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Home Forward joined city and county commissioners, and other partners to review a report about creating 2,000 supported housing units.

Board of Commissioners Meeting

Location:

Gresham City Hall
1333 NW Eastman Parkway
Gresham, Oregon 97030

Date & Time:

September 18, 2018
6:15 PM

PUBLIC NOTICE:

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Home Forward
BOARD OF COMMISSIONERS
will meet on
Tuesday, September 18, 2018
At 6:15 pm
At the Gresham City Hall
1333 NW Eastman Parkway
In the Spring Trail Rooms

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MEMORANDUM

To:	Community Partners	Date:	September 12, 2018
From:	Michael Buonocore, Executive Director	Subject:	Home Forward Board of Commissioners September Meeting

The Board of Commissioners of Home Forward will meet on Tuesday, September 18, 2018 at Gresham City Hall, 1333 NW Eastman Parkway, in the Spring Trail Rooms, at 6:15 P.M. The commission meeting is open to the public.

The meeting site is accessible, and persons with disabilities may call 503.802.8423 or 503.802.8554 (TTY) for accommodations (e.g. assisted listening devices, sign language, and/or oral interpreter) by 12:00 P.M. (noon), Friday, September 14, 2018.

AGENDA

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BOARD OF COMMISSIONERS MEETING

GRESHAM CITY HALL
1333 NW EASTMAN PARKWAY
GRESHAM, OREGON

SEPTEMBER 18, 2018 6:15 PM

INTRODUCTION AND WELCOME

PUBLIC COMMENT

General comments not pertaining to specific resolutions. Any public comment regarding a specific resolution will be heard when the resolution is considered.

MEETING MINUTES

Topic
Minutes of August 21, 2018 Board of Commissioners Meeting

MISSION MOMENT

Topic	Presenter
Camp Rosenbaum	Carolina Abdalah

CONSENT CALENDAR

Following Reports and Resolutions:

18-09	Topic	Presenter/POC	Phone #
01	Authorize Submission of 4% Low Income Housing Tax Credits Applications for 85 Stories Group 6	Jonathan Trutt Ben Loftis	503.802.8507 503.802.8510

02	Authorize Intent to Issue Bonds for 85 Stories Group 6	Jonathan Trutt Ben Loftis	503.802.8507 503.802.8510

REPORTS / RESOLUTIONS

Following Reports and Resolutions:			
18-09	Topic	Presenter/POC	Phone #
PUBLIC HEARING	Moving to Work Plan Public Hearing	Tim Collier	503.802.8432
03	Authorize Fiscal Year 2018 Audit	Peter Beyer Kandy Sage	503.802.8538 503.802.8585
04	Recognize Betty Dominguez	Michael Buonocore	503.802.8432

EXECUTIVE SESSION

The Board of Commissioners of Home Forward may meet in Executive Session pursuant to ORS 192.660(2), following their regularly scheduled Board of Commissioners meeting. Only representatives of the news media and designated staff are allowed to attend. News media and all other attendees are specifically directed not to disclose information that is the subject of the session. No final decision will be made in the session.

THE NEXT MEETING OF THE BOARD OF COMMISSIONERS

The October Work Session will be on Wednesday, October 3 at 5:30 PM. The meeting will take place at Home Forward, 135 SW Ash Street in the Columbia Room. The next Board of Commissioners meeting will be Tuesday, October 16, 2018 at 6:15 PM. This meeting will take place at the Multnomah County Building, 501 SE Hawthorne Blvd.

HOME FORWARD DEVELOPMENT ENTERPRISE CORPORATION BOARD

The Home Forward Development Enterprise Board will meet following the September 18, 2017, Board of Commissioners meeting.

ADJOURN

MINUTES

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BOARD OF COMMISSIONERS MEETING
HOME FORWARD
501 SE Hawthorne Street—Portland, Oregon
August 21, 2018

COMMISSIONERS PRESENT
Chair Miki Herman, Vice Chair and Treasurer Damien Hall, Commissioners Matthew Gebhardt, TomiRene Hettman, Vivian Satterfield and Wendy Serrano

STAFF PRESENT
Elise Anderson, April Berg, Michael Buonocore, Tim Collier, Dena Ford-Avery, Peter Garcia, Biljana Jesic, Jeff Klatke, Kitty Miller, Melissa Richardson, Molly Rogers, Brian Rutzen, Kandy Sage, Ian Slingerland, Berit Stevenson, Celia Strauss, Jonathan Trutt

COUNSEL PRESENT
Sarah Stauffer Curtiss

Chair Miki Herman convened the meeting at 6:15 PM.

PUBLIC COMMENT
No public comment.

MEETING MINUTES
Minutes of the July 17, 2018 Board of Commissioners Meeting
Chair Miki Herman requested a motion authorizing approval of the minutes to the July 17, 2018 Board of Commissioners meeting. Vice Chair Damien Hall moved to adopt the minutes and Commissioner TomiRene Hettman seconded the motion.

The vote was as follows:

Chair Miki Herman—Aye
Vice Chair/Treasurer Damien Hall—Aye
Commissioner Matthew Gebhardt —Aye
Commissioner TomiRene Hettman—Aye
Commissioner Vivian Satterfield—Aye

Commissioner Wendy Serrano—Aye

RESOLUTIONS

RESOLUTION 18-08-01 Authorize Ratification of the Collective Bargaining Agreement Between Home Forward and AFSCME Council 75, Local 3135

Director of Business Services Melissa Richardson said she was pleased to ask the board for their approval of Resolution 18-08-01 that would ratify the collective bargaining agreement with AFSCME. Richardson was joined by Brian Rutzen, who was the chair of AFSCME's bargaining committee supporting Home Forward AFSCME members, and Jeff Klatke AFSCME Vice President. In response to Chair Herman's question, both Klatke and Rutzen work in Accounting and Finance and have been with Home Forward 19 and 2 plus years respectively.

Klatke opened by saying that AFSCME's local President Allan Church was unable to attend the meeting so as the Local Vice President he was stepping in to deliver Church's prepared remarks. "Bargaining with one's employer is emotionally tough. We had some tough days and we had some days there were less so. I am happy with how we all pulled together in the end and came up with a contract that we can believe in. I would like to thank the management bargaining team for their efforts in this process. And I would also like to add that in future negotiations this agency really needs to get back to step increases. Home Forward is the only public agency in the Portland metro area that doesn't have step increases in place and it hinders your ability to be a competitive employer, particularly in this current very tight employment market. High turnover ultimately hurts our clients by diminishing our ability to serve them the way they need and deserve to be served. Employees need some kind of security; not just AFSCME employees, but all employees."

In his own words, Klatke said we were able to accomplish some things during this negotiating cycle that make me extremely proud. The first proposal on which an agreement was reached was regarding fully inclusive gender references throughout the contract. No longer will the pronouns she/her/hers/he/him/his appear in the contract; they will be replaced cover-to-cover by they/them/theirs. As far as we have been able to tell so far, ours is the first labor contract in Oregon to adopt fully inclusive gender references. We were also able to create paid family leave for the addition of a child whether through birth, adoption, or foster placement. We have reason to believe that the Oregon Legislature is likely to create some form of statewide family leave in the near future, but for this agency to take this step before a state law forced you, it makes a positive statement about Home Forward as an employer, on par with when you adopted a $15/hour minimum wage.

While this contract bargaining cycle is nearly complete, we know that there is still one outstanding conversation remaining regarding employee wages that Michael has signaled will take place and will be completed by the end of September before he leaves on his two-month sabbatical.

In closing, Klatke said he is proud of what we accomplished and hopes you will support staff by ratifying our contract.

Richardson concurred with the remarks. She said bargaining is a unique opportunity to hear from employees. She was pleased with the gender pronouns, negotiating a two year agreement, family leave and the focus on professional development.

There being no questions, Chair Miki Herman read the resolution title saying it is a major accomplishment. Chair Herman requested a motion to approve. Commissioner Vivian Satterfield moved to adopt Resolution 18-08-01, Commissioner TomiRene Hettman seconded the motion.

The vote was as follows:

Chair Miki Herman—Aye
Vice Chair/Treasurer Damien Hall—Aye
Commissioner Matthew Gebhardt —Aye
Commissioner TomiRene Hettman—Aye
Commissioner Vivian Satterfield—Aye

REPORTS

Annual Procurement and Equity Report

Berit Stevenson, Procurement and Contracts Manager described the duties of the office and an overview of the report. In Fiscal Year 2018, 138 new contracts were processed and 176 amendments to existing contracts, a 28% increase in total contracting activities. Stevenson called attention to the graph that identified the contract categories. She noted that the lion's share of contracts are in construction. Her department includes a monthly contract report in the board packet that identifies this new contracting activity.

Stevenson introduced Peter Garcia, Procurement Coordinator who delved into the equity information. During this fiscal year, we awarded 24% of our contracting dollars to MWESB firms, exceeding our aspirational goal of 20%. In reviewing the outcomes graph, Garcia did identify an adjustment from the previously mentioned total of 314 contracting activities for FY2018. A new methodology was adopted a year ago and used to determine participation by MWESB firms. This new methodology includes come contract types that were previously excluded and eliminated intergovernmental agreements (IGAs) and contracts with non-profits, as both non-profits and government entities are unable to be certified as MWESBs. Garcia reviewed the charts that identified our performance.

Stevenson described the equity goals around Section 3 a HUD requirement that Home Forward reports on annually. This was an exception in 2017; two reports were submitted as we shift our fiscal year. Stevenson reviewed the outcomes, saying it is sometimes difficult to meet these goals. She did point out that we do well on internal hiring and the non-construction goal is mostly in legal fees. Overall, the results are good. In addition to seeking Section 3 participation when HUD dollars are being spent, Home Forward seeks to include Section 3 contracts when local dollars are utilized. In FY2018, over $3.4 million dollars were spent with Section 3 businesses without the benefit of HUD funding.

Garcia talked about our workforce training and hiring program, another facet of construction contracts. This program requires state-registered apprentices to work a minimum of 20% of the labor hours per trade on construction contracts over $200,000 and subcontracts of no less than $100,000. Garcia reviewed the five qualifying construction projects underway: Fairview Oaks, Fairview Woods, Gladstone Square/Multnomah Manor, NE Grand and Harold Lee Village. Commissioner Satterfield asked for clarification and Garcia said overall 24% of labor hours were performed by apprentices on these five projects, shown in the graph on page 12 of the report.

In addition, Garcia mentioned Home Forward's efforts related to a regional study conducted by Metro on construction workforce. In 2017, Home Forward provided project information on past and future projects to assess the regional workforce supply and demand. More recently, Home Forward staff have begun participation with 15 other public- agencies to develop a regional framework for construction workforce program(s). The focus is to establish a framework program that will sustain the workforce in the midst of a national construction boom and encourage participation by minorities and women in the construction trades. This group meets monthly to address these concerns.

In closing, Berit Stevenson said the procurement and contract staff continue to work with all departments with continued support compliance with federal and state procurement rules and in promoting equity in contracting.   We are seeing a shift in workforce development as a focus and remain concerned about this shortage in the construction arena. We will continue to be at the table in making sure there is a diverse workforce. Lastly, we are working to improve our transparency and accountability and plan to work with other Home Forward staff to begin to regularly provide outcomes and results of contract activity and equity programs on our website.

Commissioner Vivian Satterfield appreciated the report and was interested in how the goals were met. Garcia said LMC, the construction contractor we worked with on the Gladstone/Multnomah project, were eager to please and delivered very good results on both MWESB utilization and workforce. Stevenson said LMC worked with one particular subcontractor to help get them certified as a Section 3 contractor. Commissioner Wendy Serrano was interested in the coordination with other housing authorities around Section 3 certification. As Stevenson said, it is a small universe of agencies as Section 3 is a HUD program so only those agencies receiving HUD dollars are aware and work with the Section 3 requirements. Another difficulty in attracting contractors to the Section 3 program is the fact that it is income based. Our experience that often contractors or their employees are uncomfortable sharing their income statements. Commissioner Serrano was also interested in knowing how we are assured the laborers are making a living wage. Garcia said he monitors this effort by doing site visits and interviews with the workers. He also spends time with reviewing and monitoring the electronically submitted prevailing wage reports. Since doing this, he has not seen any wage theft issues. Garcia invited interested commissioners to join him during an interview.

Commissioner Serrano asked about follow up meetings regarding the wage theft issue. Stevenson said staff is happy to meet and discuss the topic anytime. In addition, we remain vigilant on our projects, and suspect there could be more concerns on private projects where monitoring is not occurring. Multnomah County is doing a pilot on wage theft and the procurement staff are interested in following this pilot and learning the outcomes.

Commissioner Serrano asked about the aspirational goals and if the threshold was going up. Stevenson said that is a tough question. We have maintained a 20% goal for all of our contracts, which is unique. As these numbers are driven by the construction projects, we feel 20% is realistic. Commissioner Serrano asked if this conversation would include the owners group. Stevenson said for now they are addressing the workforce component and not the MWESB program, which includes the 20% goal.

Chair Miki Herman commended the report and the thoroughness, including the methodology and understanding Section 3. She was encouraged by the grading on projects and this being shared at the READ meetings and appreciated an advance preview ahead of the annual report given the reasons identified and the equity piece a consideration. Overall, incredible work.

MISSION MOMENT – National Night Out

Elise Anderson, Director of Property Management and Biljana Jesic, Director of Resident Services presented the Mission Moment. They shared a film of the many activities celebrating National Night Out.

Anderson said traditionally NNO is the first Tuesday in August. There are interactive events at our properties and externally. Over the course of the week there were 40 events. Jesic said Resident Services takes the leadership role and partners with staff and residents to plan these events. Many of our partners work with us to host these events. This is a positive way to promote internal programs.

Anderson said it is also a way to bring the neighborhood into the buildings, as well as an opportunity for employees to volunteer. Commissioner TomiRene Hettman MC'd the event at Hollywood East   She was thrilled to participate and said it is a great opportunity to get the neighborhood and its association involved. Their event included a raffle open to everyone and a jam session with the Hollywood East house band.

In closing, Elise Anderson invited everyone to come next year saying it's a fun way to interact with residents and staff. Chair Herman enjoyed seeing that staff took part in cooking and asked how many employees attended. Anderson responded saying 100 and the majority of the cooking is done by staff.

ADJOURN

There being no further business, Chair Miki Herman adjourned the meeting at 7:10 PM.

Attached to the Official Minutes of Home Forward are all Resolutions adopted at this meeting, together with copies of memoranda and material submitted to the Commissioners and considered by them when adopting the foregoing resolutions.

Celia M. Strauss
Recorder, on behalf of
Michael Buonocore, Secretary

ADOPTED: SEPTEMBER 18, 2018

Attest:	Home Forward:
______________________________	______________________________
Michael Buonocore, Secretary	Mary Ann Herman, Chair

CONSENT CALENDAR

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MEMORANDUM

To:	Board of Commissioners	Date:	September 18, 2018
From:	Jonathan Trutt, Director, Development and Community Revitalization 503.802.8507 Ben Loftis, Development Finance Manager 503.802.8510	Subject:	Authorize the Submission of 4% Low Income Housing Tax Credits Applications for 85 Stories Group 6 Resolution 18-09-01

The Board of Commissioners ("the Board") is requested to approve a resolution authorizing the Executive Director to execute and deliver such documents as may be required to enable Home Forward to submit to Oregon Housing and Community Services ("OHCS") an application for 4% Low Income Housing Tax Credits ("LIHTC") and all other potential OHCS funding resources, including but not limited to a Weatherization Grant, Oregon Affordable Housing Tax Credits (OAHTC) and lottery-backed bond funds set aside for public housing preservation in the upcoming OHCS Preservation NOFA, for our 85 Stories Group 6 development.

This action supports Strategic Plan Goal, One Portfolio: Our real estate is stable for generations to come and meets the needs of the people and neighborhoods it serves.

85 Stories is the large-scale preservation effort of our public housing portfolio, located throughout Multnomah County. These multi-family housing buildings have operated as public housing for years. The existing public housing subsidy and regulations significantly restricted our options to finance needed repairs. The preservation effort consists of

converting our public housing portfolio to a Section 8-based subsidy stream, performing critical rehabilitation where needed.

Home Forward has already converted 1,446 public housing units at the following properties:

- Gallagher Plaza and Northwest Tower and Annex (also known as 85 Stories Group 1)
- Hollywood East and Sellwood Center (also known as 85 Stories Group 2)
- Martha Washington Apartments, The Jeffrey, Bud Clark Commons, Madrona Place, Rockwood Station and Fairview Oaks and Woods (also known as 85 Stories Group 3)
- New Columbia, Humboldt Gardens and Stephens Creek Crossing (also known as 85 Stories Group 4)

Since 2007, it has been a stated goal of Home Forward to reposition our existing portfolio of rental housing in order to preserve our ownership of existing units, improve the physical and financial condition of the portfolio, and to continue to serve households living with low and extremely low incomes. Over time, the Board has acted to authorize a variety of strategies and tactics aimed at accomplishing our broader goals. The table below illustrates a few of these prior authorizations.

Initiative	Description of Initiative and Goals	BOC Action
Public Housing Preservation Initiative	• Replace units that are inherently inefficient to operate with more efficient housing stock. • 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	Resolutions: 07-07-02, July 2007
Conversion or Subsidy Change (Section 18 process combined with new project based vouchers)	• Affirmed the prior preservation goals • Increase the level of federal subsidy to a point viable to maintain our portfolio of rental housing that serves low-income households. We currently estimate this increase to be $3.5 million. • Home Forward will continue to own or control each of the properties involving these units.	Resolutions: 09-01-03, January 2009; 11-03-02, March 2011

	• Existing residents will see no practical regulatory impact and will be held harmless financially as a result of this change of subsidy.	
American Recovery and Reinvestment Act (ARRA)	• Accepted $9,733,309 in ARRA funds for the preservation of existing family public housing projects and the creation of Haven.	Resolutions: 09-04-01, April 2009; 09-06-02, June 2009
Local Blended Subsidy	• Local operating subsidy initiative designed to blend public housing and Section 8 resources into a single program for the purpose of creating reasonable and reliable operating support.	Resolutions: 10-12-02, December 2010
HOPE VI Redevelopment of Hillsdale Terrace	• Won a HOPE VI grant to leverage the redevelopment of Hillsdale Terrace, the remaining severely distressed public housing property suitable for razing and redeveloping.	Resolutions: 11-06-10, June 2011
Rental Assistance Demonstration (RAD)	• Affirmed the prior preservation goals • Converts existing public housing to either Project-based Voucher or Project-based Rental Assistance • Supports basic real estate development, finance and management concepts	Resolutions: 13-12-09, December 2013; 15-07-01, July 2015; 16-10-05, October 2016

85 Stories Group 6 is the subject of this resolution which consists of 315 public housing units at the following properties:

- Alderwood
- Floresta
- Harold Lee Village
- Hunter’s Run
- Medallion Apartments
- Powellhurst Woods
- Tillicum North
- Tillicum South
- Williams Plaza

The next step will be to submit an application for 4% LIHTC, which are noncompetitive, and can be applied for at any time. Based on a scheduled construction start in the spring of 2019, we anticipate submitting 4% LIHTC application materials to Oregon Housing and Community Services (OHCS) later this month. The 4% LIHTC is critical for leveraging sufficient capital for this development. The risks associated with pursuing this award include (1) the reality that leveraging outside capital is dependent on the state of financial markets and (2) the assumption that Home Forward will be able to attract lenders and investors to the project. These risks are mitigated by Home Forward's strong history of attracting outside capital, and Home Forward's experience successfully operating and asset managing LIHTC housing. Home Forward possesses the internal capacity to write a 4% LIHTC application and to manage our role in this development process.

Multiple funding partners have expressed interest in working on 85 Stories Group 6. We have published a Request for Proposals for investor and lender proposals to encourage competitive terms and pricing. We anticipate selecting financial partners in October 2018.

The budget for development of 85 Stories Group 6 is approximately $64 million, which will be generated from a variety of sources, primarily LIHTC equity, debt and Home Forward investment. LIHTC equity is expected to provide $20.4 million.

Staff provided the Real Estate and Development (READ) Committee of Home Forward's board a draft copy of this resolution in advance of the publication of the agenda and packet for the September 2018 meeting.

RESOLUTION 18-09-01

RESOLUTION 18-09-01 AUTHORIZES THE EXECUTIVE DIRECTOR TO EXECUTE AND DELIVER SUCH DOCUMENTS RELATED TO THE SUBMISSION OF APPLICATIONS TO THE STATE OF OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT ("OHCS") SEEKING RESOURCES INCLUDING BUT NOT LIMITED TO LOW INCOME HOUSING TAX CREDITS FOR THE PRESERVATION AND REHABILITATION OF 315 UNITS OF HOUSING TO BE OWNED BY EAST GROUP LIMITED PARTNERSHIP AND AUTHORIZING HOME FORWARD OFFICIALS TO EXECUTE DOCUMENTS RELATED TO FUNDS AWARDED BY OHCS FOR ALDERWOOD, FLORESTA, HARLOLD LEE VILLAGE, HUNTER'S RUN, MEDALLION APARTMENTS, POWELLHURST WOODS, TILLICUM NORTH, TILLICUM SOUTH, AND WILLIAMS PLAZA, ALSO KNOWN AS 85 STORIES GROUP 6.

WHEREAS, Home Forward is a public body corporate and politic of the State of Oregon and is empowered by ORS 456.005 to 456.725 ("Housing Authority Laws") to purchase any real property and to accept grants, loans or any other form of financial assistance from any source public or private for the purpose of developing a housing project; and

WHEREAS, Home Forward seeks to encourage the provision of long term housing for low-income persons residing in the City of Portland ("City"); and

WHEREAS, Home Forward has long acknowledged the need to rehabilitate Alderwood, Floresta, Harold Lee Village, Hunter's Run, Medallion Apartments, Powellhurst Woods, Tillicum North, Tillicum South and Williams Plaza for the benefit of residents and the surrounding community, to improve the quality of Home Forward's traditional public housing stock and to provide housing and supportive service opportunities for Home Forward's residents; and

WHEREAS, Home Forward stands ready to proceed by having the capacity, experience and ability to complete the successful rehabilitation of Alderwood, Floresta, Harold Lee Village, Hunter's Run, Medallion Apartments, Powellhurst Woods, Tillicum North, Tillicum South and Williams Plaza; and

WHEREAS, Section 456.135 of the Oregon Revised Statutes provides that an authority may delegate to one or more of its agents or employees such powers or duties as it deems proper;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of Home Forward authorizes and directs the Executive Director to execute and deliver such documents related to the submission of all necessary applications to the State of Oregon Housing and Community Services (OHCS) seeking resources including but not limited to Low Income Housing Tax Credits, a Weatherization Grant, Oregon Affordable Housing Tax Credits (OAHTC) and lottery-backed bond funds set aside for public housing preservation in the upcoming OHCS Preservation NOFA, for the preservation and rehabilitation of 315 units of housing to be owned by East Group limited partnership, of which Home Forward will be the General Partner, and authorizes the Executive Director to execute any document related to the submission of applications to OHCS for Alderwood, Floresta, Harold Lee Village, Hunter's Run, Medallion Apartments, Powellhurst Woods, Tillicum North, Tillicum South and Williams Plaza, also known as 85 Stories Group 6.

ADOPTED: SEPTEMBER 18, 2018

Attest:	Home Forward:
Michael Buonocore, Secretary	Mary Ann Herman, Chair

AUTHORIZATION AND ACCEPTANCE FORM

Owner/Board of Directors of:	Home Forward
Project Name:	85 Stories Group 6
Project Address:	**ALDERWOOD** | 17225 SE ALDER | PORTLAND, OR 97233 **FLORESTA** | 12605 SE FOSTER ROAD | PORTLAND, OR 97236 **HAROLD LEE VILLAGE** | 4023-4031 SE 112TH AVE | PORTLAND, OR 97266 **HUNTERS RUN** | 12725-12751 SE POWELL BLVD | PORTLAND, OR 97236 **MEDALLION APTS** | 1969 NW JOHNSON ST | PORTLAND, OR 97209 **POWELLHURST WOODS** | 11200 SE HOLGATE BLVD | PORTLAND, OR 97266 **TILLICUM NORTH** | 3001 NE DIVISION STREET | PORTLAND, OR 97030 **TILLICUM SOUTH** | 3045 SE POWELL VALLEY RD | PORTLAND, OR 97080 **WILLIAMS PLAZA** | 2041 NW EVERETT ST | PORTLAND, OR 97209

By this action the Owner/Board of Directors accepts the responsibilities and requirements of any tax credit, grant and loan programs applied for in this Application. In accordance with the corporation's by-laws, effective this date, authorization has been given by the Owner/Board of Directors to the following named parties:

1. To apply for programs, grants or loans in this application: The undersigned, being duly authorized to submit this application on behalf of the named Applicant, hereby represents and certifies that all required documents have been submitted in this application packet, and that the information provided in this application, to the best of his/her knowledge, is true, complete, and accurately describes the proposed project. The undersigned further authorizes the release of project information to Oregon Housing and Community Services ("Department," "OHCS") from all financial partners listed in the Application and authorizes the Department to verify any Application information, including financial information, as required to complete its due diligence.

	Executive Director
Signature	Title
Michael Buonocore	
Print Name	Date

2. To execute all legal documents associated with tax credit, grant and loan programs (including the encumbrance of valuable property owned by the corporation).

	Executive Director
Signature	Title
	Chief Financial Officer
Signature	Title

3. To sign all draw requests, monthly progress reports and miscellaneous forms associated with the tax credit, grant and loan programs awarded to the project.

	Director of Development and Community Revitalization
Signature	Title
	Chief Financial Officer
Signature	Title

Signed:

Mary Ann Herman	
Owner/ Board Chair Name	Signature
Home Forward	
Organization	Date

OWNERSHIP INTEGRITY CERTIFICATION

Applicant must certify that the Project Team meets each of the listed criteria:

1. Single-Asset Ownership: The Project will be owned by a single-asset entity duly organized under the laws of the State of Oregon.

   ☒True ☐False

2. Neither Applicant nor any member or principal within the Project ownership or management will have been convicted of fraud, misrepresentation, theft or other moral turpitude within the previous ten (10) years.

   ☒True ☐False

3. Neither Applicant nor any member or principal within the Project ownership or management will have been involved in a bankruptcy proceeding within the previous five (5) years.

   ☒True ☐False

4. Neither Applicant nor any member or principal within the Project ownership or management will have been debarred or otherwise sanctioned by the Department.

   ☒True ☐False

Applicant certifies that the above information as submitted is true.

Signed: ______________________________

Signed By: Michael Buonocore______________________________

Date: ______________________

MEMORANDUM

To:	Board of Commissioners	Date:	September 18, 2018
From:	Jonathan Trutt, Director, Development and Community Revitalization 503.802.8507 Ben Loftis, Development Finance Manager 503.802.8510	Subject:	Authorize a Resolution Declaring Intent to Issue Bonds for 85 Stories Group 6 Resolution 18-09-02

The Board of Commissioners is specifically requested to approve an Inducement Resolution that declares its intention to issue and sell revenue bonds of Home Forward in a principal amount of not to exceed $37 million and to reimburse the borrower or itself from proceeds of the bonds for expenditures made by Home Forward or the borrower before the issue date of the bonds, in connection with the rehabilitation of nine 4% tax credit projects: Alderwood, Floresta, Harold Lee Village, Hunter's Run, Medallion, Powellhurst Woods, Tillicum North, Tillicum South, and Williams Plaza, containing, in the aggregate, 315 units of low-income housing.

Treasury Regulations Section 1.103-8(a)(5) requires that, in order for expenditures for an exempt facility (here, low-income housing) that are made before the issue date of bonds, to be reimbursed from bond proceeds, the issuer must declare an official intent to reimburse such expenditures from bond proceeds. This resolution is Home Forward's declaration of official intent to reimburse expenditures for the project made before the issue date from proceeds of tax-exempt private activity bonds.

Although this inducement resolution announces Home Forward's intent to issue the bonds, and to use bond proceeds to reimburse expenditures prior to the date of issue, it does not obligate Home Forward to issue the bonds, or determine the specific terms of the bonds. Board of Commissioner approval of a separate "bond resolution" would be required prior to the issuance of any bonds to finance the 85 Stories Group 6 project.

Group 6 is part of Phase 3 of the 85 Stories project and consists of nine properties. Home Forward will seek 4% Low Income Housing Tax Credits (LIHTCs) for the purposes of financing acquisition and rehabilitation of the 85 Stories Group 6 project. Home Forward staff is preparing to request an allocation of Private Activity Bond Cap from the Private Activity Bond Committee of the Oregon State Treasury for the financing of this project, pending this authorization.

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RESOLUTION 18-09-02

RESOLUTION 18-09-02 AUTHORIZES DECLARING AN INTENT TO ISSUE NOT TO EXCEED $37,000,000 OF REVENUE BONDS FOR THE 85 STORIES GROUP 6

WHEREAS, Home Forward is a public body corporate and politic of the State of Oregon and is empowered by ORS 456.005 to 456.235 (the "Act") to issue revenue bonds for the purpose of financing housing projects; and

WHEREAS, Home Forward intends to form one or more Oregon limited partnerships or limited liability companies of which Home Forward will be a general partner or managing member (collectively, the "Borrower") to finance the acquisition and rehabilitation some or all of the Alderwood, Floresta, Harold Lee Village, Hunter's Run, Medallion, Powellhurst Woods, Tillicum North, Tillicum South, and Williams Plaza apartment complexes located in Multnomah County, Oregon, and containing approximately 315 units in the aggregate, in connection with Group 6 of Home Forward's 85 Stories project, all to provide housing for low-income persons (collectively, the "Project"), the estimated cost of which is not expected to exceed $64,000,000; and

WHEREAS, Home Forward anticipates that the Borrower will request that Home Forward issue and sell its revenue bonds (the "Bonds"), in an aggregate amount not to exceed $37,000,000 pursuant to the Act to assist the Borrower in financing part of the costs of the Project; and

WHEREAS, Home Forward desires to provide such assistance, if certain conditions are met; and

WHEREAS, the use of the proceeds of the sale of the Bonds by the Borrower will permit the Borrower to finance the Project, thereby providing decent, safe, and sanitary housing for persons and families of lower income (as defined in the Act) for a period of not less than 15 years and otherwise promoting the general health and welfare of the inhabitants within the jurisdictional limits of Home Forward; and

WHEREAS, Home Forward deems it necessary and advisable that it take such action as may be required under the Act to authorize and issue the Bonds in one or more series to finance part of the cost of the Project in a total amount not to exceed $37,000,000; and

WHEREAS, Treasury Regulations Section 1.103-8(a)(5) requires that, in order for expenditures for an exempt facility that are made before the issue date of bonds issued to provide financing for that facility to qualify for tax-exempt financing, the issuer must declare an official intent under Treasury Regulations Section 1.150-2 to reimburse any such expenditures from the proceeds of those bonds, and one of the purposes of this resolution is to satisfy the requirements of such regulations.

NOW, THEREFORE, BE IT RESOLVED:

1. To assist in the financing of the Project, with the public benefits resulting therefrom, Home Forward declares its intention, subject to the conditions and terms set forth herein, to issue and sell its revenue bonds or other obligations (the "Bonds") in a principal amount of not to exceed $37,000,000, and to reimburse itself or the Borrower from proceeds of the Bonds for expenditures for the Project made by Home Forward or the Borrower before the issue date of the Bonds.

2. The proceeds of the Bonds will be used to assist in financing the Project, and may also be used to pay all or part of the costs incident to the authorization, sale, issuance and delivery of the Bonds.

3. The Bonds will be payable solely from sources specified by resolution of the Board of Commissions of Home Forward. The Bonds may be issued in one or more series, and shall bear such rate or rates of interest, payable at such times, shall mature at such time or times, in such amount or amounts, shall have such security, and shall contain such other terms, conditions and covenants as shall later be provided by resolution of the Board of Commissioners of Home Forward.

4. The Bonds shall be issued subject to the conditions that (a) Home Forward, the Borrower and the purchaser of the Bonds shall have first agreed to mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the loan or other agreement for the Project, and (b) all governmental approvals and certifications and findings required by laws applicable to the Bonds first shall have been obtained. The Executive Director of Home Forward or his or her designee is authorized to seek an allocation of volume cap for the Bonds from the Private Activity Bond Committee of the Debt Management Division of the Oregon State Treasury.

5. For purposes of applicable Treasury Regulations, the Borrower is authorized to commence financing of the Project and advance such funds as may be necessary therefor, subject to reimbursement for all expenditures to the extent provided herein out of proceeds, if any, of the issue of Bonds authorized herein.

6. The adoption of this resolution does not constitute a guarantee that the Bonds will be issued or that the Project will be financed as described herein. The Board of Commissioners of Home Forward shall have the absolute right to rescind this resolution at any time if it determines in its sole judgment that the risks associated with the issuance of the Bonds are unacceptable.

7. It is intended that this resolution shall constitute a declaration of official intent to reimburse expenditures for the Project made before the issue date of the Bonds from proceeds of the Bonds, for the purposes of Treasury Regulations Sections 1.103-8(a)(5) and 1.150-2.

8. Any actions of Home Forward or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

9. Any action required by this resolution to be taken by the Executive Director of Home Forward may in the absence of such person be taken by the duly authorized acting Executive Director of Home Forward.

ADOPTED: SEPTEMBER 18, 2018

Attest:	Home Forward:
____________________________	____________________________
Michael Buonocore, Secretary	Mary Ann Herman, Chair

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director of Home Forward and keeper of the records of Home Forward, CERTIFY:

1. That the attached Resolution No. 18-09-02 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of Home Forward, as adopted at a meeting of Home Forward held on September 18, 2018, and duly recorded in the minute books of Home Forward.

2. That such meeting was duly convened and held in all respects in accordance with law, and, to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a majority of the members of the Board of Commissioners of Home Forward present at the meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of September, 2018.

HOME FORWARD

____

Executive Director and Secretary

PUBLIC HEARING
MTW Plan

hope. access. potential.

Fiscal Year 2019

Moving to Work Plan

January 1, 2019 through December 31, 2019

Original Submission:
October 18, 2018

Home Forward Board of Commissioners

Miki Herman, Chair
David Widmark, Chair Emeritus
Damien Hall, Treasurer
Richard Anderson, Commissioner
Matthew Gebhart, Commissioner
Jenny Kim, Commissioner
Wendy Serrano, Commissioner

Home Forward Executive Staff

Michael Buonocore, Executive Director
Peter Beyer, Chief Financial Officer
Ian Davie, Chief Operations Officer
Kitty Miller, Chief Administrative Officer
Carolina Abdalah, Director, Integrated Facilities Services and Safety
Dena Ford-Avery, Director, Housing Choice Vouchers
Elise Anderson, Director, Property Management
Ian Slingerland, Director, Homeless Initiatives
Jonathan Trutt, Director, Development and Community Revitalization
Melissa Richardson, Director, Business Services
Molly Rogers, Director, Asset Management and Housing Policy
Tim Collier, Director, Communications

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Introduction

Introduction

Moving to Work (MTW) is a U.S. Department of Housing and Urban Development (HUD) demonstration program that offers public housing authorities (PHAs), like Home Forward, the opportunity to develop and pilot innovative, locally-designed housing and economic independence strategies for families by allowing exemptions from existing public housing and Housing Choice Voucher regulations. The program also permits PHAs to combine operating, capital, and tenant-based assistance funds into a single agency-wide funding source. The purposes of the MTW program are to give PHAs and HUD the flexibility to design and test various approaches for providing and administering housing assistance that accomplish three primary goals:

- Reduce cost and achieve greater cost effectiveness in Federal expenditures;
- Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and
- Increase housing choices for low-income families.

Home Forward has been designated an MTW agency since 1998. The recently approved 2016 Consolidated Appropriations Act extended the MTW demonstration through fiscal year 2028 for Home Forward. This allows Home Forward to continue to utilize MTW flexibility to support our mission of assuring that the people of the community are sheltered.

The following Fiscal Year 2019 Moving to Work Plan details how Home Forward intends to use our flexibility. We will continue to use our MTW authority to best meet the needs of our community, with thoughtful intent, and the ability to quickly respond to changes in our region's rental market and economy. Home Forward will continue to collaborate with local government and community service providers to expand and sustain housing resources for the community. These partnerships and Home Forward's MTW flexibility are more important than ever as the Portland Metropolitan Area continues to experience a housing crisis, a crisis the Portland City Council recently extended through at least October 2018.

Overview of the Agency's Long-Term MTW Goals and Objectives

Home Forward has developed and adopted a new strategic plan to guide our work through 2020. The development of the strategic plan included input from staff, the board of directors, our Resident Advisory Committee and partners. The plan focuses on five key areas and includes an emphasis on equity, connection, unity and racial justice.

<u>One Portfolio</u>: We'll continue to build and acquire housing with a goal of adding 500 affordable housing units to Home Forward's portfolio by 2020. We will convert our public housing properties to a Section 8-based subsidy while preforming critical rehabs to best position them to be stable for generations to come and to meet the needs of the people and neighborhoods they serve. We will also develop and implement performance standards at the property level and across the portfolio.

<u>One Resource</u>: We will work to create deeper connections and continuity between the types of housing assistance we provide to respond to the evolving needs of the people we serve. We'll make changes to the way we manage our waiting lists to better meet the needs of the community in the current housing market. In an effort to make ourselves more available to the community and to better align staff resources and processes, we'll explore a new model of service delivery that puts more of our staff in the neighborhoods we serve.

One Agency: We will build our skills and work together in ways that help us constantly evolve and improve our ability to serve our community. As we move forward with our public housing conversion through the Rental Assistance Demonstration (RAD) program, we will prepare ourselves for the implications of converting our portfolio to a Section 8-based platform. We will create and implement a values-based communications plan, increase the use of surveys, focus groups and other forms of outreach to get resident input, assess current practices to identify opportunities to integrate a trauma-informed lens to our work, and increase hard skills training and leadership development for staff at all levels of the organization.

One Community: We will continue to define our equity platform with a particular emphasis on racial justice. Identify opportunities and set goals to increase participation of Minority, Women and Emerging Small Businesses (MWESB) in our contracting processes. Optimize our use of technology to increase the community's ability to interact and transact with us, and work to increase resident access to technology. We'll deepen our focus on supporting the needs of East Multnomah County and ensure the region is included in all of our strategic initiatives.

One System: We will leverage our role as the largest provider of affordable housing in Oregon to improve collaboration and efficacy between systems impacting people in poverty. We'll strengthen our engagement with the education and health care systems, and we will work tirelessly to add more affordable housing in our community, regardless of our role or ownership stake.

Overview of the Agency's Moving to Work Goals and Objectives for the Year

The Portland metro region continues to experience a challenging housing market in terms of unprecedented rent increases and historically low vacancy rates. As a reaction to the state's housing rental crisis, the Oregon state legislature passed several bills in 2016 related to housing and the City of Portland extended our declared housing emergency until at least October 2018.

Home Forward recognized the signs of the looming crisis years ago and proactively implemented Moving to Work activities to assist Housing Choice Voucher holders and residents in past MTW plans. We were able to optimize our MTW flexibility in critical ways early on in our region's housing emergency and we are closely monitoring those activities to ensure they are assisting our participants in the most effective ways possible. Our two proposed initiatives in this plan will help us to continue to address our local housing crisis by making sure people transitioning from homelessness into certain Single Room Occupancy (SRO) buildings will not be impacted by minimum rents while they work towards stability and by creating flexibility in our project-based voucher program to enhance the development of more affordable housing in our community.

Home Forward's strategic plan was developed during our region's housing emergency and every initiative was designed through the lens of this crisis. We have taken a bold yet thoughtful approach to the next three years and our staff and leadership will stretch their capacity to help our community through these difficult times.

We are also intentionally dedicating organizational capacity towards the U.S. Department of Housing and Urban Development's (HUD) Rental Assistance Demonstration (RAD) program. Home Forward is in the process of converting our public housing portfolio to a Section 8-based platform through RAD, a tool that enables the preservation of this critical affordable housing infrastructure for generations to come. This effort will create a significant body of work for the entire organization for years to come. The subsidy conversion transitions the public housing portfolio to a more stable funding source and will give Home Forward the ability to rehabilitate buildings and address long-standing capital needs while continuing to serve the same vulnerable population. We recognize RAD impacts our current residents who call our buildings home and additional organizational capacity will be required to effectively communicate and prepare them for the transition.

Overview of Non MTW Activities

Mobility Counseling and Transportation Toolkit

In 2013, Home Forward was awarded a grant from Metro, a regional governmental planning agency, to work collaboratively with the three metro-area housing authorities to develop tools to provide mobility counseling to Housing Choice Voucher participants. The goal is to reduce participants' combined housing and transportation costs and assist them in identifying housing locations with affordable transit options. This work also achieves goals to further Fair Housing goals. Since April 2014, each housing authority introduced the transportation toolkit to participants when they move or attend the initial program orientation. The online and paper toolkit includes a video, brochures for considering transportation costs when moving, a worksheet to compare transportation costs of housing choices, and a tutorial for using WalkScore. In August 2015, the evaluation of the project was completed. Due to the challenging rental market during the evaluation period, transportation costs and access did not show up as a significant indicator of housing choice. Nonetheless, participants that were shown the toolkit did report better access to transit in their new home and that their housing costs decreased. In December 2015, the Mobility Counseling grant was closed out with Metro. At the project's end, each housing authority made a commitment to maintain access to the toolkit on their website and continue to introduce the toolkit to new participants at program orientations and current participants at the time of moving. The online and paper toolkit includes a video, brochures for considering transportation costs when moving, a worksheet to compare transportation costs of housing choices, and a tutorial for using WalkScore.

VASH Households

Veterans Affairs Supportive Housing (VASH) vouchers are an important and valuable resource for homeless veterans in our community. Home Forward currently administers 664 VASH vouchers, up from our original award of 70 vouchers in FY2009. Most recently, Home Forward was awarded 75 new VASH vouchers with an effective date of April 1, 2018. We are proud to administer these vouchers for the veteran men and women in our community.

Our March 2018 VASH utilization level was up to 96%. With the April 2018 award, our utilization has dropped as we work with the VA and community partners to lease-up these new vouchers. As of July 2018, our utilization is at 88%.

Our ability to effectively increase the scale of our VASH program in the face of an incredibly tight rental market is testament to the success of our partnership with the local Veterans Administration Medical Center, Multnomah County, the City of Portland and a host of non-profit agencies including Transition Projects, our communities Supportive Services for Veteran Families recipient. Home Forward continues to provide security deposit assistance, and our jurisdictional partners, through the Joint Office for Homeless Services, funds additional flexible placement and retention assistance which can be used for any costs related to removing barriers related to lease-up, such as application fees, utility and housing debt, and transportation costs associated with housing search. Additionally, Home Forward is working with the VA and partners to increase the number of Project Based VASH, in order to increase access to housing for Veterans that face the greatest barriers to lease up in the private rental market. There are currently twelve Project Based VASH units, and we anticipate the lease up of 80 more Project Based VASH units in four properties in 2019.

In fall of 2014 we requested authorization from the HUD Voucher Office to include VASH voucher holders in the application of approved MTW activities. In November and December 2014, we received approval to apply the requested MTW activities to VASH voucher holders. In August 2016, we requested authorization to apply to VASH aspects of our local MTW Project Based Voucher program together with new MTW activities included in our FY 2017 plan.

A Home for Everyone

A Home for Everyone is a community-wide effort to better assist people experiencing homelessness in Multnomah County. Established through a charter adopted by Home Forward, Multnomah County, and the cities of Portland and Gresham, A Home for Everyone is led by an executive committee comprised of jurisdictional and funding partners and supported by a coordinating board comprised of a diverse set of community, nonprofit and government stakeholders. By charter, Home Forward has a seat on the Home for Everyone Executive Committee. Through our participation in A Home for Everyone, Home Forward works to strategically align our resources with the community's larger efforts to address homelessness.

In 2014, the Home for Everyone Coordinating Board developed staged action plans related to community efforts to address homelessness. This included an actionable plan to end veteran homelessness, an assessment of housing needs and gaps for people experiencing homelessness, and a plan to reduce the gap by 50%. In response to action plans developed by a Home for Everyone, Home Forward committed to new targeting of Housing Choice Vouchers in two areas:

1. A limited preference for up to fifty vouchers for veteran families that are ineligible for Veterans Affairs Supportive Housing vouchers.

2. A limited preference for up to 200 vouchers for families assisted through Multnomah County's Homeless Family System of Care.

These preferences were fully utilized in FY 2017. An evaluaton of these preferences showed their success at achieving strong lease-up, retention and resource alignment outcomes for families and indidividuals leaving homelessness. Home Forward may continue or expand these efforts utilizing the Tenant-Based Voucher Set Aside activity approved with our FY 2017 Moving to Work Plan. Unfortunately, the disparity between voucher expenses and voucher funding levels has limited Home Forward's ability to issue vouchers and we have been unable, yet, to continue or expand these successful preferences.

In 2018, Home Forward was selected by A Home For Everyone and local government funders to administer the Long Term Rent Assistance (LRA) program. This pilot project serves forty-five households with permanent rent assistance. Assisted households were either experiencing or in danger of homelessness at the outset of assistance and were selected by community non-profits to receive permanent rent assistance paired with housing retention supports.

High Rise Preservation Efforts: 85 Stories

As part of our Strategic Plan goal, One Portfolio, we will increase the number of housing units for our community through preservation, development and acquisition. With approvals from HUD in both Section 18 and RAD, Home Forwards entire public housing portfolio will be transitioned to either project-based vouchers or project-based rental assistance.

Phase I (The first four high rise towers): HUD approved our proposal to change the operating subsidy at four of the buildings from public housing to project-based Section 8 funding (via a Section 18 disposition process). This subsidy change occurred during September 2013 and transfer to the LIHTC partnership (and the accompanying affordable housing lease up) happened during FY2015. The Phase I budget was approximately $124.7 million. Because of the great importance of this work, the agency contributed a significant amount of its own resources to Phase I: $13.6 million (11% of the total funding). Construction was completed during FY2017 at each of the first four properties (Group 1: Northwest Tower & Annex, plus Gallagher Plaza; and Group 2: Hollywood East, and Sellwood Center).

Phase II: RAD conversions focused in two groups occurred during Fall 2017. Group 3 included six mixed finance properties which were not in need of renovations. Group 4 included three HOPE VI properties which are also newer properties that were not in need of renovations

Phase III: To complete the RAD and Section 18 conversions, we have developed a financial strategy that allows the agency to complete the process by FY2021 by converting public housing in groups (or bundles) of properties. Group 5 includes two Section 18 properties and five RAD properties. Financial closing for Group 5 is scheduled for November 2017, and followed by extensive renovation at the two Section 18 properties and moderate rehab at the remaining properties. Group 6 also includes two Section 18 properties along with seven RAD properties/ Financial closing for Group 6 is scheduled for March 2019. Our remaining properties are broken into three more groups (Groups 7-9) and include four more Section 18 and 13 RAD conversions.

Public Housing Strategy

Several important policies guide us as we undertake this complex and challenging initiative. We developed these policies through our work over the last 15 years, starting with our first HOPE VI redevelopment, to preserve this vital community resource.

<u>Policy Guidelines for Subsidy Conversion</u>

1) Continue to serve very low-income populations in these communities

2) Maintain ownership or control of the properties

3) Improve the physical and financial condition of the properties

4) Partner to optimize public and private resources on behalf of the properties and our residents

As described in the previous 85 Stories section, the subsidy conversion process uses a combination of HUD's RAD and Section 18 programs. The charts below summarize the conversion of properties by HUD program.

REMAINING RAD CONVERSIONS

AMP (PH units)	Property Name	Total Public Housing Units in CHAPS	Converted 2018	Conversion FY19	Conversion Post FY19	85 Stories Group
OR002000237	Powellhurst	34		34		Group 6
OR002000121	Fir Acres	32			32	Group 7
OR002000337	Alderwood	20		20		Group 6
OR002000251	Tillicum North	18		18		Group 6
OR002000151	Tillicum South	12		12		Group 6
OR002000252	Hunters Run *	10		10		Group 6
OR002000122	Townhouse Terrace	32			32	Group 7

OR002000123	Stark Manor	30			30	Group 7
OR002000124	Lexington Court	20			20	Group 8
OR002000125	Eastwood Court	32			32	Group 7
OR002000126	Carlton Court	24			24	Group 7
OR002000131	Slavin Court	24			24	Group 8
OR002000132	Demar Downs	18			18	Group 7
OR002000138	Eliot Square	30	30			Group 5
OR002000142	Celilo Court	28			28	Group 7
OR002000152	Harold Lee Village	10		10		Group 6
OR002000153	Floresta	20		20		Group 6
OR002000203	Maple Mallory	48	48			Group 5
OR002000232	Bel Park	10	10			Group 5
OR002000236	Winchell Court	10	10			Group 5
OR002000332	Camelia Court	14	14			Group 5
OR002000336	Cora Park	10			10	Group 8
OR002000436	Chateau Apt.	10			10	Group 8
OR002000705	Scattered East A	7			7	Group 8
OR002000108	Peaceful Villa	70				Group 8

Previous 85 Stories RAD Conversions - Group 3 converted using the RAD program and included The Jeffrey, Rockwood Station, Martha Washington, Bud Clark Commons, Madrona Place, and Fairview Oaks and Woods. As Group 4, Home Forward's three HOPE VI properties (containing seven mixed-finance partnerships) also converted to project-based Section 8 subsidy using the RAD program.

Section 18 Disposition – During Spring 2018, Home Forward received approval from HUD for our remaining Section 18 conversions. These followed the successful first conversions comprised of Group 1 and 2 with four of our high-rise properties.

REMAINING SECTION 18 CONVERSIONS

AMP	Property Name	Total Public Housing ACC Units	Units in Section 18	85 Stories Group
OR002000111	Dekum Court	40	40	Group 9
#N/A	Dekum Addition		20	Group 9
OR002000114	Dahlke Manor	115	115	Group 7
OR002000113	Tamarack Apts.	120	120	Group 5
OR002000115	Holgate House	80	80	Group 8
OR002000117	Schrunk Rivertower	118	118	Group 5
OR002000118	Williams Plaza	101	101	Group 6
OR002000139	Medallion Apts.	90	90	Group 6
OR002000140	Ruth Haefner Plaza	73	73	Group 8

General Operating Information

A. Housing Stock Information

i. Planned New Public Housing Units

New public housing units that the MTW PHA anticipates will be added during the Plan Year.

ASSET MANAGEMENT PROJECT (AMP) NAME AND NUMBER	BEDROOM SIZE						TOTAL UNITS	POPULATION TYPE*	# of Uniform Federal Accessibility Standards (UFAS) Units	
	0/1	2	3	4	5	6+			Fully Accessible	Adaptable
N/A	0	0	0	0	0	0	0	N/A	0	0
Total Public Housing Units to be Added in the Plan Year							0			

* Select "Population Type" from: General, Elderly, Disabled, Elderly/Disabled, Other

If "Population Type" is "Other" please describe:

N/A

ii. Planned Public Housing Units to be Removed

Public housing units that the MTW PHA anticipates will be removed during the Plan Year.

AMP NAME AND NUMBER	NUMBER OF UNITS TO BE REMOVED	EXPLANATION FOR REMOVAL
Alderwood OR002000337	20	Rental Assistance Demonstration – received CHAPs (Commitment to Enter into a Housing Assistance Payment Contract) from HUD August 2016
Hunters Run OR002000252	10	
Tillicum South OR002000151	12	
Harold Lee Village OR002000152	10	
Floresta OR002000153	20	
Powellhurst OR002000237	34	
Tillicum North OR002000251	18	
Fir Acres OR002000121	32	
Townhouse Terrace OR002000122	32	
Stark Manor OR002000123	30	
Eastwood Court OR002000125	32	

Carlton Court OR002000126	**24**	
Demar Downs OR002000132	**18**	
Celilo Court OR002000142	**28**	
Dahlke Manor OR002000114	**115**	
Medallion Apts. OR002000139	**90**	**Section 18**
Williams Plaza OR002000118	**101**	**Section 18**
	626	**Total Public Housing Units to be Removed in the Plan Year**

iii. Planned New Project Based Vouchers

Tenant-based vouchers that the MTW PHA anticipates project-basing for the first time during the Plan Year. These include only those in which at least an Agreement to enter into a Housing Assistance Payment (AHAP) will be in place by the end of the Plan Year. Indicate whether the unit is included in the Rental Assistance Demonstration (RAD).

PROPERTY NAME	NUMBER OF VOUCHERS TO BE PROJECT-BASED	RAD?	DESCRIPTION OF PROJECT
The Rose	57	Yes	SRO Mod Rehab RAD II Conversion
Biltmore Hotel	75	Yes	SRO Mod Rehab RAD II Conversion
Kenton Neighborhood	18	No	New construction with Transition Projects. Will include 18 Project-Based VASH
NE 8th/Alberta Alive	25	No	New construction with Community Development Partners. Will include 25 Project-Based VASH
St. Mark's	20	No	New construction with Do Good Multnomah. Will include 20 Project-Based VASH
King Park Apts	20	No	New construction with PCRI, Inc. Will include 20 project-based vouchers for families leaving homelessness
N. Williams	40	No	New construction with Bridge Housing, Inc. Will include 40 project-based vouchers for families leaving homelessness
	255	Planned Total Vouchers to be Newly Project-Based	

iv. Planned Existing Project Based Vouchers

Tenant-based vouchers that the MTW PHA is currently project-basing in the Plan Year. These include only those in which at least an AHAP is already in place at the beginning of the Plan Year. Indicate whether the unit is included in RAD.

PROPERTY NAME	NUMBER OF PROJECT-BASED VOUCHERS	PLANNED STATUS AT END OF PLAN YEAR*	RAD?	DESCRIPTION OF PROJECT
Tamarack	120	Leased/Issued	Yes	Section 18 RAD Conversion
Schrunk Riverview Tower	118	Leased/Issued	Yes	Section 18 RAD Conversion
Camelia Court	14	Leased/Issued	Yes	RAD I PBV Conversion

Eliot Square	**30**	**Leased/Issued**	**Yes**	
Maple Mallory	**48**	**Leased/Issued**	**Yes**	
Bel Park	**10**	**Leased/Issued**	**Yes**	
Winchell Court	**10**	**Leased/Issued**	**Yes**	
Beatrice Morrow	**20**	**Committed**	**No**	**Portland Housing Bureau PBV NOFA of 2015, awarded in 2016, Home Forward RFP award process**
NW Raleigh	**40**	**Committed**	**No**	
Woody Guthrie	**15**	**Committed**	**No**	
The Jade	**12**	**Committed**	**No**	
RiverPlace	**80**	**Committed**	**No**	
72nd Foster	**20**	**Committed**	**No**	
NE Grand	**20**	**Committed**	**No**	
Garfield	**28**	**Leased/Issued**	**No**	**New construction with Do Good Multnomah/NW Ventures. Will include 28 Project-Based VASH**
	585	**Planned Total Existing Project-Based Vouchers**		

* Select "Planned Status at the End of Plan Year" from: Committed, Leased/Issued

v. Planned Other Changes to MTW Housing Stock Anticipated During the Plan Year

Examples of the types of other changes can include (but are not limited to): units held off-line due to relocation or substantial rehabilitation, local, non-traditional units to be acquired/developed, etc.

PLANNED OTHER CHANGES TO MTW HOUSING STOCK ANTICIPATED IN THE PLAN YEAR

N/A

General Description of All Planned Capital Expenditures During the Plan Year

Narrative general description of all planned capital expenditures of MTW funds during the Plan Year.

