 5-14; Home Forward, "Chapter 17-VI.E: Offer of PBV Assistance," Administrative Plan, pg 17-43; and Home Forward, "Chapter 18-V.F: Offer of PBV Assistance," Administrative Plan, pg 18-28.

## 8. Housing Choice Voucher (HCV) – Extension of Voucher Term

**Description of Current Requirements:** PHAs are allowed to grant families one or more extensions of their initial voucher term but must do so in accordance with the PHA policy as described in their administrative plan.

**Description of Home Forward Policy:** Home Forward’s policy includes an automatic approval of a 60-day extension upon written request from the family. The request may be delivered in person, by e-mail, fax, or through a support agency on behalf of the family. The PHA may approve additional extensions only in specific circumstances.<sup>10</sup>

**Regulatory Waiver:** HCV-3, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving the requirement that extensions must be in accordance with the PHA’s policy as outlined in their administrative plan to allow PHAs to provide extensions even if they have not been able to formally amend their administrative plan.

**Description of Informal Change:** Home Forward provided extensions in extenuating circumstances beyond what was outlined in our Administrative plan.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward’s Admin plan during the period of implementation.

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<sup>10</sup> Home Forward, “Chapter 5-II. E. Voucher Terms and Extensions,” Administrative Plan, pp. 5-15 to 5-16.

## 9. Housing Choice Voucher (HCV) - When HAP Contract is Executed

**Description of Current Requirements:** PHAs may not make any housing assistance payments (HAP) to the owner until the HAP contract is executed. The PHA must make best efforts to execute the contract prior to the beginning of the lease and must execute the contract within 60 days of the beginning of the lease of the contract is void.

**Description of Home Forward Policy:** Home Forward complies with the regulations outlined above.<sup>11</sup>

**Regulatory Waiver:** HCV-4, Notice PIH 2020-33

**Description of Alternative Authority:** HUD extended the deadline by which PHAs must execute the HAP contract from 60 days to 120 days.

**Description of Informal Change:** Home Forward made an informal change to our Admin plan to provide HAP even if the contract was not executed within 60 days in extenuating circumstances.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>11</sup> Home Forward, "Chapter 9-I. G. HAP Contract Execution," Administrative Plan, pg. 9-13.

## 10. Housing Choice Voucher (HCV) – Absence from Unit

**Description of Current Requirements:** PHAs are required to terminate a household's assistance if they are absent from their unit for more than 180 days.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements described above.

**Regulatory Waiver:** HCV-5, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving this regulatory requirement and allows PHAs, at their discretion, to continue housing assistance payments and not terminate the HAP contract due to extenuating circumstances (e.g., hospitalization, extended stays at nursing homes). If a household has been absent from their unit for more than 180 days on June 30, 2021, the PHA must terminate their assistance. PIH Notice 2020-33 added a new requirement for use of this waiver authority that is effective beginning November 30, 2020. The new requirement is that the PHA must maintain documentation in the tenant file of the extenuating circumstances that resulted in absence from the unit.

**Description of Informal Change:** Home Forward made an informal change to our Admin plan and used this discretion on absences of longer than 180 days during the period of availability in extenuating circumstances. For qualifying absences beyond December 31, 2020, Home Forward will maintain documentation in the tenant file about the extenuating circumstances that resulted in the absence from the unit, per the new alternative requirement articulated in PIH Notice 2020-33.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

## 11. Housing Choice Voucher (HCV) – Automatic Termination of HAP Contract

**Description of Current Requirements:** PHAs are required to terminate a household's assistance 180 days after the PHAs last payment. For example, if a household's income increases to the extent that the Housing Assistance Payment (HAP) is \$0, the PHA must terminate the HAP contract 180 days from that date.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements described above.<sup>12</sup>

**Regulatory Waiver:** HCV-6, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving this regulatory requirement and allowing PHAs to extend the period of time following the last payment before assistance is terminated beyond 180 days. However, the date may not be extended beyond June 30, 2021.

**Description of Informal Change:** Home Forward made an informal change to our Admin plan to provide extensions for automatic termination of the HAP contract if recipients had extenuating circumstances during the period of availability.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>12</sup> Home Forward, "Chapter 12-I. B. Family No Longer Requires Assistance," Administrative Plan, pg. 12-2.

## 12. Housing Choice Voucher (HCV) – Family Unification Program (FUP) Youth Age

**Description of Current Requirements:** The statute requires that a FUP youth be no more than 24 years old (not yet reached their 25<sup>th</sup> birthday) to be eligible to receive subsidy (housing assistance payment) through the FUP program.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements described above.<sup>13</sup>

**Regulatory Waiver:** HCV-10, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving this regulatory requirement and allowing PHAs to execute a HAP contract on behalf of any otherwise eligible FUP youth not more than 25 years of age (not yet reached their 26<sup>th</sup> birthday).

**Description of Informal Change:** Home Forward made an informal change to our Admin plan to allow us to execute a HAP contract on behalf of an otherwise eligible FUP youth that is not more than 25 if needed.

**Period of Implementation:** December 7, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>13</sup> Home Forward, "Chapter 4-III.B. Selection and HCV Funding Sources," Administrative Plan, pg. 4-14.

### 13. Housing Choice Voucher (HCV) – Family Unification Program (FUP) Length of Assistance

**Description of Current Requirements:** The statute limits the availability of assistance for FUP youth to a period “not to exceed 36 months”.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements described above.<sup>14</sup>

**Regulatory Waiver:** HCV-11, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving this regulatory requirement and allowing PHAs to grant FUP youth with a 6-month extension for FUP youth who will reach their 36-month time limit between April 10, 2020 and June 30, 2021.

**Description of Informal Change:** Home Forward made an informal change to our Admin plan to allow us to provide a 6-month extension to a FUP youth whose time-limit would otherwise end during the period of implementation, as needed.

**Period of Implementation:** December 7, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward’s Admin plan during the period of implementation.

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<sup>14</sup> Home Forward, “Chapter 4-III.B. Selection and HCV Funding Sources,” Administrative Plan, pg. 4-14.



## 14. Housing Choice Voucher (HCV) – Family Unification Program (FUP) Referral Timeframe

**Description of Current Requirements:** The statute requires that assistance may be provided on behalf of “otherwise eligible youths who have attained at least 18 years of age and not more than 24 years of age who have left foster care or will leave foster care within 90 days.”

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements described above.<sup>15</sup>

**Regulatory Waiver:** HCV-12, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is extended the requirement that, to be eligible, a youth has left or will leave foster care within 90 days to within 120 days.

**Description of Informal Change:** Home Forward made an informal change to our Admin plan to allow us to serve youth who will leave foster care within 120 days.

**Period of Implementation:** December 7, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward’s Admin plan during the period of implementation.

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<sup>15</sup> Home Forward, “Chapter 4-III.B. Selection and HCV Funding Sources,” Administrative Plan, pg. 4-14.

## 15. Housing Choice Voucher (HCV) – Removal of Unit from PBV HAP Contract

**Description of Current Requirements:** Under the Project Based Voucher (PBV) program a PHA is required to remove a unit from a PBV HAP contract after 180 days of zero housing assistance payments to the unit owner on behalf of the family residing in the unit.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements described above.<sup>16</sup>

**Regulatory Waiver:** HCV-14, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving this regulatory requirement and allowing PHAs to extend the period of time following the last payment before assistance is terminated beyond 180 days. However, the date may not be extended beyond June 30, 2021.

**Description of Informal Change:** Home Forward made an informal change to our Admin plan to provide extensions for automatic removal of the unit from the PBV contract instead of removing the unit from the contract after 180 days during the period of availability.

**Period of Implementation:** April 14, 2020 to June 30, 2021

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>16</sup> Home Forward, "Chapter 17-VII. B. Lease," Administrative Plan, pg. 17-50.

## 16. Housing Choice Voucher (HCV) – Temporary Rent Increase Policy

**Description of Current Requirements:** Landlords are required to notify tenants and the PHA of any rent increases at least ninety days before any such changes will go into effect.<sup>17</sup> Federal regulations require that such changes are subject to rent reasonableness requirements, and subject to approval by the PHA.

**Description of Home Forward Policy:** Home Forward will agree to a rent increase request, if provided within legally required timeframes, only if the amount of the rent to owner is considered reasonable according to Home Forward's rent reasonableness standards. If the requested rent is not found to be reasonable, the owner must either reduce the requested rent increase, or give the family notice in accordance with the terms of the lease. No rent increase is permitted during the initial term of the lease [24 CFR 982.309(a)(3)]. Where the owner is requesting a rent increase, Home Forward will determine whether the requested increase is reasonable within 15 business days of receiving the request from the owner. The owner will be notified of the determination in writing. Rent increases will go into effect on the first of the month following the 90 day period after the owner notifies the PHA of the rent change or on the date specified by the owner, whichever is later.<sup>18</sup>

**Regulatory Waiver:** HUD approved Home Forward's FY2020 MTW Plan on June 26, 2020, which included the alternative authority described below. Authority to implement this approach derives from Attachment C to the HUD-Home Forward MTW Agreement, Section D(2)(b) and Attachment D to the HUD-Home Forward MTW Agreement, Sections B(2) and D(1).

**Description of Alternative Authority:** Home Forward received authority from HUD to deny all rent increase requests, or pause the processing of all rent increase requests, from landlords of tenant-based Housing Choice Voucher holders for reasons other than non-compliance with rent reasonableness in rent setting. Home Forward will implement this approach based upon a consideration of the following factors:

- (1) A consideration of financial and administrative impact on Home Forward;
- (2) Rent burden on tenants participating in the Housing Choice Voucher program;
- (3) Impact on participating landlords; and
- (4) Other compelling situations which may include the declaration of a state of emergency.

**Description of Informal Change:** Home Forward made an informal change to the Admin plan to use this authority to deny rent increase requests for landlord's in the Housing Choice voucher program that would go into effect during Calendar Year 2021. The period of implementation below is from September 30, 2020 to December 31, 2021 as opposed to January 1, 2021 to December 31, 2021 because landlords must give 90 days notice before a rent increase is effective. So their rent increase requests that would impact tenants in Calendar Year 2021 would likely occur between September 1, 2020 and September 30, 2021, with effect through December 31, 2021.

**Period of Implementation:** September 1, 2020 to December 31, 2021.

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's Admin plan during the period of implementation.

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<sup>17</sup> Oregon Revised Statute 90.323. Home Forward's Administrative plan needs to be permanently amended to reflect this state requirement.

<sup>18</sup> Home Forward, "Chapter 9-I.H. Changes in lease or rent," Administrative Plan, pg. 9-14.

## Informal Changes: Admissions and Continued Occupancy Policy (ACOP)

### 1. Public Housing – Annual Self-Inspections

**Description of Current Requirements:** PHAs who own or operate public housing are required to annually inspect each public housing project to determine whether units in the project are maintained to applicable standards and remain safe for residents.

**Description of Home Forward Policy:** Home Forward complies with the regulatory requirements described above.<sup>19</sup>

**Regulatory Waiver:** PH-12, Notice PIH 2020-33

**Description of Alternative Authority:** HUD is waiving this requirement that the PHA must inspect each project during Calendar Year 2020.

**Description of Informal Change:** Home Forward made an informal change to our ACOP to use this regulatory flexibility and not perform inspections during Calendar Year 2020.

**Period of Implementation:** April 14, 2020 to December 31, 2020

**Request of Board:** Home Forward requests the board approve this informal change to Home Forward's ACOP during the period of implementation.

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<sup>19</sup> Home Forward, "Chapter 8-II. B. Types of Inspections," Admissions and Continued Occupancy Policy, pg. 8-8.

## Permanent Change: Admin Plan

### 1. Housing Choice Voucher (HCV) – Notice of Rent Increase

**Description of Current Requirements:** Federal law requires landlords to provide 60-day notice of a rent increase to Public Housing Authorities.<sup>20</sup> Oregon State law requires landlords to provide tenants with at least 90-day notice in advance of the effective date of a rent increase.<sup>21</sup> State law prevails in this case because federal law says: “at least 60 days” so the State requirement of 90-days do not conflict.

**Description of Home Forward Policy:** In compliance with State law, landlords must provide Home Forward with 90-days notice of a proposed rent increase.<sup>22</sup>

**Description of Permanent Change:** Home Forward needs to permanently amend our Administrative plan to align with the State notice requirements.

**Request of Board:** Home Forward requests the board approve this permanent technical change to Home Forward’s Administrative Plan.

#### Specific Changes

*Deletions (italics), Additions (bold)*

“Redetermination of Rent [24 CFR 983.302] - (pg. 17-59)

.....

PHA Policy (MTW)

An owner’s request for a rent increase must be submitted to the PHA **60** 90 days prior to the anniversary date of the HAP contract, and must include the new rent amount the owner is proposing. In the event that the rent to owner for a PBV unit was initially approved at a rate exceeding the rent limits previously described in this section, a rent increase request will be denied but the rent to owner will not be decreased.”

“9-I.H. CHANGES IN LEASE OR RENT [24 CFR 982.308] (pg. 9-14)

PHA Policy (MTW)

The PHA will not execute a new HAP contract where there are changes in lease requirements governing tenant or owner responsibilities for utilities or appliances. If the owner and the family agree to such changes, the PHA will require a copy of written agreement executed by the owner and the family. The PHA must receive a copy of the agreement at least 30 days before the changes go into effect.

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<sup>20</sup> 24 CFR § 982.308 (g)(4)

<sup>21</sup> ORS 90.323(3)(b)

<sup>22</sup> Home Forward, “Chapter 9.I-8. Changes in Lease or Rent,” Administrative Plan, pg. 9-14; and Home Forward, “Chapter 17-VIII.B Rent Limits,” Administrative plan, pg. 17-59.

The PHA will not execute a new HAP contract where there are changes in lease provisions governing the term of the lease. The PHA must receive a copy of the new lease agreement at least 30 days before the lease start date.

Where the owner is requesting a rent increase, the PHA will determine whether the requested increase is reasonable within 15 business days of receiving the request from the owner. The owner will be notified of the determination in writing.

Rent increases will go into effect on the first of the month following the ~~60~~**90** day period after the owner notifies the PHA of the rent change or on the date specified by the owner, whichever is later.”

Table 1. Summary of Informal Changes to Admin and ACOP

Policy/Regulation	Regulatory Flexibility	Public Housing (ACOP)	Housing Choice Voucher (Admin)	MTW Authority	Request of Board
Annual Examinations: Income Verification	HUD allowed PHAs to accept self-certification of income and waive use of EIV system until June 30, 2021.	Informal change to ACOP to accept self-certification of income and waive use of EIV until June 30, 2021.	Informal change to Admin Plan to accept self-certification of income and waive use of EIV until June 30, 2021.	Home Forward included an activity in our FY2021 MTW plan to maintain this regulatory flexibility. Home Forward's Board approved the proposed plan on October 7, 2020. Pending HUD approval.	Approve informal changes to ACOP and Admin Plans between April 14 and June 30, 2021
Interim Examinations: Income Verification	HUD allowed PHAs to accept self-certification of income and waive use of EIV system until June 30, 2021.	Informal change to ACOP to accept self-certification of income and waive use of EIV until June 30, 2021.	Informal change to Admin Plan to accept self-certification of income and waive use of EIV until June 30, 2021.	Home Forward included an activity in our FY2021 MTW plan to maintain this regulatory flexibility. Home Forward's Board approved the proposed plan on October 7, 2020. Pending HUD approval.	Approve informal changes to ACOP and Admin Plans between April 14 and June 30, 2021
Housing Quality Standards (HQS): Initial Inspections	HUD waived requirement to perform in person initial inspections and allowed PHAs to accept owner certification of unit condition. PHAs must complete initial inspection one year from date of owner certification.	None	Informal change to Admin plan to only perform initial inspections in vacant units and accept owner-certification in occupied units until June 30, 2021.	Home Forward submitted an amendment (Amendment 1) to our FY2020 MTW plan to maintain this regulatory flexibility. Home Forward's Board approved the amendment August 5, 2020. Pending HUD approval.	Approve informal changes to Admin Plan between April 14 and June 30, 2021.
Housing Quality Standards (HQS): Biennial Inspections	HUD allowed PHAs to delay biennial inspections for TBV and PBV until June 30, 2021. PHAs must resume biennial inspections after June 30, 2021 and complete all delayed inspections by Dec 31, 2021.	N/A	Informal change to Admin plan to delay biennial inspections by one year from their due date absent the waiver.	Home Forward submitted an amendment (Amendment 1) to our FY2020 MTW plan to maintain this regulatory flexibility. Home Forward's Board approved the amendment August 5, 2020. Pending HUD approval.	Approve informal changes to Admin Plan between April 14 and June 30, 2021.

Housing Quality Standards (HQS): Interim Inspections	HUD waived requirement for PHAs to perform inspections within certain time frames if HQS violation is reported. Allows PHAs to accept owner documentation that issue has been resolved or didn't exist.	N/A	Informal change to Admin plan to accept owner documentation issue has been resolved or didn't exist in cases where unit is occupied.	Home Forward submitted an amendment (Amendment 1) to our FY2020 MTW plan to maintain this regulatory flexibility. Home Forward's Board approved the amendment August 5, 2020. Pending HUD approval.	Approve informal changes to Admin Plan between April 14 and June 30, 2021.
Housing Quality Standards (HQS): Adding or Substituting Units	HUD waived requirement that PBV unit must be inspected prior to adding or substituting it in HAP contract and allows PHAs to accept owner certification. Requires inspection within 1 year of owners certification.	N/A	Informal change to Admin plan to accept owner certification of absence of life threatening conditions for one year in cases where unit is occupied.	Home Forward submitted an amendment (Amendment 1) to our FY2020 MTW plan to maintain this regulatory flexibility. Home Forward's Board approved the amendment August 5, 2020. Pending HUD approval.	Approve informal changes to Admin Plan between April 14 and June 30, 2021.
Housing Choice Voucher (HCV): Oral Briefing	HUD waived requirement that family attend oral briefing prior to issuing their voucher. Allowed PHAs to share information in other forms.	N/A	Informal change to Admin plan to conduct briefing over the phone and with an expanded information packet.	Home Forward included an activity in our FY2021 MTW plan to maintain this regulatory flexibility. Home Forward's Board approved the proposed plan on October 7, 2020. Pending HUD approval.	Approve informal changes to Admin Plan between April 14 and June 30, 2021.
Housing Choice Voucher (HCV): Extension of Voucher Term	HUD waived the requirement that PHAs must comply with policies in their admin plan related to extended voucher term.	N/A	Informal change to Admin plan to allow Home Forward to extend voucher term in extenuating circumstances, beyond current policy	None	Approve informal changes to Admin Plan between April 14 and June 30, 2021.
Housing Choice Voucher (HCV): When HAP Contract is Executed	HUD extended the deadline by which PHAs must execute HAP contract from 60 days to 120 days from beginning of lease term.	N/A	Informal change to Admin plan to allow Home Forward to execute HAP contract no later than 120 days from beginning of lease term.	None	Approve informal changes to Admin Plan between April 14 and June 30, 2021.
Housing Choice Voucher (HCV): Absence from Unit	HUD waived the requirement the PHAs terminate assistance if	N/A	Informal change to Admin plan to allow Home Forward to not terminate	None	Approve informal changes to Admin Plan



	household has been absent from unit for more than 180 days until June 30, 2021		assistance if household was absent for more than 180 days		between April 14 and June 30, 2021.
Housing Choice Voucher (HCV): Automatic Termination of HAP contract	HUD waived the requirement that PHAs terminate the HAP contract 180 days after last payment until June 30, 2021	N/A	Informal change to Admin plan to allow Home Forward to not terminate assistance if last HAP payment was more than 180 days ago.	None	Approve informal changes to Admin Plan between April 14, 2020 and June 30, 2021.
Housing Choice Voucher: FUP youth age	HUD waived the requirement that youth must be no more than 24 years old to be eligible, and allows youth who are no more than 25 years old to be eligible.	N/A	Informal change to Admin plan to allow Home Forward to provide FUP assistance to a foster youth who is no more than 25 years old.	None	Approve informal changes to Admin plan between Dec 7, 2020 and June 30, 2021.
Housing Choice Voucher – FUP assistance length	HUD waived the requirement that a FUP youth receive no more than 36 months assistance and allows a 6-month extension for youth whose assistance term would expire between April 10, 2020 and June 30, 2021.	N/A	Informal change to Admin plan to allow Home Forward to provide a 6-month extension of assistance to FUP youth whose assistance would expire between December 7, 2020 and June 30, 2021.	None	Approve informal changes to Admin plan between Dec 7, 2020 and June 30, 2021.
Housing Choice Voucher – FUP referral timeframe	HUD waived the requirement that, to be eligible, youth must have left foster care or be leaving foster care in 90 days. Youth may now be eligible if they are leaving within 120 days.	N/A	Informal change to Admin plan to allow Home Forward to serve youth who are leaving foster care within 120 days between December 7, 2020 and June 30, 2021.	None	Approve informal changes to Admin plan between Dec 7, 2020 and June 30, 2021.
Housing Choice Voucher: Rent Increase Policy	Using our MTW authority, Home Forward is not approving rent increase requests from landlords in the Housing Choice	N/A	Informal change to Admin plan to allow Home Forward to not approve rent increase requests from landlord's in the	Home Forward's Board approved our FY2020 plan on October 15, 2019 and HUD approved the plan on June 26, 2019. The approved plan	Approve informal change to Admin plan between Sept 30, 2020 and Sept 30, 2021

	Voucher Program for CY2021.		Housing Choice Voucher program for CY2021.	included the authority to implement this activity.	
Public Housing: Annual Self Inspections	HUD waived the requirement that PHAs annually inspect each public housing property for calendar year 2020.	Informal change to ACOP to not complete annual inspections of each public housing project in Calendar Year 2020.	N.A	None	Approve informal change to ACOP between April 14, 2020 and Dec 31, 2020.
Housing Choice Voucher: Rent Increase Notice	None	N/A	Permanent technical change to Home Forward's Admin Plan to align rent increase notice requirements in the HCV and PBV program with State requirements.	None	Approve permanent change to Admin plan



MEMORANDUM

To: Board of Commissioners Date: December 15, 2020

From: Peter Beyer, Chief Financial Officer Subject: Authorize Fiscal Year 2021 Budget  
503.802.8538 Resolution 20-12-02

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The Board of Commissioners is requested to approve Home Forward's Fiscal Year (FY) 2021 budget the period of January 1 to December 31, 2021.

The budget is comprised of four main sections:

- A. Management Discussion (page 1)
- B. Agency level information
  - Operating statement with Funding Flow Analysis (pages 7 to 8)
  - Line Item Analysis and Budget Assumptions (pages 9 to 13)
- C. Operating Group level information
  - Operating information by Operating Group (pages 14 to 17)
  - Budget Commentary (pages 19 to 50)
- D. Additional Attachments (pages 52 to end of document)
  - Includes information regarding Moving to Work (MTW) initiatives, households served, MTW proration trends, funding vs costs trends, headcount changes, and an acronym key.

Planned activities for the upcoming year include:

- Total unduplicated households served is anticipated to be approx. 15,900 households.
- We anticipate being able to pull 600 names off the housing choice voucher waitlist.
- Occupancy is budgeted at forecasted levels by property and averages 97% across the portfolio.

- Five public housing properties are scheduled to convert to tax credits in 2021 (four to be in a new Central Group LP and Dekum Court).
- Staffing levels are expected to increase 3.2 in full time equivalents to 307.3. This includes adding the new Director of Equity position to move our racial justice work forward.
- A total of \$2.8 million of funding and expenses are anticipated for Coronavirus Aid, Relief, and Economic Security (CARES) Act eligible activities.

Key financial highlights for the Fiscal Year 2021 budget include (numbers may differ slightly from source documents due to rounding):

- Annual operating revenues are projected to be \$198.9 million of which HUD subsidies will provide over \$114.8 million in funding.
- Annual operating expenses are projected to be \$192.3 million of which housing assistance payments are estimated to be \$129.8 million.
- Earned developer fees are expected to total \$7.9 million but only \$6.2 million of cash payments are anticipated during this fiscal year.
- Based on the impact of items above, operating income is projected to be \$6.6 million.
- Investment income is expected to yield \$216 thousand along with \$2.5 million in interest expense in FY 21.
- Capital contributions are estimated to be \$3.8 million for the year.
- The combined impact yields an \$8.2 million increase in changes to net assets.
- Finally, agency results are converted from a generally accepted accounting principles (GAAP) format to a funding flow presentation to better present the funds available to support agency operations and reserves.

This year's budget was prepared with several estimates, the most significant being the level of federal funding available for the Section 8 and Public Housing programs. Also, the agency anticipates continuing to operate under modified operations for several more months due to the COVID-19 virus. At the time of budget approval, the federal government is, yet again, operating under a continuing resolution. As such, estimates of the main federally funded programs are based on the best assumptions regarding current and historical funding levels.



**RESOLUTION 20-12-02**

**RESOLUTION 20-12-02 AUTHORIZES APPROVING AND ADOPTING HOME FORWARD'S BUDGET FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021**

**WHEREAS**, Home Forward is committed to the maintaining high standards relating to the management of fiscal resources and the stewardship of public funds and assets; and

**WHEREAS**, the staff of Home Forward has carefully and thoughtfully prepared the fiscal year 2019 budget to administer the programs and accomplish the objectives of the Agency for the period beginning January 1, 2021 and ending December 31, 2021; and

**WHEREAS**, the budget identifies expected sources of revenue and funds held in reserves which are sufficient to cover planned expenditures for the fiscal year, and;

**WHEREAS**, the Board of Commissioners has reviewed the budget and inquired with staff on the various aspects and components of the budget;

**NOW, THEREFORE, BE IT RESOLVED**, the Board of Commissioners of Home Forward approves and adopts the budget as submitted for the fiscal year ending December 31, 2021.

**ADOPTED: DECEMBER 15, 2020**

**Attest:**

**Home Forward:**

\_\_\_\_\_  
Michael Buonocore, Secretary

\_\_\_\_\_  
Damien R. Hall, Chair



**homeforward**

hope. access. potential.

*Fiscal Year 2021*

# Budget

*January 1, 2021 through December 31, 2021*

Original Submission:  
December 15, 2020



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# Management Discussion

**This document presents the planned activities and financial budget for Home Forward for the twelve-month period beginning January 1, 2021 and ending December 31, 2021 (FY 21).**

## 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.

A nine-member Board of Commissioners governs Home Forward. Four appointments are recommended by the City of Portland, two by the City of Gresham, two by Multnomah County, and there is one resident commissioner. Home Forward is not financially dependent on nor considered a component unit of any of the above jurisdictions. 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 five main mission-based business lines.

The main 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 using 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 111 properties with over 6,700 units. Of these, 41 properties with 3,392 units are owned through tax credit partnerships, of which Home Forward is the minority owner. This portfolio includes 4 properties and 209 units that will convert in FY 21. The forecasted and budgeted results of these 41 properties are not included in this document.

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

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



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cash flow generated from the real estate portfolio. The department also generates revenue from the oversight of affordable properties owned by our jurisdictional partners.

Home Forward's Property Management group is responsible for overseeing the daily operations, compliance, and maintenance at 46 properties. These 46 properties provide housing for 2,448 households. The group generates property management fees to cover its costs as well as uses cash flow generated from the real estate portfolio.

Integrated Facilities Services is Home Forward's specialized maintenance service including electrical work, plumbing, pest control, painting, and bulky waste 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 federally designed Housing Choice Vouchers, Veterans Affairs Supportive Housing (VASH), Family Unification Program (FUP) Vouchers, Single Room Occupancy/Moderate Rehabilitation (SRO/MOD), and Shelter Plus Care. Non-traditional rent assistance programs include locally developed short, medium, and long-term rent assistance and rent assistance combined with partner services. Through these programs, Home Forward provides rent assistance to over 12,000 households on an annual basis.

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 legal entity and does not include the budget of any blended or discretely presented units.

The budget was created with several guiding principles:

- All funds will be accounted for, meaning current year activities will be funded with current year revenue, business line reserves, allowable transfers from other programs, or agency-level reserves. In addition, 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.
- 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 a combination of 2020 actual funding rates, congressional funding bill proposals, and a Fair Market Rent survey for the Portland area.

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- 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 are generally dedicated toward the acquisition, development, and/or preservation of real estate assets.

## Budget Summary

### Key Activities and Financial Highlights for Fiscal Year 21

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

Key activities planned for Fiscal Year 21 include:

- Development will provide development services to Lloyd Housing LP, Fountain Place, 85 Stories and other projects. Development is projected to earn \$7.9 million in developer fees from Fountain Place, East Group, Central Group, Dekum Court, N. Interstate Baldwin, and SE Powell projects.
- Public Housing will serve 480 households in 17 public housing properties given expected occupancy of 98%. The number of Public Housing units continues to decline as they convert to voucher based units through the RAD/Section 18 program, with 209 units converting during FY 21 from 645 to 436 units.
- Properties in Home Forward's Affordable Portfolio will serve 5,987 households given the expected average occupancy rate of 96%. Home Forward-owned affordable properties are expected to serve 2,302 households, tax credit limited partnerships will serve 3,187 households, and master leased properties will serve 498 households.
- After three years of not being able to pull from the housing choice voucher waitlist due to the lack of federal funding to address the local rental crisis, Home Forward started to pull names from the housing choice voucher waitlist in FY 19 and throughout FY 20. In FY 21, Home Forward will continue to pull names from the waitlist, with an additional 600 waitlist pulls.
- Home Forward will complete its data migration to Yardi 7, a cloud-based version of its current ERP software program. This project will improve operations throughout the agency and will help streamline internal processes.
- Home Forward will add a Director of Equity position to continue the agency's work of addressing historical and systemic racism.

Financial highlights of the upcoming budget include:

- Annual operating revenues are projected to be \$198.9 million. This is mainly due to:
  - \$7.9 million in developer fee revenue from Fountain Place Rehab (\$1.6 million), East Group (\$0.4 million), Central Group (\$3.8 million), Dekum Redevelopment (\$0.8), N. Interstate Baldwin Redevelopment (\$0.4), and SE Powell (\$0.9 million).
  - Public Housing Operating Subsidy revenue of \$7.1 million (\$5.9 million of Operating Subsidy and \$1.8 million in Asset Repositioning Fee), which reflects reduced funding due to the 1,027 units that will have converted to Project-Based Voucher Subsidy. Federal funding is anticipated to increase by one percent for the upcoming budget year.

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- HUD funding for Housing Choice Vouchers is projected to increase one percent for the federal funding increases
  - Admin fees will increase \$1.1 million due to additional funding received for the RAD/Section 18 vouchers, new VASH vouchers, and for the new mainstream vouchers.
  - Home Forward is planning on using \$2.75 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act with \$2.4 million being set aside for costs yet to be determined in FY 2021. The remainder will be spent on IT costs for teleworking and other admin costs.
  - Annual operating expenses are projected to be \$192.3 million. This is mainly due to:
    - Of the \$189.9 million in operating expenses, \$129.9 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 \$60.0 million.
    - Personnel expenses will be \$26.0 million for the upcoming budget year.
    - Other administrative expenses will be \$9.7 million, primarily due to investment in Home Forward's information technology infrastructure of \$1.2 million including activity related to the YARDI upgrade, property management fees of \$1.2 million, third party payroll costs of \$2.3 million and costs related to safety patrols of \$531 thousand.
    - Other tenant services expense will be \$2.3 million, primarily due to \$901 thousand related to Congregate Housing Services Program (CHSP) and \$309 thousand for support services at Bud Clark Commons.
    - Other maintenance expenses will be \$8.6 million, primarily due to major maintenance projects at multiple affordable properties in FY 20.
  - Based on the impact of items above, operating income is projected to be \$6.6 million.
  - Investment income is expected to yield \$216 thousand along with \$2.5 million in interest expense in FY 21.
  - Capital contributions are estimated to be \$3.8 million for the year.
  - The combined impact yields an \$8.2 million increase in changes to net assets.

### **Impact on Funding Flow**

As noted in the Budget Principles section, the agency presents its budget in a GAAP presentation and 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 by operating group is presented below:

	Operating Income/(Loss) after Overhead	Department Capital and Financing Uses	Non-Reserve Funding Flow Adjustments	Unrestricted Cash from Current Operations	Additions to Reserves	Other Reserve Transfers In/(Out) to Fund Current Activities	Net funding Flow
Program Group							
Rent Assistance	865,154	-	907	-	-	(866,061)	-
Public Housing Properties	835,090	-	1,207,083	-	(100,000)	(1,942,173)	-
Affordable Housing Properties	5,434,522	(128,527)	(5,742,085)	3,539,472	(1,049,840)	(2,053,542)	-
Asset Management	(1,873,312)	-	-	-	-	1,873,312	-
Property Management	(2,205,571)	-	4,284	-	-	2,201,287	-
Safety	(462,481)	-	-	-	-	462,481	-
Integrated Facilities Services	73,636	-	-	-	-	(73,636)	-
Community Services	(2,013,546)	-	(384,417)	453,171	-	1,944,792	-
Other	2,780,519	-	(2,120,534)	886,475	-	(1,546,460)	-
Program Group Total	3,434,011	(128,527)	(7,034,762)	4,879,118	(1,149,840)	-	-
Development	3,359,195	-	(7,920,453)	6,175,899	(1,614,641)	-	-
<b>Total Agency</b>	<b>6,793,206</b>	<b>(128,527)</b>	<b>(14,955,215)</b>	<b>11,055,017</b>	<b>(2,764,481)</b>	-	-

"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.

"Unrestricted Cash from Current Operations" reflect excess cash flow from the Affordable and Tax Credit properties after the operating income and any applicable debt service.

"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:

- \$1.6 million of collected development fee revenue is transferred to reserves. This is 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, \$200 thousand will be directed to an insurance reserve, \$1.8 million of asset repositioning fee generated from the 85 Stories initiative will be used for future capital activity, \$750 thousand will be contributed to a capital reserve for the Affordable portfolio.

## Staffing Update

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

Full-Time Equivalents (FTEs) by Funding Source			
	FY 20 Budget	FY 21 Budget	Increase / (Decrease)
Agency Funded	248.4	248.9	0.5
Other Legal Entity Funded	55.7	58.4	2.7
<b>Total Agency-Managed Positions</b>	<b>304.1</b>	<b>307.3</b>	<b>3.2</b>

*Numbers may be off slightly due to rounding.*

In total, full-time equivalent employees have increased by 3.2 FTE. A detailed reconciliation is found in the FTE Change Comparison Schedule attachment. While this budget reflects the FTEs of Home Forward, it does not include the financial impact of the 55 FTE that are paid by Home Forward but whose costs are reflected in the Tax Credit Portfolio.

### 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 December 11, 2020, and a lack of detailed information from the Congressional Appropriations bill, we have had to develop a budget with estimates of most of its major federal programs. The approach used was to base funding activity on preliminary congressional indicators (one percent increase percent for HCV programs and Operating Subsidy), historical trends, to use program reserves as needed, and to prepare to implement budget revisions as soon as more accurate information is available.

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.

The State of Oregon forecast indicates that state revenues are projected to be in line with the original forecasts made before COVID 19. This area will still be paid close attention to for potential impact to state and local grants and any PERS impact.

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

On behalf of our residents and program participants, Home Forward continues to seek opportunities to improve the housing and service delivery systems. As such, in any given year, there is the potential for new program development and implementation beyond the programs established with this budget.

### Conclusion

For Fiscal Year 2021, Home Forward finds itself in the midst of a global pandemic. Home Forward will continue to deploy resources to minimize the impact of COVID 19 on residents, staff and partners. Home Forward will continue its efforts on transitioning from a traditional public housing platform to the more responsive affordable housing platform. Lastly, Home Forward will maintain ongoing operations while continuing foundational work to address historic and systemic racism.

# Operating Statement & Summary of Funding Flow

## Operating Statement

### Home Forward Fiscal Year 2021 Operating Statement

<u>Operating Statement</u>	<u>FY 20 Budget</u>	<u>FY 21 Budget</u>	<u>Increase/ Decrease</u>
Dwelling Rental	20,936,533	18,339,227	(2,597,306)
Non-dwelling Rental	2,738,990	2,509,452	(229,538)
HUD Subsidies -Housing Assistance	111,833,886	114,825,842	2,991,956
HUD Subsidies -Admin Fee	8,731,554	9,802,555	1,071,001
HUD Subsidies -Public Housing	8,229,199	7,146,492	(1,082,707)
HUD Grants	7,541,038	7,502,866	(38,172)
Development Fee Revenue, Net	9,034,999	7,934,429	(1,100,570)
State, Local & Other Grants	10,688,438	11,895,783	1,207,345
Other Revenue	14,687,004	18,908,260	4,221,256
<b>Total Operating Revenues</b>	<b>194,421,641</b>	<b>198,864,906</b>	<b>4,443,265</b>
Housing Assistance Payments	125,006,167	129,831,978	(4,825,811)
Administration	18,330,101	21,623,679	(3,293,578)
Administrative Personnel Expense	8,653,805	9,157,029	(503,224)
Other Admin Expenses	9,676,296	12,466,650	(2,790,354)
Tenant Services	5,145,182	5,423,011	(277,829)
Tenant Svcs Personnel Expense	2,942,372	3,080,572	(138,200)
Other Tenant Svcs Expenses	2,202,810	2,342,438	(139,628)
Program Expense	11,395,074	11,665,685	(270,611)
Maintenance	10,262,027	9,144,300	1,117,727
Maintenance Personnel Expense	2,270,213	2,066,810	203,403
Other Maintenance Expenses	7,991,814	7,077,490	914,324
Utilities	4,696,536	4,157,803	538,733
Total IA Expense	-	2,160	(2,160)
Depreciation	7,900,919	7,571,128	329,791
General	2,224,785	2,651,956	(427,171)
<b>Total Operating Expenses</b>	<b>184,960,790</b>	<b>192,071,700</b>	<b>(7,110,910)</b>
<b>Operating Income (Loss)</b>	<b>9,460,850</b>	<b>6,793,206</b>	<b>(2,667,644)</b>
<b>Operating Income (Loss) after Overhead</b>	<b>9,460,851</b>	<b>6,793,206</b>	<b>(2,667,645)</b>
Investment Income	1,553,969	215,607	(1,338,362)
Interest Expense	(2,647,235)	(2,473,834)	173,401
Gain (Loss) on Sale of Assets	-	-	-
<b>Net Other Income (Expense)</b>	<b>(1,093,266)</b>	<b>(2,258,227)</b>	<b>(1,164,961)</b>
HUD Nonoperating Contributions	2,660,323	3,873,777	1,213,454
<b>Net Capital Contributions</b>	<b>2,660,323</b>	<b>3,873,777</b>	<b>1,213,454</b>
<b>Change in Net Position</b>	<b>11,027,907</b>	<b>8,408,755</b>	<b>(2,619,152)</b>

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## Funding Flow Analysis

### Home Forward Fiscal Year 2021 Funding Flow Analysis

<u>Funding Flow Analysis</u>	<u>FY 20 Budget</u>	<u>FY 21 Budget</u>	<u>Increase/ Decrease</u>
<b>Funding Flow Analysis</b>	\$ 9,460,851	\$ 6,793,206	\$ (2,667,645)
Funding Flow Analysis	(9,460,851)	(6,793,206)	2,667,645
<b>Final Funding Source or (Shortfall)</b>	\$ -	\$ -	\$ -

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# Line Item Analysis & Assumptions

## Revenue

### Dwelling Rental \$18.4 million

- Public Housing Portfolio will earn \$1.4 million and will continue to benefit from high occupancy rates.
- Affordable Housing Portfolio will earn \$22.2 million due to high occupancy rates.
- There is a projected elimination of \$5.2 million to reflect voucher holders living in our Affordable and Public Housing properties.
- To ensure the continuation of affordable housing options throughout the community, Project Based Vouchers will allow rent increases of up to 2% applied in FY 21.

### Non-dwelling Rental \$2.5 million

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

### HUD Subsidies - Housing Assistance \$114.9 million

- Due to expected continuing resolutions for a portion of the year, this funding is assumed to include a one percent funding increase and a projected proration level of 99.0%.
- RAD funding will be \$7.3 million for the 1,027 vouchers (791 converted in CY 17, 112 converted in CY 18, and 124 that converted in CY 19)
- Funding for the Section 18 Tenant Protection Vouchers will be \$4.9 million (579 units converted from Public Housing)
- The subsidies will fund 13,710 vouchers in the upcoming budget year.

### HUD Subsidies – Administrative Fees \$9.8 million

- Administrative Fees for HUD housing assistance are budgeted based on funding appropriations and assumes 80% proration for FY 21.
- Administrative Fee funding will benefit from incremental voucher awards for FUP, Mainstream, VASH and RAD conversions. The agency will receive an additional \$1.9 million in revenue from the FY 20 budget.

### HUD Subsidies - Public Housing \$7.1 million

- Funding includes \$1.8 million in Asset Repositioning Fees (ARF). ARF represents a temporary revenue stream (related to Section 18 conversions) to assist with the conversion of Public Housing to Tenant Protection Vouchers.
- \$377 thousand for carve-outs to support services and payment in lieu of taxes.
- The budget assumes that the Operating Subsidy proration will be 92%, based on the 5-yr. historic average.



## Development Fee Revenue \$7.9 million

- Accrued development fee revenue for the current year is projected for the following projects:

Project	Accrued Developer Fee Revenue (in thousands)
Fountain Place Rehab Project	\$1,595
East Group LP	365
Central Group LP	3,843
Dekum Court Redevelopment	827
N. Interstate Baldwin Redevelopment	374
SE Powell (PHB/GO Bond)	930
<b>Total</b>	<b>\$7,934</b>

## State, Local & Other Grants \$11.9 million

Grant	FY 20 Budget (in thousands)	FY 21 Budget (in thousands)	Increase/ (Decrease)
Short-Term Rent Assistance			
Multnomah County	\$3,495	\$3,574	\$79
Homeless Family System of Care	2,610	2,690	80
City of Portland	2,732	2,609	(123)
State of Oregon	0	1,048	1,048
PILOT Revenue	235	237	2
Short-Term Rent Assistance Total	9,072	10,158	1,086
Medicaid – CHSP	563	592	30
Joint Office – Bud Clark Commons	490	492	2
Worksystems Grant	49	107	58
Long Term Rent Assistance	515	547	32
<b>Total</b>	<b>\$10,688</b>	<b>\$11,896</b>	<b>\$1,207</b>

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**Other Revenue \$18.9 million**

Other Revenue	FY 20 Budget (in thousands)	FY 21 Budget (in thousands)	Increase/ (Decrease)
Portability Revenue	\$7,807	\$9,361	\$1,554
Integrated Facilities Services Fees	1,706	1,854	148
Property-Related Income – Community Services	908	921	13
Property-Related Income – Operations	762	727	(35)
Property-Related Income – Management & General Partner Fees	1,538	2,213	674
Home Forward Development Enterprises Contributions	1,321	536	(785)
Other Revenue	535	459	(76)
Fraud and Bad Debt Recovery	110	98	(12)
CARES Act	-	2,740	2,740
Total	\$14,687	\$18,908	\$4,221

**Expense****Housing Assistance Payments \$129.8 million**

- This includes Housing Assistance payments for the MTW Vouchers, RAD/Section 18 conversions, FUP Program, VASH program, Single Room Occupancy (SRO) program, Shelter Plus Care, MIF Initiatives, Long-Term Rent Assistance, Port-in vouchers, and vouchers for those housed in our Affordable Portfolio.

**Personnel Expense \$25.2 million**

- Total full-time equivalents for agency-funded positions are budgeted to be 248.4. An additional 55.7 FTE are funded directly from tax credit limited partnerships and the expenses associated with these staff members are not included in this budget. Combined FTE are 304.1, a 13.7 FTE increase from the FY 20 budget. The below expenses reflect only activity that will be recorded for Home Forward properties.

Personnel Expense	FY 20 Budget (in millions)	FY 21 Budget (in millions)	Increase/ (Decrease)
Administrative Personnel Expense	\$8.7	\$9.2	\$0.5
Tenant Services Personnel Expense	2.9	3.1	0.1
Program Expense	11.4	11.7	0.3
Maintenance Personnel Expense	2.3	2.1	(0.2)
<b>Total</b>	<b>\$25.3</b>	<b>\$26.0</b>	<b>\$0.7</b>

- Anticipated compensation increases and higher PERS expense are factored into the personnel expense budget.

