



homeforward

FY23 Budget

January 1, 2023 through December 31, 2023

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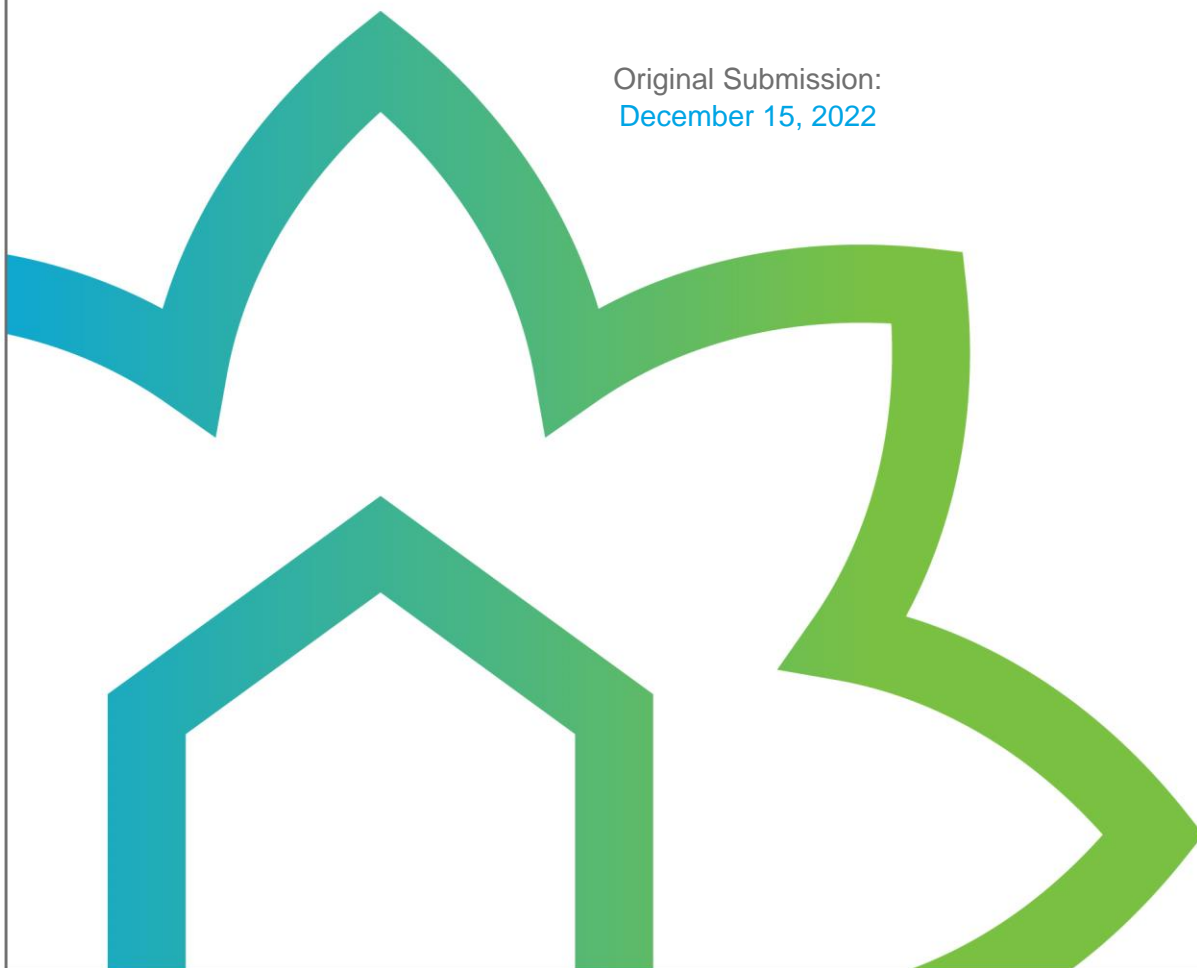


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Management Discussion

This document presents the planned activities and financial budget for Home Forward for the twelve months beginning January 1, 2023, and ending December 31, 2023 (FY23).

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 Chief Executive Officer is appointed by the Board and is responsible for the daily functioning of Home Forward.

Home Forward is one of only 39 original public housing authorities in the country (out of more than 3,000) that had 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 specific federal requirements enabling the merger of Housing Choice Voucher & administrative funds and Public Housing Operating & Capital Funds into a single fund. This allows Home Forward to create and implement innovative programs across its five main mission-based business lines.

The main mission-based business lines are:

- Real Estate Properties – Home Forward owns, manages, or is a partner in 111 properties with 6,727 units. Of these, 42 properties with 3,432 units are owned through tax credit partnerships, of which Home Forward is the minority owner. This portfolio includes 3 properties and 401 units that will begin the year 15 conversion process in FY23. This document does not include the forecasted and budgeted results of these 42 tax credit properties.

For public housing properties, revenue is generated from two primary 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 and uses 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 oversees the daily operations, compliance, and maintenance at 46 properties (3,275 physical units). The group generates property management fees to cover its costs and 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. Home Forward provides rent assistance to over 14,000 households through these programs annually. Rent Assistance also plays a significant role in administering Federal/State/Local COVID relief funds. These short-term initiatives began in FY 20 and will continue into the FY23 fiscal year.

The Housing Choice Voucher Program (Section 8) is the most extensive 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 and administration of community housing and service partnerships throughout Multnomah County. Programs include congregate supportive housing and family self-sufficiency programs. Cost reimbursement grants and property fees typically fund these programs.
- Development – includes work on large-scale development projects such as 85 Stories (part of Home Forward's public housing preservation initiative), Metro Bond housing affordable housing developments, and improvement of our existing properties using capital grants, local grants, and mainstream financing products. Revenue for this group is generated from developer fees, which may be earned in one reporting period but paid in a different period.

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

The budget was created with several guiding principles:

- 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 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 2022 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 selling real estate are generally dedicated to acquiring, developing, and preserving real estate assets.

Budget Summary

Key Activities and Financial Highlights for Fiscal Year 23

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

Key activities planned for Fiscal Year 23 include:

- Development will provide development services to Baldwin LP, 3000 Powell LP, Dekum 2 LP, Fairfield PSH LP, PCC Killingsworth, Grace Peck Terrace Rehab, and other capital projects. Development is projected to earn \$10.5 million in developer fees from these projects.
- Public Housing will serve 369 households in 9 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 8 units converting during FY23 from 377 to 369 units.
- Properties in Home Forward's Affordable Portfolio will serve 6,346 households, given the expected average occupancy rate of 97%. Home Forward-owned affordable properties are expected to serve 2,860 households, tax credit limited partnerships will serve 3,486 households, and master leased properties will serve 498 households.
- In FY16, Home Forward stopped pulling from the housing choice voucher waitlist due to the lack of federal funding to address the local rental crisis. Beginning in FY19 and through FY21, the housing choice voucher department began to pull names from the waitlist. In FY23, we anticipate extinguishing the current waitlist and will open a new waitlist. 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.

Financial highlights of the upcoming budget include:

- Annual operating revenues are projected to be \$241 million. This is mainly due to the following:
 - \$10.5 million in developer fee revenue from Dekum 2 LP (\$4.4 million), Fairfield PSH LP (\$2.5 million), Grace Peck Rehab (\$2.6 million), and PCC/Killingsworth (\$1 million) projects.
 - Public Housing Operating Subsidy revenue of \$6.3 million, including \$776 thousand in Asset Repositing Fees, reflects an estimated proration of 95%. Federal funding is anticipated to increase by 1% for the upcoming budget year.
 - HUD funding for Housing Choice Vouchers is projected to increase by 5% at a proration level of 100%.
 - Admin fees will increase by \$2.1 million due to increased HUD proration, offset by the ending of some COVID relief programs.
- Annual operating expenses are projected to be \$232.5 million. This is mainly due to the following:

- Of the \$232.5 million operating expenses, \$150.7 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 \$81.8 million.
 - Personnel expenses will be \$37.1 million for the upcoming budget year.
 - Other administrative expenses will be \$12.1 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 associated to safety patrols of \$531 thousand.
 - Other tenant services expenses will be \$2.8 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 \$9.4 million, primarily due to major maintenance projects at multiple affordable properties in FY23.
- Based on the impact of the items above, operating income is projected to be \$8.5 million.
 - Investment income is expected to yield \$126 thousand and \$2.2 million in interest expense in FY23.
 - Capital contributions are estimated to be \$2.3 million for the year.
 - The combined impact yields an \$8.7 million increase in change to net position.

Impact on Funding Flow

As noted in the Budget Principles section, the agency presents its budget in a GAAP presentation and 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. Development activities will (at a minimum) break even throughout 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	11,478,067	-	-	-	-	(11,478,067)	-
Public Housing Properties	2,760,041	-	696,514	-	(100,000)	(3,356,555)	-
Affordable Housing Properties	2,277,270	-	8,090,713	2,929,897	(713,142)	(12,584,738)	-
Asset Management	(3,804,612)	-	-	-	-	3,804,612	-
Property Management	(4,635,564)	-	9,090	-	-	4,626,474	-
Safety	(936,785)	-	-	-	-	936,785	-
Integrated Facilities Services	(65,019)	-	-	-	-	65,019	-
Community Services	(4,170,600)	-	275,942	475,224	-	3,419,434	-
Other	701,353	-	(1,164,529)	551,463	-	(88,287)	-
Program Group Total	3,604,151	-	7,907,730	3,956,584	(813,142)	(14,655,323)	-
Development	4,444,366	-	(10,738,799)	9,205,399	1,308,609	(4,219,575)	-
Total Agency	8,048,517	-	(2,831,069)	13,161,983	495,467	(18,874,898)	-

"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 in agency reserves.

Net reserves are dedicated to the following identified purposes:

- \$9.2 million of collected development fee revenue is transferred to reserves and is used to cover department operations and fund project costs that span multiple fiscal years.
- As part of a plan to ensure adequate reserve levels for Home Forward, \$200 thousand will be directed to an insurance reserve, \$776 thousand of asset repositioning fee generated from the 85 Stories initiative will be used for the future capital activity, \$500 thousand will be contributed to a capital reserve for the Affordable portfolio.

Staffing Update

Home Forward staff provide services 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			
	FY22 Budget	FY23 Budget	Increase / (Decrease)
Agency Funded	294.2	314.7	20.5
Other Legal Entity Funded	62.1	63.3	1.2
Total Agency-Managed Positions	356.3	378.0	21.7

Numbers may be off slightly due to rounding.

In total, full-time equivalent employees have increased by 21.7 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 Home Forward paying the financial impact of the 63.3 FTE 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 16, 2022**, 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 (5% increase for HCV programs and 1% for Operating Subsidy), historical trends, use program reserves as needed, and prepare to implement budget revisions as soon as more accurate information is available.

For development projects, there is always the risk of construction delays. Still, we are confident in the historical success of the Development team in monitoring and managing projects to mitigate this risk. Additionally, the Development team monitors new funding opportunities and strategies for financing affordable housing.

In addition to funding volatility, there is the potential for a weather-related incident/natural disaster in any given year 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. There is the potential for new program development and implementation in any given year beyond the programs established with this budget.

