



**home**forward

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*Fiscal Year 2021*

# Budget

*January 1, 2021 through December 31, 2021*

Original Submission:  
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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>	<b>-</b>	<b>-</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	594,360	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 State, Local & Other Grants	10,704,849	-	-	-	-	-	-	7,934,429	-	1,190,934	-	-	-	7,934,429
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 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 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)
<b>Total</b>	<b>175</b>	<b>\$2,107,437</b>	<b>\$2,577,646</b>	<b>(\$470,205)</b>

### 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
<b>Total</b>	<b>111</b>	<b>6,727</b>

### 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

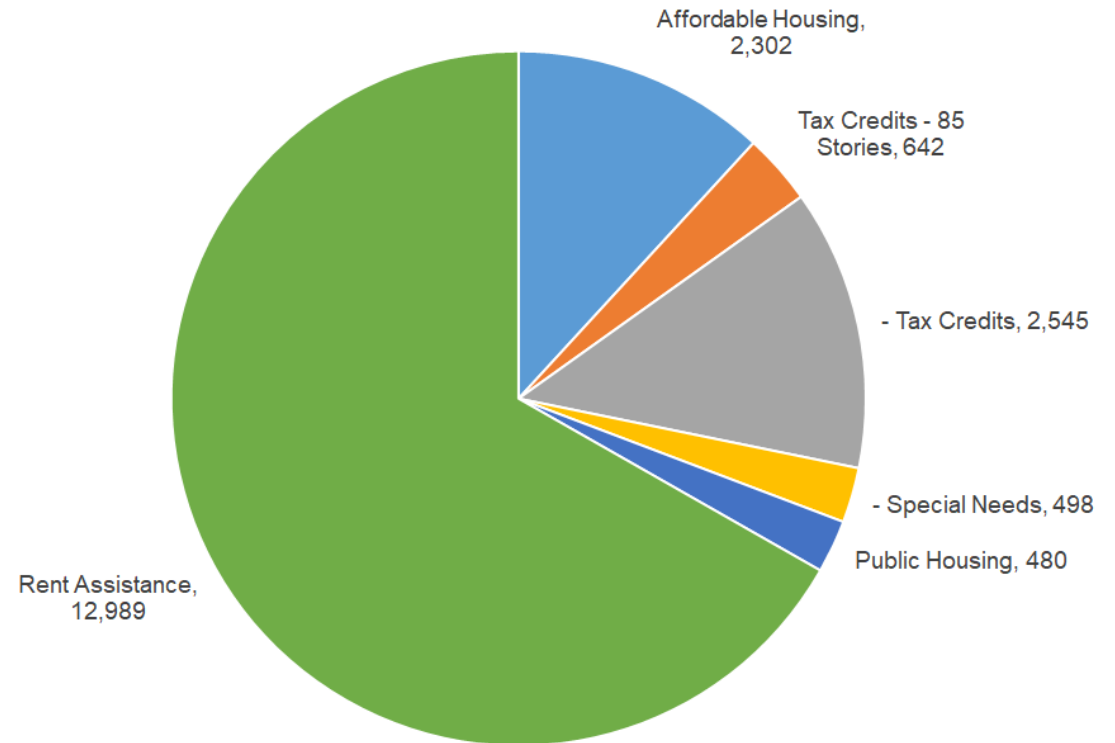
Initiative	Description	First Year	FY 20 Budget	FY 21 Budget
Neighbor 2 Neighbor	A grant program for resident groups from our public or affordable housing communities. Resident groups submit applications for grant funds to improve their community livability and reinforce community values.	FY 12	31,500	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

