



homeforward

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Fiscal Year 2020

Budget

January 1, 2020 through December 31, 2020

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Management Discussion

This document presents the planned activities and financial budget for Home Forward for the twelve-month period beginning January 1, 2020 and ending December 31, 2020 (FY 20).

General Overview

The Federal Housing Act of 1937 authorized the creation of public housing authorities. Utilizing the 1937 Federal Housing Act, the Portland City Council established Home Forward (at that time, the Housing Authority of Portland) as a municipal corporation under the Oregon Revised Statutes in December 1941.

A nine-member Board of Commissioners governs Home Forward. Four appointments are recommended by the City of Portland, two by the City of Gresham, two by Multnomah County, and there is one resident commissioner. Home Forward is not financially dependent on nor considered a component unit of any of the above jurisdictions. The Executive Director is appointed by the Board and is responsible for the daily functioning of Home Forward.

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

The main mission-based business lines are:

- **Development** – includes work on large-scale development projects such as 85 Stories (part of Home Forward’s public housing preservation initiative) and improvement of our existing properties through the use of capital grants, local grants, and mainstream financing products. Revenue for this group is generated from developer fees; fees which may be earned in one reporting period but paid in a different period.
- **Real Estate Properties** – Home Forward owns, manages, or is a partner in 111 properties with over 6,700 units. Of these, 34 properties with 3,008 units are owned through tax credit partnerships, of which Home Forward is the minority owner. The forecasted and budgeted results of these 34 properties are not included in this document.

For public housing, revenue is generated from two main sources: 1) HUD subsidies – based on a HUD-approved rate multiplied by the number of HUD-approved units multiplied by a proration rate, and 2) tenant revenue – rents collected from residents, which are driven by occupancy levels and by tenant income levels.

For affordable housing properties, revenue is mainly generated by tenant rents and impacted by occupancy levels and contractually allowed affordable rental rates based on unit size.

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

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

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

Home Forward's Property Management group is responsible for overseeing the daily operations, compliance, and maintenance at 46 properties. These 46 properties provide housing for 2,432 households. The group generates property management fees to cover its costs as well as uses cash flow generated from the real estate portfolio.

Integrated Facilities Services is Home Forward's specialized maintenance service including electrical work, plumbing, pest control, painting, and bulky waste hauling. Fees are earned based on billable services to Home Forward's real estate portfolio.

- Rent Assistance – includes traditional and non-traditional rent assistance programs. Traditional programs include federally designed Housing Choice Vouchers, Veterans Affairs Supportive Housing (VASH), Family Unification Program (FUP) Vouchers, Single Room Occupancy/Moderate Rehabilitation (SRO/MOD), and Shelter Plus Care. Non-traditional rent assistance programs include locally developed short, medium, and long-term rent assistance and rent assistance combined with partner services. Through these programs, Home Forward provides rent assistance to over 12,000 households on an annual basis.

The Housing Choice Voucher Program (Section 8) is the largest rent assistance program administered by Home Forward with funding determined by vouchers authorized, voucher utilization, and proration rates.

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

Budget Principles

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

This document presents comparative budget information in two formats, first in a Generally Accepted Accounting Principle (GAAP) format and second in a Funding Flow (simplified operating cash basis) format. It is important for the reader to understand this distinction, as certain revenue and expense items may be recorded in one fiscal year, while the cash involved impacts a different fiscal year (such as development fee revenue) or has no cash impact (such as depreciation expense). Additionally, this document only presents the results of Home Forward legal entity and does not include the budget of any blended or discretely presented units.

The budget was created with several guiding principles:

- All funds will be accounted for, meaning current year activities will be funded with current year revenue, business line reserves, allowable transfers from other programs, or agency-level reserves. In addition, any remaining funds will be assigned to reserves for specific purposes or to general reserves to address funding volatility.
- Because the life cycle of development projects spans several years, we monitor development performance to match that life cycle rather than using a single year snapshot.
- Revenues for the Housing Choice Voucher program and administration, Public Housing Operating Subsidy, and Public Housing Capital Grant are budgeted based on estimated calculations of rates and prorations as determined from a combination of 2019 actual funding rates, congressional funding bill proposals, and a Fair Market Rent survey for the Portland area.

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- Funds using MTW flexibility are aligned with strategic initiatives.
 - Home Forward strives to meet the MTW requirement of serving substantially the same number of households as it would if it did not have MTW status.
 - Funds from the sale of real estate are generally dedicated toward the acquisition, development, and/or preservation of real estate assets.

Budget Summary

Key Activities and Financial Highlights for Fiscal Year 20

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

Key activities planned for Fiscal Year 20 include:

- Development will provide development services to Lloyd Housing LP, Fountain Place, 85 Stories and other projects. Development is projected to earn \$9.0 million in developer fee for the North Group, East Group, and Fountain Place projects.
- Public Housing will serve 633 households (645 units) in 17 public housing properties given the expected occupancy rate of 98%. The number of Public Housing units continues to decline as they convert to voucher based units through the RAD/Section 18 program.
- Properties in Home Forward's Affordable Portfolio will serve 5,917 households given the expected average occupancy rate of 98%. Home Forward-owned affordable properties are expected to serve 2,494 households, tax credit limited partnerships will serve 2,921 households, and master leased properties will serve 498 households.
- Cecelia (131 Units) and Haven (44 units) will likely undergo Year 15 Tax Credit Conversions in FY 20. The newly acquired Alexis (40 units) will be included in this year's budget. Fountain Place (80 units) will be converting to a Tax Credit for the FY 20 budget.
- After three years of not being able to pull from the housing choice voucher waitlist due to the lack of federal funding to address the local rental crisis, Home Forward will pull 400 names from the housing choice voucher waitlist in FY 19 and an additional 600 pulls are planned for FY 20.
- Home Forward will complete its data migration to YARDI 7, a cloud based version of its current ERP software program. This project will improve operations throughout the agency and will help streamline internal processes.

Financial highlights of the upcoming budget include:

- Annual operating revenues are projected to be \$194.4 million. This is mainly due to:
 - \$9.0 million in developer fee revenue from North Group (\$0.4 million), East Group (\$5.6 million), and Fountain Place Rehab (\$3.0 million).
 - Public Housing Operating Subsidy revenue of \$8.1 million (\$5.9 million of Operating Subsidy and \$1.9 million in Asset Repositioning Fee), which reflects reduced funding due to the 1,027 units that will have converted to Project-Based Voucher Subsidy. Federal funding is anticipated to increase by two percent for the upcoming budget year.
 - HUD funding for Housing Choice Vouchers is projected to increase due to the RAD/Section 18 conversion (\$8.7 million) and two percent for federal funding increases.

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- Admin fees will increase \$1.0 million due to additional funding received for the RAD/Section 18 vouchers, new VASH vouchers, and for the new mainstream vouchers.
 - Annual operating expenses are projected to be \$185.0 million. This is mainly due to:
 - Of the \$185.0 million in operating expenses, \$126.0 million represents rent assistance payments made directly to landlords on behalf of Home Forward participants. Backing out this activity, Home Forward's operating expenses would be \$60.0 million.
 - Personnel expenses will be \$25.2 million for the upcoming budget year.
 - Other administrative expenses will be \$9.7 million, primarily due to investment in Home Forward's information technology infrastructure of \$1.2 million including activity related to the YARDI upgrade, property management fees of \$1.2 million, third party payroll costs of \$2.3 million and costs related to safety patrols of \$531 thousand.
 - Other tenant services expense will be \$2.2 million, primarily due to \$901 thousand related to Congregate Housing Services Program (CHSP) and \$309 thousand for support services at Bud Clark Commons.
 - Other maintenance expenses will be \$8.0 million, primarily due to major maintenance projects at multiple affordable properties in FY 20.
 - Based on the impact of items above, operating income is projected to be \$9.5 million.
 - Investment income is expected to yield \$1.6 million along with \$2.6 million in interest expense in FY 20.
 - Capital contributions are estimated to be \$2.7 million for the year.
 - The combined impact yields an \$11.0 million increase in changes to net assets.

Impact on Funding Flow

As noted in the Budget Principles section, the agency presents its budget in a GAAP presentation and in a funding flow format. The standard expectation of the funding flow is that Home Forward programs (excluding development) will break even for the fiscal year, and that development activities will (at a minimum) break even over the course of the life of its various projects.

A funding flow summary by operating group is presented below:

| | Operating income/(loss) after overhead | Department Capital and Financing uses | Non-reserve funding flow adjustments | Unrestricted Cash from current operations | Additions to reserves | Other reserve transfers in/(out) to fund current activities | Net funding Flow |
|--------------------------------|--|---------------------------------------|--------------------------------------|---|-----------------------|---|------------------|
| Program Group | | | | | | | |
| Rent assistance | \$ 257,910 | \$ - | \$ 1,363 | \$ - | \$ - | \$ (259,273) | \$ - |
| Public housing properties | 1,655,143 | - | 1,189,810 | - | (100,000) | (2,744,953) | - |
| Affordable housing properties | 5,895,534 | (128,359) | (6,035,857) | 3,185,085 | (1,319,610) | (1,596,793) | - |
| Asset management | (2,013,356) | - | - | - | - | 2,013,356 | - |
| Property management | (1,589,240) | - | - | - | - | 1,589,240 | - |
| Safety | 343,071 | - | - | - | (720,000) | 376,929 | - |
| Integrated facilities services | 6,667 | (140,030) | - | - | - | 133,363 | - |
| Community services | (2,220,176) | - | (384,417) | 388,875 | - | 2,215,718 | - |
| Other | 2,444,716 | (166,548) | 368,418 | 952,281 | (1,871,280) | (1,727,587) | - |
| | <u>4,780,269</u> | <u>(434,937)</u> | <u>(4,860,683)</u> | <u>4,526,241</u> | <u>(4,010,890)</u> | <u>-</u> | <u>-</u> |
| Development | <u>4,680,582</u> | <u>-</u> | <u>(8,913,024)</u> | <u>7,175,899</u> | <u>(2,943,457)</u> | <u>-</u> | <u>-</u> |
| Total Agency | <u>\$ 9,460,851</u> | <u>\$ (434,937)</u> | <u>\$ (13,773,707)</u> | <u>\$ 11,702,140</u> | <u>\$ (6,954,347)</u> | <u>\$ -</u> | <u>-</u> |

"Non-reserve funding flow adjustments" include add-backs for depreciation, offsets for allocated capital acquisitions and certain debt payments, property-level reserves, and increases/decreases related to the timing of affordable housing cash flows.

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

"Reserve transfers in" to fund current activities reflect the inflow of reserve funds to cover current year expenses. This activity translates to a reduction of agency reserves.

"Additions to reserves" reflect the transfer of remaining operating income into reserve accounts. Please note, the bracketed number in this column *does not* represent an outflow of agency cash, but rather an increase to agency reserves.

Net reserves are dedicated to the following identified purposes:

- \$2.9 million of collected development fee revenue is transferred to reserves. This is used to cover department operations and fund project costs that span multiple fiscal years.
- As part of a ten year plan to ensure adequate reserve levels for Home Forward, \$200 thousand will be directed to an insurance reserve, \$1.8 million of asset repositioning fee generated from the 85 Stories initiative will be used for future capital activity, \$1.0 million will be contributed to a capital reserve for the Affordable portfolio and \$720 thousand will be used to create a Safety Reserve for the agency.

Staffing Update

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

| Full-Time Equivalents (FTEs) by Funding Source | | | |
|--|-----------------|-----------------|--------------------------|
| | FY 19 Budget | FY 20 Budget | Increase / (Decrease) |
| Agency Funded | 245.0 | 248.4 | 3.4 |
| Other Legal Entity Funded | 45.4 | 55.7 | 10.3 |
| Total Agency-Managed Positions | 290.4 | 304.1 | 13.7 |

Numbers may be off slightly due to rounding.

In total, full-time equivalent employees have increased by 13.7 FTE due to positions relating to RAD/Section 18 conversions, safety improvements, voucher waitlist activity, and new grants. A detailed reconciliation is found in the FTE Change Comparison Schedule attachment. This does not include 55 FTE that are paid by Home Forward but whose costs are reflected in the Tax Credit Portfolio.

Risks and Opportunities

As is the case every year, the level of Congressional appropriations determines federal funding. While this funding has been volatile over the last five years, there is extreme uncertainty as to what level of investment the federal government will continue to provide. Given the passage of several continuing resolutions, the latest of which expires December 20th, 2019, and a lack of detailed information from the Congressional Appropriations bill, we have had to develop a budget with estimates of most of its major federal programs. The approach used was to base funding activity on preliminary congressional indicators (two percent increase percent for HCV programs and Operating Subsidy), historical trends, to use program reserves as needed, and to prepare to implement budget revisions as soon as more accurate information is available.

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

The State of Oregon forecast for 2019-2021 indicates a budget surplus, which will have positive implications for Home Forward. An increase in PERS liability is reflected in the budget and will be an ongoing factor for years to come.

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

Conclusion

Home Forward continues its efforts on transitioning from a traditional public housing platform to the more responsive affordable housing platform. At the same time, there is an increase level of investment in services and building improvements for the safety of residents and employees. For the upcoming year, Home Forward will finally be able to reach out to families on the housing choice voucher waitlist after a three-year freeze and we will continue to work with jurisdictional partners to identify additional funding to expand affordable housing options.