Conclusion

For the Fiscal Year 2023, Home Forward finds itself during 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 to transition from a traditional public housing platform to a 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 2023 Operating Statement

<u>Operating Statement</u>	<u>FY22 Budget</u>	<u>FY23 Budget</u>	<u>Increase/ Decrease</u>
Dwelling Rental	19,003,279	25,576,608	6,573,329
Non-dwelling Rental	3,798,641	1,530,033	(2,268,608)
HUD Subsidies -Housing Assistance	121,868,728	140,600,422	18,731,694
HUD Subsidies -Admin Fee	12,734,143	14,866,542	2,132,399
HUD Subsidies -Public Housing	5,929,567	6,337,202	407,635
HUD Grants	7,688,211	8,256,707	568,496
Development Fee Revenue, Net	14,322,624	10,540,955	(3,781,669)
State, Local & Other Grants	65,542,229	15,774,350	(49,767,879)
Other Revenue	18,397,966	16,812,444	(1,585,522)
Total IA Revenue	-	661,049	661,049
Total Operating Revenues	269,285,388	240,956,312	(28,329,076)
Housing Assistance Payments	192,628,907	150,653,244	41,975,663
Administration	21,687,002	25,760,429	(4,073,427)
Administrative Personnel Expense	10,854,538	13,268,413	(2,413,875)
Other Admin Expenses	10,832,465	12,492,016	(1,659,551)
Tenant Services	6,038,847	7,223,515	(1,184,668)
Tenant Svcs Personnel Expense	3,617,854	4,409,688	(791,834)
Other Tenant Svcs Expenses	2,420,993	2,813,828	(392,835)
Program Expense	13,268,188	16,850,107	(3,581,919)
Maintenance	9,465,568	12,011,826	(2,546,258)
Maintenance Personnel Expense	2,491,181	2,621,412	(130,231)
Other Maintenance Expenses	6,978,041	9,390,414	(2,412,373)
Utilities	4,234,034	5,569,195	(1,335,161)
Total IA Expense	-	(79,605)	79,605
Depreciation	7,029,678	11,865,694	(4,836,016)
General	2,896,285	3,053,389	(157,104)
Total Operating Expenses	257,252,164	232,907,793	24,344,371
Operating Income (Loss)	12,033,224	8,048,519	(3,984,705)
Operating Income (Loss) after Overhead	11,220,867	8,048,519	(3,172,348)
Investment Income	159,896	125,660	(34,236)
Interest Expense	(2,159,305)	(2,215,539)	(56,234)
Amortization	-	1,428	1,428
Gain (Loss) on Sale of Assets	(26,850)	18,465	45,315
Net Other Income (Expense)	(2,026,067)	(2,069,986)	(43,919)
HUD Nonoperating Contributions	2,997,312	2,306,000	(691,312)
Net Capital Contributions	2,997,312	2,306,000	(691,312)
Change in Net Position	12,192,112	8,284,532	(3,907,580)

Funding Flow Analysis

Home Forward

Fiscal Year 2023 Funding Flow Analysis

<u>Funding Flow Analysis</u>	<u>FY22 Budget</u>	<u>FY23 Budget</u>	<u>Increase/ Decrease</u>
Funding Flow Analysis	\$ 9,460,851	\$ 8,048,519	\$ (1,412,332)
Funding Flow Analysis	(9,460,851)	(8,048,519)	1,412,332
Final Funding Source or (Shortfall)	\$ -	\$ -	\$ -

Line-Item Analysis & Assumptions

Revenue

Dwelling Rental \$25.6 million

- Public Housing Portfolio will earn \$1.0 million and continue to benefit from high occupancy rates.
- Affordable Housing Portfolio will earn \$29.6 million due to high occupancy rates.
- There is a projected elimination of \$5.0 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 4% to be applied in FY23.

Non-dwelling Rental \$1.5 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 \$140.6 million

- Due to expected continuing resolutions for a portion of the year, this funding is assumed to include a 5% funding increase and a projected proration level of 100.0%.
- RAD funding will be \$15.2 million for the 1,705 vouchers converted since FY19.
- Funding for the Section 18 Tenant Protection Vouchers will be \$6.2 million (579 units converted from Public Housing).
- The subsidies will fund 12,920 vouchers in the upcoming budget year.

HUD Subsidies – Administrative Fees \$14.8 million

- Administrative Fees for HUD housing assistance are budgeted based on funding appropriations and assume 87% proration for FY23.
- Administrative Fee funding will benefit from incremental voucher awards for FUP, Mainstream, VASH, and RAD conversions.

HUD Subsidies - Public Housing \$6.3 million

- Funding includes \$600 thousand in Asset Repositioning Fees (ARF). ARF represents a temporary revenue stream (related to Section 18 conversions) to assist with converting Public Housing to Tenant Protection Vouchers.
- This line item includes \$377 thousand for carve-outs to support services and payment in lieu of taxes.
- The budget assumes that the Operating Subsidy proration will be 95%, based on current year actuals.

Development Fee Revenue \$10.5 million

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

Project	Accrued Developer Fee Revenue (In thousands)
Dekum Court Redevelopment	\$4,395
Fairfield PSH LP	2,540
Grace Peck Rehabilitation	2,650
42 nd Ave & Killingworth	956
Total	\$10,541

State, Local & Other Grants \$15.8 million

Grant	FY22 Budget (In thousands)	FY23 Budget (In thousands)	Increase/ (Decrease)
Short-Term Rent Assistance			
Multnomah County	\$8,855	\$3,056	(\$5,799)
Homeless Family System of Care	7,102	3,451	(3,351)
City of Portland	1,831	2,292	461
State of Oregon	112	16	(97)
PILOT Revenue	224	200	(44)
Short-Term Rent Assistance Total	18,144	9,015	(9,128)
Medicaid – CHSP	677	711	34
Joint Office – Bud Clark Commons	533	549	16
Worksystems Grant	37	0	(37)
City of Portland Youth Grant	226	0	(226)
Long-Term Rent Assistance	45,926	5,500	(40,426)
Total	\$65,542	\$15,774	(\$49,768)

Other Revenue \$16.8 million

Other Revenue	FY22 Budget (In thousands)	FY23 Budget (In thousands)	Increase/ (Decrease)
Portability Revenue	\$9,962	\$10,830	\$867
Integrated Facilities Services Fees	1,918	1,742	(176)
Property-Related Income – Community Services	943	299	(644)
Property-Related Income – Operations	662	994	332
Property-Related Income – Management & General Partner Fees	2,224	1,659	(565)
Home Forward Development Enterprises Contributions	533	451	(82)
Other Revenue	2,083	790	(1,293)
Fraud and Bad Debt Recovery	73	47	(26)
CARES Act	-	-	-
Total	\$18,398	\$16,812	(\$1,586)

Expense**Housing Assistance Payments \$150.6 million**

- This includes Housing Assistance payments for the MTW Vouchers, RAD/Section 18 conversions, FUP Program, VASH program, Emergency Housing Vouchers, 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 \$37.1 million

- Total full-time equivalents for agency-funded positions are budgeted to be 298.8. An additional 63.3 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 is 362.1, a 20.5 FTE increase from the FY22 budget. The expenses below reflect only activity recorded for Home Forward properties.

Personnel Expense	FY22 Budget (In millions)	FY23 Budget (In millions)	Increase/ (Decrease)
Administrative Personnel Expense	\$10.9	\$13.3	\$2.4
Tenant Services Personnel Expense	3.6	4.4	0.8
Program Expense	13.3	16.8	3.6
Maintenance Personnel Expense	2.5	2.6	0.1
Total	\$30.2	\$37.1	\$6.9

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

Other Administrative Expenses \$12.1 million

- The Affordable Housing portfolio's other administrative expenses include outside payroll expenses, management fees, and security patrol contracts.
- The Administration operating group has budgeted expenses of \$3.6 million due to software and licensing fees, additional projects related to the Yardi upgrade, and projects related to diversity and equity. This includes several costs associated with the hybrid work model and other agency expenses.

Other Tenant Services Expenses \$2.8 million

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

Other Maintenance Expenses \$9.3 million

- Public housing properties are expected to have \$1.0 million in repairs and other maintenance activities.
- Affordable housing properties are expected to have \$6.5 million in repairs and other maintenance activities, \$187 thousand of which is budgeted for master-leased properties.
- New Market West is projected to have \$212 thousand in planned repairs and ongoing maintenance.

Utilities \$5.5 million

- Sewer and water rates are projected to rise by 4.5% and 7% (respectively) while other rates continue to increase. Local waste haulers will provide garbage and recycling services.

Depreciation \$11.8 million

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

General \$3.0 million

- Insurance expenses will increase due to rising valuations and premium rates and are projected to be \$2.4 million.
- Based on historical debt, bad debt expense is projected to be \$740 thousand.

Net Other Income (Expense)

Investment Income \$125 thousand

- Investment income is projected to increase based on higher interest rates than prior year estimates.

Interest Expense \$2.2 million

- Interest expense (\$2.2 million) is primarily due to debt at Fairview (\$366 thousand), Lovejoy (\$302 thousand), and Gretchen Kafoury (\$222 thousand).

Net Capital Contributions

HUD Capital Contributions \$2.3 million

- \$2.3 million in capital projects is budgeted for public housing properties, including those undergoing a RAD/Section 18 conversion.

Operating and Administrative Segment Review

FY23 Operating Statement by Operating Group*

	Home Forward													Home Forward Total	
	Fiscal Year 2023 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	MIF	Elimination	Home Forward Total
Dwelling Rental	\$ -	\$ 1,051,824	\$ 29,586,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,061,971)	\$ 25,576,608
Non-dwelling Rental	-	86,664	1,921,619	-	-	-	-	-	40,254	627,651	(608,356)	-	-	(537,799)	1,530,033
HUD Subsidies -Housing Assistance	137,196,168	-	3,404,254	-	-	-	-	-	-	-	-	-	-	-	140,600,422
HUD Subsidies -Admin Fee	13,825,363	-	-	-	1,041,179	-	-	-	-	-	-	-	-	-	14,866,542
HUD Subsidies -Public Housing	-	5,833,572	126,468	-	168,996	-	-	-	208,166	-	-	-	-	-	6,337,202
HUD Grants	6,488,917	-	-	-	403,140	-	-	-	1,364,649	-	-	-	-	-	8,256,707
Development Fee Revenue, Net	-	-	-	-	-	-	-	10,540,955	-	-	-	-	-	-	10,540,955
State, Local & Other Grants	14,514,783	-	-	-	-	-	-	-	1,259,567	-	-	-	-	-	15,774,350
Other Revenue	10,859,815	12,732	1,073,991	144,739	2,345,964	-	1,742,104	-	1,013,776	-	-	-	-	(380,676)	16,812,444
Total IA Revenue	-	-	-	-	-	-	-	-	1,641,220	-	-	-	-	(980,169)	661,051
Total Operating Revenues	182,885,045	6,984,792	36,113,087	144,739	3,959,279	-	1,742,104	10,540,955	5,527,632	627,651	(608,356)	-	-	(6,960,615)	240,956,312
Housing Assistance Payments	155,938,248	-	-	-	-	-	-	-	-	-	-	-	-	(5,285,004)	150,653,244
Administrative Personnel Expense	933,625	-	-	625,937	898,831	431,838	66,537	1,009,785	436,043	8,865,817	-	-	-	-	13,268,413
Other Admin Expenses	632,371	434,720	6,467,443	-	293,716	145,219	35,248	203,995	568,796	4,017,331	-	-	-	-	(306,824)
Fees/overhead charged	418,688	-	-	44,404	3,246	-	3,246	68,216	-	-	-	-	-	(537,799)	-
Tenant Svcs Personnel Expense	64,184	-	-	-	-	-	-	356,105	3,989,399	-	-	-	-	-	4,409,688
Other Tenant Svcs Expenses	161,570	47,928	146,808	-	-	-	-	-	2,378,607	78,914	-	-	-	-	2,813,828
Program Expense	9,517,749	489,688	354,465	1,071,007	2,207,480	83,623	189,160	2,105,727	537,109	294,099	-	-	-	-	16,850,107
Maintenance Personnel Expense	-	639,148	195,126	-	730,592	66,390	923,766	-	-	66,390	-	-	-	-	2,621,412
Other Maintenance Expenses	-	894,635	-	-	(41,248)	118,213	94,301	-	-	215,276	-	-	-	-	9,390,414
Utilities	-	772,370	4,670,376	-	-	-	40,000	-	-	86,449	-	-	-	-	5,569,195
Total IA Expense	-	5,550	607,300	-	-	-	-	-	138,533	-	-	-	-	(830,988)	(79,605)
Depreciation	-	696,514	10,835,163	-	9,090	-	-	2,156	-	372,811	-	-	-	(50,040)	11,865,694
General	56,900	244,198	2,449,898	-	202,188	6,008	36,000	10,000	-	48,197	-	-	-	-	3,053,389
Total Operating Expenses	167,723,334	4,224,751	33,835,817	1,741,348	4,303,895	851,291	1,388,257	3,755,983	8,048,487	14,045,285	-	-	-	(7,010,655)	232,907,793
Operating Income (Loss)	15,161,711	2,760,041	2,277,270	(1,596,609)	(344,616)	(851,291)	353,847	6,784,972	(2,520,856)	(13,417,634)	(608,356)	-	-	50,040	8,048,519
Total Overhead Allocations	3,683,644	-	-	2,208,002	4,290,948	85,494	418,866	2,340,605	1,649,744	(14,677,303)	-	-	-	-	-
Operating Income (Loss) after Overhead	11,478,067	2,760,041	2,277,270	(3,804,612)	(4,635,564)	(936,785)	(65,019)	4,444,366	(4,170,600)	1,259,669	(608,356)	-	-	50,040	8,048,519
Reserve Funding	-	-	4,190,173	-	56,196	-	-	3,714,888	(122,538)	-	2,705,071	(10,543,790)	-	-	-
Operating Income (Loss) after Reserve Funding	11,478,067	2,760,041	6,467,443	(3,804,612)	(4,579,368)	(936,785)	(65,019)	8,159,255	(4,293,138)	1,259,669	2,096,714	(10,543,790)	-	50,040	8,048,519
Investment Income	-	-	121,460	4,200	-	-	-	-	-	-	-	-	-	-	125,660
Interest Expense	-	-	(2,215,539)	-	-	-	-	-	-	-	-	-	-	-	(2,215,539)
Net Other Income (Expense)	-	-	(2,074,186)	4,200	-	-	-	-	-	-	-	-	-	-	(2,069,986)
HUD Nonoperating Contributions	-	1,150,000	-	-	-	-	-	750,000	-	356,000	50,000	-	-	-	2,306,000
Reserve Funded Capital Contributions	-	-	(1,650,000)	-	-	-	-	-	-	(6,902,886)	6,300,913	-	-	-	(2,251,973)
Net Capital Contributions	-	1,150,000	(1,650,000)	-	-	-	-	750,000	-	356,000	(4,600,913)	6,300,913	-	-	2,306,000
Change In Net Position	\$ 11,478,067	\$ 3,910,041	\$ 2,743,256	\$ (3,800,412)	\$ (4,579,368)	\$ (936,785)	\$ (65,019)	\$ 8,909,255	\$ (4,293,138)	\$ 1,615,669	\$ (2,504,199)	\$ (4,242,877)	\$ -	\$ 50,040	\$ 8,284,532