#### **Other Administrative Expense \$12.5 million**

- The Affordable Housing portfolio is projected to have \$1.2 million in outside payroll expense and \$1.2 million in management fee expense.
- The Administration operating group has budgeted expenses of \$3.0 million due to \$516 thousand in software and licensing fees, \$515 thousand for consultant projects related to the Yardi upgrade, Strategic Plan development, and projects related to diversity and equity.
- CARES Act eligible expenses of \$2.7 million to support employee teleworking needs, residents and other agency needs.

#### **Other Tenant Services Expenses \$2.3 million**

- Tenant services expense is projected to include \$1.9 million in contracted resident services.

#### **Other Maintenance Expenses \$7.1 million**

- Public housing properties are expected to have \$1.1 million in repairs and other maintenance activities.
- Affordable housing properties are expected to have \$5.7 million in repairs and other maintenance activities, \$187 thousand of which is budgeted at master-leased properties.
- New Market West is projected to have \$205 thousand in planned repairs and ongoing maintenance.

#### **Utilities \$4.7 million**

- Sewer and water rates are projected to rise 7% while other rates continue to increase as well. Garbage and recycling services will be provided by local waste haulers.

#### **Depreciation \$7.6 million**

- Depreciation represents the non-cash write-down of the properties' physical assets, and reflects the units undergoing RAD/Section 18 conversions and the property conversions (listed in the Affordable Portfolio Commentary)

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**General \$2.7 million**

- Insurance expenses will increase due to rising valuations and premium rates and are projected to be \$1.5 million.
- Bad debt expense is projected to be \$613 thousand based on historical debt.

**Net Other Income (Expense)****Investment Income \$1.6 million**

- Investment income is projected to increase based upon higher interest rates than prior year estimates.
- Interest income on the notes related to the RAD/Section 18 conversions are projected to be \$216 thousand

**Interest Expense \$2.5 million**

- Interest expense (\$2.5 million) is primarily due to debt at Fairview (\$366 thousand), Lovejoy (\$302 thousand), and Gretchen Kafoury (\$222 thousand).

**Net Capital Contributions****HUD Capital Contributions \$3.9 million**

- \$3.9 million in capital projects is budgeted at public housing properties, including those undergoing a RAD/Section 18 conversion.

# Operating and Administrative Segment Review

## FY 21 Operating Statement by Operating Group\*

Home Forward														
Fiscal Year 2021 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	\$ -	\$ 1,368,585	\$ 22,213,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,243,122)	\$ 18,339,227
Non-dwelling Rental	-	4,441	1,805,944	-	-	-	-	-	39,082	594,350	659,985	-	(594,350)	2,509,452
HUD Subsidies -Housing Assistance	111,562,633	-	3,263,209	-	-	-	-	-	-	-	-	-	-	114,825,842
HUD Subsidies -Admin Fee	9,397,157	-	-	-	405,398	-	-	-	-	-	-	-	-	9,802,555
HUD Subsidies -Public Housing	-	4,767,679	-	-	169,000	-	-	-	208,146	-	2,001,667	-	-	7,146,492
HUD Grants	5,847,210	-	-	-	344,856	-	-	-	1,310,800	-	-	-	-	7,502,866
Development Fee Revenue, Net	-	-	-	-	-	-	-	7,934,429	-	-	-	-	-	7,934,429
State, Local & Other Grants	10,704,849	-	-	-	-	-	-	-	1,190,934	-	-	-	-	11,895,783
Other Revenue	9,440,659	89,341	741,227	871,114	2,315,785	19,364	1,834,728	12,000	1,265,178	240,150	-	2,446,050	(367,336)	18,908,260
Total IA Revenue	75,543	-	-	-	-	-	-	50,913	851,795	-	-	-	(978,250)	-
<b>Total Operating Revenues</b>	<b>147,028,050</b>	<b>6,230,046</b>	<b>28,024,144</b>	<b>871,114</b>	<b>3,235,039</b>	<b>19,364</b>	<b>1,834,728</b>	<b>7,997,342</b>	<b>4,865,935</b>	<b>834,500</b>	<b>2,661,652</b>	<b>2,446,050</b>	<b>(7,183,059)</b>	<b>198,864,906</b>
Housing Assistance Payments	135,166,255	-	-	-	-	-	-	-	-	-	-	-	(5,334,277)	129,831,978
Administrative Personnel Expense	539,789	-	-	265,450	318,485	309,405	42,859	560,185	243,266	6,877,589	-	-	-	9,157,029
Other Admin Expenses	673,487	557,598	4,927,569	72,077	300,176	33,993	38,899	227,964	161,145	3,306,032	-	2,446,050	(278,341)	12,466,650
Fees/overhead charged	462,713	-	-	46,721	4,267	-	3,587	75,389	-	1,673	-	-	(594,350)	-
Tenant Svcs Personnel Expense	-	-	-	-	-	-	-	376,025	2,704,547	-	-	-	-	3,080,572
Other Tenant Svcs Expenses	158,670	9,449	46,740	-	526	-	-	-	2,032,353	94,700	-	-	-	2,342,438
Program Expense	6,046,680	665,717	131,666	902,238	1,181,202	60,041	158,962	1,750,986	554,308	213,886	-	-	-	11,665,685
Maintenance Personnel Expense	-	707,799	89,914	-	201,565	54,347	958,839	-	-	54,347	-	-	-	2,066,810
Other Maintenance Expenses	-	1,079,871	5,718,015	-	(50,597)	7,374	112,936	-	-	209,890	-	-	-	7,077,490
Utilities	-	889,707	3,124,936	-	-	-	40,000	-	-	103,160	-	-	-	4,157,803
Total IA Expense	345,687	-	584,506	308,896	375,702	2,651	13,254	332,125	361,262	(1,345,834)	-	-	(976,090)	2,160
Depreciation	908	1,207,083	6,100,222	-	4,284	-	-	13,976	-	206,431	88,263	-	(50,040)	7,571,128
General	261,800	277,732	1,866,053	-	184,940	582	18,650	-	-	42,199	-	-	-	2,651,956
<b>Total Operating Expenses</b>	<b>143,655,989</b>	<b>5,394,956</b>	<b>22,589,622</b>	<b>1,595,382</b>	<b>2,520,551</b>	<b>468,393</b>	<b>1,387,986</b>	<b>3,336,651</b>	<b>6,056,882</b>	<b>9,764,073</b>	<b>88,263</b>	<b>2,446,050</b>	<b>(7,233,098)</b>	<b>192,071,700</b>
<b>Operating Income (Loss)</b>	<b>3,372,061</b>	<b>835,090</b>	<b>5,434,522</b>	<b>(724,268)</b>	<b>714,488</b>	<b>(449,029)</b>	<b>446,742</b>	<b>4,660,691</b>	<b>(1,190,947)</b>	<b>(8,929,573)</b>	<b>2,573,388</b>	<b>-</b>	<b>50,040</b>	<b>6,793,206</b>
<b>Total Overhead Allocations</b>	<b>2,506,907</b>	<b>-</b>	<b>-</b>	<b>1,149,045</b>	<b>2,920,059</b>	<b>13,452</b>	<b>373,106</b>	<b>1,301,496</b>	<b>822,599</b>	<b>(9,086,663)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss) after Overhead</b>	<b>865,154</b>	<b>835,090</b>	<b>5,434,522</b>	<b>(1,873,312)</b>	<b>(2,205,571)</b>	<b>(462,481)</b>	<b>73,636</b>	<b>3,359,195</b>	<b>(2,013,546)</b>	<b>157,091</b>	<b>2,573,388</b>	<b>-</b>	<b>50,040</b>	<b>6,793,206</b>
<b>Reserve Funding</b>	<b>-</b>	<b>(100,000)</b>	<b>(1,100,000)</b>	<b>328,877</b>	<b>43,800</b>	<b>-</b>	<b>-</b>	<b>(15,409,862)</b>	<b>497,046</b>	<b>28,350</b>	<b>(7,769,416)</b>	<b>23,481,205</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss) after Reserve Funding</b>	<b>865,154</b>	<b>735,090</b>	<b>4,334,522</b>	<b>(1,544,435)</b>	<b>(2,161,771)</b>	<b>(462,481)</b>	<b>73,636</b>	<b>(12,050,667)</b>	<b>(1,516,500)</b>	<b>185,441</b>	<b>(5,196,028)</b>	<b>23,481,205</b>	<b>50,040</b>	<b>6,793,206</b>
Investment Income	-	-	200,524	-	3,141	-	-	-	-	1,080	10,862	-	-	215,607
Interest Expense	-	-	(2,374,860)	-	-	-	-	-	-	(98,974)	-	-	-	(2,473,834)
<b>Net Other Income (Expense)</b>	<b>-</b>	<b>-</b>	<b>(2,174,336)</b>	<b>-</b>	<b>3,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(97,894)</b>	<b>10,862</b>	<b>-</b>	<b>-</b>	<b>(2,258,227)</b>
HUD Nonoperating Contributions	-	-	-	-	125,000	-	-	-	-	-	3,748,777	-	-	3,873,777
Reserve Funded Capital Contributions	-	-	2,889,091	-	-	-	-	3,000,000	-	192,000	8,283,900	(14,364,991)	-	-
<b>Net Capital Contributions</b>	<b>-</b>	<b>-</b>	<b>2,889,091</b>	<b>-</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>	<b>-</b>	<b>192,000</b>	<b>12,032,677</b>	<b>(14,364,991)</b>	<b>-</b>	<b>3,873,777</b>
<b>Change In Net Position</b>	<b>\$ 865,154</b>	<b>\$ 735,090</b>	<b>\$ 5,049,277</b>	<b>\$ (1,544,435)</b>	<b>\$ (2,033,630)</b>	<b>\$ (462,481)</b>	<b>\$ 73,636</b>	<b>\$ (9,050,667)</b>	<b>\$ (1,516,500)</b>	<b>\$ 279,547</b>	<b>\$ 6,847,511</b>	<b>\$ 9,116,214</b>	<b>\$ 50,040</b>	<b>\$ 8,408,755</b>

\*See attachments for larger version of this table. Numbers may vary slightly due to rounding.

## FY 21 Funding Flow Analysis by Operating Group\*

<b>Home Forward</b>														
Fiscal Year 2021 Operating Statement 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
<b>Operating Income (Loss) after Overhead</b>	\$ 865,154	\$ 835,090	\$ 5,434,522	\$ (1,873,312)	\$ (2,205,571)	\$ (462,481)	\$ 73,636	\$ 3,359,195	\$ (2,013,546)	\$ 157,091	\$ 2,573,388	\$ -	\$ 50,040	\$ 6,793,206
<b>Real Estate Portfolio</b>														
Affordable Housing Properties Operating Activity	-	-	(10,971,042)	-	-	-	-	-	-	-	-	-	-	(10,971,042)
Revenue from Properties to Home Forward	-	-	(871,266)	-	-	-	-	-	(384,417)	-	-	-	-	(1,255,683)
Unrestricted Cash to HAP	-	-	3,539,472	-	-	-	-	-	453,171	-	886,475	-	-	4,879,117
Net Replacement Reserve Activity (New Market West)	-	-	-	-	-	-	-	-	-	(98,000)	-	-	-	(98,000)
Net Replacement Reserve Activity (Special Needs)	-	-	(199,839)	-	-	-	-	-	-	-	-	-	-	(199,839)
<b>Developer Fee - Impact to Funding Flow</b>														
Developer Fee Revenue	-	-	-	-	-	-	-	(7,934,429)	-	-	-	-	-	(7,934,429)
Developer Fee - Cash to HAP(Net)	-	-	-	-	-	-	-	6,175,899	-	-	-	-	-	6,175,899
<b>Financing/Investment Activity</b>														
Principal & Interest - Special Needs	-	-	(128,527)	-	-	-	-	-	-	-	-	-	-	(128,527)
Principal & Interest - New Market West	-	-	-	-	-	-	-	-	-	(265,522)	-	-	-	(265,522)
<b>Capital Acquisitions</b>														
Fleet Vehicle	-	-	-	-	-	-	-	-	-	(192,000)	-	-	-	(192,000)
Fleet Vehicle Reserve Funding	-	-	-	-	-	-	-	-	-	192,000	-	-	-	192,000
<b>Non-Cash Operating Activity</b>														
Depreciation Expense	908	1,207,083	6,100,222	-	4,284	-	-	13,976	-	206,431	88,263	-	(50,040)	7,571,128
<b>Special Purpose Reserve Activity</b>														
Inter Departmental Reserve Transfers	(866,062)	(1,942,173)	(2,053,542)	1,873,312	2,201,287	462,481	(73,636)	-	1,944,792	-	(1,546,460)	-	-	-
DCR Operating Reserve	-	-	-	-	-	-	-	(1,614,641)	-	-	-	-	-	(1,614,641)
Affordable Portfolio Reserve	-	-	(750,000)	-	-	-	-	-	-	-	-	-	-	(750,000)
85 Stories Asset Repositioning Fee Reserve	-	-	-	-	-	-	-	-	-	-	(2,001,667)	-	-	(2,001,667)
Safety Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Reserve	-	(100,000)	(100,000)	-	-	-	-	-	-	-	-	-	-	(200,000)
Agency Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Department Reserve Activity</b>														
Final Funding Source or (Shortfall)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* See attachments for larger version of this table. Numbers may vary slightly due to rounding.

## FY 21 Staffing Summary by Operating Group

### Home Forward

#### Fiscal Year 2021 Full-Time Equivalent Changes 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 2020 Budgeted FTE	69.0	19.3	2.1	8.0	20.9	2.9	11.2	19.0	38.5	57.6	248.4	55.7	304.1
FY 2021 Budgeted FTE	71.0	16.3	1.8	8.0	20.2	3.5	10.6	20.0	38.9	58.6	248.9	58.4	307.3
Changes	2.0	(2.9)	(0.3)	-	(0.7)	0.6	(0.6)	1.0	0.4	1.0	0.5	2.7	3.2

## Rental Assistance Demonstration (RAD) and Section 18 Conversions

Home Forward will continue to convert Public Housing Units to Project-Based Section 8 funding through HUD's RAD conversion and Section 18 disposition. RAD conversions involve the transfer of Operating Subsidy and Capital Fund to a Project-Based Section 8 Voucher funding. RAD conversions are intended to be revenue neutral. Section 18 disposition replaces the Operating Subsidy and Capital Fund with a Tenant Protection Voucher and allows for the receipt of Asset Repositioning Fee (ARF) and Replacement Housing Factor (RHF) for Section 18 transactions. These results in increased funding for the agency, but not all properties qualified for the Section 18 disposition. The RAD conversion process began with The Jeffrey, Martha Washington, Bud Clark Commons, and Madrona Place on November 1, 2017.

Home Forward will earn admin fee (currently \$81 per voucher per month) on all RAD/Section 18 converted units. The properties that are projected to be impacted in the upcoming budget cycle are presented below. The North Group reflects the full twelve months in the Tax Credit Limited Partnership and the East Group reflects six months in the Tax Credit Limited Partnership. The voucher activity for these deals is reflected in the Rent Assistance operating group for the same duration as above.

Properties Converting in FY 21			
Property	Units Converted	Conversion Type	RAD Group
<b>Central Group LP</b>			
Fir Acres	32	RAD	Central Group LP
Stark Manor	30	RAD	Central Group LP
Eastwood Court	32	RAD	Central Group LP
<b>RAD Conversions</b>	<b>94</b>		
Dahlke Manor	115	Section 18	Central Group LP
Dekum Court	40	Section 18	Dekum
<b>Section 18 Conversions</b>	<b>155</b>		
<b>Total Central Group LP Conversions</b>	<b>249</b>		



**Future Expected Conversions**

Property	Units Converted	Conversion Type	RAD Group
<b>South Group LP</b>			
Carlton Court	24	RAD	South Group LP
Demar Downs	18	RAD	South Group LP
Lexington Court	20	RAD	South Group LP
<b>RAD Conversions</b>	<b>62</b>		
Holgate House	80	Section 18	South Group LP
Ruth Haefner Plaza	73	Section 18	South Group LP
<b>Section 18 Conversions</b>	<b>153</b>		
<b>Total South Group LP Conversions</b>	<b>215</b>		
<b>Total Future Conversions</b>	<b>245</b>		

## Budget Commentary – Rent Assistance

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 140,281,493	\$ 147,028,050	\$ 6,746,557
Operating Expense	137,825,898	143,655,989	5,830,091
Operating Income Before OH	2,455,595	3,372,061	916,466
Allocated Overhead	2,197,684	2,506,907	309,223
Operating Income After OH	257,911	865,154	607,243
Funding Flow Activity	259,273	866,062	606,789
Funding Required or (Contributed) for Current Agency Activities	\$ (259,273)	\$ (866,062)	\$ (606,789)
Total Budgeted FTE	69.0	71.0	2.0

### Rent Assistance Key Assumptions

Housing Assistance Payments for the agency are projected to be \$129.7 million, a \$5.0 million increase from last year. HAP expenses are broken down by individual program in the table below. Homeless Initiatives include Short-Term Rent Assistance (STRA) and Shelter Plus Care (SPC).

Program Cost/Expenses	Average Utilized Vouchers	Average Voucher Cost	Total HAP Expense
MTW Vouchers	7,975	\$827.27	\$79,265,173
Homeless Initiatives	1,530	873.75	16,041,980
Portability (Port-In)	789	938.01	8,881,063
RAD	1,027	588.39	7,251,300
VASH	674	853.18	6,900,498
Section 18 TPV RAD	584	702.54	4,923,366
SRO/MOD RAD	382	887.51	4,068,351
FUP	167	1,070.66	2,145,602
LBS	284	492.52	1,678,508
Portability (Port-Out)	143	966.43	1,658,400
Mainstream	88	900.33	950,748
SRO/MOD	130	468.04	730,140

Program Cost/Expenses	Average Utilized Vouchers	Average Voucher Cost	Total HAP Expense
Long-Term Rent Assistance	72	574.22	496,128
Flexible Rent Assistance		N/A	100,000
MTW Funded Rent Assistance	20	312.50	75,000
Subtotal: Gross HAP Expense			135,166,255
		N/A	
Less: Eliminations*			(5,479,016)
<b>Total HAP Expense</b>	<b>13,865</b>		<b>\$ 129,831,978</b>

\* Elimination activity represents housing assistance payments for voucher holders in our Affordable and Tax Credit properties

Administrative fees for administering vouchers are \$9.3 million, representing a \$1.6 million increase from last year due to additional voucher awards and RAD conversions.

Home Forward is now administering several additional awards announced in fiscal year 2020: VASH – 115 vouchers, Mainstream (Non-Elderly/Disabled) – 30 vouchers, and FUP – 56 vouchers. In addition to these awards, we have also submitted applications for additional VASH and FUP vouchers to be awarded in late 2020/early 2021. Home Forward has been invited and applied for an additional 75 VASH vouchers, with an award to start in early 2021. Due to these awards not being finalized, no future increment awards are included in the 2020 budget.

To assist with the waitlist pulls and the additional voucher awards, Total Budgeted FTE is increasing by 2.0 FTE.

### Rent Assistance Major Programs/Initiatives/Activities and Estimated Budget Impact

Housing Choice Vouchers - \$113.7 million (\$2.2 million for vouchers in our Affordable Portfolio)

- 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 search for their own housing in the private market, including single-family homes, townhouses and apartments. Home Forward administers four distinct HCV programs:

- Moving to Work (MTW) Vouchers - \$79.4 million

Home Forward manages 8,418 Moving to Work Vouchers.

Home Forward began to pull from the Housing Choice Voucher waitlist during fiscal year 2019 and continued waitlist pulls during fiscal year 2020. Ending the fiscal year 2020, a total of 1,573 households were pulled from the HCV waitlist, ending 2020 with 1,418 households remaining on the waitlist. In addition, Home Forward made significant adjustments to payment standards to adjust for an additional increase in fair market rents and address historical disparities in shelter burden for households. These adjustments will result in an incremental increase to housing assistance payments. Housing assistance payments also experienced an increase due to a reduction in household income resulting from the

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COVID-19 pandemic. Over 600 households have reported a loss in wages that increased Home Forward's expense in higher housing assistance payments and increase utility reimbursements.

Tenant-Based attrition (vouchers returned) is projected to be 10 vouchers per month. The \$79.3 million in program expense is a \$3.9 million increase from the prior year, due to increased utilization and waitlist pulls.

- Homeless Initiatives - \$16.0 million

In addition to federally funded HCV, Home Forward receives grant funding and collaborates with community service providers to offer Short-Term Rent Assistance (STRA). Serving approximately 500 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 495 households per month. Shelter Plus Care provides rent assistance and supportive services to people with disabilities who are experiencing homelessness.

The \$16.0 million in program expenses is a \$1.2 million increase from the prior year due to increased funding for STRA, and higher FMRs resulting in increased funding in Shelter Plus Care.

- RAD - \$7.3 million

Home Forward administers 1,027 Rental Assistance Demonstration (RAD) vouchers – prior Public Housing buildings that converted to a Project-Based Voucher subsidy under the HCV program. Converting Public Housing buildings to an HCV subsidy allows the units to receive HCV admin fee and converts the subsidy to fall under the HCV program.

See the Rental Assistance Demonstration (RAD) and Section 18 Conversions section for additional details on RAD conversions.

- Portability (Port-In) - \$8.9 million

Portability, a major component of the Housing Choice Voucher program, allows voucher holders to move to other areas where Public Housing Agencies operate an HCV program. There are two types of portability: port-in, where a household moves to Home Forward's jurisdiction, and port-out, where a Home Forward participant moves to another PHA's jurisdiction.

Under port-in regulations, Home Forward is defined as the receiving housing authority and receives households from the initial housing authority. The receiving housing authority has the option to bill expenses, both housing assistance payments and a prorated administrative fee, to the initial housing authority.

Port-in vouchers for FY 21 are anticipated to be five new vouchers administered per month, with an average per month of 789 vouchers. Home Forward exercises portability billing and receives reimbursement for HAP and admin fee expenses from the initial housing authority for port-in vouchers.

- VASH - \$6.9 million

Home Forward administers 970 VASH Vouchers in partnership with the Department of Veterans Affairs. Utilization of these vouchers is anticipated to be 71% as the additional 191 vouchers awarded in 2019 and the 115 vouchers award in 2020 continue to be issued and leased. \$6.9 million in VASH program expense is a \$35 thousand increase from the prior year, due to new increment awards and increased voucher utilization.

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- Section 18 SRO/MOD RAD - \$4.1 million

Home Forward administers 382 RAD vouchers converted from former single room occupancy/moderate rehabilitation (SRO/MOD) properties owned by community service providers. The conversion of the properties allows for the units to continue to receive HCV admin fee and converts the subsidy from funding under the McKinney-Vento Homeless Assistance Act to a Project-Based subsidy.

The \$4.1 million in program expense for this subset of RAD conversions is a \$474 thousand increase from the prior year, due to OCAF funding increases.

See the Rental Assistance Demonstration (RAD) and Section 18 Conversions section for additional details on RAD conversions.

- Section 18 TPV RAD - \$4.9 million

Home Forward manages 429 Section 18 tenant protection vouchers (TPV) – former Public Housing buildings converted under RAD. Converting Public Housing buildings to a tenant protection subsidy allows the units to receive HCV admin fee and converts the subsidy to fall under the HCV program. Section 18 conversions also allow for the receipt of Asset Repositioning Fees (ARF).

RAD Section 18 conversions have a budget impact of \$4.9 million, an increase of \$1.0 million from the prior year due to additional conversions.

See the Rental Assistance Demonstration (RAD) and Section 18 Conversions section for additional details on RAD conversions.

- FUP - \$2.1 million

Home Forward manages 244 FUP Vouchers. Utilization of these vouchers is anticipated to be 70% as the additional 56 vouchers awarded in 2020 continue to be issued and leased. \$2.1 million in FUP program expense is a \$414 thousand increase from the prior year, due to new increment awards and increased voucher utilization.

- Portability (Port-Out) - \$1.7 million

Portability, a major component of the Housing Choice Voucher program, allows voucher holders to move to other areas where Public Housing Agencies operate an HCV program. There are two types of portability: port-in, where a household moves to Home Forward's jurisdiction, and port-out, where a Home Forward participant moves to another PHA's jurisdiction.

Under port-out regulations, Home Forward is defined as the initial housing authority and households lease under administration of the receiving housing authority. The receiving housing authority has the option to bill expenses, both housing assistance payments and a prorated administrative fee, back to Home Forward.

Port-out vouchers are projected to average 143 per month with little changes in new port-outs each month. Most receiving housing authorities chose to bill Home Forward for vouchers leased in their jurisdiction under portability.

- Mainstream - \$951 thousand

Home Forward manages 129 Mainstream Vouchers, with 30 new vouchers awarded in 2020. Utilization of these projected vouchers is projected to be 80% as Mainstream continues its lease-up process.

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The \$951 thousand in program expenses is a \$92 thousand increase from the prior year due to new increment awards and increased voucher utilization.

- SRO/MOD - \$730 thousand

Coordinated under the Continuum of Care (CoC) Program, the SRO/MOD provides rental assistance in connection with the moderate rehabilitation of residential properties that contain upgraded single occupancy units for individuals who are homeless. The program is designed to move people into the permanent housing phase within the Continuum of Care.

Home Forward continues to manage 130 SRO/MOD units that have not converted under RAD. The \$730 thousand in program expense is unchanged from the prior year.

#### Moving to Work (MTW) Initiatives - \$3.2 million

- As a Moving to Work agency, Home Forward funding flexibility to operate a variety of local programs to provide additional housing and services that, align with our strategic plan. MTW Initiatives include Local Blended Subsidy and Flexible Rent Assistance, detailed above, among other programs such as:

- Local Blended Subsidy (LBS) - \$1.5 million

- LBS enhances funding for certain MTW Section 8 and RAD properties to subsidize units reserved for families earning 80% 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 (64 units at Stephens Creek North and 45 units at Stephens Creek South). \$1.5 million in LBS funding is unchanged from the prior year.

- Short-Term Rent Assistance (STRA) - \$919 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. In combination with program-based assistance, Home Forward sets aside a pool of flexible rent assistance funds to serve targeted populations, in partnership with one or more local service providers who ensure that the families have access to the supportive services or resources they need to be stable and successful. \$919 thousand in funding is unchanged from the prior year.

- VASH Security Deposit - \$44 thousand

Home Forward offers security deposit assistance to participants leasing up with Veterans Affairs Supportive Housing (VASH) vouchers, a key support to finding housing for veterans and increasing utilization of our VASH vouchers. \$44 thousand in program expense is a decrease of \$84 thousand from the prior year, due to additional increment awards and projected voucher utilization.

- Flexible Rent Assistance - \$105 thousand

Flexible rent assistance helps participants with various barriers to housing including applications, bad debt, security deposits, expungement fees, and other financial assistance to aid the leasing process. Flexible rent assistance is paired with a Housing Search Advocates program works with participants to: 1) develop individualized housing search plans which include addressing any housing barriers such as past evictions or bad credit; 2) meet directly with landlords and applicants/participants to navigate the

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application and leasing process, including filing appeals of denials and accommodations for special needs; 3) stay informed of the available housing inventory and maintain strong landlord relationships; and 4) help support households in understanding Home Forward's rules and processes. This program is new for Fiscal Year 2020.

- The remainder of MIF activity can be found in the Moving to Work Initiative Schedule included in the attachments. Additional MIF expenses to support services and safety may be funded in accordance with Home Forward's approved single fund flexibility and approved 2020 MTW Plan.

Personnel Expenses - \$6.6 million

- Personnel expenses of \$6.2 million for FY 21 support 71 FTE within Rent Assistance. This represents an increase of \$411 thousand from the prior year, due to added FTE and planned compensation increases.

## Budget Commentary – Public Housing Portfolio

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 8,078,309	\$ 6,230,046	\$ (1,848,263)
Operating Expense	6,423,166	5,394,956	(1,028,210)
Operating Income Before OH	1,655,144	835,090	(820,054)
Allocated Overhead	-	-	-
Operating Income After OH	1,655,144	835,090	(820,054)
Funding Flow Activity	2,744,953	1,942,173	(802,780)
Funding Required or (Contributed) for Current Agency Activities	\$ (2,744,953)	\$ (1,942,173)	\$ 802,780
Total Budgeted FTE	19.3	16.3	(2.9)

The Public Housing Portfolio includes the budget activity for 17 traditional public housing properties and 16 property-level staff. Home Forward's public housing stock provides an important resource to the community by providing housing in 645 rentable units throughout Multnomah County. The unit count in Public Housing continues to decline as properties are converted to RAD and Section 18 funding. Property staff focus on the management and maintenance of the properties and work towards preserving the aging housing stock.

In FY 21, staff will continue to integrate maintenance, property management, inspections, and services with the goal of improving efficiencies and reducing turnover time.

### Public Housing Key Assumptions

Public Housing Portfolio Operating Subsidy Assumptions		
	FY 20 Annualized Actuals	FY 21 Budget
Physical Units in Public Housing Portfolio	645	645*
Subsidized Units in Public Housing Portfolio	644	644
Eligibility Per Unit Per Month	\$1,185	\$1,104
Eligibility Per Unit Per Month Per Month (Excluding ARF)	950.75	892
Proration	94.85%	92%
Proration Per Unit Per Month**	\$841	\$843
Total Subsidy*	\$6,498,731	\$6,514,242

\*Units expected to convert to RAD/Section 18 in 2021 are reported in the Public Housing portfolio. The new total will be 392 units post conversion.

\*\*Less Carve-outs for PILOT, GOALS, and ARF.



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Four properties are expected to convert to RAD/Section 18 in FY 21, resulting in a total subsidy decrease at Public Housing Properties.

Households Served – occupancy is assumed at 98%.

FTEs – During FY 21, four properties are expected to convert to RAD/Section 18. The expenses of the associated FTE are budgeted to the tax credit property as of 4/1/2021. As a result, Public Housing shows a net decrease of 3.0 FTE.

### **Public Housing Major Revenue and Expense Items**

Operating Revenue is \$6.40 million, down \$1.67 million from FY 20. \$1.84 million of reduced revenue is due to four properties converting to RAD in 2021, offset by \$273 thousand in increased revenue at remaining PH properties. The primary sources of Operating Revenue are:

- Dwelling Rental is \$1.47 million, a decrease of \$540 thousand, \$15 thousand at the remaining PH properties. While there are rental increases expected at some properties, these are more than offset by decreases due to rent adjustments from Covid-19 related income loss at several properties. Most affected were Slavin Court with a decrease of \$30 thousand and Chateau Apartments with a decrease of \$25 thousand.
- HUD Subsidies for public housing is \$4.93 million, a decrease of \$1.00 million.
- Non-dwelling rental is \$4 thousand from commercial rental income. This is a decrease of \$118 thousand.
- Other revenue from laundry and other fees is \$35 thousand, a decrease of \$20 thousand.

Operating Expenses are \$5.58 million, down \$843 thousand from FY 20. \$1.20 million of reduced expense is due to RAD/Section 18 conversions. This is offset by \$360 thousand in increased expenses is at the remaining PH properties. The primary drivers of Operating Expenses are:

- Maintenance is \$1.86 million, down \$427 thousand. There is \$91 thousand of increased expense is in remaining PH properties. \$63 thousand of increased expense is due to non-recurring maintenance, and \$19 thousand is due to personnel. Maintenance includes \$682 thousand in Maintenance Personnel Expense and \$1.02 million in Other Maintenance Expenses.
- Administration is \$579 thousand, decreased \$228 thousand. Administration includes \$377 thousand in property management fees charged by the Property Management department. The property management fees are decreasing as the four properties are scheduled to convert to Tax Credits on 4/1/21.
- Depreciation is \$1.21 million, increased \$27 thousand.
- Utilities are \$937 thousand, down \$175 thousand from FY20. Remaining PH properties are seeing a \$56 thousand increase in rates.
- Program Expense is \$689 thousand, which covers personnel expenses and temporary help at properties. This is reduced \$71 thousand from FY20. Remaining PH properties are seeing an increase of \$82 thousand in expense.
- General Expenses of \$289 thousand includes \$243 thousand in insurance costs including \$88 thousand in additional costs due to rate increases.
- All personnel expenses include planned compensation increases.

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Agency Overhead is charged through Property Management and is allocated to Public Housing Portfolio through the property management fee.

**Public Housing Funding Required for Current Agency Activities**

The Public Housing Portfolio provides \$1.94 million in projected cash flow for agency and property needs. \$100 thousand from operations will be contributed to an Insurance Reserve

## Budget Commentary – Affordable Housing Portfolio

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 29,539,944	\$ 28,024,144	\$ (1,515,800)
Operating Expense	23,644,411	22,589,622	(1,054,789)
Operating Income Before OH	5,895,533	5,434,522	(461,011)
Allocated Overhead	-	-	-
Operating Income After OH	5,895,533	5,434,522	(461,011)
Funding Flow Activity	1,596,793	2,053,542	456,749
Funding Required or (Contributed) for Current Agency Activities	\$ (1,596,793)	\$ (2,053,542)	\$ (456,749)
Total Budgeted FTE	2.1	1.8	(0.3)

The Affordable Housing Portfolio consists of 57 properties with 2,889 units throughout Multnomah County, financed by private debt, public debt, and tax credit funding.

The Affordable Housing Portfolio consists of non-public housing properties owned directly by Home Forward (26 properties) and 31 properties with master leases (with local service providers). 23 of the 26 properties are managed by external property management companies. The FTE for this operating group is only 1.8, since much of the FTE are at the external property management companies. For the externally managed properties, \$.2.2 million of personnel expenses are on the Home Forward financials, but the FTE are not included in the Home Forward head count. Also, the operating results for the 3,392 tax credit units are not reflected in the Home Forward operating budget.

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 several aging sites. Rising insurance costs and the transition to RAD/Section 18 funding will be other issues in the upcoming fiscal year.

### Affordable Housing Key Assumptions

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

Two properties that were expected to convert via Year 15 Conversion from tax credit to affordable in FY 20 (Cecelia and Haven) didn't convert in FY 20 and are now not anticipated until after FY 21. The impact of these units on the year over year budget change is represented below.

Property Name	Units	Revenue	Expenses	Net Change
Cecelia	131	1,588,287	1,860,073	(271,786)
Haven	44	519,150	717,569	(198,419)
Total	175	\$2,107,437	\$2,577,646	(\$470,205)

### Affordable Housing Major Programs/Initiatives/Activities and Estimated Budget Impact

Insurance premiums are projected to be \$176 thousand as property valuations and premium rates continue to rise.

\$5.7 million in maintenance projects including the following large projects:

- Dawson Park Roofing
- Fairview (Exterior)
- Rockwood (Interior Work)
- Grace Peck (Interior Work)
- Unthank Plaza (Interior Work)

### Affordable Housing Major Revenue and Expense Items

Operating Revenues are budgeted to be \$28.0 million; a \$1.5 million dollar decrease from FY 20. The below comments highlight the major trends.

- Dwelling rental is projected to be \$22.2 million, a decrease of \$1.8 million of which \$2.1 million is attributable to Cecelia and Haven not converting as planned in FY 20. The rental increases in FY 21 from high occupancy rates are offset by income losses due to COVID 19 and a pause on rental increases.

Operating Expenses are projected to be \$23.6 million, a \$2.4 million increase from prior budget year.

- Utilities are projected to be \$3.1 million, a decrease of \$317 thousand from previous budget, due to the removal of Cecelia and Haven (\$365 thousand) offset by rate increases for the remainder of the portfolio.
- Depreciation is budgeted at \$6.1 million, a decrease of \$119 thousand from previous budget.
- Management fees for third party-managed properties are expected to be \$1.1 million, a decrease of \$0.1 million from previous budget. Increases in the fees for the legacy properties are offset by a reduction of \$104 thousand for Cecelia and Haven
- Third. party-managed properties have budgeted \$2.2 million in payroll expense, roughly flat from the previous budget. Increases in the existing portfolio have been offset by the departure of \$135 thousand in costs from Cecelia and Haven.

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## Affordable Housing Funding Required for Current Agency Activities

- Of the \$4.9 million in unrestricted cash that the agency will receive, \$3.5 million is recognized in the Affordable Housing Portfolio.
- Funding a \$750 thousand, Real Estate Capital Reserve is part of a ten-year plan to address future capital needs within the Affordable Housing Portfolio.
- \$100 thousand from operations will be contributed to an Insurance Reserve
- \$45 thousand from operations will be contributed to an Agency Operating Reserve.

## Budget Commentary – Asset Management

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 774,831	\$ 871,114	\$ 96,283
Operating Expense	1,563,072	1,595,382	32,310
Operating Income Before OH	(788,241)	(724,268)	63,973
Allocated Overhead	1,225,114	1,149,045	(76,069)
Operating Income After OH	(2,013,355)	(1,873,312)	140,043
Funding Flow Activity	(2,013,356)	(1,873,312)	140,044
Funding Required or (Contributed) for Current Agency Activities	\$ 2,013,356	\$ 1,873,312	\$ (140,044)
Total Budgeted FTE	8.0	8.0	-

The Asset Management group is responsible for overseeing the performance of the entire Home Forward portfolio with the following breakdown. This represents the unit mix after the North Group and East Group have completed their RAD/Section 18 conversion in FY21.

Portfolio Type	Properties	Units
Public Housing	12	396
Special Needs	31	498
Affordable	26	2,401
Tax Credit	42	3,432
Total	111	6,727

### Asset Management Key Assumptions

Asset Management is maintaining its staff level at eight FTE, there is no change for FY 21.

The Asset Management group, also, provides asset management services to properties owned by jurisdictional partners.

### Asset Management Major Revenue and Expense Items

Operating Revenues of \$871 thousand, an increase of \$96 thousand from previous budget. The revenue consists of \$154 thousand in Asset Management Fees from jurisdictional partners and \$716 thousand for Home Forward Asset Management fees.

Operating Expenses of \$1.6 million is a \$32 thousand increase from FY 20, mainly comprised of personnel expenses.

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## **Asset Management Funding Required for Current Agency Activities**

The Asset Management department needs \$1.9 million to fully fund all planned operations, an increase of \$74 thousand from prior budget year.

## Budget Commentary – Property Management

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 3,548,424	\$ 3,235,039	\$ (313,385)
Operating Expense	2,475,780	2,520,551	44,771
Operating Income Before OH	1,072,645	714,488	(358,157)
Allocated Overhead	2,661,885	2,920,059	258,174
Operating Income After OH	(1,589,240)	(2,205,571)	(616,331)
Funding Flow Activity	(1,589,240)	(2,201,287)	(612,047)
Funding Required or (Contributed) for Current Agency Activities	\$ 1,589,240	\$ 2,201,287	\$ 612,047
Total Budgeted FTE	20.9	20.2	(0.7)

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 46 properties. These properties provide housing for 2,399 households and reflect the RAD/Section 18 conversions.

Subsidy Type*	Properties
Public Housing	13
Special Needs	3
Tax Credit	28
Affordable	2
Total Properties Managed	46

\*Subsidy type reflects 4 properties moving to the Tax Credit Portfolio.

Overall, the Property Management group supervises 96.2 FTE. 58 of those staff are budgeted in tax credit properties, and their operating results are excluded. The operating activity for the tax credit properties is reported outside of the Property Management budget, but their associated overhead costs are included in this department. Another 16 staff are budgeted at the traditional public housing properties, and the associated costs are within the Public Housing Portfolio budget. The 20.2 staff captured in this budget include management, compliance, and maintenance staff who provide peer training and backfill services.

In FY 18, Property Management supported the first public housing properties converting to RAD (Rental Assistance Demonstration) and continues to provide support for properties undergoing conversions. Please refer to the RAD conversion section for more information.



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## Property Management Key Assumptions

FTEs – Property Management decrease 0.67 FTE from the prior year.

## Property Management Major Programs/Initiatives/Activities and Estimated Budget Impact

Property Management will provide support for the remaining public housing properties pending future conversions of RAD/Section 18 applications. There are four properties expected to convert during FY 2021. Fir Acres, Stark Manor, and Eastwood Court will undergo RAD conversion to tax credit partnerships. Dahlke Manor will undergo Section 18 conversion. A total of 209 units will be converted.

## Property Management Major Revenue and Expense Items

Operating Revenue is \$3.24 million, down \$313 thousand from FY 20. The major contributors to Operating Revenue are:

- Public Housing HUD Subsidies are \$169 thousand, and this funds the Payment in Lieu of Taxes (PILOT).
- Other Revenue is \$2.72 million and includes property management fees where the fees are being charged to properties instead of being charged overhead.
  - Property Management fees are \$1.86 million, up \$37 thousand over FY 20.
    - \$422 thousand from the Public Housing Portfolio.
    - \$1.44 million from tax credit property management fees.
  - HUD Subsidies are \$405 thousand from Rent Assistance Section 8 Admin. This administrative fee earned on RAD conversions is new for FY 20 and will provide compliance on tax credit reviews.
- An ongoing contribution from Home Forward Development Enterprises to cover a portion of the lost overhead and administrative expenses is \$451 thousand. The contribution relates to the first phase of the 85 stories conversions.
- HUD Grants are \$345 thousand from the Capital Fund Program grant, a decrease of \$228 thousand. The decrease is due to a reduction in Capital Fund revenue because of the RAD/Section 18 programs.

Operating Expense is \$2.3 million, an increase of \$208 thousand from FY 20. The major drivers of Operating Expenses are:

- Administration Expenses are basically flat at \$19 thousand.
  - \$318 thousand is in Administrative Personnel Expense, an \$11 thousand increase that includes planned compensation increases.
  - \$300 thousand is in Other Admin Expenses, a decrease of \$12 thousand. Decreases include \$14 thousand in training, \$6 thousand in other professional services, and \$4 thousand in office supplies, offset by increases of \$16 thousand in software, and \$13 thousand in legal expense.
- Program Expense is \$1.18 million, which covers personnel expenses and temporary help. This is up \$18 thousand and includes planned compensation increases.

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- Maintenance Expenses are \$201 thousand, primarily in Maintenance Personnel Expenses for floating and on-call staff. This is a reduction of \$24 thousand due to allocations to properties for floating and on-call staff.
  - Total Inter-Agency Expense is \$376 thousand for support staff, up \$33 thousand from FY 20.
  - General Expenses are \$185 thousand, comprised mainly of PILOT. This amount is unchanged year-over-year.

### **Property Management Funding Required for Current Agency Activities**

The Property Management Department requires \$1.94 million to fully fund all planned operations. This is a decrease of \$803 thousand from FY 20.

## Budget Commentary – Safety

Summary Budget Data	FY20 Budget	FY21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 800,000	\$ 19,364	\$ (780,636)
Operating Expense	407,514	468,393	60,879
Operating Income Before OH	392,486	(449,029)	(841,515)
Allocated Overhead	49,415	13,452	(35,963)
Operating Income After OH	343,071	(462,481)	(805,552)
Funding Flow Activity	(376,928)	(462,481)	(85,553)
Funding Required or (Contributed) for Current Agency Activities	\$ 376,928	\$ 462,481	\$ 85,553
Total Budgeted FTE	2.9	3.5	0.6

The Safety department coordinates Home Forward's property and staff safety awareness and training, implements new safety initiatives and oversees the agency safety committee. 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.

### Safety Key Assumptions

- FTEs – the Safety group shows a net increase of 0.6 FTE due to staff reallocation from different operating groups.

### Safety 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 hazardous materials, and
- Creating and implementing safety policies and an emergency management plan to guide agency departments and staff.
- Environmental safety at properties.

### Safety Major Revenue and Expense Items

Revenue decreased by \$781 thousand. In FY 20, there was a one-time contribution from Home Forward Development Enterprises to fund a Safety Reserve and establish a Safety Manager position. There are \$19 thousand revenue safety inspection fees.

