homeforward

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Fiscal Year 2018

Budget

April 1, 2017 through March 31, 2018

Original Submission:
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Management Discussion

This document presents the planned activities and financial budget for Home Forward for the fiscal year beginning April 1, 2017 and ending March 31, 2018 (FY 18).

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, Oregon) as a municipal corporation under the Oregon Revised Statutes in December 1941.

A nine member Board of Commissioners govern Home Forward. The City of Portland recommends five appointments and the City of Gresham and Multnomah County both recommend two appointments each. Home Forward is not financially dependent on the City of Portland and is not considered a component unit of the City. The Executive Director is appointed by the Board and is responsible for the daily functioning of Home Forward.

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

Home Forward is comprised of several mission-based business lines, including new business line breakouts for FY 18. They are:

- **Rent Assistance** - Home Forward provides rent assistance to over 10,000 households on an annual basis. This includes traditional and non-traditional rent assistance programs. Traditional programs include Housing Choice Vouchers, Vouchers for Homeless Vets (VASH), Family Unification Program vouchers (FUP), SRO/MODs and Shelter Plus Care. Non-traditional rent assistance programs include short and medium-term rent assistance, and rent assistance combined with partner services. The Housing Choice Voucher program (Section 8) is the largest rent assistance program administered by Home Forward, with funding determined by vouchers authorized, voucher utilization, and proration rates.

- **Public Housing Portfolio** – Home Forward's Public Housing stock provides an important resource to the community by providing 1,306 units of housing throughout Multnomah County. These properties were acquired through bonds and notes guaranteed by HUD and through grants, subject to the terms of an Annual Contributions Contract with HUD. For these properties, operating revenue is generated from two main sources: 1) HUD subsidies – based on a HUD approved rate multiplied by the number of HUD approved units multiplied by a proration rate, and 2) Tenant revenue – rents collected from residents which are driven by occupancy levels and by tenant income levels. Additionally, funds from the Capital Grant Program provided by HUD are used to maintain and improve this Public Housing Portfolio. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these Capital Grant funds.

- **Affordable Housing Portfolio** – In addition to public housing properties, Home Forward also maintains a portfolio of affordable housing properties. For these properties, revenue is mainly generated by tenant rents and impacted by occupancy levels and contractually allowed affordable rental rates based on unit size. These properties fall into two ownership categories: 1) Home Forward owned properties – properties where Home

Forward owns a majority ownership stake, and 2) Tax credit partnership properties – properties that utilize the Low Income Housing Tax Credit (LIHTC) for which Home Forward has a minority ownership stake. For this budget, the financial activity of tax credit partnership activity is excluded except for the unrestricted cash generated and remitted to Home Forward.

- **Asset Management services** – The Asset Management group is responsible for overseeing the performance of the entire Home Forward real estate portfolio. This is a growth in responsibility, as prior to this year, the Asset Management group only oversaw the performance of the Affordable Housing portfolio. Now, the Asset Management team provides asset management services for the full portfolio, including 109 properties, and over 6,400 units of housing throughout Multnomah County. For properties where fees are allowed, revenue is generated from Asset Management fees. Additional funds are generated from unrestricted cash flow from the properties.

- **Property Management services** – Over the past decade, Home Forward's Property Management group has expanded from managing only public housing properties to overseeing the compliance and maintenance at 33 traditional public housing properties, one affordable housing property, and seven tax credit properties. These 41 properties provide housing for 2,381 households. The group is responsible for daily operations, including rent collection, general maintenance, lease enforcement, and program compliance.

- **Integrated Facilities Services** – Integrated Facilities Services is the operating group for Home Forward's specialized maintenance services. Prior to FY 18, this group was included in Property Management as "Core" services. Services include:

    - Electrical work
    - Garbage and recycling pick up
    - Hauling
    - Painting
    - Pest control
    - Plumbing

  Home Forward managed properties utilize Integrated Facilities Services based on need and are billed for services provided.

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

- **Safety** – This is a new service line created in FY 18. This group is responsible for developing and implementing a comprehensive health and safety program for Home Forward. The program will focus on identifying and mitigating risks to properties and operations and to assure organizational compliance with local, state and federal environmental, health and safety regulations. The Safety group will also oversee safety and compliance training for all Home Forward staff.

In addition to these mission based business lines, Home Forward has administrative and real estate finance operations.

Budget Principles

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

This document presents comparative budget information in two formats: first, in a Generally Accepted Accounting Principle (GAAP) format, and second, in a Funding Flow (simplified operating cash basis) format. It is important for the reader to understand this distinction, as certain revenue and expense items may be recorded in one fiscal year, while the cash involved impacts a different fiscal year (such as development fee revenue), or has no cash impact (such as depreciation expense). Additionally, this document only presents the results of Home Forward and does not include the budget of any component units, except for its single member LLC properties for which Home Forward has 100% control in the operations of those properties. This includes Ainsworth, Madrona, and St. Francis properties.

The budget was created with several guiding principles:

- All funds will be accounted for, meaning that current year activities will be funded with current year revenue, business line reserves, allowable transfers from other programs, or agency level reserves. Any remaining funds will be assigned to reserves for specific purposes or to general reserves to address funding volatility.
- In a typical year, all programs combined (excluding Development) should have, at a minimum, break even funding flow. However, given the funding volatility with the Housing Choice Voucher program, in order to maintain the current payment standards and to ensure families stay housed, we will utilize a combination of Home Forward and HUD-Held Reserves.
- 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 using best available data and historical trends.
- Funds using MTW flexibility to support locally designed programming are aligned with strategic initiatives.
- Home Forward strives to meet the MTW requirement of serving substantially the same number of households as it would if it did not have MTW status.
- Funds from the sale of real estate will be used only for the acquisition, development, and/or preservation of real estate assets.

Budget Summary

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

Key Activities and Financial Highlights for FY 18

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

Key activities planned for FY 18 include:

- The Rent Assistance department is anticipating a significant increase in housing assistance payments during FY 18. In response to the housing crisis, Home Forward increased its payment standard effective April 2016. This increase has led to improvements in the lease up rate and the stabilization of housing for families throughout the county. However, due to the uncertainty of continued federal funds for this critical program, Home Forward will need to utilize reserves just to continue housing current families and we will not be able to pull any names from the new waitlist. This means that the 3,000 households waiting for an opportunity to receive additional housing support will need to wait at least one more year before a voucher might be issued, absent an increase in funding.

- Properties owned and/or managed by Home Forward include 6,444 units of housing with an expected occupancy rate of 98%.

- Section 18 and Rental Assistance Demonstration (RAD) conversion – To preserve the long-term use of its Public Housing portfolio, Home Forward intends to convert all its remaining public housing properties from a public housing operating & capital subsidy funding stream to a voucher-based funding stream. To accomplish this, Home Forward submitted 9 Section 18 applications and 43 RAD applications. With both programs, Home Forward would be allowed to convert current public housing units to a project based voucher subsidy stream and would be able to utilize debt and/or other mixed finance opportunities to assist with necessary capital improvements.

  Under the RAD program, once property conversions are completed, the units continue to be funded using public housing operating subsidy and capital funds for the remaining months of the year of conversion and then funded with Section 8 funds beginning January of the following year. We expect to convert six properties under the first phase of the RAD program during FY 18.

Financial highlights of the FY 2018 budget include:

- Annual operating revenues will increase from $134.0 million to $144.3 million, an increase of $10.3 million. This is mainly due to:
  - A $2.3 million increase in development fee income related to construction projects at St. Francis Park, Square Manor and Northeast Grand.
  - Dwelling rental is expected to increase $2.2 million mainly due to the addition of Lovejoy Station to the Affordable portfolio. Previously, this was a tax credit partnership property with Home Forward owning only a .01% ownership stake. During FY 17, Home Forward took 100% ownership of the property.
  - Other revenue is $2.1 million higher in FY 18 due to an increase in portability revenue.
  - Funding for Housing Choice Vouchers is projected to increase by $1.2 million due higher voucher funding from HUD that was the result of a rental cost study conducted during December 2015 and approved in April 2016.
  - HUD Grants increase by $1.6 million due to an increase in funds for the Shelter Plus Care program.
  - Public Housing Operating Subsidy revenue decreases $1.1 million primarily due to the expiration of Asset Repositioning Fee revenue associated with the 85 Stories projects.

- Annual operating expenses will increase from $136.9 million to $151.0 million, an increase of $14.1 million. This is mainly due to:
  - The Rent Assistance department is anticipated to incur $13.3 million in housing assistance payments.
  - Other administrative expenses will increase $710 thousand primarily due to a $338 thousand increase in outside property management fees associated with the addition of properties such as Lovejoy Station, and a $196 thousand increase in technology and communication costs.

  - Overall personnel expenses increase by $474 thousand. This includes an increase in wages and benefits, offset by a reduction in total headcount of five full-time equivalent positions.
  - Other Tenant Services decreases $374 thousand primarily due to the reduced utilization of a voucher success fund.

- Of the $151.0 million of operating expenses, $93.9 million represents rent assistance payments made directly to landlords on behalf of Home Forward participants. Backing out this activity, Home Forward's operating expenses would be $57.1 million.
- Based on the impact of items above, operating income will decrease by $3.7 million from an operating income of $2.9 million in FY 17 to an operating loss of $6.6 million in FY 18.
- Net other income (expenses) will decrease by $3.3 million to ($2.4 million) in FY 18 primarily due to the gain associated with the sale of the Plaza Townhouse that took place in FY 17.
- Net capital contributions decrease from $4.9 million in FY 17 to $3.5 million, a decrease of $1.4 million due to a reduction in capital activity, mainly associated with FY 17 funding for the properties involved with the first phase of 85 Stories.
- The combined impact yields a, $8.5 million decrease in changes to net assets, going from $2.9 million in FY 17 to ($5.6 million) in FY 18.

Impact on Funding Flow

Because several operating groups are funded with a combination of traditional income type accounts and cash flow transactions, Home Forward presents its budget in not only a GAAP presentation but also in a funding flow format. The funding flow format starts with a mission-based business line's operating income/(loss) position and adjusts for non-cash transactions, reserve transfer in and out, and other capital and financing activity. As noted in the budget principles section, the expectation is that all agency cash flow in and out is accounted for.

A funding flow summary presented 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	$ (6,550,556)	$ (15,750)	$ 1,362	$ -	$ -	$ 6,564,944	$ -
Public Housing Properties	(2,132,802)	-	2,639,187	-	-	(506,385)	-
Affordable Housing Properties	6,027,231	(300,977)	(5,862,349)	4,048,625	(925,000)	(2,987,530)	-
Asset Management	(1,843,188)	(15,750)	-	-	-	1,858,938	-
Property Management	(131,397)	(15,750)	6,501	-	-	140,646	-
Safety	(121,908)	-	-	-	-	121,908	-
Integrated Facilities Services	(414,801)	(1,750)	5,089	-	-	411,462	-
Resident Services	(1,439,790)	(5,250)	(195,332)	401,701	-	1,238,671	-
Other	273,578	(385,592)	79,194	880,300	-	(847,480)	-
	(6,333,633)	(740,819)	(3,326,348)	5,330,626	(925,000)	5,995,174	-
Development	(313,640)	(15,750)	(2,732,320)	8,602,643	(5,540,933)	-	-
Total Agency	$ (6,647,273)	$ (756,569)	$ (6,058,668)	$ 13,933,269	$ (6,465,933)	$ 5,995,174	$ -

“Department Capital and Financing Uses” represents additional uses of funds to cover equipment purchases or debt repayments that are not already accounted for in the other funding flow categories.

“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” accounts for the cash impact due to the difference in timing in revenue earned and revenue paid for given mission based business lines.

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

“Other Reserve Transfers In/Out to Fund Current Activities” reflect the inflow or (outflow) of reserve across funds to cover current year activities.

Net Reserves changes include:

- $4.1 million will be drawn from Moving to Work reserves to fund locally developed initiatives designed to improve access to housing and build family self-sufficiency skills.
- Using single fund flexibility, an additional $2.5 million will be drawn from Moving to Work reserves to fund current housing assistance payments and administration.
- As part of a ten-year plan to ensure adequate reserve levels for Home Forward, $125 thousand will be directed to an agency-level operating reserve and $300 thousand will be directed to an agency-level capital reserve.
- $500 thousand of Affordable Portfolio funds will be transferred into an agency property insurance fund to cover future property losses.
- $5.5 million of collected development fee revenue will be transferred to reserves and used to cover department operations and fund project costs that span multiple fiscal years.

Staffing Update

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

Full-Time Equivalents (FTEs)			
	FY17 Budget	FY18 Budget	Inc.(Dec.)
Agency Funded	254	251	(3)
Other Legal Entity Funded	37	35	(2)
Total Agency Managed Positions	291	286	(5)

In total, full-time equivalent employees have been reduced by 5.0 FTEs, primarily due to workload realignment by the property management group.

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 that there is a new executive administration, a change in congressional control, and the federal government operating under a continuing resolution scheduled to expire April 28, 2017, we have had to develop a budget with estimates of most of its major federal program. The approach used was to base funding activity on flat funding and historical trends, to use program reserves as needed, and to prepare to implement budget revisions as soon as more accurate information is available.

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

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

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

Conclusion

Even with the above backdrop we have witnessed an unprecedented level of interest, involvement, and dedication by the local community to address the current housing crisis. Home Forward will continue to focus on program improvements, on systems alignment, and will work with regional partners to identify ways to preserve and increase affordable housing. We appreciate your interest in Home Forward’s planned activities and financial expectations for the upcoming year, and for your ongoing support for the people of our community.