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

FY23 Funding Flow Analysis by Operating Group*

Home Forward

Fiscal Year 2023 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	MIF	Elimination	Home Forward Total
Operating Income (Loss) after Overhead	\$ 11,478,067	\$ 2,760,041	\$ 2,277,270	\$ (3,804,612)	\$ (4,635,564)	\$ (936,785)	\$ (65,019)	\$ 4,444,366	\$ (4,170,600)	\$ 1,259,669	\$ (608,356)	\$ -	\$ -	\$ 50,040	\$ 8,048,519
Real Estate Portfolio															
Affordable Housing Properties Operating Activity	-	-	(2,277,270)	-	-	-	-	-	-	-	-	-	-	-	(2,277,270)
Revenue from Properties to Home Forward	-	-	(748,963)	-	-	-	-	-	-	-	(193,779)	-	-	-	(942,742)
Unrestricted Cash to HAP	-	-	2,929,897	-	-	-	-	-	475,224	-	551,463	-	-	-	3,956,584
Net Replacement Reserve Activity (New Market West)	-	-	(218,218)	-	-	-	-	-	-	(98,000)	-	-	-	-	(316,218)
Net Replacement Reserve Activity (Special Needs)	-	-	(113,141)	-	-	-	-	-	-	-	-	-	-	-	(113,141)
Developer Fee - Impact to Funding Flow															
Developer Fee Revenue	-	-	-	-	-	-	-	(10,540,955)	-	-	-	-	-	-	(10,540,955)
Developer Fee - Cash to HAP (Net)	-	-	-	-	-	-	-	9,205,399	-	-	-	-	-	-	9,205,399
Financing/Investment Activity															
Principal & Interest - Special Needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal & Interest - New Market West	-	-	-	-	-	-	-	-	-	(265,522)	-	-	-	-	(265,522)
Capital Acquisitions															
Fleet Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet Vehicle Reserve Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Cash Operating Activity															
Depreciation Expense	-	696,514	10,835,163	-	9,090	-	-	2,156	-	219,023	-	-	-	(50,040)	11,711,906
Special Purpose Reserve Activity															
Inter Departmental Reserve Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency Initiatives	-	-	-	-	-	-	-	-	-	-	-	1,571,386	-	-	1,571,386
Future Agency Initiatives	-	-	-	-	-	-	-	-	-	-	-	(1,571,386)	-	-	(1,571,386)
Integrated Facility Services Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HFDE Funding Affordable Portfolio Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCR Operating Reserve	-	-	-	-	-	-	-	1,308,609	-	-	-	-	-	-	1,308,609
Affordable Portfolio Reserve	-	-	(500,000)	-	-	-	-	-	-	-	-	-	-	-	(500,000)
Workforce Initiative Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85 Stones Asset Repositioning Fee Reserve	-	-	-	-	-	-	-	-	-	-	(776,211)	-	-	-	(776,211)
Insurance Reserve	-	(100,000)	(100,000)	-	-	-	-	-	-	-	-	-	-	-	(200,000)
Capital Fund Program Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funding Source or (Shortfall)	11,478,067	3,356,555	12,584,738	(3,804,612)	(4,626,474)	(936,785)	(65,019)	4,419,575	(3,419,434)	1,115,170	(1,026,883)	-	-	-	19,074,899
Department Reserve Activity															
Final Funding Source or (Shortfall)	\$ 11,478,067	\$ 3,356,555	\$ 12,584,738	\$ (3,804,612)	\$ (4,626,474)	\$ (936,785)	\$ (65,019)	\$ 4,419,575	\$ (3,419,434)	\$ 1,115,170	\$ (1,026,883)	\$ -	\$ -	\$ -	\$ 19,074,899

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

FY23 Staffing Summary by Operating Group

Home Forward

Fiscal Year 2023 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 2022 Budgeted FTE	91.0	11.3	4.3	10.8	33.3	2.9	9.7	22.0	43.4	67.5	296.2	62.1	358.3
FY 2023 Budgeted FTE	100.0	11.3	4.3	10.8	36.3	3.9	9.7	22.0	48.9	69.6	316.7	63.3	380.0
Changes	9.0	-	-	-	3.0	1.0	-	-	5.5	2.0	20.5	1.2	21.7

Budget Commentary – Rent Assistance

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 212,061,196	\$ 182,885,045	\$ (29,176,151)
Operating Expense	206,739,922	167,723,334	(39,016,588)
Operating Income Before OH	5,321,274	15,161,711	9,840,437
Allocated Overhead	2,893,921	3,683,644	789,723
Operating Income After OH	2,427,352	11,478,067	9,050,715
Funding Flow Activity	2,427,352	-	(2,427,352)
Funding Required or (Contributed) for Current Agency Activities	\$ (2,427,352)	\$ (11,478,067)	\$ (9,050,715)
Total Budgeted FTE	91.0	100.0	9.0

Rent Assistance Key Assumptions

Housing Assistance Payments for the agency are projected to be \$155.9 million, a \$41.0 million decrease from last year due to COVID-related programs ending. \$4.3 million in housing assistance payments are related to Local Blended Subsidy payments to Home Forward consolidated properties and as such are eliminated in the consolidated operating statement. 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	7,241	\$959.11	\$83,338,870
Homeless Initiatives	2,210	579.51	15,368,705
Portability (Port-In)	859	994.71	10,253,510
RAD	1,121	673.13	9,055,012
VASH	740	937.07	8,321,193
Section 18 TPV RAD	584	890.10	6,237,842
Long-Term Rent Assistance	569	736.91	5,031,599
Emergency Housing Vouchers	476	841.51	4,806,876
SRO/MOD RAD	382	954.12	4,373,688
FUP	220	1,071.82	2,829,609
LBS	284	616.47	2,100,922

Program Cost/Expenses	Average Utilized Vouchers	Average Voucher Cost	Total HAP Expense
Portability (Port-Out)	148	866.61	1,539,100
Mainstream	149	992.05	1,773,782
SRO/MOD	130	468.04	730,140
Flexible Rent Assistance		N/A	100,000
MTW Funded Rent Assistance	20	322.50	77,400
Subtotal: Gross HAP Expense			155,938,248
Less: Eliminations*		N/A	(4,939,256)
Total HAP Expense	15,133		150,998,992

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

Administrative fees for administering vouchers are \$13.8 million, representing a \$1.5 million increase from last year with higher proration and administrative fees for new vouchers.

Home Forward received an allocation of Emergency Housing Vouchers (EHV) starting in July 2021. 476 vouchers were awarded as authorized by the American Rescue Plan. Emergency Housing Vouchers are special purpose Housing Choice Vouchers. Emergency Housing Vouchers are to serve individuals and families who are experiencing homelessness; at risk of experiencing homelessness; fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking; or were recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability. EHV are limited in duration and will not be renewed at attrition beginning October 2023. Voucher issuance and leasing of EHV started in 2021 and will be fully utilized in 2023.

To assist with the waitlist pulls, department initiatives, and additional voucher awards, Total Budgeted FTE is increasing by 9 FTE.

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

Housing Choice Vouchers - \$128.4 million

- The Housing Choice Voucher (HCV) program is the federal government's major program for assisting very low-income families, seniors, and people with disabilities to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants search for their own housing in the private market, including single-family homes, townhouses, and apartments. Home Forward administers several distinct HCV programs:

- Moving to Work (MTW) Vouchers - \$83.3 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 2021. Ending the FY22 year, just 771 households remain on the waitlist. In 2023, the HCV waitlist, last opened in 2016, will be exhausted and a new waitlist opening is planned to populate a new waiting list. In addition, Home Forward will make significant adjustments to payment standards for the second year. These adjustments will result in an incremental increase to housing assistance payments. Home Forward anticipates a utilization of 90.0% for the FY23 year.

Tenant-Based attrition (vouchers returned) is projected to be 23 vouchers per month. The \$9.5 million in program expense is a \$2.0 thousand increase from the prior year, due to increased utilization, waitlist pulls, and projected rent increases.

- RAD - \$9.1 million

Home Forward administers 1,121 Rental Assistance Demonstration (RAD) vouchers – prior Public Housing buildings that converted to a Project-Based Voucher subsidy under the HCV program. Converting buildings and units to an HCV subsidy allows the units to receive HCV admin fee and converts the subsidy to fall under the HCV program.

- Portability (Port-In) - \$10.3 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.

Home Forward anticipates administering four new port-in vouchers per month in FY23 for an average per month of 855 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 - \$8.3 million

Home Forward administers 1,045 VASH Vouchers in partnership with the Department of Veterans Affairs. Utilization of these vouchers is anticipated to be 71%. \$8.3 million in VASH program expense is a \$1.4 million increase from the prior year due to increased voucher utilization and payment standards.

- SRO/MOD RAD - \$4.4 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 \$71 thousand increase from the prior year due to OCAF funding increases.

- Section 18 TPV RAD - \$16.2 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 \$5.5 million, an increase of \$81 thousand from the prior year due to OCAF funding increases.

- FUP - \$2.8 million

Home Forward manages 244 FUP Vouchers. Utilization of these vouchers is anticipated to be 87% as vouchers continue to be leased with little turnover. \$2.6 million in FUP program expense is a \$200 thousand increase from the prior year due to increased voucher utilization and increased per unit costs.

- Portability (Port-Out) - \$1.5 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 175 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 - \$1.8 million

Home Forward manages 229 Mainstream Vouchers, with 100 new vouchers awarded in 2021 under the CARES Act. Utilization of these projected vouchers is projected to be 70% as Mainstream continues its lease-up process with the new voucher increment.

The \$1.1 million in program expenses is a \$40 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.

Homeless Initiatives - \$15.4 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 \$15.4 million in program expenses is an \$9.0 million decrease from the prior year due to COVID-related programs ending.