GENERAL DESCRIPTION OF ALL PLANNED CAPITAL EXPENDITURES DURING THE PLAN YEAR

Community	Activity	Capital Fund	Percentage of Capital Fund	Total Expended	Percentage of Total Expended
PHA Wide	15% Administrative Allowance	973,529	10.04%	973,529	10.04%
Dekum Court	Sewer Line Repairs	24,501	0.25%	24,501	0.25%
Dekum Court	Abatement	10,427	0.11%	10,427	0.11%
Tamarack	Emergency Sewer Repairs	34,675	0.36%	34,675	0.36%
Tamarack	Flooring Abatement	20,278	0.21%	20,278	0.21%
Dahlke Manor	Appliances	20,256	0.21%	20,256	0.21%
Dahlke Manor	Asbestos Abatement	8,000	0.08%	8,000	0.08%
Holgate House	Appliances	5,507	0.06%	5,507	0.06%
Holgate House	Door Entry System	9,000	0.09%	9,000	0.09%
Schrunk Riverview Tower	Abatement	14,482	0.15%	14,482	0.15%
Schrunk Riverview Tower	Elevator Repair	50,000	0.52%	50,000	0.52%
Williams Plaza	Flooring Abatement	10,000	0.10%	10,000	0.10%
Williams Plaza	Appliances	16,703	0.17%	16,703	0.17%
Williams Plaza	Roofing Re-coat	4,000	0.04%	4,000	0.04%
Townhouse Terrace	New Fence	5,000	0.05%	5,000	0.05%
Lexington Court	New Fence	6,000	0.06%	6,000	0.06%
Demar Downs	Garbage Enclosure Repair	36,196	0.37%	36,196	0.37%
Medallion	Abatement	15,722	0.16%	15,722	0.16%
Medallion	Appliances	12,639	0.13%	12,639	0.13%
Ruth Haefner	Flooring and Abatement	24,000	0.25%	24,000	0.25%
Ruth Haefner	Roof Repair	5,000	0.05%	5,000	0.05%
Ruth Haefner	Door Entry System	20,000	0.21%	20,000	0.21%
Celilo Court	Sidewalk Repair	15,000	0.15%	15,000	0.15%
Celilo Court	Windows Replacement	10,280	0.11%	10,280	0.11%
Celilo Court	Parking Lot Restriping	5,100	0.05%	5,100	0.05%
Floresta	Office Furnace Replacement	6,000	0.06%	6,000	0.06%
Maple Mallory	Radon Mitigation	60,000	0.62%	60,000	0.62%
Maple Mallory	Boiler Replacement	9,000	0.09%	9,000	0.09%
Winchell Court	Radon Mitigation	30,000	0.31%	30,000	0.31%
Powellhurst	Sewer Line Repairs	5,000	0.05%	5,000	0.05%
Camelia Court	Radon Mitigation	30,000	0.31%	30,000	0.31%
Various Properties	PH Discretionary Project Funds	571,405	5.89%	571,405	5.89%
*Various Properties	Major Systems Upgrades - 85 Stories Projects	7,626,339	78.67%	7,626,339	78.67%
	Total Capital Expenditures Budget	**9,694,038**	**100%**	**9,694,038**	**100%**

*Note: The Major Systems Upgrades titled 85 Stories is planned for Home Forward's public housing properties converting to HUD's RAD and/or Section 18 Disposition programs.

Groups 1 & 2 have been approved for disposition and completed construction in December 2016. The work were bundled into two tax credit entities. Group 1 consist of Gallagher Plaza and Northwest Tower and Group 2 consist of Sellwood Center and Hollywood East.

Groups 3 & 4 received approval through the HUD's RAD Program and were converted to RAD in December 2017. Group 3 consist of six mixed finance properties - Fairview Oaks & Woods, Rockwood Station, The Jeffrey, Martha

Washington, Madrona Place and Bud Clark Commons. Group 4 consist of seven HOPE VI properties - Humboldt Gardens, Haven Limited Partnership, Cecelia Limited Partnership, Trouton Limited Partnership, Woolsey Limited Partnership, Stephen's Creek Crossing South and Stephen's Creek Crossing North.

Groups 5 & 6 received approval through HUD's RAD and Section 18 Disposition Programs and are still in the planning phase. The work will be bundled into two tax credit entities. Group 5 is planned to consist seven properties - Tamarack, Schrunk Tower, Eliot Square, Maple Mallory, Bel Park, Winchell Court and Camelia Court. Group 6 is planned to consist nine properties - Williams Plaza, Medallion, Harold Lee, Floresta, Powellhurst, Tillicum North, Tillicum South, Hunter's Run and Alderwood.

B. Leasing Information

i. Planned Number of Households Served

Snapshot and unit month information on the number of households the MTW PHA plans to serve at the end of the Plan Year.

PLANNED NUMBER OF HOUSEHOLDS SERVED THROUGH:	PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED*	PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED**
MTW Public Housing Units Leased	11,172	931
MTW Housing Choice Vouchers (HCV) Utilized	103,524	8,627
Local, Non-Traditional: Tenant-Based^	1,389	116
Local, Non-Traditional: Property-Based^	60	5
Local, Non-Traditional: Homeownership^	0	0
Planned Total Households Served	116,145	9,679

* "Planned Number of Unit Months Occupied/Leased" is the total number of months the MTW PHA plans to have leased/occupied in each category throughout the full Plan Year.

** "Planned Number of Households to be Served" is calculated by dividing the "Planned Number of Unit Months Occupied/Leased" by the number of months in the Plan Year.

^ In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/households to be served, the MTW PHA should estimate the number of households to be served.

LOCAL, NON-TRADITIONAL CATEGORY	MTW ACTIVITY NAME/NUMBER	PLANNED NUMBER OF UNIT MONTHS OCCUPIED/LEASED*	PLANNED NUMBER OF HOUSEHOLDS TO BE SERVED*
Tenant-Based	Program Based Assistance / 14	1,389	116
Property-Based	Program Based Assistance / 14	60	5
Homeownership	N/A	0	0

* The sum of the figures provided should match the totals provided for each local, non-traditional categories in the previous table. Figures should be given by individual activity. Multiple entries may be made for each category if applicable.

ii. Discussion of Any Anticipated Issues/Possible Solutions Related to Leasing

Discussions of any anticipated issues and solutions in the MTW housing programs listed.

HOUSING PROGRAM	DESCRIPTION OF ANTICIPATED LEASING ISSUES AND POSSIBLE SOLUTIONS
MTW Public Housing	There are no anticipated issues related to leasing public housing units.
MTW Housing Choice Voucher	We continue to experience a very tight rental market, making it difficult for voucher holders to find affordable housing. To support voucher holders in

	their search, we have been offering deposit assistance to participants that complete a tenant education class taught by a community organization.
Local, Non-Traditional	**There are no anticipated issues related to local, non-traditional units.**

C. Waiting List Information

i. Waiting List Information Anticipated

Snapshot information of waiting list data as anticipated at the beginning of the Plan Year. The "Description" column should detail the structure of the waiting list and the population(s) served.

WAITING LIST NAME	DESCRIPTION	NUMBER OF HOUSEHOLDS ON WAITING LIST	WAITING LIST OPEN, PARTIALLY OPEN OR CLOSED	PLANS TO OPEN THE WAITING LIST DURING THE PLAN YEAR
MTW Public Housing	Site-Based	7,034	Partially Open	Yes
MTW Housing Choice Voucher	Community-Wide	3,066	Partially Open	No
MTW Housing Choice Voucher	Site-Based	11,988	Partially Open	Yes
Tenant-Based Local, Non-Traditional MTW Program	Other (see below)	0	Open	No
Project-Based Local, Non-Traditional MTW Program	Site Based	0	Closed	No

Please describe any duplication of applicants across waiting lists:

329 households are duplicated across the MTW Public Housing and MTW Housing Choice Voucher (Community-Wide) waitlists. The MTW Housing Choice Voucher (Site-Based) is a Project-Based voucher waitlist (see Activity 10), with waitlists kept by partner agencies administering the PBV contract. Additional households may be duplicated between MTW Public Housing, MTW Housing Choice Voucher (Community-Wide) and MTW Housing Choice Voucher (Site-Based).

Our MTW Public Housing waiting list is currently closed except for households needing an ADA accessible unit or applicants who have a documented terminal illness with a life expectancy of less than 12 months.

In FY2019 we anticipate opening the waiting list for at least two of our buildings designated for seniors and people with disabilities, as well as waiting lists for at least one to two family properties.

Our Tenant-Based Local, Non-Traditional program is our Program Based Assistance program (described in detail in Activity 14). This program largely contracts funds to partner agencies, which then manage the participant selection process, sometimes in partnership with Home Forward.

Each agency currently uses different methods for participant selection, but all programs target families who are homeless or at risk of homelessness.

In 2019, Home Forward will fund three tenant-based local, non-traditional programs. These three programs are administered by two partner agencies.

- Two of these tenant-based programs utilize waiting lists. These programs are for families with children at Alder School and at Earl Boyles Elementary School. These programs receive referrals to the waitlist during the school year.
- The third tenant-based program, Economic Opportunity Program, does not utilize a waiting list. Rather, when funding becomes available, the STRA agency begins accepting referrals from their partner agency, Worksystems, until the available funding is obligated.

ii. Planned Changes to Waiting List in the Plan Year

Please describe any anticipated changes to the organizational structure or policies of the waiting list(s), including any opening or closing of a waiting list, during the Plan Year.

WAITING LIST NAME	DESCRIPTION OF PLANNED CHANGES TO WAITING LIST
N/A	N/A

Proposed MTW Activities

Mod Rehab and Mod Rehab SRO Rent Assistance Demonstration Rent Reform

MTW authorization:

Attachment C, Section D(3)(b) – Eligibility of Participants

Attachment D, Section B(2) – Rent Structure and Rent Reform

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures

Increase housing choices for low-income families

Home Forward implemented its comprehensive Rent Reform activity in FY2012 (page 21). The Rent Reform activity eliminates deductions from the subsidy calculation, utilizes an alternative percentage calculation for total tenant payment, and implements a tiered subsidy structure for non-elderly, non-disabled ("work-focused") households.

Home Forward administers project-based rent assistance for 517 units of housing assisted through the U.S. Department of Housing and Urban Development's Section 8 Moderate Rehabilitation and McKinney Moderate Rehabilitation Single Room Occupancy programs. This housing is a critical component of our community's housing stock available to people leaving homelessness. Owners of these properties have the opportunity to participate in the U.S. Department of Housing and Urban Development's Rent Assistance Demonstration (RAD) in order to preserve and improve their properties. Participation in RAD can involve the conversion of a properties existing subsidy contract into a Project Based Voucher contract that may operate under the program requirements of Home Forward's Local Project Based Voucher MTW activity (page 38). Participants in Home Forward's Local Project Based Voucher program are subject to Home Forward's Rent Reform Activity.

While the Rent Reform activity has been successful in meeting its cost savings and self-sufficiency objectives, Home Forward recognizes that the tiered rent structure for work-focused households does not adequately meet the needs of certain households or programs. Specifically, analysis shows that implementing the full Rent Reform activity at our Section 8 Mod Rehab and Mod Rehab SRO properties, which serve sigficant numbers of households moving out of homelessness, may result in household displacement over time and have a significant effect on these properties' ability to continue to serve these households. Home Forward instead proposes implementing an alternative rent reform initiative for these properties post-RAD to allow owners to take advantage of the Rent Assistance Demonstration while continuing to serve the same tenant population profile.

The SRO Mod Rehab Rent Reform initiative mirrors our existing previously approved Rent Reform activity but eliminates certain aspects of that activity, such as the tiered rent structure for work-focused households. Specifically the SRO Mod Rehab Rent Reform Activity implements the following policies:

- Eliminates all deductions in rent calculations. To offset the loss in deduction, rent will instead be calculated based on 28.5% of gross income. There is no minimum rent and utility reimbursements are allowed.
- Implements a triennial income re-certification schedule. For our existing Rent Reform activity, Home Forward created a separate "release of information" form to supplement the HUD Form 9886, in order to obtain a release of information that covers the appropriate biennial or triennial review cycle which will be utilized in this activity.
- Simplifies the proration of subsidy for mixed-families to a flat $100 monthly reduction in assistance, regardless of the number of ineligible members.

- Requires an interim review for a household that reports a change in family size and has resided in their unit for at least 12 months. Any changes to voucher size, payment standard, and subsidy calculation will be effective 120 days after the interim review.
- Eliminates the earned income disallowance.
- Makes use of actual past income to determine annual income for participant families.
- Uses all income sources as currently defined by HUD to determine a household's assistance, with the following exceptions:
  - The value of any asset or the value of any income derived from that asset is not used in the rent calculation, except when the asset makes regular payments (quarterly or more often) to the resident or participant. However, the value of assets or the value of any income derived from assets is used to determine initial eligibility. Home Forward allows households to self-certify assets with a net value of $5,000 or less.
  - All earned income of full-time students age 18 and over is excluded from the rent calculation, unless they are the head, co-head or spouse of the household.
  - Student financial assistance is considered only for the purpose of determining eligibility. Student financial assistance is not used to determine annual income for rent and subsidy calculation.
  - All adoption assistance payments are excluded from the rent calculation.
  - Households have the option to not report income that is not used in the rent calculation, such as foster care payments. However, Home Forward will accept income reporting of such sources for use in determining affordability of a unit. Home Forward permits families to rent units where the family share is up to 50% of their gross income.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1)			
Total cost of task	FY2018: $1,660	FY2019: Less than $1,660	Less than $1,660 annually
Staff time savings (Standard Metric: CE#2)			
Total time to complete the task	FY2018: 80 hours	FY2019: Less than 80 hours	Less than 80 hours annually
Decrease in error rate of task execution (Standard Metric: CE#3)			
Average error rate in completing task	FY2018: 7.5%	FY2019: 7.5% or less	Maintain 7.5% or less
Increase in tenant share of rent (Standard Metric: CE#5)			
Total annual tenant share of rent	FY2018: $17,344	FY2019: $17,344	$17,344
Increase in household income (Standard Metric: SS#1)			

Metric	Baseline	Benchmark	Final Projected Outcome
Average earned income of households	FY2018: $1,228	FY2019:$1,228	$1,228
Increase in positive outcomes in employment status (Standard Metric: SS#3 Note: Home Forward does not collect detailed employment data from SRO participants. The number provided reflects the total number of work-focused households.			
Number of heads of households who: (6) Other	FY2018: 32 households	FY2019: 32 households	32 households
Percent of work-focused households who: (6) Other	FY2018: 32 households	FY2019: 32 households	32 households
Households Removed from Temporary Assistance for Needy Families (TANF) (Standard Metric: SS#4)			
Number of households receiving TANF assistance	FY2018: 1 households	FY2019: 0 households	0 households
Households transitioned to self-sufficiency (Standard Metric: SS#8) Note: Home Forward's SRO properties assist households transitioning from homelessness to permanent, stable housing. Rather than moving to self-sufficiency, Home Forward aniticipates participant households will move from an SRO property into a long-term Home Forward subsidy program.			
Number of households transitioned to self-sufficiency (Defined as households that have earned or permanent income that results in area median income (AMI) above 50% and/or that have voluntarily exited housing assistance)	FY2018: 0 hosueholds	FY2019: 0 households	0 households

Cost Implication:

Home Forward anticipates the proposed activity will result in some staff time savings upon implementation. The increased capacity will be used to allow Home Forward staff to provide additional resources for residents.

Need for MTW Flexibility:

Home Forward is using our rent reform authorizations to eliminate deductions, simplify the rent calculation, change review schedules, and implement other policy adjustments that, as a whole, make up our rent reform activity, as described above. The requested waiver authority will result in cost and time savings for the agency while ensuring the effected properties can continue to their mission of assisting households moving out of homelessness.

Impact Analysis:

Home Forward completed an impact analysis for Biltmore Hotel (sc825) and The Rose (sc840), the two properties slated for Mod Rehab in 2019. Thirty-two households (24%) at the two properties fall under the work-focused category while 100 (68%) fall under Senior/Disabled. Of the work-focused, 7 (22%) have income and 25 (78%) are zero income.

Under the proposed activity, analysis shows that 81 households (61%) will see a decrease or no change in their tenant rent at the Biltmore Hotel or The Rose. The remaining would see an average increase of $3 or $4 dollars, respectively, primarily due to the loss of deductions. Average monthly subsidy will increase by $1 at the Biltmore Hotel and remain the same at The Rose.

Hardship Policy:

As with our standard Rent Reform activity, households may apply for a hardship review if their total monthly shelter costs exceed 50% of the total monthly income used to determine their rent subsidy. Section 8 participants who choose to rent housing where the total shelter costs exceed 50% of total monthly income at the time of initial lease-up in that unit will not generally qualify for hardship review; however, all households have the right to request a hardship and exceptions may be made. The committee has a menu of remedies to reduce a qualifying household’s burden.

Annual Reevalution:

Home Forward’s YARDI database continues to serve as the source for household income and total tenant rent payment information. The baseline data for hours required to conduct rent calculation and income reviews was collected through staff interviews and workflow analysis. This process will be repeated in subsequent years to determine progress towards benchmarks and goals.

Transition Period:

Home Forward currently provides assistance to households in nine SRO properties. Of those, two properties, Biltmore and Rose, are currently in the RAD process. Implementation of the activity will occur post-RAD conversion. We expect additional properties to begin the RAD process in the near future.

Transfer of Project-Based Voucher Contract to Support Local Preservation or Development of Affordable Housing

Home Forward works closely with local affordable housing owners and developers to preserve and increase the affordable housing stock in the community. For many property owners participating in our Project-Based Voucher (PBV) program, the ability to transfer an existing PBV contract to a new location before its expiration would greatly increase the owner's ability to expand the number of affordable units in the region. Currently, only a project owner that has completed a RAD conversion may request a contract transfer. However, they cannot do so until 10 years from the effective date of the initial Contract and such requests must be approved by HUD which can take a significant amount of time and effort to complete. Non-RAD PBV Project Owners have no such recourse.

MTW authorization:

Attachment C, Section B(2) – Partnerships with For-Profit and Non-Profit Entities

Attachment C, Section D(7) – Establishment of an Agency MTW Section 8 Project Based Program

Attachment D, Section B(3) – Local Unit Based Subsidy Program

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures

Increase housing choices for low-income families

Home Forward believes this situation discourages some property owners from entering a HAP Contract as it limits the property owner's ability to engage in short- and long-term development and planning. In addition, Home Forward is concerned that if HUD approves too many RAD property owners for a contract transfer, or if property owners opt to not renew a HAP Contract, the agency would see a large increase in the number of existing households switching to tenant-based assistance. This increase would tie up valuable staff resources and reduce our ability to help new households off the waiting list. Fiscally, an unanticipated increase in tenant-based vouchers reduces our ability to predict costs and may require us to redirect resources currently allocated to opportunity neighborhoods.

Home Forward proposes replacing the current process for contract transfers post-RAD with a local Project-Based Contract Transfer activity and expanding the option to include all PBV property owners. This activity balances the needs to provide a streamlined process for PBV Project Owners with the need to ensure existing households retain their subsidy without impacting our ability to serve new households.

With Home Forward approval, a Project Owner may request a transfer of assistance after 5 years from the effective date of the initial HAP Contract (unless a transfer is needed sooner as a result of events such as eminent domain proceedings, natural disasters or unforeseen events or unless HUD provides approval of a transfer for any other reason). Home Forward may consider a partial or complete transfer of assistance to a new location if the new location complies with applicable site selection standards. If applicable, any lender and/or investor of the Covered Project must approve the transfer of the assistance. In the event of such transfer, the Project Owner may request, subject to Home Forward consent, that the original Project-Based Voucher Contract be modified or released to reflect such transfer of assistance.

Home Forward will only approve such a request where the following policy goals and technical requirements are met:

- The proposed new development must add or preserve affordable housing in the community;
- The proposed new development must otherwise comply with environmental review and subsidy layering review;
- Tenants residing in subsidized units within the assisted development must retain a project-based voucher subsidy pursuant to the following guidelines:
    - Tenants within the assisted development must be offered the option of moving to a comparable subsidized unit in the new or preserved development upon completion of purchase, rehabilitation, or construction, or to another comparable subsidized unit offered by the Project Owner;

    - If tenants decline to move, they may remain in the assisted development and the subsidy will remain in place until the subsidized tenant vacates the assisted unit, at which point the project-based voucher subsidy will be converted to the new development and added to the new Project-Based Voucher Contract;
    - Because the above requirements protect the ability of tenants to remain in their choice of Project-Based Voucher subsidized units, Choice-Mobility vouchers will not be available for tenants under this proposal as a result of the contract transfer.
- Rents and bedroom sizes must remain comparable between the assisted development and the new development to maintain stability in Housing Assistance Payment costs.

In addition to the criteria above, Home Forward retains full discretion to deny a transfer of project-based voucher assistance. The activity would apply to all current and future properties under HAP Contract, including those that convert to a HAP Contract under RAD.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1) Note: Home Forward is unable to calculate anticipated costs absent the activity.			
Total cost of task	FY2018: $0	FY2019: $0	$0
Staff time savings (Standard Metric: CE#2) Note: Home Forward is unable to calculate anticipated costs absent the activity.			
Total time to complete the task	FY2018: 0 hours	FY2019: 0 hours	0 hours
Displacement prevention (Standard Metric: HC#4) Note: Number of households in a unit that has completed, or will complete, RAD conversion by December 31, 2018 used as a proxy for potential displacement absent the proposed activity.			
Number of households at or below 80% AMI that would lose assistance or need to move	FY2018: 903 households	FY2019: 0 households	0 households

Cost Implication:

Home Forward anticipates the proposed activity will be budget neutral. Instead we look to offset anticipated future costs which would occur should Project Owners choose to transfer, or not renew, their contract in the future. By retaining the discretion to approve or deny a PBV contract transfer request, Home Forward is able to uphold fiscal discipline around maintaining PBV costs while preventing household displacement.

Need for MTW Flexibility:

Home Forward is utilizing our MTW flexibilities to give the agency authority to approve post-RAD PBV Contract Transfers, provide a contract transfer option to non-RAD property owners under a PBV contract, reduce the time needed before a Project Owner may request a contract transfer, and require Project Owners requesting a contract transfer to provide the same or better unit upon completion, as described above. The requested waiver authority will increase or preserve the number of affordable housing units in the community and decrease the number of households forced to move due to the contract transfer.

Approved MTW Activities

Implemented Activities

01 Rent Reform

Approved FY2012, Implemented FY2012, Amended FY2014

This activity was originally approved and implemented in FY2012. In FY2014, an amendment to the activity was approved and implemented. Our FY2015 MTW Plan included three modifications, which have also been implemented. All amendments and modifications are included in the following full description of our rent reform activity:

In FY2012, Home Forward implemented a large-scale reform of rent calculation methods, applicable to all MTW public housing and Section 8 households, as well as VASH and FUP voucher holders. The simplified method distinguishes between the populations of seniors / people with disabilities and "work-focused" households. The fundamental premise is that deductions are eliminated from the subsidy calculation and the total tenant payment is determined using a percentage of gross income.

MTW authorization:

Attachment C, Section B(3) – Definition of Elderly Family

Attachment C, Section D(3)(b) – Eligibility of Participants

Attachment D, Section B(2) – Rent Structure and Rent Reform

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures

Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient

In early 2013, the federal government imposed sequestration: across-the-board reductions in federal funding. In response to these funding cuts, Home Forward amended the activity in FY2014 to increase the percentage of income used to calculate rent. The amended percentages are reflected below.

For **seniors and people with disabilities**, rent is calculated based on 28.5% of gross income. All deductions are eliminated and this group has triennial income re-certifications. We define those aged 55 and older as "seniors", and households fall into this population category if the head, co-head or spouse listed on the lease is 55 or older, or is disabled under the current HUD definition used by Home Forward.

This group has a $0 minimum rent and utility reimbursements are allowed.

All households that do not fall into the population category above are considered **work-focused households**. All deductions are eliminated and this group has biennial income re-certifications. The percentages of income used to calculate the tenant portion of rent are as follows:

- **Years 1 and 2**: rent is based on 29.5% of gross income, with no minimum rent. Utility reimbursements are allowed.
- **Years 3 and 4**: rent is based on 29.5% of gross income or $100 minimum rent, whichever is greater. Utility allowances are factored in the assistance, but utility reimbursements are not allowed.

- **Years 5 and 6, and biennially thereafter**: rent is based on 31% of gross income or $200 minimum rent, whichever is greater. Utility allowances are factored in the assistance, but utility reimbursements are not allowed.

The following policies apply to all households:

- Zero-income households meet with their public housing site manager or Section 8 case manager every six months, so that staff can provide referrals to community service providers and check on progress towards obtaining an income source.
- The proration of subsidy for mixed-families is simplified so that a flat $100 monthly reduction in assistance is applied to the household, regardless of the number of ineligible members.
- The ceiling rent for public housing is set to match Section 8 payment standards. There is no flat-rent option.
- Home Forward has created a separate "release of information" form to supplement the HUD Form 9886, in order to obtain a release of information that covers the appropriate biennial or triennial review cycle.
- For Section 8 households where the gross rent of the unit exceeds the applicable payment standard, Home Forward will approve the tenancy at initial occupancy so long as the household share does not exceed 50 percent of the household's gross income.
- When a Section 8 household is approved to move and the identified unit has a gross rent that exceeds the payment standard, Home Forward will use the existing income verification on file to test for affordability. Home Forward will not require a re-examination to verify income for this purpose, unless the family requests it.
- When a Section 8 household reports a change in family size, if the household has resided in their unit for at least 12 months, Home Forward will require an interim review. Any changes to voucher size, payment standard and subsidy calculation will be effective 120 days after the interim review.
- The earned income disallowance is eliminated.
- All GOALS participants are included in the rent reform calculation.
- Home Forward uses actual past income to determine annual income for participant families.
- All income sources used to determine a household's public housing rent or Section 8 assistance are the same as currently defined by HUD, with the following exceptions:
- The value of any asset or the value of any income derived from that asset is not used in the rent calculation, except when the asset makes regular payments (quarterly or more often) to the resident or participant. However, the value of assets or the value of any income derived from assets is used to determine initial eligibility. Home Forward allows households to self-certify assets with a net value of $5,000 or less.
- All earned income of full-time students age 18 and over is excluded from the rent calculation, unless they are the head, co-head or spouse of the household.
- Student financial assistance is considered only for the purpose of determining eligibility. Student financial assistance is not used to determine annual income for rent and subsidy calculation.
- All adoption assistance payments are excluded from the rent calculation.
- Households have the option to not report income that is not used in the rent calculation, such as foster care payments. However, Home Forward will accept income reporting of such sources for use in determining

affordability of a unit. Home Forward permits families to rent units where the family share is up to 50% of their gross income.

- Households may apply for a hardship review if their total monthly shelter costs exceed 50% of the total monthly income used to determine their rent subsidy. Section 8 participants who choose to rent housing where the total shelter costs exceed 50% of total monthly income at the time of initial lease-up in that unit will not generally qualify for hardship review; however, all households have the right to request a hardship and exceptions may be made. The committee has a menu of remedies to reduce a qualifying household's burden.

Rent reform has been fully implemented. At this time, all MTW public housing and Section 8 households, as well as VASH and FUP voucher holders, are on the rent reform calculation. The earliest group of work-focused households transitioned to the second level of rent payment beginning in FY2015, and is now subject to the $100 minimum rent payment. Home Forward continues to monitor hardship requests, household and agency financial impacts and staff feedback to prepare for any changes that may need to be made to the activity.

Changes or Modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1)			
Total cost of task	FY2011: $140,228	FY2019: $128,656	Less than $130,000 annually
Staff time savings (Standard Metric: CE#2)			
Total time to complete the task	FY2011: 5,340 hours	FY2019: 3,740	Less than 4,000 hours annually
Decrease in error rate of task execution (Standard Metric: CE#3) Note: Because Home Forward does not have a pre-implementation baseline for this metric, we are not able to show the historical impact of this activity. Through our quality control process, every error that is identified is corrected.			
Average error rate in completing task	FY2015: 7.5%	FY2019: 7.5%	Maintain 7.5% or less
Increase in tenant share of rent (Standard Metric: CE#5)			
Total annual tenant share of rent	FY2012: $25,342,942	FY2019: $31,669,284	FY2019: $31,669,284
Increase in household income (Standard Metric: SS#1)			
Average earned income of households	FY2011: $3,324	FY2019: $3,458	FY2019: $3,827
Increase in positive outcomes in employment status (Standard Metric: SS#3 Note: Because Home Forward has implemented biennial and triennial review schedules, the number of households who report an increase in earned income each year is reduced.			
Number of heads of households who: 6) Other (defined as having an increase in earned income)	FY2011: 866 heads of households	FY2019: 525 heads of households	At least 525 heads of households annually

Metric	Baseline	Benchmark	Final Projected Outcome
Percent of work-focused households who: 6) Other (defined as having an increase in earned income)	FY2011: 16% of work-focused households	FY2019: 16% of work-focused households	At least 16% of work-focused households
Households Removed from Temporary Assistance for Needy Families (TANF) (Standard Metric: SS#4)			
Number of households receiving TANF assistance	FY2012: 1,859 households receiving TANF (17.7%)	FY2019: 1,780 households receiving TANF (16.5%)	Less than 1,780 (16.5%) households receiving TANF
Reducing the per unit subsidy costs for participating households (Standard Metric: SS#6)			
Average amount of subsidy per household	FY2012: $524 per household	FY2019: $776	Less than $780 per household
Households transitioned to self-sufficiency (Standard Metric: SS#8)			
Number of households transitioned to self-sufficiency (Defined as households that have earned or permanent income that results in area median income (AMI) above 50% and/or that have voluntarily exited housing assistance)	FY2014: 521 households	FY2019: 550 households	At least 550 households annually
Displacement prevention (Standard Metric: HC#4) Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not believe this metric is an accurate measure of this activity, but we have included it at HUD's request.			
Number of households at or below 80% AMI that would lose assistance or need to move	FY2011: 233 households	FY2019: 0 households	0 households are required to move
Increase in resident mobility (Standard Metric: HC#5) Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not use rent reform to impact mobility, but we have included it at HUD's request.			
Number of households able to move to a better unit and/or neighborhood of opportunity (defined as low poverty census tracts where poverty is below 17.1%)	FY2013: 3,092 (28.4%) households lived in better neighborhoods	FY2019: 3,283 households	FY2019: 3,283 (30.4%) households lived in better neighborhoods

Additional Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Maintain stability for seniors and people with disabilities			

Metric	Baseline	Benchmark	Final Projected Outcome
Shelter burden (rent[1] + utility allowance divided by gross income) for seniors and people with disabilities	Before implementation, shelter burden was 27%	FY2019: Shelter burden will remain below 29%	Seniors and people with disabilities will maintain stability, with a shelter
Increased contribution to rent			
Total tenant payment (rent[2] + utility allowance) for work-focused households	Before implementation: Section 8 average - $267 Public housing average - $249	FY2019: Section 8 average - $346 Public housing average - $301	Maintain an average total tenant payment of at least $307 for Section 8 and $286 for Public Housing (15% above baseline)
Increased income in work-focused households			
Average income for work-focused households, as percentage of Median Family Income (MFI)	Before implementation, average income for work-focused households was 16.4% MFI	FY2019:18% MFI	18% MFI

Home Forward's YARDI database continues to serve as the source for household income and total tenant rent payment information. The baseline data for hours required to conduct rent calculation and income reviews was collected through staff interviews and workflow analysis. This process will be repeated in subsequent years to determine progress towards benchmarks and goals.

MTW Flexibility:

Home Forward has used our rent reform authorizations to eliminate deductions, simplify the rent calculation, change review schedules, and implement other policy adjustments that as a whole, make up our rent reform activity, as described above.

[1] For purposes of these metrics, Housing Choice Voucher rents are calculated with gross rent capped at payment standard.

02 GOALS – Home Forward's Family Self Sufficiency Program

Approved FY2014, Implemented FY2014

MTW authorization:

Attachment C, Section E – Family Self Sufficiency Programs

Attachment C, Section B(1) – Single Fund Budget with Full Flexibility

Statutory objective:

Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient

In our FY2014 Plan, Home Forward proposed an activity to align existing self-sufficiency programs into one consolidated program, which we refer to as the GOALS (Greater Opportunities to Advance, Learn and Succeed) program. This program is tailored to meet the needs of our community and be efficient for staff to administer. GOALS program requirements are the same regardless of funding source, program or property, with a few minor exceptions for site-based programs.

The key elements of the GOALS program are as follows:

- The rent reform calculation (Activity 01) is used for all GOALS participants.
- Participants who are engaged in a designated program intended to increase the family's economic independence (such as an employment or training program) will receive a preference on the GOALS waiting list. 100% of the GOALS slots may be filled with participants utilizing this preference.
- Home Forward will allow the GOALS contract to be in the name of any adult member of the household.
- The traditional escrow account used in HUD Family Self-Sufficiency (FSS) programs has been replaced with a managed savings account. Any rent paid by a participant household above $350 (known as the "strike point") will be placed into the managed savings account. The monthly amount placed into a family's managed savings account is limited to the difference between the strike point and the family's ceiling rent (for public housing families) or voucher payment standard (for Section 8 families).
- The length of time on the program will be five years, with the opportunity to extend for an additional two years. Eligibility for the two-year extension follows current policy and HUD guidelines.
- Participants graduate and have access to the funds in their managed savings account when they have completed their training plan and fulfilled the obligations identified in their contract.
- Families who leave the program prior to graduation will forfeit any money accrued in their managed savings account.
- Staff implementing the GOALS program will be funded by a combination of HUD-funded FSS Coordinator money, grant funding and agency budgeting.
- FSS Coordinator funds will be used only for FSS Coordinator salaries, as directed by the respective NOFAs.
- At properties where participation in GOALS was mandatory, the property will continue to utilize a site-based preference on the GOALS waitlist to encourage participation in the family self-sufficiency program at these sites.
- When a public housing resident reaches ceiling rent, or a housing assistance payment for a voucher participant drops to zero, deposits into the family's managed savings account will cease. Families can continue to participate in the program for an additional six months, but no savings will accrue during this time. If the family is still at

ceiling rent or zero assistance after six months, they will graduate from the program. If the family's income decreases to a level that housing assistance is reinstated during that six-month period, they may begin to earn escrow again, and continue participation in the program as long as the contract determines they are still eligible.

- GOALS participants who enroll in the Individual Development Account (IDA) program will be able to withdraw from their managed savings account up to $700 per year, for a maximum of 3 consecutive years or $2,100. In order to utilize managed savings account for IDA deposits, participants will need to be co-enrolled in GOALS and IDA programs. If a participant withdraws from the IDA program before successfully completing the IDA program, the IDA provider will refund the full managed savings account to Home Forward. By allowing participants the option to apply more restricted funds towards their IDA, the intent is to allow households to use their more readily accessible, or unrestricted, funds such as earned income tax credit (EITC) returns, to meet more immediate financial needs. This would permit financially vulnerable households to continue working towards long term financial investment while maximizing choice in how to best apply unrestricted funds towards any current financial obligations.

Changes or Modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1) Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not save costs through this activity, but we have included it at HUD's request.			
Total cost of task	FY2013: $186,400	FY2019: $164,363	At least $300,000 in staff costs dedicated to site-based GOALS[2]
Staff time savings (Standard Metric: CE#2) Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not save staff time through this activity, but we have included it at HUD's request.			
Total time to complete task	FY2013: 6,240	FY2019: 4,176	At least 10,000 staff hours dedicated to site-based GOALS[2]
Decrease in error rate of task execution (Standard Metric: CE#3) Note: Because Home Forward does not have a pre-implementation baseline for this metric, we are not able to show the historical impact of this activity.			
Average error rate in completing task	FY2015: 2%	FY2019: 2%	Maintain 2% or less
Increase in resources leveraged (Standard Metric: CE#4)			
Amount of funds leveraged	FY2013: $0	FY2019: $164,363	At least $300,000 in internal funding leveraged to staff site-based GOALS[2]

[2] Home Forward uses our MTW flexibility to include coordinators at our site-based programs in our overall GOALS FSS program. This is shown here as an increase in staffing costs and hours, since we're now able to include these costs under the combined program. In addition to site-based coordinators, there are 8 traditional coordinators supported via HUD-funded FSS coordinator funds.

Metric	Baseline	Benchmark	Final Projected Outcome
Increase in household income (Standard Metric: SS#1)			
Average earned income of households	FY2013: $9,277	FY2019: 11,500	FY2019: $11,500
Increase in household savings (Standard Metric: SS#2)			
Average amount of escrow of households	FY2013: $1,292	FY2019: $1,350	FY2019: $1,350
Increase in positive outcomes in employment status (Standard Metric: SS#3)[3]			
Number of heads of households: 1) Employed full-time 2) Employed part-time[4] 3) Enrolled in an educational program 4) Enrolled in a job-training program 5) Unemployed 6) Other (defined as having completed an education or job training program)	FY2013: 1) 283 2) N/A 3) 113 4) 69 5) 281 6) 38	FY2019: 1) 185 2) 120 3) 120 4) 75 5) 260 6) 45	FY2019: 1) 185 2) 120 3) 120 4) 75 5) 260 6) 45
Increase in positive outcomes in employment status (Standard Metric: SS#3)[3]			
Percentage of work-able households: 1) Employed full-time 2) Employed part-time[5] 3) Enrolled in an educational program 4) Enrolled in a job-training program 5) Unemployed 6) Other (defined as having completed an education or job training program)	FY2013: 1) 53% 2) N/A 3) 20% 4) 12% 5) 47% 6) 6%	FY2019: 1) 37% 2) 22% 3) 20% 4) 15% 5) 41% 6) 10%	FY2019: 1) 37% 2) 22% 3) 20% 4) 15% 5) 41% 6) 10%
Households removed from TANF (Standard Metric: SS#4) Note: This metric is measured as a point in time count, which does not account for individual households who give up TANF assistance, graduate from the GOALS program, and are then replaced by income GOALS participants who have not yet given up TANF assistance.			
Number of households receiving TANF assistance	FY2013: 126 households	FY2019: 118 households	FY2019: 118 households
Households assisted by services that increase self-sufficiency (Standard Metric: SS#5)			

[3] Households may be counted in more than one category in the employment statuses shown above. For example, a household may be considered unemployed while enrolled in an educational program.

[4] Home Forward did not track full-time vs part-time employment prior to implementation. For the purposes of this baseline metrics, all employed households were counted as employed full-time. We have updated these metrics with the part-time employment statistics.

Metric	Baseline	Benchmark	Final Projected Outcome
Number of households enrolled in GOALS	FY2013: 564 households enrolled	FY2019: 600 households enrolled	Maintain enrollment of at least 600 households
Reducing per unit subsidy costs for participating households (Standard Metric: SS#6)			
Average amount of subsidy per household	FY2013: $490.65 per household	FY2019: $485 per household	Less than $490 per household
Increase in tenant share of rent (Standard Metric: SS#7)			
Tenant share of rent	FY2013: $986,971	FY2019: $1,305,000	At least $1,100,000 annually
Households transitioned to self-sufficiency (Standard Metric: SS#8)			
Number of households transitioned to self-sufficiency (Defined as households that have earned or permanent income that results in area median income (AMI) above 50% and/or that have voluntarily exited housing assistance)	FY2014: 30 households	FY2019: 35 households	At least 30 households annually

Additional Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Increase in average income for exiting participants			
Increase in average participant earned income between enrollment and exit	Average earned income at time of GOALS enrollment for all current GOALS participants = $8,745	Average earned income for all participants exiting (for any reason) in FY2019 - $11,500	Increase in average participant earned income between enrollment and exit
Increase in average savings for exiting participants			
Increase in average participant managed savings account balance at exit from GOALS	Average managed savings account balance at entry to GOALS = $0	Average managed savings balance disbursed to all participants exiting for any reason in FY2019 –$2,350	Increase in average participant managed savings account balance at exit from GOALS
Increase in positive outcomes for exiting participants			

Metric	Baseline	Benchmark	Final Projected Outcome
Percentage of households: 1) Employed full-time 2) Employed part-time 3) Enrolled in educational program 4) Enrolled in job training program 5) Unemployed 6) Other (defined as having completed an educational or job training program)	For 81 households exited in FY2013: 1) 40% 2) N/A 3) 9% 4) 2% 5) 50% 6) 14%	By FY2019: 1) 42% 2) 21% 3) 10% 4) 8% 5) 37% 6) 15%	By FY2019: 1) 42% 2) 21% 3) 10% 4) 8% 5) 37% 6) 15%
Exiting participants removed from TANF			
Percent of households giving up TANF at exit	FY2013: 24% of households who had TANF during participation had given up TANF at exit	FY2019: 35% of exiting households	At least 30% of families who had TANF during participation will have given up TANF at exit[5]

MTW Flexibility:

Home Forward has used our authority to develop a family self-sufficiency program that meets the needs of our local community. This program is specifically designed to meet the statutory objective of giving incentive to our families to obtain employment and work towards becoming economically self-sufficient.

[5] Households are required to give up TANF benefits in order to graduate. The percentage of households is pulled down due to families exiting the program without graduating.

03 Local Blended Subsidy

Approved FY2012, Implemeted FY2012

MTW authorization:

Attachment C, Section B(1) – Single Fund Budget with Full Flexibility

Attachment C, Section C(2) – Local Preferences and Admission and Continued Occupancy Policies and Procedures

Attachment D, Section B(3) – Local Unit Based Subsidy Program

Statutory objective:

Increase housing choice for low-income families

Home Forward has created a local blended subsidy (LBS) program to improve the financial viability of adding "banked" public housing units back into the portfolio. Public housing operating subsidy alone is often insufficient to support bringing these units back to properties. The LBS program uses a blend of MTW Section 8 and public housing operating funds to subsidize units reserved for families earning 80 percent or below of area median income. These units may be new construction, rehabilitated, or existing housing.

The LBS program combines tenant paid rent, Section 8 funds, and public housing funds, resulting in a total per unit rent amount. Rents are set by an internal process to determine the amount of subsidy that will meet property needs, and are subject to completion of rent reasonableness tests. Home Forward uses the payment standard as the maximum rent for LBS units, or up to 125% of Fair Market Rents in the case of service-enriched units. This leveraging of resources allows for a more adequate revenue stream and increases the number of households that can be served.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Additional units of housing made available (Standard Metric: HC#1)			
Number of new housing units made available for households at or below 80% AMI	Before implementation, 0 units made available	FY2019: 239 units made available	239 units made available
Units of housing preserved (Standard Metric: HC#2)			
Number of housing units preserved for households at or below 80% AMI	Before implementation, 0 units preserved	FY2019: 45 units preserved after full implementation	45 units preserved
Increase in resident mobility (Standard Metric: HC#5)			
Number of households living in better neighborhoods (defined as low poverty census tracts where poverty is below 17%)	Before implementation, 0 households	FY2019: 109 households	109 LBS households located in better neighborhoods
Increase in resources leveraged (Standard Metric: CE#4)			

Metric	Baseline	Benchmark	Final Projected Outcome
Amount of funds leveraged	Before implementation, $0	FY2019: $11,145,307	$11,145,307 in leveraged debt, equity and increased services

MTW Flexibility:

This activity uses single fund budget flexibility and authorization to develop a local unit-based subsidy program in order to create the administrative and funding structure for LBS. This increases housing choice for low-income families by allowing Home Forward to add financially viable, subsidized units back into its portfolio. LBS has allowed Home Forward to leverage debt, equity and increased services at these three properties. Additionally, the ability to create local preferences, and admission and occupancy policies and procedures allows Home Forward to manage the units to provide similar protections as public housing and also adapt the rules for efficiency and local needs.

Home Forward understands and is committed to our obligation to continue to serve substantially the same number of families as if we had not participated in the MTW demonstration. We are aware of the pressure our LBS activity may place on the agency to continue to meet our baseline households served, and we carefully consider this information before moving forward with implementation strategies. We are continuing to explore and develop additional alternative options for local rent assistance programs that will serve a significant need in our community, and will also support our ability to meet our baseline households served once LBS is fully implemented.

06 Alternative Inspection Requirements for Partner-Based Programs

Approved FY2012, Implemented FY2012

MTW authorization:

Attachment C, Section D(5) – Ability to Certify Housing Quality Standards

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures

Home Forward aligns our housing resources with the services of jurisdictional and community partners in order to maximize impact and effectiveness. In an effort to reduce costs and increase efficiencies, Home Forward uses alternate inspection standards for programs where we contract out resources to be administered by partners. Rather than requiring full Housing Quality Standards (HQS) inspections, Home Forward requires that these units meet the habitability standards, unit inspection requirement, and lead-based paint visual assessment requirements of the US Department of Housing and Urban Development's Homelessness Prevention and Rapid Re-Housing Program. Staff from jurisdictional and community providers are able to arrange for and conduct required inspections themselves, in conjunction with other required visits to the assisted units, which is often more efficient and allows clients to move in faster than if they had to wait for a scheduled Home Forward inspection.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1)			
Total cost of task	Before implementation, $35,500	FY2019: $0	$0
Staff time savings (Standard Metric: CE#2)			
Total time to complete the task	Before implementation, 500 hours	FY2019: 0 hours	0 hours
Decrease in error rate of task execution (Standard Metric: CE#3) Note: Because this metric was established after implementation, Home Forward does not anticipate a change in the error rate.			
Average error rate in completing a task	FY2014: 4%	FY2019: Less than 5%	Less than 5%

MTW Flexibility:

Home Forward uses MTW authority to allow alternative inspection requirements for units assisted with rent assistance that we have contracted to community partners. These alternate inspection requirements ensure housing standards while increasing efficiency and cost effectiveness.

07 Landlord Self-Certification of Minor Repairs

Approved FY2013, Implemented FY2013

MTW authorization:

Attachment C, Section D(5) – Ability to Certify Housing Quality Standards

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures

In many cases, units may fail an initial or biennial inspection due to minor items, such as cracked socket plates or closet doors that are off track. Requiring a Home Forward inspector to make a trip back to a unit to verify such minor repairs is inefficient and costly. Home Forward has implemented a policy that in cases where there are no more than four minor deficiencies, we may accept an owner's certification that required repairs were made. This allowance is made at Home Forward's discretion, and in cases where all deficiencies are minor items as determined by an approved list maintained by Home Forward.

Allowing a landlord to self-certify a minor repair is left to each individual inspector's discretion, and inspectors remain cautious and thoughtful about when the option is best utilized. Because of this, the activity has not yet produced the level of savings hoped for. However, the inspections supervisor continues to work with inspectors on identifying situations where the strategy can be employed to save additional staff time. Home Forward believes this activity is still an effective strategy for saving time and money.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1)			
Total cost of task	Before implementation, $140,092	FY2019: $112,790	Less than $120,000 to complete re- inspections
Staff time savings (Standard Metric: CE#2)			
Total time to complete the task	Before implementation, 1,326 hours	FY2019: 1,046 hours	Less than 2,000 hours annually
Decrease in error rate of task execution (Standard Metric: CE#3) Note: Because Home Forward does not have a pre-implementation baseline, we are not able to show the historical impact of this activity.			
Average error rate in completing a task	FY2015: 0%	FY2019: Less than 3%	Less than 3%

MTW Flexibility:

This activity uses alternate criteria, in the form of an owner's written certification, to verify minor repairs in a unit that failed its initial or biennial HQS inspection as a result of four or fewer minor deficiencies. This policy increases efficiency, and saves the agency the cost of these re-inspections.

08 Inspections and Rent Reasonableness at Home Forward-Owned Properties

Approved FY2013, Implemented FY2013

MTW authorization:

Attachment C, Section D(5) – Ability to Certify Housing Quality Standards

Attachment C, Section D(2)(c) – Rent Policies and Term Limits

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures

Home Forward owns over 5,000 units of affordable housing in Multnomah County. Many of these units have project-based Section 8 vouchers attached, and additional units are rented to families that are utilizing tenant-based Section 8 vouchers. In cases where a voucher holder is renting a unit we own, Home Forward utilizes our own staff to perform inspections and determine rent reasonableness.

In cases where Home Forward both owns and manages the unit, we hire a third party to conduct quality control inspections and rent reasonableness testing at a sample of these units. This ensures standards are being met while mitigating any conflict of interest. Since the implementation of this activity, 100% of quality control inspections reported the same result as the Home Forward inspection, and no problems have been identified with rent reasonableness.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1)			
Total cost of task	Prior to implementation, $17,750	FY2019: $0	$0
Staff time savings (Standard Metric: CE#2)			
Total time to complete the task	Prior to implementation, 370 hours	FY2019: 0 hours	0 hours
Decrease in error rate of task execution (Standard Metric: CE#3) Note: Because Home Forward does not have a pre-implementation baseline, we are not able to show the historical impact of this activity.			
Average error rate in completing a task	FY2015: 0%	FY2019: Less than 5%	Less than 3%

MTW Flexibility:

Home Forward uses MTW authority to set rent reasonableness and inspect units we own, in place of contracting with a third party to do so. This results in cost savings for the agency.

09 Measures to Improve the Rate of Voucher Holders Who Successfully Lease-Up

Approved FY2010, Implemented FY2010

MTW authorization:

Attachment C, Section B(1) – Single Fund Budget with Full Flexibility

Attachment C, Section D(1)(d) – Operational Policies and Procedures

Attachment C, Section D(3)(b) – Eligibility of Participants

Attachment D, Section D(1) – Establishment of a Local Section 8 / Housing Choice Voucher Program

Statutory objective:

Increase housing choice for low-income families

Since 2010, Home Forward has implemented a variety of measures to improve landlord acceptance of Housing Choice Vouchers in our community and improve the ability of voucher holders to successfully lease up. Based on much of Home Forward's work, the Oregon State Legislature passed HB2639 in July 2014. The legislation prohibits landlords from refusing rental applications of voucher holders only because they have a voucher and offers landlords access to a state-managed Landlord Guarantee Fund if a voucher holder vacates a unit and leaves financial damages, such as property damage, unpaid rent, or fees.

In addition, Home Forward has initiatives focused on improving landlord participation and the leasing success of voucher holders:

- **Vacancy Loss Payment** – We provide vacancy loss payment to owners through the end of the month after the move-out month when vacancies are unforeseen or unexpected (such as a death or an unannounced move-out) and the owners have not received proper notice of the intent to vacate.
- **Landlord Incentive Payment** – Since July 2014, the Landlord Incentive Payment focuses on new landlords. Home Forward makes a one-time payment of $200 to new landlords, defined as those who have not worked in partnership with us for the past two years. At the time of receiving payment, landlords are also given the opportunity to complete a survey to provide feedback on their experience and Home Forward's lease-up process.
- **Tenant Education Class** – Since May 2016, Home Forward contracts with the Community Alliance of Tenants (CAT) to teach a tenant education class to voucher holders. Class graduates have access to up to $200 to help with a security deposit in their housing search.

Despite these initiatives, leasing success rates have fallen as a result of an extremely tight rental market, rapidly rising rents and an overall lack of affordable units. Even with the above measures in place and the new legislation requiring landlords to accept Housing Choice Vouchers, leasing success rates have fallen below our 2009 baseline. In an attempt to keep pace with the market and ensure neighborhood choice for voucher holders, Home Forward increased payment standards most recently in December 2017.

In addition to the initiatives listed above, Home Forward began two new programs in FY2017, using single-fund flexibility, to help voucher holders lease up:

- **Security and Success Loan Program** – This is a partnership between Home Forward and Innovative Changes, a non-profit community-based lender, to offer low-interest loans for moving costs to voucher holders with a household income of at least 30% of the Area Median Income (AMI). With a qualifying income, a voucher holder can borrow up to $1,200 to help with deposits, fees, and other moving costs. The program offers affordable monthly payments, extra incentives for financial education, and the opportunity for a household to build a positive credit history.

- **Housing Search Advocates** – This program is a partnership between Home Forward and two community partners, Human Solutions, Inc. and Transition Projects, Inc., who work with people experiencing low-incomes and homelessness. Three Housing Search Advocate positions have been funded at the organizations to help voucher holders lease up. If a voucher holder has not leased up within 90 days of receiving their voucher or have been identified by HCV staff as experiencing high barriers, they are referred to the Housing Search Advocates for additional support in their housing search.

We have continued with a variety of policy changes (which do not require MTW flexibility) to make the voucher program more appealing to landlords since the passage of HB2639. These include:

- Allowing flexible lease terms based on an individual landlord's standard practice (including month-to-month) Accepting electronic Requests for Tenancy Approval from landlords to speed the process

- Posting tools for landlords on our website so landlords can assess whether their unit is likely to pass rent reasonable and affordability tests

In addition to the initiatives and new changes above, we continue to support voucher holders with an improved program orientation, with an increased focus on housing search, and utilizing the higher payment standards in opportunity neighborhoods.in hopes of helping voucher holders be better prepared for their housing search.

Changes or modifications:

We are not anticipating any changes to this activity. We will continue to evaluate both the lease-up rate and rental market data to determine if the current payment standards remain adequate or adjustments need to be made.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Households assisted by services that increase housing choice (Standard Metric: HC#7)			
Number of households receiving services aimed at increasing housing choice	Before implementation, 0 households	FY2019: 180 households	At least 180 households per year will benefit from the Landlord Incentive

Additional Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Improve voucher success rate			
Issued voucher success rate	FY2009: 74%	FY2019: 80%	FY2018: 80%
Decrease in lease-up time			
Average number of days for a voucher holder to lease up	Before implementation, 51 days	FY2019: 50 days	FY2018: less than 50 days

MTW Flexibility:

Home Forward has made changes to operational policies and procedures and funds these activities through our single-fund budget flexibility. This activity works to increase landlord participation in the program, and therefore, increase housing choice for low-income households.

10 Local Project-Based Voucher Program

Approved FY2012, Implemented FY2012

MTW authorization:

Attachment C, Section D(7) – Establishment of an Agency MTW Section 8 Project-Based Program

Attachment C, Section D(4) – Waiting List Policies

Attachment C, Section D(2) – Rent Policies and Term Limits

Attachment C, Section D(1)(e) – Operational Policies and Procedures

Statutory objective:

Increase housing choice for low-income families

Reduce cost and achieve greater cost effectiveness in Federal expenditures

Home Forward has created a project-based voucher (PBV) program tailored to meet the needs of the local community. We currently administer over 2,000 PBVs in the community via more than 87 separate contracts. The program continues to represent our focus on coordinating with jurisdictional partners and enhancing the supply of permanent supportive housing for households with barriers to housing.

In FY2015, Home Forward changed the operating subsidy at four of our high-rise buildings from public housing to project-based Section 8 funding, as part of our preservation strategy to renovate ten buildings. These four buildings accounted for 654 units, and serve seniors and persons with disabilities. The flexibility to place project-based vouchers at these buildings, as well as in other buildings through service provider and jurisdictional partnerships, ensures that affordable housing remains available to some of the most vulnerable households in our community.

The objective of the project-based voucher program is to provide housing certainty for low- income, high-barrier households who would be unlikely to succeed with a tenant-based voucher. With that in mind, we are focusing project-based vouchers on buildings with on-site services, ideally in opportunity areas, offering tenants affordable rents and access to community resources. Many of the original project-based voucher contracts have expired over the past year, and Home Forward has made it our policy to offer renewals only to owners who have agreed to set waiting list preferences for one or more vulnerable populations, and to make services available to those households. This will result in all project-based voucher buildings offering affordable housing with services to those most in need as contracts are renewed.

In the 2017 fiscal year (4/1/2016-3/31/2017), Home Forward received approval from their Board of Commissioners to set aside 500 vouchers from the Housing Choice Voucher pool to be assigned as Project Based Vouchers over the course of three to five years. Home Forward used two methods by which to assign these vouchers. First we issued our own Request for Proposals (RFP) in the winter of 2015 and allocated over 200 vouchers in the initial Request for Proposals. Awards were made to 12 individual projects across Multnomah County. Secondly, we committed another 100 vouchers in the Fall 2015 Portland Housing Bureau Notice of Funding Availability (NOFA). Through this process four individual projects were award the 100 vouchers. All in areas of high opportunity and low poverty census tracks.

In our 2019 fiscal year we have 130 vouchers yet to be assigned. Home Forward will continue on the current path as noted above and outlined in the Section 8 Administrative Plan to make the remaining awards until we exhaust the 500 voucher commitment made by the board of commissioners.

Home Forward has modified owner proposal selection procedures for PBV units in order to increase Permanent Supportive Housing in our community by awarding PBV units via a local competitive process in collaboration with the City of Portland and Multnomah County. This local process includes issuing a Notice of Funding Availability and accepting proposals from housing developers and owners across the County. This effort ensures that PBVs are aligned with capital and services funding made available from our jurisdictional partners.