Operating Statement & Summary of Funding Flow

Operating Statement

| <u>Operating Statement</u> | <u>FY 19 Budget</u> | <u>FY 20 Budget</u> | <u>Increase/ Decrease</u> |
|---|---------------------|---------------------|-------------------------------|
| Dwelling Rental | 18,945,472 | 20,936,533 | 1,991,061 |
| Non-dwelling Rental | 2,405,318 | 2,738,990 | 333,672 |
| HUD Subsidies -Housing Assistance | 102,395,667 | 111,833,886 | 9,438,219 |
| HUD Subsidies -Admin Fee | 7,677,951 | 8,731,554 | 1,053,603 |
| HUD Subsidies -Public Housing | 7,278,177 | 8,229,199 | 951,022 |
| HUD Grants | 5,896,690 | 7,541,038 | 1,644,348 |
| Development Fee Revenue, Net | 19,569,585 | 9,034,999 | (10,534,586) |
| State, Local & Other Grants | 10,041,210 | 10,688,438 | 647,228 |
| Other Revenue | 11,743,487 | 14,687,004 | 2,943,517 |
| Total Operating Revenues | 185,953,557 | 194,421,641 | 8,468,084 |
| Housing Assistance Payments | 113,099,480 | 125,006,167 | (11,906,687) |
| Administration | 15,265,603 | 18,330,101 | (3,064,498) |
| Administrative Personnel Expense | 7,846,727 | 8,653,805 | (807,078) |
| Other Admin Expenses | 7,418,876 | 9,676,296 | (2,257,420) |
| Tenant Services | 4,769,689 | 5,145,182 | (375,493) |
| Tenant Svcs Personnel Expense | 2,766,431 | 2,942,372 | (175,941) |
| Other Tenant Svcs Expenses | 2,003,258 | 2,202,810 | (199,552) |
| Program Expense | 10,766,745 | 11,395,074 | (628,329) |
| Maintenance | 11,246,890 | 10,262,027 | 984,863 |
| Maintenance Personnel Expense | 2,689,754 | 2,270,213 | 419,541 |
| Other Maintenance Expenses | 8,557,136 | 7,991,814 | 565,322 |
| Utilities | 4,677,533 | 4,696,536 | (19,003) |
| Depreciation | 8,461,068 | 7,900,919 | 560,149 |
| General | 1,844,752 | 2,224,785 | (380,033) |
| Total Operating Expenses | 170,131,761 | 184,960,790 | (14,829,029) |
| Operating Income (Loss) | 15,821,796 | 9,460,850 | (6,360,946) |
| Operating Income (Loss) after Overhead | 15,821,795 | 9,460,851 | (6,360,944) |
| Investment Income | 197,411 | 1,553,969 | 1,356,558 |
| Interest Expense | (2,669,132) | (2,647,235) | 21,897 |
| Gain (Loss) on Sale of Assets | (790,186) | - | 790,186 |
| Net Other Income (Expense) | (3,261,907) | (1,093,266) | 2,168,641 |
| HUD Nonoperating Contributions | 6,822,707 | 2,660,323 | (4,162,384) |
| Net Capital Contributions | 6,822,707 | 2,660,323 | (4,162,384) |
| Change in Net Position | 19,382,595 | 11,027,907 | (8,354,688) |

Funding Flow Analysis

| Funding Flow Analysis | FY 19 Budget | FY 20 Budget | FY 20 Budget |
|--|----------------------|---------------------|-----------------------|
| Funding Flow Analysis | \$ 15,821,795 | \$ 9,460,851 | \$ (6,360,944) |
| Funding Flow Analysis | (15,821,795) | (9,460,851) | 6,360,944 |
| Final Funding Source or (Shortfall) | \$ - | \$ - | \$ - |

Line Item Analysis & Assumptions

Revenue

Dwelling Rental \$20.9 million

- Public Housing Portfolio will earn \$2.0 million and will continue to benefit from high occupancy rates.
- Affordable Housing Portfolio will earn \$24.0 million due to high occupancy rates and rate increases (capped at five percent) except for Project-Based Vouchers.
- To ensure the continuation of affordable housing options throughout the community, Project Based Vouchers will have the following rules applied in FY 20:
 - Rents above 70% FMR may increase rents by 2%, but no higher than the current payment standard minus utility allowance
 - Rents at or below 70% FMR may increase rents up to 70% FMR or by 2%, whichever is higher

Non-dwelling Rental \$2.8 million

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

HUD Subsidies - Housing Assistance \$112.9 million

- Assumed to include a two percent funding increase due to House/Senate FY 20 bills
- This reflects a projected proration level of 99.0%.
- RAD funding will be \$10.5 million for the 1,027 vouchers (791 converted in CY 17, 112 converted in CY 18, and 124 that converted in CY 19)
- Funding for the Section 18 Tenant Protection Vouchers will be \$4.0 million (429 units converted from Public Housing)
- The subsidies will fund 12,989 vouchers in the upcoming budget year.

HUD Subsidies – Administrative Fees \$8.7 million

- Administrative Fees for HUD Housing Assistance are budgeted based on funding appropriations and assumes 79% proration for FY 20.
- Administrative Fee funding will benefit from incremental voucher awards for FUP, Mainstream, VASH and RAD conversions. The agency will receive an additional \$1.1 million in revenue from the FY 19 budget.

HUD Subsidies - Public Housing \$8.2 million

- \$1.9 million in Asset Repositioning Fees (ARF). ARF represents a temporary revenue stream (Section 18 vouchers only) to assist with the conversion of Public Housing to Tenant Protection Vouchers.

- \$377 thousand for carve-outs to support services and payment in lieu of taxes.
- The budget assumes that the Operating Subsidy proration will be 92%, based on the 5-yr. historic average.
- Operating Subsidy is reduced to reflect 315 units, which converted to RAD/Section 18 in FY 19. The conversion transfers the Operating Subsidy to HUD Subsidies Housing Assistance.

Development Fee Revenue \$9.0 million

- Projected for the following projects:

| Project | Accrued Developer Fee Revenue (in thousands) |
|------------------------------|--|
| Fountain Place Rehab Project | \$3,023 |
| East Group LP | 5,612 |
| North Group LP | 400 |
| Total | \$9,035 |

State, Local & Other Grants \$10.7 million

| Grant | FY 19 Budget (in thousands) | FY 20 Budget (in thousands) | Increase/ (Decrease) |
|---|-----------------------------|-----------------------------|----------------------|
| Short-Term Rent Assistance | | | |
| Multnomah County | \$ 5,414 | \$3,495 | (\$1,919) |
| Homeless Family System of Care | 2,589 | 2,610 | 21 |
| City of Portland | 640 | 2,732 | 2,092 |
| PILOT Revenue | 218 | 235 | 17 |
| United Way | 86 | 0 | (86) |
| Short-Term Rent Assistance Total | 8,947 | 9,072 | 125 |
| Medicaid – CHSP | 500 | 563 | 63 |
| Joint Office – Bud Clark Commons | 428 | 490 | 62 |
| Worksystems Grant | 95 | 49 | (95) |
| State of Oregon CIP | 62 | 0 | (62) |
| City of Portland Youth Grant | 9 | 0 | (9) |
| Long Term Rent Assistance | 0 | 515 | 515 |
| Total | \$ 10,041 | \$10,688 | \$647 |

Other Revenue \$14.7 million

| Other Revenue | FY 19 Budget (in thousands) | FY 20 Budget (in thousands) | Increase/ (Decrease) |
|---|--------------------------------|--------------------------------|-------------------------|
| Portability Revenue | \$ 6,269 | \$7,807 | \$1,538 |
| Integrated Facilities Services Fees | 1,787 | 1,706 | (81) |
| Property-Related Income – Community Services | 811 | 908 | 97 |
| Property-Related Income – Operations | 743 | 762 | 19 |
| Property-Related Income – Management & General Partner Fees | 498 | 1,538 | 1,040 |
| Home Forward Development Enterprises Contributions | 977 | 1,321 | 344 |
| Other Revenue | 500 | 535 | 35 |
| Fraud and Bad Debt Recovery | 158 | 110 | (48) |
| Total | \$ 11,743 | \$14,687 | \$2,944 |

Expense

Housing Assistance Payments \$125.0 million

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

Personnel Expense \$25.2 million

- Total full-time equivalents for agency-funded positions are budgeted to be 248.4. An additional 55.7 FTE are funded directly from tax credit limited partnerships. Combined FTE are 304.1, a 13.7 FTE increase from the FY 19 budget. The below expenses reflect only activity that will be recorded for Home Forward properties.

| Personnel Expense | FY 19 Budget (in millions) | FY 20 Budget (in millions) | Increase/ (Decrease) |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------|
| Administrative Personnel Expense | \$ 7.9 | \$8.7 | \$0.8 |
| Tenant Services Personnel Expense | 2.8 | 2.9 | 0.1 |
| Program Expense | 10.8 | 11.4 | 0.6 |
| Maintenance Personnel Expense | 2.7 | 2.3 | (0.4) |
| Total | \$ 24.2 | \$25.3 | \$1.1 |

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

Other Administrative Expense \$9.7 million

- The Affordable Housing portfolio is projected to have \$1.2 million in outside payroll expense and \$1.2 million in management fee expense.
- The Administration operating group has budgeted expenses of \$3.0 million due to \$516 thousand in software and licensing fees, \$515 thousand for consultant projects related to the YARDI upgrade, Strategic Plan development, and projects related to diversity and equity.

Other Tenant Services Expenses \$2.2 million

- Tenant services expense is projected to include \$1.7 million in contracted resident services.

Other Maintenance Expenses \$8.0 million

- Public housing properties are expected to have \$1.3 million in repairs and other maintenance activities.
- Affordable housing properties are expected to have \$6.3 million in repairs and other maintenance activities, \$236 thousand of which is budgeted at master-leased properties.
- New Market West is projected to have \$514 thousand in planned repairs including \$300 thousand related to elevator repair.

Utilities \$4.7 million

- Sewer rates are rising while rates continue to decrease for gas and fuel. Garbage and recycling services will be provided by local waste haulers.

Depreciation \$7.9 million

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

General \$2.2 million

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

Net Other Income (Expense)

Investment Income \$1.6 million

- Investment income is projected to increase based upon higher interest rates than prior year estimates.
- Interest income on the notes related to the RAD/Section 18 conversions are projected to be \$1.7 million.

Investment Income \$2.7 million

-
- Interest expense (\$2.7 million) is primarily due to debt at Fairview (\$382 thousand), Lovejoy (\$335 thousand), and Rockwood Station (\$160 thousand).

Net Capital Contributions

HUD Capital Contributions \$2.7 million

- \$2.7 million in capital projects is budgeted at public housing properties, including those undergoing a RAD/Section 18 conversion.

Operating and Administrative Segment Review

FY 20 Operating Statement by Operating Group*

| Operating Statement | Rent Assistance | Public Housing Portfolio | Affordable Portfolio | Asset Management | Property Management | Safety | Integrated Facilities | Development | Community Services | Administration | Real Estate Finance | Reserves | Elimination | Home Forward Total |
|--|--------------------|--------------------------|----------------------|-----------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|--------------------|----------------------|
| Dwelling Rental | \$ - | \$ 1,961,318 | \$ 23,993,910 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (5,018,695) | \$ 20,936,533 |
| Non-dwelling Rental | - | 122,461 | 1,786,124 | - | - | - | - | - | 37,380 | 539,496 | 635,277 | - | (381,747) | 2,738,990 |
| HUD Subsidies -Housing Assistance | 108,896,943 | - | 2,936,943 | - | - | - | - | - | - | - | - | - | - | 111,833,886 |
| HUD Subsidies -Admin Fee | 8,202,756 | - | - | - | 528,798 | - | - | - | - | - | - | - | - | 8,731,554 |
| HUD Subsidies -Public Housing | - | 5,939,144 | - | - | 169,000 | - | - | - | 208,146 | - | - | 1,912,910 | - | 8,229,199 |
| HUD Grants | 5,620,123 | - | - | - | 572,496 | - | - | - | 1,348,419 | - | - | - | - | 7,541,038 |
| Development Fee Revenue, Net | - | - | - | - | - | - | - | 9,034,999 | - | - | - | - | - | 9,034,999 |
| State, Local & Other Grants | 9,586,861 | - | - | - | - | - | - | - | 1,101,577 | - | - | - | - | 10,688,438 |
| Other Revenue | 7,895,112 | 55,387 | 822,967 | 774,831 | 2,278,131 | 800,000 | 1,705,600 | 25,000 | 1,228,432 | - | - | - | (898,455) | 14,687,004 |
| Total IA Revenue | 79,699 | - | - | - | - | - | - | 49,153 | 734,378 | 131,279 | - | - | (994,509) | - |
| Total Operating Revenues | 140,281,493 | 8,078,309 | 29,539,944 | 774,831 | 3,548,424 | 800,000 | 1,705,600 | 9,109,153 | 4,658,331 | 670,774 | 635,277 | 1,912,910 | (7,293,406) | 194,421,641 |
| Housing Assistance Payments | 129,933,291 | - | 960 | - | - | - | - | - | - | - | - | - | (4,928,084) | 125,006,167 |
| Administrative Personnel Expense | 367,075 | - | - | 247,875 | 307,514 | 290,977 | 66,203 | 540,714 | 277,152 | 6,556,294 | - | - | - | 8,653,805 |
| Other Admin Expenses | 605,578 | 806,296 | 5,275,850 | 73,104 | 312,288 | 38,708 | 38,516 | 216,823 | 162,863 | 2,977,589 | - | - | (831,318) | 9,676,296 |
| Fees/overhead charged | 420,008 | - | - | 44,544 | 3,256 | 198 | 3,058 | 68,431 | - | - | - | - | (539,495) | - |
| Tenant Svcs Personnel Expense | - | - | - | - | - | - | - | 357,275 | 2,585,096 | - | - | - | - | 2,942,372 |
| Other Tenant Svcs Expenses | 254,097 | 18,565 | 8,156 | - | - | - | - | - | 1,838,097 | 83,896 | - | - | - | 2,202,810 |
| Program Expense | 5,807,667 | 759,988 | 135,135 | 871,312 | 1,163,323 | 17,869 | 193,827 | 1,560,623 | 547,294 | 338,036 | - | - | - | 11,395,074 |
| Maintenance Personnel Expense | - | 900,082 | 111,691 | - | 226,346 | 52,537 | 927,019 | - | - | 52,537 | - | - | - | 2,270,213 |
| Other Maintenance Expenses | - | 1,385,865 | 6,332,139 | - | (59,041) | 3,823 | 96,445 | - | - | 232,583 | - | - | - | 7,991,814 |
| Utilities | - | 1,111,524 | 3,442,286 | - | - | - | 40,526 | - | - | 102,200 | - | - | - | 4,696,536 |
| Total IA Expense | 329,851 | - | 491,223 | 326,238 | 342,868 | 2,561 | 12,804 | 219,999 | 460,274 | (1,191,310) | - | - | (994,509) | - |
| Depreciation | 1,362 | 1,189,810 | 6,219,353 | - | - | - | - | 121,976 | - | 230,114 | 88,263 | - | 50,040 | 7,900,919 |
| General | 106,970 | 251,035 | 1,627,618 | - | 179,225 | 840 | 18,471 | - | - | 40,625 | 1 | - | - | 2,224,785 |
| Total Operating Expenses | 137,825,899 | 6,423,166 | 23,644,410 | 1,563,073 | 2,475,780 | 407,514 | 1,396,869 | 3,085,842 | 5,870,776 | 9,422,564 | 88,264 | - | (7,243,366) | 184,960,790 |
| Operating Income (Loss) | 2,455,595 | 1,655,143 | 5,895,534 | (788,242) | 1,072,645 | 392,486 | 308,731 | 6,023,311 | (1,212,445) | (8,751,790) | 547,013 | 1,912,910 | (50,040) | 9,460,850 |
| Total Overhead Allocations | 2,197,684 | - | - | 1,225,114 | 2,661,885 | 49,415 | 302,064 | 1,342,729 | 1,007,731 | (8,786,623) | - | - | - | - |
| Operating Income (Loss) after Overhead | 257,910 | 1,655,143 | 5,895,534 | (2,013,356) | (1,589,240) | 343,071 | 6,667 | 4,680,582 | (2,220,176) | 34,834 | 547,013 | 1,912,910 | (50,040) | 9,460,851 |
| Reserve Funding | - | (100,000) | (1,100,000) | - | 43,800 | - | - | (1,982,024) | 455,630 | 393,000 | (195,801) | 2,485,395 | - | - |
| Operating Income (Loss) after Reserve Funding | 257,910 | 1,555,143 | 4,795,534 | (2,013,356) | (1,545,440) | 343,071 | 6,667 | 2,698,558 | (1,764,546) | 427,834 | 351,212 | 4,398,305 | (50,040) | 9,460,851 |
| Investment Income | - | - | 236,764 | - | 1,978 | - | - | - | - | 66,046 | 1,061,173 | 188,009 | - | 1,553,969 |
| Interest Expense | 3,418 | - | (2,546,198) | - | - | - | - | - | - | (104,455) | - | - | - | (2,647,235) |
| Net Other Income (Expense) | 3,418 | - | (2,309,434) | - | 1,978 | - | - | - | - | (38,409) | 1,061,173 | 188,009 | - | (1,093,266) |
| HUD Nonoperating Contributions | - | - | - | - | - | - | - | 150,000 | - | - | 2,510,323 | - | - | 2,660,323 |
| Reserve Funded Capital Contributions | - | - | 2,671,000 | - | - | - | - | - | - | - | 800,000 | (3,471,000) | - | - |
| Net Capital Contributions | - | - | 2,671,000 | - | - | - | - | 150,000 | - | - | 3,310,323 | (3,471,000) | - | 2,660,323 |
| Change In Net Position | \$ 261,328 | \$ 1,555,143 | \$ 5,157,100 | \$ (2,013,356) | \$ (1,543,462) | \$ 343,071 | \$ 6,667 | \$ 2,848,557 | \$ (1,764,547) | \$ 389,425 | \$ 4,722,707 | \$ 1,115,313 | \$ (50,040) | \$ 11,027,907 |