Moving to Work (MTW) Initiatives - \$3.6 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) - \$2.0 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). \$2.0 million in LBS funding is a \$426 thousand increase 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 - \$28 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. \$28 thousand in program expense is a decrease of \$16 thousand from the prior year due to 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 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. \$105 thousand in funding is unchanged from the prior year.

- 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 2023 MTW Plan.

Personnel Expenses - \$9.5 million

- Personnel expenses of \$9.5 million for FY23 support 100 FTE within Rent Assistance. This represents an increase of \$2.0 million from the prior year, due to added FTE and planned compensation increases.

Budget Commentary – Public Housing Portfolio

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 5,985,559	\$ 6,984,792	\$ 999,233
Operating Expense	4,870,781	4,224,751	(646,030)
Operating Income Before OH	1,114,778	2,760,041	1,645,263
Allocated Overhead	-	-	-
Operating Income After OH	1,114,778	2,760,041	1,645,263
Funding Flow Activity	2,355,687	-	(2,355,687)
Funding Required or (Contributed) for Current Agency Activities	\$ (2,355,687)	\$ (3,356,555)	\$ (1,000,868)
Total Budgeted FTE	11.3	11.3	-

The Public Housing Portfolio includes the budget activity for 9 traditional public housing properties and 11.3 property-level staff. Home Forward's public housing stock provides an important resource to the community by providing housing in 369 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 FY23, 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		
	FY22 Budget	FY23 Budget
Physical Units in Public Housing Portfolio*	436	377
Subsidized Units in Public Housing Portfolio	436	377
Eligibility Per Unit Per Month	\$1,370	\$1,613
Eligibility Per Unit Per Month Per Month (Excluding ARF)	1,175	1,398
Proration	95%	95%
Proration Per Unit Per Month**	\$1,116	\$1,328
Total Subsidy*	\$4,776,210	\$5,883,572

*As of January 1st, of the respective year. The new total will be 369 units post conversion.

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

Eight units are expected to convert to RAD/Section 18 in FY23, resulting in a total subsidy decrease at Public Housing Properties. The per unit subsidy is expected to increase due to the increase in utility funding and the trend of increased proration from HUD. The eight units converting are located at Dekum Court.

Households Served – occupancy is assumed at 98%.

Public Housing Major Revenue and Expense Items

Operating Revenue is \$6.9 million, up \$999 thousand from FY22. \$1.1 million of increased revenue is due to an increase in Public Housing Operating Subsidy funding.

- Dwelling Rental is \$1.1 million, a decrease of \$113 thousand due to decreases in tenant rent.
- HUD Subsidies for public housing is \$5.8 million, an increase of \$1.1 million. The approved Public Housing Subsidy for FY23 was 933 thousand greater than the initial FY22 budget forecast.
- Non-dwelling rental is \$87 thousand from commercial rental income. This is an increase of \$84 thousand due to an increase in cellphone tower revenue.
- Other revenue from laundry and other fees is \$13 thousand, a decrease of \$19 thousand.

Operating Expenses are \$4.2 million, down \$646 thousand from FY22. RAD/Section 18 conversions removed \$818 thousand in expenses from the budget. This is offset by \$172 thousand in increased expenses at the remaining PH properties. The primary drivers of Operating Expenses are:

- Administration is \$435 thousand, a decrease of \$39 thousand. Administration includes \$329 thousand in property management fees charged by the Property Management department.
- Maintenance is \$1.5 million, down \$81 thousand. Maintenance includes \$639 thousand in Maintenance Personnel Expense and \$895 thousand in Other Maintenance Expenses. The overall decrease in expense is due to the converting properties; there is \$11 thousand of increased expense in remaining PH properties for personnel expense.
- Program Expense is \$490 thousand, which covers personnel expenses and temporary help at properties. This remains flat from FY22.
- Tenant Services are \$48 thousand, an increase of \$20 thousand.
- Utilities are \$772 thousand, a decrease of \$8 thousand from FY22.
- Depreciation is \$697 thousand, a decrease of \$453 thousand.
- General Expenses of \$244 thousand in insurance expense is a decrease of \$56 thousand.
- All personnel expenses include planned compensation increases.

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 \$3.4 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	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 27,787,164	\$ 36,113,087	\$ 8,325,923
Operating Expense	22,650,901	33,835,817	11,184,916
Operating Income Before OH	4,323,904	2,277,270	(2,046,634)
Allocated Overhead	-	-	-
Operating Income After OH	4,323,904	2,277,270	(2,046,634)
Funding Flow Activity	2,583,171	-	(2,583,171)
Funding Required or (Contributed) for Current Agency Activities	\$ (2,583,171)	\$ (12,584,738)	\$ (10,001,567)
Total Budgeted FTE	4.3	4.3	-

The Affordable Housing Portfolio consists of 55 properties with 2,803 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 29 properties with master leases (with local service providers). 21 of the 26 properties are managed by external property management companies. The FTE for this operating group is only 4.3, since much of the FTE are at the external property management companies. For the externally managed properties, \$2.3 million in 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 3,486 (including planned RAD/Section 18 conversion) 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 continuing inflation will be other issues in the upcoming fiscal year.

Affordable Housing Key Assumptions

The average budgeted occupancy is 97% consistent with actual property performance.

There are no expected Year 15 Tax Credit conversions planned for FY23.

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

Three low-income housing tax credit partnerships with a total of 255 units were dissolved in FY2022. Haven (44 units), Cecelia (131 units) and The Jeffrey (80 units) were acquired by Home Forward Development Enterprises and consolidated into the affordable housing budget as blended component units.

Insurance premiums are projected to be \$1.5 million (\$154 thousand increase) as property valuations and premium rates continue to rise.

Affordable Housing Major Revenue and Expense Items

Operating Revenues are budgeted to be \$36.1 million, an \$8.3 million increase from FY22. The below comments highlight the major trends.

- Dwelling rental is projected to be \$92.6 million, an increase of \$6.8 million of which \$2.1 million from the prior year. The rental increases in FY23 from high occupancy rates are offset by income losses due to COVID-19 that continue.

Operating Expenses are projected to be \$33.8 million, an \$11.1 million increase from the prior budget year.

- Utilities are projected to be \$4.6 million, an increase of \$1.3 million from the previous budget, due to rate increases for all utilities.
- Depreciation is budgeted at \$10.8 million, an increase from the previous budget.
- Management fees for third party-managed properties are expected to be \$1.9 million.
- Third party-managed properties have budgeted \$2.6 million in payroll expense, a slight increase the previous budget.

Affordable Housing Funding Required for Current Agency Activities

- Of the \$13.2 million in unrestricted cash that the agency will receive, \$2.9 million is recognized in the Affordable Housing Portfolio.
- Funding a \$500 thousand, Real Estate Capital Reserve is part of a ten-year plan to address future capital needs within the Affordable Housing Portfolio. Home Forward Development Enterprises will fund this on a one-time basis for FY22.
- \$100 thousand from operations will be contributed to an Insurance Reserve.

Budget Commentary – Asset Management

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 854,951	\$ 144,739	\$ (710,212)
Operating Expense	1,702,597	1,741,348	38,751
Operating Income Before OH	(847,646)	(1,596,609)	(748,963)
Allocated Overhead	1,302,337	2,208,002	905,665
Operating Income After OH	(2,149,983)	(3,804,612)	(1,654,629)
Funding Flow Activity	(2,149,983)	-	2,149,983
Funding Required or (Contributed) for Current Agency Activities	\$ 2,149,983	\$ 3,804,612	\$ 1,654,629
Total Budgeted FTE	10.8	10.8	-

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

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

Asset Management Key Assumptions

Asset Management is maintaining its staff level at 10.8 FTE, there is no change for FY23. 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 \$144 thousand, a decrease of \$710 thousand from the previous budget. The revenue consists of Asset Management Fees from jurisdictional partners and Home Forward Asset Management fees.

Asset Management Funding Required for Current Agency Activities

The Asset Management department will require \$3.8 million to fully fund all planned operations, an increase of \$1.0 million from the prior budget year.

Budget Commentary – Property Management

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 3,357,225	\$ 3,959,279	\$ 602,054
Operating Expense	3,413,021	4,303,895	890,874
Operating Income Before OH	(55,796)	(344,616)	(288,820)
Allocated Overhead	3,396,891	4,290,948	894,057
Operating Income After OH	(3,452,687)	(4,635,564)	(1,182,877)
Funding Flow Activity	(3,443,597)	-	3,443,597
Funding Required or (Contributed) for Current Agency Activities	\$ 3,443,597	\$ 4,626,474	\$ 1,182,877
Total Budgeted FTE	33.3	36.3	3.0

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 47 properties. These properties provide housing for 2,516 households and reflect the RAD/Section 18 conversions.

Subsidy Type*	Properties
Public Housing	9
Special Needs	3
Tax Credit	33
Affordable	2
Total Properties Managed	47

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

Overall, the Property Management group supervises 115.22 FTE. 63 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 11.3 FTE are budgeted at the traditional public housing properties, and the associated costs are within the Public Housing Portfolio budget. The 36.3 staff captured in this budget include management, compliance, and maintenance staff who provide peer training and backfill services.

Property Management Key Assumptions

FTEs – Property Management increase 3.2 FTE from the prior year in maintenance and program staff. There is an increased need for maintenance and program staff at the department level to support and backfill site operations staff. These staff are assigned to the department but will bill most of their time to Home Forward managed properties.

Most of the new FTE belong to the new Waitlist and LIHTC teams. The Compliance team has been divided into two teams: one for Waitlist management and another for LIHTC compliance.

- 2 Intake Specialists as part of a new Waitlist Team.
- 1 LIHTC Specialist – LIHTC for the new LIHTC Compliance team.

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 eight units expected to convert during FY22 at Dekum Court.

Property Management Major Revenue and Expense Items

- Operating Revenue is \$3.9 million, up \$602 thousand from FY22. 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 \$2.34 million and includes property management fees where the fees are being charged to properties instead of being charged overhead.
 - Property Management fees are \$1.89 million, flat from FY22.
 - \$416 thousand from the Public Housing Portfolio.
 - \$1.36 million from tax credit property management fees.
 - 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 Subsidies are \$1.04 million from Rent Assistance Section 8 Admin. This administrative fee is earned on RAD conversions and will provide compliance on tax credit reviews.
 - HUD Grants are \$403 thousand from the Capital Fund Program grant, an increase of \$41 thousand.

Operating Expense is \$4.3 million, an increase of \$875 thousand from FY22. The major drivers of Operating Expenses are:

- Administration Expenses is \$1.2 million, an increase of \$133 thousand from FY22.
 - \$899 thousand is in Administrative Personnel Expense, a \$94 thousand increase that includes planned compensation increases and new FTE.
 - \$293 thousand is in Other Admin Expenses, an increase of \$40 thousand.

-
- Program Expense is \$2.2 million, which covers personnel expenses and temporary help. This is up \$778 thousand and includes planned compensation increases and new FTE.
 - Maintenance Expenses are \$677 thousand, primarily in Maintenance Personnel Expenses for floating and on-call staff. This is an increase of \$78 thousand.
 - General Expenses are \$202 thousand, comprised mainly of PILOT expense.

Property Management Funding Required for Current Agency Activities

The Property Management Department requires \$4.6 million to fully fund all planned operations. This is an increase of \$1.2 million from FY22.

Budget Commentary – Safety

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 19,945	\$ -	\$ (19,945)
Operating Expense	503,348	851,291	347,943
Operating Income Before OH	(483,403)	(851,291)	(367,888)
Allocated Overhead	9,604	85,494	75,890
Operating Income After OH	(493,007)	(936,785)	(443,778)
Funding Flow Activity	(493,007)	-	493,007
Funding Required or (Contributed) for Current Agency Activities	\$ 493,007	\$ 936,785	\$ 443,778
Total Budgeted FTE	2.9	3.9	1.0

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 – Safety Group FTE shows a small increase of less than 1 FTE from FY22.

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

Safety has no revenue for FY23.

Operating Expenses are \$851 thousand, an increase of \$367 thousand over FY22. The primary drivers of Operating Expenses are expected to be:

- \$582 thousand in Personnel Expense, an increase of \$128 thousand from compensation increases.