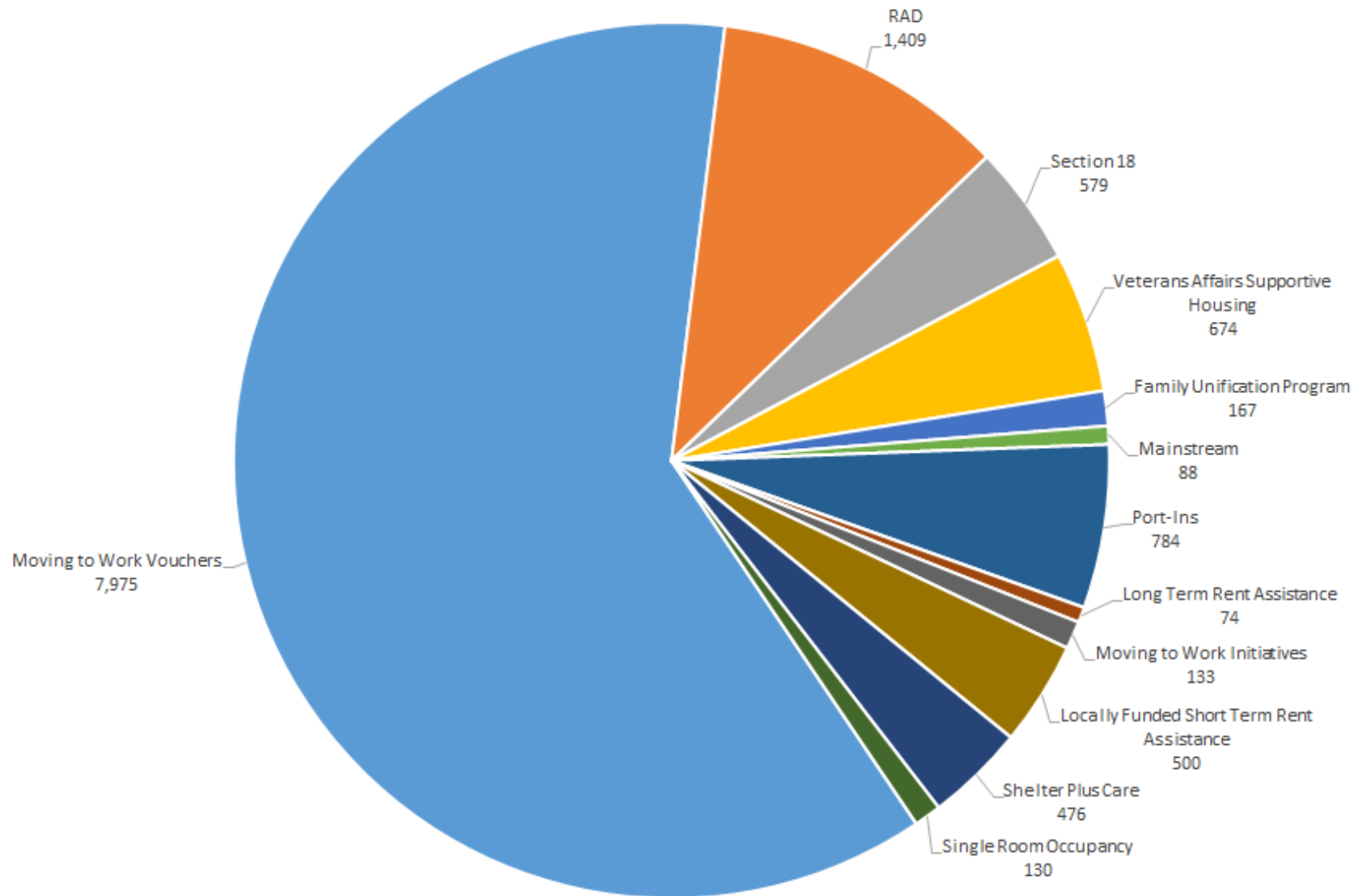
Category	Households Served	Percent
Affordable Housing	2,302	12%
Special Needs	498	3%
Tax Credits - 85 Stories	642	3%
Tax Credits	2,545	13%
Public Housing	480	2%
Rent Assistance	12,989	67%
Total	19,456	
Rent Assistance Occupying Affordable Housing / Tax Credit Units	-3,548	-22%
Unduplicated Total	15,908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



\*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.

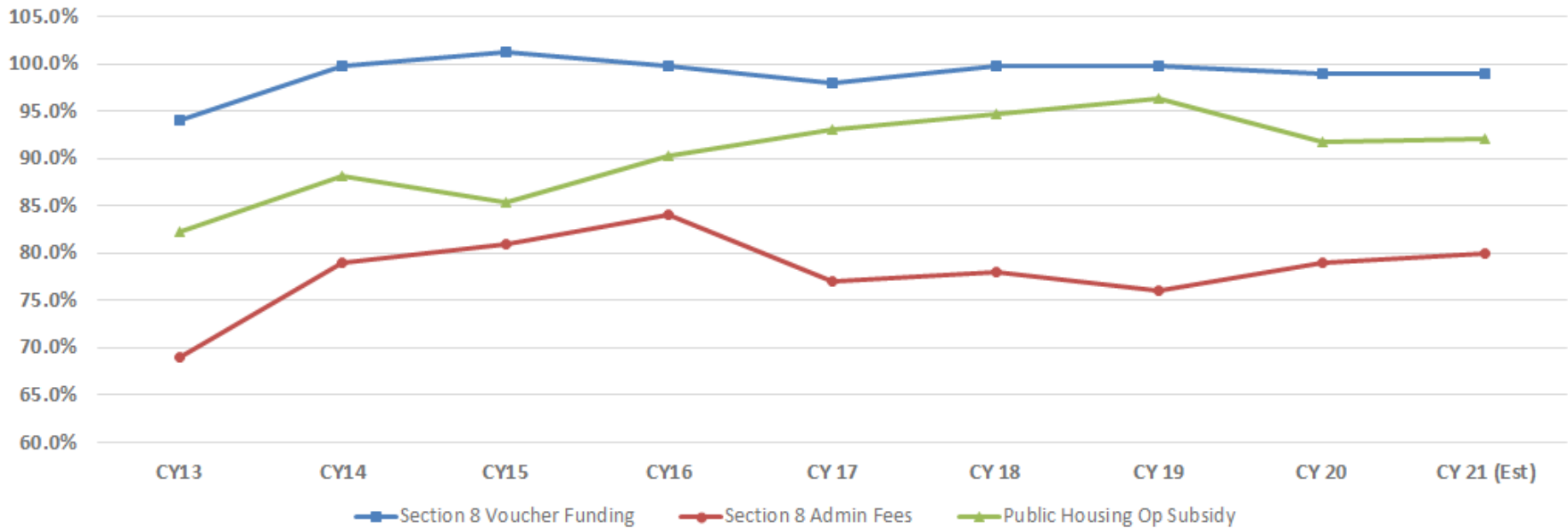
This includes the impact of RAD/Section 18 conversions.