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

FY 20 Funding Flow Analysis by Operating Group*

| | Rent Assistance | Public Housing Portfolio | Affordable Portfolio | Asset Management | Property Management | Safety | Integrated Facilities | Development | Community Services | Administration | Real Estate Finance | Reserves | Elimination | Home Forward Total |
|--|-----------------|--------------------------|----------------------|------------------|---------------------|------------|-----------------------|--------------|--------------------|----------------|---------------------|--------------|-------------|--------------------|
| Operating Income (Loss) after Overhead | \$ 257,910 | \$ 1,655,143 | \$ 5,895,534 | \$ (2,013,356) | \$ (1,589,240) | \$ 343,071 | \$ 6,667 | \$ 4,680,582 | \$ (2,220,176) | \$ 34,834 | \$ 547,013 | \$ 1,912,910 | \$ (50,040) | \$ 9,460,851 |
| Real Estate Portfolio | | | | | | | | | | | | | | |
| Affordable Housing Properties Operating Activity | - | - | (11,645,403) | - | - | - | - | - | - | - | - | - | - | (11,645,403) |
| Revenue from Properties to Home Forward | - | - | (609,808) | - | - | - | - | - | (384,417) | - | - | - | - | (994,225) |
| Unrestricted Cash to HAP | - | - | 3,185,085 | - | - | - | - | - | 388,874 | - | 952,281 | - | - | 4,526,241 |
| Net Replacement Reserve Activity (New Market West) | - | - | - | - | - | - | - | - | - | (98,400) | - | - | - | (98,400) |
| Net Replacement Reserve Activity (Special Needs) | - | - | (219,610) | - | - | - | - | - | - | - | - | - | - | (219,610) |
| Developer Fee - Impact to Funding Flow | | | | | | | | | | | | | | |
| Developer Fee Revenue | - | - | - | - | - | - | - | (9,034,999) | - | - | - | - | - | (9,034,999) |
| Developer Fee - Cash to HAP(Net) | - | - | - | - | - | - | - | 7,175,899 | - | - | - | - | - | 7,175,899 |
| Financing/Investment Activity | | | | | | | | | | | | | | |
| Principal & Interest - Special Needs | - | - | (128,359) | - | - | - | - | - | - | - | - | - | - | (128,359) |
| Principal & Interest - New Market West | - | - | - | - | - | - | - | - | - | (166,548) | - | - | - | (166,548) |
| Capital Acquisitions | | | | | | | | | | | | | | |
| Fleet Vehicle | - | - | - | - | - | - | (140,030) | - | - | - | - | - | - | (140,030) |
| Fleet Vehicle Reserve Funding | - | - | - | - | - | - | 140,030 | - | - | - | - | (140,030) | - | - |
| Non-Cash Operating Activity | | | | | | | | | | | | | | |
| Depreciation Expense | 1,362 | 1,189,810 | 6,219,353 | - | - | - | - | 121,976 | - | 230,114 | 88,263 | - | 50,040 | 7,900,919 |
| Other MTW Reserve Activity | | | | | | | | | | | | | | |
| Special Purpose Reserve Activity | | | | | | | | | | | | | | |
| Inter Departmental Reserve Transfers | (259,273) | (2,744,953) | (1,596,793) | 2,013,356 | 1,589,240 | 376,928 | (6,667) | - | 2,215,718 | - | (1,587,557) | - | - | - |
| DCR Operating Reserve | - | - | - | - | - | - | - | (2,943,457) | - | - | - | - | - | (2,943,457) |
| Affordable Portfolio Reserve | - | - | (1,000,000) | - | - | - | - | - | - | - | - | - | - | (1,000,000) |
| 85 Stories Asset Repositioning Fee Reserve | - | - | - | - | - | - | - | - | - | - | - | (1,772,880) | - | (1,772,880) |
| Safety Reserve | - | - | - | - | - | (720,000) | - | - | - | - | - | - | - | (720,000) |
| Insurance Reserve | - | (100,000) | (100,000) | - | - | - | - | - | - | - | - | - | - | (200,000) |
| Department Reserve Activity | | | | | | | | | | | | | | |
| Final Funding Source or (Shortfall) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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

FY 20 Staffing Summary by Operating Group

| | Rent Assistance | Public Housing Portfolio | Affordable Portfolio | Asset Management | Property Management | Safety | Integrated Facilities | Development | Community Services | Administration | Agency Funded | Limited Partnerships | Agency Managed |
|----------------------|-----------------|--------------------------|----------------------|------------------|---------------------|--------|-----------------------|-------------|--------------------|----------------|---------------|----------------------|----------------|
| FY 2019 Budgeted FTE | 64.0 | 30.2 | 1.5 | 8.0 | 20.6 | 1.9 | 11.8 | 18.0 | 36.8 | 52.2 | 245.0 | 45.4 | 290.4 |
| FY 2020 Budgeted FTE | 69.0 | 19.3 | 2.1 | 8.0 | 20.9 | 2.9 | 11.2 | 19.0 | 38.5 | 57.6 | 248.4 | 55.7 | 304.1 |
| Changes | 5.0 | (10.9) | 0.6 | - | 0.3 | 1.0 | (0.6) | 1.0 | 1.7 | 5.4 | 3.4 | 10.3 | 13.7 |

Rental Assistance Demonstration (RAD) and Section 18 Conversions

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

Home Forward will earn admin fee (currently \$68 per voucher per month) on all of the RAD/Section 18 converted units. The properties that are projected to be impacted in the upcoming budget cycle are presented below. The North Group reflects the full twelve months in the Tax Credit Limited Partnership and the East Group reflects six months in the Tax Credit Limited Partnership. The voucher activity for these deals is reflected in the Rent Assistance operating group for the same duration as above.

| Properties Converted in FY 19 | | | | | |
|--|-----------------|-----------------|-----------------|---------------|--|
| Property | Units Converted | Conversion Type | Conversion Date | RAD Group | |
| Alderwood | 20 | RAD | 6/18/2019 | East Group LP | |
| Hunters Run | 10 | RAD | 6/18/2019 | East Group LP | |
| Tillicum South | 12 | RAD | 6/18/2019 | East Group LP | |
| Harold Lee Village | 10 | RAD | 6/18/2019 | East Group LP | |
| Floresta | 20 | RAD | 6/18/2019 | East Group LP | |
| Powellhurst | 34 | RAD | 6/18/2019 | East Group LP | |
| Tillicum North | 18 | RAD | 6/18/2019 | East Group LP | |
| RAD Conversions | 124 | | | | |
| Medallion Apts. | 90 | Section 18 | 6/18/2019 | East Group LP | |
| Williams Plaza | 101 | Section 18 | 6/18/2019 | East Group LP | |
| Section 18 Conversions | 191 | | | | |
| Total East Group LP Conversions | 315 | | | | |

Over the next several years, Home Forward expects to convert its remaining public housing portfolio. Future conversions include the following:

| Future Expected Conversions | | | |
|---|-----------------|-----------------|------------------|
| Property | Units Converted | Conversion Type | RAD Group |
| Central Group LP | | | |
| Fir Acres | 32 | RAD | Central Group LP |
| Townhouse Terrace | 32 | RAD | Central Group LP |
| Stark Manor | 30 | RAD | Central Group LP |
| Eastwood Court | 32 | RAD | Central Group LP |
| Carlton Court | 24 | RAD | Central Group LP |
| Demar Downs | 18 | RAD | Central Group LP |
| Celilo Court | 28 | RAD | Central Group LP |
| RAD Conversions | 196 | | |
| Dahlke Manor | 115 | Section 18 | Central Group LP |
| Section 18 Conversions | 115 | | |
| Total Central Group LP Conversions | 311 | | |
| South Group LP | | | |
| Peaceful Villa | 70 | RAD | South Group LP |
| Cora Park | 10 | RAD | South Group LP |
| Lexington Court | 20 | RAD | South Group LP |
| Slavin Court | 24 | RAD | South Group LP |
| Chateau Apartments | 10 | RAD | South Group LP |
| Scattered East A | 7 | RAD | South Group LP |
| RAD Conversions | 141 | | |
| Holgate House | 80 | Section 18 | South Group LP |

| Future Expected Conversions | | | |
|---|-----------------|-----------------|----------------|
| Property | Units Converted | Conversion Type | RAD Group |
| Ruth Haefner Plaza | 73 | Section 18 | South Group LP |
| Section 18 Conversions | 153 | | |
| Total South Group LP Conversions | 294 | | |
| Dekum Court | 40 | Section 18 | Dekum |
| Total Future Conversions | 645 | | |

Additionally, in 2019, Home Forward assisted several local service providers to convert six SRO/MOD properties under RAD Phase II. These buildings, previously under a Single Room Occupancy/Moderate Rehabilitation subsidy and operated by Central City Concern or REACH CDC, converted to a Project-Based subsidy. Home Forward does not own these properties but manages the subsidy for these converted buildings. These conversions earn admin fee, as well as provide a one-time \$200 per unit admin fee to assist with the subsidy transfer.

| Properties Converted in FY 19 | | | | |
|----------------------------------|-----------------|-----------------|-----------------|-----------|
| Property | Units Converted | Conversion Type | Conversion Date | RAD Group |
| Butte Hotel | 37 | SRO/MOD RAD | 8/1/2019 | |
| Biltmore Hotel | 75 | SRO/MOD RAD | 8/1/2019 | |
| The Rose | 57 | SRO/MOD RAD | 9/1/2019 | |
| Ankeny Square | 100 | SRO/MOD RAD | 10/1/2019 | |
| Sally McCracken | 92 | SRO/MOD RAD | 11/1/2019 | |
| Rose Wood | 21 | SRO/MOD RAD | 11/1/2019 | |
| Total SRO/MOD Conversions | 382 | SRO/MOD RAD | | |

Budget Commentary – Rent Assistance

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|----------------|----------------|-------------------------|
| Operating Revenue | \$ 126,464,444 | \$ 140,281,493 | \$ 13,817,049 |
| Operating Expense | 124,998,856 | 137,825,899 | 12,827,043 |
| Operating Income Before OH | 1,465,588 | 2,455,595 | 990,007 |
| Allocated Overhead | 1,897,542 | 2,197,684 | 300,142 |
| Operating Income After OH | (431,954) | 257,910 | 689,864 |
| Funding Flow Activity | (430,592) | 259,273 | 689,865 |
| Funding Required or (Contributed) for Current Agency Activities | \$ 430,592 | \$ (259,273) | \$ (689,865) |
| Total Budgeted FTE | 64.0 | 69.0 | 5.0 |

Rent Assistance Key Assumptions

Home Forward collaborated with housing authorities in Vancouver, Washington, as well as Clackamas and Washington Counties in Oregon, and the Portland Housing Bureau to commission a Fair Market Rent (FMR) survey performed by Washington State University. This survey was formally submitted to HUD in December 2018 and accepted in March of 2019. As a result of the acceptance of the rent survey, the fair market rents within the Portland-Hillsboro-Vancouver Metropolitan Statistical Area (MSA) increased by an average of 8.5%. In addition, the fair market rents received an additional average of 4% increase in October of 2019. The combination of the FMR increase, House, and Senate FY 20 Bills for HUD funding are contributing to a projected funding increase of two percent from 2019's level. These funding increases are still not keeping pace with the inflation of our housing assistance payment costs.

Housing Assistance Payments for the agency are projected to be \$125 million, an \$11.9 million increase from last year. HAP expenses are broken down by individual program in the table below. Homeless Initiatives include Short-Term Rent Assistance (STRA), Shelter Plus Care (SPC), and Long-Term Rent Assistance (LRA).

| Program Cost/Expenses | Average Utilized Vouchers | Average Voucher Cost | Total HAP Expense |
|-----------------------|---------------------------|----------------------|-------------------|
| MTW Vouchers | 7,337 | \$ 858.02 | \$ 75,543,183 |
| Homeless Initiatives | 1,621 | 788.24 | 15,332,907 |
| RAD | 1,027 | 850.06 | 10,476,181 |
| Portability (Port-In) | 667 | 926.97 | 7,419,478 |
| VASH | 720 | 794.70 | 6,866,210 |
| SRO/MOD RAD | 382 | 784.13 | 3,594,443 |
| Section 18 TPV RAD | 429 | 778.27 | 4,006,548 |

| Program Cost/Expenses | Average Utilized Vouchers | Average Voucher Cost | Total HAP Expense |
|--------------------------|---------------------------|----------------------|-------------------|
| FUP | 141 | 1,023.38 | 1,731,554 |
| Portability (Port-Out) | 152 | 947.42 | 1,728,100 |
| LBS | 284 | 452.30 | 1,541,428 |
| Mainstream | 99 | 723.13 | 859,080 |
| SRO/MOD | 130 | 468.04 | 730,140 |
| Flexible Rent Assistance | | N/A | 105,000 |
| Subtotal: HAP Expense | | | 129,934,251 |
| Less: Eliminations* | | N/A | (4,928,084) |
| Total Vouchers | 12,989 | | \$ 125,006,167 |

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

Administrative fees for administering vouchers are \$8.2 million, representing a \$525,000 increase from last year due to additional voucher awards and RAD conversions.

Home Forward is now administering several additional awards announced in fiscal year 2019: VASH – 191 vouchers, Mainstream (Non-Elderly/Disabled) – 99 vouchers, and FUP – 88 vouchers. In addition to these awards, we have also submitted applications for additional VASH and FUP vouchers to be awarded in late 2019/early 2020. Due to these awards not being finalized, no future increment awards are included in the 2020 budget.

To assist with the waitlist pulls and the additional voucher awards, Total Budgeted FTE is increasing by 5.0 FTE.

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

Housing Choice Vouchers - \$129.9 million (\$4.9 million for vouchers in our Affordable Portfolio)

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

- Moving to Work (MTW) Vouchers - \$75.5 million

Home Forward manages 8,418 Moving to Work Vouchers.

For the last several years, the federal government has not provided adequate funding to cover the actual housing costs of our region. After a three-year freeze, Home Forward was only able to begin pulling from the voucher waitlist during the fall of FY 19. As such, voucher utilization has declined and is anticipated to be 87.4%.

Home Forward began to pull from the Housing Choice Voucher waitlist during fiscal year 2019, and will end 2019 with more than 400 households pulled from the waitlist. During fiscal year 2020, an additional 600 households will be pulled from the HCV waitlist, ending 2020 with a quarter of the 3,155 waitlist households pulled. In addition, Home Forward will likely need to adjust payment standards to adjust for an additional increase in fair market rents in late 2020. These adjustments will result in an incremental increase to housing assistance payments.