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- \$145 thousand in other administrative expenses, an increase of \$103 thousand from FY22. This includes a new budget of \$50 thousand for Courtesy Patrol and \$45 thousand for de-escalation training.
 - \$118 thousand for maintenance expenses and increase of \$113 thousand. This includes \$100 thousand for air conditioners for residents.

Safety Funding Required for Current Agency Activities

The Safety Department requires \$936 thousand to fully fund all planned operations.

Budget Commentary – Integrated Facilities Services

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 1,897,896	\$ 1,742,104	\$ (155,792)
Operating Expense	1,438,554	1,388,257	(50,297)
Operating Income Before OH	459,342	353,847	(105,495)
Allocated Overhead	441,372	418,866	(22,506)
Operating Income After OH	17,971	(65,019)	(82,990)
Funding Flow Activity	17,971	-	(17,971)
Funding Required or (Contributed) for Current Agency Activities	\$ (17,971)	\$ 65,019	\$ 82,990
Total Budgeted FTE	9.7	9.7	-

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 staff levels remain flat from FY22.

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.

Integrated Facilities Services Major Revenue and Expense Items

Revenue is \$1.7 million, a decrease of \$156 thousand from FY22. All Revenue is forecasted to come from service fees charged to properties.

Operating Expenses are \$1.3 million, a decrease of \$8 thousand from FY22. The major drivers of Operating Expenses are expected to be:

- Maintenance Personnel Expense is \$924 thousand, an \$85 thousand decrease.
- Program Personnel Expense in support of department administration is \$189 thousand, a \$22 thousand increase.
- Administrative Personnel Expense is \$67 thousand, an \$8 thousand increase.
- All personnel expenses include planned compensation increases.
- Other Maintenance Expenses are \$94 thousand and include materials and vehicle expenses. This is a \$6 thousand decrease from FY22.

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- Utilities are \$40 thousand for waste transfer station fees, the same as FY22.

Integrated Facilities Services Funding Required for Current Agency Activities

Integrated Facilities Services contributes \$65 thousand to the agency. This is an increase of \$82 thousand from FY22.

Budget Commentary – Development & Community Revitalization

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 15,894,010	\$ 10,540,955	\$ (5,353,055)
Operating Expense	3,400,288	3,755,983	355,695
Operating Income Before OH	12,493,722	6,784,972	(5,708,750)
Allocated Overhead	1,482,566	2,340,605	858,039
Operating Income After OH	11,011,156	4,444,366	(6,566,790)
Funding Flow Activity	-	-	-
Funding Required or (Contributed) for Current Agency Activities	\$ -	\$ (4,419,575)	\$ (4,419,575)
Total Budgeted FTE	22.0	22.0	-

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: 14
- Active Projects Total Budget: \$520 million
- Staff FTE FY23: 22

Development and Community Revitalization Key Assumptions

- DCR Staffing is budgeted to remain at 22 FTE for FY23 staffing levels.
- 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 FY23 (amounts in millions)			
Project	Project Budget	Accrued Developer Fee Revenue	Developer Fee Cash to be Received
Lloyd Housing LP	\$74.1	\$0.0	\$0.6
Fountain Place 2 LP	33.1	0.0	1.7
Central Group LP	83.8	0.0	4.3
Baldwin PSH LP	24.6	0.0	0.8
3000 Powell LP	83.8	0.0	0.0
Dekum 2 LP	94.6	4.4	0.0
Fairfield PSH LP	34.1	2.5	0.8
Grace Peck Rehabilitation	45.3	2.6	0.5
PCC/ Killingsworth	44.4	1.0	0.5
Total	\$517.8	\$10.5	\$9.2

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 is estimated to be paid in November 2023.

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

- 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, OHCS grant, and reserve funds. Construction finance closed in March 2020 and construction began in April 2020. The project was completed in November 2022. The final installment of the developer fee is estimated to be paid in August 2023

Fountain Place (In millions)	FY 20	FY21	FY22	FY23	Total
Total Project Sources and Uses	\$14.8	\$8.1	\$8.8	\$1.4	\$33.1

- 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 utilizes four percent Low-Income Housing Tax Credits, bond funds, and reserve funds. Construction finance closed in May 2021 and construction began in June 2021. The project was completed December 2022. The final installment of the developer fee is estimated to be paid in April 2023.

Central Group (In millions)	FY21	FY22	FY 23	Total
Total Project Sources and Uses	\$55.8	\$22.9	\$5.1	\$83.8

- Baldwin PSH LP (also known as Hattie Redmond) – 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 utilizes four percent Low-Income Housing Tax Credits, PHB Metro Housing bond funds, OHCS PSH Capital fund, grants, and reserve funds. Construction finance closed in September 2021 and construction began in October 2021. The project completion schedule is March 2023.

Baldwin PSH (In millions)	FY21	FY22	FY 23	Total
Total Project Sources and Uses	\$8.5	\$12.3	\$3.8	\$24.6

- 3000 Powell LP - 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 206 new housing units. The site is located in SE Powell Boulevard and consists of two adjacent parcels. Home Forward owns one parcel and PHB owns the other parcel. Home Forward will serve as developer and owner, serving as General Partner of the Low-Income Housing Tax Credit partnership. This tax credit partnership utilizes four percent Low-Income Housing Tax Credits, Portland Housing Bond funds, and reserve funds. Construction finance closed in November 2021 and construction began in December 2021. The project completion schedule is January 2024.

3000 Powell (In millions)	FY21	FY22	FY 23	FY 24	FY 25	Total
Total Project Sources and Uses	\$19.4	\$32.0	\$20.6	\$6.2	\$5.6	\$83.8

- Dekum 2 LP – 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 utilizes four percent Low-Income Housing Tax Credits, Metro Housing Bond Proceeds, and reserve funds. Construction finance closed in April 2022 and construction of Phase 1 began in October 2022. The project completion schedule is December 2025.

Dekum Court (In millions)	FY22	FY 23	FY 24	FY 25	FY 26	Total
Total Project Sources and Uses	\$24.6	\$29.1	\$22.4	\$10.6	\$7.9	\$94.6

- Fairfield PSH LP – This redevelopment project will provide safe home to 82 of Portland’s most vulnerable residents (formerly homeless and survivors of domestic violence with culturally specific focus for African Americans). The Portland Housing Bureau will transfer the ownership of the property to Home Forward at construction finance close. This tax credit partnership utilizes four percent Low-Income Housing Tax Credits, PHB funds, OHCS grant, and reserve funds. Construction finance is scheduled to close in February 2023 and construction will begin in March 2023. The project completion schedule is May 2024.

Fairfield PSH LP (In millions)	FY 23	FY 24	FY 25	Total
Total Project Sources and Uses	\$25.0	\$6.9	\$2.2	\$34.1

- Grace Peck Terrace Rehabilitation Project – This 41-year-old, six story single building provides 95 one-bedroom affordable housing units to low-income households. The rehabilitation project will make the property structurally sound for generations to come. This project will utilize four percent Low-Income Housing Tax Credits, bond funds and reserve funds. Construction finance is scheduled to close in April 2023 and construction will begin in May 2023. The project completion schedule is July 2024.

Grace Peck Terrace (In millions)	FY23	FY 24	FY 25	Total
Total Project Sources and Uses	\$18.0	\$19.6	\$7.7	\$45.3

- PCC/Killingsworth Project – Home Forward is working with Portland Community College (PCC) to formulate a development partnership to which Home Forward will provide development services in the construction of 84 affordable housing units. Home Forward will serve as developer and owner, serving as General Partner of the Low-Income Housing Tax Credit partnership. PCC owns the land and the tax credit partnership will lease the land from PCC. This tax credit partnership utilizes four percent Low-Income Housing Tax Credits, Metro Bond Proceeds, OHCS grant, Local Innovation and Fast Track (LIFT) and reserve funds. Construction finance is scheduled to close in October 2023 and construction will begin in November 2023. The project completion schedule is January 2025.

PCC/Killingsworth (In millions)	FY 23	FY 24	FY 25	Total
Total Project Sources and Uses	\$11.1	\$20.6	\$12.7	\$44.4

- Capital Improvement Projects – There are six capital improvement projects in FY23. The total budget for these projects is \$2.2 million, utilizing the HUD capital fund grant, properties' operation, and reserves funds.

Projects	Project Budget (In millions)	Estimated Project Completion
Celilo Court Security Upgrade	\$0.9	December 2023
Ruth Haefner Sewer Line Replacement	\$0.1	June 2023
Holgate House Boilers & Building Resealing	\$0.1	September 2023
Rosenbaum Plaza Roofing	\$0.5	September 2023
Madrona Apartments Decking	\$0.4	September 2023
Schiller Way Roofing	\$0.2	March 2023
Total	\$2.2	

Development and Community Revitalization Major Revenue and Expense Items

- Operating Revenue decreased \$5.4 million from FY22 Budget. The decrease is primarily due to:
 - Developer Fee earnings decreases \$3.8 million from FY22. In FY23, DCR will earn \$10.5 million in developer fees from the following projects:

Developer Fees (in millions)		
Projects	Total	FY23
Dekum 2 LP	13.2	4.4
Fairfield PSH LP	3.5	2.5
Grace Peck Rehabilitation	5.3	2.6
PCC/Killingworth Project	5.4	1.0
Total	\$27.4	\$10.5

Other Revenue decreases \$1.6 million from FY22. No revenue from other sources is budgeted in FY23.

Total Operating Expense increases \$356 thousand from FY22 budget primarily due to increased staffing costs.

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:

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- 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, third and fourth installments of \$1.8 million was reduced to \$660 thousand attributed to increased construction costs and construction delays. The installment is due at project conversion and upon receipt of Form 8609 by the Limited Partner scheduled in May 2023. The final installment of \$1.1 million is due upon receipt of Historic Tax Credit Part 3 approval by the Limited Partner scheduled in August 2023. 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) rehabilitation project will generate \$8.0 million in developer fee over multiple fiscal years. The first installment of \$1.2 million was paid at the close of construction finance in May 2021. The second and third installment of \$4.3 million are due at project conversion to permanent status and upon receipt of IRS Form 8609 by the Limited Partner scheduled in April 2023. The remaining unpaid developer fee of \$2.5 million will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
 - Baldwin PSH Redevelopment project will generate \$2.6 million in developer fee over multiple fiscal years. The first installment of \$246 thousand was paid at the close of construction finance in September 2021. The second installment of \$517 thousand is due at construction completion and the receipt of Federal Energy Credit Cost Certification scheduled in March 2023. The third installment of \$246 thousand is due upon receipt of 100% permanent certificate of occupancy and project conversion to permanent status scheduled in September 2023. The fourth installments of \$482 thousand is due upon receipt of final certification of the project eligible basis and receipt of IRS Form 8609 by the Limited Partner scheduled in January 2024. The remaining unpaid developer fee of \$1.1 million will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
 - 3000 Powell project will generate \$6.0 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 2021. The second and third installments of \$1.9 million is due to be paid at project conversion to permanent status scheduled in March 2025. The final installment of \$700 thousand is due upon receipt of Form 8609 by the Limited Partner scheduled in June 2025. The remaining unpaid developer fee of \$2.4 million will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
 - Dekum Court Redevelopment project will generate \$13.2 million in developer fee over multiple fiscal years. The first installment of \$1.5 million is due at the close of construction finance in April 2022 but was delayed due to non-receipt of construction permit and expected to be paid in December 2022. The second installment of \$1.5 million is due at project conversion of Phase 1 scheduled to be paid in April 2024. The third installment of \$6.6 million is due at project conversion of Phase 2 scheduled to be paid in April 2026. The final installment of \$500 thousand is due upon receipt of Form 8609 by the Limited Partner scheduled in May 2026. The remaining unpaid developer fee of \$3.1 million will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
 - Fairfield PSH project is projected to generate \$3.5 million in developer fee over multiple fiscal years. The first installment of \$850 thousand is due at the close of construction finance scheduled in February 2023.
 - Grace Peck Terrace project is projected to generate \$5.3 million in developer fee over multiple fiscal years. The first installment of \$525 thousand is due at the close of construction finance scheduled in April 2023.
 - PCC/Killingsworth project is projected to generate \$5.4 million in developer fee over multiple fiscal years. The first installment of \$460 thousand is due at the close of construction finance scheduled in Oct 2023.