Operating Statement & Summary of Funding Flow

Operating Statement

Operating Statement	FY17 Budget	FY18 Budget	Increase/ (Decrease)
Dwelling Rental	$ 16,193,145	$ 18,416,689	$ 2,223,544
Non-dwelling Rental	1,959,166	2,370,729	411,563
HUD Subsidies -Housing Assistance	78,240,839	79,488,892	1,248,053
HUD Subsidies -Admin Fee	6,575,611	6,587,135	11,524
HUD Subsidies -Public Housing	10,831,825	11,117,609	285,784
HUD Grants	6,930,774	8,503,858	1,573,084
Development Fee Revenue, Net	582,461	2,854,465	2,272,004
State, Local & Other Grants	6,769,460	6,920,775	151,315
Other Revenue	5,945,584	8,088,641	2,143,057
Total IA Revenue		-	-
Total Operating Revenues	**$ 134,028,865**	**$ 144,348,792**	**$ 10,319,928**
PH Subsidy Transfer	3,266,876	3,239,639	(27,237)
Housing Assistance Payments	80,598,958	93,862,296	13,263,338
Administrative Personnel Expense	6,571,554	6,805,159	233,605
Other Admin Expenses	7,246,472	7,957,349	710,877
Fees/overhead charged	75,000	7,200	(67,800)
Tenant Svcs Personnel Expense	2,335,806	2,157,415	(178,391)
Other Tenant Svcs Expenses	2,904,899	2,531,219	(373,680)
Program Expense	9,289,796	10,015,423	725,627
Maintenance Personnel Expense	3,677,438	3,370,662	(306,777)
Other Maintenance Expenses	6,444,743	6,536,380	91,638
Utilities	4,435,466	4,666,311	230,845
Total IA Expense	(195,973)	(204,513)	(8,540)
Depreciation	8,858,989	8,391,815	(467,175)
General	1,416,261	1,659,712	243,451
Impairment Charge	-	-	-
Total Operating Expenses	**$ 136,926,285**	**$ 150,996,067**	**$ 14,069,781**
Operating Income (Loss)	$ (2,897,420)	$ (6,647,275)	$ (3,749,854)
Total Overhead Allocations	**-**	**-**	**-**
Operating Income (Loss) after Overhead	**$ (2,897,420)**	**$ (6,647,274)**	**$ (3,749,854)**
Investment Income	224,887	488,630	263,742
Interest Expense	(2,645,895)	(2,828,484)	(182,589)
Investment in Partnership Valuation Charge	-	-	-
Gain (Loss) on Sale of Assets	3,307,721	(74,159)	(3,381,880)
Chg in Derivative Contract Value	-	-	-
Net Other Income (Expense)	**$ 886,713**	**$ (2,414,013)**	**$ (3,300,726)**
HUD Nonoperating Contributions	4,942,817	3,459,892	(1,482,925)
Reserve Funded Capital Contributions	-	-	-
Net Capital Contributions	**$ 4,942,817**	**$ 3,459,892**	**$ (1,482,925)**
Change in Net Position	**$ 2,932,110**	**$ (5,601,395)**	**$ (8,533,505)**

Funding Flow Analysis

Funding Flow Analysis	FY17 Budget	FY18 Budget	Increase/ (Decrease)
Funding Flow Analysis	**$ (2,897,420)**	**$ (6,647,274)**	**$ (3,749,854)**
Funding Flow Adjustments	2,489,919	7,325,921	4,836,002
Funding Source or (Shortfall)	**$ (407,501)**	**$ 678,647**	**$ 1,086,149**
Funding Required or (Contributed) for Current Agency Activities	**$ 407,501**	**$ (678,647)**	**$ (1,086,149)**
Final Funding Source or (Shortfall)	**$ -**	**$ -**	**$ -**

Line Item Analysis & Assumptions

Revenue

Dwelling Rental for FY 18 is $18.4 million, $2.2 million greater than FY 17 Budget.

- Affordable Housing Portfolio – Dwelling Rental increases $2.6 million primarily due to the impact of property transitions – Lovejoy Station alone adds $1.8 million of dwelling rental revenue.

- Public Housing Portfolio – Dwelling Rental increases $127 thousand primarily due to the continuing impact of rent reform and the implementation of minimum rents.

Non-dwelling Rental for FY 18 is $2.4 million, $412 thousand greater than FY 17 Budget.

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

- Land Lease Revenue increases $168 thousand primarily due to the West and the Woods Limited Partnerships.

- Parking Revenue increases $105 thousand from increased revenue in the Affordable Portfolio primarily due to property transitions.

- Commercial rental income increases $179 thousand from increased revenue in the Affordable Portfolio primarily due to property transitions.

HUD Subsidies – Housing Assistance for FY 18 is $79 million, $1.2 million greater than FY 17 Budget.

- HUD's Housing Choice Voucher proration is budgeted to remain the same as FY 17, at 99.8%.

- VASH voucher funding increases $729 thousand due to increased utilization. Moving to Work voucher funding increased only $517 thousand.

HUD Subsidies – Administrative Fees for FY 18 are $6.6 million, $12 thousand greater than FY 17 Budget.

- Administrative Fee funding increases $12 thousand due to increases VASH and FUP voucher utilization, as well as increased port-ins.

- Administrative fees for HUD Housing Assistance are budgeted based on funding appropriations and assume flat rate for CY 2017.

HUD Subsidies – Public Housing for FY 18 is $11 million, $286 thousand greater than FY 17 Budget.

- Budget assumes that Operating Subsidy's proration will be 85.5% in FY 18.

HUD Grants for FY 18 are $8.5 million, $1.6 million greater than FY 17 Budget.

- Shelter Plus Care HUD Grants increase $1.8 million due to award increase.

Development Fee Revenue for FY 18 is $2.9 million, $2.3 million greater than FY 17 Budget.

- FY 18 Developer Fee is earned for the following Projects:

Project (in thousands)	FY 18 Developer Fee
St. Francis Park	$500
Square Manor	900
NE Grand Avenue	1,300

State, Local & Other Grants for FY 18 are $6.9 million, $151 thousand greater than FY 17 Budget.

Grant (in thousands)	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Short-Term Rent Assistance			
City of Portland	$1,916	$1,588	$(328)
Multnomah County	1,180	1,587	407
Homeless Family System of Care	1,188	2,422	1,234
Family Futures	908	-	(908)
Emergency Food & Shelter	163	150	(13)
City of Gresham	8	31	23
United Way	89	84	(5)
PILOT Revenue	277	218	(58)
Short-Term Rent Assistance Total	$5,727	$6,081	$354
Housing Works Grant	33	0	(33)
Medicaid	417	420	3
Multnomah County – Youth Programs	206	0	(206)
City of Portland – Bud Clark	248	364	116
City of Portland – Landlord Guarantee	71	6	(65)
Other	67	50	(17)
Total	$6,769	$6,921	$151

Other Revenue for FY 18 is $9.2 million, $2.1 million greater than FY 17 Budget. Other Revenue consists of:

Revenue (in thousands)	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Portability Revenue	$2,271	$4,365	$2,094
Property Related Income – Management & General Partner Fees	831	781	(50)
Property Related Income – Operations	706	775	69
Property Related Income – Resident Services	600	705	105
West & Woods Contributions	521	521	-
Integrated Facilities Services Fees from Tax Credits	551	479	(72)
Fraud & Bad Debt Recovery	180	179	(1)
Conduit Financing Revenue	200	151	(49)
Other	85	132	46
Total	$5,946	$8,089	$2,143

Expense

PH Subsidy Transfer for FY 18 is $3.2 million, $27 thousand less than FY 17 Budget.

- Public Housing Subsidy transfer decreases due to December 2017 scheduled subsidy conversion for the first six RAD properties.

Housing Assistance Payments for FY 18 are $93.9 million, $13.3 million greater than FY 17 Budget. Housing Assistance Payment expense increases primarily due to:

- Moving to Work voucher expense increases $9.4 million due to a 10.2% increase to voucher payment standards in response to changes in Portland Metro Area Fair Market Rents.
- Veterans Assistance Supportive Housing (VASH) voucher expenses increased $560 thousand due to payment standard increases described above as well as increased utilization from 86 newly leased vouchers.
- $4.2 million increase in Other Rent Assistance due in part to $1.2 million increase in Homeless Families System of Care Grant and $1.8 million increase in Shelter Plus Care.
- Offset by a ($265 thousand) decrease in Rent Assistance Moving to Work Programs

Personnel Expense for FY 18 is $22.3 million, $474 thousand greater than FY 17 Budget.

Personnel Expense	FY17 Budget	FY18 Budget	Inc.(Dec.)
Administrative Personnel Expense	$6,571,554	$6,805,159	$233,605
Tenant Services Personnel Expense	2,335,806	2,157,415	(178,391)
Program Expense	9,289,796	10,015,423	725,627
Maintenance Personnel Expense	3,677,438	3,370,662	(306,777)
Total Personnel Expense	$21,874,594	$22,348,659	$474,064

- Salary and wages increased $215 thousand due to projected compensation increases offset by FTE changes.
  - Other employee compensation increased $259 thousand. Other employee compensation includes PERS expense, employee medical and dental insurance, taxes, worker's compensation and unemployment insurance.
  - Total Full-Time Equivalents (FTE) for agency funded positions in FY 18 are budgeted at 250.9 FTE. An additional 35.2 FTE are funded directly from tax credit limited partnerships. Combined FTE are 291.2 FTE, a 5.0 FTE decrease from FY 17 Budget.

Other Administrative Expense for FY 18 is $8 million, $710 thousand greater than FY 17 Budget.

- Affordable Housing Portfolio increases $338 thousand primarily due to increases in management fees and outside payroll from property transitions.
- Administrative Groups increase $196 thousand primarily due to increases in software budget, data and network expenses, staff training, and telephone costs.
- Development & Community Revitalization increases $79 thousand primarily due to equipment purchases and use of consultants for subsidy conversion projects.
- Property Management increases $45 thousand due to changing the accounting for office rent at Hollywood East.
- Integrated Facilities Services increases $24 thousand due to staff training and permit costs

Other Tenant Services Expenses for FY 18 are $2.5 million, $374 thousand less than FY 17 Budget.

- Tenant services expense decreases primarily due to $366 thousand decrease in Voucher Success Fund.

Other Maintenance Expenses for FY 18 are $6.5 million, $92 thousand greater than FY 17 Budget.

Utilities for FY 18 are $4.7 million, $231 thousand greater than FY 17 Budget.

- Affordable Housing Portfolio increases $208 thousand primarily due to projected rate increases from the utility companies.
- Public Housing Portfolio increases $56 thousand primarily due to projected rate increases from the utility companies.

Total Inter Agency (IA) Expense for FY 18 is ($205 thousand), relatively flat compared to FY 17 Budget.

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

Depreciation for FY 18 is $8.4 million, $467 thousand less than FY 17 Budget.

- Depreciation is a non-cash expense. The change is due to the property transitions in the real estate portfolio.

General expenses for FY 18 are $1.7 million, $243 thousand greater than FY 17 Budget.

- Bad Debt Expense increases $40 thousand primarily due to Rent Assistance increase based on historical debt expenses.
- Property Taxes, Misc. Taxes and Permits increased $36 thousand due property transitions in the Affordable Housing Portfolio.
- Insurance expenses increase $188 thousand primarily due to increasing premiums and property transitions.

Net Other Income (Expense)

Investment Income for FY 18 is $489 thousand, $264 thousand greater than FY 17 Budget.

- Investment income increases $264 thousand due primarily to interest earned on General Fund Investments.

Interest Expense for FY 18 is ($2.8 million), $183 thousand greater than FY 17 Budget.

- This is primarily due to Lovejoy Station Non-HUD Mortgage and Non-HUD Bond.

Gain (Loss) on Sale of Assets for FY 18 is ($75 thousand), $3.4 million less than FY 17 Budget.

- In FY 17, Plaza Townhomes was sold and generated a gain on sale of $5.3 million.
- The offsetting budgeted loss on sale of assets represents reductions in the "book" value of assets reported when undepreciated assets are replaced during renovation activities.
- In FY 17 Fairview Oaks is expected to experience $1.1 million in write offs from renovations.

Net Capital Contributions

HUD Non-operating Contributions for FY 18 are $3.5 million, $1.5 million less than FY 17 Budget.

HUD Non-operating Contributions (in thousands)	FY17 Budget	FY18 Budget	Inc.(Dec.)
85 Stories	$2,644	$2,270	(374)
PH Capital Fund – Trouton Bond Payment	356	355	(1)
PH Capital Fund – Capital Improvement	1,943	835	(1,108)
Total	4,943	3,460	(1,483)