## FY 21 Estimated Rent Assistance Households Served by Category



## Subsidy Proration Trends

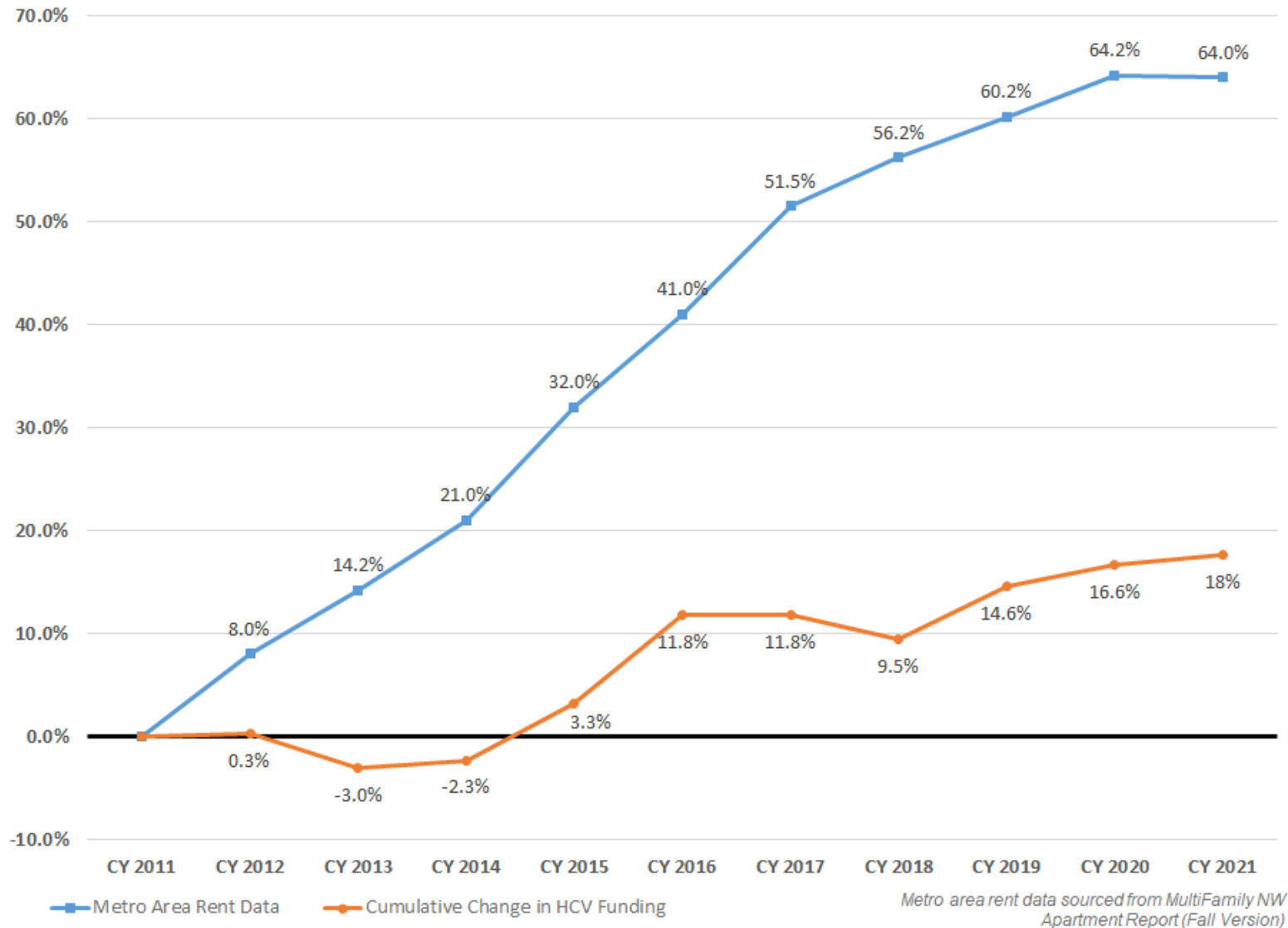
Subsidy Proration Trends <sup>1 2</sup>									
Actual Funding Year	CY 13	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21 (Est)
Home Forward Budget Year	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2018 12/31 YE	FY 2019	FY 2020
Section 8 Voucher Funding	94.0%	99.7%	101.2%	99.9%	98.0%	99.7%	99.7%	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>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Numbers may vary slightly due to rounding.