The local competitive process may be waived and PBVs may be awarded based on a formal approval and resolution process by Home Forward's Board of Commissioners when the property is owned directly or indirectly by Home Forward, subject to HUD's requirements regarding subsidy layering. The owned units would not be subject to any required assessments for voluntary conversion.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Additional units of housing made available (Standard Metric: HC#1)			
Number of new housing units made available for households at or below 80% AMI	FY2011: 1,100 units	FY2019: 1,500 units made available	Maintain at least 1,100 units that have been made available through this activity
Units of housing preserved (Standard Metric: HC#2)			
Number of units preserved for households at or below 80% AMI that would otherwise not be available	Prior to implementation: 0 units	FY2019: 654 units preserved	654 units will be preserved through conversion from public housing to project-based vouchers
Decrease in wait list time (Standard Metric: HC#3) Note: Because Home Forward does not have a pre-implementation baseline for this metric, we are not able to show the historical impact of this activity			
Average applicant time on wait list in months	FY2014: 15 months	FY2019: 28 months	28 months
Displacement prevention (Standard Metric: HC#4) Note: Because Home Forward does not have a pre-implementation baseline for this metric, we are not able to show the historical impact of this activity			
Number of households at or below 80% AMI that would lose assistance or need to move	FY2015: 904 households	FY2019: 900 households	Over 800 additional project-based voucher units are available through our ability to exceed the 25% building cap
Increase in Resident Mobility (Standard Metric: HC#5)			
Number of households able to move to a better unit and/or neighborhood of opportunity (defined as low poverty census tracts where poverty is below 17%)	FY2011: 93 households	FY2019: 400 households	400 households
Agency Cost Savings (Standard Metric: CE#1)			
Total cost of task in dollars	Prior to implementation: $30,720	FY2019: $19,656	$24,575
Staff time savings (Standard Metric: CE#2)			

Metric	Baseline	Benchmark	Final Projected Outcome
Total time to complete the task	Prior to implementation, 917 hours	FY2019: 500 hours	Less than 700 hours
Decrease in error rate of task execution (Standard Metric: CE#3) Note: Because Home Forward does not have a pre-implementation baseline, we are not able to show the historical impact of this activity			
Average error rate in completing task	FY2015: 2%	FY2019: Less than 5%	Less than 5%
Increase in tenant share of rent (Standard Metric: CE#5) Note: Because Home Forward does not have a pre-implementation baseline, we are not able to show the historical impact of this activity			
Total annual tenant share of rent	FY2014: $3,570,859	FY2019: $5,404,344	Annual tenant rent share of $5,000,000

MTW Flexibility:

The PBV program increases housing choice and affirmatively furthers fair housing by preserving existing affordable housing and focusing on the needs of populations that tend to be less successful in the tenant-based program, including participants with disabilities, extremely low incomes, or backgrounds that may create high barriers to housing. Most of the PBV buildings offer services for specific populations, which help households not only to obtain suitable housing, but also to access additional services that give the household stability in the community. Below is a list of the ways Home Forward utilizes MTW authority for the local PBV program:

- Home Forward exceeds the traditional 25% limit of PBVs in a single building, and allows project-based vouchers to be awarded to more than 25% of units in a given complex.
- Home Forward has modified waitlist policies to allow each PBV building to maintain its own site-based waiting list with its own preferences. It would not be practical or cost effective for Home Forward to manage so many separate PBV waiting lists with separate preferences. Multiple waitlists also ensure that there are almost always open waitlists at any point in time.
- Home Forward does not provide a preference on the tenant-based waiting list for PBV residents, and requires PBV residents to apply for and remain on the tenant-based waitlist in order to transfer to a tenant-based voucher unit.
- Home Forward modifies screening and eligibility requirements to differ from the traditional criteria at certain PBV properties which offer supportive services, therefore increasing housing choice for participants who might otherwise be ineligible for Section 8 housing. Home Forward determines an applicant's eligibility for a specific PBV property based on the capacity of the service provider who owns or contracts to manage the property.
- Home Forward has modified owner proposal selection procedures for PBV units in order to increase Permanent Supportive Housing in our community by awarding PBV units via a local competitive process in collaboration with the City of Portland and Multnomah County. This local process includes issuing a Notice of Funding Availability and accepting proposals from housing developers and owners across the County. This effort ensures that PBVs are aligned with capital and services funding made available from our jurisdictional partners.
- The local competitive process may be waived and PBVs may be awarded based on a formal approval and resolution process by Home Forward's Board of Commissioners when the property is owned directly or indirectly by Home Forward, subject to HUD's requirements regarding subsidy layering. The owned units would not be subject to any required assessments for voluntary conversion.

- Home Forward has adopted the local city and county site selection standards for PBV units in order to ensure alignment with jurisdictional partners in regards to site selection for low-income housing aimed at ending homelessness. Site selection standards are designed to deconcentrate poverty and expand housing and economic opportunities in census tracts with poverty concentrations of 20% or less.

- Home Forward has modified subsidy standards regarding under- and over-housing in order to ensure full utilization of PBV units. Subsidy standards are the same for PBVs as those used for tenant-based vouchers, but exceptions are granted when there are no appropriately sized households on the waiting list to fill a vacant unit.

- Home Forward has modified lease terms, renewal options, and termination policies to limit owners' ability to terminate tenancy without cause, maximizing housing choice for the families in those units. After the initial term, PBV leases convert to a month-to-month agreement unless owners and tenants agree to a longer term, and owners may not refuse to renew leases without cause. Owners of PBV units may not terminate tenancy without cause, except as follows:

    - The owner of a PBV unit may terminate tenancy for a family if Home Forward terminates the family's assistance for any reason in order to ensure that another low-income applicant can be served. However, instead of terminating tenancy, the owner may request Home Forward's approval to amend the PBV contract to remove a unit occupied by a zero subsidy family or amend the PBV contract to substitute a different unit with the same number of bedrooms in the same building.

- Home Forward modified the way contract rents are determined for PBV units by limiting PBV contract rents to a maximum of the payment standard less any applicable tenant paid utility allowance, ensuring that PBV units are affordable even to zero-income households.

- Home Forward adapted the timing of applying payment standard adjustments for PBV participants. Any increase in payment standards to the PBV units is applied on the next anniversary date of the PBV Housing Assistance Payments Contract, following the effective date of the increase. Any decrease in payment standards to the unit is applied beginning on the second anniversary date of the PBV Housing Assistance Payments Contract following the effective date of the decrease. Home Forward also applies any changes to the utility allowances at the same time as the payment standard adjustments.

- Home Forward uses an alternate rent setting policy that allows the Rent Assistance Director, with Board approval, to set exception payment standards that are greater than 110% (up to a maximum of 150%) of Fair Market Rents for service-enriched buildings without requesting HUD approval. The payment standard granted applies to any unit under the project-based voucher contract serving a highly vulnerable population with intensive services. Data is required of the owner to verify the value of the services being provided, and this cost will not be included when conducting rent reasonableness tests.

- Home Forward allows Home Forward staff to conduct inspections, set rents and determine rent reasonableness for Home Forward-owned units that utilize PBVs. When Home Forward both owns and manages the unit, it hires a third party to conduct quality control testing of inspections and rent reasonableness determinations for a sample of these units. This activity is also described under Activity 08: Inspection and Rent Reasonableness at Home Forward-Owned Units.

- Home Forward has eliminated the cap limiting project-basing to up to 20% of the amount of budget authority allocated to the agency by HUD in the voucher program.

11 Align Utility Allowance Adjustment Procedures

Approved FY2011, Implemented FY2011

MTW authorization:

Attachment C, Section C(11) – Rent Policies and Term Limits

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures.

In our FY2011 MTW Plan, Home Forward received approval to align the public housing process for calculating and implementing utility allowance adjustments with that of Section 8. Previously, the public housing utility allowance process required Home Forward to conduct engineering surveys to determine energy consumption, which was cumbersome and costly. Additionally, public housing protocol required that a re-certification be completed for each resident when there were adjustments to the utility allowance.

Aligning the utility allowance adjustment process with that of Section 8 allows public housing to adopt the methodology of using HUD's standard calculation, which is based on the type of utility and type of building. As in the Section 8 program, public housing staff will review the utility allowance adjustments annually, with the adjustment going into effect at the resident's next regular review.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1)			
Total cost of task	Before implementation, $8,000 per year	FY2019: $0	$0 to complete survey
Staff time savings (Standard Metric: CE#2)			
Total time to complete task	Before implementation, approximately 393 hours	FY2019: 0 hours	0 hours

MTW Flexibility:

The standard public housing utility allowance process requires engineering surveys to determine energy consumption, and that a re-certification be completed for each resident when there is a utility allowance adjustment. Our MTW flexibility allows us to align the public housing process with that of Section 8, resulting in agency cost and staff time savings.

13 Broaden Range of Approved Payment Standards

Approved FY2015, Implemented FY2015, Amended FY2017

MTW authorization:

Attachment C, Section D(2)(a) – Rent Policies and Term Limits

Statutory objective:

Increase housing choice for low-income families

Regulations require that payment standards are set between 90% and 110% of Fair Market Rents (FMR), as defined by HUD for a Housing Authority's jurisdiction. Home Forward serves all of Multnomah County, a large geographic area with rents that differ throughout several submarkets, i.e. downtown Portland and East County, which is more rural. When the rental market conditions tighten, it is not uncommon for 110% of Fair Market Rent to fall short of what is needed to rent a quality unit in large, and often higher opportunity, areas of Multnomah County. In addition, payment standards that are too high in particular neighborhoods can create concentrations of poverty.

In order to ensure that payment standards are sufficient to allow Housing Choice Voucher participants reasonable choice in neighborhoods, Home Forward has used MTW authority to broaden its "base range" for payment standards to between 80% and 160% of the Fair Market Rents without prior HUD approval. (In FY2015, Home Forward received authorization to set payment standards between 80% and 120% of Fair Market Rents. In FY2017, Home Forward received authorization to broaden that range between 80% and 160% of Fair Market Rents.)

Home Forward uses the following parameters to establish payment standards:

- Payment standards are broken down by nine separate neighborhoods as defined by ZIP codes. Each of these neighborhood payment standards is broken down by bedroom size.
- Payment standards are set at the market rate.
- Because data shows that market rents are significantly different for three-bedroom apartments and three-bedroom single-family homes and duplexes, Home Forward has established separate payment standards for the two housing types with three bedrooms.

In response to a FMR study commissioned by the local metro-area housing authorities, on February 3, 2016, HUD adopted revised FMRs for the Portland- Vancouver-Hillsboro, OR-WA, HUD Metropolitan Statistical Area (MSA). In March 2016, utilizing these new and substantially increased FMRs together with our existing authority, at the time, to set payment standards up to 120% of FMR. Home Forward's Board of Commissioners adopted new payment standards to be effective April 1, 2016. These payment standards are set at up to 118% of FMR in some neighborhoods to reflect actual market costs in order to give participants a greater chance to lease up in low poverty, high-opportunity neighborhoods.

With these new payment standards, from April 1, 2016 – August 31, 2016, approximately 5,244 families (82% of Housing Choice Voucher participants) have units that benefitted from the implementation of the payment standards set beyond the basic range of 90-110% FMR. Even with the increased FMRs, continued rent increases have proven payment standards up to 120% are insufficient in many neighborhoods we serve, effectively barring low-income families from accessing housing in these areas without paying high market rents in excess of the payment standards. Despite setting payment standards at 118% of FMR, our April 1st, 2016 payment standards for studio apartments are not below 90% of actual market rate in three of the nine payment standard areas, the payment standards for 1-bedroom apartments are not below 90% of market in any of the nine payment standard areas, and the payment standards for 2-bedroom apartments are below 90% of market in two of the nine payment standard areas. The following table illustrates the shortfall in studios, one-bedrooms and two-bedrooms throughout the county:

	Studio		1 Bedroom		2 Bedroom	
Submarket	**Avg Shelter Cost**	**Shelter Cost as FMR %**	**Avg Shelter Cost**	**Shelter Cost as FMR %**	**Avg Shelter Cost**	**Shelter Cost as FMR %**
Downtown Portland	$1,282	**125%**	$1,451	**128%**	$1,789	**135%**
NW Portland	$1,298	**127%**	$1,538	**136%**	$1,777	**134%**
Gresham, Fairview, Troutdale	$825	80%	$1,027	91%	$1,183	89%
Inner & Central NE	$1,336	**130%**	$1,406	**124%**	$1,672	**126%**
Inner & Central SE	$1,313	**128%**	$1,392	**123%**	$1,337	101%
N Portland & St. Johns	$1,334	**130%**	$1,377	**122%**	$1,238	93%
Outer NE	$765	75%	$1,041	92%	$1,193	90%
Outer SE	$908	88%	$1,034	91%	$1,148	86%
SW Portland	$1,349	**131%**	$1,468	**130%**	$1,281	96%

We will always need to balance the opportunity created with higher payment standards with the increased per family costs associated with higher payment standards. Higher payment standards can put limits on our ability to respond to the overwhelming need in our community, but given the nature of the rental market in Multnomah County, the flexibility to set payment standards up to 160% of FMR may be necessary to create reasonable choice for participant families, particularly in low-poverty, high-opportunity areas. We anticipate revising payment standards in FY2019, and depending on updated market survey data, utilization levels, and lease-up success, we may implement payment standards above 120% in some areas.

Home Forward has also been authorized to approve Exception Payment Standards up to 160% of Fair Market Rents in low-poverty areas or as a reasonable accommodation for a family that includes a person with disabilities.

Home Forward participants are on biennial and triennial recertification schedules, per Activity 01 Rent Reform. Because of this, there is sometimes a delay of several months or even years before the increased payment standard is applied to a participant's rent calculation. In the meantime, those participants may be experiencing a larger shelter burden as their landlords increase rent without the accompanying increase in payment standards. To address this delay, Home Forward has been authorized to apply updated payment standards at a participant's interim review.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Increase in resident mobility (Standard Metric: HC#5)			

Metric	Baseline	Benchmark	Final Projected Outcome
Number of households living in better neighborhoods (defined as low poverty census tracts where poverty is below 17%)[6]	FY2013: 1,896 (30%) households lived in better neighborhoods	FY2019: 2,600 (30%) households	FY2019: at least 2,600 households (30%)
Agency cost savings (Standard Metric: CE#1) Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not save costs through this activity, but we have included it at HUD's request			
Total cost of task	FY2014: $48,597,556	FY2019: $66,300,000	FY2019: $66,300,000

Additional Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Average Housing Assistance Payment Expense			
Average annual HAP expense by household	FY2014: $6,690	FY2019: $8,134	FY2019: $8,133

MTW Flexibility:

Home Forward uses our MTW authority to expand the range for which Home Forward may set payment standards across the various submarkets of Multnomah County to between 80% and 160% of HUD-established Fair Market Rents, and to allow for exception payment standards up to 160% of Fair Market Rents, without HUD approval. This ensures that payment standards are sufficient to allow all families, including those that need a reasonable accommodation, to choose to rent units in all nine of the defined areas in Multnomah County (so long as Housing Choice Voucher funding is sufficient to permit this). Home Forward may also choose to reduce payment standards in areas with lower market rents. Home Forward may apply updated payment standards at a participant's interim review.

[6] Data will be collected from YARDI, Home Forward's database, which tracks the census tract and Payment Standard used for each household.

14 Program Based Assistance

Approved FY2015, Implemented FY2015

MTW authorization:

Attachment C, Section D(2)(a) – Rent Policies and Term Limits

Statutory objective:

Increase housing choice for low-income families

The need for rental assistance in Multnomah County far outstrips the supply. When Home Forward opened the Section 8 waiting list in 2016 for the first time in 4 years, over 16,000 households applied for 3,000 waiting list slots.

In an attempt to increase the number of households served over a given period of time, Home Forward has designed Program Based Assistance. This local, non- traditional rent assistance program offers time-limited rent assistance, paired with services, to help families access and/or retain stable housing. While the Housing Choice Voucher and public housing programs provide permanent subsidies in order to ensure long-term affordability for low-income families, the focus of Program Based Assistance is helping families achieve stability. These households will likely remain rent-burdened, but with services available to help families address other challenges in their lives, many will be able to avoid homelessness and remain permanently housed.

To administer 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. Target populations for Program Based Assistance are families for whom: 1) success on the Section 8 Housing Choice Voucher program would be unlikely; 2) the delay in accessing rent assistance due to the Section 8 waitlist would most likely have devastating results (recidivism, relapse, death, homelessness, etc.); or 3) the need for rental subsidy is short term while the client is receiving the support needed to stabilize in permanent housing. Examples of target populations include families who are homeless or at risk of homelessness, families with children attending Alder Elementary School (which has one of the highest mobility rates in the County and was adopted by the I Have a Dream Foundation in order to improve outcomes), and former foster youth.

Program Based Assistance partners work with Home Forward to set program policies that are specific to the target population they are serving. Home Forward ensures that polices are clear, equitably managed, and in compliance with Fair Housing laws. All programs have common elements which include:

- Uses of Funds: Rental Assistance funds may be used for rent assistance, rent arrears with a current landlord, move-in fees and deposits, utility assistance and arrears, motel vouchers if housing is identified but not immediately available, and documented debt to a past landlord (other than a public housing authority).
- Eligibility: Eligibility for Program Based Assistance is as low barrier as possible in order to provide housing access for hard-to-serve households. The only limitations on eligibility are: 1) the household must include at least one person who is a U.S. citizen, U.S. national, or noncitizen with eligible immigration status; 2) the household may not include any member who is subject to lifetime registration as a sex offender or has been convicted of production/manufacture of methamphetamine on premises of federally assisted housing; 3) no one in the household may owe Home Forward money; and 4) annual gross income cannot exceed 50% of area median income.
- Subsidy Determination Method: Each partner is required to write clear policies and procedures for how subsidy amount and duration will be determined. These policies must be applied to all participants in that partner's program.

- Service Requirements: Home Forward makes these funds available to target populations in partnership with one or more partners who are experts in providing the supports families may need to remain stably housed and move towards a stable, permanent housing situation. Therefore, partner agencies are required to make services available to all families accessing Program Based Assistance. Partner agencies will also have the discretion to discontinue rental assistance to households who violate their program policies or fail to engage in services after repeated attempts at engagement.

Changes or modifications:

We are not anticipating any changes to this activity. However, benchmarks are decreased; the disparity between per-unit Housing Choice Voucher funding and expenses means Home Forward has reduced ability to fund program based assistance.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Additional Units of Housing Made Available (Standard Metric: HC#1)			
Number of new housing units made available for households at or below 80% AMI	Before implementation, 0 units	FY2019: 5 units	5 additional units made available through the New Doors project for
Increase in Resident Mobility (Standard Metric: HC #5)			
Number of households able to move to a better unit and/or neighborhood of opportunity	Before implementation, 0 households	FY2019: 27 unduplicated households	27 formerly homeless households receive placement services annually
Households Assisted by Services that Increase Housing Choice (Standard Metric: HC #7)			
Number of households receiving services aimed to increase housing choice	Before implementation, 0 households	FY2019: 76 unduplicated households	76 households receive services annually through Program Based

Home Forward tracks this information through a combination of our YARDI database system, reporting by partner agencies, and the community's Homeless Management Information System (HMIS) software.

MTW Flexibility:

Home Forward uses MTW flexibility to blend program funds into a single budget used to fund Program Based Assistance. This allows Home Forward to administer a form of non-traditional rent assistance that can target households in crisis and help them reach or maintain housing stability.

15 Tenant-Based Voucher Set Aside Policies

Approved FY2016, Implemented FY2016

MTW authorization:

Attachment C, Section D(4) – Waiting List Policies

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures

Home Forward operates or participates in a number of programs that have been designed to align housing with supportive services in order to ensure success for participating families. These include local non-traditional rent assistance programs, our local project based voucher programs, and the Veterans Affairs Supportive Housing (VASH) program. In all cases, jurisdictional or community partners provide supports for families who access the housing, with target populations including families exiting homelessness, former foster youth, seniors, and people with disabilities.

Home Forward has found that leveraging our housing resources with services from partners often results in better housing stability and success for families with barriers to succeeding with a voucher alone. In addition to the above programs, we have also established a series of limited preferences for tenant-based vouchers. Through these limited preferences, specific community partners refer target populations to Home Forward for housing as they provide services. Among the set aside programs we've instituted are:

- Home Forward sets aside up to 200 vouchers for families currently served by Multnomah County's Homeless Family System of Care.
- We also set aside up to 50 vouchers for families that include a veteran experiencing homelessness, who are ineligible for HUD-VASH vouchers. These families are referred by and received services from Transition Projects, Inc.

HUD regulations for tenant-based vouchers require a housing authority to select all participants from a waiting list. In order to adhere to regulations, current families served by the two set aside programs are chosen and referred to Home Forward by the community partner, added to the tenant based voucher waiting list, then immediately pulled from the waiting list to be served with the vouchers that are dedicated to the program. This process is inefficient, time-consuming and cumbersome.

Home Forward is proposing to instead model the referral and selection procedures after the existing VASH program. As with VASH, Home Forward will accept referrals from the specified partners and award those households the dedicated vouchers. Written documentation of the referral will be maintained in the tenant file by Home Forward, but Home Forward will not add these households to the waiting list to be immediately selected. This flexibility will increase efficiency and may reduce the number of days a family has to wait between referral and issuance of the voucher.

For each limited preference program, Home Forward will execute a Memorandum of Understanding with the partner specifying:

- Number of vouchers set aside for the preference;
- Eligibility criteria for the preference;
- Criteria for determining how families will be selected and referred to Home Forward by the partner(s);
- Type and duration of services the partner(s) will make available to the household; and

- Understanding that all referrals must be in writing and include a certification from the partner(s) that the family was selected and referred to Home Forward in accordance with the criteria outlined in the Memorandum of Understanding.

Home Forward will audit partner agencies to ensure that they adhere to selection criteria specified in the Memorandum of Understanding.

The initial lease-up of the current set aside programs Home Forward is complete. However, should they be renewed, Home Forward will shift to the referral system (with no waiting list) for these set aside programs as well.

Impact on Statutory Objective(s)

Since households are referred for set aside vouchers by community partners, it is inefficient and duplicative for Home Forward to maintain a waiting list of the families that partners have selected, only to immediately pull those families off the list. Accepting referrals from the partners of the set aside program, who have selected families based on the criteria outlined in the Memorandum of Understanding, will create efficiencies.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Agency cost savings (Standard Metric: CE#1)			
Total cost of task	FY2016: $875	FY2019: $0	$0
Staff time savings (Standard Metric: CE#2)			
Total time to complete the task	FY2016: 29.5 hours	FY2019: 0 hours	0 hours
Decrease in wait list time (Standard Metric: HC#3) Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Because households are immediately pulled from the waiting list, this will have no impact on this metric; but we have included it at HUD's request			
Average applicant time on wait list in months	FY2016: 0 months	FY2019: 0 months	0 months

MTW Flexibility:

Home Forward uses MTW flexibility to blend program funds into a single budget used to fund Program Based Assistance. This allows Home Forward to administer a form of non-traditional rent assistance that can target households in crisis and help them reach or maintain housing stability.

16 Affordable Housing General Obligation Bond Project-Based Voucher Allocation

MTW authorization:

Attachment C, Section D(7)(b) – Local Competitive Process

Statutory objective:

Additional Units of Housing Made Available.

Approved FY2018, Implemented FY2018

Home Forward received approval to allocate up to 400 project based vouchers to support the goals of a $258.4 million Portland Housing General Obligation Bond that was approved by voters in November of 2016. From time to time, local jurisdictions may issue general obligation bonds to acquire, develop and rehabilitate land and/or properties for affordable housing. Home Forward, as a Moving to Work agency, is granted the ability to support such local housing programs. This includes collaborating with local jurisdictions to provide affordable housing and services for low income and/or disabled households in our community.

Given that local jurisdictions may be the only owner of such housing when using general obligation bonds, for this specific financing situation, Home Forward is defining the ballot initiative as a competitive process. Ultimately, the local jurisdiction is competing for the use of vouchers and is seeking authorization from voters. If the voters elect to pass such a ballot measure, it is done so with the public's knowledge that the sole owner of these properties must be the jurisdiction issuing the bonds. Home Forward will have permission to allocate project-based vouchers to such general obligation bond funded properties to ensure housing opportunities for very-low and extremely low-income families. Home Forward will measure the number of units made available to members of the community through utilization of this designation.

The Portland Housing Bond was designed to increase the affordable housing stock in a community with rapidly rising rents that limit choice for families living with low incomes. One of the location priorities of the Portland Housing Bond's framework is to prioritize acquiring land for new housing in high opportunity areas with access to education and economic opportunities, among other amenities. The Portland Housing Bond's framework includes recommendations for services related to "workforce skill development/employment resources and parenting resources, youth engagement and academic assistance" among other resident services' priorities.

The Portland Housing Bond will create approximately 1,300 permanently affordable units throughout the City of Portland, with 600 designated for households earning 0-30% of the area median incomes. According to the City of Portland, the allocation of up to 400 vouchers to the affordable housing general obligation bond will leverage an additional 200 units of housing for families earning between 0-30% of the area median income, netting a total of 600 units of deeply affordable, permanent housing added to the City of Portland. These permanent units will increase choice across the city for families living with low and extremely low incomes. The vouchers will be allocated over five to seven years as properties are acquired and built. On average, Home Forward anticipates that 57-70 vouchers will be deployed each year.

Changes or modifications:

We are not anticipating any changes to this activity.

Activity Metrics:

Metric	Baseline	Benchmark	Final Projected Outcome
Additional units of housing made available (Standard Metric: HC#1)			

Metric	Baseline	Benchmark	Final Projected Outcome
The Portland Housing Bond anticipates adding 1,300 units of affordable housing over a seven year period. The 400 vouchers will be used to leverage an additional 200 units being available for households earning between 0 and 30% median family income.	FY2018: 0	FY2019: 400 units	600 units

Home Forward will measure the number of units made available to members of the community through the City of Portland's Housing Bond reports to the community. Home Forward will measure the number of units made available to members of the community internally through utilization of this designation.

MTW Flexibility:

Home Forward designates voter-approved affordable housing general obligation bond ballot measures as a competitive process. This is an additional waiver of 24 CFR 983.51. In Oregon, local jurisdictions may issue general obligation bonds. These bonds are secured by tax levies and provide communities with access to debt at favorable interest rates. Unlike other states, however, the Oregon constitution has language that prohibits jurisdictions from raising money to aid parties other than the issuing jurisdiction. In other words, in the State of Oregon, jurisdictions may only use general obligation bonds for capital costs incurred and owned by the issuing jurisdiction. This happens through a popular vote of the citizenry and can leverage 200 additional units of affordable housing made available to the community.

Not Yet Implemented Activities

Home Forward does not have any approved activities yet to be implemented.

Closed Out Activities

12 Alternative Initial Housing Assistance Policy

Approved FY2015, Never Implemented

Home Forward determined that the administrative costs to manage this activity would offset the proposed savings.

Alternate Rent Calculation for Public Housing Units

Approved FY2011, Implemented FY2022, Closed Out FY2012

This activity was discontinued on April 1, 2012 when our current Rent Reform activity was implemented and the units at those buildings shifted to the Rent Reform calculation.

Limits for Zero-Subidy Participants

Approved FY2012, Implemented FY2020, Closed out FY2012

This activity was discontinued on April 1, 2012 with the implementation of Rent Reform.

Limiting Portability in Higher Cost Areas

Approved FY2013, Never Implemented

Home Forward determined that the administrative costs to manage this activity would offset the proposed savings.

04 Bud Clark Commons

Approved FY2010, Implemented FY2010, Closed Out FY2014

Home Forward has determined that operations at Bud Clark Commons do not utilize MTW flexibility.

05 Biennial Insections

Approved FY2008, Implemented FY2008, Closed out FY2015

The FY2014 Appropriations Act allows all housing authorities to conduct inspections on a biennial basis. This activity no longer requires MTW flexibility.

Sources and Uses of MTW Funds

A. Estimated Sources and Uses of MTW Funds

i. Estimated Sources of MTW Funds

The MTW PHA shall provide the estimated sources and amount of MTW funding by Financial Data Schedule (FDS) line item.

FDS LINE ITEM NUMBER	FDS LINE ITEM NAME	DOLLAR AMOUNT
70500 (70300+70400)	Total Tenant Revenue	$3,895,306
70600	HUD PHA Operating Grants	$92,648,184
70610	Capital Grants	$6,760,857
708000	Other Government Grants	$-
70700 (70710+70720+70730 +70740+70750)	Total Fee Revenue	$-
71100+72000	Interest Income	$-
71600	Gain or Loss on Sale of Capital Assets	$(7,852)
71200+71300+71310+ 71400+71500	Other Income	$11,548,531
70000	Total Revenue	$114,845,026

ii. Estimated Uses of MTW Funds

The MTW PHA shall provide the estimated uses and amount of MTW spending by Financial Data Schedule (FDS) line item.

FDS LINE ITEM NUMBER	FDS LINE ITEM NAME	DOLLAR AMOUNT
91000 (91100+91200+91400+91500+91600+91700+91800+91900)	**Total Operating - Administrative**	**$ 13,924,745**
91300+91310+92000	**Management Fee Expense**	**$ -**
91810	**Allocated Overhead**	**$ 4,628,577**
92500 (92100+92200+92300+92400)	**Total Tenant Services**	**$ 379,714**
93000 (93100+93600+93200+93300+93400+93800)	**Total Utilities**	**$ 2,171,394**
93500+93700	**Labor**	**$ -**
94000 (94100+94200+94300+94500)	**Total Ordinary Maintenance**	**$ 5,664,423**
95000 (95100+95200+95300+95500)	**Total Protective Services**	**$ 86,761**
96100 (96110+96120+96130+96140)	**Total Insurance Premiums**	**$ 597,120**

96000 (96200+96210+96300+96400+96500+96600+96800)	Total Other General Expenses	$ 611,140
96700 (96710+96720+96730)	Total Interest Expense & Amortization Cost	$ -
97100+97200	Total Extraordinary Maintenance	$ -
97300+97350	HAP + HAP Portability-In	$ 87,803,620
97400	Depreciation Expense	$ 2,743,451
97500+97600+97700+97800	All Other Expense	$ -
90000	**Total Expenses**	$ 118,610,945

Please describe any variance between Estimated Total Revenue and Estimated Total Expenses:

We have used preliminary estimates for our FY 19 operating budget as the basis for this schedule. Home Forward has commissioned Washington State to do an independent market rent survey. This data will hopefully be used to increase voucher funding for CY 19.

iii. Description of Planned Use of MTW Single Fund Flexibility

The MTW PHA shall provide a thorough narrative of planned activities that use only the MTW single fund flexibility. Where possible, the MTW PHA may provide metrics to track the outcomes of these programs and/or activities. Activities that use other MTW authorizations in Attachment C and/or D of the Standard MTW Agreement (or analogous section in a successor MTW Agreement) do not need to be described here, as they are already found in Section (III) or Section (IV) of the Annual MTW Plan. The MTW PHA shall also provide a thorough description of how it plans to use MTW single fund flexibility to direct funding towards specific housing and/or service programs in a way that responds to local needs (that is, at a higher or lower level than would be possible without MTW single fund flexibility).

PLANNED USE OF MTW SINGLE FUND FLEXIBILITY

Replacement Housing Factor Funds/Demolition or Disposition Transition Funding

Home Forward's efforts to reposition its public housing portfolio can result in a formal disposition approval from HUD and then the sale of the asset. In these instances, Replacement Housing Factor (RHF) or Demolition or Disposition Transitional Funding (DDTF) funds are received by Home Forward as part of the Capital Fund Formula and used to create a new public housing unit. Home Forward utilizes MTW authority to use these RHF or DDTF funds within its single fund flexibility to create new public housing units in a mixed-finance project. In doing so, these funds provide a portion of the total development capital needed for a particular project. Given the development cash flow needs of any particular mixed-finance project, Home Forward may also use these funds to repay construction financing. This would be done without formally pledging the future RHF or DDTF funds to the lender as collateral.

MTW Initiative Funds
Home Forward has created MTW Initiative Funds, comprised of MTW reserve funds in their entirety. This is a funding source to support initiatives that will advance the goals and objectives of MTW and Home Forward's Strategic Operations Plan. Some of these initiatives are aspects of our MTW Activities, described earlier in this Plan.

Listed below are initiatives that only use single-fund flexibility:

- Action for Prosperity: Action for Prosperity is a partnership between Home Forward, Worksystems, Inc., the Multnomah County Anti-Poverty system, and the State Department of Human Services. Each system leverages its resources by delivering core services and utilizing the other systems to provide wrap-around supports. With access to stable housing, the appropriate level of case management, and priority access to workforce services, we believe that a significant number of households will be able to develop the skills they need to gain employment within two years. Home Forward contributes rent assistance, in the form of Program Based Assistance, which is contracted to agencies in the Anti-Poverty system who use it to help stabilize families who are engaged in training or employment programming.

- Families Forward: Families Forward is the umbrella name for our strategic initiatives designed to help youth attain education success in order to alleviate or exit poverty, and to help adults make economic progress, with the ultimate goal of exiting poverty for those who are able.
    - For adults, the current priority is to create a single framework for all of the agency's Economic Opportunity efforts, integrating the following four strategies: collecting information about families through an Employment and Training Interest Inventory; aligning existing self-sufficiency programs into a single program called GOALS, with site-based and non-site based components; facilitating the hiring of low-income (Section 3) residents and participants by Home Forward and contractors; and integrating Action for Prosperity (mentioned above) into Economic Opportunity work. Ultimately, the goals for this initiative include increases in resident/participant earned income, increases in residents'/participants' contribution to rent, and residents/participants reaching a living wage if they exit housing subsidy.
    - Youth Initiatives: Home Forward's youth and education work for the next fiscal year will largely focus on early childhood (children prenatally through age 8) in several key areas: improving school attendance, especially in the early grades; increasing our support of parents with children ages 0-5 to improve school readiness; and aligning our services with key educational and parent support partners to improve parent and child well-being and school readiness. These efforts will be coordinated with local sector partners and collective impact efforts focused on creating a more seamless early childhood system of support and addressing chronic school absence across Multnomah County.

- Aging at Home Strategies: Home Forward is developing and implementing initiatives to increase independence and a sense of community at our properties that serve seniors and people with disabilities. We have hired a Health & Support Services Coordinator to assist in the enhancement and development of partnerships and systems alignment with a variety of partners including Aging & Disability Services, Cedar Sinai Park, Care Oregon, Health Share and Family Care, clinics and educational bodies. In addition, we plan to continue administering the Congregate Housing Services Program at five properties and are evaluating expansion of this program and/or implementing certain aspects of this program at other properties.

- Staff Training: Home Forward's current strategic plan (2016-2020) recognizes that how our work is done matters to our community and staff. To strengthen our relationship with the people we serve and with each other, Home Forward continues to re-evaluate best practices and approaches to offer relevant information and training for staff. Training includes Trauma- Informed practice, a recognized model that recognizes the impact trauma can have on people and commits to not repeating traumatic experiences. The goal is to provide staff with knowledge and tools suitable for their position to recognizing symptoms of trauma and applying trauma informed awareness in engaging in the work and to support this by creating Trauma Informed policies and procedures that encourage healing and a sense of safety.

- Security Deposit Assistance: Home Forward uses single-fund flexibility to offer security deposit assistance to two populations: participants leasing up with Veterans Affairs Supportive Housing (VASH) vouchers, and former foster youth leasing up with Family Unification Program (FUP) vouchers. For homeless veterans, a lack of funds for security deposits is a serious barrier to successful use of VASH vouchers. Similarly, youth aging out of the foster care system often do not have the resources to pay for security deposits when trying to utilize FUP vouchers. Security deposit assistance is a key support to finding housing for veterans and youth. Home Forward's funds are to be used only when the service agencies working with these populations are not able to otherwise arrange for deposit assistance.

- Tenant Education Class and Deposit Assistance: During FY2016, Home Forward entered into a contract with a community- based tenant advocate organization, the Community Alliance of Tenants (CAT), to teach new and transferring Housing Choice Voucher holders about their rights and responsibilities as tenants. Upon completing the class, voucher holders are given one- time access to $200 in deposit assistance for their housing search. This partnership grew out of concern that in the current competitive rental market, and with the recent changes in Oregon landlord/tenant law, voucher holders needed more education about how to be successful applicants and tenants.

- Inspection Related Moving Fund: As described in Activity 12, Home Forward has created a moving assistance fund to assist households in making deposit payments in the unlikely event that a landlord fails to make necessary repairs to their unit after the initial inspection. (Not yet implemented; see Activity 12)

- Inter-jurisdictional Transfer Program for Survivors of Domestic Violence: In collaboration with other MTW-authorized housing authorities and the local domestic violence service system, Home Forward has implemented an inter-jurisdictional transfer program to assist participants who are survivors of domestic violence. The program ensures continued access to stable and safe housing when it is deemed necessary that the household move to another jurisdiction to avoid violence that is likely to become lethal or near-lethal. A local domestic violence service provider has assigned two full-time advocates to work on-site with Home Forward participants and residents. The advocates can recommend voucher participants to this transfer program and provide advocacy and assistance with relocation to the new jurisdiction. Clients are connected with a local domestic violence agency in the new jurisdiction for support after their transfer. Home Forward allocates up to $2,000 per household for relocation costs, for up to five households each year. In addition, Home Forward intends to absorb the vouchers of up to five families referred by partnering MTW agencies.

- Section 8 Success Fund: Home Forward is testing two pilot programs in an effort to increase utilization rates and decrease the number of days to lease up for Housing Choice Voucher (HCV) households. The Success Fund is jointly funded by the City of Portland and Home Forward MTW Initiative Funds.
    - Security and Success Loan: HCV households of 30% AMI or more are offered low-interest loans with affordable re- payment terms in order to assist with moving related costs, such as security deposits. Home Forward has partnered with Local Community Development Financial Institution; Innovative Changes is serve as the lender. The loan is also an opportunity for credit building and financial education.
    - Housing Search Advocates: Home Forward contracts with three Housing Search Advocates to provide housing search and placement assistance to HCV households. The Advocates are employed by two non-profits who specialize in housing, Transition Projects Inc. and Human Solutions. Along with case management supports, the Advocates can also provide a limited amount of financial assistance to help reduce barriers to housing such as security deposits, application fees, and transportation for the housing search.

- Expungement Partnership: Home Forward is collaborating with Metropolitan Public Defender (MPD), a non-profit legal frim, to provide legal services to assist Home Forward residents, participants, and waitlist households with criminal record expungements along with consultation on any outstanding obligations to the court system. By reducing a barrier to housing and employment that is associated with a criminal background, Home Forward will help residents gain greater housing choice options in our community and ability for increased opportunity for work focused households to obtain employment. Home Forward also plans to see a decrease in administrative costs related to screening denials as an outcome of this project. Home Forward is using MTW Initiative Funds to support this program.

- Affordable Housing Opportunities: With incredibly low vacancy rates and a lack of affordable housing, Home Forward is dedicated to preserving and increasing the number of housing units in our community. Home Forward will use MTW Initiative Funds to leverage additional funding for the preservation of existing affordable housing and development of new affordable housing. By using methods such as site acquisition, predevelopment loans, and gap financing, Home Forward is able to invest in projects to expand the availability of housing that is affordable to families at different income levels in our community.

- Grant shortfalls: A large share of tenant/resident services are funded from grants and foundations. These funds augment local funds to provide supportive services and self-sufficiency services to residents. In order to optimize available services, any costs not eligible for state and local grants will be funded by single-fund flexibility.

- Emergency fund: In the event of an emergency that affects a public housing family's ability to live safely in their unit, Home Forward has created a fund to help the family temporarily find safe housing in a hotel.

- Landlord portal: Home Forward is developing an e-Center which will allow landlords to electronically process a Request for Tenancy Approval, view and schedule inspections, view payment information, and communicate with Home Forward. It is our objective to streamline the entire process and reduce the time required to lease an apartment or home to a voucher holder. Our staff is working with stakeholders to identify critical requirements and to develop a roadmap to deploying a beneficial tool to both our landlords and Home Forward.

- MTW Operating Reserve: Home Forward will set aside funds each year, as determined by the Board of Commissioners, towards building an Operating Reserve sufficient for Operating Expenses and Housing Assistance Payments.

B. Local Asset Mangement Plan

i. Is the MTW PHA allocating costs within statute? **No**

ii. Is the MTW PHA implementing a local asset management plan (LAMP)? **Yes**

iii. Has the MTW PHA provide a LAMP in the appendix? **Yes**

iv. If the MTW PHA has provided a LAMP in the appendix, please describe any proposed changes to the LAMP in the Plan Year or state that the MTW PHA does not plan to make any changes in the Plan Year.

Home Forward does not plan to make any changes to its Local Asset Management Plan in FY2019.

C. Rental Assistance Demonstration (RAD) Participation

i. Description of RAD Participation

The MTW PHA shall provide a brief description of its participation in RAD. This description must include the proposed and/or planned number of units to be converted under RAD, under which component the conversion(s) will occur, and approximate timing of major milestones. The MTW PHA should also give the planned/actual submission dates of all RAD Significant Amendments. Dates of any approved RAD Significant Amendments should also be provided.

RENTAL ASSISTANCE DEMONSTRATION (RAD) PARTICIPATION
Additional detail about Home Forward's RAD conversion can be found in Attachment R

ii. Has the MTW PHA submitted a RAD Significant Amendment in the appendix? A RAD Significant Amendment should only be included if it is a new or amended version that requires HUD approval.

No

iii. If the MTW PHA has provided a RAD Significant Amendment in the appendix, please state whether it is the first RAD Significant Amendment submitted or describe any proposed changes from the prior RAD Significant Amendment?

N/A

Administrative

A. Board Resolution and Certifications of Compliance

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF PUBLIC AND INDIAN HOUSING

Certifications of Compliance with Regulations:
Board Resolution to Accompany the Annual Moving to Work Plan

Acting on behalf of the Board of Commissioners of the Moving to Work Public Housing Agency (MTW PHA) listed below, as its Chairman or other authorized MTW PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the MTW PHA Plan Year beginning (01/01/2019), hereinafter referred to as "the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

(1) The MTW PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the MTW PHA conducted a public hearing to discuss the Plan and invited public comment.

(2) The MTW PHA took into consideration public and resident comments (including those of its Resident Advisory Board or Boards) before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan.

(3) The MTW PHA certifies that the Board of Directors has reviewed and approved the budget for the Capital Fund Program grants contained in the Capital Fund Program Annual Statement/Performance and Evaluation Report, form HUD-50075.1 (or successor form as required by HUD).

(4) The MTW PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.

(5) The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.

(6) The Plan contains a certification by the appropriate state or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the MTW PHA's jurisdiction and a description of the manner in which the Plan is consistent with the applicable Consolidated Plan.

(7) The MTW PHA will affirmatively further fair housing by fulfilling the requirements at 24 CFR 903.7(o) and 24 CFR 903.15(d), which means that it will take meaningful actions to further the goals identified in the Assessment of Fair Housing (AFH) conducted in accordance with the requirements of 24 CFR 5.150 through 5.180, that it will take no action that is materially inconsistent with its obligation to affirmatively further fair housing, and that it will address fair housing issues and contributing factors in its programs, in accordance with 24 CFR 903.7(o)(3). Until such time as the MTW PHA is required to submit an AFH, and that AFH has been accepted by HUD, the MTW PHA will address impediments to fair housing choice identified in the Analysis of Impediments to fair housing choice associated with any applicable Consolidated or Annual Action Plan under 24 CFR Part 91.

(8) The MTW PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.

(9) In accordance with 24 CFR 5.105(a)(2), HUD's Equal Access Rule, the MTW PHA will not make a determination of eligibility for housing based on sexual orientation, gender identify, or marital status and will make no inquiries concerning the gender identification or sexual orientation of an applicant for or occupant of HUD-assisted housing.

(10) The MTW PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.

(11) The MTW PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.

(12) The MTW PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.

(13) The MTW PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.

(14) The MTW PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

(15) The MTW PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).

(16) The MTW PHA will provide HUD or the responsible entity any documentation needed to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58. Regardless of who acts as the responsible entity, the MTW PHA will maintain documentation that verifies compliance with environmental requirements pursuant to 24 Part 58 and 24 CFR Part 50 and will make this documentation available to HUD upon its request.

(17) With respect to public housing and applicable local, non-traditional development the MTW PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.

(18) The MTW PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.

(19) The MTW PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.

(20) The MTW PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 200.

(21) The MTW PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.

(22) All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the MTW PHA in its Plan and will continue to be made available at least at the primary business office of the MTW PHA.

Home Forward	**OR002**
MTW PHA NAME	***MTW PHA NUMBER/HA CODE***

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

Mary Ann Herman	**Chair**
NAME OF AUTHORIZED OFFICIAL	***TITLE***
SIGNATURE	***DATE***

**** Must be signed by either the Chairman or Secretary of the Board of the MTW PHA's legislative body. This certification cannot be signed by an employee unless authorized by the MTW PHA Board to do so. If this document is not signed by the Chairman or Secretary, documentation such as the by-laws or authorizing board resolution must accompany this certification.***

B. Documentation of Public Process

[insert Oregonian Public Notice and Legal Affidavit]

C. Planned and Ongoing Evaluations

[insert HUD 50075.1 2016-2018]

D. Lobbying Disclosures

[insert HUD 50071]

[insert HUD SF-LLL]

Appendix A

Local Asset Management Plan

Home Forward
Asset Management Program

The First Amendment to the Amended and Restated Moving to Work (MTW) Agreement allows Home Forward to develop a local asset management program for its Public Housing Program. The following describes Home Forward's asset management program and identifies where differences exist from HUD's asset management guidance.

Home Forward's Local Asset Management Program

Home Forward operates a property/project-based management, budgeting, accounting, and reporting system. Our project-based management systems include:

- Annual budgets are developed by on-site property managers. These budgets are reviewed and further consolidated into portfolio level budgets managed by housing program managers.
- Budgets at the property level are provided an allocation of public housing operating subsidy based on factors which differentiate subsidy based on building age, type, size, and relative poverty of the population of the various public housing properties.
- Weekly monitoring of occupancy by property, including notices, vacancies, and applicants, is published to the Public Housing management and Executive management.
- Monthly property-based financial reports comparing month-to date and year-to-date actual to budget performance for the current year are provided to site managers, portfolio managers, and the Director of Property Management. These reports are available to other management staff as needed to monitor specific properties.
  - Monthly reviews are held at the property level with Site Managers and their portfolio management.
  - Quarterly reviews of the Public Housing portfolio in its entirety are held at the division level with Property Management Director and Regional Property
  - Managers, as well as the Chief Operating Officer and Chief Financial Officer. This review covers each property Net Operating Income and Cash Flow.
- Home Forward applies the same project/program based budgeting system and financial performance review to its Housing Choice Voucher program, local MTW programs, and non-federal programs and properties.

Home Forward's Cost Objectives

OMB Circular A-87 defines cost objective as follows: Cost objective means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred. The Cost Objectives for Home Forward's asset management program are the organizational subdivisions:

- Public Housing properties - includes resident services and management staff directly supporting this program
- Rent Assistance programs - includes management staff directly supporting this program and Family Self Sufficiency staff (including those supporting Public

Housing residents)

- Moving to Work - includes activities related to our MTW agreement and local programs
- Affordable Housing
- Development

Home Forward's Treatment of Certain Costs

Under OMB Circular A-87, there is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances, either as a direct or an indirect cost. Consistent with OMB Circular A-87 cost principles, Home Forward has identified all of its direct costs and segregated all its costs into pools, as either a direct, direct allocated, or indirect allocated. We have further divided the indirect allocated pool to assign costs based on a relevant metric, as described in Attachment 1.

- CORE Maintenance: Home Forward is committed to a cost effective approach to managing our public housing assets. As such, Home Forward has developed a balance of on-site capacity to perform property manager functions and basic maintenance/handyperson services, with more skilled services performed by a centralized group of trades and specialty staff (CORE maintenance). CORE maintenance performs services covering plumbing and electrical repairs, painting and pest control, as well as garbage and recycling. Although these maintenance functions are performed centrally, the decisions and control remains at the property level as it is the property manager and/or housing program manager who determines the level of service required from the CORE maintenance group. All services are provided on a fee for service basis.

- Procurement: Home Forward has adopted procurement policies that balance the need for expedient and on-site response through delegated authorization to site staff for purchases under $5,000. Purchases greater than this limit requires engaging central procurement. The Procurement staff are well trained in the special requirements of procuring goods and services for a federal program and provides necessary contract reporting requirements as well. Central procurement services are part of Home Forward's indirect overhead allocation.

- Human Resources: Along with the public housing program and its Section 8 voucher program, Home Forward has non-federal affordable properties, a development group, and locally funded rent assistance programs. Home Forward's Human Resources department serves the entire agency and certain human resource activities that HUD would consider a direct cost, such as recruitment and pre-employment drug testing and screening, are centralized and are part of Home Forward's indirect overhead allocation. Home Forward has determined that the cost of keeping extremely detailed records of HR activity for direct cost assignment exceeds the value received from such effort.

- Information Technology: Hardware and software costs will be directly charged to the appropriate cost objective when such costs are available and specific to that cost objective. When a reasonable measurement of such IT costs can be obtained, an allocation based on the number of users (computers, software applications, etc.) will be utilized to directly charge the cost objective.

- Resident Services: A large share of tenant/resident services are funded from grants and foundations and these funds augment local funds to provide supportive services and self-sufficiency services to residents. In order to optimize available services, any costs not eligible for state and local grants will be funded by Home Forward's public housing properties and housing choice voucher program.

- Rent: Home Forward charges rent to each cost objective based on the space they occupy in our central office building. Rent is based on estimated costs and adjusted for actual costs at year-end.

Home Forward's Treatment of Public Housing Operating Subsidy

Home Forward's flexibility to use MTW funding resources to support its low-income housing programs is central to our Asset Management Program. Home Forward will exercise our contractual authority to move our MTW funds and project cash flow among projects and programs as the Authority deems necessary to further our mission and preserve our low income housing assets and local programs.

Home Forward's Indirect Cost Allocations

Costs that can specifically and efficiently be identified to a cost objective are counted as direct costs to that objective. Costs that cannot be readily or efficiently identified as specifically benefiting a cost objective will be considered indirect and allocated. The Home Forward Allocation Process – Process Flow Diagram shown at the end of this policy is a graphic representation of Home Forward's allocation methodology. Home Forward has determined that some costs, defined as "direct costs" by HUD for asset management, require effort disproportionate to the results achieved and have included those costs as part of the indirect cost pool allocated to cost objectives as overhead.

Home Forward Indirect Costs

OMB Circular A-87 defines indirect costs as those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Home Forward's indirect costs include, but are not limited to:

- Executive
- Policy & Planning
- Accounting & Finance
- Purchasing
- Human Resources, including job applicant screening, payroll, labor negotiations & organization wide training
- Information Technology: costs not specifically identified and charged as a direct expense to a cost objective

Differences – HUD Asset Management vs. Home Forward Local Asset Management Program

Home Forward is required to describe in the MTW Annual Plan differences between our asset management program and HUD's asset management program as described in HUD's Financial Management Guidebook. Below are several key differences:

- HUD's asset management system and fee for service is limited in focusing only on a fee for service at the Public Housing (PH) property level and voucher program. Home Forward has implemented an indirect allocation methodology that is much more comprehensive than HUD's asset management system which includes all of Home Forward's cost objectives listed above.
- Home Forward has defined the treatment of direct and indirect costs differently than HUD's asset management program. From the agency perspective, we view the program operations management as direct costs of the program.
- These differences include, but are not limited to:

- HUD Indirect/Home Forward Direct:
    - Portfolio and program (“regional”) management, including hiring, supervision and termination of frontline staff is considered a direct cost. These costs are pooled and then allocated to each property based on units, vouchers, or other relevant metrics. Work with auditors and audit preparation by HCV and PH staff is considered a direct expense. Executive management is considered an indirect cost.
    - Storage of HCV and PH records and adherence to federal and/or state records retention requirements will be considered a direct cost of the program.
    - Development and oversight of office furniture, equipment and vehicle replacement plans will be considered a direct cost of the program.
    - Advertising (notification) costs specific to HCV, including applicants and landlords, will be considered a direct expense.
- HUD Direct/Home Forward Indirect:
    - Advertising for new hires will be considered indirect and allocated to the program and properties.
    - Staff recruiting and background checks, etc. will be considered indirect and allocated to the program and properties.
- Other:
    - Using MTW authority to improve efficiencies across programs, all staff associated with the Family Self Sufficiency program, regardless of serving public housing or housing choice voucher residents, will be considered a direct cost of the housing choice voucher program and managed by the HCV management.
    - Preparation and submission of HCV and public housing program budgets, financial reports, etc. to HUD and others will be either direct or indirect, depending on the department from which the reports are prepared. If prepared by program staff, costs will be considered direct. If prepared by administrative department staff, costs will be considered indirect and allocated to the program and properties.
    - Investment and reporting on HCV proceeds will be either direct or indirect, depending on the department from which the reports are prepared. If prepared by program staff, costs will be considered direct. If prepared by administrative department staff, costs will be considered indirect and allocated to the program and properties.

- HUD’s rules limit the transfer of cash flow between projects, programs, and business activities. Home Forward intends to fully use its MTW resources and flexibility to move project cash flow among projects as locally determined and use MTW funding flexibility to provide additional funding to public housing properties when appropriate and necessary to provide for and preserve our public housing assets.
- HUD’s rules provide that maintenance staff be maintained at the property level. Home Forward’s asset management program reflects a cost-effective balance of on-site and central maintenance services for repairs, unit turnover, landscaping, and asset preservation work.

- HUD's rules provide that purchasing is performed at the property level. Home Forward's asset management program reflects a cost-effective balance of on- site and central purchasing, depending on the total cost of procurement and complexity of applicable procurement laws and reporting requirements.
- HUD intends certain property management activities to be at the property level. Home Forward has centralized selected property management functions, including but not limited to denial hearings, occupancy management, transfers, reasonable accommodations, auditing, training, compliance, and some waitlist management, and will allocate these costs as a direct expense to the properties based on a relevant metric such as units.
- Home Forward employs its own development staff. Any work on Public Housing Capital projects will be subject to a cost recovery fee paid from the capital fund to cover costs of development staff engaged in such capital projects.

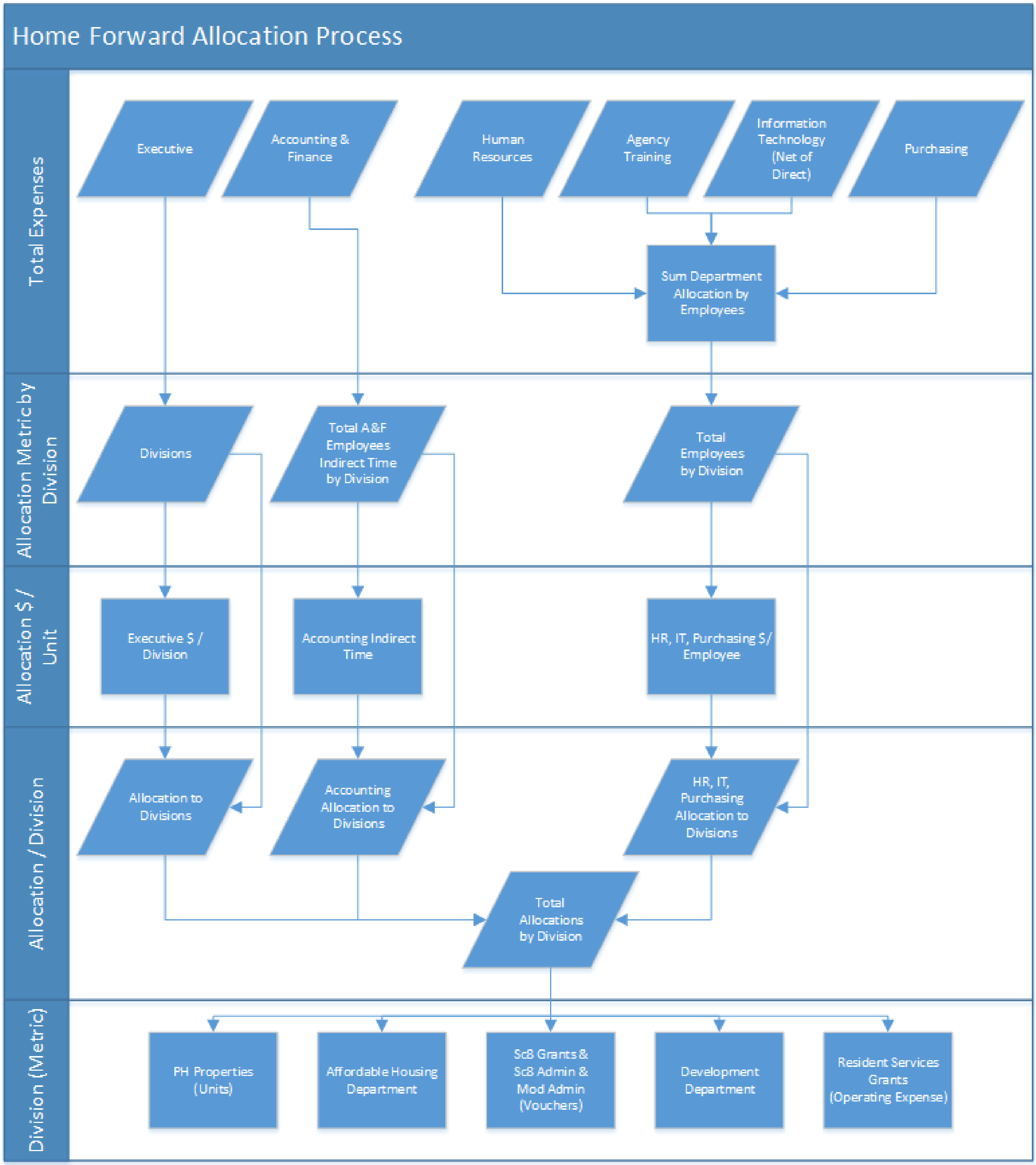
Balance Sheet Accounts

Most balance sheet accounts will be reported in compliance with HUD's Asset Management Requirements and some will deviate from HUD's requirements, as discussed below:

- Cash
- Restricted Cash
- Petty Cash
- Investments
- Selected Prepaid Expenses and Deferred Charges
- Selected Accrued Liabilities
- Payroll Liabilities
- Compensated Absences
- Other Post-Employment Benefits (OPEB) Liability
- Unfunded Pension Liabilities (GASB 68)
- Unrestricted and Restricted Net Assets

Home Forward's asset management program will maintain the above balance sheet accounts centrally. Maintaining these accounts centrally has proven to be the most cost effective and least labor intensive method ensuring efficient accounting operations and ultimately reducing costs charged to the programs. This deviates from HUD's asset management requirements as these accounts will not be reported at the AMP or program. Additionally, the centralization of cash and investments is in keeping with the single fund precept of our MTW authority. For those balance sheet accounts that are originated from expense entries, the related expenses will continue to be reported as an expense to the appropriate program, department and AMP-based income and expense statement through direct charges or allocations.