Tenant-Based attrition (vouchers returned) is projected to be 20 vouchers per month. The \$75.5 million in program expense is a \$445 thousand increase from the prior year, due to increased housing costs and waitlist pulls.

- o Homeless Initiatives - \$15.3 million

In addition to federally funded HCV, Home Forward receives grant funding and collaborates with community service providers to offer Short-Term Rent Assistance (STRA). Serving approximately 500 households per month, STRA provides limited housing assistance to households in Multnomah County that are experiencing homelessness or are at risk of homelessness. Home Forward also manages Shelter Plus Care grants, serving approximately 495 households per month. Shelter Plus Care provides rent assistance and supportive services to people with disabilities who are experiencing homelessness.

Home Forward administers a local, long-term rent assistance program, funded by the Joint Office for Homeless Services in Multnomah County. This program funds rent assistance similar to the HCV program for 55 households. This pilot program, started in calendar year 2018, serves to be an example for a possible state-run assistance program.

The \$15.3 million in program expenses is a \$2.8 million increase from the prior year due to the addition of the long-term voucher program, increased funding for STRA, and higher FMRs resulting in increased funding in Shelter Plus Care.

- o RAD - \$10.5 million

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

Public Housing RAD conversions have a budget impact of \$10.5 million, an increase of \$1.8 million from the prior year due to additional conversions completed in FY 19.

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

- o Portability (Port-In) - \$7.4 million

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

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

Port-in vouchers for FY 20 are anticipated to be four new vouchers administered per month, with an average per month of 667 vouchers. Home Forward exercises portability billing and receives reimbursement for HAP and admin fee expenses from the initial housing authority for port-in vouchers.

- VASH - \$6.9 million

Home Forward administers 855 VASH Vouchers in partnership with the Department of Veterans Affairs. Utilization of these vouchers is anticipated to be 85% as the additional 191 vouchers awarded in 2019 continue to be issued and leased. \$6.8 million in VASH program expense is a \$224 thousand increase from the prior year, due to new increment awards and increased voucher utilization.

- Section 18 SRO/MOD RAD - \$3.6 million

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

The \$4.6 million in budget impact for this subset of RAD conversions is new for the FY 20 budget.

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

- Section 18 TPV RAD - \$4.0 million

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

RAD Section 18 conversions have a budget impact of \$4.0 million, an increase of \$1.6 million from the prior year due to additional conversions completed in FY 19.

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

- Family Unification Program (FUP) - \$1.7 million

Home Forward manages 188 FUP Vouchers. Utilization of these vouchers is anticipated to be 80% as the additional 88 vouchers awarded in 2019 continue to be issued and leased. \$1.7 million in FUP program expense is a \$703 thousand increase from the prior year, due to new increment awards and increased voucher utilization.

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

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

Under port-out regulations, Home Forward is defined as the initial housing authority and households lease under administration of the receiving housing authority. The receiving housing authority has the

option to bill expenses, both housing assistance payments and a prorated administrative fee, back to Home Forward.

Port-out vouchers are projected to average 152 per month with little changes in new port-outs each month. Most receiving housing authorities chose to bill Home Forward for vouchers leased in their jurisdiction under portability.

- Mainstream - \$860 thousand

Home Forward manages 99 Mainstream Vouchers, newly awarded in 2019. Utilization of these vouchers is anticipated to be 100%. This award is new to Home Forward's budget for this year.

- SRO/MOD - \$730 thousand

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

Starting in Fiscal Year 2019, several SRO/MOD properties converted under RAD Phase II, converting the previous SRO/MOD subsidy to project-based vouchers. Converted units and relevant program expenses are reported under RAD Vouchers. Home Forward continues to manage 130 SRO/MOD units that have not converted under RAD. The \$730 thousand in program expense is a \$2.0 million decrease from the prior year, due to the RAD conversions.

Moving to Work (MTW) Initiatives - \$3.3 million

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

- Local Blended Subsidy (LBS) program uses a blend of MTW Section 8 and RAD funds to subsidize units reserved for families earning 80% or below of area median income. These units may be new construction, rehabilitated, or existing housing. LBS has been utilized for 284 units at three properties. This includes 130 units at Bud Clark Commons, 45 units at Madrona Place, and 109 units at Stephens Creek Crossing (64 units at Stephens Creek North and 45 units at Stephens Creek South). \$1.5 million in LBS funding is an increase of \$239 thousand from the prior year, due to a need for increased per unit subsidy.

- Short-Term Rent Assistance (STRA) - \$938 thousand

Home Forward will provide short to medium-term rent assistance and leverage support at community schools with the goal of improving academic outcomes and housing stability. In combination with program-based assistance, Home Forward sets aside a pool of flexible rent assistance funds to serve targeted populations, in partnership with one or more local service providers who ensure that the families have access to the supportive services or resources they need to be stable and successful. \$938 thousand in funding is an increase of \$117 thousand from the prior year.

- VASH Security Deposit - \$128 thousand

Home Forward offers security deposit assistance to participants leasing up with Veterans Affairs Supportive Housing (VASH) vouchers, a key support to finding housing for veterans and increasing

utilization of our VASH vouchers. \$128 thousand in program expense is an increase of \$55 thousand from the prior year, due to additional VASH increment awards and higher VASH voucher utilization.

- Flexible Rent Assistance - \$105 thousand

Flexible rent assistance helps participants with various barriers to housing including applications, bad debt, security deposits, expungement fees, and other financial assistance to aid the leasing process. Flexible rent assistance is paired with a Housing Search Advocates program works with participants to: 1) develop individualized housing search plans which include addressing any housing barriers such as past evictions or bad credit; 2) meet directly with landlords and applicants/participants to navigate the application and leasing process, including filing appeals of denials and accommodations for special needs; 3) stay informed of the available housing inventory and maintain strong landlord relationships; and 4) help support households in understanding Home Forward's rules and processes. This program is new for Fiscal Year 2020.

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

Personnel Expenses - \$6.2 million

- Personnel expenses of \$6.2 million for FY 20 support 69 FTE within Rent Assistance. This represents an increase of \$752 thousand from the prior year, due to added FTE and planned compensation increases.

Budget Commentary – Public Housing Portfolio

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|--------------|----------------|-------------------------|
| Operating Revenue | \$ 9,896,396 | \$ 8,078,309 | \$ (1,818,087) |
| Operating Expense | 9,813,196 | 6,423,166 | (3,390,030) |
| Operating Income Before OH | 83,199 | 1,655,143 | 1,571,944 |
| Allocated Overhead | - | - | - |
| Operating Income After OH | 83,199 | 1,655,143 | 1,571,944 |
| Funding Flow Activity | 2,073,063 | 2,744,953 | 671,890 |
| Funding Required or (Contributed) for Current Agency Activities | (2,073,063) | \$ (2,744,953) | \$ (671,890) |
| Total Budgeted FTE | 30.2 | 19.3 | (10.9) |

The Public Housing Portfolio includes the budget activity for 17 traditional public housing properties and 19 property-level staff. Home Forward’s public housing stock provides an important resource to the community by providing housing in 644 rentable units throughout Multnomah County. The unit count in Public Housing continues to decline as properties are converted to RAD and Section 18. Property staff focus on the management and maintenance of the properties and work towards preserving the aging housing stock.

In FY 20, staff will continue to integrate maintenance, property management, inspections, and services with the goal of decreasing maintenance costs and turnover time.

Public Housing Key Assumptions

| Public Housing Portfolio Operating Subsidy Assumptions | | |
|--|-------------|-------------|
| | FY 19 | FY 20 |
| Physical Units in Public Housing Portfolio | 960 | 645 |
| Subsidized Units in Public Housing Portfolio | 958 | 644 |
| Eligibility Per Unit Per Month | \$719 | \$1,161 |
| Budgeted Proration | 88% | 92% |
| Budgeted Proration Per Unit Per Month* | \$600 | \$769 |
| Total Subsidy* | \$6,901,024 | \$5,939,503 |

*(Less Carve-outs for PILOT, GOALS, and ARF)

Nine properties converted to RAD/Section 18 in FY 19, resulting in a total subsidy decrease at Public Housing Properties.

Households Served – occupancy is assumed at 98%.

FTEs – During FY 19, nine properties converted to RAD/Section 18. The expenses of the associated FTE are now reflected in the tax credit properties. As a result, Public Housing shows a net decrease of 10.9 FTE due to these positions.

Public Housing Major Revenue and Expense Items

Operating Revenue is \$8.08 million, down \$1.82 million from FY 19. \$3.13 million of reduced revenue is due to nine properties converting to RAD in 2019, offset by \$1.31 million in increased revenue at remaining PH properties. The primary sources of Operating Revenue are:

- Dwelling Rental is \$1.96 million, a decrease of \$820 thousand.
- HUD Subsidies for public housing is \$5.92 million, a decrease of \$962 thousand.
- Non-dwelling rental is \$122 thousand from commercial rental income. This is an increase of \$7 thousand.
- Other revenue from laundry and other fees is \$55 thousand, a decrease of \$44 thousand.

Operating Expenses are \$6.4 million, down \$3.39 million from FY 19. \$3.12 million of reduced expense is due to RAD/Section 18 conversions. An additional \$267 thousand in reduced expenses is due to remaining PH properties. The primary drivers of Operating Expenses are:

- Maintenance is \$2.3 million, down \$1.4 million. \$268 thousand of reduced expense is in remaining PH properties. \$282 thousand of reduced expense is due to reductions in non-recurring maintenance, and \$132 thousand is due to personnel, offset by increases of \$192 thousand in maintenance contracts and services. Maintenance includes \$900 thousand in Maintenance Personnel Expense and \$1.4 million in Other Maintenance Expenses.
- Administration is \$806 thousand, reduced \$263 thousand. Administration includes \$542 thousand in property management fees charged by the Property Management department. Courtesy patrol contracts have increased \$72 thousand at remaining PH properties in response to a need for greater security presence.
- Depreciation is \$1.19 million, reduced \$800 thousand.
- Utilities are \$1.11 million, down \$471 thousand from FY19. Remaining PH properties are seeing a \$54 thousand increase in rates.
- Program Expense is \$760 thousand, which covers personnel expenses and temporary help at properties. This is reduced \$355 thousand from FY 19.
- General Expenses include \$232 thousand in insurance. Remaining PH properties are seeing an increase in insurance of \$59 thousand due to increased rates.
- All personnel expenses include planned compensation increases.

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

Public Housing Funding Required for Current Agency Activities

The Public Housing Portfolio provides \$2.74 million in projected cash flow for agency and property needs. \$100 thousand from operations will be contributed to an Insurance Reserve

Budget Commentary – Affordable Housing Portfolio

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|---------------|----------------|-------------------------|
| Operating Revenue | \$ 26,668,498 | \$ 29,539,944 | \$ 2,871,446 |
| Operating Expense | 21,214,603 | 23,644,410 | 2,429,807 |
| Operating Income Before OH | 5,453,895 | 5,895,534 | 441,639 |
| Allocated Overhead | - | - | - |
| Operating Income After OH | 5,453,895 | 5,895,534 | 441,639 |
| Funding Flow Activity | 1,938,761 | 1,596,793 | (341,968) |
| Funding Required or (Contributed) for Current Agency Activities | (1,938,761) | \$ (1,596,793) | \$ 341,968 |
| Total Budgeted FTE | 1.5 | 2.1 | 0.6 |

The Affordable Housing Portfolio consists of 60 properties with 3,071 units throughout Multnomah County, financed by private debt, public debt, and tax credit funding.

The Affordable Housing Portfolio consists of non-public housing properties owned directly by Home Forward (28 properties) and 31 properties with master leases (with local service providers). 26 of the 28 properties are managed by external property management companies. The FTE for this operating group is only 2.1, since the majority of the FTE are at the external property management companies. For the externally managed properties, expenses are on the Home Forward financials, but the FTE are not included in the Home Forward head count. The operating results for the 3,008 tax credit units are not reflected in the Home Forward operating budget.

The Affordable Housing Portfolio is a major contributor of revenue to the agency through cash flow from mature properties. The major challenge for the Affordable Housing Portfolio in the upcoming year is balancing the agency's need for cash flow while completing much needed capital improvements at a number of aging sites. Rising insurance costs and the transition to RAD/Section 18 funding will be other issues in the upcoming fiscal year.

Affordable Housing Key Assumptions

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

FTE have increased by 0.6 FTE with the addition of The Alexis, a 40-unit property in Outer Southeast Portland.

One property will convert to a tax credit in FY 20 (Fountain Place), two properties are expected to convert from tax credit to affordable in FY 20 (Cecelia and Haven), and one property was added to the affordable portfolio in 2019 (The Alexis). The overall impact of the conversions will be \$557 thousand in additional expense to the affordable portfolio.

| Property Name | Units | Revenue | Expenses | Net Change |
|----------------|-------|-------------|-------------|-------------|
| The Alexis | 40 | \$608,424 | \$396,736 | \$211,688 |
| Cecelia | 131 | 1,588,287 | 1,860,073 | (271,786) |
| Haven | 44 | 519,150 | 717,569 | (198,419) |
| Fountain Place | (80) | (824,280) | (525,689) | (298,591) |
| Total | 135 | \$1,891,581 | \$2,448,689 | (\$557,108) |

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

Insurance premiums are projected to be \$871 thousand as premium rates continue to rise.

\$6.3 million in maintenance projects including the following large projects:

- New Columbia: Cecelia (Exterior Painting, 2nd of three year project)
- New Columbia: Haven (Exterior Painting, 2nd of three year project)
- Unthank Plaza (Building envelope, brick repair and sealing)
- Kelly Place (Deck replacement)
- Rockwood Station (Office Remodel, HVAC and plumbing)
- Pearl Court (Compactor replacement)
- Grace Peck Terrace (Generator Replacement, Common area carpet replacement)
- Lovejoy Station (Camera system, Fire alarm system)
- Rosenbaum Plaza (Elevator Replacement, Storefront Improvement)
- Yards @ Union Station (HVAC)
- Gretchen Kafoury (Window replacement, patio replacement)

Affordable Housing Major Revenue and Expense Items

Operating Revenues are budgeted to be \$29.5 million, a \$2.9 million dollar increase. The below comments highlight the major trends.

- Dwelling rental is projected to be \$24.0 million, an increase of \$2.9 million of which \$1.8 million is attributable to the new affordable properties described above. The remainder of the change is due to high occupancy rates and rental increases capped at five percent.

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

- Utilities are projected to be \$3.4 million, an increase of \$505 thousand from previous budget, reflecting rate increases.
- Depreciation is budgeted at \$6.2 million, an increase of \$292 thousand from previous budget.
- Management fees for third-party-managed properties are expected to be \$1.2 million, an increase of \$144 thousand from previous budget.
- Third-party-managed properties have budgeted \$2.3 million in payroll expense, an increase of \$310 thousand from previous budget.