Budget Commentary – Community Services

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 4,783,689	\$ 5,527,632	\$ 743,943
Operating Expense	6,906,569	8,048,487	1,141,918
Operating Income Before OH	(2,122,880)	(2,520,856)	(397,976)
Allocated Overhead	962,184	1,649,744	687,560
Operating Income After OH	(3,085,064)	(4,170,600)	(1,085,536)
Funding Flow Activity	(2,788,291)	-	2,788,291
Funding Required or (Contributed) for Current Agency Activities	\$ 2,788,291	\$ 3,419,434	\$ 631,143
Total Budgeted FTE	43.4	48.9	5.5

The Community Services department provides services for Home Forward residents, utilizing both in-house staff and contractors. In FY23, the Community Services team will continue to play a 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.

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 5.5 FTE. This includes:

- 1 Resident and Community Services Coordinator
- 2 Case Managers
- 2.5 Resident Specialists

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

Barrier Reduction and Opportunity Funds: \$62 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.

Neighbor 2 Neighbor: \$45 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 \$5.5 million, an increase of \$744 thousand from FY22. The major contributors to Operating Revenue are:

- Non-dwelling rental is \$40 thousand from Land Lease revenue at Humboldt.
- HUD Subsidies -Public Housing of \$208 thousand fund \$57 thousand in the GOALS program, and \$151 thousand in services at Dahlke, Holgate, Medallion, Ruth Haefner, Schrunck, and Williams.
- HUD grants are \$1.3 million, an increase of \$270 thousand.
- State, Local & Other Grants are \$1.2 million, a decrease of \$200 thousand.
 - \$593 thousand in Medicaid Revenue from senior/disabled support services (CHSP), an increase of \$84 thousand due to increased Medicaid rates and participation.
 - \$533 thousand from the City of Portland for Bud Clark Commons programs, an increase of \$41 thousand.
 - \$109 thousand in Family Services, an increase of \$2 thousand.
- Other Revenue and IA Revenue of \$2.6 million combined, an increase of \$500 thousand from
 - Program Fees from properties of \$1.58 million, an increase of \$75 thousand from FY22 due to planned compensation increases and increased contract expenses.
 - Tenant Fees of \$197 thousand for Congregate Housing Services Program (CHSP) participant fees, a decrease of \$16 thousand due to the conversion of Dahlke.
 - \$263 thousand in revenue from contracts, an increase of \$5 thousand. Contracts serve the Ellington Apartments and Clackamas County.
 - \$82 thousand ongoing contribution from HFDE for replacement of the ROSS family grant at properties that have converted to RAD/Section 18.

Operating Expenses are \$8.0 million, an increase of \$1.1 million from FY22. The primary drivers of Operating Expenses are:

- Administrative Expense of \$1.0 million, an increase of \$68 thousand from FY22.
 - Personnel Expenses are \$436 thousand, an increase of \$10 thousand due to increased FTE and planned compensation increases.
 - Other Admin Expenses of \$568 thousand, an increase of \$31 thousand.

-
- Tenant Services expense is \$6.3 million.
 - Direct Community Services, Program Supplies, Contract Tenant Services, and other related expenses are \$2.3 million. This is an increase of \$277 thousand primarily due to increases in contracted services.
 - Tenant Services Personnel Expense is \$3.9 million, an increase of \$900 thousand, which includes budgeted benefits and payroll increases as well as additional FTE.
 - Program Personnel Expense is \$523 thousand, a decrease of \$67 thousand.
 - Personnel expenses include planned compensation increases.
 - Inter-Agency expense is \$215 thousand for Community Services department administration fee. This is an increase of \$4 thousand, reflecting increased programmatic expenses.

Community Services Funding Required for Current Agency Activities

The Community Services department needs \$3.4 million to fully fund all planned operations, an increase of \$631 thousand. Service initiatives will be funded through Single Fund Flexibility.

Budget Commentary – Administration

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 1,405,860	\$ 627,651	\$ (778,209)
Operating Expense	11,750,237	14,045,285	2,295,048
Operating Income Before OH	(10,344,377)	(13,417,634)	(3,073,257)
Allocated Overhead	(10,488,876)	(14,677,303)	(4,188,427)
Operating Income After OH	144,499	1,259,669	1,115,170
Funding Flow Activity	-	-	-
Funding Required or (Contributed) for Current Agency Activities	\$ -	\$ (1,115,170)	\$ (1,115,170)
Total Budgeted FTE	67.5	69.6	2.0

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 has a net increase of 2 FTE:

- Increases include:
 - 1 Communications Coordinator - Resident & Participant
 - 1 Chief Communications Officer

Administration Major Programs/Initiatives/Activities and Estimated Budget Impact

During the year, Home Forward will continue to implement upgrades to YARDI Voyager 7s, including such features as waitlist management, procurement, and other features to enhance and support Home Forward’s work. In addition to better functionality, the new system will help with rent calculations, agency training and payments.

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

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 \$627 thousand

Operating Expenses are budgeted at \$13.6 million.

- Personnel costs will be \$8.9 million, an increase of \$1.9 million. These costs reflect an increase of FTE, 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 \$807 thousand, primarily for Microsoft and Yardi licenses. The remaining expense will be to maintain and replace information technology equipment.
- Consulting expenses will be \$567 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 \$212 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 \$343 thousand to purchase 9 vehicles for the fleet using Asset Reposition Fee funding.

Budget Commentary – Real Estate Finance

Summary Budget Data	FY22 Budget	FY23 Budget	Increase/ (Decrease)
Operating Revenue	\$ 1,384,567	\$ (608,356)	\$ (1,992,923)
Operating Expense	72,659	-	(72,659)
Operating Income Before OH	1,311,908	(608,356)	(1,920,264)
Allocated Overhead	-	-	-
Operating Income After OH	1,311,908	(608,356)	(1,920,264)
Funding Flow Activity	1,490,697	-	(1,490,697)
Funding Required or (Contributed) for Current Agency Activities	\$ (1,490,697)	\$ 1,026,883	\$ 2,517,580
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 (ARF) Revenue:

- \$600 thousand for ARF at Dahlke Manor and Dekum Court

West and the Woods Limited Partnerships:

- Land lease revenue is \$301 thousand.

Stephens Creek Crossing:

- Land lease revenue is \$161 thousand.

Real Estate Finance will contribute \$1 million in unrestricted cash to the agency.

Attachments

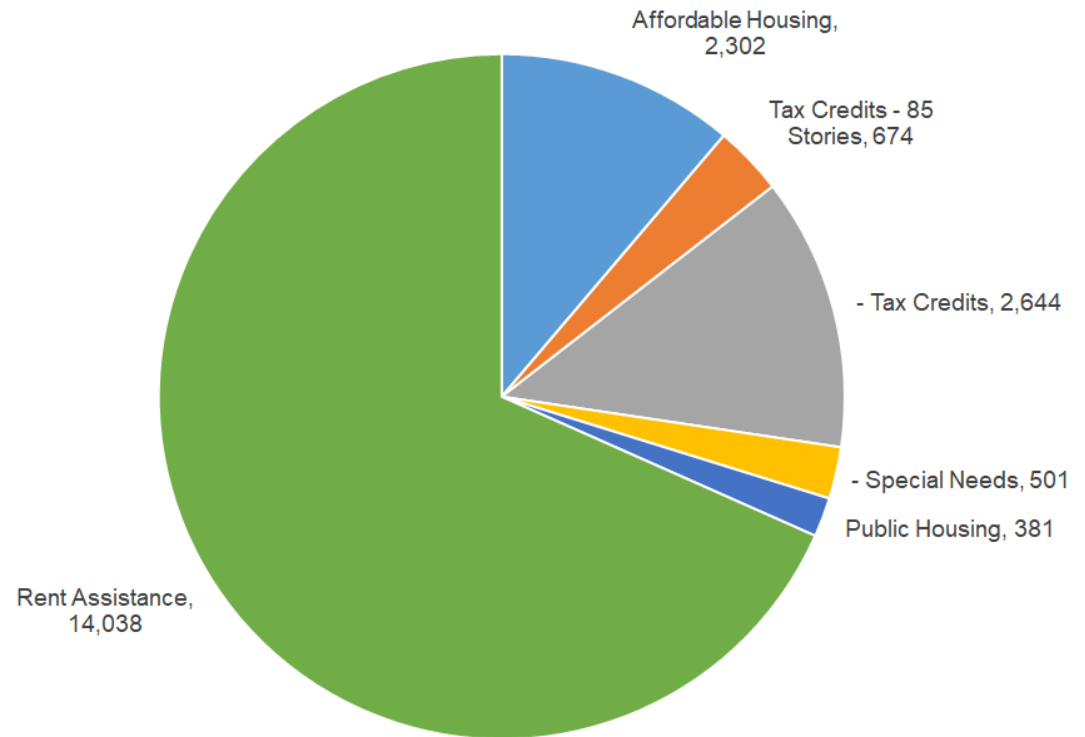
Summary of Moving to Work Initiative Funds

Initiative	Description	First Year	FY22 Budget	FY23 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	\$ 919,452	\$ 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>499,119</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>30,517</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>246,754</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>143,063</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	137,446	137,446
Worksystems Liaison	Funds an agreement with Worksystems for residents in pursuit of economic advancement products.	FY 17	24,938	47,000
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	64,402	64,402

Initiative	Description	First Year	FY22 Budget	FY23 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	28,380	45,000
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.	FY 12	1,511,428	2,011,272
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	43,895	28,073
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	35,700	35,700
Domestic Violence Transfer Funds	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
Tenant Education	A program designed to help our tenants better understand the rental process.	FY 16	85,357	85,357
Nesika Illahee	Locally funded rent assistance for Nesika Illahee.	FY21	78,750	81,270
Lift Urban Food Pantry	Funding for partnership program with Lift Urban Food Pantry program.	FY23	0	15,000
Total – MTW Initiatives			\$ 3,045,248	\$ 3,583,471