The agency is continually reviewing our asset management practices and will likely revise our approach over the coming years.


Home Forward Allocation Process
Total Expenses
Allocation Metric by Division
Allocation $ / Unit
Allocation / Division
Division (Metric)
Executive
Accounting & Finance
Human Resources
Agency Training
Information Technology (Net of Direct)
Purchasing
Sum Department Allocation by Employees
Divisions
Total A&F Employees Indirect Time by Division
Total Employees by Division
Executive $ / Division
Accounting Indirect Time
HR, IT, Purchasing $/ Employee
Allocation to Divisions
Accounting Allocation to Divisions
HR, IT, Purchasing Allocation to Divisions
Total Allocations by Division
PH Properties (Units)
Affordable Housing Department
S8 Grants & S8 Admin & Mod Admin (Vouchers)
Development Department
Resident Services Grants (Operating Expense)

Appendix B

Resident Rights, Participation, Waiting List, and Grievance Procedures

Secion 1.6 – Special Provisions Affecting Conversions to Project-Based Vouchers from PIH Notice 2013-23

C. PBV Resident Rights and Participation

1. **No Re-screening of Tenants upon Conversion**. Pursuant to the RAD statute, at conversion, current households are not subject to rescreening, income eligibility, or income targeting. Consequently, current households will be grandfathered for conditions that occurred prior to conversion but will be subject to any ongoing eligibility requirements for actions that occur after conversion. For example, a unit with a household that was over-income at time of conversion would continue to be treated as an assisted unit. Thus, 24 CFR § 982.201, concerning eligibility and targeting, will not apply for current households.[7] Once that remaining household moves out, the unit must be leased to an eligible family. MTW agencies may not alter this requirement.

2. **Right to Return**. See section 1.4.A.4(b) regarding a resident's right to return.

3. **Renewal of Lease**. Since publication of the PIH Notice 2012-32 Rev 1, the regulations under 24 CFR § 983.257(b)(3) have been amended requiring Project. Owners to renew all leases upon lease expiration, unless cause exists. MTW agencies may not alter this requirement.

4. **Phase-in of Tenant Rent Increases**. If a tenant's monthly rent increases by more than the greater of 10 percent or $25 purely as a result of conversion, the rent increase will be phased in over 3 or 5 years. To implement this provision, HUD is specifying alternative requirements for section 3(a)(1) of the Act, as well as 24 CFR § 983.3 (definition of "total tenant payment" (TTP)) to the extent necessary to allow for the phase-in of tenant rent increases. A PHA must create a policy setting the length of the phase in period at three years, five years or a combination depending on circumstances. For example, a PHA may create a policy that uses a three-year phase- in for smaller increases in rent and a five-year phase-in for larger increases in rent.

This policy must be in place at conversion and may not be modified after conversion. The method described below explains the set percentage-based phase-in a Project Owner must follow according to the phase-in period established. For purposes of this section "standard TTP" refers to the TTP calculated in accordance with regulations at 24 CFR §5.628 and the "most recently paid TTP" refers to the TTP recorded on line 9j of the family's most recent HUD Form 50058. If a family in a project converting from Public Housing to PBV was paying a flat rent immediately prior to conversion, the PHA should use the flat rent amount to calculate the phase-in amount for Year 1, as illustrated below.

Three Year Phase-in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 33% of difference between most recently paid TTP or flat rent and the standard TTP
- Year 2: Year 2 Annual Recertification (AR) and any Interim Recertification (IR) prior to Year 3 AR – 66% of difference between most recently paid TTP and the standard TTP

[7] These protections (as well as all protections in this Notice for current households) apply when in order to facilitate repairs a household is relocated following the conversion and subsequently returns to the property, even if they are considered a "new admission" upon return.

- Year 3: Year 3 AR and all subsequent recertifications – Full standard TTP

Five Year Phase in:

- Year 1: Any recertification (interim or annual) performed prior to the second annual recertification after conversion – 20% of difference between most recently paid TTP or flat rent and the standard TTP
- Year 2: Year 2 AR and any IR prior to Year 3 AR – 40% of difference between most recently paid TTP and the standard TTP
- Year 3: Year 3 AR and any IR prior to Year 4 AR – 60% of difference between most recently paid TTP and the standard TTP
- Year 4: Year 4 AR and any IR prior to Year 5 AR – 80% of difference between most recently paid TTP and the standard TTP
- Year 5 AR and all subsequent recertifications – Full standard TTP

*Please N*ote: In either the three-year phase-in or the five-year phase-in, once the standard TTP is equal to or less than the previous TTP, the phase-in ends and tenants will pay full TTP from that point forward. MTW agencies may not alter this requirement.

1. **Family Self Sufficiency (FSS) and Resident Opportunities and Self Sufficiency Service Coordinator (ROSS-SC) programs**. Public Housing residents that are current FSS participants will continue to be eligible for FSS once their housing is converted under RAD, and PHAs will be allowed to use any remaining PH FSS funds, to serve those FSS participants who live in units converted by RAD. Due to the program merger between PH FSS and HCV FSS that took place pursuant to the FY14 Appropriations Act (and was continued in the FY15 Appropriations Act), no special provisions are required to continue serving FSS participants that live in public housing units converting to PBV under RAD.

However, PHAs should note that there are certain FSS requirements (e.g. escrow calculation and escrow forfeitures) that apply differently depending on whether the FSS participant is a participant under the HCV program or a public housing resident, and PHAs must follow such requirements accordingly. All PHAs will be required to administer the FSS program in accordance with FSS regulations at 24 CFR Part 984, the participants' contracts of participation, and the alternative requirements established in the "Waivers and Alternative Requirements for the FSS Program" Federal Register notice, published on December 29, 2014, at 79 FR 78100.[8] Further, upon conversion to PBV, already escrowed funds for FSS participants shall be transferred into the HCV escrow account and be considered TBRA funds, thus reverting to the HAP account if forfeited by the FSS participant.

Current ROSS-SC grantees will be able to finish out their current ROSS-SC grants once their housing is converted under RAD. However, once the property is converted, it will no longer be eligible to be counted towards the unit count for future ROSS-SC grants, nor will its residents be eligible to be served by future ROSS-SC grants, which, by statute, can only serve public housing residents.

[8] The funding streams for the PH FSS Program and the HCV FSS Program were first merged pursuant to the FY 2014 appropriations act. As a result, PHAs can serve both PH residents and HCV participants, including PBV participants, with FSS funding awarded under the FY 2014 FSS Notice of Funding Availability (FSS NOFA) and any other NOFA under which the combination of funds remains in the applicable appropriations act. For PHAs that had managed both programs separately and now have a merged program, a conversion to PBV should not impact their FSS participants.

2. **Resident Participation and Funding.** In accordance with Attachment 1B, residents of Covered Projects with converted PBV assistance will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment and be eligible for resident participation funding.

3. **Resident Procedural Rights**. The following items must be incorporated into both the Section 8 Administrative Plan and the Project Owner's lease, which includes the required tenancy addendum, as appropriate. Evidence of such incorporation may be requested by HUD for purposes of monitoring the program.

   1. Termination Notification. HUD is incorporating additional termination notification requirements to comply with section 6 of the Act for public housing projects that convert assistance under RAD. In addition to the regulations at 24 CFR § 983.257 related to Project Owner termination of tenancy and eviction (which MTW agencies may not alter) the termination procedure for RAD conversions to PBV will require that PHAs provide adequate written notice of termination of the lease which shall not be less than:

      a. A reasonable period of time, but not to exceed 30 days:

         i. If the health or safety of other tenants, PHA employees, or persons residing in the immediate vicinity of the premises is threatened; or ii. In the event of any drug-related or violent criminal activity or any felony conviction;

      b. 14 days in the case of nonpayment of rent; and

      c. 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.

   2. Grievance Process. Pursuant to requirements in the RAD Statute, HUD is establishing additional procedural rights to comply with section 6 of the Act. For issues related to tenancy and termination of assistance, PBV program rules require the Project Owner to provide an opportunity for an informal hearing, as outlined in 24 CFR § 982.555. RAD will specify alternative requirements for 24 CFR § 982.555(b) in part, which outlines when informal hearings are not required, to require that:

      a. In addition to reasons that require an opportunity for an informal hearing given in 24 CFR § 982.555(a)(1)(i)-(vi),[9] an opportunity for an informal hearing must be given to residents for any dispute that a resident may have with respect to a Project Owner action in accordance with the individual's lease or the contract administrator in accordance with RAD PBV requirements that adversely affect the resident's rights, obligations, welfare, or status.

         i. For any hearing required under 24 CFR § 982.555(a)(1)(i)-(vi), the contract administrator will perform the hearing, as is the current standard in the program. The hearing officer must be selected in accordance with 24 CFR § 982.555(e)(4)(i).

         ii. For any additional hearings required under RAD, the Project Owner will perform the hearing.

      b. There is no right to an informal hearing for class grievances or to disputes between residents not involving the Project Owner or contract administrator.

[9] § 982.555(a) (1) (IV) is not relevant to RAD as the tenant-based certificate has been repealed.

c. The Project Owner gives residents notice of their ability to request an informal hearing as outlined in 24 CFR § 982.555(c)(1) for informal hearings that will address circumstances that fall outside of the scope of 24 CFR § 982.555(a)(1)(i)-(vi).

d. The Project Owner provides opportunity for an informal hearing before an eviction.

Current PBV program rules require that hearing procedures must be outlined in the PHA's Section 8 Administrative Plan.

4. **Earned Income Disregard (EID)**. Tenants who are employed and are currently receiving the EID exclusion at the time of conversion will continue to receive the EID after conversion, in accordance with regulations at 24 CFR § 5.617. Upon the expiration of the EID for such families, the rent adjustment shall not be subject to rent phase-in, as described in Section 1.6.C.4; instead, the rent will automatically rise to the appropriate rent level based upon tenant income at that time.

Under the Housing Choice Voucher program, the EID exclusion is limited only to persons with disabilities (24 CFR § 5.617(b)). In order to allow all tenants (including non-disabled persons) who are employed and currently receiving the EID at the time of conversion to continue to benefit from this exclusion in the PBV project, the provision in section 5.617(b) limiting EID to disabled persons is waived. The waiver, and resulting alternative requirement, apply only to tenants receiving the EID at the time of conversion. No other tenant (e.g., tenants who at one time received the EID but are not receiving the EID exclusion at the time of conversion e.g., due to loss of employment; tenants that move into the property following conversion, etc.,) is covered by this waiver.

5. **Jobs Plus**. Jobs Plus grantees awarded FY14 and future funds that convert the Jobs Plus target projects(s) under RAD will be able to finish out their Jobs Plus period of performance at that site unless significant re-location and/or change in building occupancy is planned. If either is planned at the Jobs Plus target project(s), HUD may allow for a modification of the Jobs Plus work plan or may, at the Secretary's discretion, choose to end the Jobs Plus program at that project.

6. **When Total Tenant Payment Exceeds Gross Rent**. Under normal PBV rules, the PHA may only select an occupied unit to be included under the PBV HAP contract if the unit's occupants are eligible for housing assistance payments (24 CFR §983.53(d)). Also, a PHA must remove a unit from the contract when no assistance has been paid for 180 days because the family's TTP has risen to a level that is equal to or greater than the contract rent, plus any utility allowance, for the unit (i.e., the Gross Rent)) (24 CFR §983.258). Since the rent limitation under this Section of the Notice may often result in a family's TTP equaling or exceeding the gross rent for the unit, for current residents (i.e. residents living in the public housing property prior to conversion), HUD is waiving both of these provisions and requiring that the unit for such families be placed on and/or remain under the HAP contract when TTP equals or exceeds than the Gross Rent. Further, HUD is establishing the alternative requirement that the rent to owner for the unit equal the family's TTP until such time that the family is eligible for a housing assistance payment. HUD is waiving as necessary to implement this alternative provision, the provisions of Section 8(o)(13)(H) of the Act and the implementing regulations at 24 CFR 983.301 as modified by Section 1.6.B.5 of this Notice.[10] In such cases, the resident is considered a participant under the program and all of the family obligations and protections under RAD and PBV apply to the resident. Likewise, all requirements with respect to the unit, such as compliance with the HQS requirements, apply as long as the unit is under HAP contract.

[10] For example, a public housing family residing in a property converting under RAD has a TTP of $600. The property has an initial Contract Rent of $500, with a $50 Utility Allowance. Following conversion, the residents is still responsible for paying $600 in tenant rent and utilities.

Assistance may subsequently be reinstated if the tenant becomes eligible for assistance. The PHA is required to process these individuals through the Form- 50058 submodule in PIC.

Following conversion, 24 CFR §983.53(d) applies, and any new families referred to the RAD PBV project must be initially eligible for a HAP payment at admission to the program, which means their TTP may not exceed the gross rent for the unit at that time. Further, a PHA must remove a unit from the contract when no assistance has been paid for 180 days. If units are removed from the HAP contract because a new admission's TTP comes to equal or exceed the gross rent for the unit and if the project is fully assisted, HUD is imposing an alternative requirement that the PHA must reinstate the unit after the family has vacated the property; and, if the project is partially assisted, the PHA may substitute a different unit for the unit on the HAP contract in accordance with 24 CFR §983.207 or, where "floating" units have been permitted, Section 1.6.B.10 of this Notice.

7. **Under-Occupied Unit**. If a family is in an under-occupied unit under 24 CFR 983.259 at the time of conversion, the family may remain in this unit until an appropriate-sized unit becomes available in the Covered Project. When an appropriate sized unit becomes available in the Covered Project, the family living in the under- occupied unit must move to the appropriate-sized unit within a reasonable period of time, as determined by the administering Voucher Agency. In order to allow the family to remain in the under-occupied unit until an appropriate-sized unit becomes available in the Covered Project, 24 CFR 983.259 is waived. MTW agencies may not modify this requirement.

D. PBV: Other Miscellaneous Provisions

1. **Access to Records, Including Requests for Information Related to Evaluation of Demonstration**. PHAs must agree to any reasonable HUD request for data to support program evaluation, including but not limited to project financial statements, operating data, Choice-Mobility utilization, and rehabilitation work. Please see Appendix IV for reporting units in Form HUD-50058.

2. **Additional Monitoring Requirement**. The PHA's Board must approve the operating budget for the covered project annually in accordance with HUD requirements.[11]

3. **Davis-Bacon Act and Section 3 of the Housing and Urban Development Act of 1968 (Section 3)**. This section has been moved to 1.4.A.13 and 1.4.A.14.

4. **Establishment of Waiting List**. 24 CFR § 983.251 sets out PBV program requirements related to establishing and maintaining a voucher-wide, PBV program wide, or site-based waiting list from which residents for the Covered Project will be admitted. These provisions will apply unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies. The PHA shall consider the best means to transition applicants from the current public housing waiting list, including:

   i. Transferring an existing site-based waiting list to a new site-based waiting list. If the PHA is transferring the assistance to another neighborhood, the PHA must notify applicants on the wait-list of the transfer of assistance, and on how they can apply for residency at the new project site or other sites. Applicants on a project-specific waiting list for a project where the assistance is being transferred shall have priority on the newly formed waiting list for the new project site in accordance with the date and time of their application to the original project's waiting list.

[11] For PBV conversions that are not FHA-insured, a future HUD notice will describe project financial data that may be required to be submitted by a PBV owner for purposes of the evaluation, given that PBV projects do not submit annual financial statements to HUD/REAC.

ii. Informing applicants on the site-based waiting list on how to apply for a PBV program-wide or HCV program-wide waiting list.

iii. Informing applicants on a public housing community-wide waiting list on how to apply for a voucher-wide, PBV program-wide, or site-based waiting list. If using a site-based waiting list, PHAs shall establish a waiting list in accordance with 24 CFR § 903.7(b)(2)(ii)-(iv) to ensure that applicants on the PHA's public housing community-wide waiting list have been offered placement on the converted project's initial waiting list. In all cases, PHAs have the discretion to determine the most appropriate means of informing applicants on the public housing community-wide waiting list given the number of applicants, PHA resources, and admissions requirements of the projects being converted under RAD. A PHA may consider contacting every applicant on the public housing waiting list via direct mailing; advertising the availability of housing to the population that is less likely to apply, both minority and non-minority groups, through various forms of media (e.g., radio stations, posters, newspapers) within the marketing area; informing local non- profit entities and advocacy groups (e.g., disability rights groups); and conducting other outreach as appropriate. Applicants on the agency's public housing community-wide waiting list who wish to be placed onto the newly-established site-based waiting list must be done so in accordance with the date and time of their original application to the centralized public housing waiting list. Any activities to contact applicants on the public housing waiting list must be conducted in accordance with the requirements for effective communication with persons with disabilities at 24 CFR § 8.6 and with the obligation to provide meaningful access for persons with limited English proficiency (LEP).[12]

A PHA must maintain any site-based waiting list in accordance with all applicable civil rights and fair housing laws and regulations unless the project is covered by a remedial order or agreement that specifies the type of waiting list and other waiting list policies.

To implement this provision, HUD is specifying alternative requirements for 24 CFR § 983.251(c)(2). However, after the initial waiting list has been established, the PHA shall administer its waiting list for the converted project in accordance with 24 CFR § 983.251(c).

5. **Mandatory Insurance Coverage**. The Covered Project shall maintain at all times commercially available property and liability insurance to protect the project from financial loss and, to the extent insurance proceeds permit, promptly restore, reconstruct, and/or repair any damaged or destroyed project property.

6. **Agreement Waiver**. This section has been moved to 1.6.(B)(7).

7. **Future Refinancing**. Project Owners must receive HUD approval for any refinancing or restructuring of permanent debt during the HAP contract term, to ensure the financing is consistent with long-term preservation. (Current lenders and investors are also likely to require review and approval of refinancing of the primary permanent debt.)

8. **Administrative Fees for Public Housing Conversions during Transition Period**. For the remainder of the Calendar Year in which the HAP Contract is effective (i.e. "transition period"), RAD PBV projects will be funded with public housing funds. For example, if the project's assistance converts effective July 1, 2015, the public housing Annual Contributions Contract (ACC) between the PHA and HUD will be amended to reflect the number of units under HAP contract, but will be for zero dollars, and the RAD PBV contract will be funded with public housing money for July through December 2015. Since TBRA is not the source of funds, PHAs

[12] For more information on serving persons with LEP, please see HUD's Final guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons (72 FR 2732), published on January 22, 2007.

should not report leasing and expenses into VMS during this period, and PHAs will not receive section 8 administrative fee funding for converted units during this time.

For fiscal years 2014 and 2015, PHAs operating HCV program received administrative fees for units under a HAP contract, consistent with recent appropriation act references to "section 8(q) of the [United States Housing Act of 1937] and related appropriations act provisions in effect immediately before the Quality Housing and Responsibility Act of 1998" and 24 CFR § 982.152(b). During the transition period mentioned in the preceding paragraph, these provisions are waived, and PHAs will not receive section 8 ongoing administrative fees for PBV RAD units.

After this transition period, the section 8 ACC will be amended to include section 8 funding that corresponds to the units covered by the section 8 ACC. At that time, the regular section 8 administrative fee funding provisions will apply.

9. **Choice-Mobility**. One of the key features of the PBV program is the mobility component, which provides that if the family has elected to terminate the assisted lease at any time after the first year of occupancy in accordance with program requirements, the PHA must offer the family the opportunity for continued tenant based rental assistance, in the form of either assistance under the voucher program or other comparable tenant-based rental assistance.

   If as a result of participation in RAD a significant percentage of the PHA’s HCV program becomes PBV assistance, it is possible for most or all of a PHA’s turnover vouchers to be used to assist those RAD PBV families who wish to exercise mobility. While HUD is committed to ensuring mobility remains a cornerstone of RAD policy, HUD recognizes that it remains important for the PHA to still be able to use tenant based vouchers to address the specific housing needs and priorities of the community. Therefore, HUD is establishing an alternative requirement for PHAs where, as a result of RAD, the total number of PBV units (including RAD PBV units) under HAP contract administered by the PHA exceeds 20 percent of the PHA’s authorized units under its HCV ACC with HUD.

   The alternative mobility policy provides that an eligible voucher agency would not be required to provide more than three-quarters of its turnover vouchers in any single year to the residents of Covered Projects. While a voucher agency is not required to establish a voucher inventory turnover cap, if such a cap is implemented, the voucher agency must create and maintain a waiting list in the order in which the requests from eligible households were received. In order to adopt this provision, this alternative mobility policy must be included in an eligible PHA’s administrative plan.

   To effectuate this provision, HUD is providing an alternative requirement to Section 8(o)(13)(E) and 24 CFR part 983.261(c). Please note that this alternative requirement does not apply to PBVs entered into outside of the context of RAD. MTW agencies may not alter this requirement.

10. **Reserve for Replacement**. The Project Owner shall establish and maintain a replacement reserve in an interest-bearing account to aid in funding extraordinary maintenance and repair and replacement of capital items in accordance with applicable regulations. The reserve must be built up to and maintained at a level determined by HUD to be sufficient to meet projected requirements. For FHA transactions, Replacement Reserves shall be maintained in accordance with the FHA Regulatory Agreement. For all other transactions, Replacement Reserves shall be maintained in a bank account covered under a General Depository Agreement (HUD-51999) or similar instrument, as approved by HUD, where funds will be held by the PHA.

Attachment 1B: Resident Provisions in Conversions from Public Housing to PBRA and PBV

This Attachment contains two sections, describing:

1B.1 Summary of Resident Provisions
1B.2 Resident Participation and Funding

1B.1 Summary of Resident Provisions

The following is a summary of special provisions and alternative requirements related to tenants of public housing projects converting under RAD:

- Conversion will be considered a significant amendment to a PHA Plan (see Section 1.5(E) of this Notice);
- Notification of proposed conversion, meetings during the conversion process, written response to residents comments on conversion, and notification of conversion approval and impact (see Section 1.8 of this Notice);
- No rescreening at conversion (see Section 1.6(C)(1) of this Notice for conversions to PBV and Section 1.7(B)(1) for conversions to PBRA);
- Right to return after temporary relocation to facilitate rehabilitation or construction (see Section 1.6(C)(2) of this Notice for conversions to PBV and Section 1.7(B)(2) for conversions to PBRA);
- Phase-in of tenant rent increases (see Section 1.6(C)(4) of this Notice for conversions to PBV and Section 1.7(B)(3) for conversions to PBRA);
- Continued participation in the ROSS-SC and FSS programs (see Section 1.6(C)(5) of this Notice, for conversions to PBV and Section 1.7(B)(4) for conversions to PBRA);
- Continued Earned Income Disregard (see Section 1.6(C)(8) of this Notice, for conversions to PBV and Section 1.7.(B)(7) for conversions to PBRA);
- Continued recognition of and funding for legitimate residents organizations (see Section 1.6(C)(6) of this Notice for conversions to PBV, Section 1.7(B)(5) of this Notice for conversions to PBRA, and below in Attachment 1B.2 for additional requirements for both programs);
- Procedural rights consistent with section 6 of the Act (see Section 1.6(C)(7) of this Notice for conversions to PBV and Section 1.7(B)(6) of this Notice for conversions to PBRA); and
- Choice-mobility option allowing a resident to move with a tenant-based voucher after tenancy in the Covered Project (see 24 CFR § 983.260 for conversions to PBV and Section 1.7(C)(5) of this Notice for conversions to PBRA).
- For additional information, refer to Notice H2014-09; PIH 2014-17 for additional information on relocation requirements under RAD.

1B.2 Resident and Participation Funding[13]

The following provisions contain the resident participation and funding requirements for public housing conversions to PBRA and PBV, respectively.

A. PBRA: Resident Participation and Funding

Residents of Covered Projects converting assistance to PBRA will have the right to establish and operate a resident organization in accordance with 24 CFR Part 245 (Tenant Participation in Multifamily Housing Projects). In addition, a Project Owner must provide $25 per occupied unit annually for resident participation, of which at least $15 per occupied unit shall be provided to the legitimate tenant organization at the covered property. These funds must be used for resident education, organizing around tenancy issues, and training activities.

In the absence of a legitimate resident organization at a Covered Project:

1. HUD encourages the Project Owner and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owners are also encouraged to actively engage residents in the absence of a resident organization; and

2. Project Owners must make resident participation funds available to residents for organizing activities in accordance with this Notice. Residents must make requests for these funds in writing to the Project Owner. These requests will be subject to approval by the Project Owner.

B. PBV: Resident Participation and Funding

To support resident participation following conversion of assistance, residents of Covered Projects converting assistance to the PBV program will have the right to establish and operate a resident organization for the purpose of addressing issues related to their living environment, which includes the terms and conditions of their tenancy as well as activities related to housing and community development.

1. **Legitimate Resident Organization**. A Project Owner must recognize legitimate resident organizations and give reasonable consideration to concerns raised by legitimate resident organizations. A resident organization is legitimate if it has been established by the residents of a Covered Project, meets regularly, operates democratically, is representative of all residents in the project, and is completely independent of the Project Owner, management, and their representatives.

   In the absence of a legitimate resident organization at a Covered Project, HUD encourages the Project Owner and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owner s are also encouraged to actively engage residents in the absence of a resident organization; and

2. **Protected Activities**. Project Owners must allow residents and resident organizers to conduct the following activities related to the establishment or operation of a resident organization:

[13] For the purposes of this Attachment, HUD uses the term “Project Owner” to refer to the owner of a converting or Covered Project. In some instances the owner of a project could be a public, non-profit, or for-profit, e.g., mixed finance projects).

a. Distributing leaflets in lobby areas;

b. Placing leaflets at or under residents' doors;

c. Distributing leaflets in common areas;

d. Initiating contact with residents;

e. Conducting door-to-door surveys of residents to ascertain interest in establishing a resident organization and to offer information about resident organizations;

f. Posting information on bulletin boards;

g. Assisting resident to participate in resident organization activities;

h. Convening regularly scheduled resident organization meetings in a space on site and accessible to residents, in a manner that is fully independent of management representatives. In order to preserve the independence of resident organizations, management representatives may not attend such meetings unless invited by the resident organization to specific meetings to discuss a specific issue or issues; and

i. Formulating responses to Project Owner's requests for:

ii. Rent increases;

iii. Partial payment of claims;

iv. The conversion from project-based paid utilities to resident-paid utilities;

v. A reduction in resident utility allowances;

vi. Converting residential units to non-residential use, cooperative housing, or condominiums;

vii. Major capital additions; and

viii. Prepayment of loans.

In addition to these activities, Project Owners must allow residents and resident organizers to conduct other reasonable activities related to the establishment or operation of a resident organization.

Project Owner s shall not require residents and resident organizers to obtain prior permission before engaging in the activities permitted in this section.

3. **Meeting Space**. Project Owners must reasonably make available the use of any community room or other available space appropriate for meetings that is part of the multifamily housing project when requested by:

a. Residents or a resident organization and used for activities related to the operation of the resident organization; or

b. Residents seeking to establish a resident organization or collectively address issues related to their living environment.

Resident and resident organization meetings must be accessible to persons with disabilities, unless this is impractical for reasons beyond the organization's control. If the project has an accessible common area or areas, it will not be impractical to make organizational meetings accessible to persons with disabilities.

Project Owners may charge a reasonable, customary and usual fee, approved by the Secretary as may normally be imposed for the use of such facilities in accordance with procedures prescribed by the Secretary, for the use of meeting space. A PHA may waive this fee.

4. **Resident Organizers**. A resident organizer is a resident or non-resident who assists residents in establishing and operating a resident organization, and who is not an employee or representative of current or prospective Project Owners, managers, or their agents.

   Project Owners must allow resident organizers to assist residents in establishing and operating resident organizations.

5. **Canvassing**. If a Covered Project has a consistently enforced, written policy against canvassing, then a non-resident resident organizer must be accompanied by a resident while on the property of the project.

   If a project has a written policy favoring canvassing, any non-resident resident organizer must be afforded the same privileges and rights of access as other uninvited outside parties in the normal course of operations. If the project does not have a consistently enforced, written policy against canvassing, the project shall be treated as if it has a policy favoring canvassing.

   A resident has the right not to be re-canvassed against his or her wishes regarding participation in a resident organization.

6. **Funding**. Project Owners must provide $25 per occupied unit annually for resident participation, of which at least $15 per occupied unit shall be provided to the legitimate resident organization at the covered property. These funds must be used for resident education, organizing around tenancy issues, and training activities.

   In the absence of a legitimate resident organization at a Covered Project:

   a. HUD encourages the Project Owner s and residents to work together to determine the most appropriate ways to foster a constructive working relationship, including supporting the formation of a legitimate residents organization. Residents are encouraged to contact the Project Owner directly with questions or concerns regarding issues related to their tenancy. Project Owner are also encouraged to actively engage residents in the absence of a resident organization; and

   b. Project Owner s must make resident participation funds available to residents for organizing activities in accordance with this Notice. Residents must make requests for these funds in writing to the Project Owner. These requests will be subject to approval by the Project Owner.

Attachment R

Rental Assistance Demonstration

Home Forward is a successful applicant in the Rental Assistance Demonstration (RAD).

In May 2015 Home Forward submitted six Rental Assistance Demonstration (RAD) applications for six properties, with a total of 285 public housing units. We received six initial Commitments to enter into a Housing Assistance Payment (CHAPs) in September 2015, with amended CHAPS issued in March 2016 (RAD Phase 1). In addition, Home Forward received 24 additional CHAPs in August 2016, totaling 498 units (part of RAD Phase 2). Home Forward is currently working with HUD to determine the timeline of conversion for these properties (see section titled Public Housing Strategy).

Home Forward is converting to project-based vouchers under the guidelines of PIH Notice 2012-32, REV-1 and any successor Notices. Upon conversion to project-based vouchers, Home Forward will adopt the resident rights, participation, waiting list and grievance procedures listed in Section 1.6 of PIH Notice 2012-32, REV-2; and Joint Housing PIH Notice H-2014-09/PHI-2014-17. These resident rights, participation, waiting list and grievance procedures are appended to this attachment. Additionally, Home Forward certifies that it is currently compliant with all fair housing and civil rights requirements.

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing Housing Authorities access to private sources of capital to repair and preserve its affordable housing assets. Please be aware that upon conversion, Home Forward's Capital Fund Budget will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration, and that Home Forward may also borrow funds to address their capital needs. Project-based voucher subsidy is sized to replace the reduction in Capital Funds and operating subsidy lost from the RAD conversions. Home Forward currently has debt under the Capital Fund Financing Program and will be working with Wells Fargo to address outstanding debt issues, which may result in additional reductions of capital funds. Regardless of any funding changes that may occur as a result of conversion under RAD, Home Forward certifies that it will maintain its continued service level.

Under HUD Notice PIH-2012-32, REV-2, Home Forward's RAD conversion is detailed below as part of its Annual Moving to Work Plan.

The following are the remaining public housing properties that Home Forward anticipates RAD closing or Section 18 approval, with properties converting through FY2021. At time of this writing, Home Forward is working with HUD to identify the order properties will close.

Development #1

Development Name	**Tillicum South**		
PIC Development ID #	**OR0020151**		
Conversion Type	Project-Based Vouchers		
Total Current Units	12	Total Post-RAD Units	12
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$15,045.00		
Transfer of Assistance	None		

Pre-Conversion Bedroom Type	12 3-bedroom units	Post-Conversion Bedroom Type	12 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Tillicum South will be moved onto a Home Forward project based voucher site-based waiting list for Tillicum South. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Tillicum South.		
Other Information	CHAP awarded August 2016		

Development #2

Development Name	**Powellhurst Woods**		
PIC Development ID #	**OR002000237**		
Conversion Type	Project-Based Vouchers		
Total Current Units	34	Total Post-RAD Units	34
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$65,065.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	23 2-bedroom units 11 3-bedroom units	Post-Conversion Bedroom Type	23 2-bedroom units 11 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Powellhurst Woods will be moved onto a Home Forward project based voucher site-based waiting list for Powellhurst Woods. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Powellhurst Woods.		
Other Information	CHAP awarded August 2016		

Development #3

Development Name	**Tillicum North**		
PIC Development ID #	**OR002000251**		
Conversion Type	Project-Based Vouchers		
Total Current Units	18	Total Post-RAD Units	18
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family

Capital Fund Allocation	$22,567.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	16 3-bedroom units 2 3-bedroom accessible units	Post-Conversion Bedroom Type	16 3-bedroom units 2 3-bedroom accessible units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Tillicum North will be moved onto a Home Forward project based voucher site-based waiting list for Tillicum North. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Tillicum North.		
Other Information	CHAP awarded August 2016		

Development #4

Development Name	**Hunters Run**		
PIC Development ID #	**OR002000252**		
Conversion Type	Project-Based Vouchers		
Total Current Units	10	Total Post-RAD Units	10
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$12,545.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	8 3-bedroom units 2 3-bedroom accessible units	Post-Conversion Bedroom Type	8 3-bedroom units 2 3-bedroom accessible units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Hunters Run will be moved onto a Home Forward project based voucher site-based waiting list for Hunters Run. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site- based waiting list for Hunters Run.		
Other Information	CHAP awarded August 2016		

Development #5

Development Name	**Fir Acres**
PIC Development ID #	**OR002000121**

Conversion Type	Project-Based Vouchers		
Total Current Units	32	Total Post-RAD Units	32
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$57,583.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	19 2-bedroom units 1 2-bedroom accessible unit 12 3-bedroom units	Post-Conversion Bedroom Type	19 2-bedroom units 1 2-bedroom accessible unit 12 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Fir Acres will be moved onto a Home Forward project based voucher site-based waiting list for Fir Acres. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Fir Acres.		
Other Information	CHAP awarded August 2016		

Development #6

Development Name	**Alderwood**		
PIC Development ID #	**OR002000337**		
Conversion Type	Project-Based Vouchers		
Total Current Units	20	Total Post-RAD Units	20
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$36,332.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	13 2-bedroom units 7 3-bedroom units	Post-Conversion Bedroom Type	13 2-bedroom units 7 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Alderwood will be moved onto a Home Forward project based voucher site-based waiting list for Alderwood. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Alderwood.		
Other Information	CHAP awarded August 2016		

Development #7

Development Name	**Medallion Apartments**		
PIC Development ID #	**OR002000139**		
Conversion Type	Section 18 Project-Based Vouchers or RAD Project-Based Vouchers		
Total Current Units	90	Total Post-RAD Units	90
Pre-RAD Unit Type	Senior/People with Disabilities	Post-RAD Unit Type	Senior/People with Disabilities
Capital Fund Allocation	$137,121.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	85 1-bedroom units 3 1-bedroom accessible units 2 2-bedroom accessible units	Post-Conversion Bedroom Type	85 1-bedroom units 3 1-bedroom accessible units 2 2-bedroom accessible units
De Minimus Reduction	None		
Transfer of Waiting List	If converted under RAD, applicants on Home Forward's public housing site-based waiting list for Medallion Apartments will be moved onto a Home Forward project based voucher site-based waiting list for Medallion Apartments. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Medallion Apartments. If approved for Section 18 Home Forward will not pursue RAD conversion for Medallion Apartments.		
Other Information	Home Forward applied for Section 18 for Medallion Apartments prior to RAD and is anticipating a decision to be made by HUD. If approved for Section 18 Home Forward will not pursue RAD conversion for Medallion Apartments. CHAP awarded in October 2016.		

Development #8

Development Name	**Ruth Haefner Apartments**		
PIC Development ID #	**OR002000140**		
Conversion Type	Section 18 Project-Based Vouchers or RAD Project-Based Vouchers		
Total Current Units	73	Total Post-RAD Units	73
Pre-RAD Unit Type	Senior/People with Disabilities	Post-RAD Unit Type	Senior/People with Disabilities
Capital Fund Allocation	$110,562.00		
Transfer of Assistance	None		

Pre-Conversion Bedroom Type	65 1-bedroom units 8 1-bedroom accessible units	Post-Conversion Bedroom Type	65 1-bedroom units 8 1-bedroom accessible units
De Minimus Reduction	None		
Transfer of Waiting List	If converted to RAD, applicants on Home Forward's public housing site-based waiting list for Ruth Haefner Apartments will be moved onto a Home Forward project based voucher site-based waiting list for Ruth Haefner Apartments. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Ruth Haefner Apartments. If approved for Section 18 Home Forward will not pursue RAD conversion for Ruth Haefner Apartments.		
Other Information	CHAP awarded August 2016. Home Forward applied for Section 18 for Ruth Haefner Apartments prior to RAD and is anticipating a decision to be made by HUD. If approved for Section 18 Home Forward will not pursue RAD conversion for Ruth Haefner Apartments.		

Development #9

Development Name	**Townhouse Terrace**		
PIC Development ID #	**OR002000122**		
Conversion Type	Project-Based Vouchers		
Total Current Units	32	Total Post-RAD Units	32
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$57,595.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	19 2-bedroom units 1 2-bedroom accessible unit 12 3-bedroom units	Post-Conversion Bedroom Type	19 2-bedroom units 1 2-bedroom accessible unit 12 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Townhouse Terrace will be moved onto a Home Forward project based voucher site-based waiting list for Townhouse Terrace. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Townhouse Terrace.		
Other Information	CHAP received August 2016		

Development #10

Development Name	**Stark Manor**

PIC Development ID #	**OR002000123**		
Conversion Type	Project-Based Vouchers		
Total Current Units	30	Total Post-RAD Units	30
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$52,425.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	18 2-bedroom units 12 3-bedroom units	Post-Conversion Bedroom Type	18 2-bedroom units 12 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Stark Manor will be moved onto a Home Forward project based voucher site-based waiting list for Stark Manor. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site- based waiting list for Stark Manor.		
Other Information	CHAP received August 2016		

Development #11

Development Name	**Lexington Court**		
PIC Development ID #	**OR002000124**		
Conversion Type	Project-Based Vouchers		
Total Current Units	20	Total Post-RAD Units	20
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$35,885.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	12 2-bedroom units 8 3-bedroom units	Post-Conversion Bedroom Type	12 2-bedroom units 8 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Lexington Court will be moved onto a Home Forward project based voucher site-based waiting list for Lexington Court. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Lexington Court.		
Other Information	CHAP received August 2016		

Development #12

Development Name	**Eastwood Court**		
PIC Development ID #	**OR002000125**		
Conversion Type	Project-Based Vouchers		
Total Current Units	32	Total Post-RAD Units	32
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$57,728.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	19 2-bedroom units 12 3-bedroom units 1 3-bedroom accessible unit	Post-Conversion Bedroom Type	19 2-bedroom units 12 3-bedroom units 1 3-bedroom accessible unit
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Eastwood Court will be moved onto a Home Forward project based voucher site-based waiting list for Eastwood Court. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Eastwood Court.		
Other Information	CHAP received August 2016		

Development #13

Development Name	**Carlton Court**		
PIC Development ID #	**OR002000126**		
Conversion Type	Project-Based Vouchers		
Total Current Units	24	Total Post-RAD Units	24
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$43,363.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	14 2-bedroom units 10 3-bedroom units	Post-Conversion Bedroom Type	14 2-bedroom units 10 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Eastwood Court will be moved onto a Home Forward project based voucher site-based waiting list for Eastwood Court. The applicants will retain their		

	original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Eastwood Court.		
Other Information	CHAP received August 2016		

Development #14

Development Name	**Slavin Court**		
PIC Development ID #	**OR002000131**		
Conversion Type	Project-Based Vouchers		
Total Current Units	24	Total Post-RAD Units	24
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$47,903.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	18 3-bedroom units 6 4-bedroom units	Post-Conversion Bedroom Type	18 3-bedroom units 6 4-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Slavin Court will be moved onto a Home Forward project based voucher site-based waiting list for Carlton Court. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site- based waiting list for Slavin Court.		
Other Information	CHAP received August 2016		

Development #15

Development Name	**Demar Downs**		
PIC Development ID #	**OR002000132**		
Conversion Type	Project-Based Vouchers		
Total Current Units	18	Total Post-RAD Units	18
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$31,569.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	15 2-bedroom units 3 2-bedroom accessible units	Post-Conversion Bedroom Type	15 2-bedroom units 3 2-bedroom accessible units
De Minimus Reduction	None		

Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Demar Downs will be moved onto a Home Forward project based voucher site-based waiting list for Demar Downs. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Demar Downs.
Other Information	CHAP received August 2016

Development #16

Development Name	**Eliot Square**		
PIC Development ID #	**OR002000138**		
Conversion Type	Project-Based Vouchers		
Total Current Units	30	Total Post-RAD Units	30
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$57,318.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	11 2-bedroom units 1 2-bedroom accessible unit 14 3-bedroom units 4 4-bedroom units	Post-Conversion Bedroom Type	11 2-bedroom units 1 2-bedroom accessible unit 14 3-bedroom units 4 4-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Eliot Square will be moved onto a Home Forward project based voucher site-based waiting list for Eliot Square. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site- based waiting list for Eliot Square.		
Other Information	CHAP received August 2016		

Development #17

Development Name	**Celilo Court**		
PIC Development ID #	**OR002000142**		
Conversion Type	Project-Based Vouchers		
Total Current Units	28	Total Post-RAD Units	28
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$51,390.00		

Transfer of Assistance	None		
Pre-Conversion Bedroom Type	15 2-bedroom units 2 2-bedroom accessible units 11 3-bedroom units	Post-Conversion Bedroom Type	15 2-bedroom units 2 2-bedroom accessible units 11 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Celilo Court will be moved onto a Home Forward project based voucher site-based waiting list for Celilo Court. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site- based waiting list for Celilo Court.		
Other Information	CHAP received August 2016		

Development #18

Development Name	**Harold Lee Village**		
PIC Development ID #	**OR002000152**		
Conversion Type	Project-Based Vouchers		
Total Current Units	10	Total Post-RAD Units	10
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$12,545.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	10 3-bedroom units	Post-Conversion Bedroom Type	10 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Harold Lee Village will be moved onto a Home Forward project based voucher site-based waiting list for Harold Lee Village. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Harold Lee Village.		
Other Information	CHAP received August 2016		

Development #19

Development Name	**Floresta**
PIC Development ID #	**OR002000153**
Conversion Type	Project-Based Vouchers

Total Current Units	20	Total Post-RAD Units	20
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$23,473.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	7 2-bedroom units 2 2-bedroom accessible units 11 3-bedroom units	Post-Conversion Bedroom Type	7 2-bedroom units 2 2-bedroom accessible units 11 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Floresta will be moved onto a Home Forward project based voucher site-based waiting list for Floresta. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Floresta.		
Other Information	CHAP received August 2016		

Development #20

Development Name	**Maple Mallory**		
PIC Development ID #	**OR002000203**		
Conversion Type	Project-Based Vouchers		
Total Current Units	48	Total Post-RAD Units	48
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$74,808.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	24 1-bedroom units 24 2-bedroom units	Post-Conversion Bedroom Type	24 1-bedroom units 24 2-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Maple Mallory will be moved onto a Home Forward project based voucher site-based waiting list for Maple Mallory. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Maple Mallory.		
Other Information	CHAP received August 2016		

Development #21

Development Name	**Bel Park**		
PIC Development ID #	**OR002000232**		
Conversion Type	Project-Based Vouchers		
Total Current Units	10	Total Post-RAD Units	10
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$14,643.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	2 studio units 8 1-bedroom units	Post-Conversion Bedroom Type	2 studio units 8 1-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Bel Park will be moved onto a Home Forward project based voucher site-based waiting list for Bel Park. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Bel Park.		
Other Information	CHAP received August 2016		

Development #22

Development Name	**Winchell Court**		
PIC Development ID #	**OR002000236**		
Conversion Type	Project-Based Vouchers		
Total Current Units	10	Total Post-RAD Units	10
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$15,830.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	8 1-bedroom units 2 2-bedroom units	Post-Conversion Bedroom Type	8 1-bedroom units 2 2-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Winchell Court will be moved onto a Home Forward project based voucher site-based waiting list for Winchell Court. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Winchell Court.		
Other Information	CHAP received August 2016		

Development #23

Development Name	**Camelia Court**		
PIC Development ID #	**OR002000332**		
Conversion Type	Project-Based Vouchers		
Total Current Units	14	Total Post-RAD Units	14
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$21,045.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	14 1-bedroom units	Post-Conversion Bedroom Type	14 1-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Camelia Court will be moved onto a Home Forward project based voucher site-based waiting list for Camelia Court. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Camelia Court.		
Other Information	CHAP received August 2016		

Development #24

Development Name	**Cora Park**		
PIC Development ID #	**OR002000336**		
Conversion Type	Project-Based Vouchers		
Total Current Units	10	Total Post-RAD Units	10
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$18,166.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	6 2-bedroom units 4 3-bedroom units	Post-Conversion Bedroom Type	6 2-bedroom units 4 3-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Cora Park will be moved onto a Home Forward project based voucher site-based waiting list for Cora Park. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Cora Park.		
Other Information	CHAP received August 2016		

Development #25

Development Name	**Chateau Apartments**		
PIC Development ID #	**OR002000436**		
Conversion Type	Project-Based Vouchers		
Total Current Units	10	Total Post-RAD Units	10
Pre-RAD Unit Type	Family	Post-RAD Unit Type	Family
Capital Fund Allocation	$17,107.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	10 2-bedroom units	Post-Conversion Bedroom Type	10 2-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	Upon conversion to RAD, applicants on Home Forward's public housing site-based waiting list for Winchell Court will be moved onto a Home Forward project based voucher site-based waiting list for Winchell Court. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Winchell Court.		
Other Information	CHAP received August 2016		

Development #26

Development Name	**Dahlke Manor**		
PIC Development ID #	**OR002000114**		
Conversion Type	Section 18 Project-Based Vouchers or RAD Project-Based Vouchers		
Total Current Units	115	Total Post-RAD Units	115
Pre-RAD Unit Type	Senior/People with Disabilities	Post-RAD Unit Type	Senior/People with Disabilities
Capital Fund Allocation	$168,059.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	115 1-bedroom units	Post-Conversion Bedroom Type	115 1-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	If converted to RAD, applicants on Home Forward's public housing site-based waiting list for Dahlke Manor will be moved onto a Home Forward project based voucher site-based waiting list for Dahlke Manor. The applicants will retain their original date and		

	time of application, and will be subject to the preferences available under the PBV site- based waiting list for Dahlke Manor. If approved for Section 18 Home Forward will not pursue RAD conversion for Dahlke Manor.
Other Information	Home Forward applied for Section 18 for Dahlke Manor prior to RAD and is anticipating a decision to be made by HUD. If approved for Section 18 Home Forward will not pursue RAD conversion for Dahlke Manor. CHAP awarded in October 2016.

Development #27

Development Name	**Holgate House**		
PIC Development ID #	**OR002000115**		
Conversion Type	Section 18 Project-Based Vouchers or RAD Project-Based Vouchers		
Total Current Units	80	Total Post-RAD Units	80
Pre-RAD Unit Type	Senior/People with Disabilities	Post-RAD Unit Type	Senior/People with Disabilities
Capital Fund Allocation	$117,008.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	80 1-bedroom units	Post-Conversion Bedroom Type	80 1-bedroom units
De Minimus Reduction	None		
Transfer of Waiting List	If converted to RAD, applicants on Home Forward's public housing site-based waiting list for Holgate House will be moved onto a Home Forward project based voucher site-based waiting list for Holgate House. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site- based waiting list for Holgate House. If approved for Section 18 Home Forward will not pursue RAD conversion for Holgate House.		
Other Information	Home Forward applied for Section 18 for Holgate House prior to RAD and is anticipating a decision to be made by HUD. If approved for Section 18 Home Forward will not pursue RAD conversion for Holgate House. CHAP awarded in October 2016.		

Development #28

Development Name	**Williams Plaza**		
PIC Development ID #	**OR002000118**		
Conversion Type	Section 18 Project-Based Vouchers or RAD Project-Based Vouchers		
Total Current Units	101	Total Post-RAD Units	101
Pre-RAD Unit Type	Senior/People with Disabilities	Post-RAD Unit Type	Senior/People with Disabilities

Capital Fund Allocation	$134,561.00		
Transfer of Assistance	None		
Pre-Conversion Bedroom Type	67 studio units 29 1-bedroom units 5 1-bedroom accessible units	Post-Conversion Bedroom Type	67 studio units 29 1-bedroom units 5 1-bedroom accessible units
De Minimus Reduction	None		
Transfer of Waiting List	If converted to RAD, applicants on Home Forward's public housing site-based waiting list for Williams Plaza will be moved onto a Home Forward project based voucher site-based waiting list for Williams Plaza. The applicants will retain their original date and time of application, and will be subject to the preferences available under the PBV site-based waiting list for Williams Plaza. If approved for Section 18 Home Forward will not pursue RAD conversion for Williams Plaza.		
Other Information	Home Forward applied for Section 18 for Williams Plaza prior to RAD and is anticipating a decision to be made by HUD. If approved for Section 18 Home Forward will not pursue RAD conversion for Williams Plaza. CHAP awarded in October 2016.		

Changes in policies that govern eligibility, admission, selection, and occupancy of units at the project after conversion, including any waiting list preferences that will be adopted for the converted project:

Home Forward presented to the Board of Commissioners requested changes to the Section 8 Administrative Plan to accommodate the RAD transition. This request was approved by the Board of Commissioners on April 19, 2016. The changes include adopting guidelines for choice mobility. At the time of this writing, Home Forward is continuing to review RAD requirements and may submit additional changes to the Section 8 Administrative Plan and the Admissions and Continued Occupancy Policy (ACOP) for public housing. All policy changes adhere to RAD requirements listed below under Appendix A, that informs resident rights, participation, waiting list and grievance procedures.

Compliance agreements: Home Forward is currently compliant with all fair housing and civil rights requirements and is not under a Voluntary Compliance Agreement.

Site selection: This conversion complies with all applicable site selection and neighborhood reviews standards. All appropriate procedures have been followed.

Substantial Deviation Definition: As part of the Rental Assistance Demonstration (RAD), Home Forward is redefining the definition of a substantial deviation from the PHA Plan to exclude the following RAD specific items:

1. The decision to convert to either Project Based Rental Assistance or Project Based Voucher Assistance;
2. Changes to the Capital Fund Budget produced as a result of each approved RAD conversion, regardless of whether the proposed conversion will include use of additional Capital Funds;
3. Changes to the construction and rehabilitation plan for each approved RAD conversion; and
4. Changes to the financing structure for each approved RAD conversion.

Information regarding use of MTW Fungibility as defined in PIH Notice 2012-32, REV-2: Impact on Capital Fund:

1. **Estimate the amount of the current Capital Fund grant that is associated with the proposed projects and the impact on the PHA's current Five-Year PHA Plan and Five-Year Capital Action Plan**: The current impact associated with the six CHAPS in this application is $160,000. $20,000 has been set aside for each CHAP and another $40,000 set aside for Sequoia Square and Schiller Way, the two properties that will receive units for transfer of assistance (upon approval from HUD) from Rockwood Station and Fairview Oaks & Woods.

2. **If the RAD conversion will impact an existing CFFP or EPC, or if it proposes to utilize RHF funds to facilitate conversion, the PHA should also indicate the estimated impact of those activities**: Home Forward has submitted 31 additional RAD applications that total 1,008 public housing units. These additional applications are on the RAD waitlist and if approved, will impact our formula Capital Fund Grant allocation by approximately 56% of our current public housing unit count. We will not utilize RHF funds to facilitate conversion.

Special Provisions Affecting MTW Agencies: MTW agencies will be able to apply activities impacting the PBV program that are approved in its MTW Plan to those properties as long as they do not conflict with RAD requirements. RAD requirements include statutory requirements or specifically identified special provisions affecting conversions to PBVs, or other conditions and requirements, as detailed in PIH Notice 2012-32 REV-1, including, but not limited to, RAD contract forms or Riders. With respect to any existing PBV regulations that are waived or modified below in Appendix B, except where explicitly noted below in Appendix B, MTW agencies may modify these or other requirements to the PBV program if the activity is approved in its MTW Plan. All other RAD Requirements listed below in Appendix A or elsewhere in PIH Notice 2012-32 REV-1 shall apply to MTW agencies.

RESOLUTIONS

hope. access. potential.

MEMORANDUM

To: Board of Commissioners

Date: September 18, 2018

From: Peter Beyer, Chief Financial Officer

Kandy Sage, Controller

Subject: Authorize Approval of Fiscal Year 2018 Audited Financial Statements, Single Audit Reports and Report to the Board of Commissioners Resolution 18-09-03

The Board of Commissioners is requested to accept and approve:

1) Independent Auditor's Report and Basic Financial Statements for Years Ended March 31, 2018 and 2017, and Supplementary information for the Year Ended March 31, 2018
2) Single Audit Report for the Year Ended March 31, 2018
3) Report to the Board of Commissioners for the Year Ended March 31, 2018.

Macias Gini and O'Connell LLP (MGO) is the audit firm engaged to audit Home Forward's basic financial statements and compliance with federal programs. On September 5, 2018, MGO met with Home Forward's Audit and Finance committee and presented the fiscal year 2018 audit results.

FISCAL YEAR HIGHLIGHTS

During Fiscal Year 2018, three main items impacted the financial statements:

Property conversions – During fiscal year 2018, Home Forward acquired the remaining interest in Fountain Place LP and became sole owner of an 80-unit affordable housing property located in downtown Portland. Additionally, HFDE acquired the limited partner's interest in Gateway Park Apartments LP.

NE Grand - In November 2017, Home Forward closed financing and began construction on a 240-unit affordable housing property on NE Grand in Portland. While this property will operate as a tax credit entity, pass through notes were issued by Home Forward on behalf of the tax credit.

Rental assistance demonstration - In October and November 2017, Home Forward converted its first 13 mixed-finance properties consisting of 791 units of public housing under the Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program. Upon conversion, the properties were issued RAD vouchers and ceased to operate as a public housing property. These early conversions did not require a change of ownership.

Additionally, Home Forward adopted early GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Home Forward implemented this Statement as of April 1, 2017, which resulted in a restatement of beginning net position.

Key financial highlights from the audit include:

- Total assets and deferred outflows of resources increased $30.7 million from $493.0 million at March 31, 2017 to $523.7 million at March 31, 2018 primarily due to the $24.0 million increase in total cash and cash equivalents and a $13.2 million increase in notes receivable – partnerships. These increases were offset by a $5.8 million reduction in deferred outflows of resources – pensions.

- Total liabilities and deferred inflows of resources increased $20.5 million from $227.5 million at March 31, 2017 to $246.5 million at March 31, 2018. Of this increase, $13.2 million is related to an increase in bonds payable – partnerships, $5.5 million in notes payable – long term and a $2.5 million increase in the line of credit.

- Total operating revenues increased $13.2 million to $157.9 million. This is mainly due to an increase of $10.0 million in HUD operating subsidies and a $2.9 million increase in state, local and other grants.

- Total operating expenses increased from $141.7 million to $157.8 million, an increase of $16.0 million from the prior year. This increase is primarily due to a $13.3 million increase in housing assistance payments and a $1.1 million increase in administration expenses.