Affordable Housing Funding Required for Current Agency Activities

- Of the \$4.5 million in unrestricted cash that the agency will receive, \$3.2 million is recognized in the Affordable Housing Portfolio.
- Funding a \$1.0 million, Real Estate Capital Reserve is part of a ten-year plan to address future capital needs within the Affordable Housing Portfolio. This is an increase of \$431 thousand from previous budget.
- \$100 thousand from operations will be contributed to an Insurance Reserve

Budget Commentary – Asset Management

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|--------------|--------------|-------------------------|
| Operating Revenue | \$ 972,498 | \$ 774,831 | \$ (197,667) |
| Operating Expense | 1,519,918 | 1,563,073 | 43,155 |
| Operating Income Before OH | (547,420) | (788,242) | (240,822) |
| Allocated Overhead | 1,091,845 | 1,225,114 | 133,269 |
| Operating Income After OH | (1,639,265) | (2,013,356) | (374,091) |
| Funding Flow Activity | (1,939,265) | (2,013,356) | (74,091) |
| Funding Required or (Contributed) for Current Agency Activities | 1,939,265 | \$ 2,013,356 | \$ 74,091 |
| Total Budgeted FTE | 8.0 | 8.0 | - |

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

| Portfolio Type | Properties | Units |
|----------------|------------|-------|
| Public Housing | 17 | 645 |
| Master Leased | 31 | 498 |
| Affordable | 28 | 2,566 |
| Tax Credit | 34 | 3,008 |
| Total | 112 | 6,717 |

Asset Management Key Assumptions

Asset Management is maintaining its staff level at eight FTE, there is no change for FY 20.

The Asset Management group is now providing asset management services to properties owned by jurisdictional partners.

Asset Management Major Revenue and Expense Items

Operating Revenues of \$775 thousand, a decrease of \$149 thousand from previous budget. Last year included a \$300 thousand contribution for insurance reserves not included this current fiscal year. This is partially offset by an increase in Home Forward Property Asset Management fees.

\$165 thousand in Asset Management Fees from jurisdictional partners and \$615 thousand for Home Forward Asset Management fees.

Operating Expenses of \$1.6 million is essentially flat from prior year, mainly comprised of personnel expenses.

Asset Management Funding Required for Current Agency Activities

The Asset Management department needs \$2.0 million to fully fund all planned operations, an increase of \$74 thousand from prior budget year.

Budget Commentary – Property Management

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|--------------|--------------|-------------------------|
| Operating Revenue | \$ 3,080,324 | \$ 3,548,424 | \$ 468,100 |
| Operating Expense | 2,543,011 | 2,475,780 | (67,231) |
| Operating Income Before OH | 537,313 | 1,072,645 | 535,332 |
| Allocated Overhead | 2,155,778 | 2,661,885 | 506,107 |
| Operating Income After OH | (1,618,465) | (1,589,240) | 29,225 |
| Funding Flow Activity | (1,611,964) | (1,589,240) | 22,724 |
| Funding Required or (Contributed) for Current Agency Activities | 1,611,964 | \$ 1,589,240 | \$ (22,724) |
| Total Budgeted FTE | 20.6 | 20.9 | 0.3 |

Property Management is the service department for Home Forward's self-managed properties. The Property Management group is responsible for overseeing the compliance and maintenance at 46 properties. These properties provide housing for 2,598 households and reflect the RAD/Section 18 conversions.

| Subsidy Type | Properties |
|---------------------------------|------------|
| Public Housing | 17 |
| Master Leased | 3 |
| Tax Credit | 24 |
| Affordable | 2 |
| Total Properties Managed | 46 |

Overall, the Property Management group supervises 97.5 FTE. 55 of those staff are budgeted in tax credit properties, and their operating results are excluded. The operating activity for the tax credit properties is reported outside of the Property Management budget, but their associated overhead costs are included in this department. Another 19 staff are budgeted at the traditional public housing properties, and the associated costs are within the Public Housing Portfolio budget. The 20.9 staff captured in this budget include management, compliance, and maintenance staff who provide peer training and backfill services.

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

Property Management Key Assumptions

FTEs – Property Management is essentially flat compared to prior year.

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

In FY 19, Property Management staff supported the conversion of nine RAD/Section 18 public housing properties (see the RAD table for individual property details).

Property Management will provide support for the remaining 17 public housing properties pending future conversions of RAD/Section 18 applications.

Property Management Major Revenue and Expense Items

Operating Revenue is \$3.55 million, up \$468 thousand from FY 19. The major contributors to Operating Revenue are:

- Public Housing HUD Subsidies are \$169 thousand and this funds the Payment in Lieu of Taxes (PILOT).
- Other Revenue is \$2.28 million and includes property management fees where the fees are being charged to properties instead of being charged overhead.
 - Property Management fees are \$1.83 million, up \$86 thousand over FY 19. The increase is due to a new property under management, The Alexis, and an allowance for inflation.
 - \$603 thousand from the Public Housing Portfolio.
 - \$1.22 million from tax credit property management fees.
- HUD Subsidies are \$529 thousand from Rent Assistance Section 8 Admin. This administrative fee earned on RAD conversions is new for FY 20, and will provide compliance on tax credit reviews.
- An ongoing contribution from Home Forward Development Enterprises to cover a portion of the lost overhead and administrative expenses is \$451 thousand. The contribution relates to the first phase of the 85 stories conversions.
- HUD Grants are \$573 thousand from the Capital Fund Program grant, a decrease of \$54 thousand.
- Inter-Agency revenue is zero, a decrease of \$93 thousand due to staff changes.

Operating Expense is \$2.48 million, a decrease of \$67 thousand from FY 19. The major drivers of Operating Expenses are:

- Administration Expenses are \$620 thousand, up \$19 thousand from FY 19.
 - \$308 thousand is in Administrative Personnel Expense, a \$2 thousand increase that includes planned compensation increases.
 - \$312 thousand is in Other Admin Expenses, an increase of \$17 thousand. Increases include \$12 thousand in answering service, \$10 thousand in legal expense, and \$9 thousand in training, offset by decreases of \$11 thousand in other professional services, and \$5 thousand in consultants.
- Program Expense is \$1.16 million, which covers personnel expenses and temporary help. This is down \$82 thousand due to decreased need for temporary help and other staffing changes.
- Maintenance Expenses are \$167 thousand, primarily in Maintenance Personnel Expenses for floating and on-call staff. This is a reduction of \$15 thousand due to allocations to properties for floating and on-call staff.

-
- Total Inter-Agency Expense is \$343 thousand for support staff, down \$20 thousand from FY 19.
 - General Expenses are \$179 thousand, comprised mainly of PILOT. This amount is unchanged year-over-year.
 - Personnel expenses include planned compensation increases.

Property Management Funding Required for Current Agency Activities

The Property Management Department requires \$1.59 million to fully fund all planned operations. This is a decrease of \$23 thousand.

Budget Commentary – Safety

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|--------------|--------------|-------------------------|
| Operating Revenue | \$ - | \$ 800,000 | \$ 800,000 |
| Operating Expense | 283,012 | 407,514 | 124,502 |
| Operating Income Before OH | (283,012) | 392,486 | 675,498 |
| Allocated Overhead | 7,566 | 49,415 | 41,849 |
| Operating Income After OH | (290,578) | 343,071 | 633,649 |
| Funding Flow Activity | (290,578) | (376,928) | (86,350) |
| Funding Required or (Contributed) for Current Agency Activities | 290,578 | \$ 376,928 | \$ 86,350 |
| Total Budgeted FTE | 1.9 | 2.9 | 1.0 |

The Safety department coordinates Home Forward’s property and staff safety awareness and training, implements new safety initiatives and oversees the agency safety committee. The overarching objective is to utilize a proactive approach in reducing losses, with a focus on providing safe and comfortable homes for residents, and a safe and inviting workplace for employees. The Safety group identifies potential risks to properties and operations, develops strategies to mitigate risks, and delivers safety and compliance training to Home Forward staff. There is an additional allowance for a safety fund in FY 20. Single Fund Flexibility will fund new environmental safety initiatives focused on improving the safety of housing.

Safety Key Assumptions

- FTEs – the Safety group shows a net increase of 1 FTE - a new safety manager focused emergency response and environmental safety at properties.

Safety Major Programs/Initiatives/Activities and Estimated Budget Impact

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

- Tracking and ensuring compliance with various occupational, safety laws, regulations, and hazardous materials, and
- Creating and implementing safety policies and an emergency management plan to guide agency departments and staff.
- Environmental safety at properties.

Safety Major Revenue and Expense Items

Revenue increased by \$800 thousand. One-time contribution from Home Forward Development Enterprises will fund a Safety Reserve and a Safety Manager.

Operating Expenses are \$408 thousand, an increase of \$125 thousand over FY 19. The primary drivers of Operating Expenses are expected to be:

- \$361 thousand in Personnel Expense. Increased personnel expenses totaling \$136 thousand are tied to FTE increases.
- \$39 thousand in other administrative expenses, an increase of \$5 thousand from FY 19. This includes consultants, educational materials, and training.
- \$4 thousand for materials and transportation.
- \$3 thousand in Inter-Agency Expense for support staff, a decrease of \$19 thousand from FY 19.
- All personnel expenses include planned compensation increases.

Safety Funding Required for Current Agency Activities

The Safety Department requires \$377 thousand to fully fund all planned operations.

Budget Commentary – Integrated Facilities Services

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|--------------|--------------|-------------------------|
| Operating Revenue | \$ 1,786,674 | \$ 1,705,600 | \$ (81,074) |
| Operating Expense | 1,470,801 | 1,396,869 | (73,932) |
| Operating Income Before OH | 315,873 | 308,731 | (7,142) |
| Allocated Overhead | 263,154 | 302,064 | 38,910 |
| Operating Income After OH | 52,719 | 6,667 | (46,052) |
| Funding Flow Activity | - | 6,667 | 6,667 |
| Funding Required or (Contributed) for Current Agency Activities | - | \$ (6,667) | \$ (6,667) |
| Total Budgeted FTE | 11.8 | 11.2 | (0.6) |

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

Integrated Facilities Services Key Assumptions

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

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

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

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

Integrated Facilities Services Major Revenue and Expense Items

Revenue is \$1.71 million, an \$81 thousand decrease from FY 19 due to reduced FTE. All Revenue is forecasted to come from service fees charged to properties.

Operating Expenses are \$1.4 million, down \$74 thousand from FY 19. The major drivers of Operating Expenses are expected to be:

- Maintenance Personnel Expense is \$927 thousand, a decrease of \$35 thousand due to reduced FTE.
- Program Personnel Expense in support of department administration is \$194 thousand, reduced \$5 thousand due to FTE re-allocations.
- Administrative Personnel Expense is \$66 thousand, reduced \$20 thousand due to FTE re-allocations.

-
- All personnel expenses include planned compensation increases.
 - Other Maintenance Expenses are \$96 thousand and include materials and vehicle expenses. This is an \$8 thousand decrease from FY 19.
 - Utilities are \$41 thousand for waste transfer station fees, a decrease of \$9 thousand.

Integrated Facilities Services Funding Required for Current Agency Activities

Integrated Facilities Services contributes \$7 thousand to the agency. This is an increase of \$7 thousand.

Budget Commentary – Development & Community Revitalization

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|---------------|--------------|-------------------------|
| Operating Revenue | \$ 19,615,159 | \$ 9,109,153 | \$ (10,506,006) |
| Operating Expense | 2,925,501 | 3,085,842 | 160,341 |
| Operating Income Before OH | 16,689,658 | 6,023,311 | (10,666,347) |
| Allocated Overhead | 1,210,827 | 1,342,729 | 131,902 |
| Operating Income After OH | 15,478,831 | 4,680,582 | (10,798,249) |
| Funding Flow Activity | - | - | - |
| Funding Required or (Contributed) for Current Agency Activities | - | \$ - | \$ - |
| Total Budgeted FTE | 18.0 | 19.0 | 1.0 |

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

- Active Projects: 9
- Active Projects Total Budget: \$292 million
- Staff FTE FY 20: 19

Development and Community Revitalization Key Assumptions

DCR staffing is budgeted to increase one FTE from FY 19 staffing levels.

- The increase in FTE is due to the addition of the Limited Term Relocation Assistant position. This position will assist the Relocation Manager with the increased work associated with the repositioning of the entire Public Housing Portfolio via RAD conversions and Section 18 dispositions and Fountain Place rehabilitation projects.
- The department will continue to utilize inter-agency transfers to reflect staffing costs capitalized in real properties or transferred from other departments.

| Developer Fees Accrued and Received FY 20 (amounts in millions) | | | |
|---|----------------|-------------------------------|-----------------------------------|
| Project | Project Budget | Accrued Developer Fee Revenue | Developer Fee Cash to be Received |
| Lloyd Housing LP | \$74.1 | \$0.0 | \$5.4 |
| North Group LP | 101.3 | 0.4 | 0.0 |
| East Group LP | 79.9 | 5.6 | 0.0 |
| Fountain Place 2 LP | 33.7 | 3.0 | 0.8 |
| Total | \$289.0 | \$9.0 | \$6.2 |

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

- Lloyd Housing LP (also known as Louisa Flowers) – This project is a mixed-use new construction development. The Portland Housing Bureau awarded the land and funding to Home Forward. This tax credit partnership utilizes four percent Low-Income Housing Tax Credits, bond funds, grants, and reserve funds. Construction finance closed in December 2017 and construction began in January 2018. The project is scheduled to complete in December 2019.

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

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

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

- East Group LP (also known as 85 Stories Group 6) – This group consists of nine properties: Williams Plaza, Medallion Apts, Harold Lee, Floresta, Powellhurst, Tillicum North, Tillicum South, Hunters Run, and Alderwood. This tax credit partnership utilizes four percent Low-Income Housing Tax Credits, bond funds, grants, and reserve funds. Construction finance closed in June 2019 and construction began in July 2019. The project is scheduled to complete in October 2020.

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

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

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

- Capital Improvement Projects – There are five capital improvement projects in FY 20. The total budget for these projects is \$2.7 million, utilizing the properties’ operation and reserves funds.

| Projects | Project Budget (in millions) | Estimated Project Completion |
|-----------------------------|---------------------------------|---------------------------------|
| Rosenbaum Elevator | \$0.5 | December 2020 |
| Kelly Place Elevated Decks | \$0.3 | September 2020 |
| Sequoia Elevated Decks | \$1.0 | September 2020 |
| Schiller Way Elevated Decks | \$0.4 | August 2020 |
| Gretchen Kafoury Windows | \$0.5 | June 2020 |
| Total | \$2.7 | |

Development and Community Revitalization Major Revenue and Expense Items

- Operating Revenue decreased \$10.5 million from FY 19 Budget. The decrease is primarily due to:
 - Developer Fee earnings decreases \$10.5 million from FY 19. In FY 20, DCR will earn \$9 million in developer fees from the following projects:

| Developer Fees (in millions) | | |
|------------------------------|---------------|--------------|
| Projects | Total | FY 20 |
| Lloyd Housing LP | \$8.3 | \$0.0 |
| North Group LP | 8.0 | 0.4 |
| East Group LP | 9.4 | 5.6 |
| Fountain Place 2 LP | 4.0 | 3.0 |
| Total | \$29.7 | \$9.0 |

- Miscellaneous Revenue increases \$29 thousand from FY 19 for administrative fee earnings from City of Portland General Obligation Bond and Intra-Agency Revenue.
- Total Operating Expense increases \$180 thousand from FY 19 budget primarily due to:
 - Personnel expenses increase of \$120 thousand due to one new position and planned compensation increases.
 - Other administrative expenses increase of \$40 thousand attributed to:
 - Office Rent Expense increases \$29 thousand; \$15 thousand increase in NMW rent and \$14 thousand for Relocation staff office located outside of the NMW building.
 - Legal Services increase of \$5 thousand for services related to PH portfolio repositioning via RAD and upcoming new developments.
 - Other Miscellaneous Expenses increase \$7 thousand to follow the trend of actual expenditures over the last two fiscal years.

