



Public Housing Preservation Initiative

Home Forward owns 2,477 units of public housing, including small garden apartment clusters and high-rise towers. The units range in age from those built in the 1940s to those completed in 2008. Although public housing is an essential community resource that helps to meet the needs of very low-income individuals and families, federal funding has not kept pace with the growing needs of day-to-day operations, maintenance, and capital improvements. In order to protect and enhance our community's public housing resource, the Home Forward Board of Commissioners adopted the Public Housing Preservation Initiative in July 2007.

Initiative Background

PHPI was established with three primary objectives; a fourth was added in 2009:

- Replace public housing units that are inherently inefficient to operate with more efficient public housing;
- Address unmet and unfunded capital needs across the portfolio;
- Bring back unused public housing subsidy, or "banked units," to increase the current public housing supply.
- Pursue a plan to change the type of operating subsidy from the traditional federal Annual Contributions Contract (ACC) to project-based Section 8 funding while maintaining the same resident protections and Home Forward ownership of properties.

The 2009 American Recovery and Reinvestment Act (ARRA) provided federal stimulus funding to help launch major capital improvements and decrease the backlog of deferred maintenance needs while providing jobs for our local community. ARRA's goals dovetailed perfectly with those of Home Forward's preservation initiative, and Home Forward was well positioned to move quickly with economic stimulus projects due to the planning that had been underway for public housing preservation.

What follows illustrates how Home Forward has undertaken the Public Housing Preservation Initiative and how it has been augmented by ARRA.



Sales of Scattered Sites

Along with the management inefficiencies inherent with smaller sites dispersed around the region, many of Home Forward's single-family homes were of an age that they were beginning to need costly repairs. The agency's Board of Commissioners approved selling these properties with a commitment to a one-to-one replacement of the corresponding 162 units. As of August 2012, 142 properties were sold. Of these, 15 homes were sold to the Portland Development Commission in areas served by Urban Renewal Area financing programs to assist first-time and minority homebuyers. Total proceeds from the sales provided a net of \$25.7 million and continue benefit the other objectives of the Public Housing Preservation Initiative.



Capital Improvements

For over a decade, declines in federal funds for public housing led to an estimated \$50 million in deferred maintenance that resulted in needs for capital improvements throughout the public housing portfolio. As PHPI started, major renovations had been undertaken at Slavin Court and Maple Mallory. Re-piping at several of the high-rise towers had corrected maintenance concerns, and the two recent HOPE VI projects (New Columbia and Humboldt Gardens) created 397 redeveloped public housing units. For the remaining comprehensive renovations, the goal was to improve conditions in a manner that limited maintenance needs over the next 15 years.

Home Forward's five year capital improvement forecast prioritizes work according to life-safety concerns, major systems and building envelopes, operational efficiency, and quality of life issues. Improvements vary based upon need and range from energy efficiency

improvements (including appliances); to new plumbing and electrical systems; to new flooring, roofing, siding, paving and playground upgrades. For PHPI capital improvements, projects were prioritized and grouped as follows:

- Miscellaneous Upgrades were needed at over 10 properties and completed in September 2009.
- Sweet 16 - these family properties include 296 units and were grouped by geography and/or type of work that is scheduled. As the first group needing substantial renovations, these properties, supported by stimulus funds, HUD capital grant, PHPI funds, and Multnomah County weatherization grants, were completed in September 2010.
- Family 3 - these three family properties (Carlton, Lexington, and Eastwood Courts) include 74 units. Improvements were completed in May 2011.
- Tower 5 - five high-rise properties that house senior and disabled residents were identified as needing preservation efforts. These properties have been included in a comprehensive tower revitalization plan, see below.
- Madrona Place Apartments – this 45 unit family property in Gresham was purchased by Home Forward with PHPI funds in May of 2010 and renovations completed in September 2011.

Home Forward continues to actively pursue opportunities to expand partnerships in order to leverage additional funds. For example, the agency's existing partnership with Multnomah County has resulted in over \$2.3 million in weatherization and sustainability improvements at over 854 units between 2004 and 2009. In addition, all public housing units have received low-flush toilets and water aerators.