Operating and Administrative Segment Review

FY 18 Operating Statement by Operating Group*

Operating Statement	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Resident Services	Administration	Real Estate Finance	Reserves	Elimination	Home Forward Total
Dwelling Rental	$ -	$ 3,405,428	$ 18,879,648	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,868,388)	$ 18,416,689
Non-dwelling Rental	-	165,772	1,612,719	-	-	-	-	-	35,724	434,271	564,313	-	(442,071)	2,370,729
HUD Subsidies -Housing Assistance	76,893,148	-	2,892,427	-	-	-	-	-	-	-	-	-	(296,683)	79,488,892
HUD Subsidies -Admin Fee	6,587,135	-	-	-	-	-	-	-	-	-	-	-	-	6,587,135
HUD Subsidies -Public Housing	57,446	6,816,148	449,817	-	3,931,381	-	-	-	312,634	-	-	-	(449,817)	11,117,609
HUD Grants	6,609,562	230,064	77,247	-	815,682	-	-	-	771,303	-	-	-	-	8,503,858
Development Fee Revenue, Net	-	-	-	-	-	-	-	2,854,465	-	-	-	-	-	2,854,465
State, Local & Other Grants	6,099,757	-	20,950	-	-	-	-	-	800,068	-	-	-	-	6,920,775
Other Revenue	4,537,825	143,030	656,860	495,060	2,210,951	-	1,528,382	147,000	837,460	31,915	(0)	-	(2,499,841)	8,088,641
Total IA Revenue	138,218	-	-	46,579	26,897	-	-	105,268	464,959	115,626	-	-	(897,546)	-
Total Operating Revenues	**100,923,091**	**10,760,443**	**24,589,669**	**541,639**	**6,984,911**	**-**	**1,528,382**	**3,106,733**	**3,222,147**	**581,812**	**564,313**	**-**	**(8,454,347)**	**144,348,792**
PH Subsidy Transfer	-	-	-	-	3,689,456	-	-	-	-	-	-	-	(449,817)	3,239,639
Housing Assistance Payments	98,007,711	-	19,656	-	-	-	-	-	-	-	-	-	(4,165,071)	93,862,296
Administrative Personnel Expense	306,832	-	-	222,657	377,622	90,679	82,329	328,381	143,383	5,253,276	-	-	-	6,805,159
Other Admin Expenses	584,788	1,477,375	4,161,345	101,406	240,972	10,000	31,100	304,250	158,630	2,331,395	6,828	-	(1,450,741)	7,957,349
Fees/overhead charged	344,161	-	-	36,500	5,336	-	7,200	56,074	-	(0)	-	-	(442,071)	7,200
Tenant Svcs Personnel Expense	577,268	-	-	-	-	-	-	165,688	1,414,460	-	-	-	-	2,157,415
Other Tenant Svcs Expenses	603,946	89,926	50,421	-	-	-	-	-	1,702,807	84,120	-	-	-	2,531,219
Program Expense	4,712,270	1,363,714	50,759	846,412	822,270	-	178,503	1,445,872	514,354	81,268	-	-	-	10,015,423
Maintenance Personnel Expense	-	1,981,301	81,512	-	305,356	-	1,002,492	-	-	-	-	-	-	3,370,662
Other Maintenance Expenses	-	1,944,339	4,890,883	-	186,242	-	170,100	-	-	146,087	-	-	(801,271)	6,536,380
Utilities	-	1,915,927	2,719,613	-	-	-	169,821	-	-	108,780	-	-	(247,829)	4,666,311
Total IA Expense	295,635	-	443,451	290,529	358,473	11,017	-	(5,099)	81,366	(782,338)	-	-	(897,546)	(204,513)
Depreciation	1,362	2,639,187	5,236,775	-	6,501	-	5,089	122,145	-	342,532	88,263	-	(50,040)	8,391,815
General	192,194	322,491	908,022	-	176,539	-	11,488	-	16,506	32,468	4	-	-	1,659,712
Total Operating Expenses	**105,626,167**	**11,734,259**	**18,562,439**	**1,497,504**	**6,168,768**	**111,696**	**1,658,122**	**2,417,310**	**4,031,505**	**7,597,588**	**95,095**	**-**	**(8,504,387)**	**150,996,067**
Operating Income (Loss)	**(4,703,076)**	**(973,816)**	**6,027,231**	**(955,866)**	**816,143**	**(111,696)**	**(129,741)**	**689,422**	**(809,358)**	**(7,015,775)**	**469,218**	**-**	**50,040**	**(6,647,274)**
Total Overhead Allocations	**1,847,480**	**1,158,986**	**-**	**887,322**	**947,540**	**10,212**	**285,061**	**1,003,062**	**630,432**	**(6,770,095)**	**-**	**-**	**-**	**-**
Operating Income (Loss) after Overhead	**(6,550,556)**	**(2,132,802)**	**6,027,231**	**(1,843,188)**	**(131,397)**	**(121,908)**	**(414,801)**	**(313,640)**	**(1,439,790)**	**(245,680)**	**469,218**	**-**	**50,040**	**(6,647,275)**
Reserve Funding	**4,126,816**	**-**	**(937,086)**	**-**	**181,905**	**10,000**	**-**	**(5,197,951)**	**410,640**	**(63,865)**	**(184,318)**	**1,653,859**	**-**	**-**
Operating Income (Loss) after Reserve Funding	**(2,423,740)**	**(2,132,802)**	**5,090,145**	**(1,843,188)**	**50,508**	**(111,908)**	**(414,801)**	**(5,511,591)**	**(1,029,150)**	**(309,546)**	**284,900**	**1,653,859**	**50,040**	**(6,647,275)**
Investment Income	-	-	96,796	-	2,541	-	-	-	-	380,306	8,987	-	-	488,630
Interest Expense	-	-	(2,589,934)	-	-	-	-	-	-	(118,870)	(119,680)	-	-	(2,828,484)
Gain (Loss) on Sale of Assets	-	(39,587)	(34,572)	-	-	-	-	-	-	-	-	-	-	(74,159)
Net Other Income (Expense)	**-**	**(39,587)**	**(2,527,709)**	**-**	**2,541**	**-**	**-**	**-**	**-**	**261,435**	**(110,693)**	**-**	**-**	**(2,414,013)**
HUD Nonoperating Contributions	-	835,174	-	-	-	-	-	-	-	-	2,624,718	-	-	3,459,892
Net Capital Contributions	**-**	**835,174**	**121,478**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,702,748**	**(199,508)**	**-**	**3,459,892**
Other Equity Changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change In Net Position	**$ (2,423,740)**	**$ (1,337,215)**	**$ 2,683,913**	**$ (1,843,188)**	**$ 53,049**	**$ (111,908)**	**$ (414,801)**	**$ (5,511,591)**	**$ (1,029,150)**	**$ (48,110)**	**$ 2,876,955**	**$ 1,454,351**	**$ 50,040**	**$ (5,601,396)**

*See Appendix for larger version of this table.

FY 18 Funding Flow Analysis By Operating Group*

	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Resident Services	Administration	Real Estate Finance	Reserves	Elimination	Home Forward Total
Operating Income (Loss) after Overhead	**$ (6,550,556)**	**$ (2,132,802)**	**$ 6,027,231**	**$ (1,843,188)**	**$ (131,397)**	**$ (121,908)**	**$ (414,801)**	**$ (313,640)**	**$ (1,439,790)**	**$ (245,680)**	**$ 469,218**	**$ -**	**$ 50,040**	**$ (6,647,275)**
Real Estate Portfolio														
Affordable Housing Properties Operating Activity	-	-	(10,839,915)	-	-	-	-	-	-	-	-	-	-	(10,839,915)
Revenue from Properties to Home Forward	-	-	(259,207)	-	-	-	-	-	(195,332)	-	(301,561)	-	-	(756,100)
Unrestricted Cash to HAP	-	-	4,048,625	-	-	-	-	-	401,701	-	880,300	-	-	5,330,626
Net Replacement Reserve Activity (New Market West)	-	-	-	-	-	-	-	-	-	(98,400)	-	-	-	(98,400)
Net Replacement Reserve Activity (Special Needs)	-	-	(186,534)	-	-	-	-	-	-	-	-	-	-	(186,534)
Developer Fee - Impact to Funding Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Revenue	-	-	-	-	-	-	-	(2,854,465)	-	-	-	-	-	(2,854,465)
Developer Fee - Cash to HAP(Net)	-	-	-	-	-	-	-	8,602,643	-	-	-	-	-	8,602,643
Financing/Investment Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income - Unrestricted	-	-	-	-	2,541	-	-	-	-	-	-	-	-	2,541
Principal & Interest - Special Needs	-	-	(114,443)	-	-	-	-	-	-	-	-	-	-	(114,443)
Principal & Interest - New Market West	-	-	-	-	-	-	-	-	-	(287,192)	-	-	-	(287,192)
Capital Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IT Equipment and Software	(15,750)	-	-	(15,750)	(15,750)	-	(1,750)	(15,750)	(5,250)	-	-	-	-	(70,000)
Non-Cash Operating Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	1,362	2,639,187	5,236,775	-	6,501	-	5,089	122,145	-	342,532	88,263	-	(50,040)	8,391,815
Operating Activity Funded by Cash Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIF Initiative Reserve Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MTW Special Initiates Fund	2,397,509	-	-	-	-	-	-	-	68,075	106,499	-	-	-	2,572,084
MTW - Local Blended Subsidy (LBS)	1,611,287	-	-	-	-	-	-	-	-	-	-	-	-	1,611,287
MTW Administration	-	-	-	-	-	-	-	-	-	172,241	-	-	-	172,241
(Excess)/Deficit Section 8	1,967,602	-	-	-	-	-	-	-	-	-	-	-	-	1,967,602
Tax Credit Support Services	-	-	14,914	-	-	-	-	-	175,047	-	-	-	-	189,961
Special Purpose Reserve Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter Departmental Reserve Transfers	-	-	(27,000)	-	-	-	-	-	130,394	-	(103,394)	-	-	0
Agency Initiatives	-	-	-	-	138,105	10,000	-	-	-	10,000	-	-	-	158,105
DCR Operating Reserve	-	-	-	-	-	-	-	(5,540,933)	-	-	-	-	-	(5,540,933)
Affordable Portfolio Reserve	-	-	(300,000)	-	-	-	-	-	-	-	-	-	-	(300,000)
Insurance Reserve	-	-	(500,000)	-	-	-	-	-	-	-	-	-	-	(500,000)
Agency Operating Reserve	-	-	(125,000)	-	-	-	-	-	-	-	-	-	-	(125,000)
Funding Source or (Shortfall)	(588,545)	506,385	2,975,444	(1,858,938)	(0)	(111,908)	(411,462)	0	(865,154)	(0)	1,032,826	-	-	678,647
Department Reserve Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent Assistance	588,545	-	-	-	-	-	-	-	-	-	-	-	-	588,545
Public Housing Portfolio	-	(506,385)	-	-	-	-	-	-	-	-	-	-	-	(506,385)
Affordable Portfolio	-	-	(2,975,444)	-	-	-	-	-	-	-	-	-	-	(2,975,444)
Asset Management	-	-	-	1,858,938	-	-	-	-	-	-	-	-	-	1,858,938
Safety	-	-	-	-	-	111,908	-	-	-	-	-	-	-	111,908
Integrated Facilities	-	-	-	-	-	-	411,462	-	-	-	-	-	-	411,462
Resident Services	-	-	-	-	-	-	-	-	865,154	-	-	-	-	865,154
Real Estate Finance	-	-	-	-	-	-	-	-	-	-	(1,032,826)	-	-	(1,032,826)
Funding Required or (Contributed) for Current Agency Activities	**588,545**	**(506,385)**	**(2,975,444)**	**1,858,938**	**-**	**111,908**	**411,462**	**-**	**865,154**	**-**	**(1,032,826)**	**-**	**-**	**(678,647)**
Final Funding Source or (Shortfall)	**$ -**	**$ 0**	**$ 0**	**$ 0**	**$ (0)**	**$ (0)**	**$ -**	**$ 0**	**$ (0)**	**$ (0)**	**$ 0**	**$ -**	**$ -**	**$ (0)**

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

FY 18 Staffing Summary by Operating Group

Fiscal Year 2018 Full-Time Equivalent Changes by Operating Group

	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Resident Services	Administration	Agency Funded	Limited Partnerships	Agency Managed
FY 2018 Budgeted FTE	71.8	44.2	1.6	9.0	15.7	0.8	13.9	17.0	25.8	51.2	**250.9**	35.3	286.2
FY 2017 Budgeted FTE	70.9	51.3	-	8.6	17.5	-	14.6	15.0	26.1	50.0	**253.9**	37.3	291.2
Changes	**0.9**	**(7.1)**	**1.6**	**0.4**	**(1.8)**	**0.8**	**(0.7)**	**2.0**	**(0.3)**	**1.2**	**(3.0)**	**(2.0)**	**(5.0)**

Budget Commentary – Rent Assistance

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$95,574,212	$100,923,091	$5,348,879
Operating Expense	91,996,989	105,626,167	13,629,177
Operating Income Before OH	3,577,223	(4,703,076)	(8,280,229)
Allocated Overhead	1,873,593	1,847,480	(26,113)
Operating Income After OH	1,703,630	(6,550,556)	(8,251,186)
Funding Flow Activity	(1,789,569)	5,962,011	7,754,579
Funding Required or (Contributed) for Current Agency Activities	$85,939	$588,545	$502,606
Total Budgeted FTE	70.8	71.8	0.9

Key Assumptions

Housing Choice Voucher Assistance funding is expected to increase $1.17 million in FY 18 due to an increased level of funding for the VASH and FUP programs.

Housing Choice Voucher Housing Assistance Payments are expected to increase by $10 million in FY 18 due to increased costs in all programs.

MTW Program	Total Vouchers	Average Voucher Cost		Total HAP Expense	
		FY 17	FY 18	FY 17	FY 18
Tenant Based	6,214	$660.92	$729.83	$47,438,505	$50,522,129
Project Based	2,204	722.32	796.36	14,953,834	20,541,771
VASH	585	617.70	639.15	3,600,937	4,161,202
FUP	100	729.19	707.78	897,099	831,903
Total HAP Expense				$66,890,374	$76,057,005

Major Programs/Initiatives/Activities and Estimated Budget Impact

Housing Choice Vouchers – $83.6 million:

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

- Moving to Work (MTW) Vouchers - $76 million

- Home Forward manages 8,418 Moving to Work vouchers. Utilization of these vouchers for FY 18 is anticipated to be 93.3%.
- Veterans Affairs Supportive Housing (VASH) Vouchers - $4.2 million
- Home Forward manages 585 VASH vouchers in partnership with the Department of Veterans Affairs. Utilization of these vouchers for FY 18 is anticipated to be 92.2%.
- Family Unification Program (FUP) Vouchers - $831 thousand
- Home Forward manages 100 FUP vouchers. Utilization of these vouchers for FY 18 is anticipated to be 96.5%.

Homeless Prevention Services – $12.3 million:

In addition to federally funded HCV, Home Forward receives grant funding and partners with community service providers to offer Short-Term Rent Assistance (STRA). 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 which provide rent assistance and supportive services to people with disabilities who are experiencing homelessness.

Rent Assistance Moving to Work Initiatives - $2.11 million:

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

- Alder and Earl Boyles School Housing Partnerships - $684 thousand
- Home Forward will provide short to medium-term rent assistance and leverage support at community schools with the goal of improving academic outcomes and housing stability.
- Local Short-Term Rent Assistance - $719 thousand
- In collaboration with community partners, Home Forward provides additional 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.
- Voucher Success Fund - $441 thousand
- With support from the Portland Housing Bureau, Home Forward will aid voucher holders in finding and obtaining stable housing.

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

State, Local & Other Grants Revenue is budgeted to increase by $225 thousand. This change is primarily comprised of:

- $1.16 million additional grant funding for the Continuum of Care (Shelter Plus Care) program.
- Increases in grant funding will be offset by a $907 thousand reduction due to Family Futures grant not being awarded.

Housing Assistance Payments Expense will increase by $13.8 million due to:

- $9.9 million increase in Housing Choice Voucher subsidies as housing costs increase. Monthly per unit cost is expected to increase from $701/unit in FY 17 to $748/unit in FY 18.
- $1.8 million in Short-Term Rent Assistance, as well as increases in spending for Shelter Plus Care.

Other Tenant Services expense will decrease by $417 thousand as funding for the Voucher Success Fund is decreased in FY 18.

Cause of Changes in Funding Flow

Rent Assistance will utilize a $6.4 million draw from Reserve Funding.

- The Moving to Work Housing Choice Voucher Program generated a deficit, requiring Moving to Work initiatives to be funded from reserves, as well as covering the deficit generated from the Housing Choice Voucher Program.