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Operating Expenses are \$468 thousand, an increase of \$61 thousand over FY 20. The primary drivers of Operating Expenses are expected to be:

- \$424 thousand in Personnel Expense. Increased personnel expenses totaling \$59 thousand are tied to FTE increases.
- \$34 thousand in other administrative expenses, a decrease of \$5 thousand from FY 20. This includes consultants, educational materials, and training.
- \$7 thousand for materials and transportation, an increase of \$3 thousand from FY 20.
- \$3 thousand in Inter-Agency Expense for support staff, no change from FY 20.
- All personnel expenses include planned compensation increases.

### **Safety Funding Required for Current Agency Activities**

The Safety Department requires \$462 thousand to fully fund all planned operations.

## Budget Commentary – Integrated Facilities Services

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 1,705,600	\$ 1,834,728	\$ 129,128
Operating Expense	1,396,869	1,387,986	(8,883)
Operating Income Before OH	308,731	446,742	138,011
Allocated Overhead	302,064	373,106	71,042
Operating Income After OH	6,667	73,636	66,969
Funding Flow Activity	6,667	73,636	66,969
Funding Required or (Contributed) for Current Agency Activities	\$ (6,667)	\$ (73,636)	\$ (66,969)
Total Budgeted FTE	11.2	10.6	(0.6)

Integrated Facilities Services is the operating group for Home Forward’s specialized maintenance services. Services include electrical work, plumbing, pest control, painting, and bulky waste hauling (Trades). Home Forward-managed properties utilize Integrated Facilities Services based on need and are billed for services provided.

### Integrated Facilities Services Key Assumptions

FTEs – Integrated Facilities Services shows a net decrease of 0.6 FTE due to staff being reallocated to different operating groups.

### Integrated Facilities Services Major Programs/Initiatives/Activities and Estimated Budget Impact

Integrated Facilities Services (IFS) strives to operate as a self-sustaining business unit. Trades billing on an hourly basis provide services at rates that are competitive with market rates.

IFS is exploring new business opportunities including testing for hazardous materials and emergency mitigation (fire and water) for small events.

### Integrated Facilities Services Major Revenue and Expense Items

Revenue is \$1.83 million, an \$129 thousand increase from FY 20. All Revenue is forecasted to come from service fees charged to properties.

Operating Expenses are \$1.4 million, down \$9 thousand from FY 20. The major drivers of Operating Expenses are expected to be:

- Maintenance Personnel Expense is \$959 thousand, a \$32 thousand increase.
- Program Personnel Expense in support of department administration is \$159 thousand, reduced \$35 thousand due to FTE re-allocations.
- Administrative Personnel Expense is \$43 thousand, reduced \$23 thousand due to FTE re-allocations.

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- All personnel expenses include planned compensation increases.
  - Other Maintenance Expenses are \$113 thousand and include materials and vehicle expenses. This is a \$16 thousand increase from FY 20.
  - Utilities are \$40 thousand for waste transfer station fees, a decrease of \$1 thousand.

#### **Integrated Facilities Services Funding Required for Current Agency Activities**

Integrated Facilities Services contributes \$74 thousand to the agency. This is an increase of \$67 thousand.

## Budget Commentary – Development & Community Revitalization

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 9,109,153	\$ 7,997,342	\$ (1,111,811)
Operating Expense	3,086,674	3,336,651	249,977
Operating Income Before OH	6,022,478	4,660,691	(1,361,787)
Allocated Overhead	1,342,729	1,301,496	(41,233)
Operating Income After OH	4,679,749	3,359,195	(1,320,554)
Funding Flow Activity	-	-	-
Funding Required or (Contributed) for Current Agency Activities	\$ -	\$ -	\$ -
Total Budgeted FTE	19.0	20.0	1.0

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 current and future development activity.

- Active Projects: 13
- Active Projects Total Budget: \$532.7 million
- Staff FTE FY 21: 20

### Development and Community Revitalization Key Assumptions

- DCR staffing is budgeted to increase one FTE from FY 20 staffing levels. The increase is due to transfer of 1 FTE from Administrative Group to DCR.
- 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 21 (amounts in millions)			
Project	Project Budget	Accrued Developer Fee Revenue	Developer Fee Cash to be Received
Lloyd Housing LP	\$74.1	\$0.0	\$6.0
North Group LP	101.3	0.0	5.0
East Group LP	79.9	0.4	6.1
Fountain Place 2 LP	33.7	1.6	0.5
Central Group LP	70.9	3.8	1.2
Dekum Redevelopment	79.6	0.8	0.6
N. Interstate Redevelopment	20.6	0.4	0.4
SE Powell (PHB/GO Bond)	69.1	0.9	0.2
<b>Total</b>	<b>\$529.2</b>	<b>\$7.9</b>	<b>\$20.0</b>

### Development and Community Revitalization Major Programs/Initiatives/Activities and Estimated Budget Impact

- Lloyd Housing LP (also known as The Louisa Flowers) – 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 utilized four percent Low-Income Housing Tax Credits, bond funds, grants, and reserve funds. Construction finance closed in December 2017 and construction began in January 2018. The project was completed in March 2020. The final installment of the developer fee receipt is April 2021.

Lloyd Housing (In millions)	FY 18	FY 18 12-31-18	FY 19	FY 20	FY 21	Total
Total Project Sources and Uses	\$14.0	\$22.8	\$26.3	\$1.5	\$9.5	\$74.1

- North Group LP (also known as 85 Stories Group 5) – This group consists of seven properties: Tamarack Apartments, Schrunk Tower, Camelia Court, Winchell Court, Maple Mallory, Eliot Square, and Bel Park. This tax credit partnership utilized four percent Low-Income Housing Tax Credits, bond funds, grants, and reserve funds. Construction finance closed in November 2018 and construction began in December 2018. The project was completed in August 2020. The final installment of the developer fee receipt is April 2021.

North Group (In millions)	FY 18 12-31-18	FY 19	FY 20	FY 21	Total
Total Project Sources and Uses	\$52.6	\$36.3	\$5.3	\$7.1	\$101.3



- East Group LP (also known as 85 Stories Group 6) – This group consists of nine properties: Williams Plaza, Medallion Apts, Harold Lee, Floresta, Powellhurst, Tillicum North, Tillicum South, Hunters Run, and Alderwood. This tax credit partnership utilizes four percent Low-Income Housing Tax Credits, bond funds, grants, and reserve funds. Construction finance closed in June 2019 and construction began in July 2019. The project completion schedule is March 2021.

East Group (In millions)	FY 19	FY 20	FY 21	Total
Total Project Sources and Uses	\$47.8	\$23.9	\$8.2	\$79.9

- FP 2 LP Rehabilitation Project – This 106-year-old building is a historic structure that adds design and character to the downtown corridor. It provides 80 affordable housing options to extremely low-income households. This rehabilitation project will make the property seismically and structurally sound for the years to come. This project utilizes four percent Low-Income Housing Tax Credits, bond funds, grants, and reserve funds. Construction finance closed in March 2020 and construction began in April 2020. The project completion schedule is August 2021.

Fountain Place (In millions)	FY 20	FY 21	FY 22	Total
Total Project Sources and Uses	\$26.9	\$5.1	\$1.7	\$33.7

- Central Group LP (also known as 85 Stories Group 7) – This group consists of four properties: Dahlke Manor, Fir Acres, Stark Manor, and Eastwood Court. This tax credit partnership will utilize four percent Low-Income Housing Tax Credits, bond funds, grants, and reserve funds. Construction finance is scheduled to close in March 2021 and construction to begin in April 2021. The project completion schedule is June 2022.

Central Group (In millions)	FY 21	FY 22	FY 23	Total
Total Project Sources and Uses	\$45.8	\$20.0	\$5.1	\$70.9

- Dekum Court Redevelopment – This redevelopment project is divided into two phases. Phase 1 is a mixed-use new construction of 47 housing units. The households occupying the existing 40 public housing units will move-in to the newly constructed property. Phase 2 is to demolish the existing property and construct additional 141 housing units. This tax credit partnership will utilize four percent Low-Income Housing Tax Credits, Oregon Metro proceeds, and reserve funds. Construction finance is scheduled to close in August 2021 and construction to begin in September 2021. The project completion schedule is February 2024.

Dekum Court (In millions)	FY 21	FY 22	FY 23	FY 24	FY 25	Total
Total Project Sources and Uses	\$13.0	\$23.2	\$33.9	\$8.7	\$0.8	\$79.6

- SE Powell - Home Forward and the City of Portland, acting through the Portland Housing Bureau (PHB) have entered into an intergovernmental agreement (IGA) to which Home Forward will provide development services in the construction of the new multi-family building. The site is located in SE Powell Boulevard and consists of two adjacent parcels. Home Forward owns one parcel and PHB owns the other. Home Forward will serve as developer and owner, serving as General Partner of the Low-Income Housing Tax Credit partnership. This tax credit partnership will utilize four percent Low-Income Housing Tax Credits, Portland Housing Bond funds, and reserve funds. Construction finance is scheduled to close in July 2021 and construction will begin in August 2021. The project completion schedule is May 2023.

SE Powell (In millions)	FY 21	FY 22	FY 23	FY 24	Total
Total Project Sources and Uses	\$19.0	\$37.0	\$7.5	\$5.6	\$69.1

- N. Interstate/Baldwin Redevelopment – This redevelopment project will provide safe shelter for 60 formerly homeless individuals. Home Forward in collaboration with Urban League of Portland will render support and stability for people of color experiencing chronic homelessness. This tax credit partnership will utilize four percent Low-Income Housing Tax Credits, Oregon Metro proceeds, OHCS grant, and reserve funds. Construction finance is scheduled to close in September 2021 and construction to begin in October 2021. The project completion schedule is October 2022.

North Baldwin (In millions)	FY 21	FY 22	FY 23	Total
Total Project Sources and Uses	\$6.9	\$12.7	\$1.0	\$20.6

- Capital Improvement Projects – There are five capital improvement projects in FY 21. The total budget for these projects is \$3.5 million, utilizing the properties' operation and reserves funds.

Projects	Project Budget (in millions)	Estimated Project Completion
PH Properties Radon Mitigation	\$0.5	March 2021
Kelly Place Elevated Decks	\$0.1	June 2021
Sequoia Elevated Decks	\$1.8	September 2021
Schiller Way Elevated Decks	\$0.2	June 2021
Gretchen Kafoury Windows	\$0.9	September 2021
<b>Total</b>	<b>\$3.5</b>	

## Development and Community Revitalization Major Revenue and Expense Items

- Operating Revenue decreased \$1.1 million from FY 20 Budget. The decrease is primarily due to:
  - Developer Fee earnings decreases \$1.1 million from FY 20. In FY 21, DCR will earn \$7.9 million in developer fees from the following projects:

Developer Fees (in millions)		
Projects	Total	FY 21
FP 2 LP	\$4.6	\$1.6
East Group LP	9.4	0.4
Central Group LP	7.2	3.8
Dekum Court	8.5	0.8
SE Powell	6.0	0.9
North Interstate Baldwin	2.7	0.4
<b>Total</b>	<b>\$38.4</b>	<b>\$7.9</b>

- Miscellaneous Revenue decreases \$13 thousand from FY 20 for administrative fee earnings from City of Portland General Obligation Bond.
- Total Operating Expense increases \$250 thousand from FY 20 budget primarily due to:
  - Personnel expenses increase of \$228 thousand due to one new position and increase in benefit costs
  - Other administrative expenses increase of \$22 thousand attributed to:
    - Office Rent Expense increases \$7 thousand in NMW rent
    - Software increase of \$7 thousand attributed to IT system upgrade
    - Other Miscellaneous Expenses increase \$8 thousand to follow the trend of actual expenditures over the last two fiscal years.

## Development and Community Revitalization Funding Required for Current Agency Activities

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

- Lloyd Housing (Louisa Flowers) will generate \$8.3 million in developer fee over multiple fiscal years. The first installment of \$5.4 million is due to be paid at conversion scheduled in February 2021. The final installment of \$574 thousand is due upon receipt of Form 8609 by the Limited Partner scheduled in April 2021. The remaining unpaid developer fee of \$2.3 million is evidenced by a promissory note and will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
- North Group (85 Stories Group 5) will generate \$8.0 million in developer fee over multiple fiscal years. The first installment of \$1.0 million was paid at the close of construction finance in November 2018. The second and third

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installments of \$4.65 million is due at project completion and conversion scheduled in January 2021. The final installment of \$350 thousand is due upon receipt of Form 8609 by the Limited Partner scheduled in April 2021. The remaining unpaid developer fee of \$2 million will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.

- East Group (85 Stories Group 6) will generate \$9.4 million in developer fee over multiple fiscal years. The first installment of \$400 thousand was paid at the close of construction finance in June 2019. The second installment of \$777 thousand is due at construction completion scheduled in March 2021. The third installment of \$4.0 million due at conversion scheduled in July 2021. The final installment of \$1.4 million is due upon receipt of Form 8609 by the Limited Partner scheduled in October 2021. The remaining unpaid developer fee of \$2.8 million will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
- Fountain Place 2 rehabilitation project will generate \$4.6 million in developer fee over multiple fiscal years. The first installment of \$800 thousand was paid at the close of construction finance in March 2020. The second installment of \$500 thousand is due at construction completion scheduled in August 2021. The third installment of \$846 thousand is due at conversion scheduled in January 2022. The fourth installment of \$475 thousand is due upon receipt of Form 8609 by the Limited Partner scheduled in March 2022. The final installment of \$1.1 million is due in April 2022. The remaining unpaid developer fee of \$947 thousand will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
- Central Group (85 Stories Group 7) is projected to generate \$7.2 million in developer fee over multiple fiscal years. The first installment of \$1.2 million is due at the close of construction finance, estimated in March 2021.
- Dekum Court rehabilitation project is projected to generate \$8.5 million in developer fee over multiple fiscal years. The first installment of \$610 thousand is due at the close of construction finance, estimated in August 2021.
- SE Powell project is projected to generate \$6.0 million in developer fee over multiple fiscal years. The first installment of \$367 thousand is due at the close of construction finance, estimated in August 2021.
- North Interstate Baldwin rehabilitation project is projected generate \$2.65 million in developer fee over multiple fiscal years. The first installment of \$190 thousand is due at the close of construction finance, estimated in September 2021.

## Budget Commentary – Community Services

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 4,658,331	\$ 4,865,935	\$ 207,604
Operating Expense	5,870,777	6,056,882	186,105
Operating Income Before OH	(1,212,446)	(1,190,947)	21,499
Allocated Overhead	1,007,731	822,599	(185,132)
Operating Income After OH	(2,220,177)	(2,013,546)	206,631
Funding Flow Activity	(2,215,718)	(1,944,792)	270,926
Funding Required or (Contributed) for Current Agency Activities	\$ 2,215,718	\$ 1,944,792	\$ (270,926)
Total Budgeted FTE	38.5	38.9	0.4

The Community Services department provides services for Home Forward residents, utilizing both in-house staff and contractors. In FY 21, 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.

A pilot is underway of a service redesign project called “Access to Resources and Opportunities” (ARO). 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.

### Community Services Key Assumptions

FTEs – Community Services shows a net increase of 0.4 FTE. This includes:

- Decreases:
  - 0.1 FTE Resident & Community Services Coordinator
- Increases:
  - 0.5 FTE Youth Employment Service Coordinator (program expected to end mid-2020 but is now expected to continue)

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## Community Services Major Programs/Initiatives/Activities and Estimated Budget Impact

Barrier Reduction and Opportunity Funds: \$33 thousand is proposed in Moving to Work Initiative funds (MIF) to continue implementing strategies to:

- Increase independence for seniors and individuals with disabilities,
- Provide short-term respite care for individuals impacted by violence, and
- To provide opportunities for economic advancement at family properties.

Service Approach Redesign: \$30 thousand is proposed in MIF to create a service delivery model that meets the needs of Home Forward's residents and participants. Accessing Resources and Opportunities is being piloted at a select group of properties beginning 2019.

Neighbor 2 Neighbor: \$28 thousand is proposed in MIF to award grants for resident-led programs that foster a sense of community.

Service staff will continue to support residents during the RAD/Section 18 conversions.

## Community Services Major Revenue and Expense Items

Operating Revenue is \$4.86 million, up \$208 thousand from FY 20. The major contributors to Operating Revenue are:

- Program Fees from properties are \$1.29 million, an increase of \$100 thousand from FY 19 due to planned compensation increases and increased contract expenses.
- \$257 thousand in revenue from contracts, an increase of \$9 thousand. Contracts serve the Ellington Apartments and Clackamas County.
- Tenant Fees are \$214 thousand for Congregate Housing Services Program (CHSP) participant fees, an increase of \$2 thousand.
- \$85 thousand ongoing contribution from HFDE for replacement of the ROSS family grant at properties that have converted to RAD/Section 18.
- \$39 thousand from Land Lease revenue at Humboldt.
- State, Local & Other Grants are \$1.2 million, an increase of \$89 thousand.
  - \$592 thousand in Medicaid Revenue from senior/disabled support services (CHSP), an increase of \$30 thousand due to increased Medicaid rates and participation.
  - \$492 thousand from the City of Portland for Bud Clark Commons programs, an increase of \$2 thousand.
  - \$107 thousand in Family Services, an increase of \$59 thousand. The increase is due to continuation of a program that was previously expected to end mid-way through 2020.
- HUD grants are \$1.31 million, a decrease of \$38 thousand due to the end of the Resident Opportunities and Self-Sufficiency (ROSS) program.
  - \$619 thousand for the Family Self-Sufficiency program
  - \$477 thousand from senior/disabled support services (CHSP).

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- \$82 thousand in family services.
  - \$132 thousand from Stephens Creek Crossing endowment programs.
  - HUD Subsidies fund \$57 thousand in the GOALS program, and \$151 thousand in services at Dahlke, Holgate, Medallion, Ruth Haefner, Schrunk, and Williams.

Operating Expenses are \$6.06 million, an increase of \$186 thousand from FY 20. The primary drivers of Operating Expenses are:

- Tenant Services expense is \$4.7 million.
  - Direct Community Services, Program Supplies, Contract Tenant Services, and other related expenses are \$2.03 million. This is an increase of \$194 thousand primarily due to a \$189 thousand increase in contracted services.
  - Tenant Services Personnel Expense is \$2.7 million and includes budgeted benefits and payroll increases.
- Program Personnel Expense is \$554 thousand, an increase of \$7 thousand.
- Administrative Personnel Expenses are \$243 thousand.
- Personnel expenses include planned compensation increases.
- Other Admin expenses of \$161 thousand, including \$62 thousand of MIF-funded barrier reduction and service redesign initiatives.
- Inter-Agency expense is \$361 thousand.
  - \$150 thousand is for support staff, a decrease of \$121 thousand that reflects reduced charges from staff in other departments.
  - \$211 thousand in Resident Services for Community Services department administration fee. This is an increase of \$22 thousand, reflecting increased programmatic expenses.

### **Community Services Funding Required for Current Agency Activities**

The Community Services department needs \$1.94 million to fully fund all planned operations, a decrease of \$271 thousand. Service initiatives will be funded through Single Fund Flexibility.

## Budget Commentary – Administration

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 670,773	\$ 834,500	\$ 163,727
Operating Expense	9,422,565	9,764,073	341,508
Operating Income Before OH	(8,751,792)	(8,929,573)	(177,781)
Allocated Overhead	(8,786,623)	(9,086,663)	(300,040)
Operating Income After OH	34,831	157,091	122,260
Funding Flow Activity	-	-	-
Funding Required or (Contributed) for Current Agency Activities	\$ -	\$ -	\$ -
Total Budgeted FTE	57.6	58.6	1.0

The Administration group provides management and administrative support to Home Forward’s operating departments. The group consists of Information Technology, Accounting/Finance, Purchasing, Human Resources, Executive, Training, and Communications

In addition, this group includes activities for several agency wide initiatives focused on research and developing new program opportunities to further the Agency’s mission.

### Administration Key Assumptions

FTEs – the Admin group shows a net increase of 2.0 FTE:

- Increases:
  - 1 FTE for a Director of Equity
  - 1 FTE for an Accounts Receivable Coordinator

### Administration Major Programs/Initiatives/Activities and Estimated Budget Impact

Software Upgrade and Migration - \$77 thousand, a decrease of \$66 thousand from prior year budget.

- 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. The anticipated completion of conversion is expected to be during the first half of FY 21.

Home Forward will also invest in improved data storage and network recovery options.



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Resident Legal Services and Expungement Partnership - \$137 thousand. Metropolitan Public Defenders provides legal services to residents and participants to reduce barriers related to criminal records. The program aims to increase housing and economic opportunity. Funding is provided to MPD to provide applicants and participants with legal services (legal services include expungement services, legal navigation, and attorney consultations). \$137 thousand in services is an increase of \$68 thousand from the prior year, due to increased program usage and additional planned HCV waitlist pulls.

### **Administration Major Revenue and Expense Items**

Operating Revenue will be \$834 thousand.

- Rental Income for New Market West (NMW) will be \$594 thousand.
- Other Revenue of \$240 thousand to cover \$162 thousand of IT expenses related to teleworking, and \$78 thousand related to other teleworking needs. These funds will be covered by funds from the CARES Act.

Operating Expenses are budgeted at \$10.0 million.

- Personnel costs will be \$7.1 million. These costs reflect a decrease of 2.0 FTE as described, planned compensation increases, and a higher PERS liability.
- Expenses for software, data working, and equipment maintenance and upgrades will be \$861 thousand. Software licensing will be \$543 thousand, primarily for Microsoft and Yardi licenses. The remaining expense will be to maintain and replace information technology equipment.
- Consulting expenses will be \$629 thousand primarily due to the upgrade and migration to YARDI Voyager 7s and the Home Forward website maintenance and upgrade. Other consulting expenses include \$125 thousand for the strategic plan development and \$25 thousand for improving diversity and equity outcomes in the agency.
- There will be \$209 thousand for maintenance needs and utilities at New Market West.
- There will be \$167 thousand in Agency Initiatives and Tenant Administration including \$137 thousand for Resident Legal Services and Expungement partnership and \$28 thousand for community engagement grants.

Home Forward will spend to \$192 thousand to purchase 9 vehicles for the fleet using Asset Reposition Fee funding.

## Budget Commentary – Real Estate Finance

Summary Budget Data	FY 20 Budget	FY 21 Budget	Increase/ (Decrease)
Operating Revenue	\$ 635,277	\$ 2,661,652	\$ 2,026,375
Operating Expense	88,264	88,263	(1)
Operating Income Before OH	547,013	2,573,388	2,026,375
Allocated Overhead	-	-	-
Operating Income After OH	547,013	2,573,388	2,026,375
Funding Flow Activity	1,587,557	1,546,460	(41,097)
Funding Required or (Contributed) for Current Agency Activities	\$ (1,587,557)	\$ (1,546,460)	\$ 41,097
Total Budgeted FTE	-	-	-

The Real Estate Finance group captures the financing activity for Home Forward. It allows for greater transparency by isolating the financing activities from the operating activities of the agency. The activity includes land lease revenues, cell tower arrangements and omnibus loans issued in conjunction with real estate activity.

### Real Estate Finance Major Revenue and Expense Items

RAD and Section 18 Conversions Asset Repositioning Fee Revenue:

- Williams Plaza \$353 thousand
- Medallion \$311 thousand
- Tamarack \$185 thousand
- Schrunk Tower \$183 thousand
- Dahlke \$872 thousand (converting in the first quarter of FY 21)

West and the Woods Limited Partnerships:

- Land lease revenue is \$337 thousand.
- Cell tower revenue is \$101 thousand.

Stephens Creek Crossing:

- Land lease revenue is \$156 thousand.

Real Estate Finance will contribute \$1.6 million in unrestricted cash to the agency.

# Attachments

## Summary of Moving to Work Initiative Funds

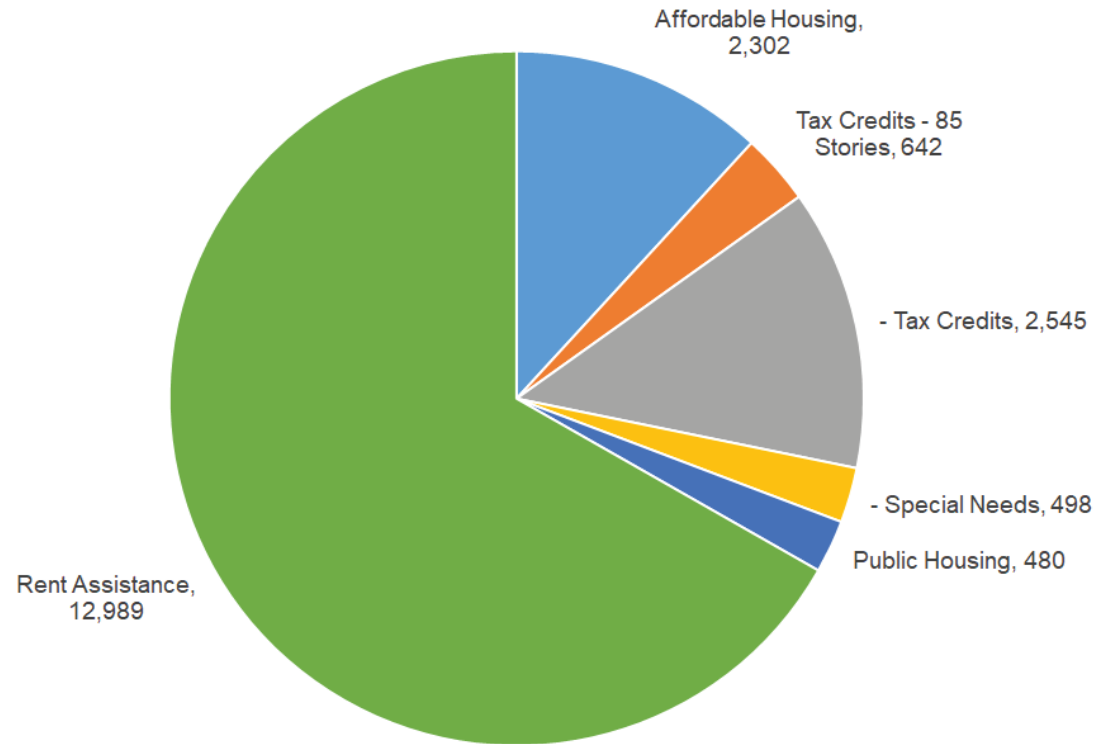
Initiative	Description	First Year	FY 20 Budget	FY 21 Budget
STRA Funding	In collaboration with community partners, provide limited housing assistance to eligible households in Multnomah County who are at risk of eviction, are newly homeless, or are experiencing immediate crises in their housing.	FY 12	\$ 937,714	\$ 919,452
<i>Alder School</i>	<i>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.</i>	<i>FY 14</i>	<i>501,325</i>	<i>499,119</i>
<i>New Doors/NAFY</i>	<i>Shared housing model for former or transitioning foster care youth who are experiencing homelessness or at risk of homelessness. Leverages service dollars from Multnomah County.</i>	<i>FY 14</i>	<i>30,512</i>	<i>30,517</i>
<i>Earl Boyles Housing Partnership</i>	<i>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.</i>	<i>FY 17</i>	<i>249,463</i>	<i>246,754</i>
<i>Economic Opportunity Program</i>	<i>Home Forward will provide support along with Worksource and Human Solutions to aid unstably housed or homeless households who are successfully engaged in Worksource training or employment programs.</i>	<i>FY 17</i>	<i>156,414</i>	<i>143,063</i>
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	136,500	137,446
Worksystems Liaison	Funds an agreement with Worksystems for residents in pursuit of economic advancement products.	FY 17	47,250	47,250
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	69,335	69,335

Initiative	Description	First Year	FY 20 Budget	FY 21 Budget
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	31,500	31,500
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	1,511,428	1,511,428
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	128,054	43,895
Landlord Incentive Fund	Attract new landlords and units in low poverty areas to the Housing Choice Voucher program. Eligible units must be in zip codes considered low-poverty areas and not have had a Housing Choice Voucher tenant in the prior 24 months.	FY 13	31,500	35,700
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	10,500	10,500
Flexible Rent Assistance	Flexible rent assistance helps participants with various barriers to housing including applications, bad debt, security deposits, expungement fees, and other financial assistance to aid the leasing process.	FY 20	105,000	105,000
Strategic Plan Consultant	Consulting services to assist with the design and implementation of the new strategic plan.	FY 20	125,000	125,000
Diversity Inclusion and Equity	To provide consulting services to related to improving inclusion.	FY 20	100,000	25,000
Tenant Education	A program designed to help our tenants better understand the rental process.	FY 16	83,849	85,357

Initiative	Description	First Year	FY 20 Budget	FY 21 Budget
Nesika Illahee	Locally funded rent assistance for Nesika Illahee.	FY 21	-	78,750
<b>Total – MTW Initiatives</b>			<b>\$ 3,317,630</b>	<b>\$ 3,225,613</b>

## FY 21 Estimated Households Served by Category

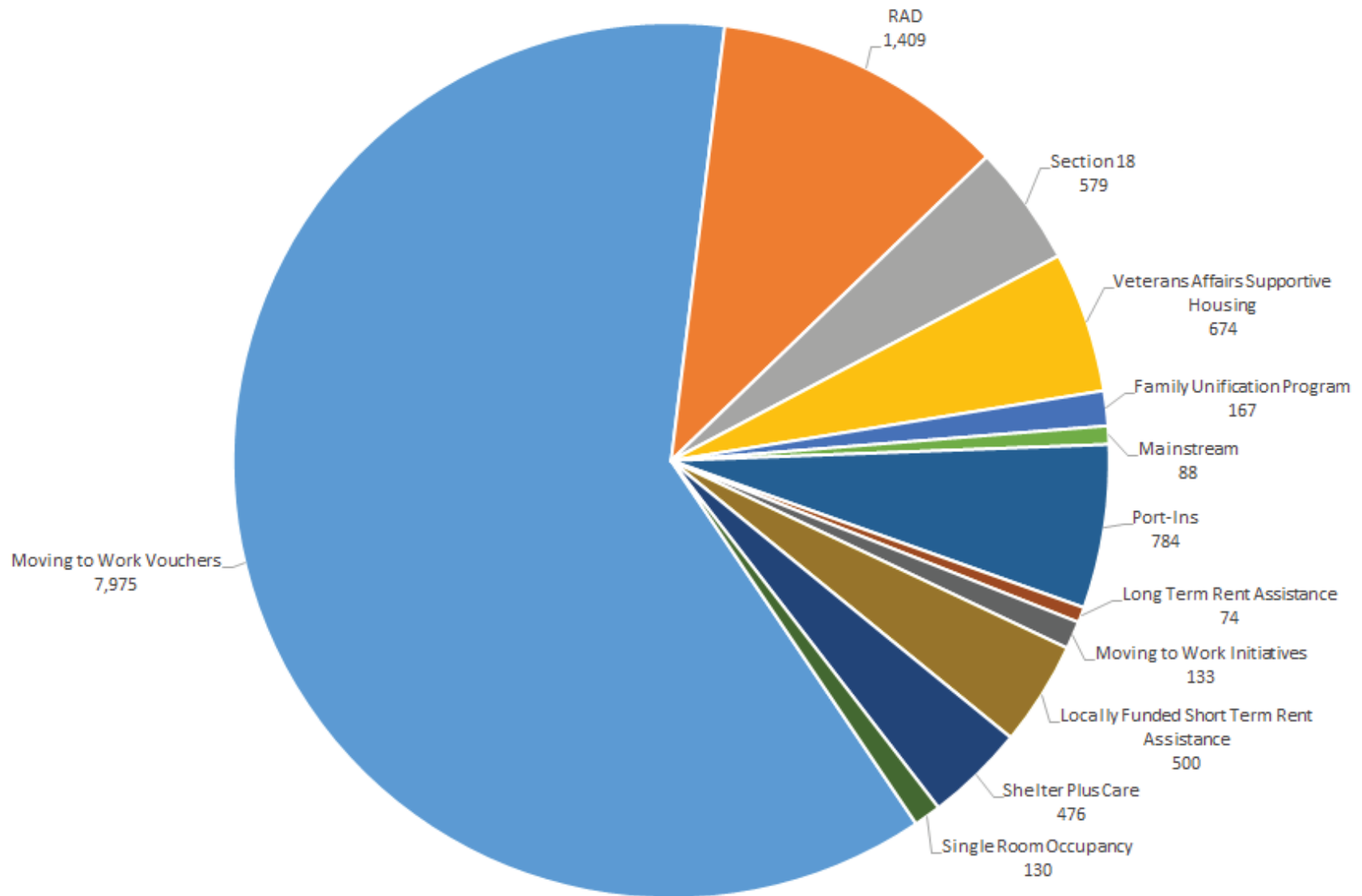
Category	Households Served	Percent
Affordable Housing	2,302	12%
Special Needs	498	3%
Tax Credits - 85 Stories	642	3%
Tax Credits	2,545	13%
Public Housing	480	2%
Rent Assistance	12,989	67%
<b>Total</b>	<b>19,456</b>	
Rent Assistance Occupying Affordable Housing / Tax Credit Units	-3,548	-22%
<b>Unduplicated Total</b>	<b>15,908</b>	<b>100%</b>



\*Rent Assistance Occupying Affordable Units represents voucher holders that live within our Affordable and Tax Credit properties. The 3,548 represents residents already included in the Rent Assistance / Affordable Housing / Tax Credit Portfolios. An adjustment is made to provide an unduplicated total.

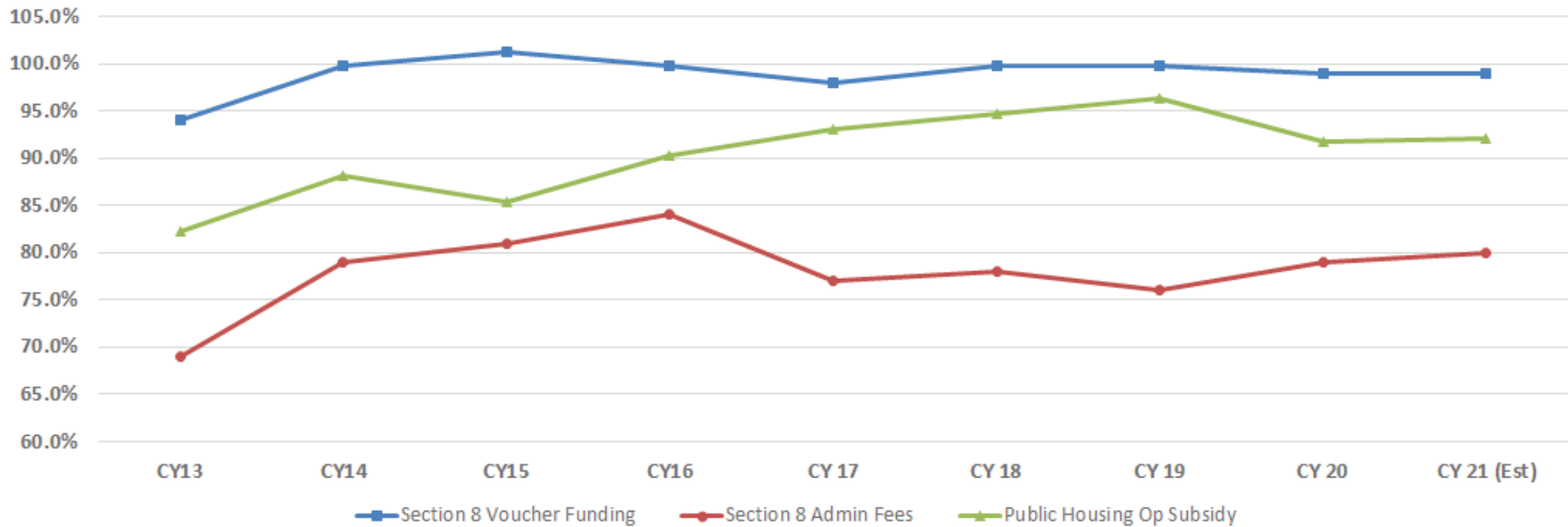
This includes the impact of RAD/Section 18 conversions.

## FY 21 Estimated Rent Assistance Households Served by Category



## Subsidy Proration Trends

Subsidy Proration Trends <sup>1 2</sup>									
Actual Funding Year	CY 13	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21 (Est)
Home Forward Budget Year	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2018 12/31 YE	FY 2019	FY 2020
Section 8 Voucher Funding	94.0%	99.7%	101.2%	99.9%	98.0%	99.7%	99.7%	99.0%	99.0%
Section 8 Admin Fees	69.0%	79.0%	81.0%	84.0%	77.0%	78.0%	76.0%	79.0%	80.0%
Public Housing Operating Subsidy	82.3%	88.1%	85.4%	90.2%	93.1%	94.7%	96.3%	91.7%	92.0%

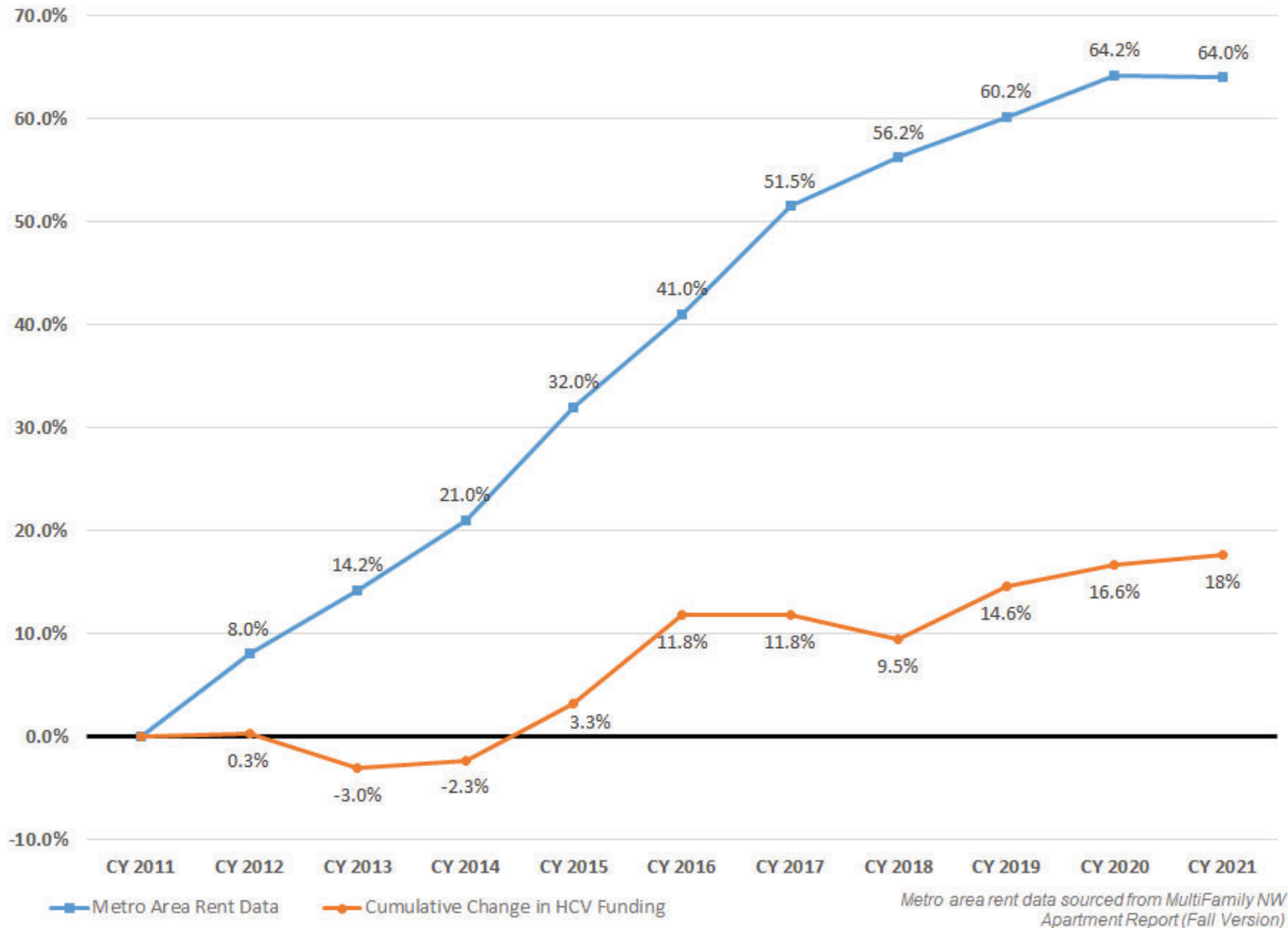


<sup>1</sup> Proration represents the percentage of full funding under HUD's program formula. Percentages below 100% represent inadequate federal budget appropriations based on HUD's program formulas.

<sup>2</sup> Admin Fee CY 21 estimates are equal to the CY 20 actual award. CY 21 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



## FTE Change Comparison Schedule

Full-Time Equivalents (FTEs) by Funding Source			
	FY 20 Budget	FY 21 Budget	Increase / (Decrease)
Agency Funded	248.4	248.9	0.5
Other Legal Entity Funded	55.7	58.4	2.7
<b>Total Agency-Managed Positions</b>	<b>304.1</b>	<b>307.3</b>	<b>3.2</b>

*Numbers may be off slightly due to rounding.*

FY 21 Summary of FTE Changes	
<b>New Positions</b>	
Accounts Receivable Coordinator	1.0
Director of Equity	1.0
Rent Assistance Services Coordinator	2.0
<b>Total New Positions</b>	<b>4.0</b>
<b>All Other Changes</b>	<b>-0.8</b>
<b>Net Increase (Decrease) in FTE</b>	<b>3.2</b>

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## 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.

**ARF:** Asset Repositioning Fee – Temporary subsidy to aid in the disposition of Public Housing units. The subsidy continues for two years and is tied to Operating Subsidy. The first year is funded at 75% of Operating Subsidy and the second year is funded at 50% of Operating Subsidy.

**CHSP:** Congregate Housing Services Program

**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.

**DDTF:** Demolition or Disposition Transitional Funding – a five-year limited duration continuation of the Capital Fund to assist with the modernization and development of Public Housing units.

**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 and 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.

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**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.