Development and Community Revitalization Funding Required for Current Agency Activities

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

- Lloyd Housing (Louisa Flowers) will generate \$8.3 million in developer fee over multiple fiscal years. The first installment of \$5.4 million is due to be paid at conversion scheduled in August 2020. The final installment of \$574 thousand is due upon receipt of Form 8609 by the Limited Partner scheduled in FY 21. The remaining unpaid developer fee of \$2.3 million is evidenced by a promissory note and will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
- North Group (85 Stories Group 5) will generate \$8.0 million in developer fee over multiple fiscal years. The first installment of \$1.0 million was paid at the close of construction finance in November 2018. The second and third installments of \$4.65 million is due at project completion and conversion scheduled in January 2021. The final installment of \$350 thousand is due upon receipt of Form 8609 by the Limited Partner scheduled in April 2021. The remaining unpaid developer fee of \$2 million is evidenced by a promissory note and will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.
- East Group (85 Stories Group 6) will generate \$9.4 million in developer fee over multiple fiscal years. The first installment of \$400 thousand was paid at the close of construction finance in June 2019. The second installment of \$777 thousand is due at construction completion scheduled in February 2021. The third installment of \$4.0

million due at conversion scheduled in June 2021. The final installment of \$1.4 million is due upon receipt of Form 8609 by the Limited Partner scheduled in July 2021. The remaining unpaid developer fee of \$2.8 million is evidenced by a promissory note and will be paid out of the limited partnership cash flow from operations and proceeds available for distribution from capital transactions.

- Fountain Place rehabilitation project will generate \$4.0 million in developer fee over multiple fiscal years. The first installment of \$800 thousand is due at the close of construction finance, estimated in January 2020

Budget Commentary – Community Services

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|--------------|--------------|-------------------------|
| Operating Revenue | \$ 4,151,206 | \$ 4,658,331 | \$ 507,125 |
| Operating Expense | 5,172,016 | 5,870,776 | 698,760 |
| Operating Income Before OH | (1,020,810) | (1,212,445) | (191,635) |
| Allocated Overhead | 623,736 | 1,007,731 | 383,995 |
| Operating Income After OH | (1,644,546) | (2,220,176) | (575,630) |
| Funding Flow Activity | 1,429,385 | (2,215,718) | (786,333) |
| Funding Required or (Contributed) for Current Agency Activities | 1,429,385 | \$ 2,215,718 | \$ 786,333 |
| Total Budgeted FTE | 36.8 | 38.5 | 1.7 |

The Community Services department provides services for Home Forward residents, utilizing both in-house staff and contractors. In FY 20, the Community Services team will continue to play a pivotal role in the coordination and delivery of services at 51 Home Forward properties throughout Multnomah County. The group plans to deliver services to approximately 3,000 residents, providing around 15,000 service interactions. Through intentional alignment with community partners, the department will work holistically with both individual and family systems to further their goals of social, emotional, academic, and economic advancement and well-being.

A pilot is underway of a service redesign project called “Access to Resources and Opportunities” (ARO). In support of the “One” Strategic Plan, the department will infuse trauma awareness, healing, and equity for meaningful engagement and service delivery. Community Services will also attempt to extend services and support to a greater number of Home Forward recipients through asset development, the creation of a Health and Support Services platform, and alignment with early childhood strategies identified by the Program Director of Education and Youth Initiatives. Finally, with proposed shifts in funding, we foresee opportunities to critically review organizational practices and extend strategies to adequately fund services over time.

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

Community Services Key Assumptions

FTEs – Community Services shows a net increase of 1.7 FTE. This includes:

- Decreases:
 - 1 FTE Associate Director of Education and Systems Alignment (home dept. changed to gaexec)
 - 0.2 FTE Chief Administrative Officer (home dept. changed to gaexec)
 - 1 FTE Resident & Community Services Coordinator (limited term position ended)

-
- 0.5 FTE Youth Employment Service Coordinator (program expected to end mid-year)
 - Increases:
 - 1 FTE Community Services Program Manager
 - 1 FTE Accounting Assistant (due to insourcing an invoicing process in Congregate Housing Services Program (CHSP) and new invoicing process for the CS group)
 - 2.4 FTE Resident & Community Services Coordinator (2 due to new contracts, 0.4 added to make 0.6 position full-time)

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

Barrier Reduction and Opportunity Funds: \$36 thousand is proposed in Moving to Work Initiative funds (MIF) to continue implementing strategies to:

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

Service Approach Redesign: \$33 thousand is proposed in MIF to create a service delivery model that meets the needs of Home Forward's residents and participants. Accessing Resources and Opportunities is being piloted at a select group of properties beginning 2019.

Neighbor 2 Neighbor: \$32 thousand is proposed in MIF to award grants for resident-led programs that foster a sense of community.

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

Community Services Major Revenue and Expense Items

Operating Revenue is \$4.66 million, up \$507 thousand from FY 19. The major contributors to Operating Revenue are:

- Program Fees from properties are \$1.19 million, an increase of \$36 thousand from FY 19 due to new services at Tamarack Apartments.
- \$247 thousand in revenue from new contracts, an increase of \$247 thousand. New contracts serve the Ellington Apartments and Clackamas County.
- Tenant Fees are increasing \$87 thousand to \$212 thousand due to insourcing collection of CHSP participant fees (revenue that was previously credited to a vendor invoice to reduce expenses will now be recorded as increased revenue and expense at Home Forward).
- \$70 thousand ongoing contribution from HFDE for replacement of the ROSS family grant at properties that have converted to RAD/Section 18.
- \$37 thousand from Land Lease revenue at Humboldt.
- State, Local & Other Grants are \$1.1 million, an increase of \$69 thousand.

-
- \$563 thousand in Medicaid Revenue from senior/disabled support services (CHSP), an increase of \$63 thousand due to increased Medicaid rates and participation.
 - \$490 thousand from the City of Portland for Bud Clark Commons programs, an increase of \$62 thousand.
 - \$49 thousand in Family Services, a decrease of \$55 thousand due to grant programs ending. In one instance the associated property will assume the program payments, in another, the program is ending mid-year with no plans to continue.
 - HUD grants are \$1.35 million, a decrease of \$30 thousand due to Humboldt and Stephens Creek Crossing property revenue funding services rather than utilizing endowment funds.
 - \$596 thousand for the Family Self-Sufficiency program
 - \$461 thousand from senior/disabled support services (CHSP).
 - \$164 thousand in family services.
 - \$127 thousand from Stephens Creek Crossing endowment programs.
 - HUD Subsidies fund \$57 thousand in the GOALS program, and \$151 thousand in services at Dahlke, Holgate, Medallion, Ruth Haefner, Schrunck, and Williams.

Operating Expenses are \$5.87 million, an increase of \$699 thousand from FY 19. The primary drivers of Operating Expenses are:

- Tenant Services expense is \$4.4 million.
 - Direct Community Services, Program Supplies, Contract Tenant Services, and other related expenses are \$1.84 million. This is an increase of \$154 thousand primarily due to a \$143 thousand increase in contracted services.
 - Tenant Services Personnel Expense is \$2.59 million and includes budgeted benefits and payroll increases. This is a \$156 thousand increase for additional staff to cover new contracts.
- Program Personnel Expense is \$547 thousand, an increase of \$17 thousand. This increase reflects the new Program Manager position offset by a reduction in FTE (now charging through inter-agency rather than directly).
- Administrative Personnel Expenses are \$277 thousand, an increase of \$91 thousand. This increase reflects additional administrative support for insourcing invoicing and payment collection, offset by a reduction in FTE (now charging through inter-agency rather than directly).
- Personnel expenses include planned compensation increases.
- Other Admin expenses of \$163 thousand, including \$53 thousand of MIF-funded barrier reduction and service redesign initiatives.
- Inter-Agency expense is \$460 thousand.
 - \$271 thousand is for support staff, an increase of \$198 thousand that reflects staff previously recorded in direct personnel expenses.
 - \$189 thousand in Resident Services for Community Services department administration fee. This is an increase of \$79 thousand due to new contracts.

Community Services Funding Required for Current Agency Activities

The Community Services department needs \$2.22 million to fully fund all planned operations, an increase of \$786 thousand. Service initiatives will be funded through Single Fund Flexibility.

Budget Commentary – Administration

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|--------------|--------------|-------------------------|
| Operating Revenue | \$ 603,890 | \$ 670,774 | \$ 66,884 |
| Operating Expense | 7,919,741 | 9,422,564 | 1,502,823 |
| Operating Income Before OH | (7,315,851) | (8,751,790) | (1,435,939) |
| Allocated Overhead | (7,250,447) | (8,786,623) | (1,536,176) |
| Operating Income After OH | (65,404) | 34,834 | 100,238 |
| Funding Flow Activity | - | - | - |
| Funding Required or (Contributed) for Current Agency Activities | - | \$ - | \$ - |
| Total Budgeted FTE | 52.2 | 57.6 | 5.4 |

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

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

Administration Key Assumptions

FTEs – the Admin group shows a net increase of 5.4 FTE:

- Increases:
 - 1 FTE Property Accountant
 - 1 FTE Intern for Education and Systems Alignment
 - 1 FTE Associate Director of Education and Systems Alignment (moved from Community Services)
 - 1 FTE Program Director for Policy and Planning
 - 0.2 FTE Chief Administrative Officer (moved from Community Services)
 - 0.5 FTE Site Manager (New Market West)
 - 0.5 FTE Maintenance Mechanic (New Market West)
 - 0.5 FTE Systems and Data Analyst
 - 0.1 Facilities and Safety Manager at (New Market West)
- Decreases

-
- 0.1 Program Design Manager
 - 0.1 Procurement and Contracts Manager (temporary)

Administration Major Programs/Initiatives/Activities and Estimated Budget Impact

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

- During the year, Home Forward will work on upgrading its primary estate software platform to YARDI Voyager 7s. The new system will be a cloud-based service and will allow Home Forward to take advantage of the newer functionality and features only available on the cloud platform, including improved navigation tools and a customized user interface. The upgrade also allows Home Forward to stay supported as YARDI discontinues their support of previous versions of Voyager. The anticipated completion of conversion is expected to be during the first half of FY 20.

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

- Resident Legal Services and Expungement Partnership - \$137 thousand, an increase of \$65 thousand from prior year budget.

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

Administration Major Revenue and Expense Items

Operating Revenue will be \$635 thousand.

- Rental Income for New Market West (NMW) will be \$635 thousand.

Operating Expenses are budgeted at \$9.4 million.

- Personnel costs will be \$6.1 million. These costs reflect a decrease of 5.4 FTE as described, planned compensation increases, and a higher PERS liability.
- Expenses for software, data working, and equipment maintenance and upgrades will be \$861 thousand. Software licensing will be \$543 thousand, primarily for Microsoft and Yardi licenses. The remaining expense will be to maintain and replace information technology equipment.
- Consulting expenses will be \$614 thousand primarily due to the upgrade and migration to YARDI Voyager 7s and the Home Forward website maintenance and upgrade. Other consulting expenses include \$125 thousand for the strategic plan development and \$100 thousand for improving diversity and equity in the agency.
- Training expenses will be \$169 thousand for Trauma Informed Care, MTW conferences, and other organizational training.
- There will be \$515 thousand for maintenance needs and utilities at New Market West including \$300 thousand to replace the elevator at New Market West (funded by New Market West reserves)

-
- There will be \$167 thousand in Agency Initiatives and Tenant Administration including \$137 thousand for Resident Legal Services and Expungement partnership and \$31.5 thousand for community engagement grants.

Budget Commentary – Real Estate Finance

| Summary Budget Data | FY 19 Budget | FY 20 Budget | Increase/ (Decrease) |
|---|--------------|----------------|-------------------------|
| Operating Revenue | \$ 588,550 | \$ 635,277 | \$ 46,727 |
| Operating Expense | 95,146 | 88,264 | (6,882) |
| Operating Income Before OH | 493,404 | 547,013 | 53,609 |
| Allocated Overhead | - | - | - |
| Operating Income After OH | 493,404 | 547,013 | 53,609 |
| Funding Flow Activity | 1,689,960 | 1,587,557 | (102,403) |
| Funding Required or (Contributed) for Current Agency Activities | (1,689,960) | \$ (1,587,557) | \$ 102,403 |
| Total Budgeted FTE | - | - | - |

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

Real Estate Finance Major Revenue and Expense Items

West and the Woods Limited Partnerships:

- Land lease revenue is \$340 thousand.
- Cell tower revenue is \$101 thousand.

Stephens Creek Crossing:

- Land lease revenue is \$151 thousand.
- Home Forward-owned site improvements at Stephens Creek Crossing will generate \$88 thousand of depreciation expense in FY 20. These are non-cash expenses.

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

Attachments

Summary of Moving to Work Initiative Funds

| Initiative | Description | First Year | FY 19 Budget | FY 20 Budget |
|--|---|--------------|----------------|----------------|
| STRA Funding | In collaboration with community partners, provide limited housing assistance to eligible households in Multnomah County who are at risk of eviction, are newly homeless, or are experiencing immediate crises in their housing. | FY 12 | \$ 820,444 | \$ 937,714 |
| <i>Alder School</i> | <i>Home Forward will provide short to medium-term rent assistance and leverage school support at Alder school with the goal of improved academic outcomes and housing stability.</i> | <i>FY 14</i> | <i>411,314</i> | <i>501,325</i> |
| <i>New Doors/NAFY</i> | <i>Shared housing model for former or transitioning foster care youth who are experiencing homelessness or at risk of homelessness. Leverages service dollars from Multnomah County.</i> | <i>FY 14</i> | <i>30,517</i> | <i>30,512</i> |
| <i>Earl Boyles Housing Partnership</i> | <i>Home Forward will provide short to medium-term rent assistance and leverage school support at Earl Boyles School with the goal of improved academic outcomes and housing stability.</i> | <i>FY 17</i> | <i>233,202</i> | <i>249,463</i> |
| <i>Economic Opportunity Program</i> | <i>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.</i> | <i>FY 17</i> | <i>145,411</i> | <i>156,414</i> |
| Expungement Partnership | Working with community partner Metropolitan Public Defender to support Home Forward residents with the following: criminal record expungements; consultation to meet ongoing obligations to the courts; recurring events in the community to provide drop-in expungement and consultation services. | FY 17 | 68,250 | 136,500 |
| Worksystems Liaison | Funds an agreement with Worksystems for residents in pursuit of economic advancement products. | FY 17 | 47,250 | 47,250 |
| Barrier Reduction and Opportunities | Combines initiatives to promote asset building, short-term respite care for resident impacted by community violence and assists senior and disabled population age-in-place by maintain their quality of life. | FY 12 | 68,075 | 69,335 |