- Operating results for 2018 were mainly break even, yielding operating income of $0.2 million compared to operating income of $2.9 million during the prior year.
- Nonoperating revenues/(expenses) netted an increase of $0.2 million.
- Capital contributions increased by $7.5 million from $2.5 million in 2017 to $9.9 million in 2018.
- Net position increased $10.3 million to $275.7 million at March 31, 2018. This growth was mainly due to an increase in capital contributions of $9.9 million.

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED MARCH 31, 2018

As a reminder, the basic financial statements are comprised of two main columns of results:

1. The Primary government and any blended component units – this column includes the results for the primary government (Home Forward) and blended component units (including Home Forward Development Enterprises, St. Francis LLC, and Gateway Park Apartments), and any intercompany eliminations.

2. Discretely presented component units – this column aggregates the calendar year results of 16 low income housing tax credit partnerships where the limited partners have majority ownership but have delegated the majority of their rights regarding the operations of the partnership to Home Forward (as general partner).

MGO issued an unmodified opinion on the basic financial statements for both the primary government and the discretely presented component units, with the opinion stating that they present fairly, in all material respects, the financial position as of March 31, 2018.

AUDITORS' SINGLE AUDIT REPORTS (Uniform Grant Guidance)

Home Forward expended over $124 million in federal funds during fiscal year 2018 (of which $101.7 million were Moving to Work funds) and is required to have an audit of internal controls in accordance with Government Auditing Standards and an audit of compliance for each major federal program as required by the Office of Management and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The independent auditors tested two major federal program. There were no financial statement findings, no questioned costs, and no compliance findings identified during the year.

AUDITOR'S REPORT TO THE BOARD OF COMMISSIONERS

Finally, the auditors issued a Report to the Board of Commissioners for the Year Ended March 31, 2018, which provides necessary communication on matters related to the conduct of the audit. This report includes information regarding any:

- Qualitative aspects of accounting practices
- Difficulties encountered in performing the audit
- Corrected and uncorrected misstatements
- Disagreements with management
- Management representations
- Management consultations with other independent accounts
- Other findings or issues
- Other comments/recommendations

MOTION TO APPROVE

The Audit & Finance Committee recommends acceptance and approval of the presented:

1. Independent Auditor's Report and Basic Financial Statements for Years Ended March 31, 2018 and 2017, and Supplementary information for the Year Ended March 31, 2018
2. Single Audit Reports for the Year Ended March 31, 2018
3. Report to the Audit & Finance Committee for the Year Ended March 31, 2018

ATTACHMENTS

- Independent Auditor's Report and Basic Financial Statements for Years Ended March 31, 2018 and 2017, and Supplementary Information for the Year Ended March 31, 2018
- Single Audit Reports for the Year Ended March 31, 2018
- Independent Auditor's Report to the Board of Commissioners

HOME FORWARD
PORTLAND, OREGON

Independent Auditor's Reports and
Basic Financial Statements
For Years Ended March 31, 2018 and 2017
and
Supplementary Information
For Year Ended March 31, 2018

mgo Certified Public Accountants

HOME FORWARD

BOARD OF COMMISSIONERS, MANAGEMENT AND GENERAL COUNSEL

As of March 31, 2018

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HOME FORWARD

BOARD OF COMMISSIONERS, MANAGEMENT AND GENERAL COUNSEL

As of March 31, 2018

BOARD OF COMMISSIONERS

Ms. Mary Ann Herman Chair	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204
Mr. Damien Hall Vice Chair & Treasurer	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204
Mr. David Widmark Commissioner	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204
Ms. TomiRene Hettman Commissioner	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204
Mr. Matthew Gebhart Commissioner	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204
Mr. Richard Anderson Commissioner	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204
Ms. Wendy Serrano Commissioner	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204
Ms. Jenny Kim Commissioner	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204
Ms. Vivian Satterfield Commissioner	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204

ADMINISTRATIVE OFFICER

Mr. Michael Buonocore Executive Director and Secretary/Treasurer	135 S.W. Ash Street, 6th Floor Portland, Oregon 97204

GENERAL COUNSEL

Ms. Sarah Stauffer Curtiss	Stoel Rives, LLP 900 S.W. Fifth Avenue, Suite 2600 Portland, Oregon 97204

Certified
Public
Accountants

Independent Auditor's Report

Members of the Board of
Commissioners of Home Forward
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of Home Forward, Oregon, as of and for the years ended March 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of Home Forward. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the aggregate discretely presented component units, except for the Gateway Park Apartments Limited Partnership, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Macias Gini & O'Connell LLP
4675 MacArthur Court, Suite 600
Newport Beach, CA 92660

www.mgocpa.com

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (primary government) and the aggregate discretely presented component units of Home Forward as of March 31, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Accounting Principles

As discussed in Note 1 to the basic financial statements, effective April 1, 2017, Home Forward adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in net OPEB asset and related ratios, schedule of Home Forward's Contributions, schedule of changes in total OPEB liability and related ratios, and schedule of funding progress - other postemployment benefits, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standard Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Home Forward's basic financial statements. The other supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2018, on our consideration of Home Forward's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended March 31, 2018. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Home Forward's internal control over financial reporting and compliance.

Linda Hurley

Linda Hurley, Partner
Macias Gini & O'Connell LLP
Newport Beach, California
September 12, 2018

This section of Home Forward's annual financial report presents Management's Discussion and Analysis of the Home Forward's financial performance during the years ended on March 31, 2018 and 2017. Please read it in conjunction with Home Forward's basic financial statements that follow this section.

Overview of the Financial Statements

The financial statements consist of three parts: 1. Management's Discussion and Analysis (this section), 2. The basic financial statements and 3. Supplementary information (required and other).

Home Forward is a self-supporting entity and follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of Home Forward. Agency-wide statements report information about Home Forward as a whole using accounting methods similar to those used by private sector companies. While detailed sub-fund information is not presented, separate accounts are maintained for each program to control and manage money for particular purposes or to demonstrate that Home Forward is properly using specific appropriations and grants. The financial statements also include a "Notes to Financial Statements" section that explains the information in the basic financial statements and provides more detailed data. The Notes to Financial Statements are followed by a "Supplementary Information" section, which presents the required supplementary information and other financial schedules of Home Forward's operating units and its individual properties.

As required by generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB), the basic financial statements include its blended component units - Home Forward Development Enterprises, St. Francis LLC and Gateway Park Limited Partnership and its 16 discretely presented component units. These discretely presented component units represent multi-family properties structured as limited partnerships, which have Home Forward as the general partner with minimal ownership interest. The Statements of Net Position includes all of Home Forward's assets, deferred outflows of resrouces, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position, regardless of when cash is received or paid.

Management's Discussion and Analysis – For the Year Ended March 31, 2018

Significant Developments

Transfer of Tax Credit Limited Partnership Interest – In March 2018, Home Forward acquired the remaining interest in Fountain Place and became sole owner of an 80-unit affordable housing property. In March 2018, Home Forward Development Enterprises (HFDE), an existing blended component unit, acquired the limited partner's interest in Gateway Park apartments. Home Forward was already the general partner and as such, the 144-unit affordable housing property was added as a blended component unit. Both of these tax credit partnerships were originally formed by Home Forward under Section 42 of the Internal Revenue Code.

Other property transactions **–** In November 2017, Home Forward closed financing and began construction on a 240-unit affordable housing property on NE Grand in Portland.

Rental assistance demonstration - In October and November 2017, Home Forward converted its first 13 mixed-finance properties consisting of 791 units of public housing under the Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program. Upon conversion, the properties were issued RAD vouchers and ceased to operate as a public housing property.

Financial Highlights

Home Forward's Statement of Net Position reflects growth in net position during 2018. Specifically:

- Total assets and deferred outflows of resources increased $31.1 million from $493.0 million at March 31, 2017 to $524.1 million at March 31, 2018 primarily due to the $24.0 million increase in total cash and cash equivalents and a $13.2 million increase in notes receivable – partnerships. These increases were offset by a $5.8 million reduction in deferred outflows of resources – pensions.

- Total liabilities and deferred inflows of resources increased $20.9 million from $227.5 million at March 31, 2017 to $248.4 million at March 31, 2018. Of this increase, $13.2 million is related to an increase in bonds payable – partnerships, $5.5 million in notes payable – long term and a $2.5 million increase in the line of credit.

- Total operating revenues increased $13.2 million to $157.9 million. This is mainly due to an increase of $10.0 million in HUD operating subsidies and a $2.9 million increase in state, local and other grants.

- Total operating expenses increased from $141.7 million to $157.8 million, an increase of $16.0 million from the prior year. This increase is primarily due to a $13.3 million increase in housing assistance payments and a $1.1 million increase in administration expenses.

- Operating results for 2018 were mainly break even, yielding operating income of $0.2 million compared to operating income of $2.9 million during the prior year.

- Nonoperating revenues/(expenses) netted a decrease of $2.7 million.

- Capital contributions increased by $7.5 million from $2.5 million in 2017 to $9.9 million in 2018.

- Net position increased $10.3 million to $275.7 million at March 31, 2018. This growth was mainly due to an increase in capital contributions of $9.9 million.

Condensed Statement of Net Position

The following tables show a summary of net position by type at March 31, 2018 and 2017:

(in thousands of dollars)	2018	2017	Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current assets	$ 90,353	$ 67,768	$ 22,585
Non-current assets	279,735	269,969	9,766
Capital assets	146,857	142,304	4,553
Total assets before deferred outflows of resources	516,945	480,041	36,904
Deferred outflows of resources	7,159	12,921	(5,762)
Total assets and deferred outflows of resources	524,104	492,962	31,142
Liabilities and Deferred Inflows of Resources			
Current liabilities	21,128	17,839	3,289
Non-current liabilities	226,110	209,315	16,795
Total liabilities before deferred inflows of resources	247,238	227,154	20,084
Deferred inflows of resources	1,176	371	805
Total liabilities and deferred inflows of resources	248,414	227,525	20,889
Net Position			
Net investment in capital assets	40,420	46,113	(5,693)
Restricted	18,150	12,426	5,724
Unrestricted	217,121	206,898	10,223
Total net position	$ 275,691	$ 265,437	$ 10,254

Year-end Financial Position

Current assets increased in 2018 from $67.8 million to $90.4 million mainly due to a net increase in total cash and cash equivalents of $24.0 million. Additionally, there was a decrease in accounts receivable, net of $1.9 million.

Total cash and cash equivalents increased by $24.0 million. This increase was mainly due to collection of outstanding developer fees connected with the property renovations at Gallagher, Hollywood East, Northwest Towers, Sellwood Center and Stephens Creek Crossing plus the addition of Fountain Place and Gateway Park Apartments. Also, during the year, Home Forward Development Enterprises collected an additional $2.0 million related to outstanding notes connected with the 85 Stories project.

Non-current assets (other than capital assets) increased by $9.7 million. Notes receivable – partnerships increased $13.2 million. This is due to the $38.3 million bond issuance on behalf of Lloyd Housing LP offset by reductions in outstanding bonds connected with Wests LP and Woods LP. Additionally, notes and accrued interest receivable decreased by $2.6 million and investment in partnerships decreased by $1.0 million.

Capital assets increased $4.6 million mainly driven by the addition of Fountain Place and Gateway Park apartments.

Current liabilities increased $3.3 million during the year, mainly due to a $2.5 million increase in line of credit and $0.8 million increase in unearned revenue.

Non-current liabilities increased by $16.8 million during 2018. This increase is primarily driven by the $13.2 million net increase in bonds payable – partnerships, a $5.5 million increase in notes payable and offset by a decrease in net pension liability and net other postemployment benefit liabiliy of $1.8 million.

Net position at March 31, 2018, was $275.7 million, an increase of $10.3 million from March 31, 2017.

Capital Assets

At March 31, 2018, Home Forward had $146.9 million of capital assets, an increase of $4.6 million over the prior year. More detailed information about Home Forward's capital assets is presented in Note 8 to the financial statements.

(in thousands of dollars)	2018	2017	Increase (Decrease)
Land	$ 30,014	$ 25,196	$ 4,818
Construction in progress	4,610	7,946	(3,336)
Total capital assets not being depreciated	34,624	33,142	1,482
Buildings and improvements	219,849	207,393	12,456
Equipment	14,211	13,780	431
Accumulated depreciation	(121,827)	(112,011)	(9,816)
Total capital assets being depreciated	112,233	109,162	3,071
Total capital assets, net	$ 146,857	$ 142,304	$ 4,553

Notes and Bonds Payable

At March 31, 2018, Home Forward had $105.4 million of notes and bonds payable outstanding (excluding bonds payable–partnerships), an increase of $6.4 million over the prior year. More detailed information about Home Forward's capital debt is presented in Notes 11 and 12 to the financial statements.

(in thousands of dollars)	2018	2017	Increase (Decrease)
Current portion of notes and bonds payable	$ 3,404	$ 3,098	$ 306
Notes payable - long-term	70,491	64,989	5,502
Bonds payable - long-term	31,494	30,920	574
Total notes and bonds payable	$ 105,389	$ 99,007	$ 6,382

There were no changes in Home Forward's credit rating during the year.

Results of Operation – Year ended March 31, 2018 compared to Year Ended March 31, 2017

Statement of Revenues, Expenses and Changes in Net Position

(in thousands of dollars)	2018	2017	Increase (Decrease)
Operating revenues			
Rental revenue	$ 20,996	$ 19,292	$ 1,704
HUD subsidies and grants	118,924	108,421	10,503
Development fee revenue	3,100	5,036	(1,936)
State, local and other grants	11,249	8,336	2,913
Other	3,651	3,577	74
	157,920	144,662	13,258
Operating expenses			
Housing assistance payments	102,263	88,982	13,281
Administration	15,064	13,919	1,145
Tenant services	4,357	4,843	(486)
Program expenses	11,078	10,521	557
Utilities	4,807	4,536	271
Maintenance	9,625	9,559	66
Depreciation	8,568	7,814	754
Other	1,993	1,555	438
	157,755	141,729	16,026
Operating income/(loss)	165	2,933	(2,768)
Nonoperating revenues (expenses)			
Investment income	2,411	1,939	472
Interest expense	(2,964)	(2,836)	(128)
Investment in partnership valuation charge	1,828	(158)	1,986
Financing costs	(13)	(117)	104
Loss on sale of capital assets	(442)	(1,027)	585
Gain on sale of capital assets	-	5,722	(5,722)
	820	3,523	(2,703)
Income (Loss) before Capital Contributions	985	6,456	(5,471)
Capital Contributions			
HUD non-operating contributions	6,960	2,193	4,767
Other non-operating contributions	2,956	266	2,690
	9,916	2,459	7,457
Increase in net position	10,901	8,915	1,986
Net position - Beginning of year (as previously reported)	265,437	256,522	8,915
Prior period adjustment	(647)	-	(647)
Net position - End of year	$ 275,691	$ 265,437	$ 10,254

Fiscal year 2018 generated operating income of $0.2 million, compared to operating income of $2.9 million in fiscal year 2017. Total operating revenues were $13.3 million higher while operating expenses increased by $16.0 million.

Total operating expenses were $157.8 million, an increase of $16.0 million from the prior year. This increase is primarily due to a $13.3 million increase in housing assistance payments and $1.1 million increase in administration expense and a $0.8 million increase in depreciation expense.

Nonoperating revenues/(expenses) were nearly break even and netted income of $0.8 million with interest income almost offsetting interest expense.

During 2018, HUD nonoperating and other nonoperating contributions totaled $9.9 million with funds mainly supporting the capital work at the properties of 85 Stories, the planned redemption of the capital grant bonds and the donation of land from the City of Portland for the new affordable housing property at NE Grand.

*****

Management's Discussion and Analysis – For the Year Ended March 31, 2017

Significant Developments

Adoption of new strategic plan – In April 2016, the Home Forward board adopted a new strategic plan. The plan includes the following areas of focus:

- **One Portfolio –** to ensure Home Forward's real estate is stable for generations to come and meets the needs of the people and neighborhoods it serves
- **One Resource –** To develop deeper connections and continuity between the types of housing assistance we provide that allow us to meet the evolving needs of the people we serve
- **One Agency –** To build skills and work together in ways that helps the organization constantly evolve and improve the ability to serve the Home Forward community
- **One Community –**To ensure the people Home Forward serves, partners and the public see Home Forward as open, supportive and responsive to their needs, even when resources are constrained
- **One System –** To leverage Home Forward's role as the largest provider of affordable housing in Oregon to improve collaboration and efficacy between systems impacting people in poverty

Transfer of Tax Credit Limited Partnership Interest – In October 2016, Home Forward acquired the remaining interest in Lovejoy Station Limited Partnership and became sole owner of a 181-unit affordable housing property. The tax credit partnership was originally formed by Home Forward under Section 42 of the Internal Revenue Code.

Other property transactions – In May 2016, Home Forward was awarded the development rights for a property on NE Grand in Portland. In August 2016, Home Forward sold the Plaza Townhomes, a 68-unit property in North Portland. In November 2016, Home Forward purchased an 8-unit property in North Portland. In January 2017, Home Forward sold a vacant lot on SE 70th Avenue in Portland.

75th Anniversary – In December 2016, Home Forward recognized its 75th anniversary.

Financial Highlights

Home Forward's Statement of Net Position reflects growth in net position during 2017. Specifically:

- Total assets and deferred outflows of resources increased $28.6 million from $464.4 million at March 31, 2016 to $493.0 million at March 31, 2017 primarily due to the $13.2 increase in capital assets, namely the transfer of Lovejoy Station, and a $10.3 million increase in Deferred outflows of resources - pension. Additionally, there was a $5.9 million increase in total cash and cash equivalents. These increases were offset by a reduction in assets available for sale of $1.5 million.

- Total liabilities and deferred inflows of resources increased $19.6 million from $207.9 million at March 31, 2016 to $227.5 million at March 31, 2017. Of this increase, $14.9 is related to an increase in net pension liability, a $2.1 million increase in notes payable, and a $3.0 increase in total bonds payable. Total operating revenues increased $11.7 million to $144.7 million. This is mainly due to an increase of $9.5 million in HUD operating subsidies and a $1.9 million increase in dwelling rental income.

- Total operating expenses increased from $133.2 million to $141.7 million, an increase of $8.5 million from the prior year. This increase is primarily due to an $11.2 million increase in housing assistance payments offset by a reduction in several operating categories, including administration, tenant services, maintenance and depreciation.

- Operating results for 2017 yielded operating income of $2.9 million compared to an operating loss of $0.2 million during the prior year.

- Nonoperating revenues/(expenses) netted a gain of $3.5 million due to a gain of $5.7 million due to the sale of capital assets, $1.9 million of interest income, offset by interest expense of $2.8 million and a loss on disposal of capital assets of 1.0 million.

- Net position increased $8.9 million to $265.4 million at March 31, 2017. This growth was due to nonoperating revenues of $3.5 million, capital contributions of $2.5 million, and operating income of $2.9 million

Condensed Statement of Net Position

The following tables show a summary of net position by type at March 31, 2017 and 2016:

(in thousands of dollars)	2017	2016	Increase (Decrease)
Assets and Deferred Outflows of Resources			
Current assets	$ 67,768	$ 60,538	$ 7,230
Non-current assets	269,969	270,072	(103)
Capital assets	142,304	129,130	13,174
Assets available for sale	-	1,491	(1,491)
Total assets before deferred outflows of resources	480,041	461,231	18,810
Deferred outflows of resources	12,921	3,177	9,744
Total assets and deferred outflows of resources	492,962	464,408	28,554
Liabilities and Deferred Inflows of Resources			
Current liabilities	17,839	17,458	381
Non-current liabilities	209,315	188,225	21,090
Total liabilities before deferred inflows of resources	227,154	205,683	21,471
Deferred inflows of resources	371	2,203	(1,832)
Total liabilities and deferred inflows of resources	227,525	207,886	19,639
Net Position			
Net investment in capital assets	46,113	44,595	1,518
Restricted	12,426	10,914	1,512
Unrestricted	206,898	201,013	5,885
Total net position	$ 265,437	$ 256,522	$ 8,915

Year-end Financial Position

Current assets increased in 2017 from $60.5 million to $67.8 million mainly due to a net increase in total cash and cash equivalents of $5.9 million. In addition, due from partnerships increased by $1.4 million, mainly connected with the renovation work of two properties owned by Square Manor LLC.

Total cash and cash equivalents increased by $5.9 million. Of this $7.2 million related to the sale of the Plaza Townhomes and the addition of Lovejoy Station Limited Partnership accounted for an additional $2.6 million in cash increases. Major capital repair work at Fairview Oaks and Woods used $4.3 million of cash during the year.

Non-current assets (other than capital assets) remained flat for the year, only decreasing by $0.1 million.

Capital assets increased $13.2 million of which $11.1 million related to purchase of Lovejoy Station Limited Partnership, $4.4 million related to work at Fairview Oaks and Woods and an additional $1.0 million in construction at Harold Lee Village. The increase was offset by a $1.5 million reduction due to the sale of Plaza Townhomes and annual depreciation.

Current liabilities increased $2.0 million during the year, mainly due to a $1.3 million increase in accounts payable, $0.5 million increase in other accrued liabilities and a $0.4 million increase in deposits, payable from restricted assets.

Non-current liabilities increased by $20.1 million during 2017. This increase is primarily driven by the $14.9 million increase in net pension liability, a $2.4 million increase in notes payable, $2.4 million in bonds payable, and a $0.3 million increase in accrued interest.

Net position at March 31, 2017 was $265.4 million, an increase of $8.9 million over 2016.

Capital Assets

At March 31, 2017, Home Forward had $142.3 million of capital assets, an increase of $13.2 million over the prior year. More detailed information about Home Forward's capital assets is presented in Note 8 to the financial statements.

(in thousands of dollars)	2017	2016	Increase (Decrease)
Land	$ 25,196	$ 22,266	$ 2,930
Construction in progress	7,946	2,380	5,566
Total capital assets not being depreciated	33,142	24,646	8,496
Buildings and improvements	207,393	196,245	11,148
Equipment	13,780	13,591	189
Accumulated depreciation	(112,011)	(105,352)	(6,659)
Total capital assets being depreciated	109,162	104,484	4,678
Total capital assets, net	$ 142,304	$ 129,130	$ 13,174

Notes and Bonds Payable

At March 31, 2017, Home Forward had $99.0 million of notes and bonds payable outstanding (excluding bonds payable–partnerships), an increase of $10.8 million over the prior year. More detailed information about Home Forward's capital debt is presented in Notes 11 and 12 to the financial statements.

(in thousands of dollars)	2017	2016	Increase (Decrease)
Current portion of notes and bonds payable	$ 3,098	$ 2,786	$ 312
Notes payable - long-term	64,989	62,598	2,391
Bonds payable - long-term	30,920	22,790	8,130
Total notes and bonds payable	$ 99,007	$ 88,174	$ 10,833

There were no changes in Home Forward's credit rating during the year.

Results of Operation – Year ended March 31, 2017 compared to Year Ended March 31, 2016

Statement of Revenues, Expenses and Changes in Net Position

(in thousands of dollars)	2017	2016	Increase (Decrease)
Operating revenues			
Rental revenue	$ 19,292	$ 17,207	$ 2,085
HUD subsidies and grants	108,421	98,474	9,947
Development fee revenue	5,036	6,507	(1,471)
State, local and other grants	8,336	7,178	1,158
Other	3,577	3,677	(100)
	144,662	133,043	11,619
Operating expenses			
Housing assistance payments	88,982	77,733	11,249
Administration	13,919	14,744	(825)
Tenant services	4,843	5,446	(603)
Program expenses	10,521	11,008	(487)
Utilities	4,536	4,251	285
Maintenance	9,559	9,947	(388)
Depreciation	7,814	8,718	(904)
Other	1,555	1,365	190
Impairment charge	-	37	(37)
	141,729	133,249	8,480
Operating income/(loss)	2,933	(206)	3,139
Nonoperating revenues (expenses)			
Investment income	1,939	1,749	190
Interest expense	(2,836)	(2,587)	(249)
Investment in partnership valuation charge	(158)	2,274	(2,432)
Financing costs	(117)	(167)	50
Loss on sale of capital assets	(1,027)	(654)	(373)
Gain on sale of capital assets	5,722	54	5,668
Intergovernmental revenues from component units	-	33,979	(33,979)
	3,523	34,648	(31,125)
Income (Loss) before Capital Contributions	6,456	34,442	(27,986)
Capital Contributions			
HUD non-operating contributions	2,193	1,733	460
Other non-operating contributions	266	1,697	(1,431)
	2,459	3,430	(971)
Increase in net position	8,915	37,872	(28,957)
Net position - Beginning of year	256,522	218,650	37,872
Net position - End of year	$ 265,437	$ 256,522	$ 8,915

Fiscal year 2017 generated operating income of $2.9 million, compared to an operating loss of $0.2 million in fiscal year 2016. Total operating revenues were $11.6 million higher while operating expenses increased by $8.5 million.

Operating revenues of $144.7 million increased $11.6 million from fiscal year 2016. This is mainly due to a $9.9 million increase in HUD operating subsidies and grants, and a $2.1 million increase in rental revenue, mainly driven by the purchase of Lovejoy Station and a full year of operations for St. Francis apartments, another former tax credit property purchased by Home Forward in fiscal year 2016.

Total operating expenses were $141.7 million, an increase of $8.5 million from the prior year. This increase is primarily due to an $11.2 million increase in housing assistance payments, offset by a reduction in depreciation of $0.9 million, administration of $0.8 million, tenant services expenses of $0.6 million and program expenses of $0.5 million.

Nonoperating revenues/(expenses) netted a gain of $3.5 million. Increases were mainly due to the $5.7 million in gain from the sale of Plaza Townhomes and the land at SE 70th Avenue and interest income of $1.9 million. These were offset by interest expense of $2.8 million and $1.0 million in loss from disposal of assets.

During 2017, HUD nonoperating and other nonoperating contributions totaled $2.5 million with funds mainly supporting the capital work at the affordable housing properties.

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Forward Looking information

Home Forward anticipates converting its remaining public housing properties under the Department of Housing and Urban Development's Section 18 and Rental Assistance Demonstration (RAD) program. Under these programs, the public housing units will convert into project based voucher funded units and will utilize the low income housing tax credit program with Home Forward as the general partner.

Construction is taking place on the NE Grand development project with an estimated completion date of October 2019. This project will provide 240 units of affordable housing, as well as commercial space. Home Forward will participate in a low income housing tax credit partnership for ownership of the affordable housing portion.

In December 2016, the Home Forward Board of Commissioners approved the change to Home Forward's fiscal year from an April 1 start date to a January 1 start date. In order to comply with federal and state requirements, Home Forward will implement the changes for the period of April 1, 2018 through December 31, 2018 with the following full fiscal year beginning on January 1, 2019.

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Contact Information

This annual financial report is designed to provide Oregon citizens and taxpayers, and our customers, clients, investors and creditors, with a general overview of Home Forward's finances, and to demonstrate Home Forward's accountability for the appropriations and grants that it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Home Forward, 135 S.W. Ash Street, Portland, Oregon 97204 or emailed to info@homeforward.org.

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HOME FORWARD

STATEMENTS OF NET POSITION

As of March 31, 2018 and 2017 (with Discretely Presented Component Units as of December 31, 2017 and 2016)

	HOME FORWARD		DISCRETELY PRESENTED COMPONENT UNITS	
	March 31, 2018	March 31, 2017	December 31, 2017	December 31, 2016
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 57,809,085	$ 38,955,880	$ 12,364,438	$ 10,819,854
Cash and cash equivalents - restricted	23,314,208	18,134,617	56,355,127	17,136,198
Investments - restricted	-	-	-	56,329
Accounts receivable, net	2,695,374	4,584,307	809,469	576,970
Due from partnerships, net	5,100,518	4,318,696	-	-
Prepaid expenses	641,976	1,092,965	3,022,901	3,262,736
Current portion of notes receivable - partnerships	792,217	681,834	-	-
	90,353,378	67,768,299	72,551,935	31,852,087
NON-CURRENT ASSETS:				
Investments - restricted	957,558	948,621	-	-
Notes and accrued interest receivable	158,840,439	161,401,996	-	-
Notes receivable - partnerships	96,092,198	82,857,463	-	-
Other Assets	-	-	4,059,711	3,071,146
Investments in partnerships	23,786,137	24,761,217	-	-
Net OPEB Asset - RHIA	59,006	-	-	-
Capital assets not being depreciated	34,623,902	33,141,335	26,409,650	10,924,347
Capital assets being depreciated, net	112,232,931	109,162,240	251,569,114	261,590,603
	426,592,171	412,272,873	282,038,475	275,586,096
TOTAL ASSETS BEFORE DEFERRED OUTFLOWS OF RESOURCES	516,945,549	480,041,172	354,590,411	307,438,183
Deferred outflows of resources - derivative instruments	662,964	1,010,238	-	-
Deferred outflows of resources - pension	6,496,050	11,910,954	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	524,104,563	492,962,364	354,590,411	307,438,183

(continued)

See accompanying notes to the financial statements.

HOME FORWARD

STATEMENTS OF NET POSITION

As of March 31, 2018 and 2017 (with Discretely Presented Component Units as of December 31, 2017 and 2016)

	HOME FORWARD		DISCRETELY PRESENTED COMPONENT UNITS	
	March 31, 2018	March 31, 2017	December 31, 2017	December 31, 2016
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES:				
Line of credit	2,690,000	229,000	-	-
Accounts payable	2,480,924	3,491,379	653,231	1,423,679
Accrued interest payable, payable from restricted assets	476,337	476,663	-	-
Other accrued liabilities	2,932,144	2,650,498	5,563,600	13,760,024
Unearned revenue	5,427,980	4,657,938	183,696	71,763
Deposits, payable from restricted assets	2,924,207	2,554,597	762,674	762,770
Current portion of bonds payable - partnerships	792,217	681,834	-	-
Current portion of notes payable	1,577,636	1,340,990	1,318,859	932,227
Current portion of bonds payable	1,826,144	1,756,692	-	-
	21,127,589	17,839,591	8,482,060	16,950,463
NON-CURRENT LIABILITIES:				
Notes payable - long-term	70,490,777	64,989,416	275,529,995	255,947,043
Bonds payable - long-term	31,493,920	30,919,698	-	-
Bonds payable - partnerships	96,092,198	82,857,463	-	-
Accrued interest - long-term	5,290,262	4,972,755	10,432,360	8,080,309
Net Pension Liability	20,664,424	23,852,957	-	-
Total OPEB Liability - HBRP	1,415,327	-	-	-
Derivative instruments	662,964	1,010,238	-	-
Other liabilities	-	712,272	5,138,410	2,644,569
	226,109,872	209,314,800	291,100,765	266,671,921
TOTAL LIABILITES BEFORE DEFERRED INFLOWS OF RESOURCES:	247,237,461	227,154,390	299,582,825	283,622,384
Deferred inflows of resources - pension	876,326	370,554	-	-
Deferred Inflows of Resources-OPEB HBRP	269,951	-	-	-
Deferred Inflows of Resources-OPEB RHIA	29,647	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	248,413,385	227,524,944	299,582,825	283,622,384
NET POSITION:				
Net investment in capital assets	40,420,081	46,113,421	161,241,642	19,176,596
Restricted:				
Real estate sale proceeds	5,026,600	3,248,875	-	-
Residual receipts	13,931	15,772	-	-
Funds held in trust	13,005,826	9,065,269	51,622,886	15,188,428
Unused PILOT funds	104,058	96,445	-	-
	18,150,415	12,426,361	51,622,886	15,188,428
Unrestricted (deficit)	217,120,682	206,897,638	(157,856,943)	(10,549,225)
TOTAL NET POSITON	$ 275,691,178	$ 265,437,420	$ 55,007,585	$ 23,815,799

See accompanying notes to the financial statements.

HOME FORWARD

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended March 31, 2018 and 2017 (with Discretely Presented Component Units Years Ended December 31, 2017 and 2016)

	HOME FORWARD		DISCRETELY PRESENTED COMPONENT UNITS	
	March 31, 2018	March 31, 2017	December 31, 2017	December 31, 2016
OPERATING REVENUES:				
Dwelling rental	$ 18,625,937	$ 17,084,204	$ 20,773,680	$ 19,732,427
Non-dwelling rental	2,369,501	2,208,139	229,720	408,722
HUD operating subsidies	111,584,092	101,633,513	4,096,145	4,323,133
HUD grants	7,340,703	6,787,862	-	-
Development fee revenue	3,100,129	5,035,605	-	-
State, local and other grants	11,249,084	8,336,083	-	-
Other	3,651,036	3,576,627	1,851,317	918,664
	157,920,482	144,662,033	26,950,862	25,382,946
OPERATING EXPENSES:				
Housing assistance payments	102,263,035	88,981,546	29,848	35,262
Administration	15,063,555	13,918,530	5,257,111	4,984,029
Tenant services	4,356,738	4,843,479	882,457	1,119,786
Program Expense	11,078,214	10,521,350	1,557,538	1,512,468
Utilities	4,806,730	4,536,245	3,419,227	3,456,450
Maintenance	9,625,361	9,559,107	4,782,474	4,215,390
Depreciation	8,568,509	7,814,319	15,156,353	14,087,881
General and other	1,993,334	1,554,542	1,422,617	1,312,218
	157,755,476	141,729,118	32,507,625	30,723,484
OPERATING INCOME/(LOSS)	165,006	2,932,915	(5,556,763)	(5,340,538)
NONOPERATING REVENUES (EXPENSES):				
Investment income	2,410,555	1,938,750	176,266	87,451
Interest expense	(2,963,794)	(2,836,003)	(5,474,297)	(5,448,562)
Investment in partnership valuation charge	1,827,780	(157,610)	-	-
Change in derivative contract valuation	-	-	134,657	273,423
Financing costs	(12,972)	(116,557)	-	(176,011)
Loss (gain) on disposal of capital assets	(441,500)	(1,027,134)	2,955,114	(73,076)
Gain on sale of captial assets	-	5,721,647	(14,643)	-
	820,069	3,523,092	(2,222,903)	(5,336,775)
INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	985,075	6,456,008	(7,779,666)	(10,677,313)
CAPITAL CONTRIBUTIONS:				
HUD nonoperating contributions	6,959,875	2,193,773	-	-
Other nonoperating contributions	2,955,646	265,925	-	-
Partner contributions	-	-	38,971,452	3,120,375
	9,915,521	2,459,698	38,971,452	3,120,375
INCREASE (DECREASE) IN NET POSITION	10,900,596	8,915,706	31,191,786	(7,556,938)
NET POSITION—Beginning of year (as previously reported)	265,437,420	256,521,714	23,815,799	31,372,737
Cumulative effect of adopting GASB 75 for employer reporting of other postemployment benefit obligations	(646,838)	-	-	-
NET POSITION-Beginning of year (as restated)	264,790,582	256,521,714	23,815,799	31,372,737
NET POSITION—End of year	$ 275,691,178	$ 265,437,420	$ 55,007,585	$ 23,815,799

See accompanying notes to the financial statements

HOME FORWARD

STATEMENTS OF CASH FLOWS

Years ended March 31, 2018 and 2017

	HOME FORWARD	
	March 31, 2018	**March 31, 2017**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from HUD grants	$ 120,343,680	$ 110,156,871
Receipts from state, local and other grants	12,082,425	7,426,379
Receipts from tenants and landlords	21,202,777	18,187,868
Receipts from developer fees	10,779,472	663,312
Receipts from others	3,561,395	4,029,433
Receipt of cash restricted for deposits payable	369,610	353,624
Payments to landlords	(102,241,006)	(88,978,449)
Payments to and on behalf of employees	(23,671,537)	(27,475,790)
Payments to vendors, contractors and others	(19,982,301)	(13,487,983)
Total cash provided by operating activities	22,444,515	10,875,265
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from line of credit	12,400,000	7,930,000
Payments on line of credit	(12,400,000)	(7,856,000)
Total cash provided by noncapital financing activities	-	74,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from line of credit	10,155,000	16,000,000
Payments on line of credit	(7,694,000)	(16,000,000)
Proceeds from issuance of notes payable	-	86,734
Proceeds from issuance of bonds payable	(12,071)	177,182
Proceeds from issuance of bonds payable - partnership	45,348,411	4,664,042
Interest paid on notes and bonds payable	(2,694,838)	(2,777,665)
Principal payments on notes payable	(2,392,650)	(1,293,997)
Principal payments on bonds payable	(1,764,553)	(1,178,132)
Principal payments on bonds payable—partnerships	(32,003,294)	(10,418,527)
Cash received from purchase of limited partnership	1,748,273	2,517,805
Proceeds from sale of restricted investments	(8,937)	-
HUD capital and other nonoperating contributions	7,228,375	2,313,467
Acquisition and construction of capital assets	(9,436,910)	(11,257,648)
Proceeds from the sale of capital assets	8,188,470	7,661,759
Total cash provided by (used from) capital financing activities	16,661,277	(9,504,980)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Financing fees paid	(12,972)	(116,560)
Issuance of notes receivable	(16,691,026)	(7,579,786)
Issuance of notes receivable—partnerships	(45,348,411)	(4,664,042)
Collections on notes receivable	11,320,179	5,990,567
Collections on notes receivable—partnerships	32,003,294	10,418,527
Change in due from partnerships, net	(781,822)	(1,403,909)
Change in investments in partnerships, net	1,774,257	(157,452)
Investment income received	2,663,505	1,938,750
Total cahs used from (provided by) investing activities	(15,072,996)	4,426,095
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	24,032,796	5,870,380
CASH AND CASH EQUIVALENTS—Beginning of year	57,090,497	51,220,117
CASH AND CASH EQUIVALENTS—End of year	$ 81,123,293	$ 57,090,497

See accompanying notes to the financial statements.

HOME FORWARD

STATEMENTS OF CASH FLOWS

Years ended March 31, 2018 and 2017

	HOME FORWARD	
	March 31, 2018	March 31, 2017
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:		
Operating income (loss)	$ 165,006	$ 2,932,915
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	8,568,509	7,814,319
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable—net	1,494,035	101,156
Developer fee receivable	7,679,343	(4,372,293)
Prepaid expenses	450,989	(98,406)
Accounts payable	(1,010,455)	1,293,807
Other accrued liabilities	279,515	23,979
Other liabilities	-	69,244
Unearned revenue	770,042	(37,304)
Deposits, payable from restricted assets	369,610	353,624
Deferred outflows of resources - pensions	5,414,904	(10,312,020)
Deferred outflows of resources - OPEB	68,260	-
Deferred inflows of resources - pensions	505,772	(1,832,397)
Deferred inflows of resources - OPEB	301,728	-
Net pension liability	(3,188,533)	14,938,641
Net OPEB asset and net OPEB liability	575,790	-
Net cash flows from operating activities	$ 22,444,515	$ 10,875,265
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS		
Retirement of bonds payable through refinancing	$ -	$ 9,715,000
Addition of bonds payable through refinancing	$ -	$ 9,690,000
Capital asset contribution	$ 3,000,000	$ -
Capital asset acquisition through financing	$ 9,512,177	$ -
Capital asset transfer from limited partnership	$ 10,064,584	$ -

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity— The Federal Housing Act of 1937 authorized public housing authorities. Utilizing the 1937 Federal Housing Act, the Portland City Council established the Housing Authority of Portland as a municipal corporation under the Oregon Revised Statutes in December 1941. On May 18, 2011, Home Forward changed its legal name from Housing Authority of Portland to Home Forward. Housing Authority of Portland is a now a registered name of Home Forward. Home Forward is a municipal corporation located in Portland, Oregon.

Home Forward is governed by a nine-member Board of Commissioners; four appointments are recommended by the City of Portland, two by the City of Gresham, two by Multnomah County and one representative from participants of Home Forward's housing programs. Home Forward is not financially dependent on the City of Portland and is not considered a component unit of the City. The Executive Director is appointed by the Board and is responsible for the daily functioning of Home Forward.

The governmental reporting entity consists of Home Forward, the primary government, and its blended and discretely presented component units.

Component units are legally separate organizations for which the Board of Commissioners is financially accountable or other organizations whose nature and significant relationship with Home Forward are such that exclusion would cause the Home Forward's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Home Forward's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on Home Forward. The basic financial statements include both blended and discretely presented component units. The blended component units are legally separate entities, and are considered, in substance, part of Home Forward's operations, and so data from these units is combined with data of the primary government. The discretely presented component units, on the other hand, are reported in separate column in the government-wide financial statements to emphasize they are legally separate from the primary government.

Blended Component Unit – Home Forward operations include three blended component units, which are included in the basic financial statements and consists of a legally separate entity for which Home Forward is financially accountable.

Home Forward Development Enterprises (HFDE), formerly known as, New Columbia Community Campus Corporation (N4C) was formed in 2005 to support the New Columbia Community. On April 16, 2013, N4C changed its name to Home Forward Development Enterprises and was repurposed to support all of Home Forward's development and housing operations efforts.

St. Francis, LLC was formed September 17, 2015, as a result of the purchase of St. Francis Limited Partnership due a HUD debt refinancing requirement.

Gateway Park Apartments Limited Partnership (Gateway Park LP) was formed as a Tax Credit Limited Partnership on November 7, 2002 to purchase and rehabilitate a 144 unit apartment complex located on NE 100th Avenue. On March 1, 2018, Key Community Development Corporation transferred their interest as the Limited Partner to HFDE.

Home Forward is legally entitled to or can access the resources of HFDE, St. Francis, LLC, and Gateway Park LP at the discretion of Home Forward management. Because HFDE, St. Francis, LLC, Gateway Park LP and Home Forward have this financial and operational relationship, generally accepted acounting principles requires that HFDE's, St. Francis', and Gatewayt Park financial statements be blended into the Home Forward financial statements.

Discretely Presented Component Units – Home Forward follows the guidance provided by the Governmental Accounting Standard Board (GASB) for the relationship of housing authorities as general partners of limited low income tax credit partnerships whereby the limited partners have majority ownership but have delegated the majority of their rights regarding the operations of the partnership to the housing authority. For these entities, Home Forward exercises the majority of control over day-to-day operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Home Forward is the general partner and owns a 0.01% to 1% investment in each of the following discretely presented component unit limited partnerships:

General Partner Ownerships presented in both December 31, 2017 and 2016, discretely presented component unit results:

- 1115 SW 11th Avenue Limited Partnership
- Beech Street Limited Partnership
- Cecelia Limited Partnership
- Civic Redevelopment Limited Partnership
- Fountain Place Limited Partnership***
- Gateway Park Apartments Limited Partnership****
- Gladstone Square Limited Partnership
- Haven Limited Partnership
- Humboldt Gardens Limited Partnership
- Jeffery Apartment Limited Partnership
- Lloyd Housing Limited Partnership
- Lovejoy Station Limited Partnership**
- RAC Housing Limited Partnership
- Sequoia Square Limited Partnerthip*
- Stephens Creek Crossing North Limited Partnership
- Stephens Creek Crossing South Limited Partnership
- Trouton Limited Partnership
- Woolsey Limited Partnership
- Wests Limited Partnership
- Woods East Limited Partnership

* On March 31, 2016, Home Forward purchased the limited partnership's interest for the Sequoia Square Limited Partnership. See Note 2 for additional information.

** On October 3, 2016, Home Forward purchased the limited partnership's interest for the Lovejoy Station Limited Partnership. See Note 2 for additional information.

***On March 1, 2018, Home Forward purchased the limited partnership's interest for the Fountain Place Apartments Limited Partnership. See Note 2 for additional information.

****On March 1, 2018, Home Forward Development Enterprises purchased the limited partnership's interest for the Gateway Park Apartments Limited Partnership. See Note 2 for additional information.

As a general practice, Home Forward's liability is not limited to initial investment and/or any future funding requirements. The limited partnerships have a December 31 year-end and complete financial statements may be obtained by contacting the Chief Financial Officer, Home Forward, 135 S.W. Ash Street, Portland, Oregon 97204.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programs Administered by Home Forward—Home Forward administers annual contribution contracts to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development ("HUD") and develops and manages affordable properties. Programs administered by Home Forward are as follows:

Public Housing— On October 31, 2017 and November 30, 2017, Home Forward converted 175 and 616 units respectively from Public Housing to Project Based Voucher subsidy via HUD's Rental Assistance Demonstration program. This reduced the Public Housing unit count that Home Forward owns, operates and maintains from 2,091 units at March 31, 2017, to 1,310 units at March 31, 2018. The remaining properties with Public Housing units were acquired through grants and subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD. Funds from the Capital Grant Program provided by HUD are used to maintain and improve this Public Housing portfolio. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these capital grant funds.

Rent Assistance—Section 8 of the U.S. Housing and Community Development Act of 1974 provides Housing Assistance Payments on behalf of lower-income families to participating housing owners. Under this program, the landlord-tenant relationship is between a rental-housing owner and a family, rather than Home Forward and a family as in the Public Housing program. For approved housing, HUD contracts with Home Forward to enter into contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by the lower-income families, which equals 30% of adjusted household gross income. Housing Assistance Payments made to landlords and some participants are funded through Annual Contributions Contracts. At March 31, 2018, Home Forward administered approximately 9,753 vouchers through several programs authorized by Section 8. Additionally, Home Forward administers the Short-Term Rent Assistance program on behalf of the City of Portland, the City of Gresham, and Multnomah County.

Affordable Housing & Special Needs Housing—Home Forward owns or is a partner in 5,134 units of housing. The Affordable Housing portfolio consists of 41 multifamily properties representing 4,629 units, of which 2,278 are owned through tax credit partnerships. The Special Needs portfolio consists of 34 properties representing 505 units. The Special Needs properties were developed using grant funds received from the State of Oregon and Federal programs combined with contributions from Home Forward and other local agencies.

Resident Services—Home Forward coordinates and provides social and economic development programs for families, and administers a variety of community housing and service partnerships throughout Multnomah County. Funding for these programs comes from HUD, Medicare, participant fees, charitable organizations and private donations.

Development—Home Forward pursues development projects that augment the supply of low-cost housing, provide essential services to residents and revitalizes overall communities. These projects include renovation of older/existing housing, new construction and pilot projects.

Basis of Accounting—Home Forward operates as an enterprise activity. The basic financial statements are reported using the ecomonic resources meansurement focus and the accrual basis of accounting. Home Forward distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses are derived from providing services in connection with Home Forward's ongoing operations. Operating revenues, generally, include rental income, operating subsidies, operating grant revenue and development fee income. Operating expenses, generally, include housing assistance payments, occupancy charges, tenant services, administrative expenses and depreciation on capital assets. All other revenue and expenses not meeting this definition are classified as non-operating revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Use of Restricted and Unrestricted Resources—When both restricted and unrestricted resources are available for use, it is Home Forward's policy to use restricted resources first, the unrestricted resources as they are needed.

Net Position—Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows ouf resources. Net position is classified in the following three components:

***Net investment in capital assets* -** This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

***Restricted* -** This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation reduced by liabilities relating to those restricted assets.

***Unrestricted* -** This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets"

Cash and Cash Equivalents—Cash and cash equivalents consists of amounts deposited in checking, money market accounts and the Oregon Local Government Investment Pool ("LGIP") or investments with original maturities of 90 days or less. The LGIP is managed by the Oregon State Treasurer as an alternative to commercial money market accounts. Deposits are subject to collateral requirements. Deposits in the LGIP are recorded at fair value, which is the same as the value of the pool shares. Investments in the LGIP are included in the Oregon Short-Term Fund, which is not registered with the U.S. Securities and Exchange Commission as an investment company. Investments in the Oregon Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board.

Cash and Cash Equivalents–Restricted and Investments-Restricted – This consists of funds set aside for:

Family self-sufficiency funds consist of amounts deposited under the Family Self-Sufficiency ("FSS") program. Under the FSS program, if the income of a tenant enrolled in the program increases, instead of decreasing the subsidy amount, the original subsidy continues to be paid and the difference between the original and new subsidy amount is deposited into an escrow account. If the tenant enrolled in the program attains certain target goals related to self-sufficiency, the tenant is awarded money from the escrow account to use for various purposes stated in the tenant's self-sufficiency plan such as college tuition or a down payment for the purchase of a home.

Tenant security deposits represent the refundable deposits received from tenants and held in trust to secure the performance of a rental agreement. Tenant security deposits in excess of any outstanding damage or rent charges must be returned to the departing tenants within 31 days after the termination of the tenancy. The funds are typically held in segregated bank accounts since these funds may not be used for operations. The funds are, however, allowed to earn interest that may be retained for operations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Residual receipts reserve is maintained for the Multnomah Manor property, which is included in Home Forward's Affordable Housing Portfolio, and consists of surplus cash on hand at the end of each fiscal year, less authorized disbursements to date plus interest earned on the deposits. As of March 31, 2018 and 2017, the reserve is funded as required.

Funds held in trust consist primarily of replacement reserves held in trust and by Home Forward for Affordable Housing properties owned and operated by Home Forward. In addition, the balance includes performance guarantee and other funds held in trust and by Home Forward under various agreements. The reserves are invested in interest-bearing bank accounts and are externally restricted for the purposes of maintaining required reserve funds or purchasing or constructing capital assets or other non-current assets. As such, the amounts are classified as restricted, non-current assets. During 2018 and 2017, the reserves were funded as required under the various agreements.

Public Housing Scattered Site Sales Proceeds are externally restricted funds which consist of net proceeds received from the sale of Home Forward's PH Scattered Site properties. These proceeds are used to fund the development of new affordable housing multi-family properties or for large-scale rehabilitation projects to existing affordable housing properties.

Debt service funds include externally restricted funds on deposit with various trustees relating to the servicing of debt. Funds are invested in guaranteed investment contracts and short-term marketable securities.

PILOT funds are maintained to fund Payments in Lieu of Taxes (PILOT) on certain rental properties owned by Home Forward. Under an agreement with the City of Portland, Home Forward is required to make an annual payment equal to $200,000. Home Forward also makes annual payments to the City of Fairview. Total payment to City of Fairview for March 31, 2018 and 2017 were $226,891 and $229,495 respectively.

Concentration of Risk— Federal regulations require that public funds on deposit with financial institutions be secured at a rate of 100% of amounts in excess of deposit insurance coverage. Home Forward maintains cash balances at several financial institutions, some in excess of the federally insured amount of $250,000 per Employer Identification Number. Financial institutions insure these excess balances either via the Oregon State Treasurer's office by designating these balances as Public Funds per ORS 295 or via other collateral agreements at the Federal Reserve Bank and/or the Federal Home Loan Bank. As of March 31, 2018 and March 2017, all of Home Forward's funds were collateralized.

Investments—Pursuant to Home Forward's Moving to Work Agreement with the Department of Housing and Urban Development (HUD), Home Forward's Invesment Poliy dated September 2013, is written in conformance with ORS Chapter 456 – Housing. Home Forward's investment program shall be operated in conformance with Oregon Revised Statutes and Applicable Federal Law. Specifically, Home Forward's investment policy is written in conformance with ORS Chapter 294 – County and Muncipal Financial Administrations, which allows for federal funds to be invested in securities permitted under Oregon State law.

Fair Value of Financial Instruments—Investments held by Home Forward are stated at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Home Forward determines the fair value of these investments on a monthly basis, based on quoted market prices. Outside trustees provide monthly statements to report the fair value and pricing of the assets held by them, which are also based on quoted market prices. During Fiscal Year 2017, Home Forward adopted GASB 72 *Fair Value Measurement and Application.* GASB 72 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Home Forward has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2018 as compared to March 31, 2017. Home Forward has no investments of this type as of March 31, 2018 or 2017. Investments in derivatives are valued based upon quoted prices for similar assets in active markets.

The following table sets forth by level, within the fair value hierarchy, Home Forward's assets and liabilities at fair value as of March 31, 2018:

	Total	Level 2
Repurchase agreements	$ 475,941	$ 475,941
Investments in derivatives	(662,964)	(662,964)
Investment not subject to fair value levels:		
Guaranteed investment contract	481,617	
	$ 294,594	

The following table sets forth by level, within the fair value hierarchy, Home Forward's assets and liabilities at fair value as of March 31, 2017:

	Total	Level 2
Repurchase agreements	$ 475,941	$ 475,941
Investments in derivatives	(1,010,238)	(1,010,238)
Investment not subject to fair value levels:		
Guaranteed investment contract	472,680	
	$ (61,617)	

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due from partnerships, net consists primarily of development and management fees earned by Home Forward through its involvement as the General Partner in tax credit partnerships and partnership project costs paid by Home Forward on behalf of the partnerships (see Note 5). The fees are typically paid based on the availability of net cash flow of the partnerships or from the proceeds of capital contributions to the partnerships. Management reviews the balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivables.

Notes receivable (non-current) consists primarily of loans to tax credit partnerships for the development of affordable housing. These loans have a maturity date greater than one year in duration. Management reviews the balance for likelihood of collection and records an allowance for doubtful accounts based on the type and age of the individual receivables (see Note 6).

Notes receivable – partnerships consists of required payments to be made by the Partnerships to Home Forward to pay required debt service payments on the Multi-Family Housing Revenue Bonds in which Home Forward has an ownership interest.

Investments in partnerships represents Home Forward's equity interest in 16 limited partnerships, which are reported as Home Forward's discretely presented component units (see Note 7). These investments are accounted for under the equity method because Home Forward either holds a controlling interest or has "significant influence" over the operations of the partnerships.

Under the equity method, the initial investment is recorded at cost and is increased or decreased by Home Forward's share of income or losses and is increased by contributions and decreased by distributions. Management reviews the investment in partnerships for possible impairment in value whenever events or circumstances indicate the carrying value of the investment may not be recoverable.

In June 2014, Home Forward entered into a Limited Liability Corporation with Cedar Sinai Park, Care Oregon and other service partners to create a Housing with Services partnership, which operates under a separate tax ID from Home Forward. The purpose of this initiative is to develop and evaluate a managed-care services delivery model designed to reduce costs and improve health outcomes for seniors and people with disabilities

Capital assets include land, construction in progress, buildings and improvements, and equipment. All capital assets are recorded at cost except for donated capital assets which are recorded at acquisition value at the time of donation. Depreciation is computed on the straight-line method based on the estimated useful lives of the individual assets: 15 to 40 years for buildings and improvements and 3 to 20 years for equipment. When debt is issued for construction of capital assets, interest is capitalized during construction up to the placed-in-service date. Maintenance and repairs are charged to expense when incurred. Assets with costs in excess of $5,000 are capitalized and depreciated from the respective placed-in-service date.

Management reviews land, buildings and improvements, equipment and construction in progress for possible impairment whenever events or circumstances cause a material and unanticipated decline in the service utility of an asset. Impairment is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions.

Deferred Outflows and Deferred Inflows of Resources— In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and therefore will not be recognized as an outflow of resources (expense) until then. Home Forward has two items that qualify for reporting in this category. The deferred amount related to pensions is recognized as an outflow of resources in the period when Home Forward recognizes pension expense. The deferred amount related to derivative instruments represents the fair value of swap agreements recognized as a liability in Home Forward's Statement of Net Position with the offsetting losses in deferred outflows of resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that time. Home Forward has three types of items that quality for reporting in this category. The deferred amount related to pensions is recognized as an inflow of resources in the period Home Forward recognizes pension income. The deferred amount related to OPEB is recognized as an inflow of resources in the period Home Forward recognizes OPEB income.

Net OPEB (Asset)/Liability— Home Forward has two net other post-employment benefits (OPEB) plans: 1. Retirement Health Insurance Account **(**RHIA) and 2. Home Forward Health Benefit Retiree Program (HBRP). For purposes of measuring the net OPEB RHIA asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 16). For purposes of measuring the total OPEB HBRP liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been actuarialy determined using assumptions regarding the future cost of the retiree health plan and that it will retain its current relationship to the cost of the active plan, and that the active plan cost will maintain a reasonable relationship to direct compensation (see Note 16).

Net Pension Liability— For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value (see Note 15).

Unearned Revenue— Unearned revenue consists primarily of land lease prepayment to HFDE from Wests and Woods East Limited Partnerships, advanced grant payments received from HUD programs and payments received from non-HUD sources that have not been earned as of March 31, 2018 and 2017.

Other Liabilities—Non-current—Other liabilities – non-current represents the liabilities associated with other post-employment benefits as determined in accordance with GASB Statement No. 45 as of March 31, 2017. For fiscal year ending March 31, 2018, Home Forward implemented GASB Statement No. 75 which superceeds GASB Statement No. 45. Other post-employmennt activites are now reported within deferred inflows and outflows of resouces OPEB and net OPEB (asset)/liability.

Revenue Recognition—Operating subsidies are recognized in the period funds are received. Revenues from grants are recognized in the periods designated by the grantor as the associated costs are incurred. Revenues from contracts and rental revenues are recognized when the associated services are provided.