Budget Commentary – Public Housing Portfolio

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$10,675,735	$10,760,443	$84,708
Operating Expense	11,165,702	11,734,259	568,557
Operating Income Before OH	(489,967)	(973,816)	(483,849)
Allocated Overhead	1,597,078	1,158,986	(438,092)
Operating Income After OH	(2,087,044)	(2,132,802)	(45,758)
Funding Flow Activity	3,016,631	2,639,187	(377,444)
Funding Required or (Contributed) for Current Agency Activities	$(929,587)	$(506,385)	$423,202
Total Budgeted FTE	49.3	44.2	(5.2)

The Public Housing Portfolio includes the budget activity for 33 traditional Public Housing properties and 46 property level staff. Home Forward's Public Housing stock provides an important resource to the community by providing housing for 1,299 households throughout Multnomah County. Property staff focus on the management and maintenance of the properties and work towards preserving the aging housing stock.

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

Key Assumptions

Public Housing Portfolio Operating Subsidy Assumptions		
	FY 17	FY 18
Units in Public Housing Portfolio	1,351	1,306
Eligibility Per Unit Per Month	$490	$509
Budgeted Proration	83.5%	85.5%
Budgeted Proration Per Unit Per Month	$410	$435
Total Subsidy (in thousands)	$6,639	$6,816

Households Served – occupancy is assumed at 98%.

FTEs –During Fiscal Year 2017 staff reviewed open positions, workloads and consolidated property assignments where feasible. The result was a net decrease of 5.2 FTE. FY 17 FTE also included 1.97 FTE budgeted to Madrona which transferred to AH porfolio. This includes:

- Decreases of:
    - 2.4 FTE Net change between Property, Site and Assistant Property Managers
    - 0.5 FTE Maintenance Supervisor
    - 1 FTE Maintenance Generalist III
    - 1.5 FTE Maintenance Generalist I
- Transfer
    - 1.97 FTE to AH Portfolio of staff budget at Madrona

Major Programs/Initiatives/Activities and Estimated Budget Impact

Property staff will assist the conversion of public housing properties through the RAD program by completing inspections, new leases and reviews

Planned Capital Grant projects are: a comprehensive rehab at Harold Lee Village, water line replacement at Williams Plaza, Sewer Repair at Tamarack, Security Cameras at Stark Manor and abatement and flooring projects throughout the portfolio.

As part of the RAD conversion, Madrona Place Apartments is the first Public Housing property to move to the Affordable Portfolio reporting group. This change may conceal underlying budget fluctuations. The following table shows Madrona Place Apartments' budget for FY 17:

Summary Budget Data for Madrona Place Apartments	FY 17 Budget
Operating Revenues	$554,852
Operating Expenses	582,020
Net Operating Income Before OH	(27,168)
Total Overhead Allocations	53,197
Net Operating Income After OH	$(80,365)

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Revenue shows an increase of $85 thousand compared to the FY 17 Budget.

- Dwelling Rental will increase $127 thousand as a result of the continuing impact of rent reform and the implementation of minimum rents.
- HUD Subsidies for Housing Assistance decrease $214 thousand due to Madrona Place Apartments moving to Affordable Housing. The Local Blended Subsidy will move with Madrona.
- HUD Subsidies for Public Housing increase $177 thousand compared to the FY 17 Budget based on calendar year 2016 actual funding and inflation increases.

Operating Expense shows an increase of $569 thousand compared to the FY 17 Budget. Decreased Maintenance Personnel Expenses and Depreciation are driving much of the reduction in expenses, offset by a $1.16 million increase in Other Administration Expenses.

- The increase in Other Administration Expenses is due to a new approach to reflecting property management fees. Previously, the expense of the Property Management department was recorded as departmental overhead. Now, the revenue is reflected in Property Management, while the expense is allocated to each property. For FY 18, the Property Management department is charging $1.15 million.
- Program Expense decreases $85 thousand, primarily due to a Program Personnel Expense decrease of $108 thousand in Traditional Public Housing.
- Maintenance Expenses decrease $358 thousand due to a $106 thousand Maintenance Personnel Expense decrease in Traditional Public Housing and a $251 thousand decrease in Other Maintenance Expenses. The decrease in Other Maintenance Expenses can be traced back to Core Maintenance expenses in Traditional Public Housing.
- Tenant Services increased $36 thousand for relocation services at Harold Lee Village during the rehab
- A $334 thousand decrease in depreciation is due in part to a $178 thousand reduction in depreciation at Madrona Place Apartments. Madrona Place Apartments will move to Affordable Housing for FY 18. (see table)

Operating Income after Overhead is -$2.13 million.

Cause of Changes in Funding Flow

Net Capital Contributions decreased $1.1 million compared FY 17 due to completion of projects. In FY 18 there is $835 thousand budgeted for the continuation of comprehensive rehab at Harold Lee Village.

The Public Housing Portfolio fully funds all of its operations and has $506 thousand in excess cash flow projected for FY 18 to contribute to current agency activity.

Budget Commentary – Affordable Housing Portfolio

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$21,135,258	$24,589,669	$3,454,411
Operating Expense	17,624,295	18,562,439	938,144
Operating Income Before OH	3,510,964	6,027,231	2,516,267
Allocated Overhead	-	-	-
Operating Income After OH	3,510,964	6,027,231	2,516,267
Funding Flow Activity	(1,811,861)	(3,051,786)	(1,239,926)
Funding Required or (Contributed) for Current Agency Activities	$(1,699,103)	$(2,975,444)	$(1,276,341)
Total Budgeted FTE	2.0	1.6	(0.4)

The Affordable Portfolio consists of 76 properties with 5,134 units throughout Multnomah County financed by private debt, public debt, and tax credits. To better illustrate the performance and behavior of the business lines, the Affordable Portfolio (Real Estate Units) has been separated from Asset Management, a service function.

The summary data below is for properties owned by Home Forward, which includes the master-leased portfolio (505 units in 34 properties). Tax Credit partnership activity is excluded except for the unrestricted cash generated and remitted to Home Forward.

The Affordable 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 to fund current services while completing much needed capital improvements at a number of aging sites. Rising insurance costs and the transition to RAD funding will also impact the portfolio in the upcoming fiscal year.

Key Assumptions

Change on Net Operating Income, Unit Size and FTE by Transition						
Type	Property	Units	FTE	FY 17	FY 18	Year Over Year Change
Tax Credit Conversion	Lovejoy Station	181	-	$-	$1,100,418	$1,100,418
RAD	Madrona Place	45	1.55	-	174,004	174,004
New Property	Baldwin N Interstate	8	-	-	26,700	26,700
Total		234	1.55	$-	$1,301,122	$1,301,122

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

In FY 18 Madrona staffing is in Affordable Housing. 1.6 FTE are budgeted in FY 18.

Major Programs/Initiatives/Activities and Estimated Budget Impact

There is an expected increase of insurance premiums due to recent loss history. The impact to the Affordable Portfolio will be $151 thousand for the Affordable Portfolio and $334 thousand for the Tax Credit Portfolio.

To prepare for increased insurance deductibles, a $500 thousand insurance reserve has been established from a combination of Property and Asset Management Department Reserves.

$4.6 million in Maintenance Projects including the following large projects:

- Fairview Oaks (Exterior Rehab)
- Hamilton West (Window Replacement)
- Rockwood Landing (Roof Replacement)
- Gretchen Kafoury (Window Replacement)
- Richmond Place (Multiple Projects)

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Revenue shows an increase of $3.4 million, $2.6 million caused by the property transitions. Excluding this adjustment, Operating Revenue increases $865 thousand. The below comments explain the $865 thousand change.

- Dwelling rental increases $610 thousand due to increasing payment standards (capped at 5% maximum increase). The projected increase is portfolio-wide but Rockwood Station ($211 thousand), Fairview Oaks ($155 thousand) and Gretchen Kafoury ($66 thousand) makes up the majority of the increase.
- HUD Subsidies Housing Assistance increases $350 thousand due to an increase in HUD Multifamily Section 8 contract rent ($277 thousand Grace Peck, $68 thousand Rosenbaum).

Operating Expenses shows an increase of $860 thousand, $1.4 million due to the above property changes. The below comments reflect the net decrease of $510 thousand.

- Depreciation decreases $564 thousand due to treatment of Tax Credit Conversions (Sequoia Square $114 thousand, Hamilton West $166 thousand and St. Francis $298 thousand). Accounting will depreciate Tax Credit Conversions at value at conversion instead of original book value.

Cause of Changes in Funding Flow

Unrestricted cash to the agency is expected to be $5.3 million, an increase of $1.7 million from FY 17. $1.3 million of the unrestricted cash to the agency has been reallocated to the appropriate operating groups.

The funding of a Real Estate Capital Reserve ($300 thousand) is part of a ten-year plan to address capital needs within the Affordable Portfolio. This is a $100 thousand decrease from the prior year.

The funding of an Agency Operating Reserve ($125 thousand) is also part of a ten-year plan to address adequate funding for unforeseen Agency level operating reserves.

The funding of a $500 thousand insurance reserve that is intended to pay for deductibles in the upcoming year. Depending on the debt and equity structure, properties in this portfolio may not be able to apply service fees (such as

Asset Management or Resident Services) as operating expenses. The Affordable Portfolio fully funds all of its eligible operating costs and provides $3.0 million to fund these other agency initiatives and services.

Budget Commentary – Asset Management

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$570,427	$541,639	$(28,788)
Operating Expense	1,350,988	1,497,504	146,516
Operating Income Before OH	(780,561)	(955,866)	(175,305)
Allocated Overhead	1,290,503	887,322	(403,181)
Operating Income After OH	(2,071,065)	(1,843,188)	227,877
Funding Flow Activity	(25,200)	(15,750)	9,450
Funding Required or (Contributed) for Current Agency Activities	$2,096,264	$1,858,938	$(237,327)
Total Budgeted FTE	8.6	9.0	0.4

To better illustrate the performance and behavior of the business lines the Affordable Portfolio (Real Estate Units) has been separated from Asset Management, a service function.

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

Portfolio Type	Properties	Units
Public Housing	33	1,310
Special Needs	34	505
Affordable	25	4,629
Tax Credit	17	2,225
Total	109	6,444

Key Assumptions

Changes in Staffing – A net addition of 0.4 FTE due to Asset Management of the Public Housing Portfolio.

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Expenses show an increase of $160 thousand.

- Planned compensation increases and FTE additions increase personnel costs by $133 thousand.

Cause of Changes in Funding Flow

As noted in the Affordable Portfolio section, the Asset Management Department needs $1.8 million to fully fund all planned operations to oversee the performance of the properties.

Budget Commentary – Property Management

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$5,733,937	$6,984,911	$1,250,973
Operating Expense	6,256,579	6,168,768	(87,811)
Operating Income Before OH	(522,642)	816,143	1,338,785
Allocated Overhead	1,068,900	947,540	(121,360)
Operating Income After OH	(1,591,542)	(131,397)	1,460,145
Funding Flow Activity	(21,767)	131,397	153,165
Funding Required or (Contributed) for Current Agency Activities	$1,613,310	$-	$(1,613,310)
Total Budgeted FTE	17.5	15.7	(1.8)

Property Management is the service department for Home Forward's self-managed properties. Property Management group is responsible for overseeing the compliance and maintenance at 33 traditional public housing properties, one affordable housing property and seven tax credit properties. These 41 properties provide housing for 2,381 households.

Overall, the Property Management group supervises 97 FTE. Thirty-five of those staff are budgeted in Home Forward Tax Credit properties. The operating activity for the Tax Credit properties is reported outside of the Property Management budget but their associated overhead costs are included. Another 46 staff are budgeted at the traditional public housing properties and the associated costs are within the Property Portfolio budget. The 16 staff captured in this budget include management and compliance staff; courier, and maintenance staff who provide peer training and backfill.

In FY 18, Property Management will continue to transition our business model and support the goals of Home Forward's Strategic Operations Plan. Property Management will implement year six of rent reform, support the first public housing properties converting to RAD (Rental Assistance Demonstration) and participate in the RAD Phase 2 and Section 18 applications for the remaining Public Housing properties. Over the last year Property Management reviewed vacant staff position, workloads and consolidated assignments where feasible and will extend this work into FY 18. Property Management will also continue to evaluate how best to integrate maintenance, property management, inspections, and services with the goal of decreasing maintenance costs and turnover time.

Key Assumptions

This budget includes the Public Housing Operating Subsidy that is transferred to Home Forward mixed finance properties. Operating Subsidy is budgeted at 85.5% proration.

FTEs – Property Management shows a net decrease of 1.8 FTE. This includes:

- Decreases:
    - 2 FTE MG1 budgeted in FY 17 as seasonal help
    - 0.45 FTE Assistant Director position that was converted to a Regional Manager position in FY 17

- 0.26 FTE Maintenance Supervisor

- Transfers:
  - 0.3 FTE Real Estate Specialist to Integrated Facilities
  - 0.2 FTE Maintenance Generalist III from the Property Portfolio
- Increase:
  - 1 FTE RAD Program Analyst funded through Public Housing Reserves

Major Programs/Initiatives/Activities and Estimated Budget Impact

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

Property Management staff will support the conversion of six RAD public housing properties as well as future RAD conversion and the Section 18 applications for nine Public Housing properties.

Staff will continue to assess property management operations and develop strategies to achieve a sustainable business model.

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Revenue shows an increase of $1.25 million compared to the FY 17 Budget.

- Public Housing HUD Subsidies increase $88 thousand, mainly due to an increase in Public Housing HUD Operating Subsidy Transfer as of result of Madrona becoming an affordable property as a result of the RAD conversion.
- Other Revenue increases $1.14 million, primarily due to the transition to a property management fee model where fees are being charged to properties. Property Management Fees in 2018 total $1.15 million.
- Total Inter-Agency Revenue increases $20 thousand, due to a staff home department reassignment. The Inter-Agency Revenue was previous budgeted in a public housing property.

Operating Expenses show a decrease of $88 thousand compared to the FY 17 Budget.

- PH Subsidy Transfer increases $89 thousand due to PH Subsidy to Partnerships decrease of $27 thousand as a result of the RAD transfer in December and PH Subsidy to AH Properties increase of $116 thousand which is a result of Madrona transferring to an AH property.
- Administration Expenses increase $96 thousand. $50 thousand of the increase in Administrative Personnel Expense is primarily due to the addition of 1 FTE RAD Program Analyst, which was offset by a decrease of .5 FTE Assistant Director. Other Adminstrative Expenses increased $45 thousand which is driven by a $73 thousand increase to External Office Rent and a $28 thousand decrease in Other Admin Expenses for items that moved to the property budgets.
- Fees/Overhead Charged decreases $68 thousand due to reclassifying the rent at Hollywood East from internal office rent to external rent in the Adminstration Expense group.