FY23 Estimated Households Served by Category

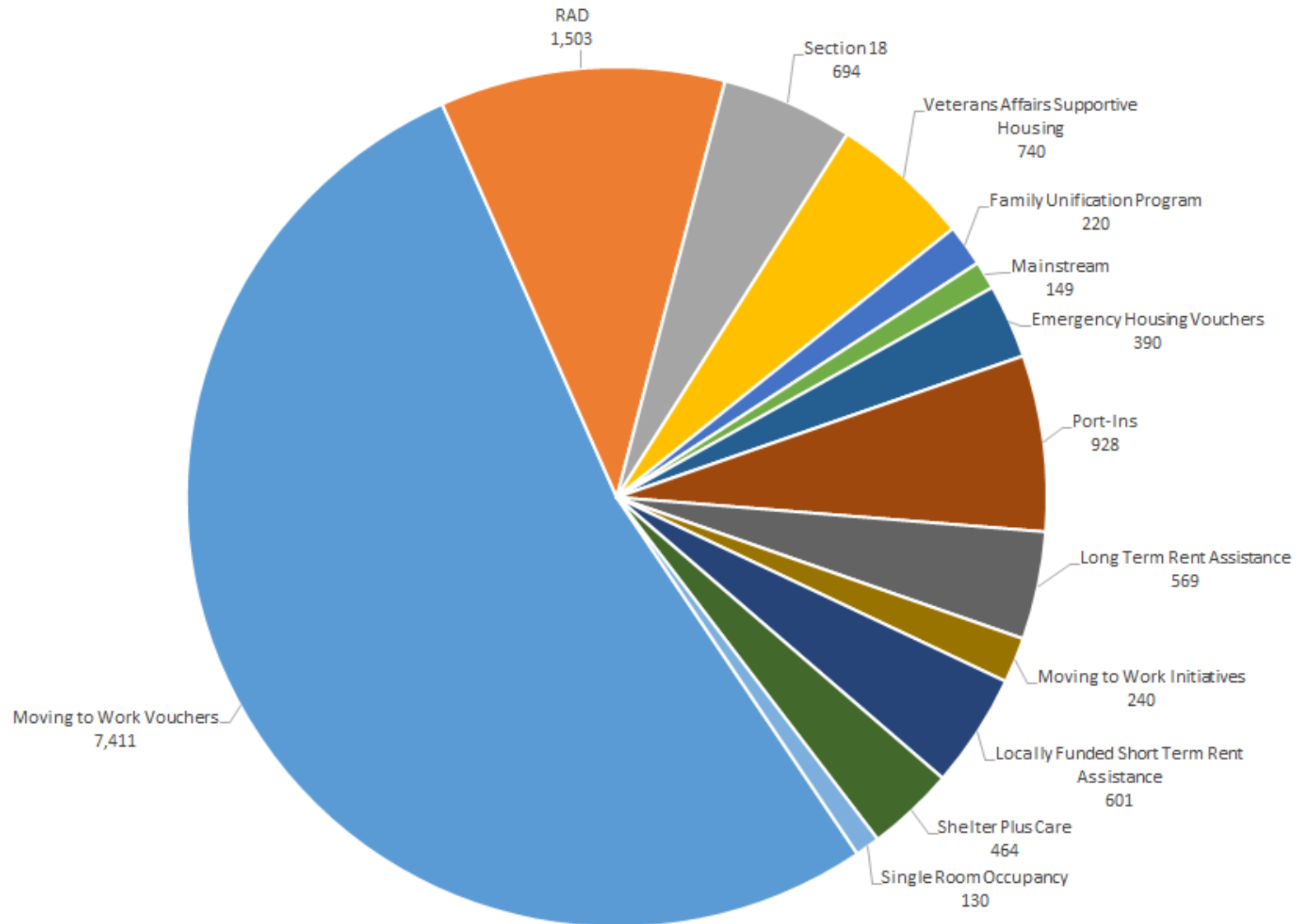
Category	Households Served	Percent
Affordable Housing	2,302	11%
Special Needs	501	2%
Tax Credits - 85 Stories	674	3%
Tax Credits	2,644	13%
Public Housing	381	2%
Rent Assistance	14,038	68%
Total	20,540	
Rent Assistance Occupying Affordable Housing / Tax Credit Units	-4,020	-24%
Unduplicated Total	16,520	100%



*Rent Assistance Occupying Affordable Units represents voucher holders that live within our Affordable and Tax Credit properties. The 4,020 represents residents already included in the Rent Assistance / Affordable Housing / Tax Credit Portfolios. An adjustment is made to provide an unduplicated total.

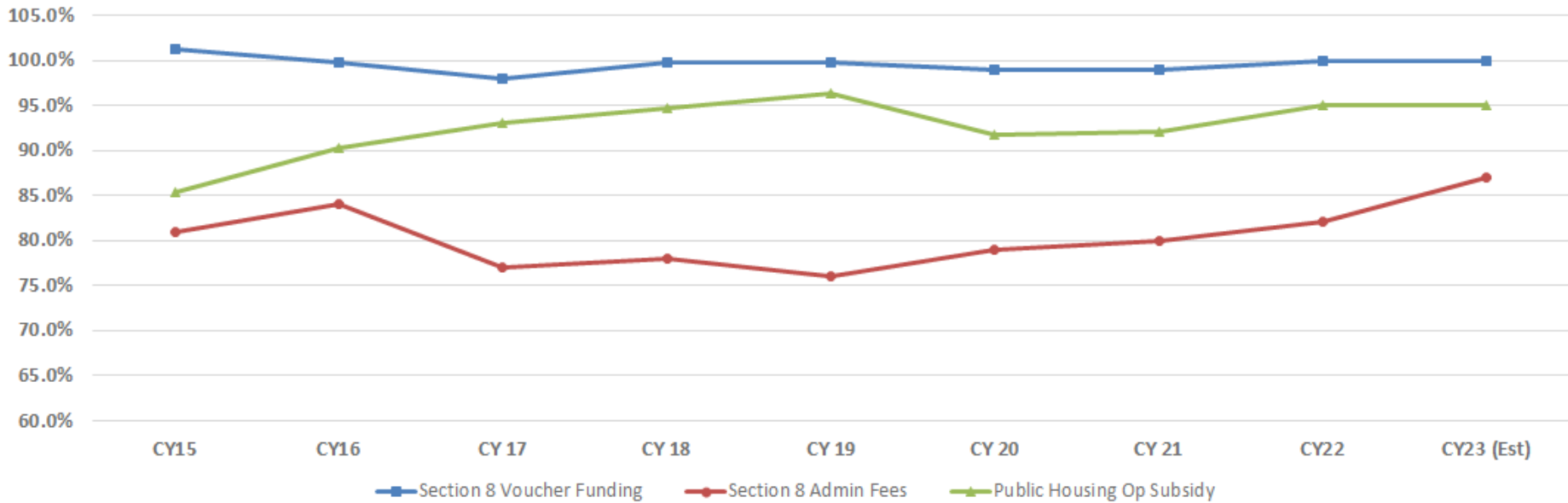
This includes the impact of RAD/Section 18 conversions.

FY23 Estimated Rent Assistance Households Served by Category



Subsidy Proration Trends

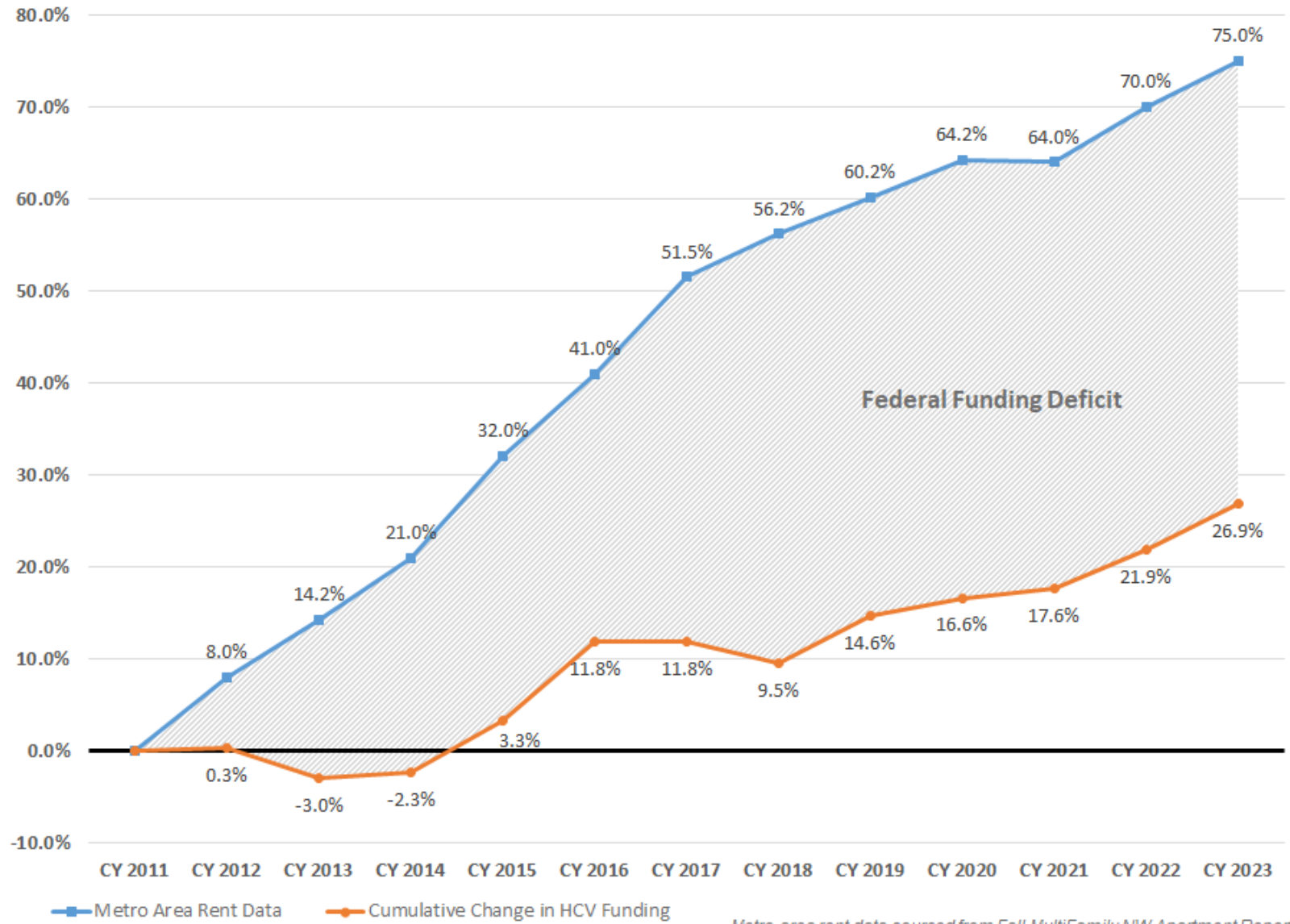
Subsidy Proration Trends ^{1 2}									
Actual Funding Year	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21	CY 22	CY 23 (Est)
Home Forward Budget Year	FY 2015	FY 2016	FY 2017	FY 2018	FY 2018 12/31 YE	FY 2020	FY21	FY22	FY23
Section 8 Voucher Funding	101.2%	99.9%	98.0%	99.7%	99.7%	99.0%	99.0%	100.0%	100.0%
Section 8 Admin Fees	81.0%	84.0%	77.0%	78.0%	76.0%	79.0%	80.0%	82.0%	87.0%
Public Housing Operating Subsidy	85.4%	90.2%	93.1%	94.7%	96.3%	91.7%	92.0%	95.0%	95.0%



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

² Admin Fee CY 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



Metro area rent data sourced from Fall MultiFamily NW Apartment Report

FTE Change Comparison Schedule

Full-Time Equivalents (FTEs) by Funding Source			
	FY22 Budget	FY23 Budget	Increase / (Decrease)
Agency Funded	294.2	314.7	20.5
Other Legal Entity Funded	62.1	63.3	1.2
Total Agency-Managed Positions	356.3	378.0	21.7

Numbers may be off slightly due to rounding.

FY23 Summary of FTE Changes		
Title	Department	FTE
Rent Assistance Services Coordinator	Rent Assistance	2.0
Portability Coordinator	Rent Assistance	1.0
Program Supervisor	Rent Assistance	1.0
Project Manager	Rent Assistance	1.0
Case Manager	Community Services	2.0
Chief Communications Officer	Administration	1.0
Communication Coordinator - Resident & Participant	Administration	1.0
Total New Positions		9.0

Mid-Year Addition FTE Changes for FY23		
Title	Department	FTE
Resident & Community Services Coordinator	Community Services	1.0
Resident Specialist	Community Services	2.5
Intake Specialist	Property Management	2.0
LITHC Specialist	Property Management	1.0
Rent Assistance Program Supervisor	Rent Assistance	1.0
Rent Assistance Services Coordinator	Rent Assistance	3.0
Environmental & Emergency Coordinator	Safety	1.0
Total Mid-Year Additions		11.5

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.