**LP:** Limited Partnership

**MIF:** MTW Initiatives Fund – Home Forward funding source for significant initiatives, funded from flexible funds.

**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 aid 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.

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## FY 21 Operating Statement by Operating Group

<b>Home Forward</b>														
Fiscal Year 2021 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	\$ -	\$ 1,368,585	\$ 22,213,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,243,122)	\$ 18,339,227
Non-dwelling Rental	-	4,441	1,805,944	-	-	-	-	-	39,082	594,350	659,985	-	(594,350)	2,509,452
HUD Subsidies -Housing Assistance	111,562,633	-	3,263,209	-	-	-	-	-	-	-	-	-	-	114,825,842
HUD Subsidies -Admin Fee	9,397,157	-	-	-	405,398	-	-	-	-	-	-	-	-	9,802,555
HUD Subsidies -Public Housing	-	4,767,679	-	-	169,000	-	-	-	208,146	-	2,001,667	-	-	7,146,492
HUD Grants	5,847,210	-	-	-	344,856	-	-	-	1,310,800	-	-	-	-	7,502,866
Development Fee Revenue, Net	-	-	-	-	-	-	-	7,934,429	-	-	-	-	-	7,934,429
State, Local & Other Grants	10,704,849	-	-	-	-	-	-	-	1,190,934	-	-	-	-	11,895,783
Other Revenue	9,440,659	89,341	741,227	871,114	2,315,785	19,364	1,834,728	12,000	1,265,178	240,150	-	2,446,050	(367,336)	18,908,260
Total IA Revenue	75,543	-	-	-	-	-	-	50,913	851,795	-	-	-	(978,250)	-
<b>Total Operating Revenues</b>	<b>147,028,050</b>	<b>6,230,046</b>	<b>28,024,144</b>	<b>871,114</b>	<b>3,235,039</b>	<b>19,364</b>	<b>1,834,728</b>	<b>7,997,342</b>	<b>4,865,935</b>	<b>834,500</b>	<b>2,661,652</b>	<b>2,446,050</b>	<b>(7,183,059)</b>	<b>198,864,906</b>
Housing Assistance Payments	135,166,255	-	-	-	-	-	-	-	-	-	-	-	(5,334,277)	129,831,978
Administrative Personnel Expense	539,789	-	-	265,450	318,485	309,405	42,859	560,185	243,266	6,877,589	-	-	-	9,157,029
Other Admin Expenses	673,487	557,598	4,927,569	72,077	300,176	33,993	38,899	227,964	161,145	3,306,032	-	2,446,050	(278,341)	12,466,650
Fees/overhead charged	462,713	-	-	46,721	4,267	-	3,587	75,389	-	1,673	-	-	(594,350)	-
Tenant Svcs Personnel Expense	-	-	-	-	-	-	-	376,025	2,704,547	-	-	-	-	3,080,572
Other Tenant Svcs Expenses	158,670	9,449	46,740	-	526	-	-	-	2,032,353	94,700	-	-	-	2,342,438
Program Expense	6,046,680	665,717	131,666	902,238	1,181,202	60,041	158,962	1,750,986	554,308	213,886	-	-	-	11,665,685
Maintenance Personnel Expense	-	707,799	89,914	-	201,565	54,347	958,839	-	-	54,347	-	-	-	2,066,810
Other Maintenance Expenses	-	1,079,871	5,718,015	-	(50,597)	7,374	112,936	-	-	209,890	-	-	-	7,077,490
Utilities	-	889,707	3,124,936	-	-	-	40,000	-	-	103,160	-	-	-	4,157,803
Total IA Expense	345,687	-	584,506	308,896	375,702	2,651	13,254	332,125	361,262	(1,345,834)	-	-	(976,090)	2,160
Depreciation	908	1,207,083	6,100,222	-	4,284	-	-	13,976	-	206,431	88,263	-	(50,040)	7,571,128
General	261,800	277,732	1,866,053	-	184,940	582	18,650	-	-	42,199	-	-	-	2,651,956
<b>Total Operating Expenses</b>	<b>143,655,989</b>	<b>5,394,956</b>	<b>22,589,622</b>	<b>1,595,382</b>	<b>2,520,551</b>	<b>468,393</b>	<b>1,387,986</b>	<b>3,336,651</b>	<b>6,056,882</b>	<b>9,764,073</b>	<b>88,263</b>	<b>2,446,050</b>	<b>(7,233,098)</b>	<b>192,071,700</b>
<b>Operating Income (Loss)</b>	<b>3,372,061</b>	<b>835,090</b>	<b>5,434,522</b>	<b>(724,268)</b>	<b>714,488</b>	<b>(449,029)</b>	<b>446,742</b>	<b>4,660,691</b>	<b>(1,190,947)</b>	<b>(8,929,573)</b>	<b>2,573,388</b>	<b>-</b>	<b>50,040</b>	<b>6,793,206</b>
<b>Total Overhead Allocations</b>	<b>2,506,907</b>	<b>-</b>	<b>-</b>	<b>1,149,045</b>	<b>2,920,059</b>	<b>13,452</b>	<b>373,106</b>	<b>1,301,496</b>	<b>822,599</b>	<b>(9,086,663)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss) after Overhead</b>	<b>865,154</b>	<b>835,090</b>	<b>5,434,522</b>	<b>(1,873,312)</b>	<b>(2,205,571)</b>	<b>(462,481)</b>	<b>73,636</b>	<b>3,359,195</b>	<b>(2,013,546)</b>	<b>157,091</b>	<b>2,573,388</b>	<b>-</b>	<b>50,040</b>	<b>6,793,206</b>
<b>Reserve Funding</b>	<b>-</b>	<b>(100,000)</b>	<b>(1,100,000)</b>	<b>328,877</b>	<b>43,800</b>	<b>-</b>	<b>-</b>	<b>(15,409,862)</b>	<b>497,046</b>	<b>28,350</b>	<b>(7,769,416)</b>	<b>23,481,205</b>	<b>-</b>	<b>-</b>
<b>Operating Income (Loss) after Reserve Funding</b>	<b>865,154</b>	<b>735,090</b>	<b>4,334,522</b>	<b>(1,544,435)</b>	<b>(2,161,771)</b>	<b>(462,481)</b>	<b>73,636</b>	<b>(12,050,667)</b>	<b>(1,516,500)</b>	<b>185,441</b>	<b>(5,196,028)</b>	<b>23,481,205</b>	<b>50,040</b>	<b>6,793,206</b>
Investment Income	-	-	200,524	-	3,141	-	-	-	-	1,080	10,862	-	-	215,607
Interest Expense	-	-	(2,374,860)	-	-	-	-	-	-	(98,974)	-	-	-	(2,473,834)
<b>Net Other Income (Expense)</b>	<b>-</b>	<b>-</b>	<b>(2,174,336)</b>	<b>-</b>	<b>3,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(97,894)</b>	<b>10,862</b>	<b>-</b>	<b>-</b>	<b>(2,258,227)</b>
HUD Nonoperating Contributions	-	-	-	-	125,000	-	-	-	-	-	3,748,777	-	-	3,873,777
Reserve Funded Capital Contributions	-	-	2,889,091	-	-	-	-	3,000,000	-	192,000	8,283,900	(14,364,991)	-	-
<b>Net Capital Contributions</b>	<b>-</b>	<b>-</b>	<b>2,889,091</b>	<b>-</b>	<b>125,000</b>	<b>-</b>	<b>-</b>	<b>3,000,000</b>	<b>-</b>	<b>192,000</b>	<b>12,032,677</b>	<b>(14,364,991)</b>	<b>-</b>	<b>3,873,777</b>
<b>Change In Net Position</b>	<b>\$ 865,154</b>	<b>\$ 735,090</b>	<b>\$ 5,049,277</b>	<b>\$ (1,544,435)</b>	<b>\$ (2,033,630)</b>	<b>\$ (462,481)</b>	<b>\$ 73,636</b>	<b>\$ (9,050,667)</b>	<b>\$ (1,516,500)</b>	<b>\$ 279,547</b>	<b>\$ 6,847,511</b>	<b>\$ 9,116,214</b>	<b>\$ 50,040</b>	<b>\$ 8,408,755</b>

\* Numbers may vary slightly due to rounding

**FY 21 Funding Flow Analysis by Operating Group\***

<b>Home Forward</b>														
Fiscal Year 2021 Operating Statement 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
<b>Operating Income (Loss) after Overhead</b>	\$ 865,154	\$ 835,090	\$ 5,434,522	\$ (1,873,312)	\$ (2,205,571)	\$ (462,481)	\$ 73,636	\$ 3,359,195	\$ (2,013,546)	\$ 157,091	\$ 2,573,388	\$ -	\$ 50,040	\$ 6,793,206
<b>Real Estate Portfolio</b>														
Affordable Housing Properties Operating Activity	-	-	(10,971,042)	-	-	-	-	-	-	-	-	-	-	(10,971,042)
Revenue from Properties to Home Forward	-	-	(871,266)	-	-	-	-	-	(384,417)	-	-	-	-	(1,255,683)
Unrestricted Cash to HAP	-	-	3,539,472	-	-	-	-	-	453,171	-	886,475	-	-	4,879,117
Net Replacement Reserve Activity (New Market West)	-	-	-	-	-	-	-	-	-	(98,000)	-	-	-	(98,000)
Net Replacement Reserve Activity (Special Needs)	-	-	(199,839)	-	-	-	-	-	-	-	-	-	-	(199,839)
<b>Developer Fee - Impact to Funding Flow</b>														
Developer Fee Revenue	-	-	-	-	-	-	-	(7,934,429)	-	-	-	-	-	(7,934,429)
Developer Fee - Cash to HAP(Net)	-	-	-	-	-	-	-	6,175,899	-	-	-	-	-	6,175,899
<b>Financing/Investment Activity</b>														
Principal & Interest - Special Needs	-	-	(128,527)	-	-	-	-	-	-	-	-	-	-	(128,527)
Principal & Interest - New Market West	-	-	-	-	-	-	-	-	-	(265,522)	-	-	-	(265,522)
<b>Capital Acquisitions</b>														
Fleet Vehicle	-	-	-	-	-	-	-	-	-	(192,000)	-	-	-	(192,000)
Fleet Vehicle Reserve Funding	-	-	-	-	-	-	-	-	-	192,000	-	-	-	192,000
<b>Non-Cash Operating Activity</b>														
Depreciation Expense	908	1,207,083	6,100,222	-	4,284	-	-	13,976	-	206,431	88,263	-	(50,040)	7,571,128
<b>Special Purpose Reserve Activity</b>														
Inter Departmental Reserve Transfers	(866,062)	(1,942,173)	(2,053,542)	1,873,312	2,201,287	462,481	(73,636)	-	1,944,792	-	(1,546,460)	-	-	-
DCR Operating Reserve	-	-	-	-	-	-	-	(1,614,641)	-	-	-	-	-	(1,614,641)
Affordable Portfolio Reserve	-	-	(750,000)	-	-	-	-	-	-	-	-	-	-	(750,000)
85 Stories Asset Repositioning Fee Reserve	-	-	-	-	-	-	-	-	-	-	(2,001,667)	-	-	(2,001,667)
Safety Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance Reserve	-	(100,000)	(100,000)	-	-	-	-	-	-	-	-	-	-	(200,000)
Agency Operating Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Department Reserve Activity</b>														
<b>Final Funding Source or (Shortfall)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* Numbers may vary slightly due to rounding.



**MEMORANDUM**

To: Board of Commissioners

Date: December 15, 2020

From: Jonathan Trutt, Director,  
Development and Community  
Revitalization  
503.802.8507

Subject: Authorize a Resolution Declaring  
an Intent to Issue Bonds for 85  
Stories Central Group  
Resolution 20-12-03

Theresa Auld, Development and  
Community Revitalization Finance  
Manager  
503.802.8319

---

The Board of Commissioners is requested to approve an Inducement Resolution that declares its intention to issue and sell revenue bonds of Home Forward in a principal amount of not to exceed \$40 million and to reimburse the borrower or itself from proceeds of the bonds for expenditures made by Home Forward or the borrower before the issue date of the bonds, in connection with the rehabilitation of four 4% tax credit properties: Dahlke Manor, Eastwood Court, Fir Acres and Stark Manor, containing in the aggregate 209 units of low-income housing. These properties are known collectively as 85 stories Group 7 or Central Group (“Group 7” or “Central Group”).

The requested action supports Strategic Plan Goal, One Portfolio: Our real estate is stable for generations to come and meets the needs of the people and neighborhoods it serves.



## **BACKGROUND**

Treasury Regulations Section 1.103-8(a)(5) requires that, in order for expenditures for an exempt facility (here, low-income housing) that are made before the issue date of bonds, to be reimbursed from bond proceeds, the issuer must declare an official intent to reimburse such expenditures from bond proceeds.

## **OVERVIEW**

This resolution is Home Forward's declaration of official intent to reimburse expenditures for the project made before the issue date from proceeds of tax-exempt private activity bonds. This declaration applies to four 4% tax credit properties: Dahlke Manor, Eastwood Court, Fir Acres and Stark Manor, collectively as 85 Stories Group 7 or Central Group ("Group 7" or "Central Group.>").

Although this inducement resolution announces Home Forward's intent to issue the bonds, and to use bond proceeds to reimburse expenditures prior to the date of issue, it does not obligate Home Forward to issue the bonds or determine the specific terms of the bonds. Board of Commissioner approval of a separate "bond resolution" would be required prior to the issuance of any bonds to finance the Central Group project.

Home Forward will also seek 4% Low Income Housing Tax Credits (LIHTCs) for the purposes of financing acquisition and rehabilitation of Central Group. Home Forward staff is preparing to request an allocation of Private Activity Bond Cap from the Private Activity Bond Committee of the Oregon State Treasury in 2021 for the financing of this project, pending this authorization.

## **CONCLUSION**

Staff provided the Real Estate and Development (READ) Committee of Home Forward's board a draft copy of this resolution in advance of the publication of the agenda and packet for the December 15, 2020 board meeting.

Accordingly, staff seek approval of a declaration of an intent to issue bonds for 85 Stories Central Group.



## RESOLUTION 20-12-03

**RESOLUTION 20-12-03 AUTHORIZES DECLARING AN INTENT TO ISSUE NOT TO EXCEED \$40,000,000 OF REVENUE BONDS FOR THE COMBINED SECTION 18 DISPOSITION AND/OR RENTAL ASSISTANCE DEMONSTRATION PRESERVATION PROJECT KNOWN AS “85 STORIES GROUP 7” OR “CENTRAL GROUP”**

**WHEREAS**, Home Forward is a public body corporate and politic of the State of Oregon and is empowered by ORS 456.005 to 456.235 (the “Act”) to issue revenue bonds for the purpose of financing housing projects; and

**WHEREAS**, Home Forward intends to form one or more Oregon limited partnerships of which Home Forward will be the general partner (the “Borrower”) to finance the acquisition, and rehabilitation of some or all of the Dahlke Manor, Eastwood Court, Fir Acres and Stark Manor apartment complexes located in the cities of Portland and Gresham, and containing approximately 209-unit in the aggregate, in connection with Central Group or Group 7 of Home Forward’s 85 Stories project (collectively, the “Project”), all to provide housing for low-income persons, the estimated cost of which is not expected to exceed \$75,000,000; and

**WHEREAS**, Home Forward anticipates that the Borrower will request that Home Forward issue and sell its revenue bonds (the “Bonds”), in an aggregate amount not to exceed \$40,000,000 pursuant to the Act to assist the Borrower in financing part of the costs of the Project; and

**WHEREAS**, Home Forward desires to provide such assistance, if certain conditions are met; and

**WHEREAS**, the use of the proceeds of the sale of the Bonds by the Borrower will permit the Borrower to finance the Project, thereby providing decent, safe, and sanitary housing for persons and families of lower income (as defined in the Act) for a period of not less than 15 years and otherwise promoting the general health and welfare of the inhabitants within the jurisdictional limits of Home Forward; and

**WHEREAS**, Home Forward deems it necessary and advisable that it take such action as may be required under the Act to authorize and issue the Bonds in one or more series in a total amount not to exceed \$40,000,000, to finance part of the cost of the Project; and

**WHEREAS**, Treasury Regulations Section 1.103-8(a)(5) requires that, in order for expenditures for an exempt facility that are made before the issue date of bonds issued to provide financing for that facility to qualify for tax-exempt financing, the issuer must declare an official intent under Treasury Regulations Section 1.150-2 to reimburse any such expenditures from the proceeds of those bonds, and one of the purposes of this resolution is to satisfy the requirements of such regulations.

**NOW, THEREFORE, BE IT RESOLVED:**

1. To assist in the financing of the Project, with the public benefits resulting therefrom, Home Forward declares its intention, subject to the conditions and terms set forth herein, to issue and sell its revenue bonds or other obligations (the “Bonds”) in a principal amount of not to exceed \$40,000,000, and to reimburse itself or the Borrower from proceeds of the Bonds for expenditures for the Project made by Home Forward or the Borrower before the issue date of the Bonds.

2. The proceeds of the Bonds will be used to assist in financing the Project, and may also be used to pay all or part of the costs incident to the authorization, sale, issuance and delivery of the Bonds.

3. The Bonds will be payable solely from sources specified by resolution of the Board of Commissioners of Home Forward. The Bonds may be issued in one or more series, and shall bear such rate or rates of interest, payable at such times, shall mature at such time or times, in such amount or amounts, shall have such security, and shall contain such other terms, conditions and covenants as shall later be provided by resolution of the Board of Commissioners of Home Forward.

4. The Bonds shall be issued subject to the conditions that (a) Home Forward, the Borrower and the purchaser of the Bonds shall have first agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the loan or other agreement for the Project, and (b) all governmental approvals and certifications and findings required by laws applicable to the

Bonds first shall have been obtained. The Executive Director of Home Forward or his or her designee is authorized to seek an allocation of volume cap for the Bonds from the Private Activity Bond Committee of the Debt Management Division of the Oregon State Treasury.

5. For purposes of applicable Treasury Regulations, the Borrower is authorized to commence financing of the Project and advance such funds as may be necessary therefor, subject to reimbursement for all expenditures to the extent provided herein out of proceeds, if any, of the issue of Bonds authorized herein.

6. The adoption of this resolution does not constitute a guarantee that the Bonds will be issued or that the Project will be financed as described herein. The Board of Commissioners of Home Forward shall have the absolute right to rescind this resolution at any time if it determines in its sole judgment that the risks associated with the issuance of the Bonds are unacceptable.

7. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bonds from proceeds of the Bonds, for the purposes of Treasury Regulations Sections 1.103-8(a)(5) and 1.150-2.

8. Any actions of Home Forward or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

9. Any action required by this resolution to be taken by the Executive Director of Home Forward may in the absence of such person be taken by the duly authorized acting Executive Director of Home Forward.

**ADOPTED: DECEMBER 15, 2020**

**Attest:**

**Home Forward:**

\_\_\_\_\_  
Michael Buonocore, Secretary

\_\_\_\_\_  
Damien R. Hall, Chair

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of Home Forward and keeper of the records of Home Forward, CERTIFY:

1. That the attached Resolution No. 20-12-03 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of Home Forward, as adopted at a meeting of Home Forward held on December 15, 2020, and duly recorded in the minute books of Home Forward.
2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of Home Forward present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15<sup>th</sup> day of December, 2020.

HOME FORWARD

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Executive Director and Secretary

# RESOLUTIONS



**MEMORANDUM**

To:	Board of Commissioners	Date:	December 15, 2020
From:	Peter Beyer, Chief Financial Officer 503.802.8538	Subject:	Authorize Approval of Fiscal Year 2019 Audited Financial Statements, Single Audit Reports, Schedule of Closed Grants, and Governance Communication Letter to the Board of Commissioners Resolution 20-12-04
	Kandy Sage, Controller 503.802.8585		

---

The Board of Commissioners is requested to accept and approve:

1. Independent Auditor's Reports, Basic Financial Statements and Supplementary Information for Year Ended December 31, 2019
2. Single Audit Reports for Year Ended December 31, 2019
3. Report on Schedule of Closed Grants through December 31, 2019
4. Auditors' Governance Communication Letter to the Board of Commissioners for Year Ended December 31, 2019

Please note, in 2018 Home Forward changed its fiscal year to a calendar year end. As such, this audit report covers the period January 1, 2019 to December 31, 2019. CliftonLarsonAllen (CLA) is the audit firm engaged to audit Home Forward's basic financial statements and compliance with federal programs. On November 30, 2020, CLA met with Home Forward's Audit and Finance committee and presented the audit results for Year Ended December 31, 2019.

## HIGHLIGHTS

Key financial highlights from the audit include:

- As in similar years, property transactions had a material impact on the financial statements. During fiscal year 2019, nine public housing properties were converted to a voucher based tax credit partnership under the Department of Housing and Urban Development's Section 18 and Rental Assistance Demonstration programs.
- Total assets and deferred outflows of resources increased \$62.0 million from \$567.4 million at December 31, 2018 to \$629.4 million at December 31, 2019 primarily due to real estate related notes.
- Total liabilities and deferred inflows of resources increased \$32.2 million from \$260.2 million at December 31, 2018 to \$292.4 million at December 31, 2019. This change was also mainly due to bonds issued on behalf of the tax credit partnerships.
- Total operating revenues were 189.3 million with HUD operating subsidies and grants providing over \$133.3 million in funding.
- Total operating expenses were \$169.5 million. Housing assistance payments made up \$107.4 million of this total.
- Operating results for 2019 yield operating income of \$19.8million, mainly driven by earned developer fees of \$16.1 million.
- Nonoperating revenues/(expenses) netted an increase of \$9.7 million.
- Capital contributions were minimal during the year.
- Net position increased \$29.8 million to \$336.9 million at December 31, 2019.

## ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2019

As a reminder, the basic financial statements are comprised of two main columns of results:

1. The Primary government and any blended component units – this column includes the results for the primary government (Home Forward) and blended component units (including Home Forward Development Enterprises, St. Francis LLC, and Gateway Park Apartments), and any intercompany eliminations.
2. Discretely presented component units – this column aggregates the calendar year results of 18 low income housing tax credit partnerships where the limited partners have majority ownership but have delegated the majority of their rights regarding the operations of the partnership to Home Forward (as general partner).



CLA issued an unmodified opinion on the basic financial statements for both the primary government and the discretely presented component units, with the opinion stating that they present fairly, in all material respects, the financial position as of December 31, 2019.

#### **AUDITORS' SINGLE AUDIT REPORTS (Uniform Grant Guidance)**

Home Forward expended \$121.7 million in federal funds during the period from January 1, 2019 to December 31, 2019 (of which 73% were Moving to Work funds). For these funds, Home Forward is required to have an audit of internal controls in accordance with Government Auditing Standards and an audit of compliance for each major federal program as required by the Office of Management and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The independent auditors tested one major federal program. There were no financial statement findings, no questioned costs, and no compliance findings identified during the year.

#### **AUDITORS' GOVERNANCE COMMUNICATION TO THE BOARD OF COMMISSIONERS**

Finally, the auditors issued a Governance Communication to the Board of Commissioners for Fiscal Year 2019. This document provides communication on matters related to the conduct of the audit and includes information regarding any:

- Qualitative aspects of accounting practices
- Difficulties encountered in performing the audit
- Corrected and uncorrected misstatements
- Disagreements with management
- Management representations
- Management consultations with other independent accounts
- Other findings or issues
- Other comments/recommendations

#### **MOTION TO APPROVE**

The Board is requested to accept and approve the reports presented:

- Independent Auditor's Reports, Basic Financial Statements and Supplementary Information for Year Ended December 31, 2019
- Single Audit Reports for Year Ended December 31, 2019
- Schedule of Grants Closed through December 31, 2019

- Auditors' Governance Communication to Board of Commissioners for Year Ended December 31, 2019

**HOME FORWARD**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2019**

Draft  
Subject to Change  
12/9/20

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## **BOARD OF COMMISSIONERS**

Damien Hall Chair	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204
Matthew Gebhardt Vice Chair	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204
Mary Ann Herman Chair Emeritus	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204
Jenny Kim Treasurer	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204
David Widmark Commissioner	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204
TomiRene Hettman Commissioner	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204
Richard Anderson Commissioner	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204
Vivian Satterfield Commissioner	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204

## **ADMINISTRATIVE OFFICER**

Michael Buonocore Executive Director and Secretary/Treasurer	135 S.W. Ash Street, 6 <sup>th</sup> Floor Portland, Oregon 97204
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## **GENERAL COUNSEL**

Sarah Stauffer Curtiss	Stoel Rives, LLP 900 S.W. Fifth Avenue, Suite 2600 Portland, Oregon 97204
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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Home Forward  
Portland, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments only to conform the presentation of the financial statements of the discretely presented components units to accounting standards issued by the Government Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the discretely presented component units, prior to these conversion adjustments, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The audits of the discretely presented component units were not performed in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Home Forward as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter Regarding a Change in Accounting Principle***

As discussed in Note 1 to the financial statements, Home Forward has elected to change its method of accounting for discretely presented component unit purchases of capital assets. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 5 – 11 and schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in net OPEB asset and related ratios, schedule of OPEB contributions, and schedule of changes in total OPEB liability and related ratios (pages 68 – 70) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Home Forward's basic financial statements. The combining schedule of net position – Affordable Housing, combining schedule of revenues, expenses, and changes in net position – Affordable Housing, combining schedule of net position – Special Needs Housing, and combining schedule of revenues, expenses, and changes in net position – Special Needs Housing are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of Home Forward's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Home Forward's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Home Forward's internal control over financial reporting and compliance.

### **CliftonLarsonAllen LLP**

Portland, Oregon  
REPORT DATE



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Draft  
Subject to Change  
12/9/20

## OVERVIEW OF THE FINANCIAL STATEMENTS

This section includes a Management's Discussion and Analysis of the Home Forward's financial performance during the period of January 1, 2019 to December 31, 2019. Please read it in conjunction with Home Forward's basic financial statements that follow this section.

Home Forward is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of Home Forward. Agency-wide statements report information about Home Forward as a whole using accounting methods similar to those used by private sector companies. While detailed sub-fund information is not presented, separate accounts are maintained for each program to control and manage money for particular purposes or to demonstrate that Home Forward is properly using specific appropriations and grants. The financial statements also include a "Notes to Financial Statements" section that explains the information in the basic financial statements and provides more detailed data. The Notes to Financial Statements are followed by a "Supplementary Information" section, which presents the required supplementary information and other financial schedules of Home Forward's operating units and its individual properties.

As required by the Governmental Accounting Standards Board (GASB) Statement No. 61 the basic financial statements include its blended component units - Home Forward Development Enterprises, St. Francis LLC and Gateway Park Limited Partnership and its 18 discretely presented component units. These discretely presented component units represent multi-family properties structured as limited partnerships, which have Home Forward as the general partner with minimal ownership interest. The statement of net position includes all of Home Forward's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position, regardless of when cash is received or paid.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Significant Developments

***Section 18 and Rental Assistance Demonstration*** – In June 2019, Home Forward converted nine additional public housing properties consisting of 315 units under the Department of Housing and Urban Development's Section 18 and Rental Assistance Demonstration (RAD) programs. Upon conversion, the properties were issued vouchers and ceased to operate as a public housing property.

***The Louisa Flowers*** – In November 2019, Home Forward opened the Louisa Flowers, the largest affordable building developed in Portland or Multnomah County in the last 50 years. The 12-story, 240-unit property is structured as a limited partnership utilizing the low income housing tax credit (LIHTC) program.

## Financial Highlights

Home Forward's Statement of Net Position reflects growth in net position during the period of January 1, 2019 to December 31, 2019. Specifically:

- Total assets and deferred outflows of resources increased \$62.0 million from \$567.4 million at January 1, 2019 to \$629.4 million at December 31, 2019, primarily due to the increase in notes and accrued interest and notes receivable - partnerships.
- Total liabilities and deferred inflows of resources increased \$32.2 million from \$260.2 million at January 1, 2019 to \$292.4 million at December 31, 2019, mainly due to an increase in bonds payable – partnerships.
- Total operating revenues for the period January 1, 2019 to December 31, 2019 were \$189.3 million. Total operating expenses were \$169.5 million, including \$8.3 million in depreciation expense. Operating results for this period was operating income of \$19.8 million. Nonoperating revenues (expenses) netted to \$9.7 million during the period, primarily due gain on sale of capital assets. Overall, net position increased \$29.7 million.

## Condensed Statement of Net Position

The following tables show a summary of net position by type at December 31:

(In Thousands of Dollars)	2019	2018	Increase (Decrease)
<b>Assets and Deferred Outflows of Resources</b>			
Current Assets	\$ 131,262	\$ 93,478	\$ 37,784
Noncurrent Assets	356,634	328,371	28,263
Capital Assets	134,769	138,379	(3,610)
Total Assets	622,665	560,228	62,437
Deferred Outflows of Resources	6,696	7,167	(471)
Total Assets and Deferred Outflows of Resources	<u>\$ 629,361</u>	<u>\$ 567,395</u>	<u>\$ 61,966</u>
<b>Liabilities and Deferred Inflows of Resources</b>			
Current Liabilities	\$ 62,723	\$ 19,110	\$ 43,613
Noncurrent Liabilities	226,832	237,715	(10,883)
Total Liabilities	289,555	256,825	32,730
Deferred Inflows of Resources	2,882	3,374	(492)
Total Liabilities before Deferred Outflows of Resources	292,437	260,199	32,238
<b>Net Position</b>			
Net Investment in Capital Assets	34,462	40,296	(5,834)
Restricted	31,645	14,578	17,067
Unrestricted	270,817	252,322	18,495
Total Net Position	336,924	307,196	29,728
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 629,361</u>	<u>\$ 567,395</u>	<u>\$ 61,966</u>

## Year-End Financial Position

Current assets increased \$37.8 million during the period ending December 31, 2019. This increase was, namely, due to the increase in the current portion of notes receivable - partnerships.

Noncurrent assets (other than capital assets) increased by \$28.2 million. Notes and accrued interest receivable along with Notes receivable – partnerships changed by \$25.9 million. These increases related to the public housing properties that converted to tax credits under the Section 18, RAD and LIHTC programs.

Capital assets decreased \$3.6 million mainly driven by the public housing properties that converted under the Section 18 and RAD programs during the fiscal period.

Current liabilities increased \$43.6 million during the year, mainly due to the \$38.3 million change in current portion – bonds payable partnerships and a \$5.8 million increase in unearned revenue associated with land lease prepayments.

Noncurrent liabilities decreased by \$10.9 million. This decrease is, primarily, driven by the recognition of the current portion of bonds payable – partnerships and offset by an increase in notes payable – long term and net pension liability.

Net position at December 31, 2019 was \$336.9 million, an increase of \$29.7 million from the balance at December 31, 2018.

## Capital Assets

At December 31, 2019, Home Forward had \$134.8 million of capital assets, a decrease of \$3.6 million since December 31, 2018. More detailed information about Home Forward’s capital assets is presented in Note 8 to the financial statements.

(In Thousands of Dollars)	2019	2018	Increase (Decrease)
Land	\$ 30,465	\$ 30,014	\$ 451
Construction in Progress	4,787	6,188	(1,401)
Total Capital Assets Not Being Depreciated	<u>35,252</u>	<u>36,202</u>	<u>(950)</u>
Buildings and Improvements	204,711	206,916	(2,205)
Equipment	12,377	13,912	(1,535)
Accumulated Depreciation	(117,571)	(118,651)	1,080
Total Capital Assets Being Depreciated	<u>99,517</u>	<u>102,177</u>	<u>(2,660)</u>
Total Capital Assets, Net	<u>\$ 134,769</u>	<u>\$ 138,379</u>	<u>\$ (3,610)</u>

## Notes and Bonds Payable

At December 31, 2019, Home Forward had \$102.7 million of notes and bonds payable outstanding (excluding bonds payable–partnerships), an increase of \$2.3 million over the prior year. More detailed information about Home Forward’s capital debt is presented in Notes 11 and 12 to the financial statements.

(In Thousands of Dollars)	2019	2018	Increase (Decrease)
Current Portion of Notes and Bonds Payable	\$ 3,441	\$ 3,205	\$ 236
Notes Payable - Long Term	72,625	68,937	3,688
Bonds Payable - Long Term	26,640	28,310	(1,670)
Total Notes and Bonds Payable	<u>\$ 102,706</u>	<u>\$ 100,452</u>	<u>\$ 2,254</u>

There were no changes in Home Forward’s credit rating during the year.

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## Results of Operations – 2019

### Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands of Dollars)

	<u>2019</u>
<b>Operating Revenues</b>	
Rental Revenue	\$ 23,071
HUD Subsidies and Grants	133,354
Development Fee Revenue	16,084
State, Local, and Other Grants	11,722
Other	<u>5,042</u>
Total Operating Revenues	189,273
<b>Operating Expenses</b>	
Housing Assistance Payments	107,429
Administration	16,904
Tenant Services	7,731
Program Expenses	11,700
Utilities	5,001
Maintenance	9,520
Depreciation	8,275
Other	<u>2,919</u>
Total Operating Expenses	<u>169,479</u>
<b>Operating Income</b>	19,794
<b>Nonoperating Revenues (Expenses)</b>	
Investment Income	3,647
Interest Expense	(3,205)
Financing Costs	(155)
Loss on Sale of Capital Assets	(1,207)
Gain on Sale of Capital Assets	13,083
Other Contributions Made	<u>(2,489)</u>
Total Nonoperating Revenues	<u>9,674</u>
<b>Income before Capital Contributions</b>	29,468
<b>Capital Contributions</b>	
HUD Nonoperating Contributions	245
Other Nonoperating Contributions	<u>14</u>
Total Capital Contributions	<u>259</u>
<b>Increase in Net Position</b>	29,727
Net Position - Beginning of Year	<u>307,196</u>
<b>Net Position - End of Year</b>	<u><u>\$ 336,923</u></u>

## Results of Operations - 2018

Please note, in 2018, Home Forward changed its fiscal year from a March 31 year-end to a December 31 year-end. As such, this section includes Home Forward's results of operations during the nine-month period of April 1, 2018 to December 31, 2018. A year to year comparison is not available due to this change.

### Statement of Revenues, Expenses, and Changes in Net Position

(In Thousands of Dollars)	April 1 to December 31, 2018
<b>Operating Revenues</b>	
Rental Revenue	\$ 17,394
HUD Subsidies and Grants	91,807
Development Fee Revenue	983
State, Local, and Other Grants	8,713
Other	3,055
Total Operating Revenues	<u>121,952</u>
<b>Operating Expenses</b>	
Housing Assistance Payments	78,493
Administration	13,780
Tenant Services	3,252
Program Expenses	8,812
Utilities	3,823
Maintenance	10,314
Depreciation	6,683
Other	1,129
Total Operating Expenses	<u>126,286</u>
<b>Operating Loss</b>	(4,334)
<b>Nonoperating Revenues (Expenses)</b>	
Investment Income	2,119
Interest Expense	(2,291)
Investment in Partnership Valuation Charge	(21)
Financing Costs	(2)
Loss on Sale of Capital Assets	(287)
Gain on Sale of Capital Assets	7
Other Contributions Made	36,822
Total Nonoperating Revenues	<u>36,347</u>
<b>Income before Capital Contributions</b>	32,013
<b>Capital Contributions</b>	
HUD Nonoperating Contributions	195
Other Nonoperating Contributions	(703)
Total Capital Contributions	<u>(508)</u>
<b>Increase in Net Position</b>	31,505
Net Position - Beginning of Year	<u>275,691</u>
<b>Net Position - End of Year</b>	<u>\$ 307,196</u>

## **ECONOMIC FACTORS**

Significant economic factors affecting Home Forward are as follows:

### **RAD/Section 18**

Home Forward anticipates continuing to convert its remaining public housing properties under the Department of Housing and Urban Development's Section 18 and Rental Assistance Demonstration (RAD) programs. Under these programs, the public housing units will convert into project based voucher funded units and will utilize the low income housing tax credit program with Home Forward as the general partner. The next conversion is scheduled to take place in March 2021.

### **COVID-19**

On Sunday, March 8, 2020, Oregon Governor Kate Brown declared a state of emergency in response to the coronavirus known as COVID-19. This state of emergency included limiting the amount of people that could gather and the closing of schools and certain businesses. In addition to the health impacts of COVID-19, the economic impact will be significant.

As part of the federal response to this crisis, Congress approved and the President signed, on March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This Act (and its subsequent amendments) includes expanded unemployment benefits, payroll tax adjustments, small business loans, corporate assistance and increased funding for several key federal departments, including the Department of Housing and Urban Development (HUD). HUD will receive an additional \$2.4 billion and will provide organizations like Home Forward with funding to cover the additional costs incurred in order to prepare, prevent, and respond to COVID-19 as a supplement to traditional program funding.

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## **CONTACT INFORMATION**

This annual financial report is designed to provide Oregon citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of Home Forward's finances, and to demonstrate Home Forward's accountability for the appropriations and grants that it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Home Forward, 135 S.W. Ash Street, Portland, Oregon 97204 or emailed to [info@homeforward.org](mailto:info@homeforward.org).

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	Home Forward	Discretely Presented Component Units
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 52,262,618	\$ 13,844,063
Cash and Cash Equivalents - Restricted	32,111,800	23,268,031
Investments - Unrestricted	281,929	-
Accounts Receivable, Net	4,737,845	420,993
Due from Partnerships, Net	1,710,970	-
Prepaid Expenses	1,022,776	6,349,336
Current Portion of Notes Receivable - Partnerships, Net	39,134,257	-
Total Current Assets	<u>131,262,195</u>	<u>43,882,423</u>
<b>NONCURRENT ASSETS</b>		
Investments - Restricted	983,630	-
Notes and Accrued Interest Receivable	233,749,330	-
Notes Receivable - Partnerships, Net	95,645,640	-
Other Assets	-	5,945,594
Investments in Partnerships	25,970,108	-
Net OPEB Asset - RHIA	284,501	-
Capital Assets not being Depreciated	35,252,544	75,900,032
Capital Assets being Depreciated, Net	99,516,927	381,678,799
Total Noncurrent Assets	<u>491,402,680</u>	<u>463,524,425</u>
Total Assets	622,664,875	507,406,848
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to Derivative Instruments	511,954	-
Pension Related	6,117,483	-
OPEB RHIA Related	66,900	-
Total Deferred Outflows of Resources	<u>6,696,337</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 629,361,212</u>	<u>\$ 507,406,848</u>

	Home Forward	Discretely Presented Component Units
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,631,110	\$ 11,710,254
Accrued Interest Payable, Payable from Restricted Assets	513,416	-
Other Accrued Liabilities	2,751,747	20,986,023
Unearned Revenue	9,940,387	371,159
Deposits, Payable from Restricted Assets	3,311,531	713,831
Current Portion of Notes Payable	1,782,760	1,169,418
Current Portion of Bonds Payable	1,657,921	-
Current Portion of Bonds Payable - Partnerships	39,134,257	-
Total Current Liabilities	<u>62,723,129</u>	<u>34,950,685</u>
<b>NONCURRENT LIABILITIES</b>		
Notes Payable - Long Term	72,625,046	388,222,582
Bonds Payable - Long Term	26,640,133	-
Bonds Payable - Partnerships	95,645,640	-
Accrued Interest - Long Term	5,747,475	10,956,881
Net Pension Liability	24,774,611	-
Total OPEB Liability - HBRP	887,379	-
Derivative Instruments	511,954	-
Total Noncurrent Liabilities	<u>226,832,238</u>	<u>399,179,463</u>
Total Liabilities	289,555,367	434,130,148
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related	2,182,816	-
OPEB RHIA Related	60,690	-
OPEB HBRP Related	638,455	-
Total Deferred Inflows of Resources	<u>2,881,961</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	292,437,328	434,130,148
<b>NET POSITION</b>		
Net Investment in Capital Assets	34,461,457	68,186,831
Restricted:		
Real Estate Sale Proceeds	18,403,063	-
Residual Receipts	14,551	-
Funds Held in Trust	13,178,219	10,400,831
Unused PILOT Funds	49,138	-
Total Restricted	<u>31,644,971</u>	<u>10,400,831</u>
Unrestricted	270,817,456	(5,310,962)
Total Net Position	<u>336,923,884</u>	<u>73,276,700</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 629,361,212</u>	<u>\$ 507,406,848</u>

	Home Forward	Discretely Presented Component Units
<b>OPERATING REVENUES</b>		
Dwelling Rental	\$ 20,496,231	\$ 27,851,430
Nondwelling Rental	2,574,387	252,968
HUD Operating Subsidies	121,832,434	1,315,154
HUD Grants	11,521,534	-
Development Fee Revenue	16,084,086	-
State, Local, and Other Grants	11,722,419	-
Other	5,042,299	1,796,428
Total Operating Revenues	<u>189,273,390</u>	<u>31,215,980</u>
<b>OPERATING EXPENSES</b>		
Housing Assistance Payments	107,429,512	10,066
Administration	16,904,352	5,525,407
Tenant Services	7,730,833	4,519,147
Program Expense	11,699,934	1,850,861
Utilities	5,000,901	4,323,726
Maintenance	9,519,517	7,526,261
Depreciation	8,274,641	16,703,447
General and Other	2,919,062	2,226,114
Total Operating Expenses	<u>169,478,752</u>	<u>42,685,029</u>
<b>OPERATING INCOME (LOSS)</b>	19,794,638	(11,469,049)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	3,647,004	362,984
Interest Expense	(3,204,813)	(6,063,565)
Financing Costs	(155,449)	-
Loss on Disposal of Capital Assets	(1,206,509)	(198,254)
Gain on Sale of Capital Assets	13,083,142	-
Other Expense	(2,488,964)	-
Total Nonoperating Revenues (Expenses), Net	<u>9,674,411</u>	<u>(5,898,835)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	29,469,049	(17,367,884)
<b>CAPITAL CONTRIBUTIONS</b>		
HUD Nonoperating Contributions	244,343	-
Partner Contributions	14,428	10,730,486
Total Capital Contributions	<u>258,771</u>	<u>10,730,486</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	29,727,820	(6,637,398)
Net Position - Beginning of Year, As Restated	<u>307,196,064</u>	<u>79,914,098</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 336,923,884</u>	<u>\$ 73,276,700</u>

	Home Forward
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from HUD Grants	\$ 135,162,430
Receipts from State, Local, and Other Grants	11,826,056
Receipts from Tenants and Landlords	27,162,397
Receipts from Developer Fees	1,368,292
Receipts from Others	4,581,031
Receipt of Cash Restricted for Deposits Payable	253,103
Payments to Landlords	(107,429,512)
Payments to and on Behalf of Employees	(26,697,980)
Payments to Vendors, Contractors, and Others	(23,608,223)
Net Cash Provided by Operating Activities	<u>22,617,594</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Proceeds from Line of Credit	11,853,196
Payments on Line of Credit	(13,346,415)
Net Cash Used by Noncapital Financing Activities	<u>(1,493,219)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Line of Credit	27,750,000
Payments on Line of Credit	(27,750,000)
Proceeds from Issuance of Notes Payable	5,824,965
Proceeds from Issuance of Bonds Payable - Partnerships	28,358,930
Interest Paid on Notes and Bonds Payable	(2,927,942)
Principal Payments on Notes Payable	(1,950,603)
Principal Payments and Amortization of Premium and Discount on Bonds Payable	(1,620,841)
Principal Payments on Bonds Payable - Partnerships	(6,467,535)
HUD Capital Contributions	43,944
Other Nonoperating Contributions, Net	(2,474,536)
Acquisition and Construction of Capital Assets	(13,125,053)
Proceeds from the Sale of Capital Assets	6,215,629
Net Cash Provided by Capital and Related Financing Activities	<u>11,876,958</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Investments	(32,099)
Financing Fees Paid	(152,451)
Issuance of Notes Receivable	(50,684,987)
Issuance of Notes Receivable - Partnerships	(14,284,869)
Collections on Notes Receivable	21,994,139
Collections on Notes Receivable - Partnerships	6,511,470
Change in due from Partnerships, Net	2,038,971
Change in Investments in Partnerships, Net	(2,180,215)
Investment Income Received	4,698,627
Net Cash Used by Investing Activities	<u>(32,091,414)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	909,919
Cash and Cash Equivalents - Beginning of Year	<u>83,464,499</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 84,374,418</u></u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
FROM OPERATING ACTIVITIES**

Operating Income	\$ 19,794,638
Adjustments to Reconcile Operating Income to Cash Flows Provided by Operating Activities:	
Depreciation	8,274,641
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Accounts Receivable, Net	(304,922)
Developer Fee Receivable	(14,715,794)
Prepaid Expenses	(81,760)
Accounts Payable	329,134
Other Accrued Liabilities	185,689
Unearned Revenue	5,789,440
Deposits, Payable from Restricted Assets	253,103
Deferred Outflows of Resources - Pensions	445,786
Deferred Outflows of Resources - OPEB	(35,128)
Deferred Inflows of Resources - Pensions	(429,486)
Deferred Inflows of Resources - OPEB	(62,723)
Net Pension Liability	3,317,843
Net OPEB Asset and Net OPEB Liability	(142,867)
Net Cash Provided by Operating Activities	<u>\$ 22,617,594</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS**

Notes Receivable Acquired in Exchange for Properties	\$ 14,117,995
Change in Investment in Partnerships	2,180,215
Total Noncash Transactions	<u>\$ 16,298,210</u>

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity**

The Federal Housing Act of 1937 authorized public housing authorities. Utilizing the 1937 Federal Housing Act, the Portland City Council established the Housing Authority of Portland as a municipal corporation under the Oregon Revised Statutes in December 1941. On May 18, 2011, Home Forward changed its legal name from Housing Authority of Portland to Home Forward. Housing Authority of Portland is now a registered name of Home Forward. Home Forward is a municipal corporation located in Portland, Oregon.

Beginning on April 1, 2018, Home Forward changed its fiscal year-end from March 31 to December 31. To implement this change in fiscal year, the financial statements, footnotes and supplementary information provided within this report are presented for a single 12-month year beginning January 1, 2019 and ending December 31, 2019.

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, two by Multnomah County and one representative from participants of Home Forward's housing programs. 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.

The governmental reporting entity consists of Home Forward, the primary government, and its blended and discretely presented component units.

Component units are legally separate organizations for which the Board of Commissioners is financially accountable or other organizations whose nature and significant relationship with Home Forward are such that exclusion would cause the Home Forward's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Home Forward's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on Home Forward. The basic financial statements include both blended and discretely presented component units. The blended component units are legally separate entities, and are considered, in substance, part of Home Forward's operations, and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in separate column in the government-wide financial statements to emphasize they are legally separate from the primary government.