- Program Expense decreases $53 thousand. There was a $40 thousand decrease in temporary help as result of transferring applicable cost to property budgets. There was also a $13 thousand decrease in Program Personnel as a result of the transfer of support staff to the Integrated Facilities Services group.
- Maintenance Expenses decrease $208 thousand
- Maintenance Personnel Expense decreases $129 thousand. $79 thousand is due to the reduction of 2 FTE Maintenance Generalist 1 positions offset by a .2 FTE increase in MGIII FTE and budgeted compensation increases. An additional $50 thousand is the transfer of Overtime to the property budgets.
- Other Maintenance Expenses decrease $79 thousand due primarily to a decrease in Public Housing Department Maintenance Contracts and Services.
- Total Inter-Agency Expense increases $93 thousand due to Inter-Agency staffing changes including the addition of 1 FTE RAD Project Accountant and .15 FTE Rent Assistance Program Analyst.
- General Expenses decrease $41 thousand primarily due to the transfer of the bad debt expense to property budgets.

Operating Income Before Overhead shows an increase of $1.34 million due to a fee being charged to each property for property management services.

Allocated Overhead decreased $121 thousand due to a change in Overhead methodology.

Operating Income after Overhead is a $1.46 million gain over last budget year because of the change in Overhead allocation and the institution of a property management fee increasing revenues.

Cause of Changes in Funding Flow

There is a $153 thousand increase in funding flow as Reserve Funding. Property Management is using $138 thousand of public housing reserves for two new RAD positions to help the agency through the conversion.

Property Managements use of funding for agency activities decreased $1.61 million due to reduced expenses and the new property management fee revenue.

Budget Commentary – Safety

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$-	$-	$-
Operating Expense	-	111,696	111,696
Operating Income Before OH	-	(111,696)	(111,696)
Allocated Overhead	-	10,212	10,212
Operating Income After OH	-	(121,908)	(121,908)
Funding Flow Activity	-	10,000	10,000
Funding Required or (Contributed) for Current Agency Activities	$-	$111,908	$111,908
Total Budgeted FTE	-	0.8	0.8

Safety is a new operating group, tasked with coordinating Home Forward's property and staff safety awareness and training. The overarching objective is to utilize a proactive approach in reducing losses, with a focus on providing safe and comfortable homes for our residents, and a safe and inviting workplace for our employees. The Safety group will identify potential risks to properties and operations, develop strategies to mitigate risks, and deliver safety and compliance training to Home Forward staff.

Key Assumptions

FTEs – the Safety Group includes:

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

Major Programs/Initiatives/Activities and Estimated Budget Impact

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

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

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Expenses are $112 thousand for FY 18.

- Administration includes $91 thousand in Personnel Expenses and $10 thousand for training and support of safety activities.

Overhead Allocations are $10 thousand based on Home Forward's new allocation methodology.

Operating Income after Overhead is -$122 thousand.

Cause of Changes in Funding Flow

Funding flow activity includes use of $10 thousand of Public Housing reserves and $112 thousand of Agency funding for FY 18 activities.

Budget Commentary – Integrated Facilities Services

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$1,739,447	$1,528,382	$(211,066)
Operating Expense	1,601,316	1,658,122	56,806
Operating Income Before OH	138,131	(129,741)	(267,872)
Allocated Overhead	(1,347)	285,061	286,408
Operating Income After OH	139,479	(414,801)	(554,280)
Funding Flow Activity	5,934	3,339	(2,595)
Funding Required or (Contributed) for Current Agency Activities	$(145,413)	$411,462	$556,875
Total Budgeted FTE	14.6	13.9	(0.7)

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

Services include electrical work, plumbing, pest control, painting, hauling, and garbage and recycling pick up. Home Forward Managed Properties utilize Integrated Facilities Services based on need and are billed for services provided. This group was formerly included in Property Management as "Core".

In FY 18, Integrated Facilities Services will focus on reviewing how services are billed to properties, ensuring all Home Forward costs are included in rates and how to streamline services.

Key Assumptions

FTEs –Facilities Services shows a net decrease of .7 FTE. This includes:

- Decreases:
  - 0.5 FTE Supervising Electrician
  - 1 FTE MGIII Shop Mechanic
- Transfers:
  - 0.3 FTE Real Estate Specialist from Property Management
- Increase:
  - 0.6 FTE Director of Integrated Facility and Safety

Major Programs/Initiatives/Activities and Estimated Budget Impact

- Replacement garbage carts will cost $12 thousand.
- Improve how services are billed to properties for a more efficient process.

- Continued planning and analysis of services to Home Forward Properties.

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Revenue for FY 18 shows a decrease of $211 thousand compared to the FY 17 Budget. The driver of this change is reduction of fees collected from Home Forward Managed and Tax Credit properties. The utilization of Integrated Facilities Services was based on annualized actuals for the properties.

Operating Expense shows an increase of $57 thousand compared to the FY 17 Budget mainly due to department personnel increases.

- Administrative and Program Personnel expenses increased $108 thousand due to the addition of a Department Director and transfer of support staff.
- Other Administrative Expenses increased $14 thousand for electrical and garbage/recycling permits
- Maintenance Personnel decreased $102 thousand as a result of the FTE reduction for the Shop Mechanic and Electrician.
- Other Maintenance expense increases $46 thousand primarily due to a $22 thousand increase in vehicle repair contracts as a result of the age of the vehicles, $9 thousand for truck parking, and $12 thousand is budgeted for replacement garbage carts.
- Auto insurance decreases $4 thousand due to a reduction in the fleet which was offset by increased insurance premiums.

Operating Income changed from $138 thousand in FY 17 to -$130 thousand in FY 18. This $268 thousand decrease in operating income is a result of less utilization of Integrated Facilities by properties. The goal is to decrease the gap by finding additional projects with Home Forward's Development group and continue to review services and find ways to improve efficiency.

Allocated Overhead increased $286 thousand based on the new method for distributing overhead.

Cause of Changes in Funding Flow

The combination of the change in operating income and the new overhead methodology leaves Integrated Facilities at a funding shortfall of $477 thousand.

Budget Commentary – Development & Community Revitalization

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$862,318	$3,106,733	$2,244,415
Operating Expense	2,127,970	2,417,310	289,340
Operating Income Before OH	(1,265,652)	689,422	1,955,075
Allocated Overhead	950,539	1,003,062	52,522
Operating Income After OH	(2,216,192)	(313,640)	1,902,552
Funding Flow Activity	2,216,191	313,640	(1,902,951)
Funding Required or (Contributed) for Current Agency Activities	$-	$-	$-
Total Budgeted FTE	15.0	17.0	2.0

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

- Active Projects: 13
- Active Projects – total budget: $285 million
- Staff FTE – FY 18: 17

Key Assumptions

DCR staffing is budgeted to increase from 15 FTE to 17 FTE for FY 18 staffing levels.

- A full-term Design and Construction Project Manager is added to FY 18 budget to assist with the increased workload of the DCR Department due to the repositioning of all the existing Public Housing Portfolio via RAD conversion and new developments being pursued through current PHB/NOFA.
- A full-term Office Assistant II is added to FY 18 budget to assist with the increased workload of the DCR Department. This position is shared by DCR Department, Asset Management and Executive & Board of Commissioners.
- The department will continue to utilize Inter-Agency transfers to reflect staffing costs that are capitalized in real properties or transferred from other departments.

Developer Fees Accrued and Received FY 18 (amount in Millions)				
Project	Project Budget	Total Developer Fee Revenue	FY 18 Accrued Developer Fee Revenue	FY 18 Developer Fee to be Received
85 Stories – Group 1	$58.0	$5.1	$0.0	$3.7
85 Stories – Group 2	66.6	5.4	0.0	3.8
St. Francis Park	23.2	1.4	0.5	0.4
Square Manor	20.1	1.4	0.9	0.2
NE Grand Avenue	47.8	2.5	1.3	0.5
Framework Project	65.9	0.5	0.2	0.0
Total	$281.6	$16.3	$2.9	$8.6

Major Programs/Initiatives/Activities and Estimated Budget Impact

85 Stories Groups 1 & 2 - High-rise Towers Rehabilitation – Group 1 includes Gallagher Plaza and Northwest Tower and Group 2 includes Hollywood East and Sellwood Center. Both of these tax credit partnerships utilize 4% low income housing tax credits, bond funds and internal grant and reserve funds. Construction of these projects was completed in April 2016.

85 Stories Group 1 (In Millions)	FYE 15	FYE 16	FYE 17	FYE 18
Total Project Uses	$24.5	$26.4	$6.7	$0.4
Total Project Sources	$24.5	$26.4	$6.7	$0.4

85 Stories Group 2 (In Millions)	FYE 15	FYE 16	FYE 17	FYE 18
Total Project Uses	$30.0	$28.7	$7.5	$0.4
Total Project Sources	$30.0	$28.7	$7.5	$0.4

St. Francis Park Development - Home Forward has partnered with Catholic Charities for the development of an affordable housing project in Southeast Portland. The tax credit partnership will utilize 4% low income housing tax credits, bond funds and PHB loan funds. Home Forward will serve as the Limited Partner Investor and developer of record with Catholic Charities serving as the General Partner and property manager. Project construction is scheduled to be completed in May 2017.

St. Francis Park (In Millions)	FYE 15	FYE 16	FYE 17	FYE 18	FYE 19
Total Project Uses	$2.2	$4.0	$13.9	$3.0	$0.1
Total Project Sources	$2.2	$4.0	$13.9	$3.0	$0.1

Square Manor – Gladstone Square and Multnomah Manor Apartments Rehabilitation – This tax credit partnership will utilize 4% low income housing tax credits, bond funds, grants and reserve funds. Project construction is scheduled to begin for Gladstone Square in March 2017 and Multnomah Manor construction is estimated to begin in May 2017. The first initial installment of the developer fee will be paid at the close of construction finance estimated for June 2017.

Square Manor (In Millions)	FYE 17	FYE 18	FYE 19	FYE 20
Total Project Uses	$10.3	$8.7	$1.0	$0.1
Total Project Sources	10.3	8.7	1.0	0.1

NE Grand Project – NE Grand is a mixed-income, mixed-use new construction development. The Portland Housing Bureau awarded the land and funding to Home Forward. The development will utilize 4% low income housing tax credits, bond funds, grants and reserve funds. The initial installment of the developer fee will be paid at the close of construction finance scheduled for August 2017. Construction is scheduled to begin in September 2017.

NE Grand (In Millions)	FYE 17	FYE 18	FYE 19	FYE 20	FYE 21
Total Project Uses	$1.0	$11.0	$25.0	$10.0	$0.8
Total Project Sources	1.0	11.0	25.0	10.0	0.8

Framework Project - Framework is a mixed-use new construction development. The development will utilize 4% low income housing tax credits, bond funds, grants and reserve funds. Close of construction finance is scheduled in July 2017 and construction is scheduled to begin in August 2017.

Framework (In Millions)	FYE 17	FYE 18	FYE 19	FYE 20	FYE 21
Total Project Uses	$0.5	$16.0	$28.4	$19.5	$1.5
Total Project Sources	0.5	16.0	28.4	19.5	1.5

Capital Improvement Projects – There are seven capital improvement projects that are currently in progress. These projects have a total budget of $3.6 million and will utilize the Capital Fund Program (CFP) grant and reserves fund.

Projects	Project Budget (in Millions)	Estimated Project Completion
Harold Lee Comprehensive Rehabilitation	$1.8	Jan-2017
Tamarack Sewer Emergency Repair	0.6	Mar-2018
Williams Plaza Water Line Repair	0.3	Mar-2018
Stark Manor Cmaera System	0.3	Jun-2017
Tillicum North Exterior Painting	0.2	Aug-2017
Tillicum South Exterior Painting	0.2	Aug-2017
Fairview Comprehensive Rehabilitation	0.2	May-2017
Total	$3.6	

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Revenue increases $2.2 million from FY 17 Budget.

- Developer Fee Revenue increases $2.3 million from FY 17 budget, a total of $2.9 million in developer fees will be earned in FY 18

Developer Fees (in Millions)		
Projects	Total	FY 18
St. Francis Park	$1.4	$0.45
Square Manor LP	1.4	0.85
NE Grand	2.5	1.3
Framework	0.45	0.24
Total	$5.8	$2.9

- Conduit Financing Revenue for FY 18 is budgeted to earn $147 thousand for Home Forward's bond issuance to Parcel 3.

Total Operating Expense increases $289 thousand from FY 17 budget primarily due to:

- Personnel expenses increase of $212 thousand due to two new positions and increase in benefit costs.
- Other administrative expenses increase of $77 thousand.
    - Consultant and Other Professional Services increase of $74 thousand for services related to Public Housing Portfolio repositioning via RAD and upcoming new developments.

- Software and Expendable Office Equipment increase of $24 thousand for software and computer upgrades.
- Preliminary/Close-out Development Expenses decrease of $25 thousand due to completion of 85 Stories project
- Other Miscellaneous Expenses increase $4 thousand to follow trend of actual expenditures over the last two fiscal years.

Cause of Changes in Funding Flow

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

- The St. Francis Park project generates a $1.4 million developer fee over multiple fiscal years. The first installment of $250 thousand was paid at the close of finance in March 2016.
  - Second Installment of $250 thousand is due to be paid at construction completion scheduled in May 2017.
  - Third Installment of $234 thousand is due to be paid upon receipt of Form 8609 scheduled in October 2017.
  - Fourth installment of $50 thousand is due to be paid upon satisfaction of all conditions of Final Installment scheduled in April 2018
  - Development fee balance of $616 thousand will be evidenced by a promissory note and shall be paid out of the Limited Partnership cash flow from Operations.
- 85 Stories Group 1 generates a $5.1 million developer fee over multiple fiscal years. In FY 18 expected payments of earned developer fees is $3.7 million.
  - Second Installment of $700 thousand is due to be paid upon satisfaction of construction completion estimated in March 2017.
  - Third Installment of $3.3 million is due to be paid at finance conversion scheduled in April 2017.
  - Fourth installment of $450 thousand is due to be paid upon satisfaction of all conditions of Final Installment scheduled in September 2017
- 85 Stories Group 2 generates a $5.4 million developer fee over multiple fiscal years. In FY 18 expected payments of earned developer fees is $3.8 million.
  - Second Installment of $800 thousand is due to be paid upon satisfaction of construction completion estimated in March 2017.
  - Third installment of $3.4 million is due to be paid at finance conversion scheduled in April 2017.
  - Fourth installment of $450 thousand is due to be paid upon satisfaction of all conditions of Final Installment scheduled in September 2017.
- Square Manor will generate $1.4 million in developer fee over multiple fiscal years. The first installment of $248 thousand is due to be paid at the close of construction finance estimated in June 2017.

