

Background on Financial Tools

What is Section 18?

Section 18 refers to the process of demolition or disposition (transfer) of public housing properties. For Home Forward's 85 Stories properties, the Section 18 process provides much needed upgrades and renovations to the properties. By undergoing the Section 18 process, Home Forward is also able to transfer the operating subsidy from Public Housing to Project Based Vouchers (PBV). This PBV Section 8 rental assistance is tied to a particular unit in a complex. Overall, this conversion process allows the agency to leverage more capital and equity. [Read More on Section 18](#); [HUD website](#)

What is RAD?

RAD (Rental Assistance Demonstration) is a program that allows HUD funded properties to be converted to Project Based Section 8 contracts. Similar to the Section 18 process, RAD allows Home Forward to leverage equity to fund repairs and upgrades necessary for the 85 Stories properties. RAD is happening across the country as Public Housing Authorities work to fund maintenance and upgrades to their aging property portfolios. [Read More on RAD](#); [HUD website](#)

What is a tax credit partnership?

Since 1986, Low Income Housing Tax Credits (LIHTC) have provided the basis for most affordable housing finance. Authorized by US Internal Revenue Service, private investors receive a federal tax credit in exchange for providing a developer with a significant portion of the funding to build or renovate affordable housing. In Oregon, developers are provided allocations of either 4% or 9% LIHTC through applications to Oregon Housing and Community Development. As a developer, Home Forward works with private investors, lenders, and the State to form a limited partnerships (LP) with Home Forward serving as the general partner. After the 15-year term of the partnership, Home Forward negotiates the terms of ownership. [More information on LIHTC in Oregon](#)