### **Blended Component Units**

Home Forward's operations include three blended component units, which are included in the basic financial statements and consists of legally separate entities for which Home Forward is financially accountable.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Blended Component Units (Continued)**

Home Forward Development Enterprises (HFDE), formerly known as, New Columbia Community Campus Corporation (N4C) was formed in 2005 to support the New Columbia Community. On April 16, 2013, N4C changed its name to Home Forward Development Enterprises and was repurposed to support all of Home Forward's development and housing operations efforts.

St. Francis, LLC was formed September 17, 2015, as a result of the purchase of St. Francis Limited Partnership due a HUD debt refinancing requirement.

Gateway Park Apartments Limited Partnership (Gateway Park LP) was formed as a Tax Credit Limited Partnership on November 7, 2002 to purchase and rehabilitate a 144 unit apartment complex located on NE 100th Avenue. On March 1, 2018, Key Community Development Corporation transferred their interest as the Limited Partner to HFDE.

Home Forward is legally entitled to or can access the resources of HFDE, St. Francis, LLC, and Gateway Park LP at the discretion of Home Forward management. Because HFDE, St. Francis, LLC, Gateway Park LP and Home Forward have this financial and operational relationship, generally accepted accounting principles requires that HFDE's, St. Francis', and Gateway Park financial statements be blended into the Home Forward financial statements.

### **Discretely Presented Component Units**

Home Forward follows the guidance provided by the Governmental Accounting Standard Board (GASB) for the relationship of housing authorities as general partners of limited low income tax credit partnerships whereby the limited partners have majority ownership but have delegated the majority of their rights regarding the operations of the partnership to the housing authority. For these entities, Home Forward exercises the majority of control over day-to-day operations.

Home Forward is the general partner and owns a 0.01% to 1% investment in each of the following discretely presented component unit limited partnerships:

General Partner Ownerships presented in December 31, 2019 discretely presented component unit results:

- 1115 SW 11th Avenue Limited Partnership
- Beech Street Limited Partnership
- Cecelia Limited Partnership
- Civic Redevelopment Limited Partnership
- East Group Limited Partnership
- Haven Limited Partnership
- Humboldt Gardens Limited Partnership

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Discretely Presented Component Units (Continued)**

- Jeffery Apartment Limited Partnership
- Lloyd Housing Limited Partnership
- North Group Limited Partnership
- RAC Housing Limited Partnership
- Square Manor Limited Partnership
- Stephens Creek Crossing North Limited Partnership
- Stephens Creek Crossing South Limited Partnership
- Trouton Limited Partnership
- Woolsey Limited Partnership
- Wests Limited Partnership
- Woods East Limited Partnership

As a general practice, Home Forward's liability is not limited to initial investment and/or any future funding requirements. The limited partnerships have a December 31 year-end and complete financial statements may be obtained by contacting the Chief Financial Officer, Home Forward, 135 S.W. Ash Street, Portland, Oregon 97204.

### **Programs Administered by Home Forward**

Home Forward administers annual contribution contracts to provide low- income housing with primary financial support from the U.S. Department of Housing and Urban Development (HUD) and develops and manages affordable properties. Programs administered by Home Forward are as follows:

#### Public Housing

On June 18, 2019 Home Forward converted 125 units from Public Housing to Project Based Voucher subsidy via HUD's Rental Assistance Demonstration program and 190 units from Public Housing to Project Based Voucher subsidy via HUD's Section 18 program. This reduced the Public Housing unit count that Home Forward owns, operates and maintains from 960 units at December 31, 2018, to 645 units at December 31, 2019. The remaining properties with Public Housing units were acquired through grants and subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD. Funds from the Capital Grant Program provided by HUD are used to maintain and improve this Public Housing portfolio. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these capital grant funds.



## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Programs Administered by Home Forward (Continued)

#### Rent Assistance

Section 8 of the U.S. Housing and Community Development Act of 1974 provides Housing Assistance Payments on behalf of lower-income families to participating housing owners. Under this program, the landlord-tenant relationship is between a rental-housing owner and a family, rather than Home Forward and a family as in the Public Housing program. For approved housing, HUD contracts with Home Forward to enter into contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by the lower-income families, between 28.5% and 31% of adjusted household gross income. Housing Assistance Payments made to landlords and some participants are funded through Annual Contributions Contracts. At December 31, 2019, Home Forward administered approximately 10,343 vouchers through several programs authorized by Section 8. Additionally, Home Forward administers the Short-Term Rent Assistance program on behalf of the City of Portland, the City of Gresham, and Multnomah County.

#### Affordable Housing and Special Needs Housing

Home Forward owns or is a partner in 6,075 units of housing. The Affordable Housing portfolio consists of 62 multifamily properties representing 5,574 units, of which 3,103 are owned through tax credit partnerships. The Special Needs portfolio consists of 31 properties representing 501 units. The Special Needs properties were developed using grant funds received from the State of Oregon and Federal programs combined with contributions from Home Forward and other local agencies.

#### Resident Services

Home Forward coordinates and provides social and economic development programs for families and administers a variety of community housing and service partnerships throughout Multnomah County. Funding for these programs comes from HUD, Medicare, participant fees, charitable organizations and private donations.

#### Development

Home Forward pursues development projects that augment the supply of low-cost housing, provide essential services to residents and revitalizes overall communities. These projects include renovation of older/existing housing, new construction and pilot projects.

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Basis of Accounting**

Home Forward operates as an enterprise activity. The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Home Forward distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses are derived from providing services in connection with Home Forward's ongoing operations. Operating revenues, generally, include rental income, operating subsidies, operating grant revenue and development fee income. Operating expenses, generally, include housing assistance payments, occupancy charges, development services, tenant services, administrative expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are classified as nonoperating revenues and expenses

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Use of Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is Home Forward's policy to use restricted resources first, the unrestricted resources as they are needed.

### **Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is classified in the following three components:

#### **Net Investment in Capital Assets**

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

#### **Restricted**

This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation reduced by liabilities relating to those restricted assets

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Net Position (Continued)**

#### Unrestricted

This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

### **Cash and Cash Equivalents**

Cash and cash equivalents consists of amounts deposited in checking, money market accounts and the Oregon Local Government Investment Pool (LGIP) or investments with original maturities of 90 days or less. The LGIP is managed by the Oregon State Treasurer as an alternative to commercial money market accounts. Deposits are subject to collateral requirements. Deposits in the LGIP are recorded at fair value, which is the same as the value of the pool shares. Investments in the LGIP are included in the Oregon Short-Term Fund, which is not registered with the U.S. Securities and Exchange Commission as an investment company. Investments in the Oregon Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board.

### **Cash and Cash Equivalents – Restricted and Investments – Restricted**

This consists of funds set aside for:

*Family Self-Sufficiency Funds* consist of amounts deposited under the Family Self-Sufficiency (FSS) program. Under the FSS program, if the income of a tenant enrolled in the program increases, instead of decreasing the subsidy amount, the original subsidy continues to be paid and the difference between the original and new subsidy amount is deposited into an escrow account. If the tenant enrolled in the program attains certain target goals related to self-sufficiency, the tenant is awarded money from the escrow account to use for various purposes stated in the tenant’s self-sufficiency plan such as college tuition or a down payment for the purchase of a home.

*Tenant Security Deposits* represent the refundable deposits received from tenants and held in trust to secure the performance of a rental agreement. Tenant security deposits in excess of any outstanding damage or rent charges must be returned to the departing tenants within 31 days after the termination of the tenancy. The funds are typically held in segregated bank accounts since these funds may not be used for operations. The funds are, however, allowed to earn interest that may be retained for operations.

*Rental Assistance Demonstration Acquisition Proceeds* are externally restricted funds which consist of net proceeds received from the sale of 112 public housing units to the North Group Limited Partnership. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

*Section 18 Acquisition Proceeds* are externally restricted funds which consist of net proceeds received from the sale of 238 public housing units to the North Group Limited Partnership. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Cash and Cash Equivalents – Restricted and Investments – Restricted (Continued)**

*Residual Receipts Reserve* is maintained for the Multnomah Manor property, which is included in Home Forward's Affordable Housing Portfolio, and consists of surplus cash on hand at the end of each fiscal year, less authorized disbursements to date plus interest earned on the deposits. As of December 31, 2019, the reserve is funded as required.

*Funds Held in Trust* consist primarily of replacement reserves held in trust and by Home Forward for Affordable Housing properties owned and operated by Home Forward. In addition, the balance includes performance guarantee and other funds held in trust and by Home Forward under various agreements. The reserves are invested in interest-bearing bank accounts and are externally restricted for the purposes of maintaining required reserve funds or purchasing or constructing capital assets or other noncurrent assets. As such, the amounts are classified as restricted, noncurrent assets. During the year ended December 31, 2019, the reserves were funded as required under the various agreements.

*Public Housing Scattered Site Sales Proceeds* are externally restricted funds which consist of net proceeds received from the sale of Home Forward's PH Scattered Site properties. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

*Debt Service Funds* include externally restricted funds on deposit with various trustees relating to the servicing of debt. Funds are invested in guaranteed investment contracts and short-term marketable securities.

PILOT funds are maintained to fund Payments in Lieu of Taxes (PILOT) on certain rental properties owned by Home Forward. Under an agreement with the city of Portland, Home Forward is required to make an annual payment equal to \$200,000. Home Forward also makes annual payments to the city of Fairview. Total payment to city of Fairview for the year ended December 31, 2019 was \$29,291.

### **Concentration of Risk**

Federal regulations require that public funds on deposit with financial institutions be secured at a rate of 100% of amounts in excess of deposit insurance coverage. Home Forward maintains cash balances at several financial institutions, some in excess of the federally insured amount of \$250,000 per Employer Identification Number. Financial institutions insure these excess balances either via the Oregon state treasurer's office by designating these balances as Public Funds per ORS 295 or via other collateral agreements at the Bank of New York Mellon. At December 31, 2019, all of Home Forward's funds were collateralized.

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Investments**

Pursuant to Home Forward's Moving to Work Agreement with the Department of Housing and Urban Development (HUD), Home Forward's Investment Policy dated September 2013, is written in conformance with ORS Chapter 456 – Housing. Home Forward's investment program shall be operated in conformance with Oregon Revised Statutes and Applicable Federal Law. Specifically, Home Forward's investment policy is written in conformance with ORS Chapter 294 – County and Municipal Financial Administrations, which allows for federal funds to be invested in securities permitted under Oregon state law.

### **Due from Partnerships, Net**

Consists primarily of development and management fees earned by Home Forward through its involvement as the General Partner in tax credit partnerships and partnership project costs paid by Home Forward on behalf of the partnerships (see Note 5). The fees are typically paid based on the availability of net cash flow of the partnerships or from the proceeds of capital contributions to the partnerships. Management reviews the balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivables.

### **Notes Receivable (Noncurrent)**

Consists primarily of loans to tax credit partnerships for the development of affordable housing. These loans have a maturity date greater than one year in duration. Management reviews the balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivables (see Note 6).

### **Notes Receivable – Partnerships**

Consists of required payments to be made by the Partnerships to Home Forward to pay required debt service payments on the Multi-Family Housing Revenue Bonds in which Home Forward has an ownership interest.

### **Investments in Partnerships**

Represents Home Forward's equity interest in 17 limited partnerships, which are reported as Home Forward's discretely presented component units (see Note 7). These investments are accounted for under the equity method because Home Forward either holds a controlling interest or has "significant influence" over the operations of the partnerships.

Under the equity method, the initial investment is recorded at cost and is increased or decreased by Home Forward's share of income or losses and is increased by contributions and decreased by distributions. Management reviews the investment in partnerships for possible impairment in value whenever events or circumstances indicate the carrying value of the investment may not be recoverable.

In June 2014, Home Forward entered into a Limited Liability Corporation with Cedar Sinai Park, Care Oregon and other service partners to create a Housing with Services partnership, which operates under a separate tax ID from Home Forward. The purpose of this initiative is to develop and evaluate a managed-care services delivery model designed to reduce costs and improve health outcomes for seniors and people with disabilities.

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Capital Assets**

Capital Assets include land, construction in progress, buildings and improvements, and equipment. All capital assets are recorded at cost except for donated capital assets which are recorded at acquisition value at the time of donation. Depreciation is computed on the straight-line method based on the estimated useful lives of the individual assets: 15 to 40 years for buildings and improvements and 3 to 20 years for equipment. When debt is issued for construction of capital assets, interest is capitalized during construction up to the placed-in-service date. Maintenance and repairs are charged to expense when incurred. Assets with costs in excess of \$5,000 are capitalized and depreciated from the respective placed-in- service date.

Management reviews land, buildings and improvements, equipment, and construction in progress for possible impairment whenever events or circumstances cause a material and unanticipated decline in the service utility of an asset. Impairment is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions.

### **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources (expense) until then. Home Forward has three items that qualify for reporting in this category. The deferred amount related to pensions is recognized as an outflow of resources in the period when Home Forward recognizes pension expense. The deferred amount related to OPEB is recognized as an outflow of resources in the period when Home Forward recognizes OPEB expense. The deferred amount related to derivative instruments represents the fair value of swap agreements recognized as a liability in Home Forward's statement of net position with the offsetting losses in deferred outflows of resources.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. Home Forward has two types of items that qualify for reporting in this category. The deferred amount related to pensions is recognized as an inflow of resources in the period Home Forward recognizes a reduction of pension expense. The deferred amount related to OPEB is recognized as an inflow of resources in the period Home Forward recognizes a reduction of OPEB expense.

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Net OPEB (Asset)/Liability**

Home Forward has two other post-employment benefits (OPEB) plans: 1. Retirement Health Insurance Account (RHIA) and 2. Home Forward Health Benefit Retiree Program (HBRP). For purposes of measuring the net OPEB RHIA asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 16). For purposes of measuring the total OPEB HBRP liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been actuarially determined using assumptions regarding the future cost of the retiree health plan and that it will retain its current relationship to the cost of the active plan, and that the active plan cost will maintain a reasonable relationship to direct compensation (see Note 16).

### **Net Pension Liability**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 15).

### **Unearned Revenue**

Unearned revenue consists primarily of land lease prepayments, advanced grant payments received from HUD programs and payments received from non-HUD sources that have not been earned as of December 31, 2019.

### **Other Liabilities – Noncurrent**

Represents the noncurrent liabilities due and payable to the General Partner for operating expenses paid on behalf of the Limited Partnership. These include wages and purchase card transactions.

### **Revenue Recognition**

Operating subsidies are recognized in the period funds are received. Revenues from grants are recognized in the periods designated by the grantor as the associated costs are incurred. Revenues from contracts and rental revenues are recognized when the associated services are provided.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Compensated Absences**

All full-time and part-time employees who are regularly scheduled to work at least 20 hours per week are eligible to earn paid annual leave. Eligible employees begin to accrue annual leave as of their hire date; however, the accrued time does not become earned, useable or payable until the completion of 90 days of continuous service. Earned paid annual leave time may be carried over and accumulated up to a maximum of two years' accrual as of January 1 of any year. Total accrued compensated absences as of the year ended December 31, 2019 were \$1,241,005 and are a component of other accrued liabilities.

### **Income Taxes**

Home Forward adopted the provisions of FASB ASC Topic 740-10 *Accounting for Uncertainty in Income Taxes* on April 1, 2009, as applicable to the tax credit limited partnerships presented as discretely presented component units in the basic financial statements. These Oregon tax credit limited partnerships were formed in conformity with the provisions of Section 42 of the Internal Revenue Code, thus no provision has been made for income taxes. There was no effect on net position in the current year as a result of adopting this Topic. No expense for interest or penalties is recognized in the financial statements. Management believes the tax credit limited partnerships have not taken any uncertain tax positions, as defined in the Topic.

### **New Pronouncements Adopted**

For the fiscal year ending December 31, 2019, Home Forward has adopted no new GASB statements.

### **Effect of New Pronouncements**

Home Forward is currently analyzing its accounting practices to identify the potential impact on the financial statements for the following GASB statements:

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.



## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Effect of New Pronouncements (Continued)

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to the government financial statements related to debt, including direct borrowing and direct placements and clarifies which liabilities governments should include when disclosing information related to debt.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Effect of New Pronouncements (Continued)

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The purpose of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Statement Postpones GASB Statement 87, *Leases*, by 18 months and postpones the following Statements by 12 months:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interest*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments)

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans.

### Prior Period Adjustment – Change in Accounting Principle

The beginning net positions of the discretely presented component units have been restated in order to retroactively apply a change in accounting principle. In previous periods, the value of capital assets purchased from Home Forward by the discretely presented component unit was reported at the net book value in Home Forward's financial statements. The purchase price value in excess of the net book value was recognized as an intergovernmental expense for the discretely presented component unit.

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prior Period Adjustment – Change in Accounting Principle (Continued)**

The limited partnership entities issue separately audited financial statements under Financial Accounting Standards Board (FASB) standards. This transaction is not reflected within the individual limited partnership audited financial statements; instead, the capital asset is recorded at acquisition value. The information contained herein has been restated to agree to the individually audited financial statements as shown below:

Net Position January 1, 2019, as Previously Stated	\$ 9,113,287
Change in Accounting Principle	70,800,811
Net Position January 1, 2019, as Restated	<u>\$ 79,914,098</u>

**NOTE 2 LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS**

The low-income housing tax credit program is the result of federal legislation that allows investors certain tax incentives for investing in low-income housing. Under terms of the federal tax code and extended use agreements with the state of Oregon, the buildings must continue to serve the targeted population for 30 years; after 15 years, Home Forward has the option to purchase the property from the partnership.

Tax Credit Limited Partnerships are created to finance and own affordable housing. Home Forward acts as Managing General Partner of each partnership. Although each Tax Credit Limited Partnership is structured differently, they are generally financed via loans to the partnership, contributions of equity by the general and limited partners, and other sources. In some transactions, Home Forward issues bonds and loans the proceeds to the Tax Credit Limited Partnership. Tax-exempt bond issuances are secured by the underlying partnership real estate and, in some cases, by the general revenues of Home Forward. The bonds and notes payable are offset by notes receivable from the partnerships. The partnerships make payments to Home Forward for debt service. Home Forward may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are received by Home Forward and lent to the partnerships. These funds are accounted for as notes receivable from the partnerships if the proceeds are used for developing the property. Other advances are included in amounts due from partnerships and are reflected in Note 5. Notes payable related to the partnerships are reflected in Note 11. A summary of Home Forward's long-term debt, including debt pertaining to the tax credit partnerships, is reflected in Note 13. A summary of notes receivable from the partnerships is reflected in Note 6.

Home Forward typically earns a developer's fee for its role in bringing the project to fruition. These fees are earned based on certain events or dates relative to the development of the project. Developer fees are paid primarily from development proceeds and available cash flows. Under the various partnership agreements, the balance of developer fees not paid during the construction phase are generally required to be paid either within 10 to 15 years of the project having been placed in service and may accrue interest on unpaid balances. For the year ended December 31, 2019, Home Forward earned \$16,084,086 in developer fees and was paid \$1.4 million.

**NOTE 2 LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS (CONTINUED)**

At December 31, 2019 the balance of the development fees owed to Home Forward is \$18.4 million. Some tax credit projects also pay a General Partner’s management fee and/or a tenant services fee; these fees are reflected in other operating revenues and totaled \$352,721 as of December 31, 2019.

Home Forward did not purchase the remaining interest of any of its Tax Credit Limited Partnerships during the year ended December 31, 2019.

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Pursuant to Home Forward’s Moving to Work Agreement with HUD, Home Forward’s Investment Policy dated September 2013 is written in conformance with ORS Chapter 456—Housing. Home Forward’s investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, Home Forward’s investment policy is written in conformance with ORS Chapter 294 – County and Municipal Financial Administration, which allows for federal funds to be invested in securities permitted under Oregon state law.

As of the year ended December 31, 2019, cash consisted of the following:

Cash and Cash Equivalents	\$ 52,262,618
Cash and Cash Equivalents - Restricted	<u>32,111,800</u>
Total Cash and Cash Equivalents	<u><u>\$ 84,374,418</u></u>

At December 31, 2019, all of Home Forward’s bank balances were insured first by federal depository insurance of \$250,000 per institution and any balances in excess of that amount were collateralized by either a Tri-Party agreement or by the Oregon State Public Funds Collateral Pool.

**Investment Risk Disclosures**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Home Forward will not be able to recover the value of the investment securities that are in the possession of the outside party. As of the year ended December 31, 2019, all investments were insured or registered, and held by Home Forward or its agent in Home Forward’s name, or uninsured and unregistered, with securities held by the counterparty’s trust department or agent in Home Forward’s name and were not exposed to custodial credit risk.

Credit risk of investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as described by a national statistical rating organization such as Standard and Poor’s (S&P). To minimize credit risk, Home Forward’s policies provide that investments in corporate indebtedness are rated a minimum of A1, P1, 3a3 and investments in municipal debt obligations of the state of Oregon that are A or better. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

### NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

#### **Investment Risk Disclosures (Continued)**

Concentration of credit risk is the risk of loss attributed to the magnitude of Home Forward's investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investments pools). To minimize concentration of credit risk, Home Forward's investments are made from a selection of diverse issuers.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Home Forward selects investments of varied maturities to mitigate this risk.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Home Forward does not invest in securities associated with exchange rates and therefore is not exposed to foreign currency risk.

As of the year ended December 31, 2019, Home Forward's restricted investments consists of guaranteed investment contract and a repurchase agreement with Bayerisch with a S&P rating of AAA and a weighted average maturity more than three years in the amount of \$983,630

Investments restricted at December 31, 2019 mature between January 2027 and December 2029 and the interest rate on the investments ranges from 4.39% to 4.57%.

#### **Fair Value of Financial Instruments**

Investments held by Home Forward are stated at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Home Forward determines the fair value of these investments on a monthly basis, based on quoted market prices. Outside trustees provide monthly statements to report the fair value and pricing of the assets held by them, which are also based on quoted market prices. During Fiscal Year 2017, Home Forward adopted GASB 72 *Fair Value Measurement and Application*. GASB 72 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Home Forward has the ability to access.

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 as compared to December 31, 2018. Investments in derivatives are valued based upon quoted prices for similar assets in active markets.

Certificates of Deposit and Guaranteed Investment Contracts are carried at amortized cost, thus are not included in the fair value hierarchy.

Investments Not Subject to Fair Value Levels:

Certificate of Deposit	\$	281,929
Guaranteed Investment Contract		507,340

The following table sets forth by level, within the fair value hierarchy, Home Forward's assets and liabilities at fair value as of December 31, 2019:

	Total	Level 2
Repurchase Agreement	\$ 476,290	\$ 476,290
Derivative Instrument	(511,954)	(511,954)

**NOTE 4 ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following as of the year ended December 31, 2019:

HUD Grants	\$ 940,554
State, Local, and Other Grants	1,739,239
Tenants and Landlords	1,812,141
Other	799,763
Total Accounts Receivable	<u>5,291,697</u>
Less: Allowances for Doubtful Accounts	<u>(553,852)</u>
Accounts Receivable, Net	<u><u>\$ 4,737,845</u></u>

**NOTE 5 DUE FROM PARTNERSHIPS**

Due from Partnerships consists of the following as of the year ended December 31, 2019:

Stephen's Creek Crossing North (4%)	\$ 35,775
Cecelia Limited Partnership	726,370
Woolsey Limited Partnership	687,629
West's Limited Partnership	62,065
Stephen's Creek Crossing North (9%)	28,497
Woods East Limited Partnership	2,192
Square Manor Limited Partnership	142,071
Lloyd Housing Limited Partnership	102,119
North Group Limited Partnership	292,641
East Group Limited Partnership	818,319
All Other Partnerships	515,555
Total Due from Partnerships	<u>3,413,233</u>
Less: Allowances for Doubtful Accounts	<u>(1,702,263)</u>
Due from Partnerships, Net	<u><u>\$ 1,710,970</u></u>

**NOTE 6 NOTES RECEIVABLE AND ACCRUED INTEREST**

Notes and accrued interest receivable consist of the following as of December 31, 2019:

Partnerships Notes	\$ 330,708,944
Nonpartnerships Notes	36,100,628
Homeowners Notes	208,300
Total Notes Receivable	<u>367,017,872</u>
Accrued Interest Receivable	10,166,296
Less: Allowances for Doubtful Accounts	<u>(8,654,941)</u>
Total Notes and Accrued Interest Receivables, Net	<u><u>\$ 368,529,227</u></u>

Partnership notes have been issued to the limited partnerships invested in by Home Forward. These notes are used for the purpose of acquiring, constructing, and/or remodeling buildings for housing and other housing related purposes. These notes have an interest range of 0% to 6% with various maturity dates to 2074. As described in each note agreement, payments will be made from available cash flows.

## NOTE 6 NOTES RECEIVABLE AND ACCRUED INTEREST (CONTINUED)

Homeowners' notes are secured by deed of trust and no longer accrue interest. Deferred interest was forgiven if the owner completed required homeowner education classes and remained in the house for five years. Principal is payable upon sale of property or various dates between 2033 through 2037.

## NOTE 7 INVESTMENTS IN PARTNERSHIPS

Investments in partnerships consist of the following as of December 31, 2019:

<u>Investments in Limited Liability Partnerships</u>	
RAC Housing Limited Partnerships	\$ 21,185,411
Cecelia Limited Partnership	1,272,598
Haven Limited Partnership	515,843
The Jeffrey Limited Partnership	50,931
St. Francis Park Limited Partnership	442,833
Square Manor Limited Partnership	291,673
North Group Limited Partnership	69
Lloyd Housing Limited Partnership	2,210,750
Total Investments in Partnerships	<u>\$ 25,970,108</u>

## NOTE 8 CAPITAL ASSETS

Land, structures, and equipment activity of Home Forward was as following for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Disposals	Transfers	Balance, December 31, 2019
Land	\$ 30,013,709	\$ 465,000	\$ (13,136)	\$ -	\$ 30,465,573
Construction in Progress	6,187,846	5,311,273	(2,118,353)	(4,593,795)	4,786,971
Total Capital Assets not being Depreciated	36,201,555	5,776,273	(2,131,489)	(4,593,795)	35,252,544
Buildings and Improvements	206,915,848	7,303,554	(13,803,658)	4,295,167	204,710,911
Equipment	13,911,910	45,226	(1,878,930)	298,628	12,376,834
	220,827,758	7,348,780	(15,682,588)	4,593,795	217,087,745
Less Accumulated Depreciation:					
Buildings and Improvements	(106,642,866)	(7,861,686)	7,548,280	-	(106,956,272)
Equipment	(12,007,590)	(412,955)	1,805,999	-	(10,614,546)
	(118,650,456)	(8,274,641)	9,354,279	-	(117,570,818)
Total Capital Assets being Depreciated	102,177,302	(925,861)	(6,328,309)	4,593,795	99,516,927
Total Capital Assets, Net	<u>\$ 138,378,857</u>	<u>\$ 4,850,412</u>	<u>\$ (8,459,798)</u>	<u>\$ -</u>	<u>\$ 134,769,471</u>

During the year ended December 31, 2019, Home Forward transferred capital assets and construction in progress projects to East Group Limited Partnership with a net book value of \$6,014,897. Proceeds from the sale included a long-term note receivable in the amount of \$6,868,500 which represents 95% of the acquisition price.



**NOTE 9 LINES OF CREDIT**

Home Forward has an \$8,000,000 operating revolving line of credit. The line of credit is used for short-term funding needs. The line of credit is collateralized by the general revenues of Home Forward and matured December 1, 2019. It was subsequently renewed for another five-year increment, maturing December 1, 2024. Draws on the line of credit may bear a fixed or variable rate of interest. During the year ended December 31, 2019 gross draws, including initial draws and draws after repayments, on the line of credit were \$27,750,000 which represents both principal and accrued interest. The remaining outstanding line of credit balance for December 31, 2019 was \$-0-. A summary of activity for Home Forward’s line of credit for year ending December 31, 2019 is as follows:

Balance January 1, 2019	Draws	Repayments	Balance December 31, 2019
<u>\$ 1,400,000</u>	<u>\$ 27,750,000</u>	<u>\$ (29,150,000)</u>	<u>\$ -</u>

On December 27, 2018, Home Forward entered into an agreement with Beneficial State Bank for a ten 10-year, \$20,000,000 real estate revolving line of credit. The line of credit will be used to provide capital for real estate development activities. Collateral requirements include first deed of trust (and assignment of rents, if applicable) on a real estate collateral pool with a 75% maximum commitment to collateral value (75% LTV). Home Forward has identified that the three properties Grace Peck, Rosenbaum Plaza and Unthank will serve as the properties for the collateral pool. As borrower, Home Forward has the option to replace the properties identified as collateral provided other covenants are in compliance of the new collateral. Additional requirements are that for accounts which are wholly owned and/or controlled by Home Forward, Home Forward will aggregately maintain a minimum of \$12,500,000 in deposit balances at Beneficial State bank during the term of the credit facility and Home Forward will maintain a 5-year certificate of deposit of \$275,000 with Beneficial State Bank.

Draws on the line of credit may bear a fixed or variable rate of interest. During the year ended December 31, 2019, gross draws, including initial draws and draws after repayments, on the line of credit were \$11,853,196 which represents both closing costs and accrued interest. The remaining outstanding line of credit balance for the year ended December 31, 2019 was \$-0-.

A summary of activity for Home Forward’s line of credit for the year ended December 31, 2019 is as follows:

Balance January 1, 2019	Draws	Repayments	Balance December 31, 2019
<u>\$ 93,219</u>	<u>\$ 11,853,196</u>	<u>\$ (11,946,415)</u>	<u>\$ -</u>

**NOTE 10 NOTES PAYABLE**

Notes payable of Home Forward consist of the following as of December 31, 2019:

Property	Interest Rate	Final Maturity Date*	Payment Terms	Balance
Schiller Way	4.00 %	2030	Monthly	\$ 394,490
Schiller Way	4.14	2021	Monthly	29,763
Richmond Place	3.00	2020	Maturity Date	500,000
Turning Point	7.49	2032	Monthly	318,817
Willow Tree	4.42	2036	Monthly	536,986
Cambridge Court	1.00	2032	Cash Flow	433,084
Cambridge Court	-	2032	Cash Flow	395,975
Dawson Park	3.00	2022	Cash Flow	316,856
Fenwick Apts	3.77	2025	Monthly	1,048,705
Fenwick Apts	-	Sale of Property	Cash Flow	1,176,730
Fenwick Apts	3.00	2034	Monthly	125,669
Helen Swindells	3.00	2023	Cash Flow	1,483,870
Helen Swindells	3.00	2023	Monthly	600,451
Kelly Place	5.39	2028	Cash Flow	255,891
James Hawthorne	-	Sale of Property	Cash Flow	5,728,950
North Interstate	-	Sale of Property	Cash Flow	922,518
Yards at Union Station	1.00	2027	Monthly	804,599
Pearl Court	3.00	2027	Monthly	532,145
Peter Paulson	7.91	2024	Cash Flow	1,021,301
Peter Paulson	50.00	2024	Cash Flow	250,000
Peter Paulson	-	2024	Cash Flow	689,635
Schiller Way	-	Sale of Property	Cash Flow	505,351
SW 45th (Carriage Hill Apts)	-	Sale of Property	Cash Flow	178,241
SW 45th (Carriage Hill Apts)	3.00	2032	Monthly	27,556
Willow Tree	-	2035	Cash Flow	167,902
Fairview Oaks & Woods	3.58	2047	Monthly	10,573,796
Rockwood Station	3.58	2047	Monthly	4,247,360
Rockwood Station (Mpower)	6.00	2025	Monthly	102,143
Hawthorne Home	6.00	2029	Monthly	39,536
Madison Home	6.00	2029	Monthly	39,284
North Interstate	6.00	2033	Monthly	378,851
Project Open Door	1.75	2027	Monthly	138,236
Taylor Home	7.00	2029	Monthly	37,624
Ashcreek Commons	3.94	2034	Monthly	1,626,961
Ainsworth Court	-	2052	Cash Flow	1,099,469
Ainsworth Court	4.77	2034	Monthly	2,039,753
Madrona Apartments	5.31	2034	Monthly	1,193,899
Kelly Place	-	2046	Maturity Date	350,456
Rockwood Landing	-	2058	Maturity Date	150,000
Gretchen Kafoury	3.00	2031	Maturity Date	2,664,000
Stephens Creek Crossing	-	Sale of Property	Converts to Grant	1,798,318
Hamilton West	3.00	2031	Monthly	575,558
Forward Balance to the Next Page				<u>\$ 45,500,729</u>

**NOTE 10 NOTES PAYABLE (CONTINUED)**

Property	Interest Rate	Final Maturity Date*	Payment Terms	Balance
Forward Balance from Previous Page				\$ 45,500,729
Hamilton West	-	Sale of Property	Cash Flow	2,039,641
Helen Swindells (Mpower)	6.00	2024	Monthly	49,557
Rockwood Landing (Mpower)	6.00	2025	Monthly	42,462
Rockwood Landing	3.86	2029	Maturity Date	317,197
St. Francis LLC	3.38	2050	Monthly	3,645,335
Sequoia Square	3.00	2031	Monthly	68,540
St. Francis LLC	-	Sale of Property	Cash Flow	5,241,162
Sequoia Square	8.08	2031	Monthly	586,293
Sequoia Square	3.99	2031	Monthly	361,823
Sequoia Square	-	Sale of Property	Cash Flow	514,486
Lovejoy Station	3.00	2032	Monthly	2,507,774
Fountain Place	1.00	2056	Cash Flow	2,725,500
30th & SE Powell	-	2021	Converts to Grant	574,965
The Alexis	2.78	2040	Monthly	5,240,019
Gateway Park	5.10	2033	Monthly	4,992,323
Total				<u>74,407,806</u>
Less Current Portion of Notes Payable				<u>(1,782,760)</u>
Total Notes Payable - Long-Term				<u>\$ 72,625,046</u>

(\*) Note: Calendar Year of Final Maturity Date

Notes payable includes those notes related to equity gap financing. Equity gap financing is utilized to fund the difference between project costs and sources of construction and permanent financing. These notes bear interest rates between 0.00% and 8.08% with maturities due up through 2058 except for certain equity gap notes, which are not payable unless the property is sold.

A summary of activity of Home Forward's notes payable for the year ended December 31, 2019 is as follows:

Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019
<u>\$ 70,533,444</u>	<u>\$ 5,824,965</u>	<u>\$ (1,950,603)</u>	<u>\$ 74,407,806</u>

**NOTE 10 NOTES PAYABLE (CONTINUED)**

Minimum debt payments due over the next five years and thereafter in five-year increments are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,782,760	\$ 1,754,119
2021	1,826,840	1,718,232
2022	2,260,498	1,629,362
2023	4,046,237	1,499,789
2024	5,166,014	1,282,776
2025 - 2029	10,616,996	5,108,191
2030 - 2034	10,655,362	3,667,548
2035 - 2039	4,550,082	2,087,332
2040 - 2044	7,188,106	1,429,548
2045 - 2049	3,041,480	184,840
2050 - 2054	1,255,785	2,432
2055 - 2058	2,875,500	-
Total	<u>55,265,660</u>	<u>20,364,169</u>
Notes With No Set Maturity	19,142,146	-
Total	<u>\$ 74,407,806</u>	<u>\$ 20,364,169</u>

**NOTE 11 BONDS PAYABLE**

Bonds payable of Home Forward, which are secured by mortgages on the respective properties, consist of the following as of December 31, 2019:

<u>Property</u>	<u>Bond Type</u>	<u>Interest Rate</u>	<u>Final Maturity Year</u>	<u>Balance</u>
Dawson Park 2012	Fixed	-	2027	\$ 1,020,655
New Market West 2012	Variable	-	2038	3,104,906
Pearl Court	Fixed	-	2027	3,115,000
Gretchen Kafoury	Fixed	-	2034	3,640,000
Hamilton West	Fixed	-	2034	3,135,000
Yards at Union Station	Fixed	-	2029	3,660,000
Lovejoy Station	Fixed	1.10	2034	8,200,000
Fountain Place	Fixed	-	2034	2,259,540
Total				<u>28,135,101</u>
Less: Current Portion of Bonds Payable				<u>(1,657,921)</u>
Total				26,477,180
Plus Unamortized Premiums				258,422
Less: Unamortized Discounts				<u>(95,469)</u>
Total				<u>\$ 26,640,133</u>

**NOTE 11 BONDS PAYABLE (CONTINUED)**

A summary of activity of Home Forward’s bonds payable for the year ended December 31, 2019 is as follows:

Balance January 1, 2019	Draws	Repayments	Balance December 31, 2019
<u>\$ 29,743,872</u>	<u>\$ -</u>	<u>\$ (1,608,771)</u>	<u>\$ 28,135,101</u>

Minimum debt payments due over the next five fiscal years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,657,921	\$ 1,080,612
2021	1,708,142	1,023,981
2022	1,763,504	965,325
2023*	4,263,117	903,249
2024	1,718,946	769,906
2025 - 2029	8,422,016	2,709,085
2030 - 2034	8,601,455	1,174,534
Total	<u>\$ 28,135,101</u>	<u>\$ 8,626,692</u>

For the variable rate debt, the December 31, 2019 interest rate of 2.74% was used for the New Market West 2012 Bonds.

\*Final debt payments for New Market West 2012 Bonds are assumed to be made on August 1, 2023, upon the expiration of the associated swap instrument.

**NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS**

Home Forward issued Multi-Family Housing Revenue Bonds, Tax-Exempt Tax Credit Notes Receivable and Taxable Tax Credit Notes Receivable for the purpose of providing financing to Internal Revenue Service Section 42 Partnerships (see Note 7 and Note 18) in which Home Forward has an ownership interest. The Partnerships are required to make payments on the Notes Receivable to Home Forward, the General Partner of the Partnerships, sufficient to make required debt service payments on the Bonds. Bonds payable—partnerships and the corresponding notes receivable—partnerships consist of the following at December 31:

**NOTE 12 BONDS PAYABLE AND NOTES RECEIVABLE – PARTNERSHIPS (CONTINUED)**

Property	Bond Type	Interest Rate	Final Maturity Year	Balance
Lloyd Housing Limited Partnership	Variable	- %	2036	\$ 38,300,000
Civic Redevelopment Limited Partnership	Variable	-	2038	7,800,000
Trouton Limited Partnership	Variable	-	2037	4,930,000
Cecelia Limited Partnership	Variable	-	2035	3,005,000
Stephens Creek Crossing North LP	Fixed	-	2031	2,856,851
Humboldt Gardens Limited Partnership	Fixed	-	2040	830,000
West's Limited Partnership	Fixed	-	2052	13,016,698
Woods East Limited Partnership	Fixed	-	2052	15,413,130
Square Manor Limited Partnership	Fixed	-	2035	4,132,900
North Limited Partnership	Variable	-	2021	44,495,318
Total				134,779,897
Less: Current Portion of Bonds Payable				(39,134,257)
Total Bonds Payable and Notes Receivable - Partnerships				\$ 95,645,640

\*For the variable rate debt, the December 31, 2019, interest rate, as provided above, was used for the future interest calculation.

A summary activity of Home Forward's bonds payable at December 31, 2019 is as follows:

Balance January 1, 2019	Draws	Repayments	Balance December 31, 2019
\$ 112,888,502	\$ 28,358,930	\$ (6,467,535)	\$ 134,779,897

Minimum debt payments due over the next five fiscal years and thereafter are as follows:

Year Ending December 31,	Principal	Interest
2020	\$ 39,134,257	\$ 1,877,327
2021	45,362,412	1,841,539
2022	785,917	1,804,068
2023	820,769	1,766,426
2024	856,694	1,727,552
2025 - 2029	4,918,278	7,988,805
2030 - 2034	7,698,517	6,442,084
2035 - 2039	19,399,856	4,098,736
2040 - 2044	5,176,172	2,789,764
2045 - 2049	6,377,031	1,588,905
2050 - Thereafter	4,249,994	264,026
Total	\$ 134,779,897	\$ 32,189,232

## NOTE 13 DERIVATIVE INSTRUMENTS

Home Forward issued variable rate demand bonds and notes for its New Market West headquarters building and for three separate projects: Cecelia Limited Partnership (Cecelia), Trouton Limited Partnership (Trouton), and Civic Redevelopment Limited Partnership (Civic).

The bonds for each have the following common characteristics:

- Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.
- The LOCs and CEA are intended not only to provide security to bondholders, but also to make periodic interest payments for which Home Forward regularly reimburses the banks.
- The banks act as a remarketing agent, reselling at market rates any bonds sold by bondholders. They have committed to repurchase bonds that cannot be resold on the open market.
- New Market West's interest rates are recalculated monthly, based on the rate at which bond can be remarketed. Interest rates for other bonds are recalculated weekly, based on the rate at which bonds can be remarketed.
- The annual remarketing fee on the outstanding amount of the bonds is 0.08% (Civic), 0.10% (Trouton) and 0.125% (Cecelia). New Market West is not subject to an annual remarketing fee.
- For bonds where the underlying financed asset is not the pledge for the bonds, the underlying credit for the bonds is the general funds of Home Forward.

Civic Redevelopment Limited Partnership entered into a swap agreement with Freddie MAC. The new agreement caps the variable rate on the bonds to 3.6625%. The agreement is set to expire on September 1, 2023. In conjunction with the sale of Cecelia, Trouton, and New Market West-2012 bonds, Home Forward entered into interest rate swap agreements. Home Forward uses interest rate swap agreements in order to reduce the volatility related to variable rate interest debt, or market risk. The swap agreements effectively convert the interest rate on variable rate debt to a fixed rate. These swaps call for Home Forward to receive interest at a variable rate and to pay interest at a fixed rate.

### NOTE 13 DERIVATIVE INSTRUMENTS (CONTINUED)

The Cecelia bonds mature in 2035. The variable rate on the bonds was 1.75% as of December 31, 2019. The swap instrument associated with the remaining bonds matures July 1, 2021, and is fixed at 4.39% on a notional amount of \$3.005 million at December 31, 2019 for which Home Forward receives the 30 day SIFMA rate. The fair values loss of the swap was \$148,288 as of December 31, 2019.

The Trouton bonds mature in 2038. The variable rate on the bonds was 1.74% as of December 31, 2019. The swap instrument associated with the remaining bonds matures July 1, 2022, and is fixed at 4.188% on a notional amount of \$4.85 million at December 31, 2019 for which Home Forward receives the 30 day SIFMA rate. The fair values loss of the swap was \$360,454 as of December 31, 2019.

New Market West bonds mature in 2038. The variable rate on the bonds was 2.75 % as of December 31, 2019. The bond documents were amended effective December 31, 2018 to waive the requirement for the mandatory purchase of the bonds and waives the requirement of the 45 day notice. The swap instrument associated with the remaining bonds mature August 1, 2023 and is fixed at 1.73% on a notional amount of the outstanding principal of the New Market Bonds Series 2012 up to \$4.21 million for which Home Forward receives 78.5% of the 30 day LIBOR rate. The fair value loss of the swap was \$3,211 as of December 31, 2019.

The fair value of the swap instruments is calculated from proprietary models using a mid-market basis. The change in fair market value of Home Forward's swap transactions for the years ended December 31, 2019 was a decrease of \$59,845. The fair value of the swap instruments is reflected as derivative instruments liability on the basic financial statements and are offset by corresponding deferred outflows of resources - derivative instruments.

There are certain risks associated with any hedging investment. These risks include credit risk, basis risk, termination risk, rollover risk, interest rate risk, and market access risk.

- *Credit Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.
- *Basis Risk* – Risk is minimized for the Cecilia and Trouton deals as both the underlying debt pays out based on weekly auction rates and the SIFMA rate is an average of auction rate activity.
- *Termination Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.



## NOTE 13 DERIVATIVE INSTRUMENTS (CONTINUED)

- *Rollover Risk* – Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.
- *Interest Rate Risk* – Home Forward’s swaps are structured to reduce Home Forward’s exposure to interest rate risk by converting a variable rate to a fixed rate.
- *Market Access Risk* – Market access risk is the risk that a government will not be able to enter credit markets or that credit will become costlier. The ability to sell auction rate securities (ARS) in an auction may be adversely affected if there are not sufficient buyers willing to purchase all the ARS at a rate equal to or less than the ARS maximum rate. In the event of failed auctions, the bonds may default to a higher rate as defined in the bonds’ official statements.