Compensated Absences—All full-time and part-time employees who are regularly scheduled to work at least 20 hours per week are eligible to earn paid annual leave. Eligible employees begin to accrue annual leave as of their hire date; however, the accrued time does not become earned, useable or payable until the completion of 90 days of continuous service. Earned paid annual leave time may be carried over and accumulated up to a maximum of two years' accrual as of January 1 of any year. Total accrued compensated absences as of March 31, 2018 and 2017 were $1,413,169 and $1,319,634, respectively, and are a component of other accrued liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes—Home Forward adopted the provisions of FASB ASC Topic 740-10 *Accounting for Uncertainty in Income Taxes* on April 1, 2009, as applicable to the tax credit limited partnerships as shown as discretely presented component units in the basic financial statements. These Oregon tax credit limited partnerships were formed in conformity with the provisions of Section 42 of the Internal Revenue Code, thus no provision has been made for income taxes. There was no effect on net position in the current year as a result of adopting this Topic. No expense for interest or penalties is recognized in the financial statements. Management believes the tax credit limited partnerships have not taken any uncertain tax positions, as defined in the Topic.

Assets Available for Sale—Land, buildings or equipment identified as available for sale are separately identified from assets placed in service. No depreciation expense is recorded on these assets and the value of the assets is reflected at the lower of book value or market value.

New pronouncements adopted – As of April 1, 2016, Home Forward adopted the provisions of following GASB statements:

GASB Statement No. 72, *Fair Value Measurement and Application* – the statement requires Home Forward to use valuation techniques, which are appropriate under the circumstances and are consistent with the market approach, the cost approach, or the income approach. It establishes a hierarchy of inputs used to measure fair value consisting of three levels and contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurement. See Note 1 for required disclosures.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. This statement establishes requirements for those pensions and pension plans that are not administrated through a trust meeting specified criteria and thus are not covered by Statements Nos. 67 and 68. This statement did not have material impact on the financial statements of Home Forward.

GASB Statement No. 76, *Hierarchy of GAAP* – the statement improves financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. This statement did not have material impact on the financial statements of Home Forward.

GASB Statement No. 77, *Tax Abatement Disclosures* - this statement requires governments that enter into tax abatement agreements to disclose additional information about the agreements. This statement did not have material impact on the financial statements of Home Forward.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* – the statement addresses a practice issue regarding the scope and applicability of State No. 68, *Accounting and Financial Reporting for Pensions*. The statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). It also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for those pensions. This statement did not have material impact on the financial statements of Home Forward.

GASB Statement No. 79, *External Investment Pools* – the statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This statement did not have material impact on the financial statements of Home Forward.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of April 1, 2017, Home Forward adopted the provisions of following GASB statements:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement did not have material impact on the financial statements of Home Forward.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. See Note 16 for required disclosures. As of April 1, 2017, Home Forward implemented this Statement, which resulted in a restatement of beginning net position by $646,838, recognition of deferred inflow of resources of $301,728, and establishment of a net OPEB asset of $59,006 and a total OPEB liability of $1,415,328.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* – the statement clarifies the financial statement presentation requirements for certain component units and amends the bleding requirements established in paragraph 53 of Statement No. 14. This statement did not have material impact on the financial statements of Home Forward.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. This statement did not have material impact on the financial statements of Home Forward.

Effect of new pronouncements – Home Forward is currently analyzing its accounting practices to identify the potential impact on the financial statements for the following GASB statements:

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Returement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

- In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB).

- In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

- In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

- In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to the government financial statements related to debt, including direct borrowing and direct placements and clarifies which liabilities governments should include when disclosing information related to debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

- In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*. This Statement improves the consistency and comparabilityof reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

2. LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS

The low-income housing tax credit program is the result of Federal legislation that allows investors certain tax incentives for investing in low-income housing. Under terms of the Federal tax code and extended use agreements with the State of Oregon, the buildings must continue to serve the targeted population for 30 years; after 15 years, Home Forward has the option to purchase the property from the partnership.

Tax Credit Limited Partnerships are created to finance and own affordable housing. Home Forward acts as Managing General Partner of each partnership. Although each Tax Credit Limited Partnership is structured differently, they are generally financed via loans to the partnership, contributions of equity by the general and limited partners, and other sources. In some transactions, Home Forward issues bonds and loans the proceeds to the Tax Credit Limited Partnership. Tax-exempt bond issuances are secured by the underlying partnership real estate and, in some cases, by the general revenues of Home Forward. The bonds and notes payable are offset by notes receivable from the partnerships. The partnerships make payments to Home Forward for debt service. Home Forward may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are received by Home Forward and lent to the partnerships. These funds are accounted for as notes receivable from the partnerships if the proceeds are used for developing the property. Other advances are included in amounts due from partnerships and are reflected in Note 5. Notes payable related to the partnerships are reflected in Note 11. A summary of Home Forward's long-term debt, including debt pertaining to the tax credit partnerships, is reflected in Note 13. A summary of notes receivable from the partnerships is reflected in Note 6.

Home Forward typically earns a developer's fee for its role in bringing the project to fruition. These fees are earned based on certain events or dates relative to the development of the project. Developer fees are paid primarily from development proceeds and available cash flows. Under the various partnership agreements, the balance developer fees not paid during the construction phase are generally required to be paid either within 10 to 15 years of the project having been placed in service and may accrue interest on unpaid balances. In 2017, Home Forward earned $3.1 million in developer fees and was paid $7.6 million. In 2018, Home Forward earned $5.0 million in developer fees and was paid $0.8 million.

At March 31, 2018 and 2017, the balance of the development fees owed to Home Forward is $5.4 million and $13.0 million, respectively. Some tax credit projects also pay a General Partner's management fee and/or a tenant services fee; these fees are reflected in other operating revenues and totaled $324,608 and $354,887 in 2018 and 2017, respectively.

2. LOW INCOME HOUSING TAX CREDIT LIMITED PARTNERSHIPS (Continued)

On March 31, 2018, HomeForward purchased the remaining 99.9% interest in Fountain Place Limited Partnership. Upon purchase, the partnership was dissolved. This property is now reported as Fountain Place. A summary of the partnership's statement of net position at the time of purchase was:

Total Assets	$ 5,217,164
Total Liabilities	5,072,382
Net Position	$ 144,782

At the acquisition, Home Forward forgave the outstanding general partner advance of $110,888 and general partner admin fees of $10,833, which were reported as Due from Partnerships (Note 5) in Home Forward's Statement of Net Position prior to the acquisition.

On October 3, 2016, Home Forward purchased the remaining 99.9% interest in Lovejoy Station Limited Partnership. Upon purchase, the partnership was dissolved. This property is now reported as Lovejoy Station.

A summary of the partnership's statement of net position at the time of purchase was:

Total Assets	$ 13,817,763
Total Liabilities	13,495,544
Net Position	$ 322,219

At the acquisition, Home Forward forgave the outstanding partnership management fees of $170,548, which were reported as Due from Partnerships (Note 5) in Home Forward's Statement of Net Position prior to the acquisition. Multi-family housing revenue bonds were issued by Home Forward in which the proceeds were lent to the partnership and have been reported as Bonds Payable and Notes Receivables – Partnership (Note 13) in Home Forward's Statement of Net Position prior to the acquisition. Upon the acquisition, the Notes Receivables – Partnership of $9,715,000 was forgiven and the Bond Payable – Partnership was reclassified as Bonds Payable, which was subsequently refunded by the proceeds from an issuance of multi-family housing revenue bond of Home Forward (Note 12). Furthermore, Home Forward assumed the notes payables of $3,254,986 for Lovejoy Station (Note 11).

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Pursuant to Home Forward's Moving to Work Agreement with Department of Housing and Urban Development (HUD), Home Forward's Investment Policy dated September 2013 is written in conformance with ORS Chapter 456—Housing. Home Forward's investment program shall be operated in conformance with Oregon Revised Statutes and Applicable Federal Law. Specifically, Home Forward's investment policy is written in conformance with ORS Chapter 294 –County and Municipal Financial Administration, which allows for federal funds to be invested in securities permitted under Oregon state law.

At March 31, cash and investments consisted of the following:

	2018	2017
Cash and cash equivalents	$ 57,809,085	$ 38,955,880
Cash and cash equivalents - restricted	23,314,208	18,134,617
Total cash and cash equivalents	$ 81,123,293	$ 57,090,497

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

At year-end, all of Home Forward's bank balances were insured first by federal depository insurance of $250,000 per institution and any balances in excess of that amount were collaterialized by either a Tri-Party agreement or by the Oregon State Public Funds Collateral Pool.

Investment Risk Disclosures

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, Home Forward will not be able to recover the value of the investment securities that are in the possession of the outside party. As of March 31, 2018 and 2017, all investments were insured or registered, and held by Home Forward or its agent in Home Forward's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in Home Forward's name and were not exposed to custodial credit risk.

Credit risk of investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as described by a national statistical rating organization such as Standard and Poor's (S&P). To minimize credit risk, Home Forward's policies provide that investments in corporate indebtedness are rated a minimum of A1, P1, 3a3 and investments in municipal debt obligations of the State of Oregon that are A or better. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of credit risk is the risk of loss attributed to the magnitude of Home Forward's investment in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investments pools). To minimize concentration of credit risk, Home Forward's investments are made from a selection of diverse issuers.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Home Forward selects investments of varied maturities to mitigate this risk.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Home Forward does not invest in securities associated with exchange rates and therefore is not exposed to foreign currency risk.

At March 31, 2018, Home Forward's restricted investments consists of money market mutual fund that has a S&P rating of AAA and a repurchase agreement with Bayerisch with a S&P rating of AAA and a weighted average maturity more than 3 years in the amount of $957,558.

At March 31, 2017, Home Forward's restricted investments consists of money market mutual fund that has a S&P rating of AAAm and a weighted average maturity less than a year in the amount of $442,302 reported as component of restricted cash and cash equivalents and a repurchase agreement with Bayerisch with a S&P rating of A3 and a weighted average maturity more than 3 years in the amount of $948,621.

Investments – restricted for the year ended March 31, 2018 and March 31, 2017, mature between January 2027 and December 2029 and the interest rate on the investments ranges from 4.39% to 4.57%. The repurchase agreements are guaranteed investment contracts.

4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at March 31:

	2018	2017
HUD grants	$ 961,934	$ 2,191,440
State, local and other grants	1,108,711	1,934,936
Tenants and landlords	1,191,315	1,226,434
Other	205,359	127,718
Total accounts receivble	3,467,319	5,480,528
Less: Allowances for doubtful accounts	(771,945)	(896,221)
Accounts receivable, net	$ 2,695,374	$ 4,584,307

5. DUE FROM PARTNERSHIPS

Due from partnerships consists of the following at March 31:

	2018	2017
Stephen's Creek Crossing North (4%)	$ 34,493	$ 656,571
Cecelia Limited Partnership	650,750	605,750
Woolsey Limited Partnership	611,876	567,609
Wests Limited Partnership	145,687	1,090,446
Gladstone Square Limited Partnership	-	462,049
Stephen's Creek Crossing South (9%)	28,155	239,410
Woods East Limited Partnership	149,631	450,455
Square Manor Limited Partnership	2,664,473	1,534,395
Lloyd Housing Limited Partnership	1,819,789	-
All other partnerships	619,832	674,680
Total due from partnerships	6,724,686	6,281,365
Less: Allowances for doubtful accounts	(1,624,168)	(1,962,669)
Due from partnerships, net	$ 5,100,518	$ 4,318,696

6. NOTES RECEIVABLE AND ACCRUED INTEREST

Notes and accrued interest receivable consist of the following at March 31:

	2018	2017
Partnerships notes	$ 153,689,309	$ 155,267,888
Non-partnerships notes	3,145,000	3,145,000
Homeowners notes	208,300	1,007,328
	157,042,609	159,420,216
Accrued interest receivable	9,103,383	9,034,271
Less: Allowances for doubtful accounts	(7,305,553)	(7,052,491)
Total notes and accrued interest receivables	$ 158,840,439	$ 161,401,996

6. NOTES RECEIVABLE AND ACCRUED INTEREST (Continued)

Partnership notes have been issued to the limited partnerships invested in by Home Forward. These notes are used for the purpose of acquiring, constructing, and/or remodeling buildings for housing and other housing related purposes. These notes have an interest range of 0% to 6% with various maturity dates to 2072. As described in each note agreement, payments will be made from available cash flows.

Homeowners' notes are secured by deed of trust and no longer accrue interest. Deferred interest was forgiven if the owner completed required homeowner education classes and remained in the house for five years. Principal is payable upon sale of property or various dates between 2033 through 2037.

7. INVESTMENTS IN PARTNERSHIPS

Investments in partnerships consist of the following at March 31:

	2018	2017
Investments in Limited Liability Partnerships		
RAC Housing Limited Partnerships	$ 21,185,455	$ 21,185,615
Cecelia Limited Partnership	1,272,784	1,272,875
Haven Limited Partnership	515,909	515,944
Trouton Limited Partnership	(2,492)	(2,334)
Woolsey Limited Partnership	(1,207)	(1,119)
The Jeffrey Limited Partnership	50,931	50,931
St. Francis Park Limited Partnership	442,906	340,992
Fountain Place Limited Partnership	-	659,786
Gateway Park Apartments Limited Partnership	-	708,517
Square Manor Limited Partnership	291,851	10
	23,756,137	24,731,217
Investments in Limited Liability Corporation		
Cedar Sinai	30,000	30,000
Total investments in partnerships	$ 23,786,137	$ 24,761,217

8. CAPITAL ASSETS

Land, structures and equipment activity of Home Forward was as follows for the years ended March 31:

	Balance April 1, 2017	Additions	Disposals	Transfers	Balance March 31, 2018
Land	$ 25,195,521	$ 5,128,489	$ (310,301)	$ -	$ 30,013,709
Construction in progress	7,945,814	8,442,317	(4,753,682)	(7,024,256)	4,610,193
Total capital assets not being depreciated	33,141,335	13,570,806	(5,063,983)	(7,024,256)	34,623,902
Buildings and improvements	207,598,517	11,703,129	(6,217,265)	6,764,617	219,848,998
Equipment	13,779,591	377,083	(205,721)	259,639	14,210,592
	221,378,108	12,080,212	(6,422,986)	7,024,256	234,059,590
Less accumulated depreciation					
Buildings and improvements	(100,247,822)	(12,814,392)	3,597,904	-	(109,464,310)
Equipment	(11,968,046)	(595,213)	200,910	-	(12,362,349)
	(112,215,868)	(13,409,605)	3,798,814	-	(121,826,659)
Total capital assets being depreciated	109,162,240	(1,329,393)	(2,624,172)	7,024,256	112,232,931
Total capital assets, net	**$ 142,303,575**	**$ 12,241,413**	**$ (7,688,155)**	**$ -**	**$ 146,856,833**

	Balance April 1, 2016	Additions	Disposals	Transfers	Balance March 31, 2017
Land	$ 22,265,906	$ 2,929,615	$ -	$ -	$ 25,195,521
Construction in progress	2,379,559	8,920,820	(312,837)	(3,041,728)	7,945,814
Total capital assets not being depreciated	24,645,465	11,850,435	(312,837)	(3,041,728)	33,141,335
Buildings and improvements	196,245,007	10,443,320	(1,884,845)	2,795,035	207,598,517
Equipment	13,591,127	170,118	(228,347)	246,693	13,779,591
	209,836,134	10,613,438	(2,113,192)	3,041,728	221,378,108
Less accumulated depreciation					
Buildings and improvements	(93,729,433)	(7,256,386)	737,997	-	(100,247,822)
Equipment	(11,622,379)	(557,933)	212,266	-	(11,968,046)
	(105,351,812)	(7,814,319)	950,263	-	(112,215,868)
Total capital assets being depreciated	104,484,322	2,799,119	(1,162,929)	3,041,728	109,162,240
Total capital assets, net	**$ 129,129,787**	**$ 14,649,554**	**$ (1,475,766)**	**$ -**	**$ 142,303,575**

On March 1, 2018, upon the acquisition of Fountain Place Limited Partnership, Home Forward acquired capital assets with a net book value of $4,107,019.

During the year ended March 31, 2018, Home Forward transferred contruction in progress projects to Square Manor Limited Partnership with a book value of $2,194,425. Home Forward recorded a short term loan which was repaid by Square Manor LP with construction loan financing. In addition, Home Forward transferred contruction in progress projects to Lloyd Housing Limited Partnership with a book value of $2,524,933, and recorded a short term loan which was repaid by Lloyd Housing LP with construction loan financing.

On October 3, 2016, upon the acquisition of Lovejoy Station Limited Partnership, Home Forward acquired capital assets with a net book value of $11,206,225.

9. ASSETS AVAILABLE FOR SALE

Home Forward had no asstes available for sale at March 31, 2018 and 2017.

10. LINE OF CREDIT

Home Forward has an $8,000,000 revolving line of credit. The line of credit is used for short-term funding needs. The line of credit is collateralized by the general revenues of Home Forward and matures December 1, 2019. Draws on the line of credit may bear a fixed or variable rate of interest. During 2018 and 2017 gross draws, including initial draws and draws after repayments, on the line of credit were $22,555,000 and $23,930,000 respectively, which represents both principal and accrued interest. The remaining outstanding line of credit balance for March 31, 2018 and 2017 is $2,690,000 and $229,000, respectively. A summary of activity for Home Forward's line of credit for year ending March 31, 2018 and 2017 is as follows:

Balance April 1, 2017	Draws	Repayments	Balance March 31, 2018
$ 229,000	$ 22,555,000	$ (20,094,000)	$ 2,690,000

Balance April 1, 2016	Draws	Repayments	Balance March 31, 2017
$ 155,000	$ 23,930,000	$ (23,856,000)	$ 229,000

11. NOTES PAYABLE

Notes payables of Home Forward consist of the following at March 31:

Property	Interest Rate at March 31, 2018	Interest Rate at March 31, 2017	Final Maturity Date*	Payment Terms	2018	2017
Schiller Way	4.00%	4.00%	2030	Monthly	$ 450,369	$ 479,555
Schiller Way	4.14%	4.14%	2021	Monthly	75,112	99,591
Richmond Place	3.00%	3.00%	2016	Maturity Date	500,000	500,000
Multnomah Manor	6.75%	6.75%	2034	Monthly	-	1,089,960
Turning Point	3.81%	3.81%	2032	Monthly	342,890	355,704
Willow Tree	4.42%	4.42%	2036	Monthly	575,053	595,522
Cambridge Court	1.00%	1.00%	2032	Cash Flow	491,156	523,887
Cambridge Court	0.00%	0.00%	2032	Cash Flow	397,753	397,753
Dawson Park	3.00%	3.00%	2022	Cash Flow	496,620	496,620
Fenwick Apts	3.77%	3.77%	2025	Monthly	1,134,765	1,181,457
Fenwick Apts	0.00%	0.00%	Sale of Property	Cash Flow	1,180,211	1,180,211
Fenwick Apts	3.00%	3.00%	2034	Monthly	136,980	143,182
Helen Swindells	3.00%	3.00%	2023	Cash Flow	1,483,870	1,483,870
Helen Swindells	3.00%	3.00%	2023	Cash Flow	600,451	600,451
Kelly Place	5.39%	5.39%	2028	Monthly	297,771	319,428
James Hawthorne	0.00%	0.00%	Sale of Property	Cash Flow	5,728,950	5,728,950
North Interstate	0.00%	0.00%	Sale of Property	Cash Flow	929,905	929,905
Yards at Union Station	1.00%	1.00%	2027	Monthly	965,264	1,055,819
Pearl Court	3.00%	3.00%	2027	Monthly	655,369	722,935
Peter Paulson	7.91%	7.91%	2024	Cash Flow	1,021,301	1,021,301
Peter Paulson	0.50%	0.50%	2024	Cash Flow	250,000	250,000
Peter Paulson	0.00%	0.00%	2024	Cash Flow	689,635	689,635
Schiller Way	0.00%	0.00%	Sale of Property	Cash Flow	505,351	505,351
SW 45th (Carriage Hill Apts)	0.00%	0.00%	Sale of Property	Cash Flow	180,897	180,897
Forward balance to next page					$ 19,089,673	$ 20,531,984

11. NOTES PAYABLE (Continued)

Forward balance from previous page					$ 19,089,673	$ 20,531,984
SW 45th (Carriage Hill Apts)	3.00%	3.00%	2032	Monthly	30,547	32,187
Willow Tree	0.00%	0.00%	2035	Cash Flow	173,166	173,166
Fairview Oaks & Woods	3.58%	3.58%	2047	Monthly	10,962,689	11,174,230
Rockwood Station	3.58%	3.58%	2047	Monthly	4,403,573	4,488,547
Rockwood Station (Mpower)	6.00%	6.00%	2025	Monthly	130,172	144,919
Hawthorne Home	6.00%	6.00%	2029	Monthly	44,554	47,195
Madison Home	6.00%	6.00%	2029	Monthly	44,327	46,981
North Interstate	6.00%	6.00%	2033	Monthly	412,642	430,791
Project Open Door	1.75%	1.75%	2027	Monthly	167,345	183,750
Russell Street House	8.97%	8.97%	2018	Monthly	868	5,940
Taylor Home	7.00%	7.00%	2029	Monthly	42,168	44,526
Ashcreek Commons	3.94%	3.94%	2034	Monthly	1,767,008	1,842,886
Ainsworth Court	0.00%	0.00%	2052	Cash Flow	1,290,099	1,290,099
Ainsworth Court	4.77%	4.77%	2034	Monthly	2,198,120	2,282,966
Madrona Apartments	5.31%	5.31%	2034	Monthly	1,279,674	1,325,304
Kelly Place	0.00%	0.00%	2046	Maturity Date	350,456	350,456
Rockwood Landing	0.00%	0.00%	2058	Maturity Date	150,000	150,000
Gretchen Kafoury	3.00%	3.00%	2031	Maturity Date	2,664,000	2,664,000
Stephens Creek Crossing	0.00%	0.00%	Sale of Property	Converts to Grant	1,798,318	1,798,318
Hamilton West	3.00%	3.00%	2031	Monthly	653,358	696,026
Hamilton West	0.00%	0.00%	Sale of Property	Cash Flow	2,039,641	2,039,641
Helen Swindells (Mpower)	6.00%	6.00%	2024	Monthly	64,851	72,898
Rockwood Landing (Mpower)	6.00%	6.00%	2025	Monthly	53,690	59,598
Rockwood Landing	3.86%	3.86%	2029	Maturity Date	363,127	388,015
St. Francis LLC	3.38%	3.38%	2050	Monthly	3,759,513	3,821,793
Sequoia Square	3.00%	3.00%	2031	Monthly	76,665	81,120
St Francis LLC	0.00%	0.00%	Sale of Property	Cash Flow	5,308,681	5,308,681
Sequoia Square	8.08%	8.08%	2031	Monthly	635,195	660,195
Sequoia Square	3.99%	3.99%	2031	Monthly	402,642	424,720
Sequoia Square	0.00%	0.00%	Sale of Property	Cash Flow	514,486	514,486
Lovejoy Station	3.00%	3.00%	2032	Monthly	3,066,508	3,254,986
Fountain Place	1.00%	-	2056	Cash Flow	2,725,500	-
Gateway Park	5.10%	-	2033	Monthly	5,405,157	-
					72,068,413	66,330,406
Less: Current portion of notes payable					(1,577,636)	(1,340,990)
Total notes payable - long term					$ 70,490,777	$ 64,989,416

(*) NOTE: calendar year of final maturity date.

Notes Payables includes those notes related to equity gap financing. Equity gap financing is utilized to fund the difference between project costs and sources of construction and permanent financing, These notes bear interest rates between 0.00% and 8.97% with maturities due up through 2058 except for certain equity gap notes, which are not payable unless the property is sold.

11. NOTES PAYABLE (Continued)

A summary of activity of Home Forward's notes payable for 2018 and 2017 is as follows:

Balance April 1, 2017	Increase	Decrease	Balance March 31, 2018
$ 66,330,406	$ 8,130,658	$ (2,392,650)	$ 72,068,414

Balance April 1, 2016	Increase	Decrease	Balance March 31, 2017
$ 64,205,803	$ 3,418,600	$ (1,293,997)	$ 66,330,406

Minimum debt payments due over the next five years and thereafter in five-year increments are as follows:

March 31:	Principal	Interest
2019	$ 1,577,636	$ 1,799,356
2020	1,638,600	1,746,476
2021	1,691,144	1,678,241
2022	2,230,022	1,606,497
2023	3,886,269	1,503,986
2024-2028	13,166,987	5,552,425
2029-2033	11,452,806	3,889,772
2034-2038	4,721,926	2,028,001
2039-2043	4,055,417	1,818,933
2044-2048	4,324,955	524,797
2049-2053	1,760,710	159,512
2054-2058	2,875,502	81,765
	53,381,974	22,389,761
Notes with no set maturity	18,686,440	-
	$ 72,068,414	$ 22,389,761

12. BONDS PAYABLE

Bonds payable of Home Forward, which are secured by mortgages on the respective properties, consist of the following at March 31:

Bonds Payable

Bond Issue	Bond Type	Interest Rate At March 31, 2018	Interest Rate At March 31, 2017	Final Maturity Date*	2018	2017
Capital Fund Program, Series A	Fixed	4.30%	4.30%	2025	$ 2,350,000	$ 2,590,000
Dawson Park 2012	Fixed	3.37%	3.37%	2027	1,252,192	1,362,346
New Market West 2013	Variable	2.18%	2.18%	2038	3,396,355	3,562,897
Pearl Court	Fixed	4.20%	4.20%	2027	3,430,000	3,735,000
Gretchen Kafoury	Fixed	3.00%	3.00%	2034	3,725,000	3,805,000
Hamilton West	Fixed	3.00%	3.00%	2034	3,205,000	3,275,000
Yards at Union Station	Fixed	4.40%	4.40%	2029	4,205,000	4,460,000
Lovejoy Station	Fixed	1.10%	1.10%	2034	9,160,000	9,690,000
Fountain Place	Fixed	5.80%	-	2034	2,412,440	-
					33,135,988	32,480,243
Less current portion of bonds payable					(1,826,144)	(1,756,692)
					31,309,844	30,723,551
Plus unamortized premiums					291,921	311,063
Less unamortized discounts					(107,845)	(114,917)
Total					$ 31,493,920	$ 30,919,698

(*) NOTE: calendar year of final maturity date.

On October 3, 2016, Home Forward issued Multi-Family Refunding Revenue Bonds Series 2016 for Lovejoy Station Apartments in the amount of $9,690,000 The Series 2016 Bonds are issued to refinance the outstanding Bonds Payable – Partnerships for Lovejoy Station Apartments in the amount of $9,715,000, assumed from the acquisition and Bonds Payable for Lovejoy Station Limited Partnership, for the purpose of reducing future interest payments. The Series 2016 Bonds have a final maturity date of July 15, 2034, and bear fixed rates ranging from 1.00% to 3.00%.

On March 31, 2018, Home Forward purchased the remaining 99.9% interest in Fountain Place Limited Partnership. Upon purchase, the partnership was dissolved and Home Forward assumed outstanding bonds in the amount of $2,412,440. The Series 2004 Bonds are Multifamily Housing Revenue Bonds, with a final maturity dae of April 23, 2034, and bear a fixed rate of 5.80%.

12. BONDS PAYABLE (Continued)

A summary activity of Home Forward's bonds payable for 2018 and 2017 is as follows:

Balance April 1, 2017	Increase	Decrease	Balance March 31, 2018
$ 32,480,243	$ 2,412,440	$ (1,756,695)	$ 33,135,988

Balance April 1, 2016	Increase	Decrease	Balance March 31, 2017
$ 23,968,375	$ 19,405,000	$ (10,893,132)	$ 32,480,243

Minimum debt payments due over the next five fiscal years and thereafter are as follows:

Fiscal year ending March 31:	Bonds Payable Principal	Bonds Payable Interest
2019	$ 1,826,144	$ 1,261,251
2020	1,889,818	1,197,302
2021	1,959,650	1,129,212
2022	2,014,609	1,057,698
2023*	2,090,060	984,084
2024-2028	12,133,868	3,302,036
2029-2033	6,263,748	1,570,517
2034-2038	4,958,091	181,717
Total	$ 33,135,988	$ 10,683,817

For the variable rate debt, the March 31, 2018 interest rate of 2.75% was used for the New Market West 2012 Bonds.

* Final debt payments for New Market West 2012 Bonds are assumed to be made on August 1, 2023, upon the expiration of the associated swap instrument.

13. BONDS PAYABLE AND NOTES RECEIVABLE—PARTNERSHIPS

Home Forward issued Multi-Family Housing Revenue Bonds, Tax-Exempt Tax Credit Notes Receivable and Taxable Tax Credit Notes Receivable for the purpose of providing financing to I.R.S. Section 42 Partnerships (see Note 7 and Note 19) in which Home Forward has an ownership interest. The Partnerships are required to make payments on the Notes Receivable to Home Forward, the General Partner of the Partnerships, sufficient to make required debt service payments on the Bonds. Bonds payable—partnerships and the corresponding notes receivable—partnerships consist of the following at March 31:

Bonds Payable and Notes Receivable - Partnerships

Partnership	Bond Type	Interest Rate* At March 31, 2018	2017	Final Maturity Date	2018	2017
Lloyd Housing Limited Partnership	Variable	1.00%	5.90%	2033	$ 38,300,000	$ -
Civic Redevelopment Limited Partnership	Variable	0.79%	0.29%	2038	7,800,000	7,800,000
Trouton Limited Partnership	Variable	0.93%	0.44%	2037	5,170,000	5,315,000
Cecelia Limited Partnership	Variable	0.93%	0.44%	2035	3,160,000	3,260,000
Fountain Place Limited Partnership	Fixed	5.80%	5.80%	2034	-	2,493,254
Stephens Creek Crossing North LP	Fixed	4.56%	4.56%	2031	2,958,876	3,013,629
Humboldt Gardens Limited Partnership	Fixed	6.17%	6.17%	2040	865,000	885,000
Wests Limited Partnership A	Fixed	4.18%	4.18%	2047	13,328,957	13,400,000
Wests Limited Partenrship B	Variable	0.00%	0.00%	2047	-	13,960,849
Woods East Limited Partnership A	Fixed	4.18%	4.18%	2047	15,782,882	15,867,000
Woods East Limited Partnership B	Variable	0.00%	0.00%	2047	-	17,494,563
Square Manor Limited Partnership	Fixed	2.125%	-	2020	5,730,995	-
Square Manor-Gladstone Square	Fixed	2.125%	-	2020	3,787,705	50,001
					96,884,415	83,539,297
Less Current Portion					(792,217)	(681,834)
Total bonds payable and notes receivable - partnerships					$ 96,092,198	$ 82,857,463

*For the variable rate debt, the March 31, 2018, interest rate, as provided above, was used for the future interest calculation.

During the year ended March 31, 2018, Home Forward issued multifamily mortgage revenues construction notes associated with Lloyd Housing Limited Partnership. The construction note consist is a variable rate bond with a current rate of 3.38%.

During the year ended March 31, 2017, Home Forward issued multifamily mortgage revenues construction notes associated with two properties: Gladstone Square and Multnomah Manor. The construction note consist of permanent notes with a fixed interest rate of 2.125%.

A summary activity of Home Forward's bonds payable for 2018 and 2017 is as follows:

Balance April 1, 2017	Increase	Decrease	Balance March 31, 2018
$ 83,539,297	$ 45,348,412	$ (32,003,294)	$ 96,884,415

Balance April 1, 2016	Increase	Decrease	Balance March 31, 2017
$ 89,293,782	$ 4,664,042	$ (10,418,527)	$ 83,539,297

13. BONDS PAYABLE AND NOTES RECEIVABLE—PARTNERSHIPS (Continued)

Minimum debt payments due over the next five fiscal years and thereafter are as follows:

Fiscal year ending March 31:	Bonds Payable-Tax Credit Partnership Principal	Bonds Payable-Tax Credit Partnership Interest
2019	$ 792,217	$ 1,823,188
2020	4,620,039	1,795,935
2021	875,513	1,765,227
2022	844,704	1,733,030
2023	824,940	1,700,578
2024-2028	4,723,084	7,968,163
2029-2033	5,894,133	6,918,450
2034-2038	53,020,411	4,852,814
2039-2043	12,726,666	3,160,900
2044-2048	5,927,958	2,037,978
2049-2053	6,634,750	667,348
Total	$ 96,884,415	$ 34,423,611

Final debt service payments for Wests Limited Partnership B Bonds and Woods East Limited Partnership B Bonds were made on September 19, 2017, upon completion of the construction project and conversion to permanent financing.

14. ADDITIONAL BONDS PAYABLE INFORMATION

Home Forward issued variable rate demand bonds and notes for its New Market West headquarters building and for three separate projects: Cecelia Limited Partnership (Cecilia), Trouton Limited Partnership (Trouton), and Civic Redevelopment Limited Partnership (Civic).

The bonds for each have the following common characteristics:

- Letters of Credit (LOC) have been issued Bank of America Securities (Cecelia and Trouton), equal to the amounts outstanding on the bonds plus one interest payment, and an annual fee of 1.4% for Cecelia and Trouton of the outstanding principal balance plus one interest payment of the related bonds. Civic has a credit enhancement agreement (CEA) with Freddie Mac and is charged an annual fee of 1.06% of the outstanding balance. New Market West is not required to have a LOC or credit enhancement.

- The LOCs and CEA are intended not only to provide security to bondholders, but also to make periodic interest payments for which Home Forward regularly reimburses the banks.

- The banks act as a remarketing agent, reselling at market rates any bonds sold by bondholders. They have committed to repurchase bonds that cannot be resold on the open market.

- New Market West’s interest rates are recalculated monthly, based on the rate at which bond can be remarketed. Interest rates for other bonds are recalculated weekly, based on the rate at which bonds can be remarketed.

14. ADDITIONAL BONDS PAYABLE INFORMATION (Continued)

- The annual remarketing fee on the outstanding amount of the bonds is 0.08% (Civic), 0.10% (Trouton) and 0.125% (Cecelia). New Market West is not subject to an annual remarketing fee.

- For bonds where the underlying financed asset is not the pledge for the bonds, the underlying credit for the bonds is the general funds of Home Forward.

Civic Redevelopment Limited Partnership entered into a swap agreement with Freddie MAC. The new agreement caps the variable rate on the bonds to 3.6625%. The agreement is set to expire on September 1, 2023. In conjunction with the sale of Cecelia, Trouton, and New Market West-2012 bonds, Home Forward entered into interest rate swap agreements. Home Forward uses interest rate swap agreements in order to reduce the volatility related to variable rate interest debt, or market risk. The swap agreements effectively convert the interest rate on variable rate debt to a fixed rate. These swaps call for Home Forward to receive interest at a variable rate and to pay interest at a fixed rate.

The Cecelia bonds mature in 2035. The variable rate on the bonds was 1.24% and 0.93% as of March 31, 2018 and 2017, respectively. The swap instrument associated with the remaining bonds matures July 1, 2021, and is fixed at 4.39% on a notional amount of $3.16 million at March 31, 2018 for which Home Forward receives the 30 day SIFMA rate. The fair values loss of the swap was $242,891 and $368,549 as of March 31, 2018 and 2017, respectively.

The Trouton bonds mature in 2038. The variable rate on the bonds was 1.24% and 0.93 % as of March 31, 2018 and 2017, respectively. The swap instrument associated with the remaining bonds matures July 1, 2022, and is fixed at 4.188% on a notional amount of $5.17 million at March 31, 2018 for which Home Forward receives the 30 day SIFMA rate. The fair values loss of the swap was $442,268 and $637,024 as of March 31, 2018 and 2017, respectively.

New Market West bonds mature in 2038. The variable rate on the bonds was 2.75 % and 2.18% as of March 31, 2018 and 2017, respectively. The swap instrument associated with the remaining bonds mature August 1, 2023 and is fixed at 1.73% on a notional amount of the outstanding principal of the New Market Bonds Series 2013 up to $4.21 million for which Home Forward receives 65.2% of the 30 day LIBOR rate. The fair value gain and loss of the swap was ($22,194) and $4,665 as of March 31, 2018 and 2017, respectively.

The fair value of the swap instruments is calculated from proprietary models using a mid-market basis. The change in fair market value of Home Forward's swap transactions for the years ended March 31, 2018 and March 31, 2017 was a decrease of $347,274 and an decrease of $567,962, respectively. The fair value of the swap instruments is reflected as derivative instruments liability on the basic financial statements and are offset by corresponding deferred outflows of resources - derivative instruments.

There are certain risks associated with any hedging investment. These risks include credit risk, basis risk, termination risk, rollover risk, interest rate risk, and market access risk.

- *Credit risk* - The aggregate fair value of the swaps represents Home Forward's credit exposure to the counterparties as of March 31, 2018 and 2017. Should the counterparties fail to perform according to the terms of the swap contracts, Home Forward faced a maximum potential loss equal to the aggregate fair value of the swap. At March 31, 2018 and 2017, Home Forward did not face a credit risk because the swap instruments had a negative value. To minimize the potential of credit risk, Home Forward engages with counterparties with ratings of A/A2 or higher. Any counterparty with a credit rating that falls below this is required to use a credit support annex to document swap termination valuation collateralization. As of March 31, 2018 and 2017, Home Forward was engaged with counterparties with ratings of A/A2 or higher.

- *Basis risk* –Risk is minimized for the Cecilia and Trouton deals as both the underlying debt pays out based on weekly auction rates and the SIFMA rate is an average of auction rate activity.

14. ADDITIONAL BONDS PAYABLE INFORMATION (Continued)

- *Termination risk* – Counterparties are not allowed to optionally terminate, extend or substantially alter the terms of a swap without Home Forward's consent. Home Forward or counterparty may terminate the swaps if the other party fails to perform under the terms of the contract. If, at the time of termination, the hedging derivative instrument is in a liability position, Home Forward would be liable to the counterparty for payment of the absolute value of the swap position.

- *Rollover risk* – Rollover risk occurs when the expiration of the swap agreement occurs before the end of the termination of the underlying debt. Home Forward is exposed to rollover risk. The swap on the Cecilia bond terminates in July 2021 and the final bond payment is due in January 2035. The swap on the Trouton bond terminates in July 2022 and the final bond payment is due in April 2037. The swap on the New Market West bond terminates in August 2023 and the final bond payment is due in August 2038.

- *Interest rate risk* – Home Forward's swaps are structured to reduce Home Forward's exposure to interest rate risk by converting a variable rate to a fixed rate.

- *Market access risk* – Market access risk is the risk that a government will not be able to enter credit markets or that credit will become costlier. The ability to sell auction rate securities (ARS) in an auction may be adversely affected if there are not sufficient buyers willing to purchase all the ARS at a rate equal to or less than the ARS maximum rate. In the event of failed auctions, the bonds may default to a higher rate as defined in the bonds' official statements.

15. RETIREMENT PLAN

Plan Description – Home Forward is a participating employer in the State of Oregon Public Employees' Retirement System ("PERS"). PERS, a cost sharing multiple employer defined benefit plan and a fiduciary fund of the State of Oregon, issues a comprehensive annual financial report, which may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700, or by calling 1-888-320-7377. As noted in the PERS 2017 Comprehensive Annual Financial Report:

> *The Oregon Public Employees Retirement System (PERS or "the System") provides statewide defined benefit retirement plans for units of state government, political subdivisions, community colleges, and school districts. PERS is administered under Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a) by the Public Employees Retirement Board (Board.)*
>
> *The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which has been codified into ORS 238.435. This legislation created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to 58 for Tier One.*
>
> *The 2003 Legislature enacted HB 2020, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program (defined benefit) and the Individual Account Program (defined contribution). Membership includes public employees hired on or after August 29, 2003.*
>
> *Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. PERS members retain their existing PERS accounts, but member contributions are now deposited into the member's IAP account, not into the member's PERS account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of PERS and is administered by the Board. The PERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.*

15. RETIREMENT PLAN (Continued)

PERS Pension (Defined Benefits)

Home Forward is a participant of the PERS pension program. PERS benefits, as described by the PERS 2017 Comprehensive Annual Financial Report are as follows:

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage... (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of $200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- *the member was employed by a PERS employer at the time of death,*
- *the member died within 120 days after termination of PERS-covered employment,*
- *the member died as a result of injury sustained while employed in an PERS-covered job, or*
- *the member was on an official leave of absence from a PERS-covered job at the time of death.*

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of $30 per month for deaths that occur July 30, 2003, and earlier; $200 per month for deaths that occur after July 30, 2003.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0 percent

15. RETIREMENT PLAN (Continued)

OPSRP Pension Programs

Home Forward is a participant of the pension programs, a hybrid defined benefit/defined contribution plan for those employees hired after August 29, 2003. OPSRP benefits, as described by the PERS 2017 Comprehensive Annual Financial Report are as follows:

OPSRP Pension Benefits (Defined Benefit)

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

OPSRP Individual Account Program (Defined Contribution)

Pension Benefits

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

15. RETIREMENT PLAN (Continued)

Risk Pooling – In 2001, the Oregon legislature amended ORS 238.227 allowing for local government entities to pool their PERS pension assets and liabilities with the State of Oregon and other organizations joining the pool. Contribution rates are actuarially determined based on the experience of the overall pool as opposed to the potentially more volatile experience of the individual member. On January 19, 2010, Home Forward's Board of Commissioners approved Home Forward's inclusion in the State & Local Government Rate Pool (SLGRP).

Funding Status – Employees who are OPSRP members are required by State statute to contribute 6.0% of their salary to OPSRP and employers may agree to pay this required contribution. Home Forward pays the employee's required contribution for all represented employees and non-represented employees hired before April 1, 2012. Additionally, employers are required to contribute actuarially computed amounts as determined by PERS on actuarial valuations performed at least every two years. Rates are subject to change as a result of subsequent actuarial valuations and legislative actions.

Employer contribution rates in effect July 1, 2017 to June 30, 2019 are:

Actuarial Period Ending	Tier 1/ Tier 2	OPSRP
Pension contribution rate	17.01%	10.94%
Retiree healthcare rate	0.50%	0.43%
Total employer contribution	17.51%	11.37%

Employer contribution rates in effect July 1, 2015 to June 30, 2017 are:

Actuarial Period Ending	Tier 1/ Tier 2	OPSRP
Pension contribution rate	13.06%	7.87%
Retiree healthcare rate	0.50%	0.43%
Total employer contribution	13.56%	8.30%

The amount to be contributed by Home Forward for the years ended March 31, 2018 and 2017 were approximately, \$2,694,555, and \$2,328,691, respectively, which represents the required contributions for both the employee and the employer in each of the years presented.

Net Pension Assets and Liabilities

At March 31, 2018, Home Forward reported a liability of \$20,664,424 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determind by an actuarial valuations as of December 31, 2015 rolled forward to June 30, 2017. Home Forward's proportion of the net pension liability was based on a projection Home Forward's log-term share of contributions to the pension plan relative to the projected contributions of all participating entites, actuarially determined. At June 30, 2017, Home Forward's proportion was 0.1532% which increased from its proportion of 0.1588% measured as of June 30, 2016.

15. RETIREMENT PLAN (Continued)

At March 31, 2017 Home Forward reported a liability of $23,852,957 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determind by an actuarial valuations as of December 31, 2014 rolled forward to June 30, 2016. Home Forward's proportion of the net pension liability was based on a projection Home Forward's log-term share of contributions to the pension plan relative to the projected contributions of all participating entites, actuarially determined. At June 30, 2016, Home Forward's proportion was 0.1588% which increased from its proportion of 0.1553% measured as of June 30, 2015.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the years ended March 31, 2018 and 2017, Home Forward recognized pension expense of $5,338,095 and $4,325,339, respectively, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred inflows and deferred outflows of resources at March 31, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,367,211	$ -
Net differences between expected and actual experience	999,340	-
Changes in assumptions	3,766,756	-
Net differences between projected and actual earnings on plan investments	212,892	-
Changes in proportion	149,851	434,789
Difference between the employer's contributions and the employer's proportionate share of contributions	-	441,537
	$ 6,496,050	$ 876,326

Deferred inflows and deferred outflows of resources at March 31, 2017:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,126,929	$ -
Net differences between expected and actual experience	789,160	-
Changes in assumptions	5,087,262	-
Net differences between projected and actual earnings on plan investments	4,712,343	-
Changes in proportion	195,260	79,329
Difference between the employer's contributions and the employer's proportionate share of contributions	-	291,225
	$ 11,910,954	$ 370,554

15. RETIREMENT PLAN (Continued)

The amount of $1,367,211 reported at March 31, 2018 and $1,126,929 reported at March 31, 2017 as deferred outflow of resources related to pensions resulting from Home Forward contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended March 31, 2019 and 2018, respectively. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred inflows and deferred outflows of resources at March 31, 2018:

Year Ended June 30,		Deferred Outflows (Inflows) of Resources
2019	$	747,827
2020		2,438,405
2021		1,664,652
2022		(594,396)
2023		(3,975)
	$	4,252,513

Deferred inflows and deferred outflows of resources at March 31, 2017:

Year Ended June 30,		Deferred Outflows (Inflows) of Resources
2018	$	1,787,178
2019		1,787,178
2020		3,538,910
2021		2,908,829
2022		391,376
	$	10,413,471

Actuarial assumptions for the calculation of Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

15. RETIREMENT PLAN (Continued)

The total pension liability in the December 31, 2015 and 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	December 31, 2015	December 31, 2014
Measurement Date	June 30, 2017	June 30, 2016
Experience Study Report	2014, published September 23, 2015	2014, published September 23, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets	Market value of assets
Actuarial Assumptions:		
Discount rate	7.50%	7.50%
Inflation	2.50%	2.50%
Projected salary increases	3.50% overall payroll growth	3.50% overall payroll growth
Investment rate of return	7.50%	7.50%
Mortality	Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation	Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation
	Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.	Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.
	Disabled retirees: Mortality rates are percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, misabled mortality table.	Disabled retirees: Mortality rates are percentage (65% for males, 90% for females) of the RP-2000 statistic combined disabled mortality sex-distinct table.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

15. RETIREMENT PLAN (Continued)

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100%	
Assumed Inflation - Mean		2.50%

Change in Assumptions

At its September 25, 2015 meeting, the PERS Board reduced the assumed rate from 7.75% to 7.50%.

Discount Rate

The discount rate used to measure the total pension liability was reduced to 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the Home Forward's proportionat share of the net pension liability and net pension asset to changes in the discount rate

The following presents the Home Forward's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50%, as well as what the Home Forward's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1- percentage-point higher (8.50%) than the current rate:

15. RETIREMENT PLAN (Continued)

Home Forward's proportionate share of net pension liability at measurement date June 30, 2017:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
$ 35,215,955	$ 20,664,424	$ 8,496,653

Home Forward's proportionate share of net pension liability at measurement date June 30, 2016:

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
$ 38,514,572	$ 23,852,957	$ 11,598,412

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Payables to the pension plan

The balance of PERS payable as of March 31, 2018 and 2017, were $232,710 and $197,955, respectively. This balance is recorded in other accrued liabilities on the Statement of Net Position.

16. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

At March 31, 2018, Home Forward adopted GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The cumulative effect of implementing this change in reporting OPEB expenses and obligations resulted in a restatement of the beginning net position of $(646,838), which comprise of $26,686 for the Retirement Health Insurance Account and $(672,524) for the Home Forward Health Benefit Retiree Program.

Retirement Health Insurance Account (RHIA)

As a member of PERS, Home Forward contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost sharing multiple-employer defined benefit other post-employment benefit (OPEB) plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statutes (ORS) 238.420 established this trust fund. The Oregon legislature has the ability to establish and amend the benefit provisions of the RHIA. The plan closed to new entrants after August 29, 2003. The Schedule of Employer Allocations and OPEB Amounts by Employer along with PERS audited financial statements and the Schedule of OPEB Amounts under GASB Statement No. 75 prepared by PERS' third-party actuaries as of and for the year ended June 30, 2017 (the measurement period) may be obtained online at https://www.oregon.gov/pers or by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700, or by calling 1-888-320-7377.

ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premium coverage, whichever is less, shall be paid from the RHIA, established by the employer, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment the member must 1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, 2) receive both Medicare Parts A and B coverage, and 3) enroll in a PERS sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the benefit if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

16. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Employer contributions are advance-funded on an actuarially determined basis and amounted to $70,390 and $68,260 for the year ended March 31, 2018 and 2017. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. Participating employees are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.50% of annual covered PERS payroll and 0.43% of OPSRP payroll. The PERS board sets the employer contribution rate based on creditable compensation for active members reported by employers. For fiscal year ended March 31, 2017, Home Forward was reported under GASB No. 45, the PERS board set the employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with GASB No. 45.

Effective March 31, 2018, Home Forward adopted GASB Statement No. 75 where Home Forward recognizes a liability as the employees earn benefits by providing services. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

Net OPEB Asset/Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At March 31, 2018, Home Forward reported an asset of $59,006, for its proportionate share of the collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the collective net OPEB asset was determined by an actuarial valuation as of December 31, 2015. Home Forward's proportion of the collective net OPEB assets was based on a projection of Home Forward's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017 measurement date, Home Forward's proportion was 0.14 percent, which was a decrease of 0.01 percent from its proportion measured as of June 30, 2016 (0.15 percent).

For the year ended March 31, 2018, Home Forward recognized OPEB expense of $542**.**

At March 31, 2018, Home Forward reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 27,328
Changes in proportion and differences between Home Forward's contributions and proportionate share of contributions	2,319
Total	$ 29,647

Amounts reported as deferred inflow of resources related to OPEB will be recognized in Home Forward's OPEB expense as follows:

Year ended March 31	
2019	$ (7,691)
2020	(7,691)
2021	(7,433)
2022	(6,832)

16. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

Valuation date	December 31, 2015
Measurement date	June 30, 2017 and 2016
Actuarial cost method	Entry Age Normal
Asset valuation method	Market value of assets
Inflation rate	2.5%
Long - term expected rate of return	7.5%
Discount rate	7.5%
Project salary increase	3.5%
Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%
Mortality	*Healthy retirees and beneficiaries:* RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. *Active members:* Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. *Disabled retirees:* Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

16. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Total	100%	
Assumed Inflation - Mean		2.50%

Changes in assumptions

On July 28, 2017, the PERS Board reduced the assumed discount rate from 7.5% to 7.2%. The effect of the change in assumption will be reported in the next valuation period.

Discount rate

The discount rate used to measure the total OPEB liability was 7.5 %. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

16. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Sensitivity of Home Forward's proportionate share of the collective net OPEB asset to changes in the discount rates

The following presents Home Forward's proportionate share of the collective net OPEB asset, as well as what Home Forward's proportionate share of the collective net OPEB asset at the measurement date June 30, 2017 would be if it were calculated using discount rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rates:

	1% Decrease	Current Rate (7.50%)	1% Increase
Home Forward's proportionate share of the collective net OPEB liability (asset) to changes in the discount ratesat measurement date June 30, 2017	$ 8,225	$ (59,006)	$ (116,191)

Home Forward Health Benefit Retiree Program (HBRP) (Implicit Benefit subsidy)

The Health Benefit Retiree Program is a post-employment single employee benefit plan that provides health insurance to eligible Home Forward retirees. As a condition of participation in PERS, Home Forward is required to offer healthcare insurance coverage to retirees and their spouses until the retired employee reaches the age for obtaining Medicare coverage. Under this requirement, the employer is required to provide access to the same plan(s) available for current employees. Though Home Forward does not pay any portion of the retiree's healthcare insurance, the retired employee receives an implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees.

As Home Forward pays none of the premiums of health insurance coverage for retirees from age 58 to 65, Home Forward has not established and does not intend to establish a trust fund to supplement the costs for other post-employment benefit obligation related to this implicit benefit. Home Forward's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in lieu payment to secure coverage under independent plans. At March 31, 2018 and 2017, there were 12 retirees and/or surviving spouses receiving the post-employment implicit healthcare benefits.

Effective March 31, 2018, Home Forward adopted GASB Statement No. 75 where Home Forward recognizes a liability as the employees earn benefits by providing services. Changes to OPEB liability are recognized immediately as OPEB expenses or deferred outflows/inflows of resources.

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At March 31, 2018, Home Forward reported a total OPEB liability of $1,415,327, for its implicit benefit subsidy.

The following table below shows the changes in the total OPEB liability for the year ended March 31, 2018:

	Total OPEB Liability
Beginning of year, April 1, 2017 as restated	$ 1,384,796
Changes for the year	
Service Cost	67,210
Interest on Total OPEB Liability	51,747
Implicit Rate Subsidy benefit	(58,362)
Change in Assumptions	(15,894)
Experience (Gain)/Loss	(14,170)
End of year, March 31, 2018	$ 1,415,327

16. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

For the year ended March 31, 2018, Home Forward recognized OPEB expense of $330,544.

At March 31, 2018, Home Forward reported deferred inflows of resources related to OPEB from the following sources:

		Deferred inflows of Resources
Difference between expected and actual experience	$	142,715
Changes of assumptions or other input		127,236
Total	$	269,951

Amounts reported as deferred inflows of resources relate to OPEB will be recognized in Home Forward's OPEB expensese as follows:

Year Ended March 31		
2019	$	(30,064)
2020		(30,064)
2021		(30,064)
2022		(30,064)
2023		(30,064)
Thereafter		(119,631)

Actuarial Methods and Assumptions for Implicit Benefit subsidy

Certain actuarial assumptions for the Implicit Benefit subsidy calculation are from the actuarial report as of March 31, 2017. For the retirement, withdrawal, and mortality assumptions, the experience study was completed by Oregon PERS in September 2015. For the other demographic assumptions such as entrance and persistence, the experience study was completed in April 2017.

Valuation date	March 31, 2017
Measurement date	March 31, 2017
Actuarial cost method	Entry Age Normal
Asset valuation method	Investment return assumption equal to expectation of Home Forward's own investment funds
Interest rate discount	3.86% per year
Medical cost annual trend rate	General inflation rate of 2.5%
Dental cost annual trend rate	General inflation rate of 2.5%
Mortality rates	Rates of mortality for active male employees are 75% of the male generational rates and rates of mortality for active female employees are 60% of the female generational rates.

16. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Long-term expected rate of return

The 3.86% discount rate assumption is the March 30, 2017 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This discount rate represents the long-term investment yield on Home Forward's assets.

Sensitivity of total OPEB liabity to changes in the discount rates

The following presents Home Forward's total OPEB liability at the measurement date March 31, 2017 would be if it were calculated using discount rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rates:

	1% Decrease	Current Rate (3.86%)	1% Increase
Home Forward's total OPEB liability to changes in the discount rates at measurement date March 31, 2017	$ 1,536,239	$ 1,415,327	$ 1,304,168

Sensitivity of total OPEB liability to changes in the healthcare cost trend rates

The following presents Home Forward's total OPEB liability at measurement date March 31, 2017 would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rate	1% Increase
Home Forward's total OPEB liability at measurement date March 31, 2017	$ 1,259,600	$ 1,415,327	$ 1,599,464

OPEB obligation for fiscal year 2017

The notes and schedules below, for the year ended March 31, 2017, are presented per GASB Statement No. 45 reporting and comparative financial statement presentation purposes. Home Forward's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC) an amount actuarially determined in accordance with the guidelines of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial Period Ending	Annual OPEB Cost	Contributions Paid	Contributions to Required Contributions	Balance of PERS Payable
3/31/2017	$ 138,308	$ 69,064	50%	$ 712,272
3/31/2016	138,413	72,147	52%	643,028
3/31/2015	140,127	58,595	42%	576,762

16. OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

	March 31, 2017
Annual required contribution	$ 151,824
Interest on net OPEB obligation	19,291
Adjustment to ARC for net OPEB obligation	(32,807)
Annual OPEB cost	138,308
Implicit rate subsidy benefit	(69,064)
Increase in net OPEB obligation	69,244
Net OPEB obligation - beginning of year	643,028
Net OPEB obligation - end of year	$ 712,272

Funding progress for implicit benefit subsidy based on most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as of Percentage of Covered Payroll
3/31/2017	$ -	$ 1,485,213	$ 1,485,213	0%	$ 14,848,616	10%
3/31/2016	-	1,538,187	1,538,187	0%	14,997,634	10%
3/31/2015	-	1,813,482	1,813,482	0%	14,527,714	12%

17. DEFERRED COMPENSATION PLAN

Home Forward offers employees an optional deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Home Forward’s employees, permits them to defer a portion of their salary to future years. Annual deferrals are limited to the lesser of $18,000 or 100% of includable compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. This plan is administered by a third-party and is not included in Home Forward’s basic financial statements.