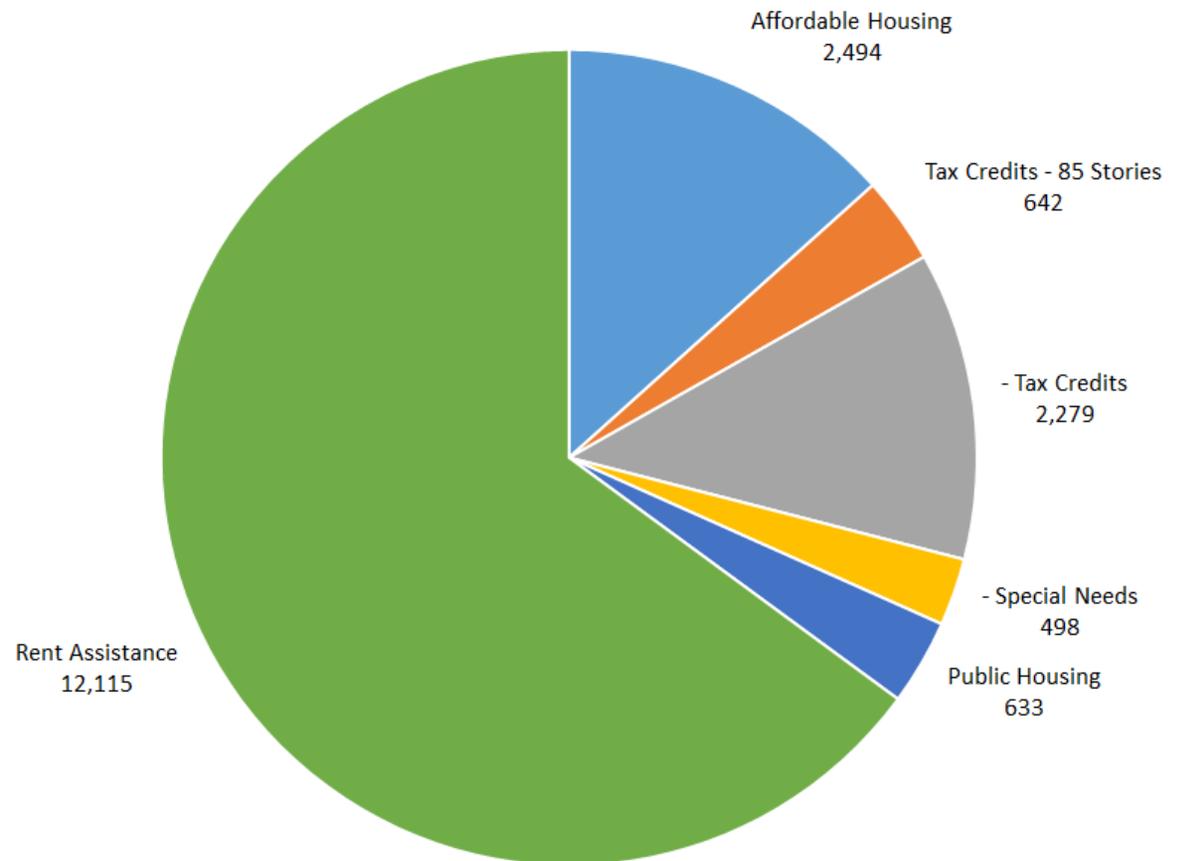
| Initiative | Description | First Year | FY 19 Budget | FY 20 Budget |
|--------------------------------------|---|------------|--------------|--------------|
| Neighbor 2 Neighbor | A grant program for resident groups from our public or affordable housing communities. Resident groups submit applications for grant funds to improve their community livability and reinforce community values. | FY 12 | 31,500 | 31,500 |
| Local Blended Subsidy (LBS) | LBS uses a blend of MTW Section 8 and public housing operating funds to subsidize rental units. Leveraging subsidy allows for a more adequate revenue stream and increases the number of households that can be served. Funds will pay for the LBS implementation costs. | FY 12 | 1,215,157 | 1,511,428 |
| VASH Security Deposit | Initiative addresses a serious barrier to successful use of VASH Vouchers by providing security deposits for homeless veterans leasing units requiring deposits. | FY 12 | 73,234 | 128,054 |
| 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 | 18,480 | 31,500 |
| 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 |
| Family Unification Program Extension | Fulfills public commitment to extend vouchers focused on reuniting youth with the families. | FY 14 | 15,900 | - |
| Flexible Rent Assistance | Flexible rent assistance helps participants with various barriers to housing including applications, bad debt, security deposits, expungement fees, and other financial assistance to aid the leasing process. | FY 20 | - | 105,000 |
| Strategic Plan Consultant | Consulting services to assist with the design and implementation of the new strategic plan. | FY 20 | - | 125,000 |
| Diversity Inclusion and Equity | To provide consulting services to related to improving inclusion. | FY 20 | - | 100,000 |

| Initiative | Description | First Year | FY 19 Budget | FY 20 Budget |
|--------------------------------|--|------------|---------------------|---------------------|
| Tenant Education | A program designed to help our tenants better understand the rental process. | FY 16 | 79,023 | 83,849 |
| Total – MTW Initiatives | | | \$ 2,447,813 | \$ 3,317,629 |

FY 20 Estimated Households Served by Category

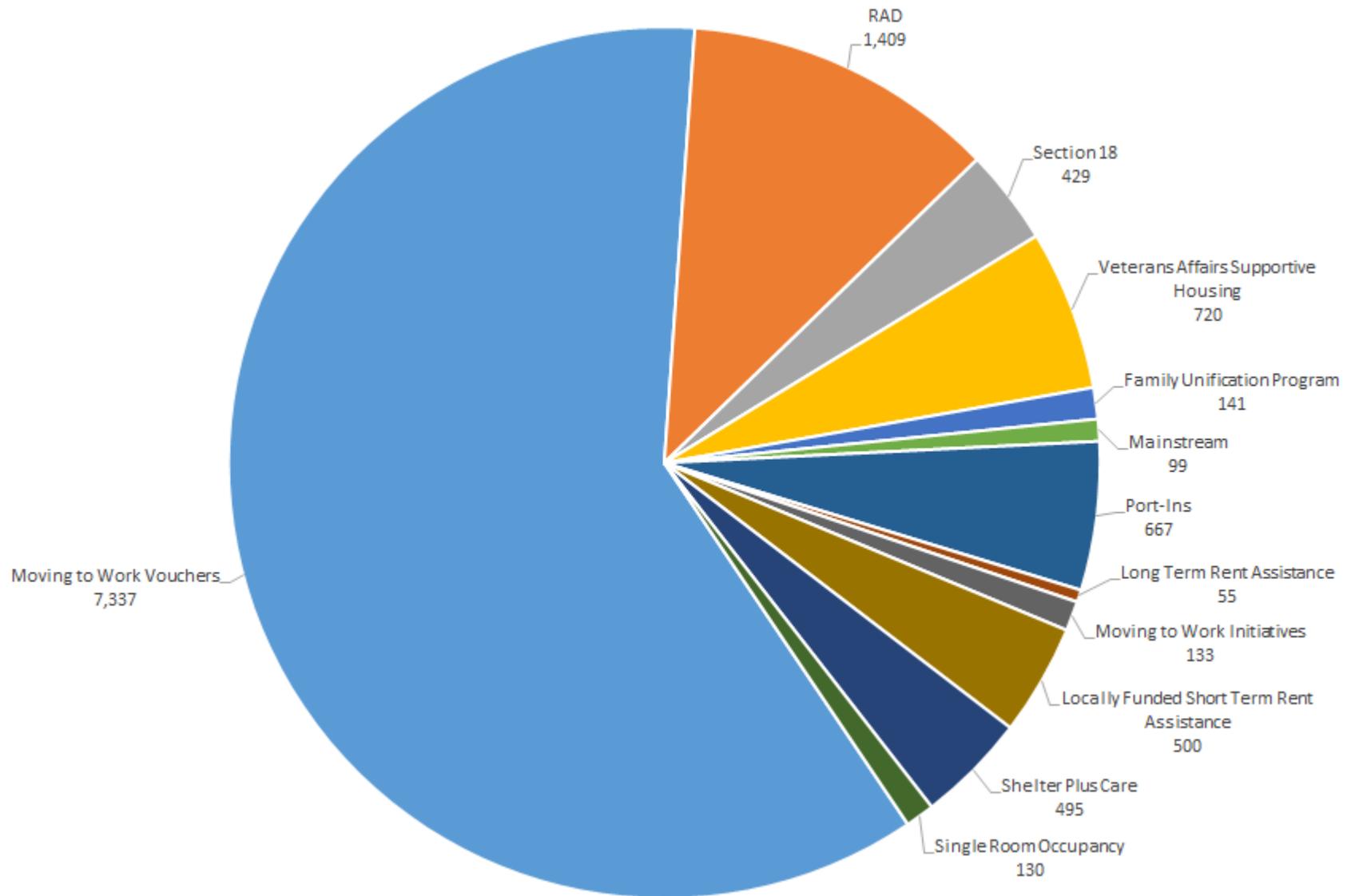
This includes the impact of RAD/Section 18 conversions.

| Category | Households Served | Percent |
|---|-------------------|-------------|
| Affordable Housing | 2,494 | 13% |
| Special Needs | 498 | 3% |
| Tax Credits - 85 Stories | 642 | 3% |
| Tax Credits | 2,279 | 12% |
| Public Housing | 633 | 3% |
| Rent Assistance | 12,115 | 65% |
| Total | 18,661 | |
| Rent Assistance Occupying Affordable Housing / Tax Credit Units | -3,312 | -22% |
| Unduplicated Total | 15,349 | 100% |



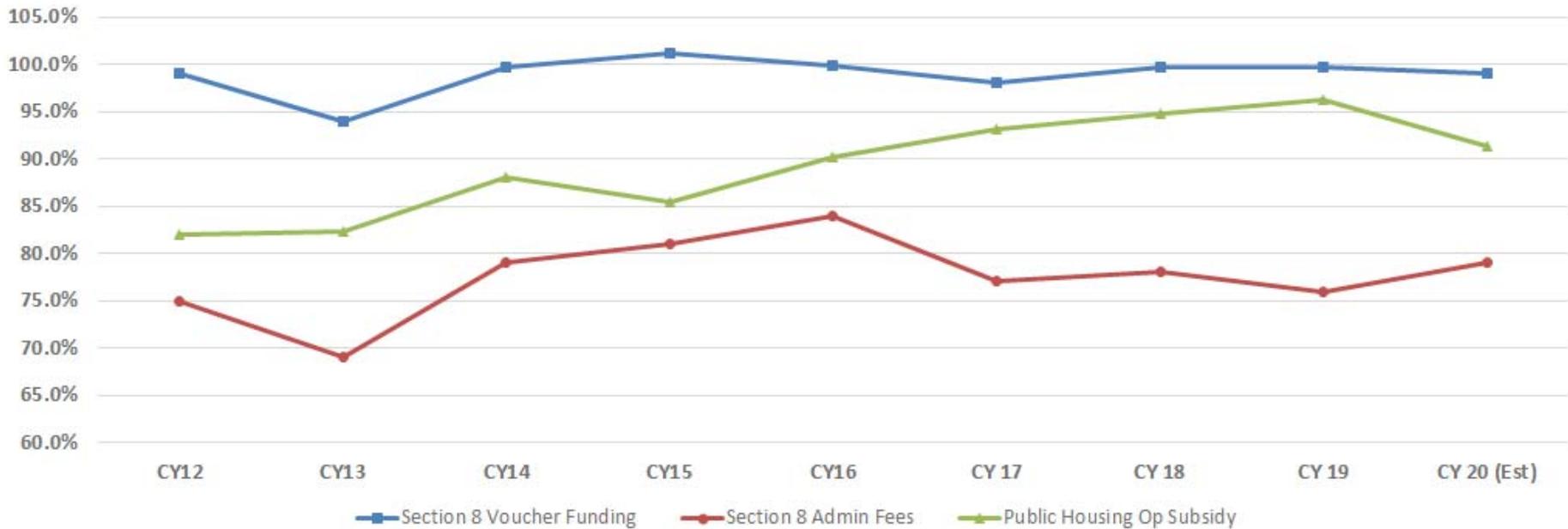
*Rent Assistance Occupying Affordable Units represents voucher holders that live within our Affordable and Tax Credit properties. The 3,312 represents residents already included in the Rent Assistance / Affordable Housing / Tax Credit Portfolios. An adjustment is made to provide an unduplicated total. Households served remains relatively unchanged from FY 19 as voucher cost increases continue to outpace funding.

FY 20 Estimated Rent Assistance Households Served by Category



Subsidy Proration Trends

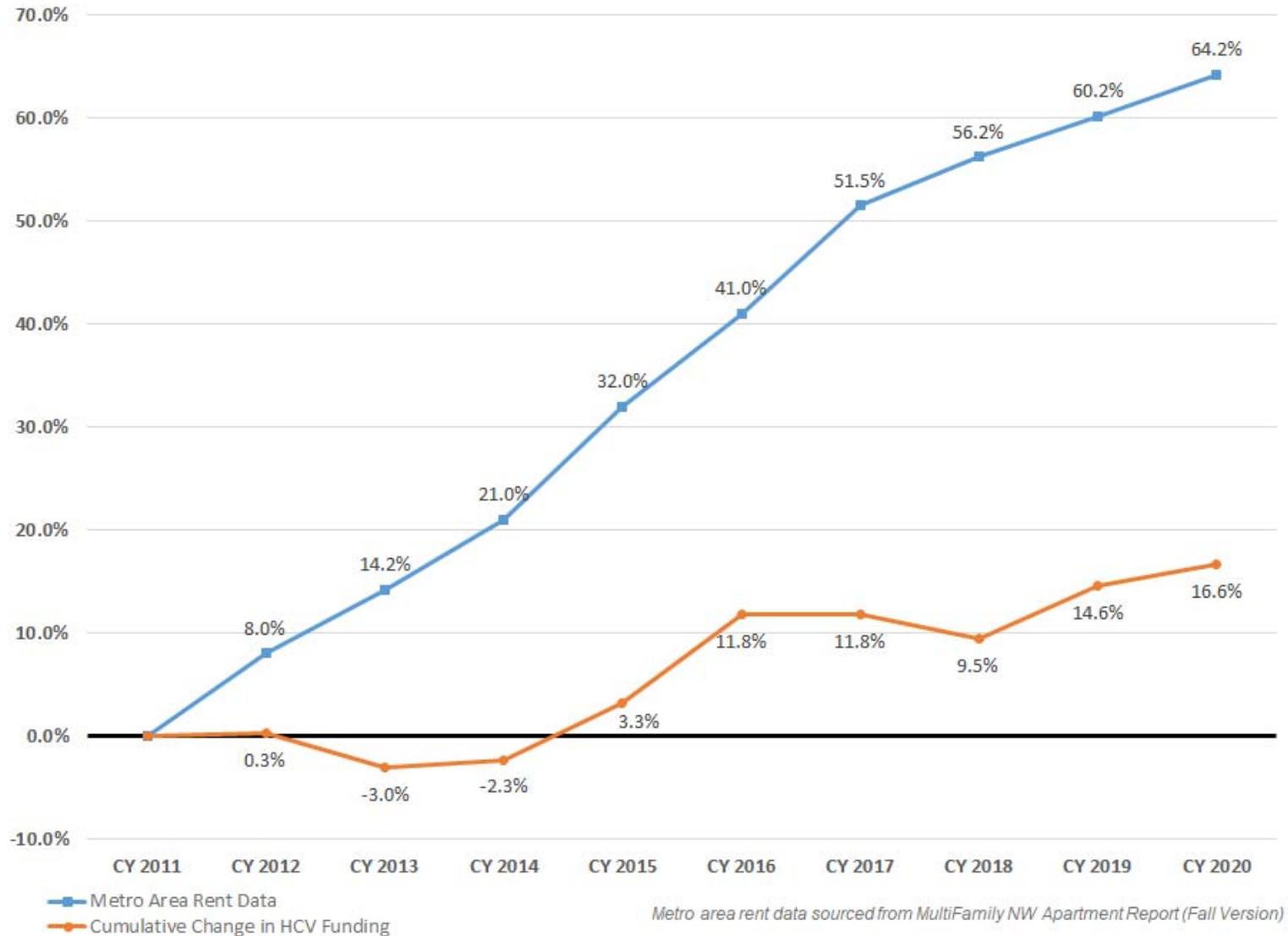
| Subsidy Proration Trends ^{1 2} | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------------------|---------|-------------|
| Actual Funding Year | CY 12 | CY 13 | CY 14 | CY 15 | CY 16 | CY 17 | CY 18 | CY 19 | CY 20 (Est) |
| Home Forward Budget Year | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2018 12/31 YE | FY 2019 | FY 2020 |
| Section 8 Voucher Funding | 99.0% | 94.0% | 99.7% | 101.2% | 99.9% | 98.0% | 99.7% | 99.7% | 99.0% |
| Section 8 Admin Fees | 75.0% | 69.0% | 79.0% | 81.0% | 84.0% | 77.0% | 78.0% | 76.0% | 79.0% |
| Public Housing Operating Subsidy | 82.0% | 82.3% | 88.1% | 85.4% | 90.2% | 93.1% | 94.7% | 96.3% | 91.7% |



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

² Admin Fee CY 20 estimates are equal to the CY 19 actual award. CY 20 Operating Subsidy is based upon a 5-year trend of actual proration.