- NE Grand will generate $2.5 million in developer fee over multiple fiscal years. The first installment of $480 thousand is due to be paid at the close of construction finance estimated in August 2017.

Budget Commentary – Resident Services

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$3,383,121	$3,222,147	$(160,974)
Operating Expense	4,043,332	4,031,505	(11,826)
Operating Income Before OH	(660,211)	(809,358)	(149,147)
Allocated Overhead	(281,372)	630,432	911,804
Operating Income After OH	(378,838)	(1,439,790)	(1,060,951)
Funding Flow Activity	172,079	574,636	402,557
Funding Required or (Contributed) for Current Agency Activities	$206,760	$865,154	$658,394
Total Budgeted FTE	26.1	25.8	(0.3)

In FY 18, the Resident Services team will continue to play a pivotal role in the coordination and delivery of services at 51 Home Forward properties throughout Multnomah County. The group plans to deliver services to approximately 3000 residents providing around 15,000 service interactions. Through intentional alignment with community partners we will work holistically with both individual and family systems to further their goals of social, emotional, academic and economic advancement and well-being. In support of the "one" Strategic Plan we will infuse trauma awareness, healing and equity for meaningful engagement and service delivery. We will also attempt to extend services and support to a greater number of Home Forward recipients through asset development, the creation of a Health and Support Services platform and alignment with early childhood strategies identified by the Program Director of Education and Youth Initiatives. Finally, with proposed shifts in funding, we foresee opportunities to critically review organizational practices and extend strategies to adequately fund services over time.

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

Key Assumptions

FTEs – Resident Services shows a net decrease of 0.3 FTE. This includes:

- Decreases:
- 1 FTE Program Supervisor due to the end of the Hope VI Community Services Grant
- 0.3 FTE Resident & Community Services Coordinator due to the sale of Plaza Townhomes
- Transfers:
- 1 FTE Program Director, Education & Youth was reassigned from the administrative group to Resident Services

Major Programs/Initiatives/Activities and Estimated Budget Impact

Barrier Reduction and Opportunity Funds: $35 thousand is proposed in Moving to Work Initiative funds (MIF) to continue efforts to implement strategies to increase independence at senior and individuals with disabilities, short-term respite care for individual impact by violence and to provide opportunities for economic advancement a family properties.

Service Approach Redesign: $33 thousand is proposed in Moving to Work Initiative funds to create a service delivery model that meets the needs are wants of Home Forward's residents and participants. The Urban Institute is investing $86 thousand nationally in the research and development phase.

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

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Revenue decreases $161 thousand from the FY 17 budget primarily due to a $209 thousand reduction in HUD grants:

- HUD grants decrease $114 thousand in the Stephens Creek Crossing Supplemental Budget, due to a corresponding staff and program expense reduction.
- HUD grants decrease $96 thousand at Humboldt Garden Support. There is an increase in revenue from the property, with the objective of using less endowment, thereby extending its life.

Revenues from State, Local & Other Grants have a net decrease of $71 thousand due to:

- $206 thousand Youth Activities grant from Multnomah County ending. The associated tenant services contract is ending.
- $116 thousand increase under a City of Portland Contract at Bud Clark Commons Support.

A $102 thousand increase in Other Revenue is attributable to changes across multiple properties. The two properties with the largest changes are:

- Gladstone and Multnomah Manor Resident Services with an increase of $21 thousand in Resident Services Program Fees from Tax Credits, and
- Humboldt Garden Support with an increase of $62 thousand in Resident Services Program Fees from Tax Credits.

Operating Expenses decrease $12 thousand from FY 17 budget.

- Tenant Services Personnel Expense decreases $116 thousand, primarily due to a $125 thousand decrease in SCC Supplemental Budget.
- Other Tenant Services Expenses decrease $35 thousand. Due in part to a $206 thousand decrease in in Contract Tenant Services for Youth Activities. The end of this contract coincides with the end of the Multnomah County grant mentioned above. This decrease is partially offset by a $100 thousand increase in Contract Tenant Services at Bud Clark Commons Support.
- Program Expenses increase $131 thousand due in large part to a $117 thousand increase in Program Personnel Expenses attributable to budgeted wage and benefit increases and the transfer of one full-time staff person from the Administrative Services group.

Operating Loss Before Overhead increased $149 thousand due to the transfer of staff and other budgeted increases to staff compensation and benefits for agency funded staff.

Allocated Overhead in Resident Services increases $912 thousand due to a change in overhead allocation methodology.

Cause of Changes in Funding Flow

Departmental Reserve Transfer increased $403 thousand primarily driven by the change in overhead methodology. The Resident services Department needs $658 thousand to fully fund all planned operations.

Budget Commentary – Administration

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$505,534	$581,812	$76,279
Operating Expense	7,319,511	7,597,979	278,468
Operating Income Before OH	(6,813,977)	(7,015,775)	(201,799)
Allocated Overhead	(6,497,894)	(6,670,095)	(272,200)
Operating Income After OH	(316,082)	(245,680)	70,402
Funding Flow Activity	316,082	245,680	(70,402)
Funding Required or (Contributed) for Current Agency Activities	$-	$-	$-
Total Budgeted FTE	50.0	51.2	1.2

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

Key Assumptions

Staffing increase of 1.2 FTE primarily due to:

- Increases:
  - Adding a Facilities and Safety Supervisor (0.6 FTE) to handle the property oversight of the New Market West office building
  - Adding a RAD Project Accountant (1.0 FTE) (to be funded by reserves)
- Transfers:
  - The reassignment of a Program Director to Resident Services (1.0 FTE)
  - Other miscellaneous changes (0.6 FTE)

Major Programs/Initiatives/Activities and Estimated Budget Impact

Neighbor to Neighbor Initiative – $31 thousand

- Each year Home Forward provides residents in our apartment communities with an opportunity to apply for small community engagement grants addressing issues and interests specific to their community. Past project activities have included wellness, nutrition, gardening, crafts, social events and more. Programs are often supported by Community Partner contributions and resident volunteer time, enabling communities to leverage these small dollar awards to accomplish big things.

Resident Legal Services and Expungement Partnership - $75 thousand

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

Cause of Year Over Year Change for Major Revenue/Expense Fluctuations

Operating Revenue, primarily rent charged to the operating groups for New Market West (NMW), increases $76 thousand due to increased maintenance and debt service costs.

Operating Expenses increase $332 thousand from the FY 17 Budget.

- Personnel costs increased $228 thousand due to a net increase of 1.2 FTE combined with planned compensation increases and a higher PERS liability.
- Software increases of $113 thousand due to higher licensing fees (YARDI and Microsoft) and the addition of “Business to Business Now” ($20 thousand).
- Telephone and communication increases of $11 thousand.
- Resident Legal Services and Expungement partnership increased $21 thousand.
- Training increased $60 thousand due to programming including Trauma Informed Care, Equity/Diversity Training Council Large Public Housing Agencies (CLPHA), MTW conferences and other organizational training.
- Decreases of $78 thousand for less extensive maintenance needs at New Market West and a $58 thousand decrease for insurance costs at the administrative level offset these increased costs.

Cause of Changes in Funding Flow

Overhead increased $168 thousand due to rising labor costs and other costs referenced in the Operating Expenses section.

Draws from Reserves increase $25 thousand primarily due to an increase of the Resident Legal Services initiative.

Home Forward will utilize $378 thousand in HUD Held Reserves to finance:

- $31 thousand in Neighbor to Neighbor Initiative;
- $78 thousand in Resident Legal Services and Expungement; and
- $172 thousand in Moving to Work Initiative personnel and indirect costs.

Budget Commentary – Real Estate Finance

Summary Budget Data	FY 17 Budget	FY 18 Budget	Inc.(Dec.)
Operating Revenue	$511,868	$564,313	$52,445
Operating Expense	152,638	95,095	(57,543)
Operating Income Before OH	359,230	469,218	109,988
Allocated Overhead	-	-	-
Operating Income After OH	359,230	563,608	102,170
Departmental Reserve Transfer	-	-	-
Funding Required or (Contributed) for Current Agency Activities	$(820,668)	$(1,032,826)	$(212,158)
Total Budgeted FTE	-	-	-

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

Key Changes

West and the Woods Limited Partnerships.

Land lease revenue increases $163 thousand in FY 18 compared to FY 17.

Cell tower revenue decreases $55 thousand in FY 18 compared to FY 17.

Stephens Creek Crossing Site Improvements.

Home Forward owned site improvents at Stephens Creek Crossing will generate $88 thousand of depreciation expense in FY 18. These are non-cash expenses.

Attachments

Summary of Moving to Work Initiative Funds

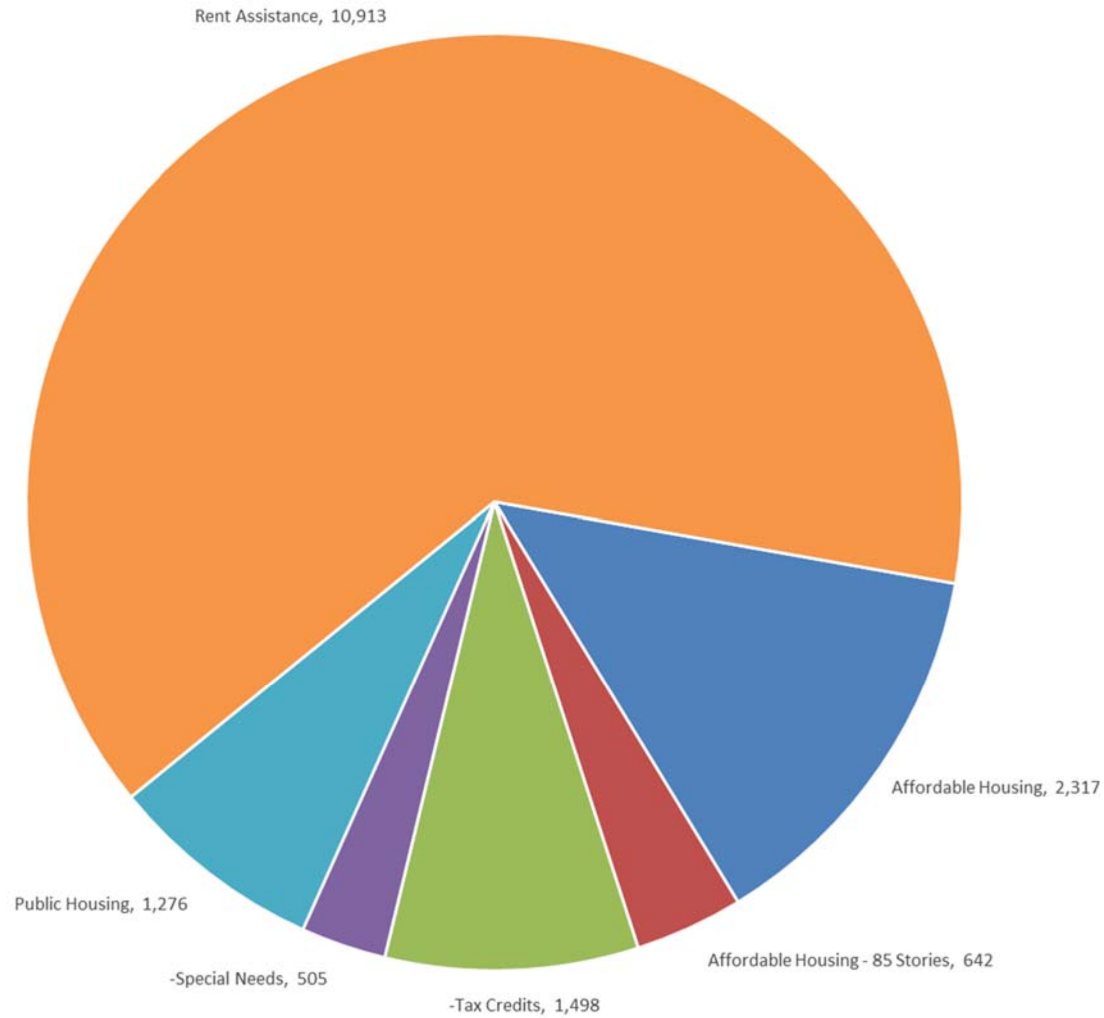
Initative	Description	First Year	FY 17 Budget	FY 18 Budget
Action for Prosperity	In collaboration with community partners, transition participants into employment within two years by providing access to stable housing, case management, and priority access to workforce services.	FY 12	$280,926	$10,445
Economic Opportunity Program	Home Forward will provide support along with Worksource and Human Solutions to provide assistance to unstably housed or homeless households who are successfully engaged in Worksource training or employment programs.	FY 16	154,985	149,144
Earl Boyles Housing Partnership	Home Forward will provide short to medium-term rent assistance and leverage school support at Earl Boyles School with the goal of improved academic outcomes and housing stability.	FY 17	211,750	261,954
STRA Funding (sub-programs Oxford and Alder)	In collaboration with community partners, provide limited housing assistance to eligible households in Multnomah County who are at risk of eviction, are newly homeless, or are experiencing immediate crises in their housing.	FY 12	569,599	719,162
Voucher Success Fund	In partnership with the Portland Housing Bureau, Home Forward intends to use this program to increase HCV success rates. This will be accomplished by assisting participants directly with housing search and placement as well as by procuring a Comprehensive Economic Study to establish Fair Market Rents that more accurately reflect local market conditions.	FY 17	850,000	463,787
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	52,500	74,999
Families Forward-Economic Opportunity	Moved to new initiative – Barrier Reduction and Opportunities – Work with community partners to extend economic advancement opportunities to the households we serve.	FY 11	26,250	-