## NOTE 14 RETIREMENT PLANS

### Plan Descriptions

Home Forward is a participating employer in the State of Oregon Public Employees’ Retirement System (PERS). PERS, a cost sharing multiple employer defined benefit plan and a fiduciary fund of the state of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees’ Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700, or by calling 1-888-320-7377.

As a member of PERS, Home Forward contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost sharing multiple-employer defined benefit other post-employment benefit (OPEB) plan administered by PERS.

### Actuarial Assumptions for the Calculation of Pension and OPEB Assets, Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension and OPEB

As both plans are administered by PERS, many of the actuarial assumptions were the same for the pension plan and OPEB-RHIA plan. Refer to Note 15 and Note 16 for pension or OPEB-RHIA specific assumptions, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions for the Calculation of Pension and OPEB Assets, Liabilities, Pension and OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension and OPEB (Continued)**

The total pension and OPEB liabilities based on the December 31, 2017 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	December 31, 2017 rolled forward to June 30, 2019
Measurement Date	June 30, 2019
Experience Study Report	2016, Published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.20%
Inflation	2.50%
Projected Salary Increases	3.50% Overall Payroll Growth
Investment Rate of Return	7.20%
Mortality	Health Retirees and Beneficiaries: RP2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-back as described in the valuation.  Active Members: RP-2014 employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.  Disabled Retirees: RP2014 disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

**NOTE 14 RETIREMENT PLANS (CONTINUED)**

**Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00 %	3.49 %
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap U.S. Equities	15.75	6.30
Small Cap U.S. Equities	1.31	6.69
Micro Cap U.S. Equities	1.31	6.80
Developed Foreign Equities	13.10	6.71
Emerging Foreign Equities	4.13	7.45
Non-U.S. Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund - Event-Driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Total	<u>100.00 %</u>	
Assumed Inflation - Mean		2.50

## NOTE 15 PENSION

### **PERS Pension (Defined Benefits)**

Home Forward is a participant of the PERS pension program. PERS benefits, as described by the PERS 2019 Comprehensive Annual Financial Report are as follows:

#### Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

#### Death Benefits

Upon the death of a nonretired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in an PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of \$30 per month for deaths that occur July 30, 2003, and earlier; \$200 per month for deaths that occur after July 30, 2003.

## **NOTE 15 PENSION (CONTINUED)**

### **PERS Pension (Defined Benefits) (Continued)**

#### Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

#### Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0%.

### **OPSRP Pension Programs**

Home Forward is a participant of the pension programs, a hybrid defined benefit/defined contribution plan for those employees hired after August 29, 2003. OPSRP benefits, as described by the PERS 2019 Comprehensive Annual Financial Report are as follows:

#### OPSRP Pension Benefits (Defined Benefit)

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

#### General Service

1.5% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

#### Death Benefits

Upon the death of a nonretired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50% of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 1/2 years.

## NOTE 15 PENSION (CONTINUED)

### **OPSRP Pension Programs (Continued)**

#### Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45% of the member's salary determined as of the last full month of employment before the disability occurred.

#### OPSRP Individual Account Program (Defined Contribution)

Pension Benefits: Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution amount, or the frequency of the installments will be adjusted to reach that minimum.

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

#### Death Benefits

Upon the death of a nonretired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

### **Risk Pooling**

In 2001, the Oregon legislature amended ORS 238.227 allowing for local government entities to pool their PERS pension assets and liabilities with the state of Oregon and other organizations joining the pool. Contribution rates are actuarially determined based on the experience of the overall pool as opposed to the potentially more volatile experience of the individual member. On January 19, 2010, Home Forward's Board of Commissioners approved Home Forward's inclusion in the State & Local Government Rate Pool (SLGRP).

## NOTE 15 PENSION (CONTINUED)

### Funding Status

Employees who are OPSRP members are required by state statute to contribute 6.0% of their salary to OPSRP and employers may agree to pay this required contribution. Home Forward pays the employee's required contribution for all represented employees and nonrepresented employees hired before April 1, 2012. Additionally, employers are required to contribute actuarially computed amounts as determined by PERS on actuarial valuations performed at least every two years. Rates are subject to change as a result of subsequent actuarial valuations and legislative actions.

Employer contribution rates in effect July 1, 2019 to June 30, 2021 are:

<u>Annual Period Ending</u>	<u>Tier 1/Tier 2</u>	<u>OPSRP</u>
Pension Contribution Rate	20.69 %	14.96 %
Retiree Health Care Rate	0.70	0.43
Total Employer Contribution	<u>21.39 %</u>	<u>15.39 %</u>

Employer contribution rates in effect July 1, 2017 to June 30, 2019 are:

<u>Annual Period Ending</u>	<u>Tier 1/Tier 2</u>	<u>OPSRP</u>
Pension Contribution Rate	17.01 %	10.94 %
Retiree Health Care Rate	0.50	0.43
Total Employer Contribution	<u>17.51 %</u>	<u>11.37 %</u>

The amount contributed by Home Forward for the year ended December 31, 2019 was approximately \$3,388,064 which represents the required contributions for both the employee and the employer for the year presented.

### Net Pension Assets and Liabilities

At December 31, 2019, Home Forward reported a liability of \$24,774,611 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuations as of December 31, 2017 rolled forward to June 30, 2019. Home Forward's proportion of the net pension liability was based on a projection Home Forward's log-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, Home Forward's proportion was 0.14322567% which increased from its proportion of 0.1416116% measured as of June 30, 2018.

**NOTE 15 PENSION (CONTINUED)**

**Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended December 31, 2019, Home Forward recognized pension expense of \$3,334,143 and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,180,433	\$ -
Net Differences Between Expected and Actual Experience	1,366,247	-
Changes in Assumptions	3,360,959	-
Net Differences Between Projected and Actual Earnings on Plan Investments	-	702,335
Changes in Proportion	209,844	945,842
Difference Between the Employer's Contributions and the Employer's Proportion Share of Contributions	-	534,639
Total	<u>\$ 6,117,483</u>	<u>\$ 2,182,816</u>

The amount of \$1,180,433 reported as of the year ended December 31, 2019 as deferred outflow of resources related to pensions resulting from Home Forward contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ 1,959,094
2021	(149,893)
2022	406,509
2023	503,161
2024	35,363
Total	<u>\$ 2,754,234</u>



**NOTE 15 PENSION (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Home Forward's Proportionate Share of the Net Pension Liability and Net Pension Asset to Changes in the Discount Rate**

The following presents the Home Forward's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.20%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.20%) or 1% higher (8.20%) than the current rate:

Home Forward's proportionate share of net pension liability at measurement date June 30, 2019:

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
<u>\$ 39,674,341</u>	<u>\$ 24,774,611</u>	<u>\$ 12,305,589</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

**Payables to the Pension Plan**

The balance of PERS payable as of the year ended December 31, 2019 was \$307,103. This balance is recorded in other accrued liabilities on the statement of net position.

**NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Retirement Health Insurance Account (RHIA)**

RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statutes (ORS) 238.420 established this trust fund. The Oregon legislature has the ability to establish and amend the benefit provisions of the RHIA. The plan closed to new entrants after August 29, 2003. The Schedule of Employer Allocations and OPEB Amounts by Employer along with PERS audited financial statements and the Schedule of OPEB Amounts under GASB Statement No. 75 prepared by PERS' third-party actuaries as of and for the year ended June 30, 2019 (the measurement period) may be obtained online at <https://www.oregon.gov/pers> or by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700, or by calling 1-888-320-7377.

**NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Retirement Health Insurance Account (RHIA) (Continued)**

ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premium coverage, whichever is less, shall be paid from the RHIA, established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment the member must 1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, 2) receive both Medicare Parts A and B coverage, and 3) enroll in a PERS sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the benefit if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Employer contributions are advance-funded on an actuarially determined basis and amounted to \$119,254 for the year ended December 31, 2019. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in health care costs. Participating employees are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.50% of annual covered PERS payroll and 0.43% of OPSRP payroll. The PERS board sets the employer contribution rate based on creditable compensation for active members reported by employers. Effective March 31, 2018, Home Forward adopted GASB Statement No. 75 where Home Forward recognizes a liability as the employees earn benefits by providing services. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

**Net OPEB Asset/Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2019, Home Forward reported an asset of \$284,501 for its proportionate share of the collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the collective net OPEB asset was determined by an actuarial valuation as of December 31, 2017, rolled forward to June 30, 2019.. Home Forward's proportion of the collective net OPEB assets was based on a projection of Home Forward's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2019 measurement date, Home Forward's proportion was 0.14722967%, which increased from its proportion measured as of June 30, 2018 (0.13862370%).

**NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Net OPEB Asset/Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the year ended December 31, 2019, Home Forward recognized a decrease in OPEB expense of \$148,280 and reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contribution Subsequent to Measurement Date	\$ 66,657	\$ -
Differences Between Expected and Actual Experience	-	37,517
Changes in Assumptions	-	295
Net Differences Between Projected and Actual Earning on Plan Investments	-	17,561
Changes in Proportionate Share	243	5,317
Total	<u>\$ 66,900</u>	<u>\$ 60,690</u>

Amounts reported as deferred outflow and inflow of resources related to OPEB will be recognized in Home Forward's OPEB expense as follows:

<u>Year Ending December 31,</u>	Deferred Outflows (Inflows) of Resources
2020	\$ (31,121)
2021	(27,659)
2022	(3,475)
2023	1,808
Total	<u>\$ (60,447)</u>

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

**NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Sensitivity of Home Forward’s Proportionate Share of the Collective Net OPEB Asset to Changes in the Discount Rates**

The following presents Home Forward’s proportionate share of the collective net OPEB asset, as well as what Home Forward’s proportionate share of the collective net OPEB asset at the measurement date June 30, 2019 would be if it were calculated using a discount rate that is 1% lower (6.20%) or 1% higher (8.20%) than the current rate:

<u>1% Decrease</u>	<u>Current Rate (7.20%)</u>	<u>1% Increase</u>
<u>\$ (220,562)</u>	<u>\$ (284,501)</u>	<u>\$ (338,982)</u>

**Home Forward Health Benefit Retiree Program (HBRP) (Implicit Benefit Subsidy)**

The Health Benefit Retiree Program is a post-employment single employee benefit plan that provides health insurance to eligible Home Forward retirees. As a condition of participation in PERS, Home Forward is required to offer healthcare insurance coverage to retirees and their spouses until the retired employee reaches the age for obtaining Medicare coverage. Under this requirement, the employer is required to provide access to the same plan(s) available for current employees. Though Home Forward does not pay any portion of the retiree’s healthcare insurance, the retired employee receives an implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees.

As Home Forward pays none of the premiums of health insurance coverage for retirees from age 58 to 65, Home Forward has not established and does not intend to establish a trust fund to supplement the costs for other post-employment benefit obligation related to this implicit benefit. Home Forward’s regular health care benefit providers underwrite the retirees’ policies. Retirees may not convert the benefit into an in lieu payment to secure coverage under independent plans. At December 31, 2019 there were nine retirees and/or surviving spouses receiving the post-employment implicit healthcare benefits.

Effective March 31, 2018, Home Forward adopted GASB Statement No. 75 where Home Forward recognizes a liability as the employees earn benefits by providing services. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

**NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

As of the year ended December 31, 2019, Home Forward reported a total OPEB liability of \$887,379, for its implicit benefit subsidy.

The following table shows the changes in the total OPEB liability for the year ended December 31, 2019:

	Total OPEB Liability
Balance, Beginning of Year	\$ 900,487
Benefit Payments	(98,600)
Service Cost	50,593
Interest on Total OPEB Liability	34,899
Balance, End of Year	<u>\$ 887,379</u>

For the year ended December 31, 2019, Home Forward recognized OPEB expense of \$92,438.

As of December 31, 2019, Home Forward reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 123,219
Changes of Assumptions or Other Inputs	515,236
Total	<u>\$ 638,455</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in Home Forward's OPEB expenses as follows:

<u>Year Ending December 31,</u>	Deferred Inflows of Resources - OPEB HBRP
2020	\$ (79,330)
2021	(79,330)
2022	(79,330)
2023	(79,330)
2024	(79,330)
All Subsequent Years	(241,805)
Total	<u>\$ (638,455)</u>

**NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions for Implicit Benefit Subsidy**

Certain actuarial assumptions for the Implicit Benefit subsidy calculation are from the actuarial report as of December 31, 2018. Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2017 actuarial valuation of the Oregon Public Employees Retirement System and are updated after each new PERS actuarial valuation is completed. For the other demographic assumptions such as entrance and persistence, the experience study was completed in December 2018.

Valuation Date	December 31, 2018
Measurement Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Investment return assumption equal to expectation of Home Forward's own investment funds
Interest Discount Rate	4.1% per year
Medical Cost Annual Trend Rate	General inflation rate of 2.5%
Dental Cost Annual Trend Rate	General inflation rate of 2.5%
Mortality Rates	Rates of mortality for active male employees are 75% of the male generational rates and rate of mortality for active female employees are 60% of the female generational rates.

**Long-Term Expected Rate of Return**

The 4.10% discount rate assumption is the December 31, 2018 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This discount rate represents the long-term investment yield on Home Forward's assets.

**Sensitivity of Total OPEB Liability to Changes in the Discount Rates**

The following presents what Home Forward's total OPEB liability at December 31, 2019 would be if it were calculated using a discount rate that is 1% lower (3.10%) or 1% higher (5.10%) than the current rate:

1% Decrease	Current Rate (4.10%)	1% Increase
<u>\$ 960,557</u>	<u>\$ 887,379</u>	<u>\$ 820,099</u>

**NOTE 16 OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)**

**Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents what Home Forward’s total OPEB liability at December 31, 2019 would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current health care cost trend rates

<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
<u>\$ 791,756</u>	<u>\$ 887,379</u>	<u>\$ 1,000,327</u>

**NOTE 17 DEFERRED COMPENSATION PLAN**

Home Forward offers employees an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Home Forward’s employees, permits them to defer a portion of their salary to future years. Annual deferrals are limited to the lesser of \$19,000 or 100% of includable compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. This plan is administered by a third party and is not included in Home Forward’s basic financial statements.

**NOTE 18 BLENDED COMPONENT UNITS**

Home Forward Development Enterprises (HFDE) supports all of Home Forward’s development and housing operations. St. Francis, LLC was formed September 17, 2015 as a result of the purchase of St. Francis Limited Partnership, due to a condition of refinancing the debt. On March 1, 2018, Key Community Development Corporation transferred their interest in Gateway Park Apartments Limited Partnership as the Limited Partner to HFDE. These entities are collectively referred as blended component units in this footnote.

**NOTE 18 BLENDED COMPONENT UNITS (CONTINUED)**

The condensed statements of net position of the blended component units are as follows as of December 31, 2019:

	Home Forward Development Enterprises	St. Francis, LLC	Gateway LP
<b>Assets</b>			
Current Assets	\$ 6,760,008	\$ 1,144,530	\$ 925,602
Noncurrent Assets	38,769,596	-	-
Capital Assets	-	7,253,368	4,690,253
Total Assets	<u>\$ 45,529,604</u>	<u>\$ 8,397,898</u>	<u>\$ 5,615,855</u>
<b>Liabilities</b>			
Current Liabilities	\$ 61,625	\$ 212,476	\$ 611,090
Noncurrent Liabilities	-	8,818,160	4,739,374
Total Liabilities	<u>61,625</u>	<u>9,030,636</u>	<u>5,350,464</u>
<b>Net Position</b>			
Restricted	-	441,373	-
Unrestricted	45,467,979	(1,074,111)	265,391
Total Net Position	<u>45,467,979</u>	<u>(632,738)</u>	<u>265,391</u>
Total Liabilities and Net Position	<u>\$ 45,529,604</u>	<u>\$ 8,397,898</u>	<u>\$ 5,615,855</u>

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**NOTE 18 BLENDED COMPONENT UNITS (CONTINUED)**

The condensed statements of revenues, expenses, and changes in net position of the blended component units are as follows for the year ended December 31, 2019:

	Home Forward Development Enterprises	St. Francis, LLC	Gateway LP
<b>Operating Revenues</b>			
Dwelling Rental	\$ -	\$ 860,154	\$ 1,519,997
Nondwelling Rental	-	136,694	5,569
Other	-	27,262	31,289
Total Operating Revenues	-	1,024,110	1,556,855
<b>Operating Expenses</b>			
Administration	905,644	280,749	235,137
Tenant Services	-	-	17,640
Program Expense	-	-	12,534
Utilities	-	162,453	355,156
Maintenance	-	157,054	368,656
Depreciation	-	193,972	330,042
General and Other	4,250	85,716	58,527
Total Operating Expenses	909,894	879,944	1,377,692
<b>Operating Income (Loss)</b>	(909,894)	144,166	179,163
<b>Nonoperating Revenues (Expenses)</b>			
Investment Income	1,088,915	1,780	3,032
Interest Expense	-	(133,074)	(260,790)
Other Nonoperating Expenses	-	(33,019)	-
Total Nonoperating Revenues (Expenses)	1,088,915	(164,313)	(257,758)
<b>Increase (Decrease) in Net Position</b>	179,021	(20,147)	(78,595)
Net Position - Beginning of Year	45,288,958	(612,591)	343,986
<b>Net Position - End of Year</b>	<u>\$ 45,467,979</u>	<u>\$ (632,738)</u>	<u>\$ 265,391</u>

## NOTE 18 BLENDED COMPONENT UNITS (CONTINUED)

The statement of cash flows of the blended component units are as follow:

	Home Forward Development Enterprises	St. Francis, LLC	Gateway LP
<b>Cash Flows from Operating Activities</b>			
Receipts from Tenants and Landlords	\$ -	\$ 976,005	\$ 1,551,159
Receipts from Others	119,280	15,327	31,290
Payments to and on Behalf of Employees	-	(239,314)	(205,974)
Payments to Vendors, Contractors, and Others	(909,943)	(429,464)	(707,359)
Total Cash Provided (Used) by Operating Activities	(790,663)	322,554	669,116
<b>Cash Flows from Capital and Related Financing Activities</b>			
Interest Paid on Notes and Bonds Payable	-	(124,443)	(261,301)
Principal Payments on Notes Payable	-	(133,588)	(240,398)
Refund of Cash Restricted for Deposits Payable	-	(350)	-
Acquisition and Construction of Capital Assets	-	-	(115,404)
Change in Investment in Partnership	-	(742)	-
Total Cash Provided (Used) by Capital and Related Financing Activities	-	(259,123)	(617,103)
<b>Cash Flows from Investing Activities</b>			
Increase in Accrued Interest on Notes Payable	(193,669)	-	-
Collections on Notes Receivable	673,163	-	-
Change in Due from Partnerships	8,122	5,151	123
Investment Income Received	969,635	1,780	3,032
Total Cash Provided by Investing Activities	1,457,251	6,931	3,155
<b>Net Increase in Cash and Cash Equivalents</b>	666,588	70,362	55,168
Cash and Cash Equivalents - Beginning of Year	4,603,203	1,050,886	857,117
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 5,269,791</u>	<u>\$ 1,121,248</u>	<u>\$ 912,285</u>

**NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION**

Home Forward is the General Partner and holds a 0.01% to 1% interest in each of the following limited partnerships (see Note 2 and Note 7). Summarized partnership information as of and for the year ended December 31, 2019 is as follows:

	North Group	East Group	Trouton	Woolsey	Civic Redevelopment	Humboldt Gardens	1115 SW 11th Avenue
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ 2,205,136	\$ 1,237,684	\$ 771,381	\$ 730,150	\$ 113,056	\$ 119,974	\$ 374,513
Cash and Cash Equivalents - Restricted	3,478,162	1,861,360	1,502,056	1,298,785	2,682,813	1,264,955	1,081,598
Accounts Receivables	22,858	40,518	18,311	4,482	4,266	14,987	3,522
Other Assets	1,216,147	4,939,596	448,863	88,907	550,976	176,385	37,771
Capital Assets, Net	85,057,391	39,796,549	22,528,264	9,893,924	11,528,779	19,644,291	11,301,116
Total Assets	<u>\$ 91,979,694</u>	<u>\$ 47,875,707</u>	<u>\$ 25,268,875</u>	<u>\$ 12,016,248</u>	<u>\$ 14,879,890</u>	<u>\$ 21,220,592</u>	<u>\$ 12,798,520</u>
<b>LIABILITIES AND NET POSITION</b>							
<b>LIABILITIES</b>							
Current Liabilities	\$ 10,859,753	\$ 8,821,254	\$ 692,906	\$ 401,026	\$ 1,198,003	\$ 230,736	\$ 104,836
Long-Term Liabilities	83,318,666	38,174,484	31,366,581	4,892,559	14,732,521	21,147,816	11,236,289
<b>NET POSITION</b>							
Net Investment in Capital Assets	2,820,613	2,025,271	(7,948,409)	5,242,801	(418,663)	(59,045)	76,294
Restricted	-	-	-	-	-	-	-
Funds Held in Trust	1,985	3,001	1,051,483	616,784	500,529	761,772	852,473
Unrestricted (Deficit)	(5,021,323)	(1,148,303)	106,314	863,078	(1,132,500)	(860,687)	528,628
Total Liabilities and Net Position	<u>\$ 91,979,694</u>	<u>\$ 47,875,707</u>	<u>\$ 25,268,875</u>	<u>\$ 12,016,248</u>	<u>\$ 14,879,890</u>	<u>\$ 21,220,592</u>	<u>\$ 12,798,520</u>
Operating Revenues	\$ 3,746,498	\$ 1,796,744	\$ 3,179,811	\$ 1,414,123	\$ 1,457,397	\$ 1,324,714	\$ 1,144,760
Operating Expenses	(6,612,226)	(1,978,048)	(4,560,448)	(2,248,699)	(1,662,067)	(2,355,577)	(1,301,010)
Operating Income (Loss)	(2,865,728)	(181,304)	(1,380,637)	(834,576)	(204,670)	(1,030,863)	(156,250)
Nonoperating Revenues	190	-	32,166	3,039	36,173	30,880	20,463
Nonoperating Expenses	(902,699)	(271,771)	(405,545)	(196,803)	(568,876)	(249,119)	(11,467)
Loss Before Capital Contributions	(902,509)	(271,771)	(373,379)	(193,764)	(532,703)	(218,239)	8,996
Capital Contributions	-	1,333,044	-	-	-	-	-
Change in Net Position	(3,768,237)	879,969	(1,754,016)	(1,028,340)	(737,373)	(1,249,102)	(147,254)
Prior Period Adjustment / Equity Transfer	36,821,778	-	-	-	-	-	-
Beginning Net Position, As Restated	1,569,512	-	(5,036,596)	7,751,003	(313,261)	1,091,142	1,604,649
Ending Net Position	<u>\$ (2,198,725)</u>	<u>\$ 879,969</u>	<u>\$ (6,790,612)</u>	<u>\$ 6,722,663</u>	<u>\$ (1,050,634)</u>	<u>\$ (157,960)</u>	<u>\$ 1,457,395</u>

**NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)**

	RAC Housing	Stephens Creek Crossing South	Stephens Creek Crossing North	Beech Street	West	Woods East
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 346,651	\$ 151,309	\$ 289,045	\$ 316,069	\$ 2,769,087	\$ 3,437,410
Cash and Cash Equivalents - Restricted	1,491,630	499,171	798,766	209,130	1,362,415	1,850,420
Accounts Receivables	69,621	22,355	33,116	2,897	53,933	70,797
Other Assets	43,489	60,729	206,781	64,767	1,474,511	1,874,502
Capital Assets, Net	23,410,549	9,837,733	18,013,214	7,516,757	45,306,149	51,792,515
Total Assets	<u>\$ 25,361,940</u>	<u>\$ 10,571,297</u>	<u>\$ 19,340,922</u>	<u>\$ 8,109,620</u>	<u>\$ 50,966,095</u>	<u>\$ 59,025,644</u>
<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES</b>						
Current Liabilities	\$ 229,731	\$ 87,172	\$ 157,181	\$ 72,474	\$ 506,616	\$ 535,696
Long-Term Liabilities	5,227,924	4,477,254	17,103,116	1,287,996	34,723,401	42,781,332
<b>NET POSITION</b>						
Net Investment in Capital Assets	18,182,625	5,344,405	858,900	6,235,450	11,242,059	9,547,457
Restricted	-	-	-	-	-	-
Funds Held in Trust	634,284	489,321	775,460	191,130	965,543	1,372,424
Unrestricted (Deficit)	1,087,376	173,145	446,265	322,570	3,528,476	4,788,735
Total Liabilities and Net Position	<u>\$ 25,361,940</u>	<u>\$ 10,571,297</u>	<u>\$ 19,340,922</u>	<u>\$ 8,109,620</u>	<u>\$ 50,966,095</u>	<u>\$ 59,025,644</u>
Operating Revenues	\$ 2,933,515	\$ 667,119	\$ 1,080,350	\$ 531,966	\$ 3,590,607	\$ 4,398,132
Operating Expenses	(2,946,276)	(1,032,407)	(1,738,472)	(799,887)	(3,804,002)	(5,142,476)
Operating Income (Loss)	(12,761)	(365,288)	(658,122)	(267,921)	(213,395)	(744,344)
Nonoperating Revenues	-	6,159	22,409	1,909	74,776	95,745
Nonoperating Expenses	(38,665)	(96,768)	(131,522)	(6,632)	(1,180,629)	(1,206,865)
Loss Before Capital Contributions	(38,665)	(90,609)	(109,113)	(4,723)	(1,105,853)	(1,111,120)
Capital Contributions	-	-	-	-	290,425	1,268,130
Change in Net Position	(51,426)	(455,897)	(767,235)	(272,644)	(1,028,823)	(587,334)
Prior Period Adjustment / Equity Transfer	-	-	-	-	8,834,550	25,144,483
Beginning Net Position, As Restated	19,955,711	6,462,768	2,847,860	7,021,794	16,764,901	16,295,950
Ending Net Position	<u>\$ 19,904,285</u>	<u>\$ 6,006,871</u>	<u>\$ 2,080,625</u>	<u>\$ 6,749,150</u>	<u>\$ 15,736,078</u>	<u>\$ 15,708,616</u>

**NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)**

	Haven	Cecelia	The Jeffrey Apartments	Square Manor	Lloyd Housing	Total
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 107,276	\$ 248,932	\$ 265,022	\$ 332,888	\$ 28,480	\$ 13,844,063
Cash and Cash Equivalents - Restricted	421,912	1,211,928	814,291	594,382	844,257	23,268,031
Accounts Receivables	759	3,316	10,019	27,863	17,373	420,993
Other Assets	37,624	148,579	17,150	268,137	640,016	12,294,930
Capital Assets, Net	3,242,664	9,406,162	9,811,540	16,122,550	63,368,684	457,578,831
Total Assets	<u>\$ 3,810,235</u>	<u>\$ 11,018,917</u>	<u>\$ 10,918,022</u>	<u>\$ 17,345,820</u>	<u>\$ 64,898,810</u>	<u>\$ 507,406,848</u>
<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES</b>						
Current Liabilities	\$ 103,300	\$ 387,024	\$ 128,535	\$ 1,043,353	\$ 9,391,089	\$ 34,950,685
Long-Term Liabilities	3,306,458	14,016,430	8,760,451	11,350,546	51,275,639	399,179,463
<b>NET POSITION</b>						
Net Investment in Capital Assets	695,331	(3,996,750)	1,051,089	5,087,311	12,200,092	68,186,831
Restricted	-	-	-	-	-	-
Funds Held in Trust	140,267	824,725	379,954	263,849	575,847	10,400,831
Unrestricted (Deficit)	(435,121)	(212,512)	597,993	(399,239)	(8,543,857)	(5,310,962)
Total Liabilities and Net Position	<u>\$ 3,810,235</u>	<u>\$ 11,018,917</u>	<u>\$ 10,918,022</u>	<u>\$ 17,345,820</u>	<u>\$ 64,898,810</u>	<u>\$ 507,406,848</u>
Operating Revenues	\$ 513,374	\$ 1,574,245	\$ 865,361	\$ 909,884	\$ 87,380	\$ 31,215,980
Operating Expenses	(820,053)	(2,412,719)	(1,222,416)	(1,421,338)	(626,908)	(42,685,029)
Operating Income (Loss)	(306,679)	(838,474)	(357,055)	(511,454)	(539,528)	(11,469,049)
Nonoperating Revenues	897	24,427	3,767	3,775	6,209	362,984
Nonoperating Expenses	(108,591)	(280,168)	-	(389,808)	(215,891)	(6,261,819)
Loss Before Capital Contributions	(107,694)	(255,741)	3,767	(386,033)	(209,682)	(5,898,835)
Capital Contributions	-	-	(27,608)	5,655,708	2,210,787	10,730,486
Change in Net Position	(414,373)	(1,094,215)	(380,896)	4,758,221	1,461,577	(6,637,398)
Prior Period Adjustment / Equity Transfer	-	-	-	-	-	70,800,811
Beginning Net Position, As Restated	814,850	(2,290,322)	2,409,932	193,700	2,770,505	79,914,098
Ending Net Position	<u>\$ 400,477</u>	<u>\$ (3,384,537)</u>	<u>\$ 2,029,036</u>	<u>\$ 4,951,921</u>	<u>\$ 4,232,082</u>	<u>\$ 73,276,700</u>

**NOTE 19 DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**Summarized Capital Assets – Discretely Presented Component Units**

Land, structures, and equipment activity of the discretely presented component units was as follows for the year ended December 31, 2019:

	Balance 12/31/18, As Restated	Additions and Transfers In	Disposals and Transfers Out	Balance 12/31/19
Land	\$ 9,470,424	\$ 149,453	\$ -	\$ 9,619,877
Construction in Progress	37,618,331	93,272,731	(64,610,907)	66,280,155
Total Capital Assets not Being Depreciated	47,088,755	93,422,184	(64,610,907)	75,900,032
Buildings and Improvements	383,414,951	90,324,005	(229,221)	473,509,735
Capital Lease	9,930,761	19,439,239	-	29,370,000
Equipment	16,709,915	1,427,257	(8,543)	18,128,629
Total	410,055,627	111,190,501	(237,764)	521,008,364
Less: Accumulated Depreciation	(122,682,364)	(16,684,393)	37,192	(139,329,565)
Total Capital Assets Being Depreciated	287,373,263	94,506,108	(200,572)	381,678,799
Total Capital Assets, Net	<u>\$ 334,462,018</u>	<u>\$ 187,928,292</u>	<u>\$ (64,811,479)</u>	<u>\$ 457,578,831</u>

**Summarized Notes Payable – Discretely Presented Component Units**

Notes payable of the discretely presented component units consist of the following:

	December 31, 2019
Notes Payable - General Partner	\$ 260,281,381
Mortgages and Other Housing Related Notes	129,110,619
Total	389,392,000
Less Current Portion	(1,169,418)
Noncurrent Portion	<u>\$ 388,222,582</u>

A summary of activity of the discretely presented component units' notes payable is as follows:

Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019
<u>\$ 316,342,373</u>	<u>\$ 76,136,636</u>	<u>\$ (3,087,009)</u>	<u>\$ 389,392,000</u>

## **NOTE 20 COMMITMENTS AND CONTINGENCIES**

### **Leases**

At December 31, 2019, Home Forward has approximately 9,863 dwelling units under lease to Section 8 landlords. The terms of these leases extend up to one year. Housing assistance payments under these leases, including FSS program contributions, for the year ended December 31, 2019 was approximately \$84,752,633.

### **Construction Commitments**

As of December 31, 2019, Home Forward had construction commitments of approximately \$32,283,434.

### **Contingent Liabilities**

Home Forward has entered into long-term use agreements with the City of Portland, Multnomah County and the State of Oregon in exchange for development funds for group homes and other projects. These agreements expire between 2019 and 2065. Repayment of an amortized portion of these funds is required if Home Forward does not use the properties according to their intended purposes. Home Forward has not and does not intend to violate those agreements. The exposure, if recorded, would be approximately \$3,329,114.

### **General Partner Operating Deficit Guarantees**

In relation to the performance of the tax credit partnerships for which Home Forward is the general partner, Home Forward has agreed to provide certain levels of funding in the event of partnership operating deficits that exceed operating reserves. The maximum amount required to fund excess operating deficits ranges from zero to the total amount of the excess operating deficit for a single partnership. As of December 31, 2019, no additional liability existed relating to excess operating deficits for any of the partnerships.

## **NOTE 21 RISK MANAGEMENT**

Home Forward operates in an industry subject to various risks of loss related to torts, theft, damage, destruction, errors and omissions, injuries to employees or participants, and natural disasters.

Home Forward contracts with Marsh & McLennan Companies (Marsh) for broker services. Annually, Marsh markets the agency's insurance coverage needs to a wide variety of insurance markets. From this effort, Marsh's comprehensive insurance program provides appropriate levels of insurance coverage for property, boiler and machinery equipment, casualty/general liability, automotive, umbrella, financial and professional lines, crime, and cyber/special risks.

Marsh's comprehensive insurance provides coverage for 2,596 affordable properties, 1 New Market West property, 676 public housing properties, and 228 special needs properties. This does not include the 497 units Home Forward's Asset Management manages as part of our inter-governmental agreement with the City of Portland.

## NOTE 21 RISK MANAGEMENT (CONTINUED)

Marsh coverage as of December 31, 2019, includes:

Liabilities	Deductible	Coverage
Property/Earthquake/Flood/Business Interruption	\$ 100,000	\$ 100,000,000
Boiler/Machinery/Equipment	5,000	100,000,000
General Liability	-	2,000,000
Automobile	500/1,000	1,000,000
Professional Liability	-	1,000,000
Umbrella Liability	-	10,000,000
Public Officials Liability	100,000	2,000,000
Fidelity and Crime	25,000	1,000,000
Special Risks	-	1,000,000
Cyber Liability	25,000	2,000,000
Lloyds/Roanoke Property Terrorism	10,000	100,000,000

Home Forward contracts with SAIF Corporation to provide workers' compensation and employer liability coverage of \$1,000,000 per incident with no deductible.

Settlements have not exceeded coverage during the last three years. Home Forward has four liability claims as of December 31, 2019.

## NOTE 22 SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact Home Forward's financial condition and operating results. However, the related financial impact and duration cannot be reasonably established at this time.

Home Forward has evaluated subsequent events through REPORT DATE, the date on which the financial statements were issued. Other than as discussed above, during this period no material subsequent events occurred which would require recognition or disclosure



**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Measurement Date	(a) Home Forward's Proportion of the Net Pension Liability (Asset)	(b) Home Forward's Proportionate Share of the Net Pension Liability (Asset)	(c) Home Forward's Covered Payroll	(b/c) Home Forward's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.14322567 %	\$ 24,774,611	\$ 18,423,720	134.47 %	80.20 %
June 30, 2018	0.14164116	21,456,770	17,357,082	123.62	82.10
June 30, 2017	0.15329650	20,644,424	13,868,333	149.00	83.10
June 30, 2016	0.15888919	23,852,957	13,704,448	174.05	80.50
June 30, 2015	0.15526214	8,914,316	14,627,116	60.94	91.90
June 30, 2014	0.16124152	(3,654,885)	13,397,903	27.28	103.60

## SCHEDULE OF PENSION CONTRIBUTIONS

Year Ended	(a) Statutorily Required Contribution	(b) Contributions in Relation to the Statutorily Required Contribution	(a-b) Contribution Deficiency (Excess)	(c) Home Forward's Covered Payroll	(b/c) Contributions as a Percent of Covered Payroll
December 31, 2019	\$ 2,044,769	\$ 2,044,769	\$ -	\$ 18,423,720	11.10 %
December 31, 2018**	1,846,617	1,846,617	-	17,357,082	10.64
March 31, 2018	1,755,769	1,755,769	-	13,868,333	12.66
March 31, 2017	1,476,588	1,476,588	-	13,704,448	10.77
March 31, 2016	1,465,817	1,465,817	-	14,627,116	10.02
March 31, 2015	1,565,938	1,565,938	-	13,397,903	11.69

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon State Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reduction the 2013 Oregon legislature made to future system Cost of Living Adjustments (COLA) through Senate Bill 822 and 861. The reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2017 to be used for the December 31, 2016 actuarial valuation, which explains the significant increase in Home Forward's proportionate share of the net pension liability for the fiscal year ended March 31, 2017.

\*Fiscal year ended March 31, 2015 was the first year of implementation of GASB Statement No. 68, therefore only six years of information is shown.

\*\*This line represents the nine-month period ended December 31, 2018, as Home Forward changed its fiscal year-end to December 31 effective April 1, 2018.

## OTHER POST EMPLOYMENT BENEFITS

### Retirement Health Insurance Account (RHIA)

#### Schedule of Changes in Net OPEB Asset and Related Ratios\*

Measurement Date	Proportion of the Net OPEB Asset	Proportionate Share of the Net OPEB Asset	Covered Payroll	Percentage of Covered Payroll
June 30, 2019	0.14722967 %	\$ 284,501	\$ 18,423,720	1.54 %
June 30, 2018	0.13862370	154,742	17,357,082	0.89
June 30, 2017	0.14138660	59,006	15,368,318	0.38

#### Schedule of OPEB Contributions\*

Year Ended	(a) Contractually Required Contribution**	(b) Contributions in Relation to the Contractually Required Contribution	(a-b) Contribution Deficiency (Excess)	(c) Covered Payroll	(b/c) Percentage of Covered Payroll
December 31, 2019	\$ 73,049	\$ 73,049	\$ -	\$ 18,423,720	0.40 %
December 31, 2018***	66,536	66,536	-	17,357,082	0.38
March 31, 2018	70,390	70,390	-	15,368,318	0.46

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

\*Schedule of changes in net OPEB asset and related ratios and schedule of OPEB contributions are presented in accordance with GASB Statement No. 75's reporting requirement. Fiscal year ended March 31, 2018 was the first year of implementation of GASB Statement No. 75, therefore only three years of information is shown.

\*\*Based on the actuarial report.

\*\*\*This line represents the nine-month period ended December 31, 2018, as Home Forward changed its fiscal year-end to December 31 effective April 1, 2018.

**OTHER POST EMPLOYMENT BENEFITS (CONTINUED)**

**Retiree Access to Home Forward Benefit Retiree Program (Implicit Benefit Subsidy)**

**Schedule of Changes in Total Liability and Related Ratios\***

	December 31, 2019***	December 31, 2018***	March 31, 2018***
Beginning of Year, January 1, 2019	\$ 900,487	\$ 1,415,327	\$ 1,384,796
Benefit Payments	(98,600)	(66,832)	67,210
Service Cost	50,593	36,662	51,747
Interest on Total OPEB Liability	34,899	42,494	(58,362)
Change in Assumptions	-	(512,048)	(15,894)
Experience (Gain) Loss	-	(15,116)	(14,170)
Total Changes	<u>(13,108)</u>	<u>(514,840)</u>	<u>30,531</u>
End of Year, December 31, 2019	<u>\$ 887,379</u>	<u>\$ 900,487</u>	<u>\$ 1,415,327</u>
Covered Payroll**	\$ 17,030,216	\$ 16,454,315	\$ 15,368,318
Total Liability as a Percentage of its Covered Payroll	5.21%	5.47%	9.21%

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

\*Schedule of changes in OPEB liability and related ratios is presented in accordance with GASB Statement No. 75's reporting requirement. Fiscal year ended March 31, 2018 was the first year of implementation of GASB Statement No. 75, therefore only three years of information is shown. Fiscal year ended December 31, 2018 information only included nine months from April 1, 2018 to December 31, 2018.

\*\*Based on the actuarial report.

\*\*\*The table above is as of the measurement date of the actuarial report. As such, the information is presented one year prior to the fiscal year ending shown.