18. BLENDED COMPONENT UNITS

Home Forward Development Enterprises (HFDE) supports all of Home Forward's development and housing operations. St. Francis, LLC was formed September 17, 2015 as a result of the purchase of St. Francis Limited Partnership, due to a condition of refinancing the debt. On March 1, 2018, Key Community Development Corporation transferred their interest in Gateway Park Apartments Limited Partnership as the Limited Partner to HFDE. These entities are collectively referred as blended component units in this footnote.

The Statement of Net Position of the blended component units are as follows:

	HOME FORWARD DEVELOPMENT ENTERPRISES		ST. FRANCIS, LLC		GATEWAY LP
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
ASSETS					
Current assets	$ 3,850,159	$ 2,170,169	$ 1,030,927	$ 970,197	$ 833,929
Non-current Assets	41,651,632	42,646,904	-	-	-
Capital assets	-	-	7,585,398	7,777,760	5,145,319
Total assets	$ 45,501,791	$ 44,817,073	$ 8,616,325	$ 8,747,957	$ 5,979,248
LIABILITIES					
Current liabilities	160,001	139,819	171,609	150,832	407,466
Non-current liabilities	-	-	9,003,777	9,107,011	5,173,763
Total liabilities	160,001	139,819	9,175,386	9,257,843	5,581,228
NET POSITION:					
Restricted	-	-	352,883	-	395,944
Unrestricted	45,341,790	44,677,254	(911,943)	(509,886)	2,075
Total net position	45,341,790	44,677,254	(559,060)	(509,886)	398,019
Total liabilities and net position	$ 45,501,791	$ 44,817,073	$ 8,616,325	$ 8,747,957	$ 5,979,248

18. BLENDED COMPONENT UNITS (Continued)

The Statement of Revenues, Expenses and Changes in Net Positions of blended component units are as follows:

	HOME FORWARD DEVELOPMENT ENTERPRISES		ST. FRANCIS, LLC		GATEWAY, LP
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
OPERATING REVENUES:					
Dwelling rental	$ -	$ -	$ 813,076	$ 802,050	$ 359,635
Non-dwelling rental	-	-	136,103	146,978	-
Development fee revenue	178,603	842,777	-	-	-
Other	-	534	21,933	59,708	119,106
	178,603	843,311	971,112	1,008,736	478,741
OPERATING EXPENSES:					
Administration	521,606	521,470	295,315	285,152	128,920
Tenant services	-	-	-	6,000	12,614
Utilities	-	-	143,474	135,715	87,799
Maintenance	-	-	161,049	147,457	109,009
Depreciation	-	-	192,932	38,722	137,728
General and other	2,214	1,250	87,055	73,899	14,094
	523,820	522,720	879,825	686,945	490,164
OPERATING INCOME/(LOSS)	(345,217)	320,591	91,286	321,791	(11,423)
NONOPERATING REVENUES (EXPENSES):					
Investment income	1,009,753	985,733	780	669	-
Interest expense	-	-	(136,673)	(138,746)	47,448
Investment in partnership valuation charge	-	-	-	(137,940)	-
Other nonoperating expenses	-	-	-	(3,428)	-
Loss on disposal of capital assets	-	-	(4,568)	-	-
	1,009,753	985,733	(140,461)	(279,445)	47,448
INCREASE (DECREASE) IN NET POSITION	664,536	1,306,324	(49,175)	42,346	36,025
NET POSITION-Beginning of year	44,677,254	43,370,930	(509,886)	(552,230)	361,995
NET POSITION—End of year	$ 45,341,790	$ 44,677,254	$ (559,060)	$ (509,886)	$ 398,019

18. BLENDED COMPONENT UNITS (Continued)

The Statement of Cash Flow of the blended component units are as follows:

	HOME FORWARD DEVELOPMENT ENTERPRISES		ST. FRANCIS LLC		GATEWAY, LP
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from tenants and landlords	$ -	$ -	$ 799,115	$ 954,037	$ 1,452,316
Receipts from developer fees	178,603	842,777	-	-	-
Receipts from others	13,581	41,473	153,708	20,963	46,141
Payments to and on behalf of employees	-	-	(244,697)	(285,152)	(199,697)
Payments to vendors, contractors and others	(523,819)	(522,720)	(561,437)	(326,684)	(1,278,076)
	(331,635)	361,530	146,689	363,164	20,684
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest paid on notes and bonds payable	-	-	-	(130,285)	-
Principal payments on notes payable	-	-	(64,417)	(60,213)	(219,722)
Receipt of cash restricted for deposits payable	-	-	(258)	(3,428)	-
Acquisition and construction of capital assets	-	-	(569)	(156,266)	327,689
HUD capital and other nonoperating contributions	-	-	(28,028)	-	(24,600)
	-	-	(93,272)	(350,192)	83,366
CASH FLOWS FROM INVESTING ACTIVITIES:					
Financing fees paid	-	-	8,013	-	-
Issuance of notes receivable	(198,784)	(951,216)	-	-	11,189
Increase in accrued interest on notes payable	997,322	(985,773)	-	-	-
Development fee earned outstanding	20,181	108,439	-	-	-
Change in due from partnerships	1,194,057	1,046,269	-	-	(14,510)
Change in investments in partnerships, net	(1)	-	-	-	-
Investment income received	-	34	779	669	1,081
	2,012,775	(782,247)	8,792	669	(2,240)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,681,141	(420,717)	62,209	13,641	101,810
CASH AND CASH EQUIVALENTS—Beginning of year	2,170,019	2,590,730	948,440	934,799	722,581
CASH AND CASH EQUIVALENTS—End of year	$ 3,851,159	$ 2,170,019	$ 1,010,649	$ 948,440	$ 824,392

19. DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION

The Authority is the General Partner and holds a 0.01% to 1% interest in each of the following limited partnerships (see Note 2 and Note 7). Summarized partnership information as of and for the year ended December 31, 2017 is as follows

	Gladstone Square	Cecelia	Trouton	Woolsey	Civic Redevelopment	Humboldt Gardens	1115 SW 11th Avenue	RAC Housing
ASSETS:								
Cash and cash equivalents	$ -	$ 495,085	$ 493,321	$ 747,954	$ 189,806	$ 228,655	$ 367,335	$ 397,573
Cash and cash equivalents - restricted	-	1,115,003	1,503,523	1,175,419	2,158,309	1,572,318	967,513	1,463,132
Accounts receivables and other assets	-	6,175	44,261	1,317	4,201	16,550	5,511	53,567
Other Assets	-	184,281	523,998	118,915	642,133	216,012	51,344	70,343
Capital assets - net	-	11,224,474	26,269,009	11,795,767	13,111,508	21,791,416	12,243,734	25,885,380
TOTAL	$ -	$ 13,025,018	$ 28,834,112	$ 13,839,372	$ 16,105,957	$ 23,824,951	$ 13,635,437	$ 27,869,995
LIABILITIES AND NET POSITION								
LIABILITIES:								
Current liabilities	$ -	$ 1,065,928	$ 2,036,639	$ 694,263	$ 4,032,327	$ 1,559,590	$ 126,699	$ 139,743
Long-term liabilities	-	13,482,071	30,636,673	4,631,577	11,772,208	19,723,336	11,729,437	7,754,450
NET POSITION:								
Net Investment in capital assets	-	(2,152,597)	(4,212,663)	16,427,344	1,514,534	2,088,261	514,297	18,130,929
Restricted:								
Funds held in trust	-	1,038,718	1,399,587	1,110,427	704,897	1,514,329	955,313	1,462,732
Unrestricted (deficit)	-	(409,102)	(1,026,124)	(9,024,239)	(1,918,009)	(1,060,565)	309,691	382,140
TOTAL LIABILITY AND NET POSITION	$ -	$ 13,025,018	$ 28,834,112	$ 13,839,372	$ 16,105,957	$ 23,824,951	$ 13,635,437	$ 27,869,994
Operating revenues	$ 109,380	$ 1,361,021	$ 2,959,786	$ 1,259,768	$ 1,455,490	$ 1,090,993	$ 1,115,217	$ 2,458,228
Operating expenses	(96,842)	(1,979,122)	(4,087,223)	(1,950,184)	(1,511,779)	(2,010,680)	(1,289,428)	(2,848,839)
Operating income (loss)	12,538	(618,101)	(1,127,437)	(690,416)	(56,289)	(919,687)	(174,211)	(390,611)
Nonoperating revenues	497	9,366	11,373	1,832	143,839	16,333	9,810	19,613
Nonoperating expenses	2,959,431	(292,976)	(462,680)	(201,757)	(618,688)	(254,542)	(14,725)	(70,935)
Loss before capital contributions	2,972,466	(283,610)	(451,307)	(199,925)	(474,849)	(238,209)	(4,915)	(51,322)
Capital contributions	(2,470,050)	-	-	-	-	-	-	-
Change in net position	$ 502,416	$ (283,610)	$ (451,307)	$ (199,925)	$ (474,849)	$ (238,209)	$ (4,915)	$ (51,322)

(continued)

*Unaudited

19. DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (Continued)

	Stephens Creek Crossing- South	Stephens Creek Crossing- North	Beech Street*	West	Woods East	All other partnerships	Total
ASSETS:							
Cash and cash equivalents	$ 240,430	$ 460,587	$ 293,760	$ 3,091,960	$ 4,257,212	$ 1,100,760	$ 12,364,438
Cash and cash equivalents - restricted	455,023	692,617	181,620	1,102,658	1,407,341	42,560,651	56,355,127
Accounts receivables and other assets	27,987	44,614	553	16,012	16,361	572,361	809,470
Other Assets	73,253	232,944	74,684	1,838,926	2,264,635	791,144	7,082,612
Capital assets - net	11,037,438	20,224,044	8,293,679	39,698,921	31,080,877	45,322,517	277,978,764
TOTAL	$ 11,834,131	$ 21,654,806	$ 8,844,296	$ 45,748,477	$ 39,026,426	$ 90,347,433	$ 354,590,411
LIABILITIES AND NET POSITION							
LIABILITIES:							
Current liabilities	$ 154,092	$ 141,775	$ 137,541	$ 2,159,622	$ 2,468,314	$ 9,336,298	$ 24,052,831
Long-term liabilities	4,761,135	17,687,399	1,373,096	34,423,781	43,418,502	74,136,330	275,529,995
NET POSITION:							
Net Investment in capital assets	6,296,128	2,596,772	6,920,583	5,448,953	(12,131,813)	119,800,914	161,241,642
Restricted:							
Funds held in trust	455,023	665,669	164,220	1,071,597	1,362,055	39,718,319	51,622,886
Unrestricted (deficit)	167,753	563,191	248,856	2,644,524	3,909,368	(152,644,427)	(157,856,943)
TOTAL LIABILITY AND NET POSITION	$ 11,834,131	$ 21,654,806	$ 8,844,296	$ 45,748,477	$ 39,026,426	$ 90,347,434	$ 354,590,411
Operating revenues	$ 585,440	$ 1,134,950	$ 527,685	$ 3,616,172	$ 5,118,356	$ 4,158,378	26,950,864
Operating expenses	(969,663)	(1,718,867)	(786,824)	(3,673,042)	(4,757,921)	(4,580,245)	(32,260,659)
Operating income (loss)	(384,223)	(583,917)	(259,139)	(56,870)	360,435	(421,867)	(5,309,795)
Nonoperating revenues	2,567	6,183	630	34,157	50,641	4,079	310,920
Nonoperating expenses	(104,303)	(147,259)	(12,196)	(1,298,919)	(1,588,823)	(672,418)	(2,780,790)
Loss before capital contributions	(101,736)	(141,076)	(11,566)	(1,264,762)	(1,538,182)	(668,339)	(2,469,870)
Capital contributions	916,973	909,816	79	17,506,671	18,761,600	3,346,363	38,971,452
Change in net position	$ 815,237	$ 768,740	$ (11,487)	$ 16,241,909	$ 17,223,418	$ 2,678,024	$ 36,501,582

*Unaudited

19. DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (Continued)

Home Forward is the General Partner and holds a 0.01% to 1% interest in each of the following limited partnerships (see Note 2 and Note 7). Summarized partnership information as of and for the year ended December 31, 2016 is as follows:

	Lovejoy Station	Cecelia	Trouton	Woolsey	Civic Redevelopment	Humboldt Gardens	1115 SW 11th Avenue	RAC Housing
ASSETS								
Cash and cash equivalents	$ -	$ 487,858	$ 599,325	$ 675,652	$ 256,902	$ 263,825	$ 275,414	$ 438,260
Cash and cash equivalents - restricted	-	1,124,213	1,355,448	1,137,134	1,886,847	1,531,641	919,302	1,405,720
Investments (Restricted)- Short Term	-	-	-	-	-	-	-	-
Accounts receivables and other assets	-	19,963	36,321	34,753	13,532	8,809	76,617	282,478
Other Assets	-	188,868	544,323	123,840	674,248	219,255	50,453	86,760
Capital assets - net	-	12,132,652	28,151,452	12,748,124	13,890,830	22,896,483	12,723,093	27,113,985
TOTAL	$ -	$ 13,953,554	$ 30,686,869	$ 14,719,503	$ 16,722,359	$ 24,920,013	$ 14,044,879	$ 29,327,203
LIABILITIES AND NET POSITION								
LIABILITIES:								
Current liabilities	$ -	$ 295,031	$ 454,234	$ 245,509	$ 1,764,740	$ 168,214	$ 101,816	$ 302,836
Long-term liabilities	-	14,279,793	32,493,090	5,070,122	14,125,059	21,051,877	11,984,637	8,606,632
NET POSITION:								
Net Investment in capital assets	-	(1,415,690)	(2,500,220)	8,159,166	3,477,621	3,169,374	741,736	18,622,982
Restricted:								
Funds held in trust	-	1,020,971	1,255,955	1,081,792	624,512	1,454,360	907,602	1,405,620
Unrestricted (deficit)	-	(226,551)	(1,016,190)	162,914	(3,269,573)	(923,812)	309,088	389,133
TOTAL LIABILITIES AND NET POSITION	$ -	$ 13,953,554	$ 30,686,869	$ 14,719,503	$ 16,722,359	$ 24,920,013	$ 14,044,879	$ 29,327,203
Operating revenues	$ 1,632,543	$ 1,307,785	$ 2,667,145	$ 1,226,385	$ 1,406,651	$ 981,891	$ 1,008,300	$ 1,610,497
Operating expenses	(915,349)	(1,898,012)	(3,724,989)	(1,892,305)	(1,454,267)	(1,874,283)	(1,189,854)	(3,150,733)
Operating income (loss)	717,194	(590,227)	(1,057,844)	(665,920)	(47,616)	(892,392)	(181,554)	(1,540,236)
Nonoperating revenues	54,247	491	691	1,774	275,772	3,395	1,616	3,466
Nonoperating expenses	(573,910)	(291,350)	(483,314)	(199,463)	(636,757)	(255,622)	(17,352)	(65,733)
Income (loss) before contributions (distributions)	197,531	(881,086)	(1,540,467)	(863,609)	(408,601)	(1,144,619)	(197,290)	(1,602,503)
Capital contributions (distributions)	(289,229)	-	-	-	-	-	-	-
Change in net position	$ (91,698)	$ (881,086)	$ (1,540,467)	$ (863,609)	$ (408,601)	$ (1,144,619)	$ (197,290)	$ (1,602,503)

(continued)

19. DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (Continued)

	Stephens Creek Crossing- South	Stephens Creek Crossing- North	Beech Street	West	Woods East	All other partnerships	Adjustment	Total
ASSETS								
Cash and cash equivalents	$ 306,570	$ 680,555	$ 227,583	$ 2,381,553	$ 3,430,385	$ 795,972	$ -	$ 10,819,854
Cash and cash equivalents - restricted	432,840	667,737	169,220	1,307,523	2,952,661	2,245,912	-	17,136,198
Investments (Restricted)- Short Term	-	-	-	-	-	56,329	-	56,329
Accounts receivables and other assets	32,693	48,297	624	29,286	(28,993)	22,590	-	576,970
Other Assets	76,368	240,711	77,930	1,570,698	2,144,231	336,197	-	6,333,882
Capital assets - net	11,659,436	21,393,837	8,695,421	50,174,622	58,010,296	26,903,751	(33,979,032)	272,514,950
TOTAL	$ 12,507,907	$ 23,031,137	$ 9,170,778	$ 55,463,682	$ 66,508,580	$ 30,360,751	$ (33,979,032)	$ 307,438,183
LIABILITIES AND NET POSITION								
LIABILITIES:								
Current liabilities	$ 1,011,630	$ 1,413,351	$ 177,883	$ 4,706,317	$ 4,840,080	$ 1,468,822	$ -	$ 16,950,463
Long-term liabilities	5,008,387	17,976,976	1,388,610	48,915,600	61,118,426	24,652,712	-	266,671,921
NET POSITION:								
Net Investment in capital assets	6,898,301	4,115,993	7,322,324	3,227,765	(1,672,485)	3,008,761	(33,979,032)	19,176,596
Restricted:								
Funds held in trust	422,339	646,876	150,620	1,276,092	2,906,858	2,034,831	-	15,188,428
Unrestricted (deficit)	(832,750)	(1,122,059)	131,341	(2,662,092)	(684,299)	(804,375)	-	(10,549,225)
TOTAL LIABILITIES AND NET POSITION	$ 12,507,907	$ 23,031,137	$ 9,170,778	$ 55,463,682	$ 66,508,580	$ 30,360,751	$ (33,979,032)	$ 307,438,183
Operating revenues	$ 591,498	$ 1,056,073	$ 482,678	$ 3,106,106	$ 4,326,259	$ 3,979,135	$ -	$ 25,382,946
Operating expenses	(991,150)	(1,750,574)	(750,673)	(3,018,961)	(3,946,077)	(4,166,257)	-	(30,723,484)
Operating income (loss)	(399,652)	(694,501)	(267,995)	87,145	380,182	(187,122)	-	(5,340,538)
Nonoperating revenues	582	1,338	393	5,565	9,457	2,087	-	360,874
Nonoperating expenses	(109,960)	(149,676)	(35,151)	(987,536)	(1,203,445)	(688,380)	-	(5,697,649)
Income (loss) before contributions (distributions)	(509,030)	(842,839)	(302,753)	(894,826)	(813,806)	(873,415)	-	(10,677,313)
Capital contributions (distributions)	(77,283)	-	4,355,477	1,602	10	(870,202)	-	3,120,375
Change in net position	$ (586,313)	$ (842,839)	$ 4,052,724	$ (893,224)	$ (813,796)	$ (1,743,617)	$ -	$ (7,556,938)

19. DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (Continued)

Summarized Capital assets – Discretely presented component units

Land, structures, and equipment activity of the discretely presented component units was as follows for the years ended December 31:

	Balance January 1, 2017	Additions and transfers in	Disposal and transfers out	Balance December 31, 2017
Land	$ 9,443,157	$ 2,489,464	$ (333,708)	$ 11,598,913
Construction in progress	1,481,190	15,054,248	(1,724,701)	14,810,737
Total capital assets not being depreciated	10,924,347	17,543,712	(2,058,409)	26,409,650
Buildings and improvements	348,483,917	5,769,921	(3,916,309)	350,337,529
Equipment	16,792,559	198,565	(200,319)	16,790,805
	365,276,476	5,968,486	(4,116,628)	367,128,334
Less accumulated depreciation	(103,685,873)	(14,697,461)	2,824,114	(115,559,220)
Total capital assets being depreciated	261,590,603	(8,728,975)	(1,292,514)	251,569,114
Total capital assets, net	**$ 272,514,950**	**$ 8,814,737**	**$ (3,350,923)**	**$ 277,978,764**

	Balance January 1, 2016	Additions and transfers in	Disposal and transfers out	Balance December 31, 2016
Land	$ 11,821,794	$ -	$ (2,378,637)	$ 9,443,157
Construction in progress	63,088,705	14,999	(61,622,514)	1,481,190
Total capital assets not being depreciated	74,910,499	14,999	(64,001,151)	10,924,347
Buildings and improvements	302,449,104	66,167,665	(20,132,852)	348,483,917
Equipment	12,922,463	4,995,143	(1,125,047)	16,792,559
	315,371,567	71,162,808	(21,257,899)	365,276,476
Less accumulated depreciation	(99,127,362)	(14,087,883)	9,529,372	(103,685,873)
Total capital assets being depreciated	216,244,205	57,074,925	(11,728,527)	261,590,603
Total capital assets, net	**$ 291,154,704**	**$ 57,089,924**	**$ (75,729,678)**	**$ 272,514,950**

19. DISCRETELY PRESENTED COMPONENT UNITS CONDENSED FINANCIAL INFORMATION (Continued)

Summarized notes payable – Discretely presented component units

Notes payable of the discretely presented component units consist of the following:

	December 31, 2017	December 31, 2016
Notes payable - General Partner	$ 204,939,770	$ 173,797,371
Mortgages and other housing related notes	71,909,084	83,081,899
	276,848,854	256,879,270
Less current portion	(1,318,859)	(932,227)
Noncurrent portion	$ 275,529,995	$ 255,947,043

A summary of activity of the discretely presented component units' notes payable is as follows:

Balance January 1, 2017	Increase	Decrease	Balance December 31, 2017
$ 256,879,270	$ 58,894,939	$ (38,925,355)	$ 276,848,854

Balance January 1, 2016	Increase	Decrease	Balance December 31, 2016
$ 261,408,632	$ 15,841,577	$ (20,370,939)	$ 256,879,270

20. COMMITMENTS AND CONTINGENCIES

Leases **-** At March 31, 2018, Home Forward has approximately 9,753 dwelling units under lease to Section 8 landlords. The terms of these leases extend up to one year. Housing assistance payments under these leases, including FSS program contributions, for the years ended March 31, 2018 and 2017 were approximately $102,263,035 and $88,981,546, respectively.

Construction Commitments - At March 31, 2018, Home Forward had construction commitments of approximately $50,013,791.

Contingent Liabilities **-** Home Forward has entered into long-term use agreements with the City of Portland, Multnomah County and the State of Oregon in exchange for development funds for group homes and other projects. These agreements expire between 2019 and 2065. Repayment of an amortized portion of these funds is required if Home Forward does not use the properties according to their intended purposes. Home Forward has not and does not intend to violate those agreements. The exposure, if recorded, would be approximately $3,645,304.

General Partner Operating Deficit Guarantees **-** In relation to the performance of the tax credit partnerships for which Home Forward is the general partner, Home Forward has agreed to provide certain levels of funding in the event of partnership operating deficits that exceed operating reserves. The maximum amount required to fund excess operating deficits ranges from zero to the total amount of the excess operating deficit for a single partnership. As of March 31, 2018, no additional liability existed relating to excess operating deficits for any of the partnerships.

21. RISK MANAGEMENT

Home Forward operates in an industry subject to various risks of loss related to torts, theft, damage, destruction, errors and omissions, injuries to employees or participants, and natural disasters. As such, Home Forward utilizes several insurance providers to reduce agency risk of loss.

For nearly three decades, Home Forward had participated in a regional housing authority insurance risk pool for its property, casualty/general liability, automotive, and financial and professional lines. Due to increased growth and complexities of Home Forward's portfolios, a decision was made for Home Forward to exit the pools after March 31, 2017. Home Forward issued an informal RFP for insurance brokers and based on this body of work, Home Forward selected Marsh for broker services.

As opposed to the risk pools that provided the lines of coverage, Marsh had to market the agency's insurance coverage needs to a wide variety of insurance markets. From this effort, Marsh's comprehensive insurance program provides appropriate levels of insurance coverage for property, boiler & machinery equipment, casualty/general liability, automotive, umbrella, financial and professional lines, crime, and cyber/special risks.

Marsh's comprehensive insurance provides coverage for 2,481 affordable properties, 1 New Market West property, 1,428 public housing properties, and 228 special needs properties.

Marsh coverage as of March 31, 2018, includes:

Liabilities	Deductible	Coverage
Property/Earthquake/Flood/Business Interruption	$ 50,000	$ 100,000,000
Boiler/Machinery/Equipment	5,000	100,000,000
General Liability	-	2,000,000
Automobile	500/1,000	1,000,000
Umbrella Liability	-	10,000,000
Public Officials Liability	100,000	2,000,000
Fidelity & Crime	25,000	1,000,000
Special Risks	-	1,000,000
Cyber Liability	25,000	2,000,000

Home Forward contracts with SAIF Corporation to provide Worker's Compensation and Employer Liability coverage of $1,000,000 per incident with no deductible.

As described above, there have been significant modifications in coverage in insurance coverage from the previous year. Settlements have not exceeded coverage during the last three years. Home Forward has no liability claims as of March 31, 2018.

22. SUBSEQUENT EVENTS

On April 16, 2018, Home Forward received approval from the Department of Housing and Urban Development for conversion of the remaining Public Housing units into project based voucher units under the Section 18 program. Home Forward anticipates converting its remaining public housing properties under the Department of Housing and Urban Development's Section 18 and Rental Assistance Demonstration (RAD) program. Under these programs, the public housing units will convert into project based voucher funded units and will utilize the low income housing tax credit program with Home Forward as the general partner.

Home Forward has evaluated subsequent events through September 10, 2018, the date on which the financial statements were issued. Other than as discussed above, during this period no material subsequent events occurred which would require recognition or disclosure.*****

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REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

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HOME FORWARD

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Last Four Fiscal Years*

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended March 31,	(a) Home Forward's proportion of the net pension liability (asset)	(b) Home Forward's proportionate share of the net pension liability (asset)	(c) Home Forward's covered payroll	(b/c) Home Forward's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.15329650%	$ 20,664,424	$ 13,868,333	149.00%	83.12%
2017	0.15888919%	23,852,957	13,704,448	174.05%	80.50%
2016	0.15526214%	8,914,316	14,627,116	60.94%	91.90%
2015	0.16124152%	(3,654,885)	13,397,903	-27.28%	103.60%

SCHEDULE OF PENSION CONTRIBUTIONS

Year Ended March 31,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) Home Forward's covered payroll	(b/c) Contributions as a percent of covered payroll
2018	$ 1,755,769	$ 1,755,769	$ -	$ 13,868,333	12.66%
2017	1,476,588	1,476,588	-	13,704,448	10.77%
2016	1,465,817	1,465,817	-	14,627,116	10.02%
2015	1,565,938	1,565,938	-	13,397,903	11.69%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon State Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reduction the 2013 Oregon legislature made to future system Cost of Living Adjustments (COLA) through Senate Bill 822 and 861. The reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2017 to be used for the December 31, 2016 actuarial valuation, which explains the significant increase in Home Forward's proportionate share of the net pension liability for the fiscal year ended March 31, 2017.

* Fiscal year ended March 31, 2015 was the first year of implementation of GASB Statement No. 68, therefore only four years of information is shown.

OTHER POST EMPLOYMENT BENEFITS

<u>Retirement Health Insurance Account (RHIA)</u>

Schedule of Changes in Net OPEB Asset and Related Ratios *

Year Ended	Proportion of the net OPEB asset	Proporationate share of the net OPEB asset	Covered Payroll	Percentage of covered payroll
3/31/2018	0.14%	$ 59,006	$ 15,368,318	0.38%

Schedule of Home Forward's Contributions *

(a) Contractually required contribution **	(b) Contributions in relation to the contractually required contribution	(a-b) Contribution deficiency (excess)	(c) Covered payroll	(b/c) Percenrage of covered payroll
$ 109,862	$ 70,390	$ 39,472	$ 153,368,318	0.05%

Notes to Required Supplementary Information:
* Schedule of Changes in OPEB Liability and Related Ratios and Schedule of Home Forward's contribution are presented in accordance with GASB Statement No. 75's reporting requirement. Fiscal year ended March 31, 2018 was the first year of implementation of GASB Statement No. 75, therefore only one year of information is shown.

** Based on the actuarial report

HOME FORWARD

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

For One Fiscal Year*

Retiree access to Home Forward Health Benefit Retiree Program (Implicit Benefit subsidy)

Schedule of Changes in Total OPEB Liability and Related Ratios *

		Total OPEB Liability
Beginnning of year, April, 2017, as restated	$	1,384,796
Change for the year		
Service cost		67,210
Interest on total OPEB liability		51,747
Implicit rate subsidy benefit		(58,362)
Change in assumptions		(15,894)
Experience loss		(14,170)
Total changes		30,531
End of year, March 31, 2018	$	1,415,327
Covered payroll**	$	15,368,318
Total liablity as a percentage of its covered payroll		9.21%

Notes to Required Supplementary Information:

* Schedule of Changes in OPEB Liability and Related Ratios is presented in accordance with GASB Statement No. 75's reporting requirement. Fiscal year ended March 31, 2018 was the first year of implementation of GASB Statement No. 75, therefore only one year of information is shown.

** Based on the actuarial report

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS

Schedule of funding progress presented below provides a consolidated review of Home Forward's ability to meet current and future other postemployment benefits (OPEB) implicit benefit subsidy liabilities with the plan assets.

The last actuarial report performed as of:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as of Percentage of Covered Payroll
3/31/2017	$ -	$ 1,485,213	$ 1,485,213	0%	$ 14,848,616	10%
3/31/2016	-	1,538,187	1,538,187	0%	14,997,634	10%
3/31/2015	-	1,813,482	1,813,482	0%	14,527,714	12%

OTHER SUPPLEMENTARY INFORMATION

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HOME FORWARD
COMBINING SCHEDULE OF NET POSITION- AFFORDABLE HOUSING
As of March 31, 2018

	Grace Peck Terrace	Madrona	Multnomah Manor	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury	St. Francis
ASSETS AND DEFERRED OUTFLOWS											
FALSE											
CURRENT ASSETS:											
Cash and cash equivalents	$ 4,102,525	$ 339,706	$ 2,728,544	$ 2,193,912	$ 2,585,549	$ 53,916	$ 392,733	$ 506,605	$ 501,736	$ 693,476	$ 381,059
Cash and cash equivalents - Restricted	-	143,699	-	-	-	115,716	513,992	397,444	1,164,177	713,630	629,590
Accounts receivable, net	620	18,433	-	4,330	5,879	2,803	2,469	4,652	2,066	5,981	382
Prepaid expenses	2,471	337	-	3,983	2,133	781	11,039	3,651	9,509	1,975	19,996
	4,105,616	502,175	2,728,544	2,202,225	2,593,561	173,216	920,233	912,352	1,677,488	1,415,062	1,031,027
NON-CURRENT ASSETS:											
Notes receivable and accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	157,489	579,600	-	53,086	68,201	292,240	432,880	138,456	952,468	533,869	1,016,855
Capital assets being depreciated, net	185,551	2,667,786	-	300,019	831,007	1,843,434	1,839,234	708,867	2,707,476	2,890,687	6,568,543
	343,040	3,247,386	-	353,105	899,208	2,135,674	2,272,114	847,323	3,659,944	3,424,556	7,585,398
TOTAL ASSETS BEFORE DEFERRED OUTFLOWS	4,448,656	3,749,561	2,728,544	2,555,330	3,492,769	2,308,890	3,192,347	1,759,675	5,337,432	4,839,618	8,616,425
Deferred outflows of resources, pension	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	4,448,656	3,749,561	2,728,544	2,555,330	3,492,769	2,308,890	3,192,347	1,759,675	5,337,432	4,839,618	8,616,425
LIABILITIES AND NET POSITION											
CURRENT LIABILITIES:											
Accounts payable	19,147	87,116	-	8,840	3,837	84,491	168,337	148,969	42,839	13,244	15,004
Accrued interest payable	-	5,851	-	-	-	3,911	1,447,631	43,519	372,988	1,292,518	47,273
Other accrued liabilities	2,250	5,805	-	1,417	1,500	-	2,250	-	-	4,459	-
Deferred revenue	6,496	3,732	-	1,274	4,804	60	28,321	15,955	17,163	19,758	7,510
Deposits, payable from restricted assets	16,923	11,472	-	11,890	14,679	14,832	48,402	42,131	119,835	66,020	37,503
Current portion of notes and bonds payable	-	48,146	-	-	-	54,916	8,543	113,905	384,081	85,000	64,418
	44,816	162,122	-	23,421	24,820	158,210	1,703,484	364,479	936,906	1,480,999	171,708
NON-CURRENT LIABILITIES:											
Notes payable	-	1,231,529	-	-	-	2,397,039	2,140,629	496,620	586,287	2,664,000	9,003,777
Bonds payable	-	-	-	-	-	-	-	1,138,287	3,115,000	3,640,000	-
	-	1,231,529	-	-	-	2,397,039	2,140,629	1,634,907	3,701,287	6,304,000	9,003,777
TOTAL LIABILITIES BEFORE DEFERRED INFLOWS	44,816	1,393,651	-	23,421	24,820	2,555,249	3,844,113	1,999,386	4,638,193	7,784,999	9,175,485
Deferred inflows of resources, Pension	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources, OPEB	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	44,816	1,393,651	-	23,421	24,820	2,555,249	3,844,113	1,999,386	4,638,193	7,784,999	9,175,485
NET POSITION	$ 4,403,840	$ 2,355,910	$ 2,728,544	$ 2,531,909	$ 3,467,949	$ (246,359)	$ (651,766)	$ (239,711)	$ 699,239	$ (2,945,381)	$ (559,060)

(Continued)

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION- AFFORDABLE HOUSING
As of March 31, 2018

	Ainsworth Court	Fairviews	Rockwood Station	Willow Tree	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial	Commercial Space at Lloyd Housing	Yards at Union Station
ASSETS AND DEFERRED OUTFLOWS											
FALSE											
CURRENT ASSETS:											
Cash and cash equivalents	$ 783,054	$ 2,445,777	$ 1,648,699	$ 49,330	$ 89,100	$ 33,939	$ 109,616	$ 113,060	$ 36,241	$ 2,884,926	$ 480,380
Cash and cash equivalents - Restricted	481,901	1,416,816	764,620	179,275	101,931	60,329	204,310	99,813	-	-	992,893
Accounts receivable, net	905	19,658	9,773	-	45	6,351	3,363	-	-	-	3,912
Prepaid expenses	1,780	-	-	-	-	-	2,414	375	271	-	15,167
	1,267,640	3,882,251	2,423,092	228,605	191,076	100,619	319,703	213,248	36,512	2,884,926	1,492,352
NON-CURRENT ASSETS:											
Notes receivable and accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-
Capital assets not being depreciated	1,115,635	2,602,686	702,000	162,767	363,581	48,706	331,303	188,664	-	225,872	671,000
Capital assets being depreciated, net	1,582,899	10,579,857	4,954,997	1,324,324	1,292,171	1,247,098	1,937,222	616,862	5,707	-	3,043,127
	2,698,534	13,182,543	5,656,997	1,487,091	1,655,752	1,295,804	2,268,525	805,526	5,707	225,872	3,714,127
TOTAL ASSETS BEFORE DEFERRED OUTFLOWS	3,966,174	17,064,794	8,080,089	1,715,696	1,846,828	1,396,423	2,588,228	1,018,774	42,219	3,110,798	5,206,479
Deferred outflows of resources, pension	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,966,174	17,064,794	8,080,089	1,715,696	1,846,828	1,396,423	2,588,228	1,018,774	42,219	3,110,798	5,206,479
LIABILITIES AND NET POSITION											
CURRENT LIABILITIES:											
Accounts payable	21,294	1,850,631	954,418	2,277	182,885	394,133	27,049	3,278	40,054	83,649	26,909
Accrued interest payable	9,029	32,705	13,788	2,118	5,999	1,760	1,684,181	1,337	-	-	85,170
Other accrued liabilities	-	5,840	-	-	-	-	692	-	-	-	-
Deferred revenue	20,195	76,409	34,355	1,086	-	11,381	5,465	27	-	-	8,741
Deposits, payable from restricted assets	55,432	216,802	104,232	5,000	12,072	8,501	44,624	5,950	-	-	112,278
Current portion of notes and	89,042	219,241	103,723	21,392	-	55,887	-	22,854	-	-	356,464
bonds payable								-			
	194,992	2,401,628	1,210,516	31,873	200,956	471,662	1,762,011	33,446	40,054	83,649	589,562
NON-CURRENT LIABILITIES:											
Notes payable	3,399,177	10,743,447	4,430,023	726,827	1,767,008	974,946	1,960,936	625,373	-	-	873,800
Bonds payable	-	-	-	-	-	-	-	-	-	-	3,940,000
	3,399,177	10,743,447	4,430,023	726,827	1,767,008	974,946	1,960,936	625,373	-	-	4,813,800
TOTAL LIABILITIES BEFORE DEFERRED INFLOWS	3,594,169	13,145,075	5,640,539	758,700	1,967,964	1,446,608	3,722,947	658,819	40,054	83,649	5,403,362
Deferred inflows of resources, Pension	-	-	-	-	-	-	-	-	-	-	-
Deferred inflows of resources, OPEB	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	3,594,169	13,145,075	5,640,539	758,700	1,967,964	1,446,608	3,722,947	658,819	40,054	83,649	5,403,362
NET POSITION	$ 372,005	$ 3,919,719	$ 2,439,550	$ 956,996	$ (121,136)	$ (50,185)	$ (1,134,719)	$ 359,955	$ 2,165	$ 3,027,149	$ (196,883)

(Continued)

HOME FORWARD
COMBINING SCHEDULE OF NET POSITION- AFFORDABLE HOUSING
As of March 31, 2018

	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Fountain Place	Affordable Housing Management	Totals
ASSETS AND DEFERRED OUTFLOWS									
FALSE									
CURRENT ASSETS:									
Cash and cash equivalents	$ 58,123	$ 656,770	$ 64,687	$ 132,878	$ 1,277,187	$ 40,494	$ 649,220	$ 1,756,349	$ 27,789,591
Cash and cash equivalents - Restricted	66,808	945,314	180,262	54,778	1,389,377	-	572,083	866,943	12,055,701
Accounts receivable, net	-	15,292	82	434	16,298	1	419	284,107	408,255
Prepaid expenses	675	10,401	1,921	-	11,206	1,800	2,347	653	104,885
	125,606	1,627,777	246,952	188,090	2,694,068	42,295	1,224,069	2,908,052	40,358,432
NON-CURRENT ASSETS:									
Notes receivable and accrued interest receivable	-	-	-	-	-	-	-	64,158	64,158
Capital assets not being depreciated	225,337	406,124	400,390	90,000	1,997,915	931,700	958,489	-	15,647,313
Capital assets being depreciated, net	1,256,685	4,006,719	2,022,886	946,877	8,918,170	958,121	3,141,159	-	68,377,485
	1,482,022	4,412,843	2,423,276	1,036,877	10,916,085	1,889,821	4,099,648	64,158	84,088,956
TOTAL ASSETS BEFORE DEFERRED OUTFLOWS	1,607,628	6,040,620	2,670,228	1,224,967	13,610,153	1,932,116	5,323,717	2,972,210	124,447,388
Deferred outflows of resources, pension	-	-	-	-	-	-	-	528,969	528,969
TOTAL ASSETS AND DEFERRED OUTFLOWS	1,607,628	6,040,620	2,670,228	1,224,967	13,610,153	1,932,116	5,323,717	3,501,179	124,976,357
LIABILITIES AND NET POSITION									
CURRENT LIABILITIES:									
Accounts payable	2,826	32,185	66,247	335,934	103,690	6,516	13,882	2,808,916	7,548,597
Accrued interest payable	1,437	34,232	89,408	1,547	72,331	-	62,822	-	5,311,555
Other accrued liabilities	4,070	-	810	1,659	-	-	-	1,918,053	1,948,805
Deferred revenue	2,001	12,615	3,649	2,249	17,548	4	2,212	840,453	1,143,463
Deposits, payable from restricted assets	15,343	79,696	18,648	1,400	156,879	5,130	18,161	-	1,243,835
Current portion of notes and bonds payable	32,138	113,997	54,664	18,983	669,211	-	85,696	-	2,602,301
	57,815	272,725	233,426	361,772	1,019,659	11,650	182,773	5,567,422	19,798,556
NON-CURRENT LIABILITIES:									
Notes payable	534,680	2,649,002	1,574,323	1,323,563	2,872,297	-	2,725,500	-	55,700,783
Bonds payable	-	3,135,000	-	-	8,869,076.00	-	2,326,744	-	26,164,107
	534,680	5,784,002	1,574,323	1,323,563	11,741,373	-	5,052,244	-	81,864,890
TOTAL LIABILITIES BEFORE DEFERRED INFLOWS	592,495	6,056,727	1,807,749	1,685,335	12,761,032	11,650	5,235,017	5,567,422	101,663,446
Deferred inflows of resources, Pension	-	-	-	-	-	-	-	29,377	29,377
Deferred inflows of resources, OPEB	-	-	-	-	-	-	-	27,015	27,015
TOTAL LIABILITIES AND DEFERRED INFLOWS	592,495	6,056,727	1,807,749	1,685,335	12,761,032	11,650	5,235,017	5,623,814	101,719,838
NET POSITION	$ 1,015,133	$ (16,107)	$ 862,479	$ (460,368)	$ 849,121	$ 1,920,466	$ 88,700	$ (2,122,635)	$ 23,256,519

HOME FORWARD

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - AFFORDABLE HOUSING

Year Ended March 31, 2018

	Grace Peck Terrace	Madrona	Multnomah Manor	Rosenbaum Plaza	Unthank Plaza	Fenwick Apts	Helen Swindells	Dawson Park	Pearl Court	Gretchen Kafoury
OPERATING REVENUES:										
Dwelling rental	$ 232,833	$ 241,738	$ 72,067	$ 198,298	$ 163,971	$ 271,651	$ 510,185	$ 613,886	$ 1,668,358	$ 1,098,760
Non-dwelling rental	27,727	345	141	65,068	1,426	-	189,403	978	20,934	9,705
HUD operating subsidies	1,006,378	414,423	54,003	656,662	936,328	-	-	-	-	-
HUD grants	-	18,136	-	-	-	-	-	-	-	-
State, local and other grants	-	-	-	-	-	-	-	-	-	-
Other	5,690	13,464	3,748	14,102	8,959	8,846	56,743	20,811	67,312	30,585
	1,272,628	688,106	129,959	934,130	1,110,684	280,497	756,331	635,675	1,756,604	1,139,050
OPERATING EXPENSES:										
Housing assistance payments	521	-	229	-	2,285	-	-	-	-	-
Administration	234,780	172,715	54,962	270,340	242,205	46,739	264,776	119,257	332,571	320,964
Tenant services	-	2,201	-	-	-	-	7,199	-	-	-
Utilities	89,440	66,924	23,856	137,883	90,557	40,816	110,304	69,020	183,284	124,211
Maintenance	234,564	156,481	47,867	141,368	155,831	63,552	190,260	134,456	290,816	307,883
Depreciation	91,792	180,676	21,297	54,741	119,198	73,323	115,314	146,622	404,698	304,474
General	37,804	13,413	3,397	28,475	28,190	8,143	46,415	18,699	69,819	58,028
	688,901	592,410	151,608	632,807	638,267	232,573	734,268	488,054	1,281,188	1,115,560
OPERATING INCOME (LOSS)	583,727	95,696	(21,649)	301,323	472,417	47,924	22,063	147,621	475,416	23,490
NONOPERATING REVENUES (EXPENSES):				-						
Investment income	1,271	52	(19)	900	825	159	2,562	4,717	22,938	3,535
Interest expense	-	(70,045)	(55,726)	-	-	(47,830)	(66,644)	(58,338)	(191,270)	(234,785)
Investment in partnership valuation charge	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	(4,998)	783,283	-	-	-	-	(641)	(12,248)	(3,245)
	1,271	(74,991)	727,538	900	825	(47,671)	(64,082)	(54,262)	(180,580)	(234,495)
CAPITAL CONTRIBUTIONS:										
HUD nonoperating contributions	-	-	-	-	-	-	-	-	-	-
Other nonoperating contributions	(313,450)	3,246,265	1,289,668	(125,440)	(114,406)	(27,739)	-	(108,246)	(205,647)	-
				-						
				-						
INCREASE (DECREASE) IN NET POSITION	271,548	3,266,970	1,995,557	176,783	358,836	(27,486)	(42,019)	(14,887)	89,189	(211,005)
			-	-						
NET POSITION-Beginning of year (as previously reported)	4,132,292	-	732,987	2,355,126	3,109,113	(218,873)	(609,747)	(224,824)	610,050	(2,734,376)
				-						
Retained Earnings Undesignated fund bal.	-	(911,060)	-	-	-	-	-	-	-	-
NET POSITION- Beginning of year (as restated)	4,132,292	(911,060)	732,987	2,355,126	3,109,113	(218,873)	(609,747)	(224,824)	610,050	(2,734,376)
NET POSITION-End of year	$ 4,403,840	$ 2,355,910	$ 2,728,544	$ 2,531,909	$ 3,467,949	$ (246,359)	$ (651,766)	$ (239,711)	$ 699,239	$ (2,945,381)

(continued)

HOME FORWARD

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - AFFORDABLE HOUSING

Year Ended March 31, 2018

	St. Francis	Ainsworth Court	Fairview	Rockwood Station	Willow Tree	Ash Creek	Schiller Way	Peter Paulson	Kelly Place	Trouton Commercial	Commercial Space at Lloyd Housing
OPERATING REVENUES:											
Dwelling rental	$ 813,076	$ 783,262	$ 3,442,465	$ 1,969,663	$ 173,230	$ 383,387	$ 171,845	$ 590,900	$ 192,320	$ -	$ -
Non-dwelling rental	136,103	31,210	25,225	30,052	2,535	-	50,654	-	5	27,570	-
HUD operating subsidies	-	-	145,392	90,872	-	-	18,355	-	-	-	-
HUD grants	-	-	23,693	18,013	-	-	-	-	-	-	-
State, local and other grants	-	-	-	-	-	-	-	-	-	-	-
Other	21,933	16,883	103,161	50,658	3,934	1,670	6,895	18,491	949	35,976	-
	971,112	831,355	3,739,936	2,159,258	179,699	385,057	247,749	609,391	193,274	63,546	-
OPERATING EXPENSES:											
Housing assistance payments	-	-	8,773	-	-	-	-	-	-	-	-
Administration	295,315	106,437	338,471	334,474	50,048	37,667	37,817	256,006	35,506	7,498	-
Tenant services	-	-	-	-	15	-	-	-	-	-	-
Utilities	143,474	94,587	330,755	128,309	23,190	65,497	67,930	116,588	28,228	39,959	-
Maintenance	161,049	129,873	773,705	358,941	29,838	51,929	84,316	189,209	31,841	20,680	-
Depreciation	192,931	156,856	618,518	430,777	131,908	115,503	63,903	114,573	79,261	454	-
General	59,028	18,214	184,293	91,160	5,046	5,479	11,575	28,355	6,060	1,913	-
	851,797	505,967	2,254,515	1,343,661	240,045	276,075	265,541	704,731	180,896	70,504	-
OPERATING INCOME (LOSS)	119,315	325,388	1,485,421	815,597	(60,346)	108,982	(17,792)	(95,340)	12,378	(6,958)	-
NONOPERATING REVENUES (EXPENS											
Investment income	779	1,838	33,902	12,962	190	131	27	364	142	-	-
Interest expense	(136,673)	(108,223)	(395,958)	(167,271)	(25,835)	(72,046)	(22,131)	(82,035)	(16,590)	-	-
Investment in partnership valuation charge	-	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	(4,568)	-	(896,750)	-	-	-	-	(4,377)	-	-	-
	(140,462)	(106,385)	(1,258,806)	(154,309)	(25,645)	(71,915)	(22,104)	(86,048)	(16,448)	-	-
CAPITAL CONTRIBUTIONS:											
HUD nonoperating contributions	-	-	-	-	-	-	-	-	-	-	-
Other nonoperating contributions	(28,028)	(176,914)	82,088	(500,000)	-	-	30,000	45,453	-	-	3,027,149
INCREASE (DECREASE) IN NET POSIT	(49,175)	42,089	308,703	161,288	(85,991)	37,067	(9,896)	(135,935)	(4,070)	(6,958)	3,027,149
NET POSITION-Beginning of year (as previously reported)	(509,885)	329,916	3,611,016	2,278,262	1,042,987	(158,203)	(40,289)	(998,784)	364,025	9,123	-
Retained Earnings Undesignated fund bal.	-	-	-	-	-	-	-	-	-	-	-
NET POSITION- Beginning of year (as restated)	(509,885)	329,916	3,611,016	2,278,262	1,042,987	(158,203)	(40,289)	(998,784)	364,025	9,123	-
NET POSITION-End of year	$ (559,060)	$ 372,005	$ 3,919,719	$ 2,439,550	$ 956,996	$ (121,136)	$ (50,185)	$ (1,134,719)	$ 359,955	$ 2,165	$ 3,027,149

(continued)

HOME FORWARD

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - AFFORDABLE HOUSING

Year Ended March 31, 2018

	Yards at Union Station	Rockwood Landing	Hamilton West	Sequoia Square	Interstate Crossing	Lovejoy Station	Baldwin Interstate	Fountain Place	Affordable Housing Management	Total
OPERATING REVENUES:										
Dwelling rental	$ 1,422,185	$ 267,037	$ 1,125,577	$ 499,417	$ 140,879	$ 1,822,448	$ 78,074	$ 61,317	$ -	$ 19,008,829
Non-dwelling rental	2,370	-	43,529	-	-	274,262	-	-	35,653	974,895
HUD operating subsidies	-	136	-	-	-	-	-	-	108,988	3,431,537
HUD grants	-	-	-	-	-	-	-	-	144,122	203,964
State, local and other grants	-	-	-	-	-	-	-	-	325,729	325,729
Other	41,433	14,817	64,660	44,240	8,092	110,784	999	174,784	1,147,414	2,098,033
	1,465,988	281,990	1,233,766	543,657	148,971	2,207,494	79,073	236,101	1,761,906	26,042,987
OPERATING EXPENSES:										
Housing assistance payments	-	-	-	-	-	-	-	-	-	11,808
Administration	240,130	60,779	329,399	124,678	24,743	323,542	14,395	32,555	2,528,235	7,237,004
Tenant services	-	-	-	-	-	-	-	-	1,368,040	1,377,455
Utilities	171,335	57,576	151,645	107,175	23,238	182,936	8,546	8,027	-	2,685,290
Maintenance	233,299	120,273	235,917	142,616	38,288	334,017	16,810	15,405	7,826	4,698,910
Depreciation	417,165	141,534	196,401	59,549	59,425	253,433	24,833	7,371	-	4,576,530
General	42,670	13,626	97,086	31,279	5,244	136,443	9,680	3,253	1,625,296	2,688,083
	1,104,599	393,788	1,010,448	465,297	150,938	1,230,371	74,264	66,611	5,529,397	23,275,081
OPERATING INCOME (LOSS)	361,389	(111,798)	223,318	78,360	(1,967)	977,123	4,809	169,490	(3,767,491)	2,767,906
NONOPERATING REVENUES (EXPENS										
Investment income	22,840	27	3,562	338	17	34,085	4	279	-	148,427
Interest expense	(213,513)	(17,846)	(152,686)	(76,242)	(19,014)	(361,665)	-	(13,189)	-	(2,605,555)
Investment in partnership valuation charge	-	-	-	-	-	-	-	(67,880)	-	(67,880)
Gain (Loss) on Sale of Assets	(9,898)	-	-	-	(5,854)	-	-	-	-	(159,296)
	(200,571)	(17,819)	(149,124)	(75,904)	(24,851)	(327,580)	4	(80,790)	-	(2,684,304)
CAPITAL CONTRIBUTIONS:										
HUD nonoperating contributions	-	-	-	-	-	-	-	-	-	
Other nonoperating contributions	(195,777)	337	(70,000)	(15,504)	-	(57,974)	(9,618)	-	2,421,378	8,193,595
INCREASE (DECREASE) IN NET POSIT	(34,959)	(129,280)	4,194	(13,048)	(26,818)	591,569	(4,805)	88,700	(1,346,113)	8,277,197
NET POSITION-Beginning of year (as previously reported)	(161,924)	1,144,413	(20,301)	875,527	(433,550)	257,552	1,925,271	-	(776,522)	15,890,382
Retained Earnings Undesignated fund bal.	-	-	-	-	-	-	-	-	-	(911,060)
NET POSITION- Beginning of year (as restated)	(161,924)	1,144,413	(20,301)	875,527	(433,550)	257,552	1,925,271	-	(776,522)	14,979,322
NET POSITION-End of year	$ (196,883)	$ 1,015,133	$ (16,107)	$ 862,479	$ (460,368)	$ 849,121	$ 1,920,466	$ 88,700	$ (2,122,635)	$ 23,256,519

HOME FORWARD

COMBINING SCHEDULE OF NET POSITION - SPECIAL NEEDS HOUSING

As of March 31, 2018

	Carriage Hill	Project Open Door	Other Special Needs	Total
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 7,911	$ 59,567	$ 1,638,227	$ 1,705,705
Tenant security deposit-Restricted Cash	507	2,781	11,702	14,990
Cash and cash equivalents-restricted	19,740	78,097	1,961,480	2,059,317
Accounts receivable, net	634	3,715	40,522	44,871
Prepaid expenses	-	-	11,530	11,530
	28,792	144,160	3,663,461	3,836,413
NONCURRENT ASSETS:				
Note Receivable and accrued interest receivable	-	-	3,145,000	3,145,000
Capital assets not being depreciated	75,424	71,104	1,387,540	1,534,068
Capital assets being depreciated, net	260,412	369,020	14,556,594	15,186,026
	335,836	440,124	19,089,134	19,865,094
TOTAL ASSETS	364,628	584,284	22,752,595	23,701,507
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES:				
Accounts payable	278	3,180	88,100	91,558
Accrued interest payable	76	139	373,366	373,581
Other accrued liabilites	7,971	728	5,683	14,382
Unearned revenue	873	7,831	25,775	34,479
Security Deposits, payable from restricted assets	500	2,250	9,642	12,392
Current portion of notes and bonds payable	1,690	16,571	55,490	73,751
	11,388	30,699	558,056	600,143
NONCURRENT LIABILITIES:				
Notes payable - long-term	209,754	150,773	7,537,178	7,897,705
Total liabilities	221,142	181,472	8,095,234	8,497,848
NET POSITION	$ 143,486	$ 402,812	$ 14,657,361	$ 15,203,659

HOME FORWARD

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - SPECIAL NEEDS HOUSING

As of March 31, 2018

	Carriage Hill	Project Open Door	Other Special Needs	Total
OPERATING REVENUES:				
Dwelling rental	$ 26,307	$ 70,449	$ 10,758	$ 107,514
Non-dwelling rental	-	-	689,357	689,357
State, local and other grants	-	-	87,184	87,184
Other	35	442	27,596	28,073
	26,342	70,891	814,895	912,128
OPERATING EXPENSES:	.			
Administration	4,246	12,629	165,045	181,920
Utilities	7,857	10,287	79,893	98,037
Maintenance	5,104	31,665	75,925	112,694
Depreciation	12,389	26,366	684,214	722,969
General	1,202	6,019	98,701	105,922
	30,798	86,966	1,103,778	1,221,542
OPERATING LOSS	(4,456)	(16,075)	(288,883)	(309,414)
NON-OPERATING REVENUE (EXPENSE):				
Investment income	187	354	46,031	46,572
Interest expense	(939)	(1,833)	(49,484)	(52,256)
Loss on sale of assets	-	-	(9,007)	(9,007)
	(752)	(1,479)	(12,460)	(14,691)
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(5,208)	(17,554)	(301,343)	(324,105)
CAPITAL CONTRIBUTIONS				
Other non-operating contributions	-	-	148,972	148,972
TOTAL CAPITAL CONTRIBUTIONS	-	-	148,972	148,972
INCREASE (DECREASE) IN NET POSITION	(5,208)	(17,554)	(152,371)	(175,133)
NET POSITION-Beginning of year	148,694	420,366	14,809,732	15,378,792
NET POSITION-End of year	$ 143,486	$ 402,812	$ 14,657,361	$ 15,203,659

Certified
Public
Accountants

Independent Auditor's Report Required by Oregon State Regulations

Members of the Board of
Commissioners of Home Forward
Portland, Oregon

We have audited the financial statements of the business-type activity (primary government) and the aggregate discretely presented component units of Home Forward, Oregon, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements, and have issued our report thereon dated September 12, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Minimum Standards for Audits of Oregon Municipal Corporations*. Our report includes a reference to other auditors. Other auditors audited the financial statements of the aggregate discretely presented component units, as described in our report on Home Forward's basic financial statements. The financial statements of the discretely presented component units, except for the Gateway Park Limited Partnership, were not audited in accordance with *Government Auditing Standards.* This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditors.