Initative	Description	First Year	FY 17 Budget	FY 18 Budget
Short-Term Respite Care	Moved to new initiative – Barrier Reduction and Opportunities – Funding for short-term respite care for residents adversely impacted by community violence.	FY 17	3,150	-
Worksystems Liaison	Funds an agreement with Worksystems for residents in pursuit of economic advancement products.	FY 17	47,250	47,250
Barrier Reduction and Opportunities	Combines initiatives to promote asset building, short-term respite care for resident impacted by community violence and assists elderly and disable population age-in-place by maintain their quality of life.	FY 12	21,000	68,075
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	23,100	31,500
Local Blended Subsidy (LBS)	LBS uses a blend of MTW Section 8 and public housing operating funds to subsidize rental units. Leveraging subsidy allows for a more adequate revenue stream and increases the number of households that can be served. Funds will pay for the LBS implementation costs.	FY 12	1,302,227	1,611,287
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	38,297	28,617
VASH Program Backfill	Addresses the shortfall in funding for the VASH program	FY 16	96,899	-
Landlord Incentive Fund	Attract new landlords and units in low poverty areas to the Housing Choice Voucher program. Eligible units must be located in zip codes considered low-poverty areas and not have had a Housing Choice Voucher tenant in the prior 24 months.	FY 13	32,550	34,650
Domestic Violence Transfer Funds	In collaboration with other MTW-authorized housing authorities and the local domestic violence service system, Implement an inter-jurisdictional transfer program to assist participants who are victims of domestic violence relocate to cities outside Multnomah County. Home Forward will provide up to $2,000 in relocation assistance for up to five households per year.	FY 13	10,500	10,500
Gladstone Agency Based Assistance	Program to provide additional funding for project based vouchers at Gladstone Square.	FY 17	150,000	-

Initative	Description	First Year	FY 17 Budget	FY 18 Budget
Community College Education Program	Pilot program to provide housing assistance for community college students experiencing homelessness.	FY 17	157,500	-
Affordable Housing Opportunity Fund	Home Forward will purchase land for future development of Affordable Housing.	FY 17	2,400,000	-
Alder School	Home Forward will provide short to medium-term rent assistance and leverage school support at Alder school with the goal of improved academic outcomes and housing stability.	FY 14	399,933	422,350
Oxford	Leverages services dollars from Multnomah County to assist Oxford foster youth.	FY 14	36,726	35,093
Family Unification Program Extension	Fulfills public commitment to extend vouchers focused on reuniting youth with the families.	FY 14	107,562	117,915
OHI	Opportunity Housing Initiative – programs to explore different approaches to help families achieve economic independence.	FY 12	3,780	3,969
Tenant Education	A program designed to help our tenants better understand the rental process.	FY 16	178,873	92,673
Total – MTW Initatives			$7,115,357	$4,183,371

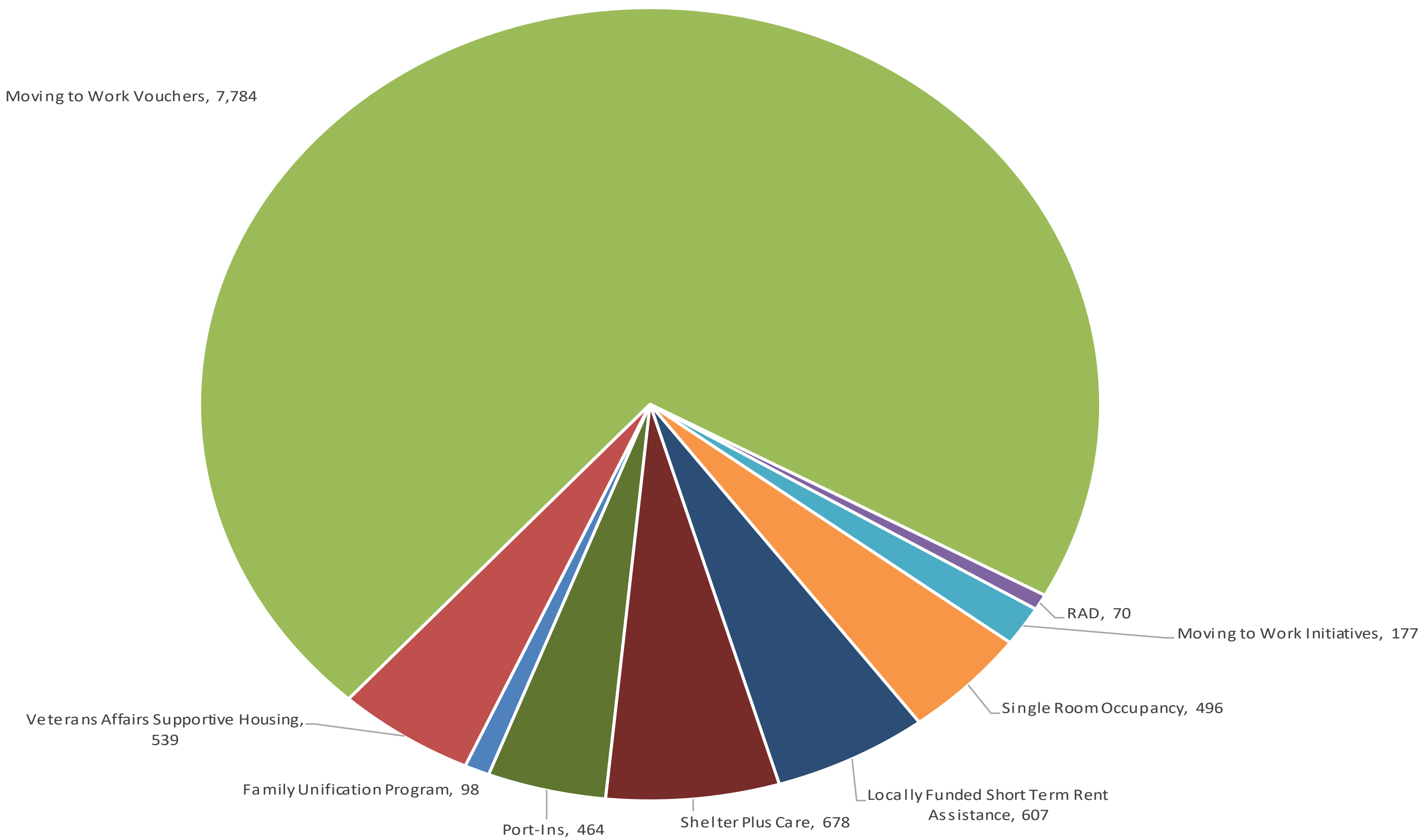
FY 18 Estimated Households Served by Category

Category	Households Served	Percent
Affordable Housing	2,317	15%
Affordable Housing		
85 Stories	642	4%
Tax Credits	1,498	10%
Special Needs	505	3%
Public Housing	1,276	8%
Rent Assistance	10,913	70%
Total	17,151	
Rent Assistance Occupying Affordable Housing / Tax Credit Units*	(1,554)	-10%
Unduplicated Total	15,597	100%



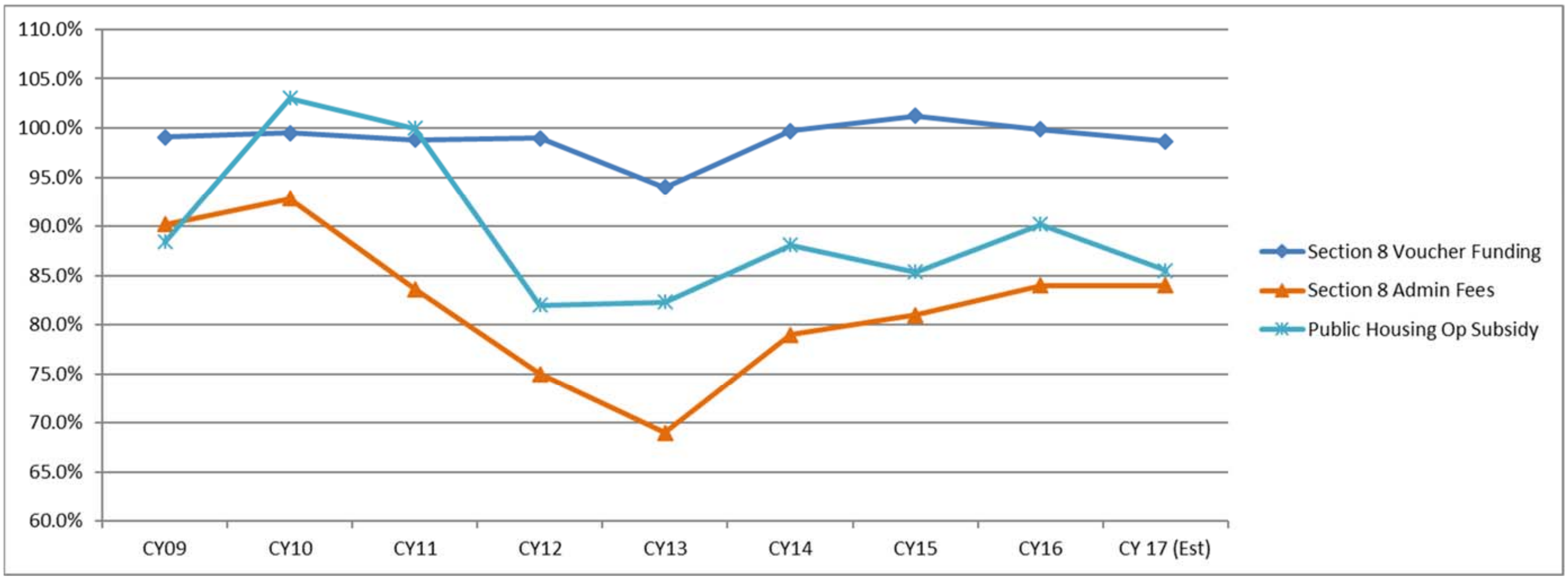
*Rent Assistance Occupying Affordable Units represents voucher holders that live within our Affordable and Tax Credit properties. The 1,554 represents residents already included in the Rent Assistance / Affordable Housing / Tax Credit Portfolios. An adjustment is made to provide an unduplicated total.

FY 18 Estimated Rent Assistance Households Served by Category



Subsidy Proration Trends

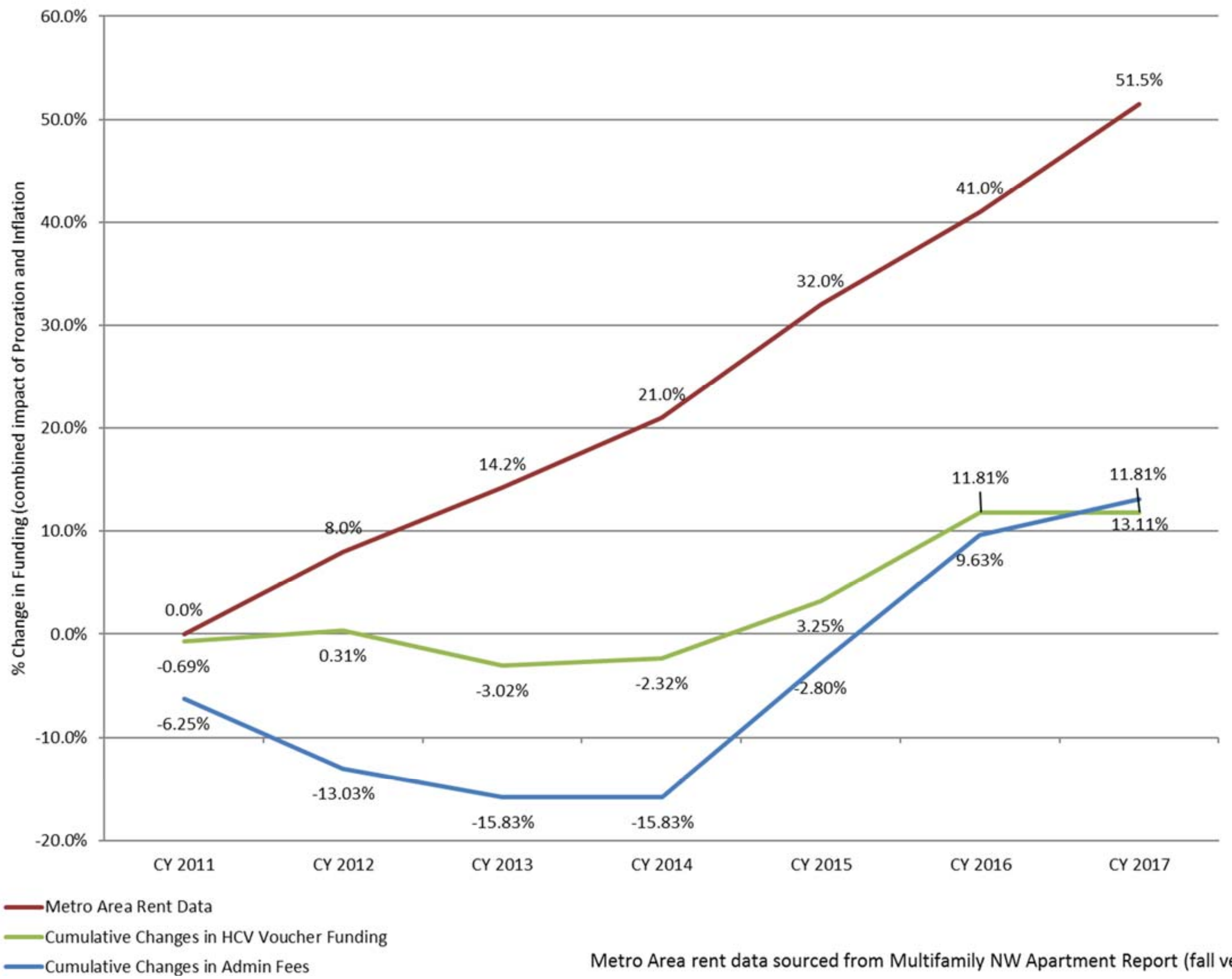
Subsidy Proration Trends [1,2]									
Actual Funding Year	**CY 09**	**CY 10**	**CY 11**	**CY 12**	**CY 13**	**CY 14**	**CY 15**	**CY16**	**CY 17 (Est)**
Home Forward Budget Year	**FY 10**	**FY 11**	**FY 12**	**FY 13**	**FY 14**	**FY 15**	**FY 16**	**FY 17**	**FY 18 (Est)**
Section 8 Voucher Funding	99.1%	99.5%	98.8%	99.0%	94.0%	99.7%	101.2%	99.9%	98.7%
Section 8 Admin Fees	90.2%	92.8%	83.6%	75.0%	69.0%	79.0%	81.0%	84.0%	84.0%
Public Housing Operating Subsidy	88.4%	103.0%	100.0%	82.0%	82.3%	88.1%	85.4%	90.2%	85.5%



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. Section 8 Voucher Funding estimates are based upon the first 3 months of CY 17 at 95% proration and the remainder flat at CY 16 actual funding. Admin Fee CY 17 estimates are equal to the CY 16 actual award. CY 17 Operating Subsidy is based upon a 5-year trend of actual proration.