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**OTHER SUPPLEMENTARY INFORMATION**

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	Grace Peck Terrace	Madrona	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis
<b>ASSETS AND DEFERRED OUTFLOWS</b>										
<b>CURRENT ASSETS</b>										
Cash and Cash Equivalents	\$ 1,683,767	\$ 293,895	\$ 1,215,974	\$ 1,454,034	\$ 52,426	\$ 136,132	\$ 248,106	\$ 283,335	\$ 512,663	\$ 365,984
Cash and Cash Equivalents - Restricted	16,550	177,595	11,773	15,200	149,040	662,945	472,302	1,812,419	1,049,527	759,654
Accounts Receivable, Net	2,799,903	33,873	1,378,298	1,566,575	1,560	8,089	2,133	47,094	21,990	6,632
Prepaid Expenses	708	-	1,440	170	250	15,707	5,437	8,246	3,760	16,755
Total Current Assets	4,500,928	505,363	2,607,485	3,035,979	203,276	822,873	727,978	2,151,094	1,587,940	1,149,025
<b>NONCURRENT ASSETS</b>										
Due from Partnerships, Net	-	300	-	-	-	-	-	-	-	-
Notes Receivable and Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
Capital Assets not being Depreciated	157,489	643,385	169,979	68,201	292,240	483,636	138,456	952,468	560,913	1,016,855
Capital Assets being Depreciated, Net	149,302	2,357,443	212,891	633,517	1,725,722	1,830,841	464,964	2,041,396	2,383,027	6,236,513
Total Noncurrent Assets	306,791	3,001,128	382,870	701,718	2,017,962	2,314,477	603,420	2,993,864	2,943,940	7,253,368
Total Assets	\$ 4,807,719	\$ 3,506,491	\$ 2,990,355	\$ 3,737,697	\$ 2,221,238	\$ 3,137,350	\$ 1,331,398	\$ 5,144,958	\$ 4,531,880	\$ 8,402,393
<b>LIABILITIES AND NET POSITION</b>										
<b>CURRENT LIABILITIES</b>										
Accounts Payable	\$ 22,376	\$ 49,178	\$ 24,329	\$ 27,423	\$ 85,373	\$ 196,655	\$ 148,510	\$ 50,893	\$ 43,423	\$ 9,454
Accrued Interest Payable	-	5,459	-	-	3,612	1,556,981	10,567	401,399	1,467,198	62,256
Other Accrued Liabilities	12,375	57	7,793	8,250	-	4,674	-	-	-	-
Unearned Revenue	37,406	13,263	3,250	22,781	5,269	18,148	14,320	43,327	31,943	40,904
Deposits, Payable from Restricted Assets	16,515	9,857	11,923	14,793	15,315	51,361	45,965	121,799	63,458	36,018
Current Portion of Notes and Bonds Payable	-	52,719	-	-	58,564	9,486	121,776	403,369	85,000	68,337
Total Current Liabilities	88,672	130,533	47,295	73,247	168,133	1,837,305	341,138	1,020,787	1,691,022	216,969
<b>NONCURRENT LIABILITIES</b>										
Notes Payable	-	1,141,180	-	-	2,292,540	2,124,391	316,856	458,776	2,664,000	8,818,160
Bonds Payable	-	-	-	-	-	-	898,878	2,785,000	3,555,000	-
Total Noncurrent Liabilities	-	1,141,180	-	-	2,292,540	2,124,391	1,215,734	3,243,776	6,219,000	8,818,160
Total Liabilities	88,672	1,271,713	47,295	73,247	2,460,673	3,961,696	1,556,872	4,264,563	7,910,022	9,035,129
<b>NET POSITION</b>	4,719,047	2,234,778	2,943,060	3,664,450	(239,435)	(824,346)	(225,474)	880,395	(3,378,142)	(632,736)
Total Liabilities and Net Position	\$ 4,807,719	\$ 3,506,491	\$ 2,990,355	\$ 3,737,697	\$ 2,221,238	\$ 3,137,350	\$ 1,331,398	\$ 5,144,958	\$ 4,531,880	\$ 8,402,393

	Ainsworth Court	Fairviews	Rockwood Station	Willow Tree	The Alexis	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial
<b>ASSETS AND DEFERRED OUTFLOWS</b>										
<b>CURRENT ASSETS</b>										
Cash and Cash Equivalents	\$ 210,971	\$ 2,481,767	\$ 2,084,430	\$ 1,164	\$ 14,991	\$ 93,757	\$ 21,569	\$ 86,354	\$ 111,213	\$ 14,394
Cash and Cash Equivalents - Restricted	625,631	1,964,095	1,063,842	209,559	205,517	117,594	94,906	259,359	117,456	-
Accounts Receivable, Net	389,022	13,170	15,775	-	17,928	669	5,334	20,512	391	-
Prepaid Expenses	1,838	-	-	230	-	-	-	3,471	600	145
Total Current Assets	1,227,462	4,459,032	3,164,047	210,953	238,436	212,020	121,809	369,696	229,660	14,539
<b>NONCURRENT ASSETS</b>										
Due from Partnerships, Net	-	-	-	-	-	-	-	-	-	-
Notes Receivable and Accrued Interest Receivable	-	-	-	-	-	-	-	-	-	-
Capital Assets not being Depreciated	1,115,635	962,027	702,000	162,767	465,000	363,581	48,706	285,850	188,664	-
Capital Assets being Depreciated, Net	1,330,201	12,278,778	4,287,848	1,093,485	7,181,261	1,092,288	1,135,266	1,831,044	478,155	4,913
Total Noncurrent Assets	2,445,836	13,240,805	4,989,848	1,256,252	7,646,261	1,455,869	1,183,972	2,116,894	666,819	4,913
Total Assets	\$ 3,673,298	\$ 17,699,837	\$ 8,153,895	\$ 1,467,205	\$ 7,884,697	\$ 1,667,889	\$ 1,305,781	\$ 2,486,590	\$ 896,479	\$ 19,452
<b>LIABILITIES AND NET POSITION</b>										
<b>CURRENT LIABILITIES</b>										
Accounts Payable	\$ 17,316	\$ 1,911,067	\$ 992,260	\$ 9,333	\$ 203,472	\$ 57,177	\$ 432,821	\$ 26,254	\$ 2,101	\$ 42,902
Accrued Interest Payable	8,378	31,545	13,182	1,978	12,098	5,526	596	1,822,695	1,024	-
Other Accrued Liabilities	-	-	-	-	-	-	-	-	870	-
Unearned Revenue	14,784	55,487	22,030	2,066	4,133	516	6,774	19,761	4,839	-
Deposits, Payable from Restricted Assets	56,308	241,131	114,313	4,920	56,021	11,872	8,807	41,370	5,400	-
Current Portion of Notes and Bonds Payable	96,627	233,394	111,137	23,109	89,170	85,663	59,999	-	25,109	-
Total Current Liabilities	193,413	2,472,624	1,252,922	41,406	364,894	160,754	508,997	1,910,080	39,343	42,902
<b>NONCURRENT LIABILITIES</b>										
Notes Payable	3,042,595	10,340,401	4,238,366	681,779	5,150,850	1,541,298	869,605	1,960,936	581,238	-
Bonds Payable	-	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	3,042,595	10,340,401	4,238,366	681,779	5,150,850	1,541,298	869,605	1,960,936	581,238	-
Total Liabilities	3,236,008	12,813,025	5,491,288	723,185	5,515,744	1,702,052	1,378,602	3,871,016	620,581	42,902
<b>NET POSITION</b>	437,290	4,886,812	2,662,607	744,020	2,368,953	(34,163)	(72,821)	(1,384,426)	275,898	(23,450)
Total Liabilities and Net Position	\$ 3,673,298	\$ 17,699,837	\$ 8,153,895	\$ 1,467,205	\$ 7,884,697	\$ 1,667,889	\$ 1,305,781	\$ 2,486,590	\$ 896,479	\$ 19,452

	Commercial Space at Lloyd Housing	Yards at Union Station	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Fountain Place	Totals
<b>ASSETS AND DEFERRED OUTFLOWS</b>										
<b>CURRENT ASSETS</b>										
Cash and Cash Equivalents	\$ 1,318,435	\$ 316,527	\$ 62,297	\$ 300,862	\$ 30,991	\$ 165,864	\$ 690,567	\$ 31,038	\$ 194,906	\$ 14,478,413
Cash and Cash Equivalents - Restricted	-	1,082,550	109,074	1,251,363	202,855	66,489	1,683,240	13,215	714,133	14,907,883
Accounts Receivable, Net	-	13,227	129	14,246	1,383	2,936	21,065	-	11,190	6,393,124
Prepaid Expenses	-	7,072	1,080	12,538	2,378	-	22,306	3,869	2,187	110,187
Total Current Assets	1,318,435	1,419,376	172,580	1,579,009	237,607	235,289	2,417,178	48,122	922,416	35,889,607
<b>NONCURRENT ASSETS</b>										
Due from Partnerships, Net	-	-	-	-	-	-	-	-	-	300
Notes Receivable and Accrued Interest Receivable	-	3,610	-	-	-	-	-	-	-	3,610
Capital Assets not being Depreciated	1,753,530	682,386	225,000	406,124	400,390	90,000	1,997,915	931,700	958,489	16,223,386
Capital Assets being Depreciated, Net	-	2,438,329	1,317,166	3,680,627	1,924,843	881,211	8,524,717	914,664	2,986,369	71,416,781
Total Noncurrent Assets	1,753,530	3,124,325	1,542,166	4,086,751	2,325,233	971,211	10,522,632	1,846,364	3,944,858	87,644,077
Total Assets	\$ 3,071,965	\$ 4,543,701	\$ 1,714,746	\$ 5,665,760	\$ 2,562,840	\$ 1,206,500	\$ 12,939,810	\$ 1,894,486	\$ 4,867,274	\$ 123,533,684
<b>LIABILITIES AND NET POSITION</b>										
<b>CURRENT LIABILITIES</b>										
Accounts Payable	\$ 44,816	\$ 69,730	\$ 13,296	\$ 35,231	\$ 52,303	\$ 334,249	\$ 158,360	\$ 6,306	\$ 40,351	\$ 5,106,959
Accrued Interest Payable	-	30,102	1,265	65,236	97,926	1,421	129,959	-	110,885	5,841,288
Other Accrued Liabilities	-	-	4,405	-	442	5,817	-	-	-	44,683
Unearned Revenue	-	3,819	63	45,782	43	3,025	42,308	1	17,541	473,583
Deposits, Payable from Restricted Assets	-	112,479	16,646	75,530	21,356	1,525	158,904	4,755	13,675	1,332,016
Current Portion of Notes and Bonds Payable	-	388,078	34,635	121,334	60,671	20,535	701,205	-	94,602	2,944,519
Total Current Liabilities	44,816	604,208	70,310	343,113	232,741	366,572	1,190,736	11,062	277,054	15,743,048
<b>NONCURRENT LIABILITIES</b>										
Notes Payable	-	711,521	475,024	2,568,865	1,470,472	1,280,833	2,296,569	-	2,725,500	57,751,755
Bonds Payable	-	3,365,000	-	3,060,000	-	-	7,872,953	-	2,164,938	23,701,769
Total Noncurrent Liabilities	-	4,076,521	475,024	5,628,865	1,470,472	1,280,833	10,169,522	-	4,890,438	81,453,524
Total Liabilities	44,816	4,680,729	545,334	5,971,978	1,703,213	1,647,405	11,360,258	11,062	5,167,492	97,196,572
<b>NET POSITION</b>	3,027,149	(137,028)	1,169,412	(306,218)	859,627	(440,905)	1,579,552	1,883,424	(300,218)	26,337,112
Total Liabilities and Net Position	\$ 3,071,965	\$ 4,543,701	\$ 1,714,746	\$ 5,665,760	\$ 2,562,840	\$ 1,206,500	\$ 12,939,810	\$ 1,894,486	\$ 4,867,274	\$ 123,533,684

	Grace Peck Terrace	Madrona	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis
<b>OPERATING REVENUES</b>										
Dwelling Rental	\$ 356,815	\$ 412,270	\$ 208,133	\$ 266,010	\$ 284,123	\$ 540,411	\$ 655,038	\$ 1,752,328	\$ 1,113,456	\$ 860,154
Nondwelling Rental	25,022	345	74,984	4,095	330	148,490	1,557	24,823	10,599	136,694
HUD Operating Subsidies	879,520	203,481	679,391	961,792	-	-	-	-	-	-
Other	12,730	6,528	8,547	9,566	4,892	55,113	15,202	97,023	21,757	27,263
Total Operating Revenues	1,274,087	622,624	971,055	1,241,463	289,345	744,014	671,797	1,874,174	1,145,812	1,024,111
<b>OPERATING EXPENSES</b>										
Housing Assistance Payments	1,145	-	-	1,704	-	-	-	-	-	-
Administration	267,690	110,283	291,331	284,039	43,288	278,441	149,187	379,820	372,497	281,505
Finance Expense	-	-	-	-	-	-	-	-	-	-
Program Expense	2,094	44,874	-	630	-	18,524	459	5,251	-	-
Tenant Services	-	305	-	70	-	7,199	-	-	-	-
Utilities	116,695	58,018	147,432	106,868	41,774	114,636	78,556	208,448	149,374	162,453
Maintenance	218,762	273,967	136,489	246,050	58,313	(21,109)	171,379	337,579	236,188	157,054
Depreciation	20,676	181,651	49,636	122,298	75,338	120,336	148,783	394,424	303,950	193,972
General and Other	447,757	30,991	35,159	307,220	49,405	51,014	168,591	256,109	50,800	118,735
Total Operating Expenses	1,074,819	700,089	660,047	1,068,879	268,118	569,041	716,955	1,581,631	1,112,809	913,719
<b>OPERATING INCOME (LOSS)</b>	199,268	(77,465)	311,008	172,584	21,227	174,973	(45,158)	292,543	33,003	110,392
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Investment Income	4,974	4,911	3,714	2,397	548	7,629	9,545	26,787	8,142	1,780
Interest Expense	-	(65,518)	-	-	(44,626)	(65,748)	(47,003)	(166,810)	(229,674)	(133,059)
Loss on Sale of Assets	-	-	-	-	-	(49,113)	-	(4,017)	-	-
Total Nonoperating Revenues (Expenses)	4,974	(60,607)	3,714	2,397	(44,078)	(107,232)	(37,458)	(144,040)	(221,532)	(131,279)
<b>CAPITAL CONTRIBUTIONS</b>										
Other Nonoperating Contributions	-	63,785	-	-	-	-	-	-	19,651	-
Total Capital Contributions	-	63,785	-	-	-	-	-	-	19,651	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	204,242	(74,287)	314,722	174,981	(22,851)	67,741	(82,616)	148,503	(168,878)	(20,887)
Net Position - Beginning of Year	4,514,805	2,309,065	2,628,338	3,489,469	(216,584)	(892,087)	(142,858)	731,892	(3,209,264)	(611,849)
<b>NET POSITION - END OF YEAR</b>	<u>\$ 4,719,047</u>	<u>\$ 2,234,778</u>	<u>\$ 2,943,060</u>	<u>\$ 3,664,450</u>	<u>\$ (239,435)</u>	<u>\$ (824,346)</u>	<u>\$ (225,474)</u>	<u>\$ 880,395</u>	<u>\$ (3,378,142)</u>	<u>\$ (632,736)</u>

	Ainsworth Court	Fairviews	Rockwood Station	Willow Tree	The Alexis	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial
<b>OPERATING REVENUES</b>										
Dwelling Rental	\$ 833,713	\$ 3,968,734	\$ 2,184,768	\$ 166,222	\$ 397,171	\$ 403,726	\$ 191,850	\$ 618,703	\$ 185,574	\$ -
Nondwelling Rental	2,050	36,072	5,670	10,394	3,491	-	55,847	1,240	267	35,174
HUD Operating Subsidies	-	39,512	44,141	-	-	-	3,581	-	-	-
Other	14,936	113,926	102,807	4,511	48,997	1,448	1,215	34,274	2,041	42,423
Total Operating Revenues	850,699	4,158,244	2,337,386	181,127	449,659	405,174	252,493	654,217	187,882	77,597
<b>OPERATING EXPENSES</b>										
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-
Administration	115,450	387,235	357,016	54,447	11,937	51,432	42,588	269,466	43,499	20,500
Finance Expense	-	-	-	-	120,949	-	-	-	-	-
Program Expense	-	5,565	1,402	-	17,173	-	-	-	-	-
Tenant Services	-	280	-	-	-	-	-	-	-	-
Utilities	88,911	395,189	147,592	32,087	39,004	62,513	64,026	108,801	31,312	47,881
Maintenance	135,743	652,293	378,013	40,935	50,583	39,274	84,384	147,820	57,203	37,871
Depreciation	158,697	856,744	431,994	131,908	137,222	113,256	63,903	126,320	79,261	454
General and Other	192,645	269,035	1,009,442	8,111	31,614	9,793	11,896	63,237	7,421	129
Total Operating Expenses	691,446	2,566,341	2,325,459	267,488	408,482	276,268	266,797	715,644	218,696	106,835
<b>OPERATING INCOME (LOSS)</b>	159,253	1,591,903	11,927	(86,361)	41,177	128,906	(14,304)	(61,427)	(30,814)	(29,238)
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Investment Income	4,118	25,014	49,688	427	1,547	247	25	965	23	-
Interest Expense	(100,952)	(382,261)	(160,133)	(24,160)	(234,190)	(66,541)	(11,333)	(86,920)	(12,824)	-
Loss on Sale of Assets	-	(907,118)	(4,148)	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	(96,834)	(1,264,365)	(114,593)	(23,733)	(232,643)	(66,294)	(11,308)	(85,955)	(12,801)	-
<b>CAPITAL CONTRIBUTIONS</b>										
Other Nonoperating Contributions	-	-	-	-	2,560,419	-	-	-	-	15,000
Total Capital Contributions	-	-	-	-	2,560,419	-	-	-	-	15,000
<b>INCREASE (DECREASE) IN NET POSITION</b>	62,419	327,538	(102,666)	(110,094)	2,368,953	62,612	(25,612)	(147,382)	(43,615)	(14,238)
Net Position - Beginning of Year	374,871	4,559,274	2,765,273	854,114	-	(96,775)	(47,209)	(1,237,044)	319,513	(9,212)
<b>NET POSITION - END OF YEAR</b>	<u>\$ 437,290</u>	<u>\$ 4,886,812</u>	<u>\$ 2,662,607</u>	<u>\$ 744,020</u>	<u>\$ 2,368,953</u>	<u>\$ (34,163)</u>	<u>\$ (72,821)</u>	<u>\$ (1,384,426)</u>	<u>\$ 275,898</u>	<u>\$ (23,450)</u>

	Commercial Space at Lloyd Housing	Yards at Union Station	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Fountain Place	Totals
<b>OPERATING REVENUES</b>										
Dwelling Rental	\$ -	\$ 1,477,841	\$ 276,780	\$ 1,107,680	\$ 519,829	\$ 141,641	\$ 1,889,318	\$ 83,213	\$ 709,868	\$ 21,605,369
Nondwelling Rental	-	2,370	-	49,267	-	160	303,832	-	1,067	933,840
HUD Operating Subsidies	-	-	(668)	-	-	-	-	-	-	2,810,750
Other	-	64,215	11,923	59,088	15,672	10,329	120,898	792	104,297	1,012,413
Total Operating Revenues	-	1,544,426	288,035	1,216,035	535,501	152,130	2,314,048	84,005	815,232	26,362,372
<b>OPERATING EXPENSES</b>										
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	2,849
Administration	-	399,271	65,959	353,937	120,949	24,825	376,225	19,138	161,919	5,333,874
Finance Expense	-	-	-	-	-	-	-	-	-	120,949
Program Expense	-	4,577	-	-	-	-	10,586	-	-	111,135
Tenant Services	-	-	615	-	-	-	-	-	-	8,469
Utilities	-	163,998	60,368	159,552	122,513	11,621	183,821	8,473	86,073	2,997,989
Maintenance	-	267,356	73,015	281,369	139,676	31,244	453,031	12,323	147,995	4,844,800
Depreciation	-	423,350	156,128	189,161	60,925	43,888	274,521	24,833	88,451	4,972,080
General and Other	-	76,025	14,205	112,013	28,023	8,692	221,723	63,682	53,358	3,696,825
Total Operating Expenses	-	1,334,577	370,290	1,096,032	472,086	120,270	1,519,907	128,449	537,796	22,088,970
<b>OPERATING INCOME (LOSS)</b>	-	209,849	(82,255)	120,003	63,415	31,860	794,141	(44,444)	277,436	4,273,402
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Investment Income	-	28,588	93	8,355	902	122	51,610	23	9,699	251,873
Interest Expense	-	(189,492)	(15,573)	(145,491)	(74,451)	(17,461)	(336,616)	-	(162,587)	(2,773,423)
Loss on Sale of Assets	-	(7,312)	-	(29,131)	(11,826)	(3,378)	(190,464)	-	-	(1,206,507)
Total Nonoperating Revenues (Expenses)	-	(168,216)	(15,480)	(166,267)	(85,375)	(20,717)	(475,470)	23	(152,888)	(3,728,057)
<b>CAPITAL CONTRIBUTIONS</b>										
Other Nonoperating Contributions	-	-	-	-	-	-	-	-	-	2,658,855
Total Capital Contributions	-	-	-	-	-	-	-	-	-	2,658,855
<b>INCREASE (DECREASE) IN NET POSITION</b>	-	41,633	(97,735)	(46,264)	(21,960)	11,143	318,671	(44,421)	124,548	3,204,200
Net Position - Beginning of Year	3,027,149	(178,661)	1,267,147	(259,954)	881,587	(452,048)	1,260,881	1,927,845	(424,766)	23,132,912
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,027,149</u>	<u>\$ (137,028)</u>	<u>\$ 1,169,412</u>	<u>\$ (306,218)</u>	<u>\$ 859,627</u>	<u>\$ (440,905)</u>	<u>\$ 1,579,552</u>	<u>\$ 1,883,424</u>	<u>\$ (300,218)</u>	<u>\$ 26,337,112</u>

<b>ASSETS</b>	Carriage Hill	Project Open Door	Total
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 8,984	\$ 52,574	\$ 61,558
Cash and Cash Equivalents - Restricted	14,973	74,312	89,285
Accounts Receivable, Net	7,070	1,878	8,948
Total Current Assets	<u>31,027</u>	<u>128,764</u>	<u>159,791</u>
<b>NONCURRENT ASSETS</b>			
Capital Assets not being Depreciated	75,424	71,104	146,528
Capital Assets being Depreciated, Net	<u>238,730</u>	<u>327,233</u>	<u>565,963</u>
Total Noncurrent Assets	<u>314,154</u>	<u>398,337</u>	<u>712,491</u>
Total Assets	<u>\$ 345,181</u>	<u>\$ 527,101</u>	<u>\$ 872,282</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 6,083	\$ 4,090	\$ 10,173
Accrued Interest Payable	64	115	179
Other Accrued Liabilities	325	439	764
Unearned Revenue	682	5,095	5,777
Deposits, Payable from Restricted Assets	-	2,082	2,082
Current Portion of Bond Payable - Partnerships	<u>1,829</u>	<u>16,864</u>	<u>18,693</u>
Total Current Liabilities	8,983	28,685	37,668
<b>NONCURRENT LIABILITIES</b>			
Notes Payable	<u>203,967</u>	<u>121,372</u>	<u>325,339</u>
Total Liabilities	<u>212,950</u>	<u>150,057</u>	<u>363,007</u>
<b>NET POSITION</b>			
Total Liabilities and Net Position	<u>\$ 345,181</u>	<u>\$ 527,101</u>	<u>\$ 872,282</u>

	Carriage Hill	Project Open Door	Total
<b>OPERATING REVENUES</b>			
Dwelling Rental	\$ 25,089	\$ 70,994	\$ 96,083
Other	26,464	83	26,547
Total Operating Revenues	<u>51,553</u>	<u>71,077</u>	<u>122,630</u>
<b>OPERATING EXPENSES</b>			
Administration	129	1,033	1,162
Program Expense	8,884	9,199	18,083
Utilities	10,305	11,742	22,047
Maintenance	9,124	44,730	53,854
Depreciation	12,389	22,012	34,401
General and Other	60	9,546	9,606
Total Operating Expenses	<u>40,891</u>	<u>98,262</u>	<u>139,153</u>
<b>OPERATING INCOME (LOSS)</b>	10,662	(27,185)	(16,523)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	439	813	1,252
Interest Expense	(872)	(1,449)	(2,321)
Total Nonoperating Revenues (Expenses)	<u>(433)</u>	<u>(636)</u>	<u>(1,069)</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	10,229	(27,821)	(17,592)
Net Position - Beginning of Year	<u>122,002</u>	<u>404,865</u>	<u>526,867</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 132,231</u>	<u>\$ 377,044</u>	<u>\$ 509,275</u>



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12/9/20

## INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners  
Home Forward  
Portland, Oregon

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements, and have issued our report thereon dated REPORT DATE. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Minimum Standards for Audits of Oregon Municipal Corporations*. Our auditors' report includes a reference to other auditors. Novogradac & Company LLP and Jones & Roth PC audited the financial statements of the aggregate discretely presented component units. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditors.

### Compliance

As part of obtaining reasonable assurance about whether Home Forward's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe Home Forward was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of ORS as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered Home Forward's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Home Forward's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Home Forward's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **Purpose of this Report**

This report is intended solely for the information and use of the board of commissioners, management of Home Forward, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

### **CliftonLarsonAllen LLP**

Portland, Oregon  
REPORT DATE

**HOME FORWARD  
SINGLE AUDIT REPORTS  
YEAR ENDED DECEMBER 31, 2019**

Draft  
Subject to Change  
12/9/20

<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AND AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>1</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>3</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>6</b>
<b>NOTES TO SCHEDULE OF FEDERAL AWARDS</b>	<b>8</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>9</b>

Draft  
Subject to Change  
12/9/20

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

Board of Commissioners  
Home Forward  
Portland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements, and have issued our report thereon dated REPORT DATE. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on Home Forward's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by other auditors. The audits of the discretely presented component units were not performed in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Home Forward's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Home Forward's internal control. Accordingly, we do not express an opinion on the effectiveness of Home Forward's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

### **CliftonLarsonAllen LLP**

Portland, Oregon  
REPORT DATE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners  
Home Forward  
Portland, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited Home Forward's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Home Forward's major federal programs for the year ended December 31, 2019. Home Forward's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Home Forward's basic financial statements include the operations of discretely presented component units which may have received federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2019.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Home Forward's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Home Forward's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Home Forward's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, Home Forward complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

### **Report on Internal Control Over Compliance**

Management of Home Forward is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Home Forward's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Home Forward's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements. We issued our report thereon dated REPORT DATE, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **CliftonLarsonAllen LLP**

Portland, Oregon  
REPORT DATE

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Subject to Change  
12/9/20

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Subject to Change  
12/9/20

Grantor/Pass through Grantor/ Program or Cluster Title	Grantor Identifying Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
Direct:			
Multifamily Housing Service Coordinators	N/A	14.191	\$ 335,936
Section 8 Project-Based Cluster:			
Section 8 Moderate Rehabilitation Single Room Occupancy Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	N/A	14.249	1,363,101
Subtotal Section 8 Project-Based Cluster	N/A	14.856	<u>1,090,280</u> 2,453,381
Continuum of Care Program	N/A	14.267	6,371,398
Resident Opportunity and Supportive Services - Service Coordinators	N/A	14.870	152,404
HOPE VI Cluster:			
Demolition and Revitalization of Severely Distressed Public Housing	OR16URD00211110	14.866	91,475
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	N/A	14.871	22,367,933
Section 8 Mainstream Vouchers	N/A	14.879	159,492
Subtotal Housing Voucher Cluster			<u>22,527,425</u>
Moving to Work Demonstration Program	N/A	14.881	88,906,159
Family Self-Sufficiency Program	N/A	14.896	515,024
Subtotal Direct Programs			<u>121,353,202</u>
Pass-through from City of Portland:			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grant/Entitlement Grants	Not Available	14.218	12,934
Subtotal Pass-through Programs			<u>12,934</u>
Total U.S. Department of Housing and Urban Development			<u>121,366,136</u>
<b>U.S. Department of Labor</b>			
Pass-through from Worksystems, Inc.			
WIOA Cluster:			
WIA Adult Program	AA-26801-15-55-A-41	17.258	6,531
WIA Youth Activities	AA-26801-15-55-A-41	17.259	36,923
Total U.S. Department of Labor			<u>43,454</u>

Grantor/Pass through Grantor/ Program or Cluster Title	Grantor Identifying Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
Pass-through from Multnomah County:			
TANF Cluster:			
Temporary Assistance for Needy Families	Not Available	93.558	\$ 81,899
Total U.S. Department of Health and Human Services			<u>81,899</u>
<b>U.S. Department of Homeland Security</b>			
Direct:			
Emergency Food and Shelter National Board Program	ID #708000-011	97.024	243,882
Total U.S. Department of Homeland Security			<u>243,882</u>
Total Expenditures of Federal Awards			<u>\$ 121,735,371</u>

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 12/9/20

## **NOTE 1 BASIS OF PRESENTATION**

The schedule of expenditures of federal awards (Schedule) presents the activities of all federal award programs of Home Forward. Home Forward's reporting entity is defined in Note 1 of Home Forward's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Home Forward, it is not intended to and does not present the financial position, changes in net position, or cash flows of Home Forward.

## **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting and include capitalized expenditures. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Home Forward did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

## **NOTE 3 LOANS OUTSTANDING**

Home Forward participates in federal award programs that sponsor revolving loan programs, which are administrated by Home Forward and the city of Portland, Oregon (City). The City contracts Home Forward to collect loan repayments for these programs through servicing and trust arrangements. The funds are returned to the City upon repayment of the principal and interest. The federal government has imposed certain significant continuing compliance requirements with respect to the loans rendered under the Home Investment Partnerships (HOME) Program (CFDA number 14.239). The City is responsible to administer the continuing compliance requirements and report the outstanding loan balances. During the year ended December 31, 2019, Home Forward did not incur expenditures related to new loans under the HOME program.

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

1. Type of auditors’ report issued:        Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?        \_\_\_\_\_ yes          x   no
  - Significant deficiency(ies) identified?    \_\_\_\_\_ yes          x   none reported
3. Noncompliance material to financial statements noted?        \_\_\_\_\_ yes          x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?        \_\_\_\_\_ yes          x   no
  - Significant deficiency(ies) identified?    \_\_\_\_\_ yes          x   none reported
2. Type of auditors’ report issued on compliance for major federal programs:        Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?        \_\_\_\_\_ yes          x   no

**Identification of Major Federal Program**

**CFDA Number**

14.881

**Name of Federal Program or Cluster**

Moving to Work Demonstration Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

  x   yes        \_\_\_\_\_ no



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**Section II – Financial Statement Findings**

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a)

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Subject to Change  
12/9/20

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Home Forward  
Portland, Oregon

We have audited the accompanying schedule of closed grants of Home Forward for the period of grant inception through December 31, 2019.

### **Management's Responsibility for the Schedule**

Management is responsible for the preparation and fair presentation of this schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the schedule of closed grants referred to above presents fairly, in all material respects the funds approved, advanced, and expended for Capital Fund grants OR16P002501-14, OR16P002501-15 and OR16R002502-17 of Home Forward for the period from grant inception through ended December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

### **CliftonLarsonAllen LLP**

Baltimore, Maryland  
REPORT DATE

**2014 Capital Fund Program Grant**

	<u><b>OR16P002501-14</b></u>
Funds approved	\$ 3,489,260
Funds expended	<u>3,489,260</u>
Excess of funds approved	<u><u>\$ -</u></u>
Funds advanced	\$ 3,489,260
Funds expended	<u>3,489,260</u>
Excess of funds advanced	<u><u>\$ -</u></u>

**2015 Capital Fund Program Grant**

	<u><b>OR16P002501-15</b></u>
Funds approved	\$ 3,671,320
Funds expended	<u>3,671,320</u>
Excess of funds approved	<u><u>\$ -</u></u>
Funds advanced	\$ 3,671,320
Funds expended	<u>3,671,320</u>
Excess of funds advanced	<u><u>\$ -</u></u>

**2017 Capital Fund Program Grant**

	<u><b>OR16R002502-17</b></u>
Funds approved	\$ 174,201
Funds expended	<u>174,201</u>
Excess of funds approved	<u><u>\$ -</u></u>
Funds advanced	\$ 174,201
Funds expended	<u>174,201</u>
Excess of funds advanced	<u><u>\$ -</u></u>

Board of Commissioners  
Home Forward  
Portland, Oregon

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward as of and for the year ended December 31, 2019, and have issued our report thereon dated REPORT DATE. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Home Forward are described in Note 1 to the financial statements.

As described in Note 1, Home Forward changed accounting policies relating to intergovernmental capital asset transactions between the business-type activities and the aggregate discretely presented component units. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported as an increase in the aggregate discretely presented component units' net position.

We noted no transactions entered into by Home Forward during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for doubtful accounts is based on the history of past write-offs and collections, and current credit conditions. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension liability is based on management's knowledge and experience about past and current events, assumptions about future events and actuarial computations performed by outside specialists. We evaluated the key factors and assumptions used to develop the net pension liability and evaluate the liabilities' effectiveness in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net OPEB liabilities are based on management's knowledge and experience about past and current events, assumptions about future events and actuarial computations performed by outside specialists. We evaluated the key factors and assumptions used to develop the net OPEB liabilities and evaluate the liabilities' effectiveness in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the fair market value of derivative instruments and their evaluation of the effectiveness of those derivative instruments is based on management's knowledge and experience about past and current events, assumptions about future events and outside third parties. We evaluated the key factors and assumptions used to develop the fair market value of derivative instruments and their effectiveness in determining that it is reasonable in relation to the financial statements taken as a whole.

#### Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### **Difficulties encountered in performing the audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

The completion of our audit was delayed due to the COVID-19 pandemic.

#### **Uncorrected misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

#### **Corrected misstatements**

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### **Disagreements with management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

#### **Management representations**

We have requested certain representations from management that are included in the management representation letter dated REPORT DATE.

### ***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Home Forward’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as Home Forward’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

### ***Audits of group financial statements***

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

### ***Quality of component auditor’s work***

There were no instances in which our evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work.

### ***Limitations on the group audit***

There were no restrictions on our access to information of components or other limitations on the group audit.

### ***Other information in documents containing audited financial statements***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

With respect to the combining schedules (collectively, the “supplementary information”) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated REPORT DATE.

\* \* \*

This communication is intended solely for the information and use of the Board of Commissioners and management of Home Forward and is not intended to be, and should not be, used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Portland, Oregon  
REPORT DATE

Draft  
Subject to Change  
12/9/20



## MEMORANDUM

To: Board of Commissioners Date: December 15, 2020

From: Amanda Saul, Assistant Director for GO Bond Development 503.802.8552 Subject: Authorize Financing and Private Activity Bond Applications for the SE Powell project Resolution 20-12-05

Ben Loftis, Development and Community Revitalization Finance Manager  
503.802.8510

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Staff requests the Board of Commissioners (“the Board”) to approve a resolution authorizing the Executive Director, and/or any designee of the Executive Director, to take the following actions related to the 3000 SE Powell Blvd. development (SE Powell):

- Execute and deliver such documents as may be required to enable Home Forward to submit applications to Oregon Housing and Community Services (“OHCS”) and the Oregon State Treasury for all funding sources under each agency’s control.
- Execute and deliver all documents related to the acceptance of all resources provided by OHCS, the Oregon Treasury and the Portland Housing Bureau for SE Powell’s development.

The requested action supports Strategic Plan Goal, One Portfolio: Our real estate is stable for generations to come and meets the needs of the people and neighborhoods it serves.

## BACKGROUND

- The SE Powell development consists of two adjacent parcels, 3000 SE Powell and 3032 SE Powell. The lots are currently vacant.



- SE Powell will be developed into 206 affordable housing units by Home Forward.
- Home Forward has worked with PHB through an Intergovernmental Agency Agreement (IGA) to develop SE Powell.
- PHB has reserved City of Portland Housing Bond funds for the SE Powell development.
- Home Forward is working towards breaking ground on SE Powell in the summer of 2021.

## **OVERVIEW**

The requested actions are standard steps in the financing process for all projects utilizing state resources.

Staff is currently preparing financing applications to OHCS for 4% Low Income Housing Tax Credits, and the Oregon Treasury for Private Activity Bonds. These state resources, along with City of Portland Housing Bond funds, are critical for leveraging sufficient capital for this development. Home Forward has a strong history of writing these applications and attracting lenders and investors willing to provide such capital.

## **CONCLUSION**

Staff respectfully request the approval of the above financing approaches for the SE Powell development. Staff provided the Real Estate and Development (READ) Committee a draft copy of this resolution at its December 4, 2020 meeting.

## **ATTACHMENTS:**

Authorization and Acceptance Form  
Ownership Integrity Certification



## RESOLUTION 20-12-05

RESOLUTION 20-12-05 AUTHORIZES A RESOLUTION FOR THE DEVELOPMENT OF SE POWELL AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AND DELIVER ALL DOCUMENTS NECESSARY FOR THE SUBMISSION OF APPLICATIONS TO, AND RECEIPT OF RESOURCES FROM, OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT (“OHCS”), OREGON STATE TREASURY AND THE PORTLAND HOUSING BUREAU

**WHEREAS**, Home Forward is a public body corporate and politic of the State of Oregon and is empowered by ORS 456.005 to 456.725 (“Housing Authority Laws”) to purchase any real property and to accept grants, loans or any other form of financial assistance from any source public or private for the purpose of developing a housing project; and

**WHEREAS**, Home Forward seeks to encourage the provision of long term housing for low-income persons residing in the City of Portland (“City”); and

**WHEREAS**, Home Forward owns a site located at 3032 SE Powell Blvd. located in Portland, Oregon and is working with the Portland Housing Bureau to develop 206 apartments on 3032 SE Powell and the adjacent parcel, 3000 SE Powell Blvd which the City of Portland owns;

**WHEREAS**, Home Forward has the capacity, experience and ability to complete the successful development of the SE Powell site for 206 affordable housing units; and

**WHEREAS**, Section 456.135 of the Oregon Revised Statutes provides that an authority may delegate to one or more of its agents or employees such powers or duties as it deems proper;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of Home Forward authorizes and directs the Executive Director, or his designee, to execute and deliver such documents related to the submission of all applications to the State of Oregon Housing and Community Services (OHCS) and the Oregon Treasury seeking resources including, but not limited to, OHCS Weatherization Grants, OHCS GHAP, Oregon

Affordable Housing Tax Credits (OAHTCs), Private Activity Bonds and /or Low Income Housing Tax Credits (LIHTC), for the development of SE Powell;

**BE IT FURTHER RESOLVED**, that the Board of Commissioners of Home Forward authorizes the Executive Director, or his designee, to execute and deliver all documents related to the acceptance of all resources provided by OHCS, the Oregon Treasury and the Portland Housing Bureau for SE Powell's development.

**ADOPTED: DECEMBER 15, 2020**

**Attest:**

**Home Forward:**

\_\_\_\_\_  
Michael Buonocore, Secretary

\_\_\_\_\_  
Damien R. Hall, Chair

## AUTHORIZATION AND ACCEPTANCE FORM

Owner/Board of Directors of:	Home Forward
Project Name:	SE Powell
Project Address:	3000-3032 SE Powell Blvd. Portland, OR 97202

**By this action the Owner/Board of Directors accepts the responsibilities and requirements of any tax credit, grant and loan programs applied for in this Application. In accordance with the corporation's by-laws, effective this date, authorization has been given by the Owner/Board of Directors to the following named parties:**

**1. To apply for programs, grants or loans in this application:** The undersigned, being duly authorized to submit this application on behalf of the named Applicant, hereby represents and certifies that all required documents have been submitted in this application packet, and that the information provided in this application, to the best of his/her knowledge, is true, complete, and accurately describes the proposed project. The undersigned further authorizes the release of project information to Oregon Housing and Community Services ("Department," "OHCS") from all financial partners listed in the Application and authorizes the Department to verify any Application information, including financial information, as required to complete its due diligence.

_____	Michael Buonocore
Signature (Michael Buonocore)	Title
_____	December 15, 2020
Print Name (Michael Buonocore)	Date

**2. To execute all legal documents associated with tax credit, grant and loan programs (including the encumbrance of valuable property owned by the corporation).**

_____	Executive Director
Signature (Michael Buonocore)	Title
_____	Chief Financial Officer
Signature (Peter Beyer)	Title

**3. To sign all draw requests, monthly progress reports and miscellaneous forms associated with the tax credit, grant and loan programs awarded to the project.**

_____	Controller
Signature (Kandy Sage)	Title
_____	Assistant Controller
Signature (Linda Uppinghouse)	Title

**Signed:**  
Damien Hall

_____	Signature (Damien Hall)
Owner/ Board Chair Name	Date
Home Forward	December 15, 2020
Organization	Date

## OWNERSHIP INTEGRITY CERTIFICATION

Applicant must certify that the Project Team meets each of the listed criteria:

1. Single-Asset Ownership: The Project will be owned by a single-asset entity duly organized under the laws of the State of Oregon.  
 True       False
2. Neither Applicant nor any member or principal within the Project ownership or management will have been convicted of fraud, misrepresentation, theft or other moral turpitude within the previous ten (10) years.  
 True       False
3. Neither Applicant nor any member or principal within the Project ownership or management will have been involved in a bankruptcy proceeding within the previous five (5) years.  
 True       False
4. Neither Applicant nor any member or principal within the Project ownership or management will have been debarred or otherwise sanctioned by the Department.  
 True       False

Applicant certifies that the above information as submitted is true.

Signed: \_\_\_\_\_

Signed By: Michael Buonocore

Date: December 15, 2020



**MEMORANDUM**

To: Board of Commissioners  
Date: December 22, 2020

From: Peter Beyer, Chief Financial Officer  
503.802.8538  
Subject: Authorizes Home Forward to enter into agreements for insurance services  
Resolution 20-12-06

The Board of Commissioners is requested to authorize Home Forward to enter into agreements for insurance coverage for the period beginning January 1, 2021.

**BACKGROUND**

Home Forward is entering the fifth year of its comprehensive insurance program. Home Forward uses Marsh to market the program for insurance coverage for Home Forward and its related entities. Lines of coverage include property, casualty/general liability, automotive, financial and professional lines, crime, and cyber/special risk coverage, terrorism and other miscellaneous coverage. (Please note, health insurance and workers compensation insurance are handled separately from this renewal process.)

Total premiums are anticipated to increase significantly from the prior year. This is due to two main factors. First, the total insurable value has increased \$828 million to \$848 million. Second, there has been a contraction in the number of providers of insurance worldwide, especially in the multifamily property market. This is, mainly, due to the impact of the last several years of global losses.

Please note, some details may change as Marsh is awaiting final agreements but the currently recommended providers and the level of coverage (see *Attachment A*) consist of:

## PROPERTY COVERAGE

- Home Forward is seeking \$100 million in total property coverage.
- As approved in August 2020, the newly formed captive insurance entity will be used to provide the first \$2 million layer of property insurance coverage. This is supported by Starr Specialty to ensure compliance with investor and funder requirements.
- Travelers Excess and Surplus Lines Company (Travelers), will provide the rest of coverage up to the \$100 million level.
- With this change, property level deductibles will reduce back down to \$100 thousand per occurrence (from the 2020 level of \$250,000 per occurrence) and there will be a \$2 million aggregate (after a \$100,000 maintenance deductible) to provide a ceiling to total losses.
- Earthquake stays the same at \$10 million.
- With several of our new real estate transactions, we are required to have terrorism coverage and we will continue to receive this coverage from Lloyd's/Roanoke Group.
- Total annual costs for the property coverage effective January 1, 2021 is estimated to be approximately \$2.54 million, an increase of approx. \$490 thousand.

## CASUALTY/FINANCIAL & PROFESSIONAL COVERAGE

Home Forward uses several providers to provide these lines of coverage:

- We anticipate selecting Munich Re to provide a package of coverage including general liability, auto, employee benefits, professional liability and terrorism coverage and other miscellaneous coverage. This is a change in provider as we were looking at a 34% increase with a \$100,000 retention from the existing provider but now expect a 13% savings with a \$250,000 retention by making this selection. Also, coverage now increases from a \$1 million/\$2 million policy to a \$2 million/\$4 million policy.
- Chubb (ACE) will continue to provide public officials.
- Travelers Casualty will continue to provide coverage for crime.

- AIG will continue to provide cyber coverage with a 15% increase.
- AWAC (Allied) will continue to provide a \$10 million umbrella policy. We anticipate a 26% increase for this policy.
- Total annual cost for the various general liability/financial and professional coverages renewing January 1, 2021 is estimated to be approximately \$673 thousand. This is a decrease of \$78 thousand.

### **SUMMARY**

Total combined cost for all of the above lines of coverage is estimated to be approximately \$3.2 million for the period January 1, 2021 to December 31, 2021. This reflects an increase in premiums of approx. \$412 thousand or 15% of prior premiums and is similar to our increase in total insurable value.

### **Attachment A – Comprehensive Insurance Program Structure**





RESOLUTION 20-12-06

RESOLUTION 20-12-06 AUTHORIZES HOME FORWARD TO ENTER INTO AGREEMENTS FOR INSURANCE SERVICES

WHEREAS, Home Forward, a public body corporate and politic of the State of Oregon; and

WHEREAS, Home Forward requires appropriate levels of insurance coverage to protect its residents, employees, assets, and reputational well-being; and

WHEREAS, a comprehensive insurance program has been designed, in consultation with Marsh, to ensure appropriate levels of insurance coverage for property, casualty/general liability, automotive, boiler and machinery, financial and professional lines, cyber, and other miscellaneous business risks, including umbrella coverage;

**NOW, THEREFORE, IT BE RESOLVED:** that the Board of Commissioners of Home Forward authorizes Home Forward's Board Chair, Executive Director, Chief Financial Officer, Chief Operating Officer or Chief Administrative Officer to execute agreements for Home Forward's comprehensive insurance program including property, boiler & equipment, terrorism insurance, casualty/general liability, automotive, umbrella, financial and professional lines, crime, and cyber/special risks and other insurance coverages as needed.