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



FTE Change Comparison Schedule

| Full-Time Equivalents (FTEs) by Funding Source | | | |
|--|-----------------|-----------------|--------------------------|
| | FY 19 Budget | FY 20 Budget | Increase / (Decrease) |
| Agency Funded | 245.0 | 248.4 | 3.4 |
| Other Legal Entity Funded | 45.4 | 55.7 | 10.3 |
| Total Agency-Managed Positions | 290.4 | 304.1 | 13.7 |

Numbers may be off slightly due to rounding.

| FY 20 Summary of FTE Changes | |
|--|-------------|
| New Positions | |
| Accounting Assistant, CHSP | 1.0 |
| Environmental and Emergency Manager | 1.0 |
| Program Director for Policy and Planning | 1.0 |
| Property Accountant | 1.0 |
| Program Manager | 1.0 |
| Relocation Specialist | 1.0 |
| Rent Assistance Program Analyst | 1.0 |
| Housing Search Advocate | 1.0 |
| Rent Assistance Services Coordinator (Bilingual Spanish) | 1.0 |
| Rent Assistance Specialist | 1.0 |
| Resident and Community Services Coordinator, Ellington | 1.0 |
| Site Manager, New Market West | 0.5 |
| Support Specialist | 1.0 |
| Total New Positions | 12.5 |
| All Other Changes | 1.2 |
| Net Increase (Decrease) in FTE | 13.7 |

Acronym Key

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

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

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

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

CHSP: Congregate Housing Services Program

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

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

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

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

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

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

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

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

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

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

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

HCV: Housing Choice Voucher

HFDE: Home Forward Development Enterprises

HUD: US Department of Housing and Urban Development

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

LIHTC: Low-Income Housing Tax Credit – program created by HUD in 1986 to provide tax credits for the acquisition, rehabilitate, or new construction of rental housing targeted to lower-income households.

LP: Limited Partnership

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

MOD: Moderate Rehabilitation

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

NOFA: Notice of Funding Availability

PERS: Public Employee Retirement System

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

PHB: Portland Housing Bureau

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

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

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

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

SRO: Single Room Occupancy

STRA: Short-Term Rent Assistance – a program administered by Home Forward that disperses funding from public sector partners to agencies that 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.

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FY 20 Operating Statement by Operating Group

| Operating Statement | Rent Assistance | Public Housing Portfolio | Affordable Portfolio | Asset Management | Property Management | Safety | Integrated Facilities | Development | Community Services | Administration | Real Estate Finance | Reserves | Elimination | Home Forward Total |
|--|--------------------|--------------------------|----------------------|-----------------------|-----------------------|-------------------|-----------------------|---------------------|-----------------------|--------------------|---------------------|---------------------|--------------------|----------------------|
| Dwelling Rental | \$ - | \$ 1,961,318 | \$ 23,993,910 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (5,018,695) | \$ 20,936,533 |
| Non-dwelling Rental | - | 122,461 | 1,786,124 | - | - | - | - | - | 37,380 | 539,496 | 635,277 | - | (381,747) | 2,738,990 |
| HUD Subsidies -Housing Assistance | 108,896,943 | - | 2,936,943 | - | - | - | - | - | - | - | - | - | - | 111,833,886 |
| HUD Subsidies -Admin Fee | 8,202,756 | - | - | - | 528,798 | - | - | - | - | - | - | - | - | 8,731,554 |
| HUD Subsidies -Public Housing | - | 5,939,144 | - | - | 169,000 | - | - | - | 208,146 | - | - | 1,912,910 | - | 8,229,199 |
| HUD Grants | 5,620,123 | - | - | - | 572,496 | - | - | - | 1,348,419 | - | - | - | - | 7,541,038 |
| Development Fee Revenue, Net | - | - | - | - | - | - | - | 9,034,999 | - | - | - | - | - | 9,034,999 |
| State, Local & Other Grants | 9,586,861 | - | - | - | - | - | - | - | 1,101,577 | - | - | - | - | 10,688,438 |
| Other Revenue | 7,895,112 | 55,387 | 822,967 | 774,831 | 2,278,131 | 800,000 | 1,705,600 | 25,000 | 1,228,432 | - | - | - | (898,455) | 14,687,004 |
| Total IA Revenue | 79,699 | - | - | - | - | - | - | 49,153 | 734,378 | 131,279 | - | - | (994,509) | - |
| Total Operating Revenues | 140,281,493 | 8,078,309 | 29,539,944 | 774,831 | 3,548,424 | 800,000 | 1,705,600 | 9,109,153 | 4,658,331 | 670,774 | 635,277 | 1,912,910 | (7,293,406) | 194,421,641 |
| Housing Assistance Payments | 129,933,291 | - | 960 | - | - | - | - | - | - | - | - | - | (4,928,084) | 125,006,167 |
| Administrative Personnel Expense | 367,075 | - | - | 247,875 | 307,514 | 290,977 | 66,203 | 540,714 | 277,152 | 6,556,294 | - | - | - | 8,653,805 |
| Other Admin Expenses | 605,578 | 806,296 | 5,275,850 | 73,104 | 312,288 | 38,708 | 38,516 | 216,823 | 162,863 | 2,977,589 | - | - | (831,318) | 9,676,296 |
| Fees/overhead charged | 420,008 | - | - | 44,544 | 3,256 | 198 | 3,058 | 68,431 | - | - | - | - | (539,495) | - |
| Tenant Svcs Personnel Expense | - | - | - | - | - | - | - | 357,275 | 2,585,096 | - | - | - | - | 2,942,372 |
| Other Tenant Svcs Expenses | 254,097 | 18,565 | 8,156 | - | - | - | - | - | 1,838,097 | 83,896 | - | - | - | 2,202,810 |
| Program Expense | 5,807,667 | 759,988 | 135,135 | 871,312 | 1,163,323 | 17,869 | 193,827 | 1,560,623 | 547,294 | 338,036 | - | - | - | 11,395,074 |
| Maintenance Personnel Expense | - | 900,082 | 111,691 | - | 226,346 | 52,537 | 927,019 | - | - | 52,537 | - | - | - | 2,270,213 |
| Other Maintenance Expenses | - | 1,385,865 | 6,332,139 | - | (59,041) | 3,823 | 96,445 | - | - | 232,583 | - | - | - | 7,991,814 |
| Utilities | - | 1,111,524 | 3,442,286 | - | - | - | 40,526 | - | - | 102,200 | - | - | - | 4,696,536 |
| Total IA Expense | 329,851 | - | 491,223 | 326,238 | 342,868 | 2,561 | 12,804 | 219,999 | 460,274 | (1,191,310) | - | - | (994,509) | - |
| Depreciation | 1,362 | 1,189,810 | 6,219,353 | - | - | - | - | 121,976 | - | 230,114 | 88,263 | - | 50,040 | 7,900,919 |
| General | 106,970 | 251,035 | 1,627,618 | - | 179,225 | 840 | 18,471 | - | - | 40,625 | 1 | - | - | 2,224,785 |
| Total Operating Expenses | 137,825,899 | 6,423,166 | 23,644,410 | 1,563,073 | 2,475,780 | 407,514 | 1,396,869 | 3,085,842 | 5,870,776 | 9,422,564 | 88,264 | - | (7,243,366) | 184,960,790 |
| Operating Income (Loss) | 2,455,595 | 1,655,143 | 5,895,534 | (788,242) | 1,072,645 | 392,486 | 308,731 | 6,023,311 | (1,212,445) | (8,751,790) | 547,013 | 1,912,910 | (50,040) | 9,460,850 |
| Total Overhead Allocations | 2,197,684 | - | - | 1,225,114 | 2,661,885 | 49,415 | 302,064 | 1,342,729 | 1,007,731 | (8,786,623) | - | - | - | - |
| Operating Income (Loss) after Overhead | 257,910 | 1,655,143 | 5,895,534 | (2,013,356) | (1,589,240) | 343,071 | 6,667 | 4,680,582 | (2,220,176) | 34,834 | 547,013 | 1,912,910 | (50,040) | 9,460,851 |
| Reserve Funding | - | (100,000) | (1,100,000) | - | 43,800 | - | - | (1,982,024) | 455,630 | 393,000 | (195,801) | 2,485,395 | - | - |
| Operating Income (Loss) after Reserve Funding | 257,910 | 1,555,143 | 4,795,534 | (2,013,356) | (1,545,440) | 343,071 | 6,667 | 2,698,558 | (1,764,546) | 427,834 | 351,212 | 4,398,305 | (50,040) | 9,460,851 |
| Investment Income | - | - | 236,764 | - | 1,978 | - | - | - | - | 66,046 | 1,061,173 | 188,009 | - | 1,553,969 |
| Interest Expense | 3,418 | - | (2,546,198) | - | - | - | - | - | - | (104,455) | - | - | - | (2,647,235) |
| Net Other Income (Expense) | 3,418 | - | (2,309,434) | - | 1,978 | - | - | - | - | (38,409) | 1,061,173 | 188,009 | - | (1,093,266) |
| HUD Nonoperating Contributions | - | - | - | - | - | - | - | 150,000 | - | - | 2,510,323 | - | - | 2,660,323 |
| Reserve Funded Capital Contributions | - | - | 2,671,000 | - | - | - | - | - | - | - | 800,000 | (3,471,000) | - | - |
| Net Capital Contributions | - | - | 2,671,000 | - | - | - | - | 150,000 | - | - | 3,310,323 | (3,471,000) | - | 2,660,323 |
| Change In Net Position | \$ 261,328 | \$ 1,555,143 | \$ 5,157,100 | \$ (2,013,356) | \$ (1,543,462) | \$ 343,071 | \$ 6,667 | \$ 2,848,557 | \$ (1,764,547) | \$ 389,425 | \$ 4,722,707 | \$ 1,115,313 | \$ (50,040) | \$ 11,027,907 |

* Numbers may vary slightly due to rounding

FY 20 Funding Flow Analysis By Operating Group*

| | Rent Assistance | Public Housing Portfolio | Affordable Portfolio | Asset Management | Property Management | Safety | Integrated Facilities | Development | Community Services | Administration | Real Estate Finance | Reserves | Elimination | Home Forward Total |
|--|-----------------|--------------------------|----------------------|------------------|---------------------|-------------|-----------------------|--------------|--------------------|----------------|---------------------|--------------|-------------|--------------------|
| Operating Income (Loss) after Overhead | \$ 257,910 | \$ 1,655,143 | \$ 5,895,534 | \$ (2,013,356) | \$ (1,589,240) | \$ 343,071 | \$ 6,667 | \$ 4,680,582 | \$ (2,220,176) | \$ 34,834 | \$ 547,013 | \$ 1,912,910 | \$ (50,040) | \$ 9,460,851 |
| Real Estate Portfolio | | | | | | | | | | | | | | |
| Affordable Housing Properties Operating Activity | - | - | (11,645,403) | - | - | - | - | - | - | - | - | - | - | (11,645,403) |
| Revenue from Properties to Home Forward | - | - | (609,808) | - | - | - | - | - | (384,417) | - | - | - | - | (994,225) |
| Unrestricted Cash to HAP | - | - | 3,185,085 | - | - | - | - | - | 388,874 | - | 952,281 | - | - | 4,526,241 |
| Net Replacement Reserve Activity (New Market West) | - | - | - | - | - | - | - | - | - | (98,400) | - | - | - | (98,400) |
| Net Replacement Reserve Activity (Special Needs) | - | - | (219,610) | - | - | - | - | - | - | - | - | - | - | (219,610) |
| Developer Fee - Impact to Funding Flow | | | | | | | | | | | | | | |
| Developer Fee Revenue | - | - | - | - | - | - | - | (9,034,999) | - | - | - | - | - | (9,034,999) |
| Developer Fee - Cash to HAP(Net) | - | - | - | - | - | - | - | 7,175,899 | - | - | - | - | - | 7,175,899 |
| Financing/Investment Activity | | | | | | | | | | | | | | |
| Principal & Interest - Special Needs | - | - | (128,359) | - | - | - | - | - | - | - | - | - | - | (128,359) |
| Principal & Interest - New Market West | - | - | - | - | - | - | - | - | - | (166,548) | - | - | - | (166,548) |
| Capital Acquisitions | | | | | | | | | | | | | | |
| Fleet Vehicle | - | - | - | - | - | - | (140,030) | - | - | - | - | - | - | (140,030) |
| Fleet Vehicle Reserve Funding | - | - | - | - | - | - | 140,030 | - | - | - | - | (140,030) | - | - |
| Non-Cash Operating Activity | | | | | | | | | | | | | | |
| Depreciation Expense | 1,362 | 1,189,810 | 6,219,353 | - | - | - | - | 121,976 | - | 230,114 | 88,263 | - | 50,040 | 7,900,919 |
| Other MTW Reserve Activity | | | | | | | | | | | | | | |
| Special Purpose Reserve Activity | | | | | | | | | | | | | | |
| Inter Departmental Reserve Transfers | (259,273) | (2,744,953) | (1,596,793) | 2,013,356 | 1,589,240 | 376,928 | (6,667) | - | 2,215,718 | - | (1,587,557) | - | - | - |
| DCR Operating Reserve | - | - | - | - | - | - | - | (2,943,457) | - | - | - | - | - | (2,943,457) |
| Affordable Portfolio Reserve | - | - | (1,000,000) | - | - | - | - | - | - | - | - | - | - | (1,000,000) |
| 85 Stories Asset Repositioning Fee Reserve | - | - | - | - | - | - | - | - | - | - | - | (1,772,880) | - | (1,772,880) |
| Safety Reserve | - | - | - | - | - | (720,000) | - | - | - | - | - | - | - | (720,000) |
| Insurance Reserve | - | (100,000) | (100,000) | - | - | - | - | - | - | - | - | - | - | (200,000) |
| Department Reserve Activity | | | | | | | | | | | | | | |
| Final Funding Source or (Shortfall) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

* Numbers may vary slightly due to rounding.