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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FY23 Operating Statement by Operating Group

Home Forward															
Fiscal Year 2023 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	MIF	Elimination	Home Forward Total
Dwelling Rental	\$ -	\$ 1,051,824	\$ 29,586,755	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,061,971)	\$ 25,576,608
Non-dwelling Rental	-	86,664	1,921,619	-	-	-	-	-	40,254	627,651	(608,356)	-	-	(537,799)	1,530,033
HUD Subsidies -Housing Assistance	137,196,168	-	3,404,254	-	-	-	-	-	-	-	-	-	-	-	140,600,422
HUD Subsidies -Admin Fee	13,825,363	-	-	-	1,041,179	-	-	-	-	-	-	-	-	-	14,866,542
HUD Subsidies -Public Housing	-	5,833,572	126,468	-	168,996	-	-	-	208,166	-	-	-	-	-	6,337,202
HUD Grants	6,488,917	-	-	-	403,140	-	-	-	1,364,649	-	-	-	-	-	8,256,707
Development Fee Revenue, Net	-	-	-	-	-	-	-	10,540,955	-	-	-	-	-	-	10,540,955
State, Local & Other Grants	14,514,783	-	-	-	-	-	-	-	1,259,567	-	-	-	-	-	15,774,350
Other Revenue	10,859,815	12,732	1,073,991	144,739	2,345,964	-	1,742,104	-	1,013,776	-	-	-	-	(380,676)	16,812,444
Total IA Revenue	-	-	-	-	-	-	-	-	1,641,220	-	-	-	-	(980,169)	661,051
Total Operating Revenues	182,885,045	6,984,792	36,113,087	144,739	3,959,279	-	1,742,104	10,540,955	5,527,632	627,651	(608,356)	-	-	(6,960,615)	240,956,312
Housing Assistance Payments	155,938,248	-	-	-	-	-	-	-	-	-	-	-	-	(5,285,004)	150,653,244
Administrative Personnel Expense	933,625	-	-	625,937	898,831	431,838	66,537	1,009,785	436,043	8,865,817	-	-	-	-	13,268,413
Other Admin Expenses	632,371	434,720	6,467,443	-	293,716	145,219	35,248	203,995	568,796	4,017,331	-	-	-	(306,824)	12,492,016
Fees/overhead charged	418,688	-	-	44,404	3,246	-	3,246	68,216	-	-	-	-	-	(537,799)	-
Tenant Svcs Personnel Expense	64,184	-	-	-	-	-	-	356,105	3,989,399	-	-	-	-	-	4,409,688
Other Tenant Svcs Expenses	161,570	47,928	146,808	-	-	-	-	-	2,378,607	78,914	-	-	-	-	2,813,828
Program Expense	9,517,749	489,688	354,465	1,071,007	2,207,480	83,623	189,160	2,105,727	537,109	294,099	-	-	-	-	16,850,107
Maintenance Personnel Expense	-	639,148	195,126	-	730,592	66,390	923,766	-	-	66,390	-	-	-	-	2,621,412
Other Maintenance Expenses	-	894,635	-	-	(41,248)	118,213	94,301	-	-	215,276	-	-	-	-	9,390,414
Utilities	-	772,370	4,670,376	-	-	-	40,000	-	-	86,449	-	-	-	-	5,569,195
Total IA Expense	-	5,550	607,300	-	-	-	-	-	138,533	-	-	-	-	(830,988)	(79,605)
Depreciation	-	696,514	10,835,163	-	9,090	-	-	2,156	-	372,811	-	-	-	(50,040)	11,865,694
General	56,900	244,198	2,449,898	-	202,188	6,008	36,000	10,000	-	48,197	-	-	-	-	3,053,389
Total Operating Expenses	167,723,334	4,224,751	33,835,817	1,741,348	4,303,895	851,291	1,388,257	3,755,983	8,048,487	14,045,285	-	-	-	(7,010,655)	232,907,793
Operating Income (Loss)	15,161,711	2,760,041	2,277,270	(1,596,609)	(344,616)	(851,291)	353,847	6,784,972	(2,520,856)	(13,417,634)	(608,356)	-	-	50,040	8,048,519
Total Overhead Allocations	3,683,644	-	-	2,208,002	4,290,948	85,494	418,866	2,340,605	1,649,744	(14,677,303)	-	-	-	-	-
Operating Income (Loss) after Overhead	11,478,067	2,760,041	2,277,270	(3,804,612)	(4,635,564)	(936,785)	(65,019)	4,444,366	(4,170,600)	1,259,669	(608,356)	-	-	50,040	8,048,519
Reserve Funding	-	-	4,190,173	-	56,196	-	-	3,714,888	(122,538)	-	2,705,071	(10,543,790)	-	-	-
Operating Income (Loss) after Reserve Funding	11,478,067	2,760,041	6,467,443	(3,804,612)	(4,579,368)	(936,785)	(65,019)	8,159,255	(4,293,138)	1,259,669	2,096,714	(10,543,790)	-	50,040	8,048,519
Investment Income	-	-	121,460	4,200	-	-	-	-	-	-	-	-	-	-	125,660
Interest Expense	-	-	(2,215,539)	-	-	-	-	-	-	-	-	-	-	-	(2,215,539)
Net Other Income (Expense)	-	-	(2,074,186)	4,200	-	-	-	-	-	-	-	-	-	-	(2,069,986)
HUD Nonoperating Contributions	-	1,150,000	-	-	-	-	-	750,000	-	356,000	50,000	-	-	-	2,306,000
Reserve Funded Capital Contributions	-	-	(1,650,000)	-	-	-	-	-	-	-	(6,902,886)	6,300,913	-	-	(2,251,973)
Net Capital Contributions	-	1,150,000	(1,650,000)	-	-	-	-	750,000	-	356,000	(4,600,913)	6,300,913	-	-	2,306,000
Change In Net Position	\$ 11,478,067	\$ 3,910,041	\$ 2,743,256	\$ (3,800,412)	\$ (4,579,368)	\$ (936,785)	\$ (65,019)	\$ 8,909,255	\$ (4,293,138)	\$ 1,615,669	\$ (2,504,199)	\$ (4,242,877)	\$ -	\$ 50,040	\$ 8,284,532

* Numbers may vary slightly due to rounding

FY23 Funding Flow Analysis by Operating Group*

Home Forward															
Fiscal Year 2023 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	MIF	Elimination	Home Forward Total
Operating Income (Loss) after Overhead	\$ 11,478,067	\$ 2,760,041	\$ 2,277,270	\$ (3,804,612)	\$ (4,635,564)	\$ (936,785)	\$ (65,019)	\$ 4,444,366	\$ (4,170,600)	\$ 1,259,669	\$ (608,356)	\$ -	\$ -	\$ 50,040	\$ 8,048,519
Real Estate Portfolio															
Affordable Housing Properties Operating Activity	-	-	(2,277,270)	-	-	-	-	-	-	-	-	-	-	-	(2,277,270)
Revenue from Properties to Home Forward	-	-	(748,963)	-	-	-	-	-	-	-	(193,779)	-	-	-	(942,742)
Unrestricted Cash to HAP	-	-	2,929,897	-	-	-	-	-	475,224	-	551,463	-	-	-	3,956,584
Net Replacement Reserve Activity (New Market West)	-	-	(218,218)	-	-	-	-	-	-	(98,000)	-	-	-	-	(316,218)
Net Replacement Reserve Activity (Special Needs)	-	-	(113,141)	-	-	-	-	-	-	-	-	-	-	-	(113,141)
Developer Fee - Impact to Funding Flow															
Developer Fee Revenue	-	-	-	-	-	-	-	(10,540,955)	-	-	-	-	-	-	(10,540,955)
Developer Fee - Cash to HAP (Net)	-	-	-	-	-	-	-	9,205,399	-	-	-	-	-	-	9,205,399
Financing/Investment Activity															
Principal & Interest - Special Needs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal & Interest - New Market West	-	-	-	-	-	-	-	-	-	(265,522)	-	-	-	-	(265,522)
Capital Acquisitions															
Fleet Vehicle	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fleet Vehicle Reserve Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Cash Operating Activity															
Depreciation Expense	-	696,514	10,835,163	-	9,090	-	-	2,156	-	219,023	-	-	-	(50,040)	11,711,906
Special Purpose Reserve Activity															
Inter Departmental Reserve Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency Initiatives	-	-	-	-	-	-	-	-	-	-	-	1,571,386	-	-	1,571,386
Future Agency Initiatives	-	-	-	-	-	-	-	-	-	-	-	(1,571,386)	-	-	(1,571,386)
Integrated Facility Services Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HFDE Funding Affordable Portfolio Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DCR Operating Reserve	-	-	-	-	-	-	-	1,308,609	-	-	-	-	-	-	1,308,609
Affordable Portfolio Reserve	-	-	(500,000)	-	-	-	-	-	-	-	-	-	-	-	(500,000)
Workforce Initiative Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85 Stories Asset Repositioning Fee Reserve	-	-	-	-	-	-	-	-	-	-	(776,211)	-	-	-	(776,211)
Insurance Reserve	-	(100,000)	(100,000)	-	-	-	-	-	-	-	-	-	-	-	(200,000)
Capital Fund Program Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funding Source or (Shortfall)	11,478,067	3,356,555	12,584,738	(3,804,612)	(4,626,474)	(936,785)	(65,019)	4,419,575	(3,419,434)	1,115,170	(1,026,883)	-	-	-	19,074,899
Department Reserve Activity															
Final Funding Source or (Shortfall)	\$ 11,478,067	\$ 3,356,555	\$ 12,584,738	\$ (3,804,612)	\$ (4,626,474)	\$ (936,785)	\$ (65,019)	\$ 4,419,575	\$ (3,419,434)	\$ 1,115,170	\$ (1,026,883)	\$ -	\$ -	\$ -	\$ 19,074,899

* Numbers may vary slightly due to rounding.

Budget Commentary – Cecelia Limited Partnership

Summary Budget Data	FY 22 Budget
Operating Revenue	\$ 1,718,464
Operating Expense	2,130,278
Operating Income Before OH	(411,814)
Allocated Overhead	-
Operating Income After OH	\$ (411,814)

Cecelia Limited Partnership is part of New Columbia and consists of a 120-unit property in North Portland managed by a third-party property management company.

Key Assumptions

- The average budgeted occupancy is 97.5% (consistent with actual property performance)

Major Programs/Initiatives/Activates and estimated budget impact

- Outside payroll costs are projected to be \$453 thousand for the upcoming year.

Major Revenue/Expense Items

- Operating Revenues are budgeted to be \$1.7 million. Dwelling rental is projected to be \$1.7 million, attributed to high occupancy rates.
- Operating Expenses are projected to be \$2.1 million.
 - Maintenance expenses are \$386 thousand.
 - Utilities of \$347 thousand reflecting rate increases.
 - Insurance costs of \$59 thousand.
 - Administration expenses are \$453 thousand.

Budget Commentary – Gateway

Summary Budget Data	FY 21 Budget	FY 22 Budget	Increase/ (Decrease)
Operating Revenue	\$ 1,617,304	\$ 1,722,122	\$ 104,818
Operating Expense	1,235,954	1,701,514	(465,560)
Operating Income Before OH	381,350	20,608	360,742
Allocated Overhead	-	-	-
Operating Income After OH	\$ 381,350	\$ 20,608	\$ 360,742

Gateway Park Apartments is a 144-unit property in Northeast Portland managed by a third-party property management company.

Key Assumptions

- The average budgeted occupancy is 97.5% (consistent with actual property performance)

Major Programs/Initiatives/Activates and estimated budget impact

- Outside payroll costs are projected to be \$453 thousand for the upcoming year.
- There will also be significant plumbing work and a new roof, funded by replacement reserves.

Major Revenue/Expense Items

- Operating Revenues are budgeted to be \$1.7 million. Dwelling rental is projected to be \$1.7 million, attributed to high occupancy rates.
- Operating Expenses are projected to be \$1.7 million.
 - Maintenance expenses are \$567 thousand.
 - Utilities of \$398 thousand reflecting rate increases.
 - Insurance costs of \$106 thousand.
 - Administration expenses are \$267 thousand.
- Funding Flow
 - There will be \$501 thousand of debt payments (\$235 thousand of interest and \$266 thousand of principal) for the FY 23 budget.

Budget Commentary – Haven Limited Partnership

Summary Budget Data	FY 22 Budget
Operating Revenue	\$ 552,898
Operating Expense	694,657
Operating Income Before OH	(141,669)
Allocated Overhead	-
Operating Income After OH	\$ (141,669)

Haven Limited Partnership is part of New Columbia and consists of a 42-unit property in North Portland managed by a third-party property management company.

Key Assumptions

- The average budgeted occupancy is 97.5% (consistent with actual property performance)

Major Programs/Initiatives/Activates and estimated budget impact

- Outside payroll costs are projected to be \$142 thousand for the upcoming year.

Major Revenue/Expense Items

- Operating Revenues are budgeted to be \$553 thousand. Dwelling rental is projected to be \$547 thousand, attributed to high occupancy rates.
- Operating Expenses are projected to be \$695 million.
 - Maintenance expenses are \$116 thousand.
 - Utilities of \$115 thousand reflecting rate increases.
 - Insurance costs of \$61 thousand.
 - Administration expenses are \$143 thousand.