ADOPTED: DECEMBER 22, 2020

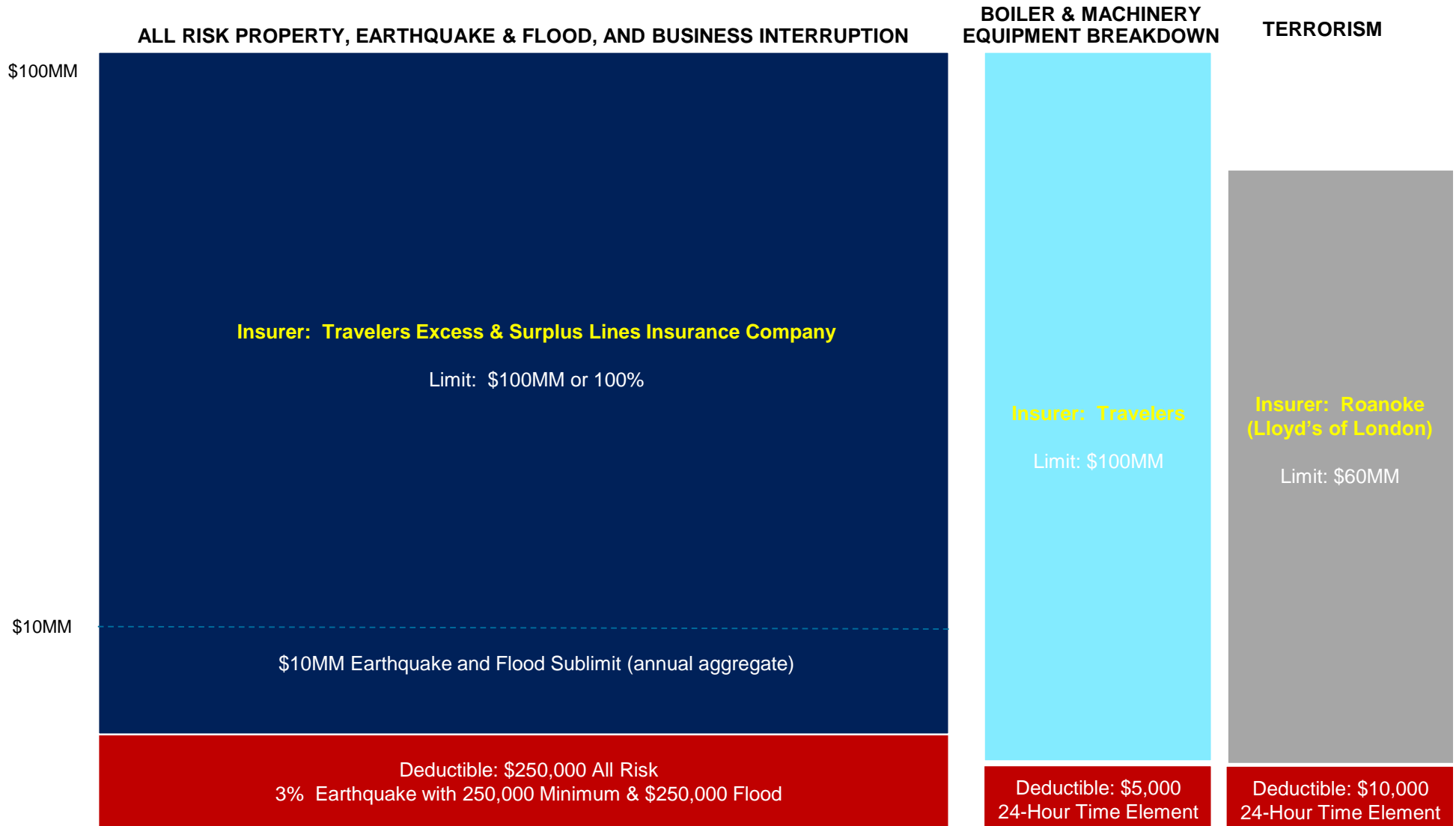
Attest:

Michael Buonocore, Secretary

Home Forward:

Damien R. Hall, Chair

# Home Forward PROPERTY Expiring Program (2020)



# Home Forward PROPERTY Program Renewal as of 1/1/2021

## ALL RISK PROPERTY, BOILER & MACHINERY, EARTHQUAKE & FLOOD, AND BUSINESS INTERRUPTION \$100M

All Risk Property, Boiler & Machinery, Business Interruption and TRIA, includes \$10M Earthquake and \$10M Flood (both annual agg.) Other terms per expiring

**Insurer: Travelers Excess and Surplus Lines Company**

Limit: 100% or \$100M

\$2M

Deductible: \$100,000 All Risk with \$2M aggregate;  
3% Earthquake or \$250,000 Minimum & \$250,000 Flood and others not subject to aggregate.

HF Insurance Group LLC  
& Starr Specialty  
\$2M aggregate limit

Deductible: \$100K or \$10k

## TERRORISM

\$50M

**Insurer:  
Lloyd's of  
London**

Limit: \$50M

Premium:  
\$7,885

Deductible: \$10k

# Home Forward

## CASUALTY and FINPRO Expiring Program (2020)

### GENERAL / AUTOMOBILE / EMPLOYERS LIABILITY

UMBRELLA LIABILITY Insurer: <b>AWAC</b> Limit: \$10M xs Primary GL / AL / EL			PUBLIC OFFICIALS LIABILITY	FIDELITY & CRIME	SPECIAL RISKS*	CYBER LIABILITY
GENERAL LIABILITY  Insurer: <b>Philadelphia</b>  General Liability Personal & Advertising Injury, Products & Completed Ops, Employee Benefits Liability  Limit: \$1M / \$2M Per Location Occ / Agg	AUTOMOBILE  Insurer: <b>Philadelphia</b>  Automobile Liability  Limit: \$1M CSL  Automobile Physical Damage ACV Comp & Collision	EMPLOYERS LIABILITY  Insurer: <b>SAIF*</b>  Limit \$1M/1M/1M	PUBLIC OFFICIALS - D&O, EPL and E&O  Insurer: <b>Chubb</b>  Public Officials, Errors & Omissions, Employment Practices, 3 <sup>rd</sup> Party Discrimination, Tenant Discrimination Defense  Limit: \$2M	CRIME  Insurer: <b>Travelers</b>  Employee Dishonesty Forgery or Alteration Theft of Money & Securities  Limit: \$1M	SPECIAL  Insurer: <b>AIG</b>  Limit: \$1M  3 Year Term * 4/1/17- 4/1/20	CYBER  Insurer: <b>AIG</b>  Limit: \$2M
Deductible: \$0	Deductible: \$0 Liability \$500/\$1,000 Comp/Coll		Retention: \$100,000	Deductible: \$25,000	Deductible: \$0	Retention: \$25,000

\* This coverage is outside the scope of this renewal but included for informational purposes only.

# Home Forward

## CASUALTY and FINPRO Program Renewal as of 1/1/2021

GENERAL / AUTOMOBILE/ EMPLOYERS				PUBLIC OFFICIALS LIABILITY	FIDELITY & CRIME 3 Yr Term 1/1/19-22	SPECIAL RISKS 3 Yr Term 4/1/20-4/1/23	CYBER LIABILITY
<b>UMBRELLA LIABILITY</b> Insurer: <b>AWAC</b> Limit: \$10M xs Primary GL / AL / EL							
<b>GENERAL LIABILITY</b>  Insurer: <b>Munich RE</b>  General Liability Personal & Advertising Injury, Products & Completed Ops, Employee Benefits Liability  Limit: \$2M / \$4M Per Location Agg. \$4M Policy Agg.	<b>AUTOMOBILE</b>  Insurer: <b>Munich RE</b>  Automobile Liability  Limit: \$2M  Automobile Physical Damage  Self Insured	<b>MISC. PROFESSIONAL</b>  Insurer: <b>Munich RE</b>  Misc. Professional  Limit: \$2M / \$4M	<b>EMPLOYER'S LIABILITY</b>  Insurer: <b>SAIF</b>  Limit \$1M/1M/1M	<b>PUBLIC OFFICIALS - D&amp;O, EPL and E&amp;O [Wrongful Act Coverage]</b>  Insurer: <b>Chubb</b>  Public Officials, Errors & Omissions, Employment Practices, 3 <sup>rd</sup> Party Discrimination, Tenant Discrimination Defense  Limit: \$2M	<b>CRIME</b>  Insurer: <b>Travelers</b>  Employee Dishonesty Forgery or Alteration Theft of Money & Securities  Limit: \$1M	<b>SPECIAL</b>  Insurer: <b>AIG</b>  Limit: \$1M	<b>CYBER</b>  Insurer: <b>AIG</b>  Limit: \$3M
\$250,000 per Occurrence Self- Insured Retention  Defense Cost: Outside Limits of Liability & SIR				Retention \$100,000	Deductible: \$25K	Deductible: \$0	Retention: \$25K

# STAFF REPORTS

**Procurement & Contracts Department  
MONTHLY CONTRACT REPORT  
Contracts Approved 10/01/20 - 11/30/20**

PUBLIC IMPROVEMENT  
(CONSTRUCTION & MAINTENANCE SERVICES)

Contract #	Amend #	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2598	0	All Aspects Renovations	\$ 24,989.47	Build back at BCC	Prop Mgmt	10/1/2020	11/24/2020
C2612	0	JR Johnson, Inc	\$ 196,071.92	BCC Flood reconstruction	Property Management	10/19/2020	2/28/2021
C2614	0	Kennedy Restoration	\$ 47,246.57	Northwest Tower restoration work after flood emergency	Property Management	10/20/2020	12/31/2020
C2615	0	Kennedy Restoration	\$ 122,582.38	BCC water mitigation following emergency flood	Property Management	10/26/2020	1/31/2021
C2625	0	Fulcrum Construction & Building Services LLC	\$ 4,199.30	Mounting block installation for radon mitigation at Woolsey	DCR	11/3/2020	3/31/2021
C2626	0	Fulcrum Construction & Building Services LLC	\$ 4,113.60	Mounting block installation for radon mitigation at Haven	DCR	11/3/2020	3/31/2021
C2627	0	Fulcrum Construction & Building Services LLC	\$ 5,913.30	Mounting block installation for radon mitigation at Cecelia	DCR	11/3/2020	3/31/2021
C2628	0	Fulcrum Construction & Building Services LLC	\$ 17,225.70	Mounting block installation for radon mitigation at Trouton	DCR	11/3/2020	3/31/2021
C2630	0	KO Construction	\$ 9,503.00	Lexington mounting block installation	DCR	11/3/2020	3/31/2021
C2635	0	Bridge City Contracting	\$ 28,367.43	Beam replacement at Madrona	Property Management	11/6/2020	2/15/2021
C2617	0	andmec	\$ 7,200.00	Replace exposed portion of drain line at Schrunk.	DCR	11/9/2020	12/31/2020
C2639	0	Cornerstone Security Group	\$ 13,200.00	Security services at Medallion and Williams Plaza	Property Management	11/20/2020	11/9/2021
C2641	0	All Aspects Renovations	\$ 5,908.42	Repair flood damage at Gallagher Plaza on floors 2,3 and 4.	Property Management	11/20/2020	1/31/2021
<b>Subtotal</b>			<b>\$ 486,521.09</b>				<b>13</b>

GOODS & SERVICES

Contract #	Amend #	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2605	0	Arock Technologies, LLC	\$ 3,700.00	Low voltage installations at Floresta office	DCR	10/12/2020	3/31/2021
C2606	0	Pegasus Moving & Cleaning	\$ 25,000.00	Packing and moving services for relocation	DCR	10/13/2020	3/31/2020
C2608	0	Willamette Express, LTD	\$ 25,000.00	Packing and moving services for relocation	DCR	10/13/2020	3/31/2020
C2607	0	Lile Moving & Storage	\$ 25,000.00	Packing and moving services for relocation	DCR	10/14/2020	3/31/2020
C2609	0	Alexander's Mobility Services	\$ 25,000.00	Packing and moving services for relocation	DCR	10/23/2020	3/31/2020
C2580	0	Oregon Patrol Service	\$ 48,024.00	Security Services at Floresta, Powellhurst, Tillicum North, Tillicum South, Hunter's Run, Harold Lee Village, Townhouse Terrace, Demar Downs	Property Management	11/3/2020	8/31/2021
C2624	0	Cascade Radon Inc.	\$ 63,400.00	Radon mitigation Trouton	DCR	11/3/2020	3/31/2021
C2621	0	Cascade Radon Inc.	\$ 15,875.00	Radon mitigation Woolsey	DCR	11/4/2020	3/31/2021
C2622	0	Cascade Radon Inc.	\$ 16,210.00	Radon mitigation Haven	DCR	11/4/2020	3/31/2021
C2631	0	Environmental Works	\$ 34,503.00	Lexington radon mitigation	DCR	11/6/2020	3/31/2021
C2623	0	Cascade Radon Inc.	\$ 21,630.00	Radon mitigation Cecelia	DCR	11/7/2020	3/31/2021
<b>Subtotal</b>			<b>\$ 303,342.00</b>				<b>11</b>

PERSONAL SERVICE CONTRACTS

Contract #	Amend #	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2603	0	Environmental Works	\$ 2,165.00	radon testing at dahlke manor	DCR	10/6/2020	7/2/2021
C2599	0	Community Diners PDX	\$ -	Food box delivery to Dahlke, Grace Peck, Unthank, and Sellwood	Community Services	10/14/2020	9/23/2021
C2611	0	Epic Land Solutions	\$ 41,440.00	Relocation coordination at Floresta	DCR	10/18/2020	12/31/2020



C2613	0	PDX Nutrition Services	\$ 457,270.00	Comprehensive Meal Program for CHSP	Community Services	10/20/2020	12/31/2021
C2610	0	Ten02 Consulting LLC	\$ 20,000.00	Community driven needs assessment	Community Services	10/23/2020	12/31/2021
C2634	0	Megan Ashlock	\$ 12,367.00	Coordinating and managing food distribution at New Columbia; facilitating volunteer coordination meeting for New Columbia and Tamarack	Community Services	11/5/2020	12/31/2021
C2632	0	Melles Counseling & Consulting	\$ 30,000.00	Youth community engagement - Anti Bullying, Youth Empowerment, Skill Building at SCC	Community Services	11/6/2020	12/31/2021
C2629	0	Oregon Black Pioneers	\$ 3,375.00	Research leading to naming process for new development	DCR	11/9/2020	2/28/2021
C2633	0	Michael Mangum Enterprises	\$ 46,800.00	Youth violence prevention at New Columbia and Humboldt Gardens	Community Services	11/10/2020	12/31/2021
C2601	0	Epic Land Solutions	\$ 1,207,554.00	Resident Relocation at Dahlke Manor	DCR	11/13/2020	6/1/2022
C2637	0	GEO Consultants Northwest	\$ 6,600.00	Marketing document drawings for Louisa Flowers	DCR	11/13/2020	4/1/2021
C2619	0	Nicole Updegrave	\$ 720.00	Eviction Report presentation	Executive	11/16/2020	1/31/2021
C2604	0	City of Portland	\$ 35,000.00	COVID-19 Household Assistance Program (CVHAP) Intake and Referral Services	Community Services	11/24/2020	12/30/2020
<b>Subtotal</b>			<b>\$ 1,863,291.00</b>				<b>13</b>

PROFESSIONAL SERVICE CONTRACTS (A&E)

Contract #	Amend #	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2618	0	KPFF Consulting Engineers	\$ 7,000.00	As-built survey for Schrunk (ALTA land title survey)	DCR	10/21/2020	3/31/2021
C2638	0	LRS Architects	\$ 5,500.00	Geotechnical investigation to construct a modular building at the Head Start Clegg Child Care Facility, 1425 NE Dekum in Portland	DCR	11/18/2020	7/31/2021
<b>Total</b>			<b>\$ 12,500.00</b>				<b>2</b>

AMENDMENTS TO EXISTING CONTRACTS

Contract #	Amend #	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2441	1	Diana's Cleaning Professional Services	\$ -	Custodial services of 1st floor bathroom; amended scope of work	IFSS	10/5/2020	2/2/2022
C2181	1	Otis Elevator	\$ 10,505.00	Elevator Preventive Maintenance Hollywood East; replace broken touchpads	Property Management	10/6/2020	2/28/2024
C2493	2	Jani-King	\$ -	On-Call Cleaning Services for vacant units and common area/office cleaning; amended scope	Property Management	10/13/2020	3/18/2023
C1894	3	ValleyScapes Landscape Solutions	\$ 13,118.37	Landscaping at Stephen's Creek Crossing; amended scope	Prop Mgmt	10/15/2020	12/31/2020
C2242	1	DHS	\$ 533.00	Agreement Number 158593: Renewed agreement for medicaid reimbursements	Community Services	10/15/2020	9/30/2022
C2496	3	American Heating, Inc	\$ 3,872.00	HVAC maintenance at SCC; amended scope	Property Management	10/15/2020	12/31/2020
C2507	1	Centric Elevator	\$ -	NWM elevator substantial completion date change	DCR	10/16/2020	4/30/2021
C2508	1	Centric Elevator	\$ -	Rosenbaum elevator substantial completion date change	DCR	10/16/2020	7/31/2021
C1974	4	LMC, Inc.	\$ 274,352.33	red group 2 (hunter's run, tillicum north, tillicum south) additional work CO 1	DCR	10/18/2020	7/23/2020
C1974	5	LMC, Inc.	\$ 474,510.34	red group 2 (hunter's run, tillicum north, tillicum south) additional work CO 2	DCR	10/18/2020	1/31/2021
C1974	6	LMC, Inc.	\$ 344,914.65	red group 2 (hunter's run, tillicum north, tillicum south) additional work CO 3	DCR	10/18/2020	1/31/2021
C1974	7	LMC, Inc.	\$ 296,162.06	red group 2 (hunter's run, tillicum north, tillicum south) additional work CO 4	DCR	10/18/2020	1/31/2021
C1994	4	LMC, Inc.	\$ 21,211.67	red group 1 CO 1	DCR	10/18/2020	12/31/2020
C1994	5	LMC, Inc.	\$ 38,402.33	red group 1 CO 2	DCR	10/18/2020	12/31/2020
C1994	6	LMC, Inc.	\$ 280,435.05	red group 1 CO 3	DCR	10/18/2020	12/31/2020
C1994	7	LMC, Inc.	\$ 283,008.34	red group 1 CO 4	DCR	10/18/2020	12/31/2020
C1994	8	LMC, Inc.	\$ 292,548.83	red group 1 CO 5	DCR	10/18/2020	1/31/2021
C2046	4	NW Enforcement	\$ 28,271.10	Security Services for Schrunk; amended to add funds	Property Management	10/19/2020	12/31/2020

C2160	4	NW Enforcement	\$ 20,000.00	Security services at BCC; additional hours due to the state of Emergency	Property Management	10/23/2020	12/31/2020
C2399	1	Ideas42	\$ 40,000.00	Program consultation, design and outcome measurement; amended to extend contract	Executive	10/23/2020	7/1/2021
C2433	2	Epic Land Solutions	\$ (8,165.00)	Resident relocation at Powellhurst Woods; amended contract language	DCR	10/23/2020	1/31/2021
C2109	4	Holst Architecture	\$ 7,469.85	CAT Tax for Powell A&E	DCR	10/26/2020	12/31/2023
C2362	1	Forensic Building Consultants	\$ 12,300.00	Construction Administration for Group 6-1 Alderwood, powellhurst, Floresta	DCR	10/27/2020	1/31/2021
C2447	1	Hacker Architects	\$ 43,350.00	Killingsworth A&E amendment to fix discrepancy between cost presented to board vs actual cost	0	10/27/2020	9/30/2021
C2457	5	Forensic Building Consultants	\$ 6,975.00	Permitting services for playgroun installation and Tillicum North and Hunter's Run	DCR	10/27/2020	4/30/2021
C1849	7	Merryman Barnes Architects	\$ 46,750.00	Additional architectural services for the Group 6-1 properties of Floresta, Powellhurst, and Alderwood.	DCR	10/29/2020	1/31/2021
C2417	3	Forensic Building Consultants	\$ 2,790.00	Permitting for Schiller Way	DCR	11/2/2020	1/2/2022
C2418	3	Forensic Building Consultants	\$ 3,720.00	Permitting for Sequoia Square	DCR	11/2/2020	1/2/2022
C2463	1	Try Excellence LLC	\$ 13,000.00	Consulting services for CAC	DCR	11/2/2020	6/30/2021
C2493	3	Jani-King	\$ -	On-Call Cleaning Services for vacant units and common area/office cleaning; amended scope for Alexis and Holgate	Property Management	11/2/2020	3/18/2023
C2416	3	Forensic Building Consultants	\$ 2,790.00	Additional services for permitting at Kelly Place	DCR	11/3/2020	1/2/2022
C2547	1	PBS Engineering & Environmental, Inc.	\$ 9,800.00	Dekum additional geotech work	DCR	11/3/2020	12/31/2021
C2469	1	Rhodes Perry Consulting	\$ -	Policy development and training services to support transgender and non-binary employees - extending duration	HR	11/4/2020	5/31/2021
C2165	4	Kay Reid	\$ 14,400.00	Provide classes for ESL residents at New Columbia; amended to extend contract	Community Services	11/5/2020	12/31/2021
C2046	5	NW Enforcement	\$ 18,945.00	Security Services for Schrunk; amended to add funds	Property Management	11/9/2020	12/31/2020
C2533	2	KASA Architects, inc	\$ 3,900.00	Dekum head start structural engineering services	DCR	11/9/2020	9/2/2021
C2435	2	ValleyScapes Landscape Solutions	\$ 6,365.40	Landscaping at NW Tower; amended to extend contract	Property Management	11/12/2020	12/31/2021

C1918	3	American Heating, Inc	\$ 2,700.00	HVAC maintenance agreement for service every 90 days at Gallagher Plaza; amended to extend contract	Property Management	11/13/2020	12/31/2021
C1961	11	Performance Systems Integration (PSI)	\$ 70,000.00	Fire safety services at 14 properties; amended to extend contract	Property Management	11/13/2020	12/31/2021
C2092	10	Lorentz Bruun Construction	\$ 22,738.00	Amending scope to Fountain Place Design build	DCR	11/13/2020	9/30/2021
C2135	3	ValleyScapes Landscape Solutions	\$ 6,365.40	Landscaping at Gallagher Plaza; amended to extend contract	Property Management	11/13/2020	12/31/2021
C2136	3	ValleyScapes Landscape Solutions	\$ 6,810.98	Landscaping at Sellwood Center; amended to extend contract	Property Management	11/13/2020	12/31/2021
C1847	3	Central City Concern	\$ 291,686.00	Case Management & Care Coordination services at the Apartments at Bud Clark Commons; amended to extend services	Community Services	11/15/2020	6/30/2021
C2266	2	Pacific Patrol Services	\$ 15,000.00	Security Services at the Joyce Hotel; amended to extend contract	Asset Mgmt	11/17/2020	12/31/2021
C2553	1	Equity Hub	\$ 3,312.00	Online proposal/bid submission tool; BidLocker Plus for 4 users	Procurement	11/17/2020	11/30/2021
C2277	2	Allied Universal Security Services	\$ 20,451.20	Security at Dahlke; amended scope	Property Management	11/18/2020	12/31/2020
C2337	2	Gill Group, Inc.	\$ 9,355.00	CNA for Carlton, Celilo, Dahlke, Demar Downs, Eastwood, Fir Acres, Madrona, Stark Manor, Townhouse Terrace for the RAD e-tool CNA submittal; amended to extend contract	DCR	11/20/2020	3/31/2021
C2493	4	Jani-King	\$ -	On-Call Cleaning Services for vacant units and common area/office cleaning; amended scope for HWE	Property Management	11/23/2020	3/18/2023
<b>Subtotal</b>			<b>\$ 3,054,653.90</b>				<b>48</b>

OTHER AGREEMENTS (Revenue contracts, 3rd Party contracts, MOU's, IGA's)

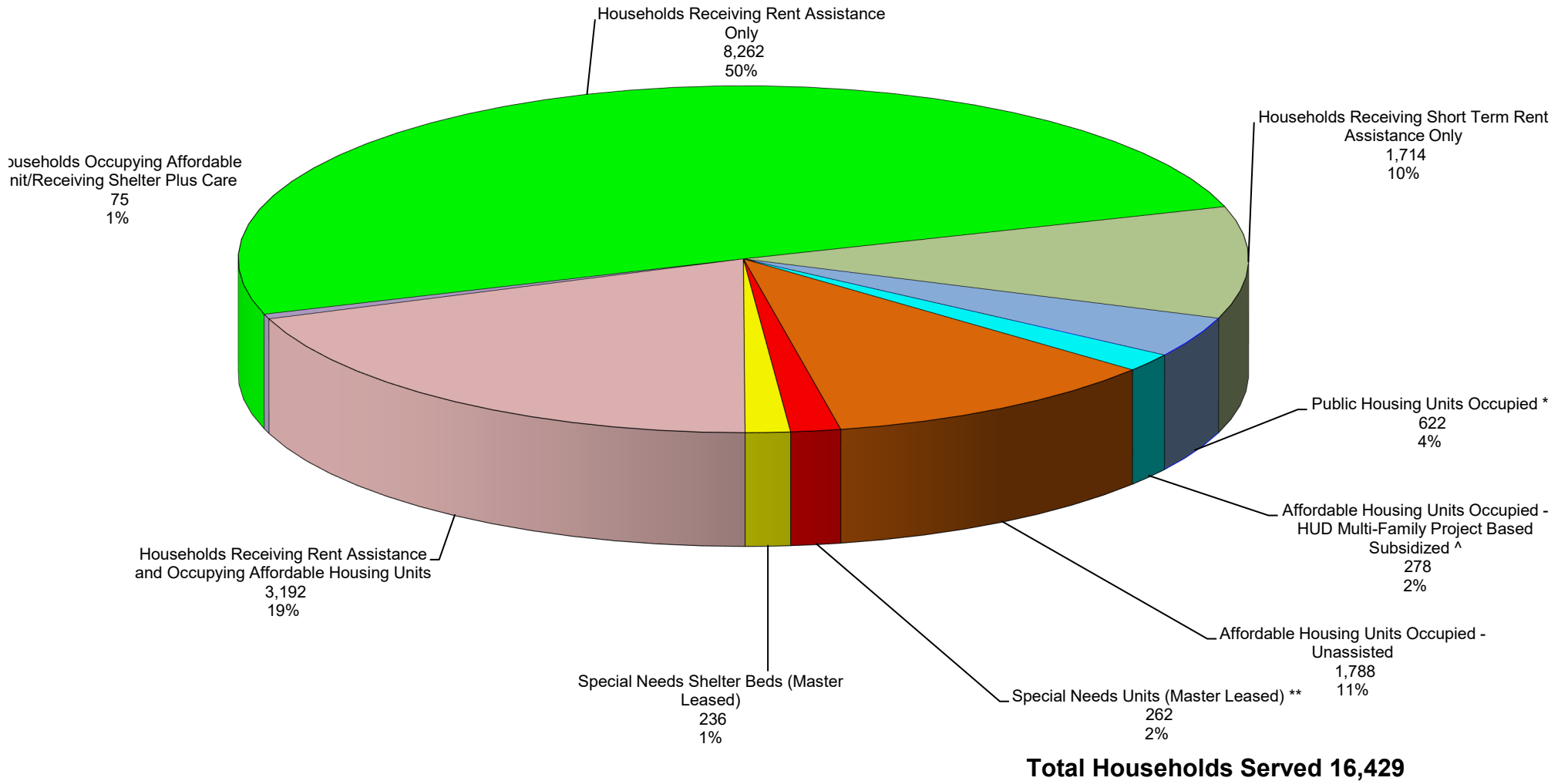
Contract #	Amend #	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2636	0	NAYA	see MOU	MOU for Nesika Illahee Indian Housing Block Grant Units and Nesika Illahee operations	Executive	11/10/2020	9/30/2025
<b>Subtotal</b>			<b>\$ -</b>				<b>1</b>
<b>Total</b>			<b>\$ 5,720,307.99</b>				<b>88</b>

**Procurement & Contracts Department  
FUTURE FORMAL PROCUREMENTS  
6 Month Look Ahead - December 2020**

Estimated Contract Amount	Description	Dept.	Solicitation Period
\$600,000	Window replacement at Gretchen Kafoury	DCR	Re-Bid Postponed TBD
\$1.5 million	CHSP Housekeeping & Personal Care	Community Services	Dec
\$16 million	A&E - Troutdale	DCR	Jan/Feb
\$20 million	CM/GC - Troutdale	DCR	Mar/Apr

# HOUSEHOLDS SERVED REPORT

## Total Households Served: Rent Assistance and Occupied Housing Units November 2020



^ Consists of Grace Peck Terrace, Multnomah Manor, Plaza Townhomes, Rosenbaum Plaza, Unthank Plaza  
 includes Local Blended Subsidy

\*\* Special Needs are physical units as occupancy levels that are not reported to Home Forward by service providers master leasing these properties.

# Households Served

## Households Served Through Housing Supports November 2020

Rent Assistance	All Programs	Moving to Work Programs	Non-MTW Programs
Rent Assistance Vouchers - Home Forward Funded	11,454	7,900	1,829
Tenant Based Vouchers	5,537	5,537	
Project Based Vouchers	1,571	1,571	
Hi Rise Project Based Vouchers	792	792	
RAD Project Based Vouchers	1,351		
Section 18 Project Based Vouchers	374		
Single Room Occupancy (SRO)/MODS	127		127
Family Unification Program	206		206
Mainstream Vouchers	89		89
Veterans Affairs Supportive Housing (VASH)	642		642
Rent Assistance - PORT IN From Other Jurisdiction	765		765
Short Term Rent Assistance Programs	1,789	52	1,737
Shelter + Care	467		467
Locally Funded Short Term Rent Assistance	1,270		1,270
Earl Boyles	20	20	
MIF Funded Short Term Rent Assistance	-	-	
Alder School	22	22	
New Doors	5	5	
Employment Opportunity Program	5	5	
Work Systems Inc. - Agency Based Rent Assistance	-	-	
<b>Total Rent Assistance</b>	<b>13,243</b>	<b>7,952</b>	<b>3,566</b>
<b>Subsidized Housing Units</b>			
<b>Public Housing Units Occupied</b>	<b>622</b>	<b>622</b>	<b>-</b>
Traditional Public Housing units Occupied	622	622	
Affordable Housing Units Occupied (excluding PH subsidized)	5,333		4,959
Affordable Housing Units - Tenant Based Vouchers	500		500
Affordable Housing Units - Shelter + Care	75		75
Affordable Housing Units - Project Based Vouchers	-		-
Affordable Housing Units - Hi Rise Project Based Vouchers	792		792
Affordable Housing Units - RAD Project Based Vouchers	1,351		1,351
Affordable Housing Units Section 18 Project Based Vouchers	374		
^ Affordable Housing Units - HUD Multi-Family Project Based	278		278
Affordable Housing Units - VASH Vouchers	110		110
Affordable Housing Units - Family Unification Program	12		12
Affordable Housing Units - Section 8 Port In	53		53
Affordable Housing Units - Unassisted	1,788		1,788
Special Needs	498		498
Special Needs Units (Master Leased) **	262		262
Special Needs Shelter Beds (Master Leased)	236		236
<b>Total Households Occupying Housing Units</b>	<b>6,453</b>	<b>622</b>	<b>5,457</b>
<b>Total Housing Supports Provided to Household</b>	<b>19,696</b>	<b>8,574</b>	<b>9,023</b>
Household Occupying Affordable Unit/Receiving Home Forward Rent Assistance	(3,192)		(3,192)
Households Occupying Affordable Unit/Receiving Shelter Plus Care	(75)		(75)
<b>Total Households Served</b>	<b>16,429</b>	<b>8,574</b>	<b>5,756</b>

**Notes:**

- ^ Consists of Grace Peck Terrace, Multnomah Manor, Plaza Townhomes, Rosenbaum Plaza, Unthank Plaza
- \*\* Special Needs are physical units as occupancy levels that are not reported to Home Forward by service providers master leasing these properties.



# DASHBOARD REPORT

**Property Performance Measures**

	Number of Properties	Physical Units	Rentable Units	Vacant Units	Occupancy Percentage	Unit Mix						
						Studio/SRO	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5+ Bdrm	Total
Public Housing	17	645	627	5	99.2%	8	323	186	122	6	0	645
Affordable Owned	26	2,401	2,401	77	96.8%	867	704	618	182	30	0	2,401
Tax Credit Partnerships *	37	3,183	3,057	48	98.4%	969	1,071	602	386	138	17	3,183
<b>Total Affordable Housing</b>	<b>63</b>	<b>5,584</b>	<b>5,485</b>	<b>125</b>	<b>97.7%</b>	<b>1,836</b>	<b>1,775</b>	<b>1,220</b>	<b>568</b>	<b>168</b>	<b>17</b>	<b>5,584</b>
<b>Combined Total PH and AH</b>	<b>80</b>	<b>6,229</b>	<b>6,085</b>	<b>130</b>	<b>97.9%</b>	<b>1,834</b>	<b>2,098</b>	<b>1,406</b>	<b>690</b>	<b>174</b>	<b>17</b>	<b>6,219</b>
Special Needs (Master Leased)	27	262	262									
Special Needs (Shelter Beds)	3	236	236									
<b>Total with Special Needs</b>	<b>110</b>	<b>6,727</b>	<b>6,583</b>									

\* Excludes Louisa Flowers- has not fully leased up yet

	Fiscal YTD ending 9/30/20				09/30/20		
	# of Properties/units Positive Net Operating Income (NOI)	# of Properties/units Negative Net Operating Income (NOI)	# of Properties/units Under Construction (NOI Does not Apply)	# of Properties meeting Debt Coverage Ratio (DCR)	# of Properties not meeting DCR	# of Properties DCR Not Applicable	
Public Housing	17	645	0	0			
Affordable Owned	26	2,308	1	93	20	1	
Tax Credit Partnerships	26	1,870	10	1,233	14	2	
						21	

	Households				% Family Type (head of household)				Race % (head of household)					
	# of Households	% of Households	Average Family Size	Average Unit Size	Adults no Children	Family with Children	Elderly	Disabled Not Elderly	Black African American	White	Native American	Asian	Hawaiian/ Pacific Islnd	Hispanic/ Latino
<b>Public Housing Residents</b>														
0 to 10% MFI	126	20.4%	2.5	2.1	44.0%	56.0%	19.8%	21.0%	20.7%	63.8%	5.2%	1.7%	2.6%	28.5%
11 to 20%	256	41.4%	1.7	1.5	79.4%	21.0%	64.5%	71.0%	21.0%	68.6%	2.4%	4.4%	1.2%	10.9%
21 to 30%	127	20.6%	1.9	1.5	75.4%	25.0%	63.9%	57.0%	16.4%	71.3%	1.6%	8.2%		14.8%
31 to 50%	83	13.4%	2.8	2.2	53.5%	47.0%	41.9%	34.0%	20.9%	68.6%	1.2%	1.2%	2.3%	17.4%
51 to 80%	23	3.7%	2.4	2.1	50.0%	50.0%	40.6%	25.0%	25.0%	59.4%	6.3%	9.4%		28.1%
Over 80%	3	0.5%	2.6	2.2	80.0%	20.0%	40.0%	20.0%	20.0%	60.0%		20.0%		20.0%
All	618	100%	2.1	1.7	67%	34%	51%	51.0%	20.1%	67.8%	2.8%	4.5%	1.3%	16.8%

	# of Households	% of Households	Average Family Size	Average Unit Size	Adults no Children	Family with Children	Elderly	Disabled Not Elderly	Black African American	White	Native American	Asian	Hawaiian/ Pacific Islnd	Hispanic/ Latino
<b>Waiting List</b>														
0 to 10% MFI	4,206	40.5%	6.1	1.3			1.6%	12.1%	12.5%	18.9%	1.9%	0.9%	0.5%	3.8%
11 to 20%	3,076	27.9%	1.9	1.3			3.6%	13.7%	8.5%	13.9%	1.2%	1.1%	0.4%	2.3%
21 to 30%	1,572	15.4%	2.3	1.3			2.1%	4.9%	4.6%	7.6%	0.5%	0.7%	0.2%	1.5%
31 to 50%	966	12.2%	2.5	1.2			1.2%	2.2%	3.9%	5.3%	0.4%	0.7%	0.2%	1.6%
51 to 80%	234	3.0%	2.5	1.2			0.2%	0.4%	1.1%	1.1%	0.1%	0.2%	0.1%	0.3%
Over 80%	93	0.9%	2.4	1.1			0.1%	0.2%	0.4%	0.3%	0.0%	0.0%	0.0%	0.1%
All	10,147	100.0%	3.0	1.4			44.0%	10.0%	31.0%	47.1%	4.2%	3.9%	1.5%	10.0%

<b>Other Activity</b>	
Public Housing	
Names pulled from Wait List	162
Denials	2
New rentals	4
Vacates	4
Evictions	0
# of work orders received	1,908
# of work orders completed	976
Average days to respond	12.2
# of work orders emergency	195
Average response hrs (emergency)	1

**Rent Assistance Performance Measures**

	Current Month Status						Current Month Activity				Calendar Year To Date				
	Authorized Vouchers	Utilized Vouchers	Utilization	Average Voucher	HUD Subsidy Over / (Under)	Remaining Waiting List	Waiting List Names	New Vouchers Leased	Vouchers Terminated	Voucher Inspections Completed	Utilization	Average Voucher	HUD Subsidy Over / (Under)	New Vouchers Leased	Vouchers Terminated
Tenant Based Vouchers	5,975	5,537	93%	\$786	-347,763	1,420	0	16	7	431	92%	\$788	-4,297,216	283	155
Project Based Vouchers	2,867	2,737	95%	\$852	92,803			26	10	210	96%	\$831	543,603	353	234
VASH Vouchers	970	642	66%	\$773	-53,089			8	1	60	67%	\$769	-440,604	59	51
FUP Vouchers	244	206	84%	\$923	31,670			2	0	9	81%	\$937	365,693	24	5
Mainstream Vouchers	129	89	69%	\$890	-19,365			0	0	5	70%	\$98	-762,216	44	0
RAD Project Based Vouchers	1,419	1,351	95%	\$461	-238,938			6	9	31	93%	\$43	-8,850,008	204	114
SRO/MOD Vouchers	130	127	98%	\$479	499			0	0	4	98%	\$477	7,292	7	10
All Vouchers	11,734	10,689	91%	\$761	-534,183			58	27	750	91%	\$699	-13,433,456	974	569

Home Forward - Dashboard Report For November of 2020

Demographics	Households				% Family Type (head of household)				Race % (head of household)					
	# of Households	% of Households	Average Family Size	Average Unit Size	Adults no Children	Family with Children	Elderly	Elderly	Black African American	White	Native American	Asian	Hawaiian/ Pacific Islnd	Hispanic/ Latino
<b>Tenant Based Voucher Participants *</b>														
0 to 10% MFI	1,105	17.1%	2.4	1.9	50.0%	50.0%	22.0%	30.0%	38.0%	48.0%	4.0%	2.0%	1.0%	9.0%
11 to 20%	2,550	39.4%	1.8	1.8	79.0%	21.0%	62.0%	71.0%	34.0%	54.0%	2.0%	6.0%	0.0%	5.0%
21 to 30%	1,442	22.3%	2.2	1.9	70.0%	30.0%	57.0%	58.0%	33.0%	57.0%	1.0%	5.0%	1.0%	6.0%
31 to 50%	1,025	15.8%	2.8	2.3	51.0%	49.0%	38.0%	38.0%	41.0%	48.0%	2.0%	3.0%	2.0%	9.0%
51 to 80%	319	4.9%	2.8	2.5	46.0%	54.0%	25.0%	22.0%	51.0%	38.0%	3.0%	3.0%	1.0%	7.0%
Over 80%	33	0.5%	2.9	2.5	59.0%	41.0%	12.0%	21.0%	41.0%	44.0%		6.0%	3.0%	9.0%
All	6,474	100%	2.2	1.9	66%	34%	48%	53%	36%	52%	2%	4%	1%	7%

\*(Includes Tenant Based, FUP, VASH, Mainstream and Port In Vouchers)

Project Based Voucher Participants	Households				% Family Type (head of household)				Race % (head of household)					
	# of Households	% of Households	Average Family Size	Average Unit Size	Adults no Children	Family with Children	Elderly	Elderly	Black African American	White	Native American	Asian	Hawaiian/ Pacific Islnd	Hispanic/ Latino
0 to 10% MFI	1091	26.7%	1.9	1.1	63.3%	37.0%	27.9%	31.0%	23.0%	64.8%	3.7%	1.4%	1.5%	15.4%
11 to 20%	1759	43.0%	1.6	0.9	82.4%	18.0%	60.8%	71.0%	23.8%	65.5%	3.5%	3.3%	0.6%	9.0%
21 to 30%	729	17.8%	1.9	1.1	77.1%	23.0%	62.0%	59.0%	21.9%	68.2%	2.7%	3.1%	0.7%	7.3%
31 to 50%	386	9.5%	2.8	1.9	51.7%	48.0%	41.1%	32.0%	28.8%	60.0%	3.5%	1.9%	1.3%	22.7%
51 to 80%	107	2.6%	2.8	2.2	46.2%	54.0%	35.6%	17.0%	34.6%	53.9%	6.7%	1.9%	1.0%	26.9%
Over 80%	16	0.4%	3.0	2.5	53.3%	47.0%	33.3%	13.0%	20.0%	80.0%				33.3%
All	4,088	100%	1.9	1.2	72%	28%	50%	52.9%	24.0%	65.0%	3.4%	2.6%	1.0%	12.3%

Waiting List	Households				% Family Type (head of household)				Black African American	White	Native American	Asian	Hawaiian/ Pacific Islnd	Hispanic/ Latino	Not Reported
	# of Households	% of Households	Average Family Size	Average Unit Size	Adults no Children	Family with Children	Elderly	Disabled Not Elderly							
0 to 10% MFI	451	32.8%	2.5				3.2%	26.3%	30.3%	53.6%	4.8%	2.1%	1.2%	7.0%	1.2%
11 to 20%	378	27.5%	1.8				15.2%	61.2%	28.4%	56.6%	3.1%	5.4%	1.0%	4.6%	1.1%
21 to 30%	269	19.5%	2.1				17.6%	38.7%	23.7%	63.0%	2.4%	3.8%	1.0%	5.3%	0.9%
31 to 50%	229	16.6%	2.4				12.5%	24.2%	27.7%	57.6%	2.8%	4.8%	1.2%	5.5%	0.4%
51 to 80%	40	2.9%	2.6				9.2%	17.2%	39.1%	43.7%	1.2%	3.5%	1.2%	10.3%	1.2%
Over 80%	10	0.7%	2.5				9.1%	27.3%	45.5%	36.4%	4.6%		9.1%	4.6%	0.0%
All	1,377	100.0%	2.3				11.0%	38.0%	28.5%	56.3%	3.5%	3.8%	0.8%	5.8%	1.0%

Short Term Rent Assistance	# of Households Participating	\$ Amount of Assistance Provided	Average Cost per Household
Shelter Plus Care	467	\$446,996	957
Short Term Rent Assistance	1322	\$1,341,587	1,015

**Resident Services**

Resident Programs	Housing Program Served	Households Served/	Monthly Funding Amount	Average Funds per Participant
Congregate Housing Services * as of previous month	Public Housing	146	\$80,273	\$549.81

Resident Services Coordination	Public Housing	# Services	# of Programs	# Event Attendees	# Notice/Violation Meetings	# Eviction Notices	# Housing Stability Meetings
		2453	12	258	8	11	18

**Agency** Nine months ending 9/30/20

The below data represents unaudited financial data.

	Fiscal Year to Date	Prior YTD	Increase (Decrease)
Subsidy Revenue	\$89,669,376	\$83,761,013	\$5,908,363
Grant Revenue	\$17,365,787	\$16,424,309	941,478
Property Related Income	\$15,804,516	\$16,158,864	(354,348)
Development Fee Revenue	\$6,210,824	\$7,847,025	(1,636,200)
Other Revenue	\$10,913,485	\$9,621,847	1,291,638
<b>Total Revenue</b>	<b>\$139,963,989</b>	<b>\$133,813,058</b>	<b>\$6,150,931</b>
Housing Assistance Payments	\$87,906,367	\$78,894,504	9,011,863
Operating Expense	\$42,487,753	\$39,010,186	3,477,567
Depreciation	\$3,180,901	\$3,387,122	-206,221
<b>Total Operating Expenses</b>	<b>\$133,575,021</b>	<b>\$121,291,811</b>	<b>12,283,210</b>
<b>Operating Income</b>	<b>\$6,388,968</b>	<b>\$12,521,246</b>	<b>-\$6,132,279</b>
Other Income(Expense)	-\$895,857	\$11,009,280	-11,905,138
Capital Contributions	\$932,068	-\$194,963	1,127,031
Increase(Decrease) Net Assets	<b>6,425,179</b>	<b>23,335,564</b>	<b>-16,910,385</b>
Total Assets	<b>\$ 991,551,358</b>	<b>\$ 861,350,221</b>	<b>\$ 130,201,137</b>
Liquidity Reserves	33,530,304	29,928,641	3,601,663

**Development/Community Revitalization**

**New Development / Revitalization**

	Units	Construction Start	Construction End	Current Phase	Total Cost	Cost Per Unit
North Group Rehab Project	350	18-Dec	30-Sep	Post -Construction	\$101,323,805	\$289,496
East Group Rethab Project	315	19-Jun	21-Mar	Construction	\$79,925,247	\$253,731
Fountain Place Rehab Project	74	20-Mar	21-Dec	Construction	\$32,804,443	\$443,303

**Capital Improvement**

	Units	Construction Start	Construction End	Current Phase	Total Cost	Cost Per Unit
Gretchen Kafoury Windows Replaceme	N/A	21-Mar	21-Sep	Pre-Construction	\$875,000	N/A
Sequoia Elevated Deck	N/A	21-Mar	21-Sep	Pre-Construction	\$1,822,000	N/A
Schiller Way Elevated Deck Project	N/A	21-Mar	21-Jun	Pre-Construction	\$204,000	N/A
Kelly Place Elevated Deck	N/A	21-Mar	21-Jun	Pre-Construction	\$136,016	N/A