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



Metro Area rent data sourced from Multifamily NW Apartment Report (fall version each year).

FTE Change Comparison Schedule

FY 18 Summary of FTE Changes	
New Positions	
Asset Manager	0.4
Design and Construction Project Manager	1.0
Director of Integrated Facilities and Safety	1.0
Facilities and Safety Supervisor	1.0
Office Assistant I/II	1.8
Project Coordinator	1.0
RAD Program Analyst	1.0
RAD Project Accountant	1.0
Total New Positions	8.2
Eliminated Positions	
Sale of Plaza Townhomes	
Assistant Property Manager	(0.5)
Maintenance Generalist I	(0.3)
Maintenance Generalist III	(0.4)
Property Management Reorganization	
Assistant Director	(0.5)
Assistant Property Manager / Site Manager	(2.0)
Maintenance Generalist I	(1.5)
Maintenance Generalist III	(1.2)
Maintenance Supervisor	(1.0)
Temporary Maintenance Generalist I	(2.0)
Other Eliminated Positions	
Administrative Supervisor (DCR)	(1.0)
Maintenance Generalist III, (CORE)	(1.0)
Program Supervisor, CSS	(1.0)
Resident Specialist	(0.8)
Supervising Electrician	(0.5)
Total Eliminated Positions	(13.7)
All Other Changes	0.4
Net Increase (Decrease) in FTE	(5.04)

Acronym Key

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

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

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

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

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

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

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

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

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

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

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

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

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

HCV: Housing Choice Voucher

HFDE: Home Forward Development Enterprises

HUD: US Department of Housing and Urban Development

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

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

MOD: Moderate Rehabilitation

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

NOFA: Notice of Funding Availability

PERS: Public Employee Retirement System

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

PHB: Portland Housing Bureau

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

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

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

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

SRO: Single Room Occupancy

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

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

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

FY 18 Operating Statement by Operating Group

Operating Statement	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Resident Services	Administration	Real Estate Finance	Reserves	Elimination	Home Forward Total
Dwelling Rental	$ -	$ 3,405,428	$ 18,879,648	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,868,388)	$ 18,416,689
Non-dwelling Rental	-	165,772	1,612,719	-	-	-	-	-	35,724	434,271	564,313	-	(442,071)	2,370,729
HUD Subsidies -Housing Assistance	76,893,148	-	2,892,427	-	-	-	-	-	-	-	-	-	(296,683)	79,488,892
HUD Subsidies -Admin Fee	6,587,135	-	-	-	-	-	-	-	-	-	-	-	-	6,587,135
HUD Subsidies -Public Housing	57,446	6,816,148	449,817	-	3,931,381	-	-	-	312,634	-	-	-	(449,817)	11,117,609
HUD Grants	6,609,562	230,064	77,247	-	815,682	-	-	-	771,303	-	-	-	-	8,503,858
Development Fee Revenue, Net	-	-	-	-	-	-	-	2,854,465	-	-	-	-	-	2,854,465
State, Local & Other Grants	6,099,757	-	20,950	-	-	-	-	-	800,068	-	-	-	-	6,920,775
Other Revenue	4,537,825	143,030	656,860	495,060	2,210,951	-	1,528,382	147,000	837,460	31,915	(0)	-	(2,499,841)	8,088,641
Total IA Revenue	138,218	-	-	46,579	26,897	-	-	105,268	464,959	115,626	-	-	(897,546)	-
Total Operating Revenues	**100,923,091**	**10,760,443**	**24,589,669**	**541,639**	**6,984,911**	**-**	**1,528,382**	**3,106,733**	**3,222,147**	**581,812**	**564,313**	**-**	**(8,454,347)**	**144,348,792**
PH Subsidy Transfer	-	-	-	-	3,689,456	-	-	-	-	-	-	-	(449,817)	3,239,639
Housing Assistance Payments	98,007,711	-	19,656	-	-	-	-	-	-	-	-	-	(4,165,071)	93,862,296
Administrative Personnel Expense	306,832	-	-	222,657	377,622	90,679	82,329	328,381	143,383	5,253,276	-	-	-	6,805,159
Other Admin Expenses	584,788	1,477,375	4,161,345	101,406	240,972	10,000	31,100	304,250	158,630	2,331,395	6,828	-	(1,450,741)	7,957,349
Fees/overhead charged	344,161	-	-	36,500	5,336	-	7,200	56,074	-	(0)	-	-	(442,071)	7,200
Tenant Svcs Personnel Expense	577,268	-	-	-	-	-	-	165,688	1,414,460	-	-	-	-	2,157,415
Other Tenant Svcs Expenses	603,946	89,926	50,421	-	-	-	-	-	1,702,807	84,120	-	-	-	2,531,219
Program Expense	4,712,270	1,363,714	50,759	846,412	822,270	-	178,503	1,445,872	514,354	81,268	-	-	-	10,015,423
Maintenance Personnel Expense	-	1,981,301	81,512	-	305,356	-	1,002,492	-	-	-	-	-	-	3,370,662
Other Maintenance Expenses	-	1,944,339	4,890,883	-	186,242	-	170,100	-	-	146,087	-	-	(801,271)	6,536,380
Utilities	-	1,915,927	2,719,613	-	-	-	169,821	-	-	108,780	-	-	(247,829)	4,666,311
Total IA Expense	295,635	-	443,451	290,529	358,473	11,017	-	(5,099)	81,366	(782,338)	-	-	(897,546)	(204,513)
Depreciation	1,362	2,639,187	5,236,775	-	6,501	-	5,089	122,145	-	342,532	88,263	-	(50,040)	8,391,815
General	192,194	322,491	908,022	-	176,539	-	11,488	-	16,506	32,468	4	-	-	1,659,712
Total Operating Expenses	**105,626,167**	**11,734,259**	**18,562,439**	**1,497,504**	**6,168,768**	**111,696**	**1,658,122**	**2,417,310**	**4,031,505**	**7,597,588**	**95,095**	**-**	**(8,504,387)**	**150,996,067**
Operating Income (Loss)	**(4,703,076)**	**(973,816)**	**6,027,231**	**(955,866)**	**816,143**	**(111,696)**	**(129,741)**	**689,422**	**(809,358)**	**(7,015,775)**	**469,218**	**-**	**50,040**	**(6,647,274)**
Total Overhead Allocations	**1,847,480**	**1,158,986**	**-**	**887,322**	**947,540**	**10,212**	**285,061**	**1,003,062**	**630,432**	**(6,770,095)**	**-**	**-**	**-**	**-**
Operating Income (Loss) after Overhead	**(6,550,556)**	**(2,132,802)**	**6,027,231**	**(1,843,188)**	**(131,397)**	**(121,908)**	**(414,801)**	**(313,640)**	**(1,439,790)**	**(245,680)**	**469,218**	**-**	**50,040**	**(6,647,275)**
Reserve Funding	**4,126,816**	**-**	**(937,086)**	**-**	**181,905**	**10,000**	**-**	**(5,197,951)**	**410,640**	**(63,865)**	**(184,318)**	**1,653,859**	**-**	**-**
Operating Income (Loss) after Reserve Funding	**(2,423,740)**	**(2,132,802)**	**5,090,145**	**(1,843,188)**	**50,508**	**(111,908)**	**(414,801)**	**(5,511,591)**	**(1,029,150)**	**(309,546)**	**284,900**	**1,653,859**	**50,040**	**(6,647,275)**
Investment Income	-	-	96,796	-	2,541	-	-	-	-	380,306	8,987	-	-	488,630
Interest Expense	-	-	(2,589,934)	-	-	-	-	-	-	(118,870)	(119,680)	-	-	(2,828,484)
Gain (Loss) on Sale of Assets	-	(39,587)	(34,572)	-	-	-	-	-	-	-	-	-	-	(74,159)
Net Other Income (Expense)	**-**	**(39,587)**	**(2,527,709)**	**-**	**2,541**	**-**	**-**	**-**	**-**	**261,435**	**(110,693)**	**-**	**-**	**(2,414,013)**
HUD Nonoperating Contributions	-	835,174	-	-	-	-	-	-	-	-	2,624,718	-	-	3,459,892
Net Capital Contributions	**-**	**835,174**	**121,478**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,702,748**	**(199,508)**	**-**	**3,459,892**
Other Equity Changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Change In Net Position	**$ (2,423,740)**	**$ (1,337,215)**	**$ 2,683,913**	**$ (1,843,188)**	**$ 53,049**	**$ (111,908)**	**$ (414,801)**	**$ (5,511,591)**	**$ (1,029,150)**	**$ (48,110)**	**$ 2,876,955**	**$ 1,454,351**	**$ 50,040**	**$ (5,601,396)**

FY 18 Funding Flow Analysis By Operating Group*

	Rent Assistance	Public Housing Portfolio	Affordable Portfolio	Asset Management	Property Management	Safety	Integrated Facilities	Development	Resident Services	Administration	Real Estate Finance	Reserves	Elimination	Home Forward Total
Operating Income (Loss) after Overhead	**$ (6,550,556)**	**$ (2,132,802)**	**$ 6,027,231**	**$ (1,843,188)**	**$ (131,397)**	**$ (121,908)**	**$ (414,801)**	**$ (313,640)**	**$ (1,439,790)**	**$ (245,680)**	**$ 469,218**	**$ -**	**$ 50,040**	**$ (6,647,275)**
Real Estate Portfolio														
Affordable Housing Properties Operating Activity	-	-	(10,839,915)	-	-	-	-	-	-	-	-	-	-	(10,839,915)
Revenue from Properties to Home Forward	-	-	(259,207)	-	-	-	-	-	(195,332)	-	(301,561)	-	-	(756,100)
Unrestricted Cash to HAP	-	-	4,048,625	-	-	-	-	-	401,701	-	880,300	-	-	5,330,626
Net Replacement Reserve Activity (New Market West)	-	-	-	-	-	-	-	-	-	(98,400)	-	-	-	(98,400)
Net Replacement Reserve Activity (Special Needs)	-	-	(186,534)	-	-	-	-	-	-	-	-	-	-	(186,534)
Developer Fee - Impact to Funding Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer Fee Revenue	-	-	-	-	-	-	-	(2,854,465)	-	-	-	-	-	(2,854,465)
Developer Fee - Cash to HAP(Net)	-	-	-	-	-	-	-	8,602,643	-	-	-	-	-	8,602,643
Financing/Investment Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income - Unrestricted	-	-	-	-	2,541	-	-	-	-	-	-	-	-	2,541
Principal & Interest - Special Needs	-	-	(114,443)	-	-	-	-	-	-	-	-	-	-	(114,443)
Principal & Interest - New Market West	-	-	-	-	-	-	-	-	-	(287,192)	-	-	-	(287,192)
Capital Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IT Equipment and Software	(15,750)	-	-	(15,750)	(15,750)	-	(1,750)	(15,750)	(5,250)	-	-	-	-	(70,000)
Non-Cash Operating Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Expense	1,362	2,639,187	5,236,775	-	6,501	-	5,089	122,145	-	342,532	88,263	-	(50,040)	8,391,815
Operating Activity Funded by Cash Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MIF Initiative Reserve Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MTW Special Initiates Fund	2,397,509	-	-	-	-	-	-	-	68,075	106,499	-	-	-	2,572,084
MTW - Local Blended Subsidy (LBS)	1,611,287	-	-	-	-	-	-	-	-	-	-	-	-	1,611,287
MTW Administration	-	-	-	-	-	-	-	-	-	172,241	-	-	-	172,241
(Excess)/Deficit Section 8	1,967,602	-	-	-	-	-	-	-	-	-	-	-	-	1,967,602
Tax Credit Support Services	-	-	14,914	-	-	-	-	-	175,047	-	-	-	-	189,961
Special Purpose Reserve Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter Departmental Reserve Transfers	-	-	(27,000)	-	-	-	-	-	130,394	-	(103,394)	-	-	0
Agency Initiatives	-	-	-	-	138,105	10,000	-	-	-	10,000	-	-	-	158,105
DCR Operating Reserve	-	-	-	-	-	-	-	(5,540,933)	-	-	-	-	-	(5,540,933)
Affordable Portfolio Reserve	-	-	(300,000)	-	-	-	-	-	-	-	-	-	-	(300,000)
Insurance Reserve	-	-	(500,000)	-	-	-	-	-	-	-	-	-	-	(500,000)
Agency Operating Reserve	-	-	(125,000)	-	-	-	-	-	-	-	-	-	-	(125,000)
Funding Source or (Shortfall)	(588,545)	506,385	2,975,444	(1,858,938)	(0)	(111,908)	(411,462)	0	(865,154)	(0)	1,032,826	-	-	678,647
Department Reserve Activity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent Assistance	588,545	-	-	-	-	-	-	-	-	-	-	-	-	588,545
Public Housing Portfolio	-	(506,385)	-	-	-	-	-	-	-	-	-	-	-	(506,385)
Affordable Portfolio	-	-	(2,975,444)	-	-	-	-	-	-	-	-	-	-	(2,975,444)
Asset Management	-	-	-	1,858,938	-	-	-	-	-	-	-	-	-	1,858,938
Safety	-	-	-	-	-	111,908	-	-	-	-	-	-	-	111,908
Integrated Facilities	-	-	-	-	-	-	411,462	-	-	-	-	-	-	411,462
Resident Services	-	-	-	-	-	-	-	-	865,154	-	-	-	-	865,154
Real Estate Finance	-	-	-	-	-	-	-	-	-	-	(1,032,826)	-	-	(1,032,826)
Funding Required or (Contributed) for Current Agency Activities	**588,545**	**(506,385)**	**(2,975,444)**	**1,858,938**	**-**	**111,908**	**411,462**	**-**	**865,154**	**-**	**(1,032,826)**	**-**	**-**	**(678,647)**
Final Funding Source or (Shortfall)	**$ -**	**$ 0**	**$ 0**	**$ 0**	**$ (0)**	**$ (0)**	**$ -**	**$ 0**	**$ (0)**	**$ (0)**	**$ 0**	**$ -**	**$ -**	**$ (0)**

*Numbers may be slightly off due to rounding