Replacement Public Housing Units

During planning for the sale of scattered sites, Home Forward made a commitment to one-to-one replacement of each scattered site and continues to replace as many of our banked units as possible. Thanks to federal stimulus funds and the corollary ability to leverage other funds, the scattered-site sales proceeds that would have been needed for capital improvements can instead help pursue the redevelopment and new acquisitions that will fulfill our one-to-one commitment. Following are replacement units identified to date:

- 40 units at Fairview Oaks - During 2008, Home Forward “turned on banked public housing subsidy” in 40 units at an existing agency-owned affordable housing property. This property is a 328-unit development located in the City of Fairview in eastern Multnomah County. The program has proven to be a great benefit to its participants who were significantly rent burdened and now pay only 30% of their income towards rent.
- 25 units at Rockwood Station - Using the successful model piloted above, the agency applied public housing subsidy to 25 existing apartments at this 195-unit Gresham apartment complex in August 2009.
- 20 units at The Jeffrey - This recently constructed, 80-unit apartment building was acquired by the agency in February 2010. Twenty units with public housing subsidy were combined with City of Portland and Multnomah County support in order to facilitate Permanent Supportive Housing for formerly homeless clients.
- 25 units at The Martha Washington - Next door to The Jeffrey, this historic apartment building was donated to the agency by Multnomah County. After a historic renovation construction project in 2010, 25 public units now support Permanent Supportive Housing for formerly homeless clients.
- 30 units at the Bud Clark Commons – Home Forward owns and operates 130 studio apartments above the day access center, a key element in the region’s Ten Year Plan to End Homelessness. Thirty units with public housing subsidy will help to support Permanent Supportive Housing for formerly homeless clients.
- 120 units at Stephens Creek Crossing – Including 60 units of the former Hillsdale Terrace

- 31 units at Beech Street Apartments – Fortifying the availability of low-income housing in a fast-developing area of Portland.
- 45 units at Madrona Place Apartments – Infusing Home Forward’s property management standards into an existing low-income apartment community.



Relocation Services

Home Forward staff continues to provide relocation services for residents impacted by capital improvement projects. Most recent successes include short-term services for the residents of the Sweet 16 and Family 3 projects (described previously.) In addition, comprehensive relocation services were provided via HOPE VI grant funds during the redevelopment of Stephens Creek Crossing. These residents continue to receive comprehensive case management as a part of the HOPE VI Community and Supportive Services (CSS) program.

Revitalization of the Towers

At Home Forward’s ten public housing towers (containing 1,232 units reserved for seniors and persons with disabilities), an estimated \$81 million in capital improvements is needed over the next 15 years. As this exceeded the funding available through PHPI, Home Forward formulated a mixed finance strategy that would have included changing the public housing subsidy to all project-based Section 8 housing vouchers. This would have allowed leverage of PHPI funds with private capital to ensure adequate funding for improvements while maintaining the same level of affordability to residents.

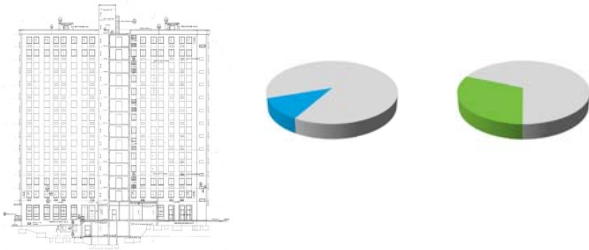
Public housing disposition applications to HUD for each of the ten properties were submitted in March 2011. As of August 2012, Home Forward continues to negotiate with HUD senior management to achieve a workable solution given the financial constraints that HUD is facing. Currently, Home Forward anticipates that all 1,232 units will receive disposition approval and approximately 500 units will receive a form of Section 8 assistance. Financing for the remaining units are likely to include a modified form of HUD’s current Rental Assistance Demonstration (RAD) funding.

The following graphs illustrate each property as a percentage of Home Forward’s public housing portfolio (blue) and each property’s capital needs over 15 years as a percentage of Home Forward’s projected capital grants from HUD (green).

Northwest Tower



Hollywood East



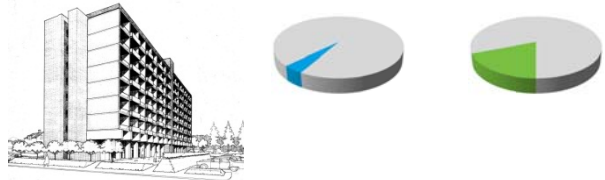
Dahlke Manor



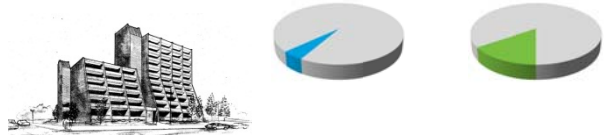
Holgate House



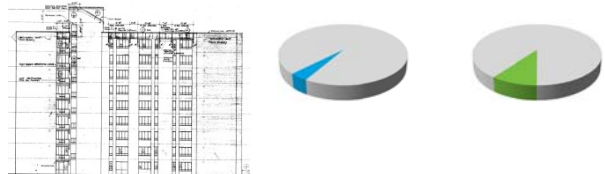
Sellwood Center



Schrunk Riverview Tower



Williams Plaza



Gallagher Plaza



Medallion Apartments



Ruth Haefner Plaza