Compliance

As part of obtaining reasonable assurance about whether Home Forward's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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In connection with our testing, nothing came to our attention that caused us to believe Home Forward was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of ORS as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered Home Forward's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Home Forward's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Home Forward's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Purpose of this Report

This report is intended solely for the information and use of the Board of Commissioners, management of Home Forward, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

Linda Hurley

Linda Hurley, Partner
for Macias Gini & O'Connell LLP
Newport Beach, California
September 12, 2018

HOME FORWARD
Schedule of Prior Year Findings
For Year Ended March 31, 2018

2017-002 Control Deficiency in Internal Control over Financial Reporting

Condition

Home Forward is required to submit its annual financial statements to each nationally recognized municipal securities information repository designated by SEC in accordance with the rule and to a state information depository, if any, established in the state of Oregon and recognized by SEC, no later than the last day of the ninth month after the end of each fiscal year (currently, a fiscal year ending March 31) or a notice of a failure by Home Forward to provide required annual financial information on or before the deadline.

The annual financial information of Home Forward for fiscal year ended March 31, 2016 was submitted on January 26, 2017, which was after the due date of December 31, 2016.

Recommendation

Home Forward should establish procedures to monitor its compliance with the continuing disclosure requirements to ensure its trustees are fulfilling their contractual requirements and those of the debt covenants.

Management Response

Home Forward has implemented an annual calendar of all EMMA reporting with due dates, including reminders via Outlook, as well as a list of continuing disclosure responsibilities for all trustees with associated due dates.

Status

Corrected

HOME FORWARD

Single Audit Reports

Year Ended March 31, 2018

mgo | Certified Public Accountants

HOME FORWARD
Single Audit Reports
Year Ended March 31, 2018

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the Board of Commissioners of
Home Forward
Portland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward, Oregon, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements, and have issued our report thereon dated September 12, 2018.

Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units of Home Forward, as described in our report on Home Forward's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Home Forward's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Home Forward's internal control. Accordingly, we do not express an opinion on the effectiveness of Home Forward's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Home Forward's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Newport Beach, California
September 12, 2018

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Members of the Board of Commissioners of
Home Forward
Portland, Oregon

Report on Compliance for Each Major Federal Program

We have audited Home Forward, Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Home Forward's major federal programs for the year ended March 31, 2018. Home Forward's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Home Forward's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Home Forward's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Home Forward's compliance.

Opinion on Each Major Federal Program

In our opinion, Home Forward complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2018.

Report on Internal Control Over Compliance

Management of Home Forward is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Home Forward's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance

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in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Home Forward's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise Home Forward's basic financial statements. We issued our report thereon dated September 12, 2018, which contained unmodified opinions on those financial statements. Our report also includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Newport Beach, California
September 12, 2018

HOME FORWARD

Schedule of Expenditures of Federal Awards

Year Ended March 31, 2018

Grantor/Pass-Through Grantor/Program Title	Grantor Identifying Number	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development:			
Direct:			
Congregate Housing Services Program	DU100G0018280	14.170	$ 320,605
Section 8 Project-Based Cluster:			
Section 8 Moderate Rehabilitation Single Room Occupancy	n/a	14.249	1,777,140
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	n/a	14.856	1,333,302
Subtotal Section 8 Project-Based Cluster			3,110,442
Continuum of Care Program	n/a	14.267	5,021,811
Demolition and Revitalization of Severely Distressed Public Housing	OR16URD0021110	14.866	144,122
Resident Opportunity and Supportive Services - Service Coordinators	n/a	14.870	168,766
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	n/a	14.871	11,257,635
Family Unification Program (FUP)	n/a	14.880	1,009,357
Moving to Work Demonstration Program	n/a	14.881	101,743,790
Family Self-Sufficiency Program	n/a	14.896	524,085
Subtotal Direct Programs			102,267,875
Pass-Through from City of Portland:			
Community Development Block Grant/Entitlement Grants	Not Available	14.218	12,385
Emergency Solutions Grant Program	Not Available	14.231	131,191
Home Investment Partnerships Program	Not Available	14.239	210,218
Subtotal Pass-Through Programs			353,794
Total U.S. Department of Housing and Urban Development			123,654,407
U.S. Department of Labor:			
Pass-Through from Worksystems, Inc.			
WIA Youth Activities	AA-26801-15-55-A-41	17.259	7,116
Total U.S. Department of Labor			7,116
U.S. Department of Health and Human Services:			
Pass-Through from Multnomah County:			
Temporary Assistance for Needy Families	Not Available	93.558	71,564
Block Grants for Prevention and Treatment of Substance Abuse	Not Available	93.959	58,061
Total U.S. Department of Health and Human Services			129,625
U.S. Department of Homeland Security:			
Direct:			
Emergency Food and Shelter National Board Program	ID #708000-011	97.024	262,043
Total U.S. Department of Homeland Security			262,043
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 124,053,191

See accompanying notes to the schedule of expenditures of federal awards.

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HOME FORWARD
Notes to the Schedule of Expenditures of Federal Awards
Year Ended March 31, 2018

NOTE 1 – GENERAL

The Schedule of Expenditures of Federal Awards (Schedule) presents the activities of all federal award programs of Home Forward. Home Forward's reporting entity is defined in Note 1 of Home Forward's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule. The information in this Schedule is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements; Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Home Forward, it is not intended to and does not present the financial position, changes in net position or cash flows of Home Forward.

NOTE 2 – BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting and include capitalized expenditures. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Home Forward did not elect to use the 10% de minimis cost rate as covered in 2 CFR 200.414 Indirect (F&A) costs.

NOTE 3 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the Schedule agree to or can be reconciled with the amounts reported in the related federal financial reports.

NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal expenditures agree to or can be reconciled with the amounts reported in the Home Forward's basic financial statements.

NOTE 5 – LOANS OUTSTANDING

Home Forward participates in federal award programs that sponsor revolving loan programs, which are administrated by Home Forward and the City of Portland, Oregon (City). The City contracts Home Forward to collect loan repayments for these programs through servicing and trust arrangements. The funds are returned to the City upon repayment of the principal and interest. The federal government has imposed certain significant continuing compliance requirements with respect to the loans rendered under the Home Investment Partnerships (HOME) Program (CFDA number 14.239). The City is responsible to administer the continuing compliance requirements and report the outstanding loan balances. During the year ended March 31, 2018, Home Forward did not incur expenditures related to new loans under the HOME program.

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HOME FORWARD
Schedule of Findings and Questioned Costs
Year Ended March 31, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
♦ Material weakness(es) identified?	No
♦ Significant deficienc(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
♦ Material weakness(es) identified?	No
♦ Significant deficienc(ies) identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance	No
Identification of major program(s):	
Program Title	CFDA Number:
Section 8 Housing Choice Voucher	14.871
Moving to Work Demonstration Program	14.881
Continuum of Care	14.267
Dollar threshold used to distinguish between type A and type B programs:	$3,000,000
Auditee qualified as a low-risk auditee?	No

Section II - Financial Statement Finding

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

HOME FORWARD
Summary Schedule of Prior Audit Findings
Year Ended March 31, 2018

Prior Year Federal Audit Findings – Major Federal Award Programs

Reference Number:	**Finding 2017-001 – Matching** Continuum of Care – CFDA No. 14.267
Audit Finding:	Home Forward did not implement procedures to verify that matching amounts reported by its partners are adequately supported and accurate upon receipt of the reports.
Recommendation:	Home Forward was recommended to review its existing policies and implement procedures to monitor its partners by requesting and reviewing underlying support for matching transactions claimed.
Status of Corrective Action:	Corrected.

HOME FORWARD
PORTLAND, OREGON

Report to the Board of Commissioners

For the Year Ended March 31, 2018

MGO Certified Public Accountants

Certified
Public
Accountants

Members of the Board of Commissioners
of Home Forward
Portland, Oregon

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Home Forward, Oregon, for the year ended March 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 24, 2017. Professional standards also require that we communicate to you the certain information related to our audit. The information on page 2 through 4 satisfies these requirements.

In planning and performing our audit of Home Forward's financial statements as of and for the year ended March 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Home Forward's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Home Forward's internal control. Accordingly, we do not express an opinion on the effectiveness of Home Forward's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the paragraphs above and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weakness may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Commissioners, and others within Home Forward, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Newport Beach, California
September 12, 2018

REQUIRED COMMUNICATIONS

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Home Forward are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, effective April 1, 2017, Home Forward adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions;* GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*; and GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. As a result of the implementation of GASB No. 75, Home Forward recorded a net other post-employment benefits (OPEB) asset, total OPEB liability, deferred inflows of resources related to the OPEB asset/liability and OPEB expense.

We noted no transactions entered into by Home Forward during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the Home Forward's financial statements were:

- Estimated allowances for losses on receivables;
- Depreciation estimates for capital assets, including depreciation methods and useful lives assigned to depreciable properties;
- Accrual of compensated absences;
- Valuation and disclosure of net pension liability, pension expense, and pension related deferred outflows and inflows of resources;
- Other postemployment benefit plans' employer and employee contribution requirements and disclosures; and
- Valuation and disclosure of total other postemployment benefit liability, expense, and related deferred outflows and inflows of resources;

Management's judgments and estimates were based on the following:

- Estimated allowances for losses on receivables were based on historical experience and management's estimate regarding the likelihood for collectability;
- Useful lives for depreciable property were determined by management based on the nature of the capital assets;
- Accrual and disclosures of compensated absences were based on accrued eligible hours of vacation at current pay rates for eligible employees;

- Net pension liability, pension expense, and pension related deferred outflows and inflows of resources, and the employer contribution requirements were based on actuarial valuations performed by Oregon Public Employees Retirement System;
- Other postemployment benefit plans' employer and employee contribution requirements and disclosures were based on actuarially adopted assumptions and methods; and
- Net other postemployment benefit liability, expense, and related deferred outflows and inflows of resources, and the employer contribution requirements were based on actuarial valuations performed by Oregon Public Employees Retirement System;

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures related to the acquisition of equity interest in tax credit partnerships, net pension liability and net other postemployment benefits liability. The disclosures about the equity interest acquisitions are described in Note 2 and the disclosures about net pension liability and net other postemployment benefits liability are described in Note 15 and Note 16, respectively, to the financial statements and are based on actuarial valuations.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 12, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Home Forward's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in net OPEB asset and related ratios, schedule of Home Forward's Contributions, schedule of changes in total OPEB liability and related ratios, and schedule of funding progress - other postemployment benefits, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the other supplementary information, which accompany the financial statements but are not RSI. With respect to these other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Members of the Board of Commissioners and management of Home Forward and is not intended to be, and should not be, used by anyone other than these specified parties.

CURRENT YEAR COMMENT

None reported.

STATUS OF PRIOR YEAR COMMENT

Reference Number:	2016-A Internal Control Over Significant Financial Cycles *Control Deficiency*
Comment:	Several internal control deficiencies were noted during the audit: (1) two Personnel Action Forms for new hires selected for testing were not reviewed by appropriate management; (2) changes made to census data generated from Home Forward's payroll system and transmitted to Oregon Public Employees Retirement System electronically were not reviewed and (3) Home Forward received a wire request from a fictitious email address and made payments on the request, although Home Forward subsequently identified the issue and was able to recover the most of payments from the bank.
Status:	Corrected.

STAFF REPORTS

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Statement of Revenues, Expenses, and Changes in Net Position
Comparison of Budget and Actual
Home Forward
For the twelve month period ending March 31, 2018

	YTD Actual	YTD Budget	$ Variance	% Variance	Annual Budget
Operating Revenues					
Dwelling Rental	$ 18,259,437	$ 18,416,689	$ (157,252)	-0.9%	$ 18,416,689
Non-dwelling Rental	2,383,141	2,370,729	12,413	0.5%	2,370,729
Total Rental Revenues	20,642,578	20,787,417	(144,840)	-0.7%	20,787,417
HUD Subsidies - Housing Assistance	95,216,050	86,076,027	9,140,023	10.6%	86,076,027
HUD Subsidies - Public Housing	11,061,731	11,117,609	(55,879)	-0.5%	11,117,609
HUD Grants	7,340,703	8,503,858	(1,163,155)	-13.7%	8,503,858
Development Fee Revenue, Net	2,917,611	2,854,465	63,146	2.2%	2,854,465
State, Local & Other Grants	11,249,084	6,920,775	4,328,309	62.5%	6,920,775
Other Revenue	9,458,690	8,088,641	1,370,049	16.9%	8,088,641
Total Operating Revenues	157,886,446	144,348,792	13,537,654	9.4%	144,348,792
Operating Expenses					
PH Subsidy Transfer	2,140,532	3,239,639	1,099,107	33.9%	3,239,639
Housing Assistance Payments	100,122,503	93,862,296	(6,260,207)	-6.7%	93,862,296
Administrative Personnel Expense	7,877,029	6,805,159	(1,071,870)	-15.8%	6,805,159
Other Admin Expenses	7,193,861	7,957,374	763,513	9.6%	7,957,374
Fees/overhead charged	-	7,200	7,200	100.0%	7,200
Tenant Svcs Personnel Expense	2,219,358	2,157,415	(61,943)	-2.9%	2,157,415
Other Tenant Svcs Expenses	2,119,104	2,531,219	412,115	16.3%	2,531,219
Program Personnel Expense	10,997,898	10,015,423	(982,475)	-9.8%	10,015,423
Maintenance Personnel Expense	3,316,893	3,370,662	53,769	1.6%	3,370,662
Other Maintenance Expenses	6,206,096	6,536,380	330,285	5.1%	6,536,380
Utilities	4,750,336	4,666,311	(84,025)	-1.8%	4,666,311
Capitalized Labor	(98,691)	(204,513)	(105,822)	51.7%	(204,513)
Depreciation	8,484,015	8,391,815	(92,201)	-1.1%	8,391,815
General	1,824,063	1,659,712	(164,351)	-9.9%	1,659,712
Total Operating Expenses	157,152,996	150,996,092	(6,156,905)	-4.1%	150,996,092
Operating Income (Loss)	733,450	(6,647,299)	7,380,749	-111.0%	(6,647,299)
Other Income (Expense)					
Investment Income	1,400,497	488,630	911,867	186.6%	488,630
Amortization	-	-	-	0.0%	-
Investment in Partnership Valuation Charge	1,840,725	-	1,840,725	0.0%	-
Gain (Loss) on Sale of Assets	(441,500)	(74,159)	(367,341)	495.3%	(74,159)
Interest Expense	(2,894,520)	(2,828,484)	(66,036)	2.3%	(2,828,484)
Net Other Income (Expense)	(94,799)	(2,414,013)	2,319,214	-96.1%	(2,414,013)
Capital Contributions					
HUD Nonoperating Contributions	6,959,875	3,459,893	3,499,983	101.2%	3,459,892
Other Nonoperating Contributions	3,778,714	-	3,778,714	0.0%	-
Nonoperating contributions made	-	-	-	0.0%	-
ARRA Nonoperating Contributions	-	-	-	0.0%	-
Reserve Funded Capital Contributions	-	-	-	0.0%	-
Net Capital Contributions	10,738,589	3,459,893	7,278,696	210.4%	3,459,892
Other Equity Changes	(787,203)	-	(787,203)	0.0%	-
INCREASE (DECREASE) IN NET POSITION	$ 10,590,037	$ (5,601,420)	$ 16,191,457	-289.1%	$ (5,601,420)

PERFORMANCE SUMMARY

- The twelve months ending March 31, 2018 produced operating income of $733 thousand, $7.4 million more favorable than anticipated in the budget.
- Total Net Position increased by $10.6 million, favorable to budget by $16.2 million.

Operating Revenue
Home Forward
For the twelve month period ending March 31, 2018

	YTD Actual	YTD Budget	$ Variance	% Variance	Annual Budget
Operating Revenues					
Dwelling Rental	$ 18,259,437	$ 18,416,689	$ (157,252)	-0.85%	$ 18,416,689
Non-dwelling Rental	2,383,141	2,370,729	12,413	0.52%	2,370,729
Total Rental Revenues	20,642,578	20,787,417	(144,840)	-0.70%	20,787,417
HUD Subsidies - Housing Assistance	95,216,050	86,076,027	9,140,023	10.62%	86,076,027
HUD Subsidies - Public Housing	11,061,731	11,117,609	(55,879)	-0.50%	11,117,609
HUD Grants	7,340,703	8,503,858	(1,163,155)	-13.68%	8,503,858
Development Fee Revenue, Net	2,917,611	2,854,465	63,146	2.21%	2,854,465
State, Local & Other Grants	11,249,084	6,920,775	4,328,309	62.54%	6,920,775
Other Revenue	9,458,690	8,088,641	1,370,049	16.94%	8,088,641
Total Operating Revenues	$ 157,886,446	$ 144,348,792	$ 13,537,654	9.38%	$ 144,348,792

REVENUE ANALYSIS

- Total Operating Revenues of $157.9 million was $13.6 million favorable to budget for the twelve months ending in March. Actual activity was more than anticipated due to the following:
    - HUD Subsidies - Housing Assistance were $9.1 million more than budget which represents the difference between total budgeted funding available and revenue earned at current lease up and Moving to Work Initiative activity levels. This includes $1.6 million in additional revenue related to the RAD conversions.
    - HUD Grants of $7.3 million were $1.1 million less than budget primarily due to less than expected funding of Shelter Plus Care $1.1 million and delays in major maintenance projects (such as painting) in the public housing portfolio of $292 thousand. This is offset by increased funding for RAD projects of $375K.
    - Development Fee Revenue was $63 thousand more than budget due to timing issues related to the closing of the 85 Stories Limited Partnerships.
    - State, Local & Other Grants of $11.3 million were $4.3 million more than budget primarily due to $2.8 million from Short Term Rent Assistance Program and higher than expected funding from the Homeless Family System of Care Grant of $1.4 million, more CHSP funding of $50 thousand and Voucher Success Fund of $410 thousand.
    - Other Revenue of $9.5 million was $1.4 million greater than budget primarily due to increased Port In activity of $900 thousand and $394 thousand for Gladstone Square Property Management fees.

Operating Expense
Home Forward
For the twelve month period ending March 31, 2018

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Operating Expenses	YTD Actual	YTD Budget	$ Variance	% Variance	Annual Budget
PH Subsidy Transfer	$ 2,140,532	$ 3,239,639	$ 1,099,107	33.93%	$ 3,239,639
Housing Assistance Payments	100,122,503	93,862,296	(6,260,207)	-6.67%	93,862,296
Administrative Personnel Expense	7,877,029	6,805,159	(1,071,870)	-15.75%	6,805,159
Other Admin Expenses	7,193,861	7,957,374	763,513	9.60%	7,957,374
Fees/overhead charged	-	7,200	7,200	100.00%	7,200
Tenant Svcs Personnel Expense	2,219,358	2,157,415	(61,943)	-2.87%	2,157,415
Other Tenant Svcs Expenses	2,119,104	2,531,219	412,115	16.28%	2,531,219
Program Personnel Expense	10,997,898	10,015,423	(982,475)	-9.81%	10,015,423
Maintenance Personnel Expense	3,316,893	3,370,662	53,769	1.60%	3,370,662
Other Maintenance Expenses	6,206,096	6,536,380	330,285	5.05%	6,536,380
Utilities	4,750,336	4,666,311	(84,025)	-1.80%	4,666,311
Capitalized Labor	(98,691)	(204,513)	(105,822)	51.74%	(204,513)
Depreciation	8,484,015	8,391,815	(92,201)	-1.10%	8,391,815
General	1,824,063	1,659,712	(164,351)	-9.90%	1,659,712
Impairment Charge	-	-	-	0.00%	-
Total Operating Expenses	$ 157,152,996	$ 150,996,092	$ (6,156,905)	-4.08%	$ 150,996,092
Operating Income (Loss)	$ 733,450	$ (6,647,299)	$ 7,380,749	-111.03%	$ (6,647,299)

EXPENSE ANALYSIS

- Operating Expenses of $157.1 million was over budget by $6.2 million.
  - Housing assistance payments were $6.3 million more than budget as we received more voucher funding than originally anticipated.
  - Personnel Expenses - $2.1 million unfavorable to budget. Impact of GASB 68 Reporting of Unfunded Pension Liabilities was $3.0 million
    - Administrative - over budget by $1.1 million, $800 thousand due to GASB 68.
    - Tenant Services - over budget by $62 thousand, $225 thousand due to GASB 68.
    - Maintenance -under budget by $53 thousand, $444 thousand due to GASB 68.
    - Program over budget by $1.0 million, $1.3 million due to GASB 68.
    - After adjusting for GASB 68, there was a savings of $1.6 million due to savings from vacant positions.
  - Other Admin Expenses were $763 thousand favorable to budget due to lower than expected professional services of $319 thousand, less than anticipated training of $152 thousand, and software of $75 thousand. These costs were offset by increases in Legal Expense of $28 thousand, Office Rent of $42 thousand and Financing Expenses of $59 thousand.
  - Other Tenant Services Expenses of $2.5 million were $412 thousand favorable to budget due to lower than anticipated spending on the Voucher for Success Fund of $359 thousand.
  - Program Personnel Expenses of $11.0 million were $1.0 million more than the budget to higher PERS Expenses.

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Other Income/Expense
Home Forward
For the twelve month period ending March 31, 2018

	YTD Actual	YTD Budget	$ Variance	% Variance	Annual Budget
Other Income (Expense)					
Investment Income	1,400,497	488,630	911,867	186.62%	$ 488,630
Amortization	-	-	-	0.00%	-
Investment in Partnership Valuation Charge	1,840,725	-	1,840,725	0.00%	-
Gain (Loss) on Sale of Assets	(441,500)	(74,159)	(367,341)	495.34%	(74,159)
Interest Expense	(2,894,520)	(2,828,484)	(66,036)	2.33%	(2,828,484)
Net Other Income (Expense)	$ (94,799)	$ (2,414,013)	$ 2,319,214	-96.07%	(2,414,013)
Capital Contributions					
HUD Nonoperating Contributions	6,959,875	3,459,892	3,499,983	101.16%	3,459,892
Other Nonoperating Contributions	3,778,714	-	3,778,714	0.00%	-
Nonoperating contributions made	-	-	-	0.00%	-
ARRA Nonoperating Contributions	-	-	-	0.00%	-
Reserve Funded Capital Contributions	-	-	-	0.00%	-
Net Capital Contributions	$ 10,738,589	$ 3,459,892	$ 7,278,697	210.37%	3,459,892
Other Equity Changes	(787,203)	-	(787,203)	0.00%	-
INCREASE (DECREASE) IN NET POSITION	$ 10,590,037	$ (5,601,420)	$ 16,191,457	-289.06%	$ (5,601,420)

OTHER INCOME/(EXPENSE) ANALYSIS

- Other Income (Expense) reflects net expense of $100 thousand favorable to budget by $2.4million.
  - Investment Income of $1.4 million was $912 thousand favorable to budget due to interest received for notes receivable for Humboldt Gardens of $97 thousand, for Woolsey Limited Partnership of $131 thousand, Trouton of $312 thousand, for Bud Clark Commons of $74 thousand, and General HAP of $78 thousand.
  - Investment in Partnership Valuation Charge of $1.9 million was $1.9 million greater than budget due to the Square Manor transaction.
  - Gain (Loss) on Sale of Assets gain of $441 thousand due to the reduced write offs from Affordable and Public Housing properties under renovation.
- Capital Contributions of $10.8 million were $7.3 million more than budget.
  - HUD Non-operating Contributions of $10.8 million, $7.3 million more than budget, which consisted of more than expected contributions of $1.3 million (Multnomah Manor), $6.2 million (Lloyd Housing), and $1.7 million (Trouton). These were offset by less than expected contributions to the Affordable portfolio ($1.9 million).

Statement of Net Position
Home Forward
As of March 31, 2018 and March 31, 2017

	March 31, 2018	March 31, 2017	Incr (Decr)
Assets			
Current Assets			
Cash and Cash Equivalents	$ 45,806,738	$ 36,324,688	$ 9,482,050
Investments	-	0	-
Accounts Receivable, Net	2,688,169	4,584,157	(1,895,988)
Intra Agency Accounts Receivable	-	0	-
Prepaid Expenses	642,244	1,092,965	(450,721)
Inventories	0	0	-
Current Portion of Notes Receivable-Partnerships	792,217	681,834	110,383
	49,929,367	42,683,643	7,245,724
Restricted Assets			
Cash and Cash Equivalents - Restricted	4,795,460	2,660,990	2,134,470
Family Self-Sufficiency Funds	2,233,631	1,322,117	911,515
Tenant Security Deposits	1,483,468	1,477,416	6,052
Construction Funds Escrow	0	0	-
Residual Receipts Reserve	13,931	15,772	(1,840)
Funds held in Trust	12,372,006	11,024,058	1,347,947
Debt Amortization Fund	4,786,285	3,058,402	1,727,883
	25,684,782	19,558,755	6,126,027
Noncurrent Assets			
Due from Partnerships	5,100,518	3,399,817	1,700,702
Notes Receivable	116,948,718	119,433,757	(2,485,039)
Notes Receivable - Partnerships	96,318,070	83,083,336	13,234,735
Deferred Charges, Net	2,000	2,000	-
Investment in Partnerships	25,154,439	24,761,217	393,222
Land, Structures, Equipment, Net	141,711,514	142,303,575	(592,062)
	385,235,259	372,983,701	12,251,557
Other Asset-Like Accounts	6,780,223	12,921,192	(6,140,969)
TOTAL ASSETS	**$ 467,629,631**	**$ 448,147,292**	**$ 19,482,339**

- Total Assets of $467 million increased by $19.5 million from March 31, 2017.
- Current Assets increased $7.2 million to $50.0 million.
  - Cash and cash equivalents increased $10 million primarily due to $2.9 million (Lloyd Housing) and $2.5 million from the Line of Credit along with the collection of earned developer fees connected with the 85 Stories initiative.
  - Accounts Receivable decreased by $1.9 million due to a $500 thousand decrease in Short Term Rent Assistance.
- Restricted Assets increased $6.1 million to $25.7 million.
  - Funds held in Trust increased $1.3 million primarily due to additions to replacement reserves and General Operating Reserves in the Affordable portfolio.
  - Debt Amortization Fund increased by $1.7 million primarily due to increases of $1.6 million related to the Trouton bond.
- Noncurrent Assets increased $12.2 million to $385 million.
  - Due from Partnerships increased $1.7 million primarily due to short term loans to finance construction activity at Gallagher of $67 thousand, Northwest Tower of $77 thousand, Gladstone of $1.5 million and the development of non-capital projects of $43 thousand. Offset by repayment of receivables by the affordable housing department of $80 thousand.
  - Notes Receivable decreased by $2.5 million primarily due to Square Manor related activity of $4.9 million.
  - Notes Receivable - Partnerships increased by $13.2 million primarily due activity at Lloyd Housing ($38.3 million) and Square Manor $8.0 million offset by 85 Stories activity of $31.8 million.

UNAUDITED

Statement of Net Position
Home Forward
As of March 31, 2018 and March 31, 2017

	March 31, 2018	March 31, 2017	Incr (Decr)
Liabilities			
Current Liabilities			
Accounts Payable	2,443,179	3,491,379	(1,048,200)
Accrued Interest Payable	5,755,114	5,449,418	305,695
Other Accrued Liabilities	24,094,878	27,373,874	(3,278,996)
Deferred Revenue	5,419,927	4,657,938	761,988
Tenant Security Deposits Payable	1,441,255	1,472,711	(31,457)
Family Self-Sufficiency Funds Payable	1,366,688	1,081,885	284,803
Line of Credit	2,690,000	229,000	2,461,000
Current Portion of Bonds Payable -Partnerships	792,217	681,834	110,383
Current Portion of Notes & Bonds Payable	3,172,385	3,097,681	74,704
	47,175,642	47,535,722	(360,080)
Noncurrent Liabilities			
Notes Payable	65,317,015	64,989,416	327,598
Bonds Payable	31,493,920	30,919,698	574,223
Bonds Payable - Partnerships	96,092,198	82,857,463	13,234,735
Other Liabilities	497,535	1,082,826	(585,291)
	193,400,668	179,849,403	13,551,264
Net Assets (Deficit)	231,352,203	220,762,166	10,590,037
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	**$ 471,928,513**	**$ 448,147,292**	**$ 23,781,222**

CHANGE IN LIABILITIES & NET POSITION

- Current Liabilities decreased $360 thousand to $47.1 million.
  - Accounts Payable decreased by $1.0 million due to reductions of $208 thousand for Homeless Families System of Care Grant, $175 thousand for Short Term Rent Assistance and $270 thousand for Harold Lee Village.
  - Other Accrued Liabilities of $24.0 million decreased by $3.3 million due to the GASB 68 pension activity.
  - Line of Credit increased by $2.4 million due to LOC draws for development activity at the Lloyd Housing ($1.3 million) and Square Manor ($1.4 million).
- Noncurrent Liabilities increased $13.5 million to $193.4 million.
  - Bonds Payable – Partnerships increased $13.2 million increased by $13.2 million primarily due activity at Lloyd Housing ($38.3 million) and Square Manor $8.0 million offset by 85 Stories activity of $31.8 million.
- Net Assets increased $10.6 million to $231.3 million.

Statement of Revenues, Expenses, and Changes in Net Position
Comparison of Budget and Actual
Home Forward
For the twelve month period ending March 31, 2018

	YTD Actual	YTD Budget	$ Variance	% Variance	Annual Budget
Operating Revenues					
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HUD Subsidies - Public Housing	11,061,731	11,117,609	(55,879)	-0.5%	11,117,609
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Development Fee Revenue, Net	2,917,611	2,854,465	63,146	2.2%	2,854,465
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Other Revenue	9,458,690	8,088,641	1,370,049	16.9%	8,088,641
Total Operating Revenues	157,886,446	144,348,792	13,537,654	9.4%	144,348,792
Operating Expenses					
PH Subsidy Transfer	2,140,532	3,239,639	1,099,107	33.9%	3,239,639
Housing Assistance Payments	100,122,503	93,862,296	(6,260,207)	-6.7%	93,862,296
Administrative Personnel Expense	7,877,029	6,805,159	(1,071,870)	-15.8%	6,805,159
Other Admin Expenses	7,193,861	7,957,374	763,513	9.6%	7,957,374
Fees/overhead charged	-	7,200	7,200	100.0%	7,200
Tenant Svcs Personnel Expense	2,219,358	2,157,415	(61,943)	-2.9%	2,157,415
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Program Personnel Expense	10,997,898	10,015,423	(982,475)	-9.8%	10,015,423
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Other Maintenance Expenses	6,206,096	6,536,380	330,285	5.1%	6,536,380
Utilities	4,750,336	4,666,311	(84,025)	-1.8%	4,666,311
Capitalized Labor	(98,691)	(204,513)	(105,822)	51.7%	(204,513)
Depreciation	8,484,015	8,391,815	(92,201)	-1.1%	8,391,815
General	1,824,063	1,659,712	(164,351)	-9.9%	1,659,712
Total Operating Expenses	157,152,996	150,996,092	(6,156,905)	-4.1%	150,996,092
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Other Income (Expense)					
Investment Income	1,400,497	488,630	911,867	186.6%	488,630
Amortization	-	-	-	0.0%	-
Investment in Partnership Valuation Charge	1,840,725	-	1,840,725	0.0%	-
Gain (Loss) on Sale of Assets	(441,500)	(74,159)	(367,341)	495.3%	(74,159)
Interest Expense	(2,894,520)	(2,828,484)	(66,036)	2.3%	(2,828,484)
Net Other Income (Expense)	(94,799)	(2,414,013)	2,319,214	-96.1%	(2,414,013)
Capital Contributions					
HUD Nonoperating Contributions	6,959,875	3,459,893	3,499,983	101.2%	3,459,892
Other Nonoperating Contributions	3,778,714	-	3,778,714	0.0%	-
Nonoperating contributions made	-	-	-	0.0%	-
ARRA Nonoperating Contributions	-	-	-	0.0%	-
Reserve Funded Capital Contributions	-	-	-	0.0%	-
Net Capital Contributions	10,738,589	3,459,893	7,278,696	210.4%	3,459,892
Other Equity Changes	(787,203)	-	(787,203)	0.0%	-
INCREASE (DECREASE) IN NET POSITION	$ 10,590,037	$ (5,601,420)	$ 16,191,457	-289.1%	$ (5,601,420)

PERFORMANCE SUMMARY

- The twelve months ending March 31, 2018 produced operating income of $733 thousand, $7.4 million more favorable than anticipated in the budget.
- Total Net Position increased by $10.6 million, favorable to budget by $16.2 million.

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Operating Revenue
Home Forward
For the twelve month period ending March 31, 2018

	YTD Actual	YTD Budget	$ Variance	% Variance	Annual Budget
Operating Revenues					
Dwelling Rental	$ 18,259,437	$ 18,416,689	$ (157,252)	-0.85%	$ 18,416,689
Non-dwelling Rental	2,383,141	2,370,729	12,413	0.52%	2,370,729
Total Rental Revenues	20,642,578	20,787,417	(144,840)	-0.70%	20,787,417
HUD Subsidies - Housing Assistance	95,216,050	86,076,027	9,140,023	10.62%	86,076,027
HUD Subsidies - Public Housing	11,061,731	11,117,609	(55,879)	-0.50%	11,117,609
HUD Grants	7,340,703	8,503,858	(1,163,155)	-13.68%	8,503,858
Development Fee Revenue, Net	2,917,611	2,854,465	63,146	2.21%	2,854,465
State, Local & Other Grants	11,249,084	6,920,775	4,328,309	62.54%	6,920,775
Other Revenue	9,458,690	8,088,641	1,370,049	16.94%	8,088,641
Total Operating Revenues	$ 157,886,446	$ 144,348,792	$ 13,537,654	9.38%	$ 144,348,792

REVENUE ANALYSIS

- Total Operating Revenues of $157.9 million was $13.6 million favorable to budget for the twelve months ending in March. Actual activity was more than anticipated due to the following:
  - HUD Subsidies - Housing Assistance were $9.1 million more than budget which represents the difference between total budgeted funding available and revenue earned at current lease up and Moving to Work Initiative activity levels. This includes $1.6 million in additional revenue related to the RAD conversions.
  - HUD Grants of $7.3 million were $1.1 million less than budget primarily due to less than expected funding of Shelter Plus Care $1.1 million and delays in major maintenance projects (such as painting) in the public housing portfolio of $292 thousand. This is offset by increased funding for RAD projects of $375K.
  - Development Fee Revenue was $63 thousand more than budget due to timing issues related to the closing of the 85 Stories Limited Partnerships.
  - State, Local & Other Grants of $11.3 million were $4.3 million more than budget primarily due to $2.8 million from Short Term Rent Assistance Program and higher than expected funding from the Homeless Family System of Care Grant of $1.4 million, more CHSP funding of $50 thousand and Voucher Success Fund of $410 thousand.
  - Other Revenue of $9.5 million was $1.4 million greater than budget primarily due to increased Port In activity of $900 thousand and $394 thousand for Gladstone Square Property Management fees.

Operating Expense
Home Forward
For the twelve month period ending March 31, 2018

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Operating Expenses	YTD Actual	YTD Budget	$ Variance	% Variance	Annual Budget
PH Subsidy Transfer	$ 2,140,532	$ 3,239,639	$ 1,099,107	33.93%	$ 3,239,639
Housing Assistance Payments	100,122,503	93,862,296	(6,260,207)	-6.67%	93,862,296
Administrative Personnel Expense	7,877,029	6,805,159	(1,071,870)	-15.75%	6,805,159
Other Admin Expenses	7,193,861	7,957,374	763,513	9.60%	7,957,374
Fees/overhead charged	-	7,200	7,200	100.00%	7,200
Tenant Svcs Personnel Expense	2,219,358	2,157,415	(61,943)	-2.87%	2,157,415
Other Tenant Svcs Expenses	2,119,104	2,531,219	412,115	16.28%	2,531,219
Program Personnel Expense	10,997,898	10,015,423	(982,475)	-9.81%	10,015,423
Maintenance Personnel Expense	3,316,893	3,370,662	53,769	1.60%	3,370,662
Other Maintenance Expenses	6,206,096	6,536,380	330,285	5.05%	6,536,380
Utilities	4,750,336	4,666,311	(84,025)	-1.80%	4,666,311
Capitalized Labor	(98,691)	(204,513)	(105,822)	51.74%	(204,513)
Depreciation	8,484,015	8,391,815	(92,201)	-1.10%	8,391,815
General	1,824,063	1,659,712	(164,351)	-9.90%	1,659,712
Impairment Charge	-	-	-	0.00%	-
Total Operating Expenses	$ 157,152,996	$ 150,996,092	$ (6,156,905)	-4.08%	$ 150,996,092
Operating Income (Loss)	$ 733,450	$ (6,647,299)	$ 7,380,749	-111.03%	$ (6,647,299)

EXPENSE ANALYSIS

- Operating Expenses of $157.1 million was over budget by $6.2 million.
  - Housing assistance payments were $6.3 million more than budget as we received more voucher funding than originally anticipated.
  - Personnel Expenses - $2.1 million unfavorable to budget. Impact of GASB 68 Reporting of Unfunded Pension Liabilities was $3.0 million
    - Administrative - over budget by $1.1 million, $800 thousand due to GASB 68.
    - Tenant Services - over budget by $62 thousand, $225 thousand due to GASB 68.
    - Maintenance -under budget by $53 thousand, $444 thousand due to GASB 68.
    - Program over budget by $1.0 million, $1.3 million due to GASB 68.
    - After adjusting for GASB 68, there was a savings of $1.6 million due to savings from vacant positions.
  - Other Admin Expenses were $763 thousand favorable to budget due to lower than expected professional services of $319 thousand, less than anticipated training of $152 thousand, and software of $75 thousand. These costs were offset by increases in Legal Expense of $28 thousand, Office Rent of $42 thousand and Financing Expenses of $59 thousand.
  - Other Tenant Services Expenses of $2.5 million were $412 thousand favorable to budget due to lower than anticipated spending on the Voucher for Success Fund of $359 thousand.
  - Program Personnel Expenses of $11.0 million were $1.0 million more than the budget to higher PERS Expenses.

Other Income/Expense
Home Forward
For the twelve month period ending March 31, 2018

	YTD Actual	YTD Budget	$ Variance	% Variance	Annual Budget
Other Income (Expense)					
Investment Income	1,400,497	488,630	911,867	186.62%	$ 488,630
Amortization	-	-	-	0.00%	-
Investment in Partnership Valuation Charge	1,840,725	-	1,840,725	0.00%	-
Gain (Loss) on Sale of Assets	(441,500)	(74,159)	(367,341)	495.34%	(74,159)
Interest Expense	(2,894,520)	(2,828,484)	(66,036)	2.33%	(2,828,484)
Net Other Income (Expense)	$ (94,799)	$ (2,414,013)	$ 2,319,214	-96.07%	(2,414,013)
Capital Contributions					
HUD Nonoperating Contributions	6,959,875	3,459,892	3,499,983	101.16%	3,459,892
Other Nonoperating Contributions	3,778,714	-	3,778,714	0.00%	-
Nonoperating contributions made	-	-	-	0.00%	-
ARRA Nonoperating Contributions	-	-	-	0.00%	-
Reserve Funded Capital Contributions	-	-	-	0.00%	-
Net Capital Contributions	$ 10,738,589	$ 3,459,892	$ 7,278,697	210.37%	3,459,892
Other Equity Changes	(787,203)	-	(787,203)	0.00%	-
INCREASE (DECREASE) IN NET POSITION	$ 10,590,037	$ (5,601,420)	$ 16,191,457	-289.06%	$ (5,601,420)

OTHER INCOME/(EXPENSE) ANALYSIS

- Other Income (Expense) reflects net expense of $100 thousand favorable to budget by $2.4million.
  - Investment Income of $1.4 million was $912 thousand favorable to budget due to interest received for notes receivable for Humboldt Gardens of $97 thousand, for Woolsey Limited Partnership of $131 thousand, Trouton of $312 thousand, for Bud Clark Commons of $74 thousand, and General HAP of $78 thousand.
  - Investment in Partnership Valuation Charge of $1.9 million was $1.9 million greater than budget due to the Square Manor transaction.
  - Gain (Loss) on Sale of Assets gain of $441 thousand due to the reduced write offs from Affordable and Public Housing properties under renovation.
- Capital Contributions of $10.8 million were $7.3 million more than budget.
  - HUD Non-operating Contributions of $10.8 million, $7.3 million more than budget, which consisted of more than expected contributions of $1.3 million (Multnomah Manor), $6.2 million (Lloyd Housing), and $1.7 million (Trouton). These were offset by less than expected contributions to the Affordable portfolio ($1.9 million).

Statement of Net Position
Home Forward
As of March 31, 2018 and March 31, 2017

	March 31, 2018	March 31, 2017	Incr (Decr)
Assets			
Current Assets			
Cash and Cash Equivalents	$ 45,806,738	$ 36,324,688	$ 9,482,050
Investments	-	0	-
Accounts Receivable, Net	2,688,169	4,584,157	(1,895,988)
Intra Agency Accounts Receivable	-	0	-
Prepaid Expenses	642,244	1,092,965	(450,721)
Inventories	0	0	-
Current Portion of Notes Receivable-Partnerships	792,217	681,834	110,383
	49,929,367	42,683,643	7,245,724
Restricted Assets			
Cash and Cash Equivalents - Restricted	4,795,460	2,660,990	2,134,470
Family Self-Sufficiency Funds	2,233,631	1,322,117	911,515
Tenant Security Deposits	1,483,468	1,477,416	6,052
Construction Funds Escrow	0	0	-
Residual Receipts Reserve	13,931	15,772	(1,840)
Funds held in Trust	12,372,006	11,024,058	1,347,947
Debt Amortization Fund	4,786,285	3,058,402	1,727,883
	25,684,782	19,558,755	6,126,027
Noncurrent Assets			
Due from Partnerships	5,100,518	3,399,817	1,700,702
Notes Receivable	116,948,718	119,433,757	(2,485,039)
Notes Receivable - Partnerships	96,318,070	83,083,336	13,234,735
Deferred Charges, Net	2,000	2,000	-
Investment in Partnerships	25,154,439	24,761,217	393,222
Land, Structures, Equipment, Net	141,711,514	142,303,575	(592,062)
	385,235,259	372,983,701	12,251,557
Other Asset-Like Accounts	6,780,223	12,921,192	(6,140,969)
TOTAL ASSETS	**$ 467,629,631**	**$ 448,147,292**	**$ 19,482,339**

- Total Assets of $467 million increased by $19.5 million from March 31, 2017.
- Current Assets increased $7.2 million to $50.0 million.
  - Cash and cash equivalents increased $10 million primarily due to $2.9 million (Lloyd Housing) and $2.5 million from the Line of Credit along with the collection of earned developer fees connected with the 85 Stories initiative.
  - Accounts Receivable decreased by $1.9 million due to a $500 thousand decrease in Short Term Rent Assistance.
- Restricted Assets increased $6.1 million to $25.7 million.
  - Funds held in Trust increased $1.3 million primarily due to additions to replacement reserves and General Operating Reserves in the Affordable portfolio.
  - Debt Amortization Fund increased by $1.7 million primarily due to increases of $1.6 million related to the Trouton bond.
- Noncurrent Assets increased $12.2 million to $385 million.
  - Due from Partnerships increased $1.7 million primarily due to short term loans to finance construction activity at Gallagher of $67 thousand, Northwest Tower of $77 thousand, Gladstone of $1.5 million and the development of non-capital projects of $43 thousand. Offset by repayment of receivables by the affordable housing department of $80 thousand.
  - Notes Receivable decreased by $2.5 million primarily due to Square Manor related activity of $4.9 million.
  - Notes Receivable - Partnerships increased by $13.2 million primarily due activity at Lloyd Housing ($38.3 million) and Square Manor $8.0 million offset by 85 Stories activity of $31.8 million.

Statement of Net Position

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Home Forward
As of March 31, 2018 and March 31, 2017

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	March 31, 2018	March 31, 2017	Incr (Decr)
Liabilities			
Current Liabilities			
Accounts Payable	2,443,179	3,491,379	(1,048,200)
Accrued Interest Payable	5,755,114	5,449,418	305,695
Other Accrued Liabilities	24,094,878	27,373,874	(3,278,996)
Deferred Revenue	5,419,927	4,657,938	761,988
Tenant Security Deposits Payable	1,441,255	1,472,711	(31,457)
Family Self-Sufficiency Funds Payable	1,366,688	1,081,885	284,803
Line of Credit	2,690,000	229,000	2,461,000
Current Portion of Bonds Payable -Partnerships	792,217	681,834	110,383
Current Portion of Notes & Bonds Payable	3,172,385	3,097,681	74,704
	47,175,642	47,535,722	(360,080)
Noncurrent Liabilities			
Notes Payable	65,317,015	64,989,416	327,598
Bonds Payable	31,493,920	30,919,698	574,223
Bonds Payable - Partnerships	96,092,198	82,857,463	13,234,735
Other Liabilities	497,535	1,082,826	(585,291)
	193,400,668	179,849,403	13,551,264
Net Assets (Deficit)	231,352,203	220,762,166	10,590,037
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	**$ 471,928,513**	**$ 448,147,292**	**$ 23,781,222**

CHANGE IN LIABILITIES & NET POSITION

- Current Liabilities decreased $360 thousand to $47.1 million.
  - Accounts Payable decreased by $1.0 million due to reductions of $208 thousand for Homeless Families System of Care Grant, $175 thousand for Short Term Rent Assistance and $270 thousand for Harold Lee Village.
  - Other Accrued Liabilities of $24.0 million decreased by $3.3 million due to the GASB 68 pension activity.
  - Line of Credit increased by $2.4 million due to LOC draws for development activity at the Lloyd Housing ($1.3 million) and Square Manor ($1.4 million).
- Noncurrent Liabilities increased $13.5 million to $193.4 million.
  - Bonds Payable – Partnerships increased $13.2 million increased by $13.2 million primarily due activity at Lloyd Housing ($38.3 million) and Square Manor $8.0 million offset by 85 Stories activity of $31.8 million.
- Net Assets increased $10.6 million to $231.3 million.

Placeholder for

Resolution 18-09-04 Recognize Betty Dominguez

Procurement & Contracts Department
MONTHLY CONTRACT REPORT
Contracts Approved 07/01/18 - 08/31/18

PUBLIC IMPROVEMENT
(CONSTRUCTION & MAINTENANCE SERVICES)

Contract #	Amend #	Contract Type (Hide)	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2055	0	Public Improvement	Kennedy Restoration	$ 221,038.75	Emergency restoration of 4th-6th floors of Bud Clark Commons due to fire/flood damage	Property Management	7/10/2018	10/1/2018
C2007	0	Public Improvement	First Cascade Corporation	$ 6,974.00	Repainting at Humboldt Gardens	DCR	7/12/2018	10/14/2018
C2067	0	Public Improvement	Cascade Radon Inc.	$ 59,928.00	Radon mitigation at Maple Mallory	DCR	7/30/2018	10/31/2018
C2049	0	Public Improvement	Pioneer Waterproofing	$ 215,527.00	Helen Swindells painting and masonry repair - IPM signs contract	DCR	8/23/2018	11/1/2018
Subtotal				**$ 503,467.75**				**4**

GOODS & SERVICES

Contract #	Amend #	Contract Type (Hide)	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2044	0	Goods and Services	Pacific Lamp	$ 1,727.00	LED lighting at Slavin Court	Property Management	7/10/2018	9/30/2018
C2050	0	Goods and Services	Snugs Services	$ 1,041.18	Roof cleaning at Eliot Square	Property Management	7/10/2018	7/31/2018
C2064	0	Goods and Services	Alpha Environmental Services	$ 1,090.00	Asbestos testing at Medallion	Property Management	7/25/2018	8/31/2018
C2065	0	Goods and Services	Alpha Environmental Services	$ 13,040.00	Asbestos testing at Williams Plaza	Property Management	7/25/2018	9/1/2018
C2068	0	Goods and Services	Advanced Vertical Solutions (AVS)	$ 50,000.00	Replacement of door rollers for Schrunk Tower elevator	Property Management	7/25/2018	9/30/2018
C2066	0	Goods and Services	Charter Mechanical	$ 3,156.00	Snake and camera outside the 14 stairwell drains at Maple Mallory Apartments	DCR	7/30/2018	12/31/2018
C2018	0	Goods and Services	Eyes There	$ 52,588.00	Security camera upgrade at Humboldt Gardens	Property Management	8/1/2018	9/30/2018

C2075	0	Goods and Services	General Sheet Metal	$ 7,084.00	Fabrication of window infills at Cascadia Condo Building	DCR	8/23/2018	12/31/2018
Subtotal				**$ 129,726.18**				**8**

PERSONAL SERVICE CONTRACTS

Contract #	Amend #	Contract Type (Hide)	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2057	0	Personal Service	Buzby Consulting	$ 11,250.00	Coordinator for 2018 Moving to Work (MTW) Plan	Executive	7/6/2018	12/31/2018
GO2056	0	Personal Service	CNA Specialists	$ 3,000.00	CAN and forensic analysis\ for Westwind Apartments	DCR	7/10/2018	9/14/2018
C2053	0	Personal Service	Klink Consulting Group	$ 10,000.00	Consulting for resident services redesign initiative	Executive	7/17/2018	6/30/2019
C2058	0	Personal Service	Carolyn McKay	$ 5,000.00	Foot care at Dahlke, Holgate House, Grace Peck, and Rosenbaum	Community Services	7/17/2018	12/31/2018
C2061	0	Personal Service	KSW Consulting	$ 10,000.00	Excel training for Home Forward staff	Executive	7/23/2018	12/31/2019
C1909	0	Personal Service	Novogradac & Company, LLP	$ 50,000.00	On-Call consulting	DCR	7/31/2018	8/30/2019
C2070	0	Personal Service	Pegasus Moving & Cleaning	$ 50,000.00	Skills group and cleaning service focusing on the prevention of evictions related to housekeeping at BCC	Community Services	8/9/2018	6/30/2019
C2072	0	Personal Service	TRC Environmental Corporation	$ 4,575.00	Lead paint harzard survey	DCR	8/16/2018	10/8/2018
C2052	0	Personal Service	Kayla Wilson	$ 1,500.00	Office Assistant for New Columbia & Tamarack Summer Youth Employment Program	Community Services	8/17/2018	8/31/2018
C2054	0	Personal Service	Western Realty Advisors, Inc.	$ 12,000.00	Market study for Gresham downtown area, Gateway, Troutdale east Airport catchment area, and Division Corridor (I-205 - 174th)	DCR	8/22/2018	9/18/2018
C2051	0	Personal Service	NiJae Burns	$ 3,000.00	Program Coordinator for New Columbia & Tamarack Summer Youth Employment Program	Community Services	8/23/2018	8/31/2018
C2073	0	Personal Service	Carolson Testing, Inc	$ 9,310.00	Limited geotechnical investigation and infiltration testing at Medallion apartments	DCR	8/24/2018	12/3/2018
C2069	0	Personal Service	ideas42	$ 19,500.00	Designing the Leadership Academy program	Community Services	8/28/2018	10/31/2018
Subtotal				**$ 189,135.00**				**13**

PROFESSIONAL SERVICE CONTRACTS (A&E)

Contract #	Amend #	Contract Type (Hide)	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2045	0	Professional Services (A&E)	Interface Engineering, Inc.	$ 17,500.00	Engineering services for the temporary modular housing for tenants being relocated during Tamarack remodel (Dwight)	DCR	7/10/2018	12/17/2018
C2060	0	Professional Services (A&E)	W.B. Wells & Associates, Inc.	$ 78,000.00	Surveying at Hunter's Run, Floresta, Powellhurst, Alderwood, and Harold Lee Village	DCR	7/24/2018	11/30/2018
C2071	0	Professional Services (A&E)	Lancaster Engineering	$ 3,500.00	Loading zone analysis for Schrunk Tower	DCR	8/23/2018	12/17/2018
C1967	0	Professional Services (A&E)	Epic Land Solutions	$ 1,498,770.00	Resident relocation services- Schrunk & Tamarack	DCR	8/30/2018	4/1/2020
Total				**$ 1,597,770.00**				**4**

AMENDMENTS TO EXISTING CONTRACTS

Contract #	Amend #	Contract Type (Hide)	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C1709	4	Personal Service	John Keating	$ 10,000.00	Grant writing, consultation and fund development at $85/hr; amended to extend duration	Community Services	7/2/2018	12/31/2018
C1902	1	Personal Service	Inhance LLC	$ -	Program design and implementation services; resume writing support services; amended to extend duration	Executive	7/2/2018	6/30/2018
C1726	2	Goods and Services	Teufel Nursery Inc	$ 11,203.00	Landscape maintenance contract for Hollywood East	Prop Mgmt	7/3/2018	12/31/2019
C1749	7	Public Improvement	North Pacific Construction & Remodeling, Inc.	$ 16,759.24	Final 3 change orders for Harold Lee Village	DCR	7/3/2018	3/31/2018
C2003	1	Public Improvement	Fulcrum Construction & Building Services LLC	$ 13,680.00	Richmond Place Window Replacement; amended to add marble window sills and aprons	DCR	7/3/2018	9/30/2018

C2003	2	Public Improvement	Fulcrum Construction & Building Services LLC	$ 30,630.00	Richmond Place Window Replacement; amended to add seal to all existing floor to ceiling windows	DCR	7/3/2018	9/30/2018
C1719	6	Public Improvement	O'Neill/Walsh Community Builders	$ 90,531.00	GMP Amendment CO #5 - grand avenue apartments	DCR	7/9/2018	2/17/2020
C1942	1	Public Improvement	Endres Northwest Inc	$ 6,900.00	Unit Remodel at Richmond Place; Kitchen in Unit 301	DCR	7/10/2018	8/31/2018
C1627	3	Personal Service	Portland Patrol, Inc	$ -	Unarmed foot patrol for the Bud Clark Commons, contract extension	Prop Mgmt	7/13/2018	12/31/2018
C2035	1	Personal Service	PBS Engineering & Environmental, Inc.	$ 4,950.00	Scope modification: performing sub-slab vapor and soil gas sampling mid-ESA at Camelia Court to determine whether historical use of offsite properties has impacted the Site.	DCR	7/20/2018	9/30/2018
T1332	1	Personal Service	Kantor Taylor McCarthy PC	$ -	On-call legal services; amended to extend time	DCR	7/27/2018	7/31/2019
T1333	2	Personal Service	Foster Pepper LLC	$ -	On-call legal services; amended to extend duration of contract	DCR	7/27/2018	7/31/2019
C1952	1	Goods and Services	Universal Lawncare Maintenance	$ 1,120.00	Landscaping Maintenance for 20 Master-Leased Properties; amended to add Chase House	FAAM	8/8/2018	3/31/2019
C2003	3	Public Improvement	Fulcrum Construction & Building Services LLC	$ 80,000.00	Richmond Place window replacement: amended to repair extensive damage caused by water intrusion & rebuild unit 208 & 308 (emergency)	DCR	8/8/2018	9/30/2018
C1968	3	Public Improvement	Walsh Construction Co.	$ 1,839,750.00	Design-Build Medallion Apartments and Williams Plaza Design Phase	DCR	8/8/2018	10/30/2020
C2015	1	Professional Services (A&E)	GEO Consultants Northwest	$ 4,500.00	Design and evaluation of the proposed seismic retrofit, stormwater system, and pavement improvements at Schrunk Tower	DCR	8/8/2018	12/31/2018
C1866	2	Personal Service	Michael Mangum Jr.	$ 6,240.00	Youth mentorship and leadership services for SCC; amended to add funds	Community Services	8/9/2018	9/30/2018
C1632	1	Public Improvement	Junk A Way Hauling, Inc	$ -	On-Call Trucking Services; amended to extend duration	Prop Mgmt	8/17/2018	7/1/2019
C2044	1	Goods and Services	Pacific Lamp	$ 213.00	LED lighting at Slavin Court; amended to add one more fixture	Property Management	8/17/2018	9/30/2018
C1849	1	Professional Services (A&E)	Merryman Barnes Architects	$ 1,500.00	Renovations and Repairs at Alderwood, Floresta, Powellhurst; amended to add structural engineering services	DCR	8/28/2018	12/1/2018
C1719	8	Public Improvement	O'Neill/Walsh Community Builders	$ 98,611.00	GMP Amendment CO #7 - grand avenue apartments	DCR	8/29/2018	2/17/2020
C1922	3	Goods and Services	Advanced Vertical Solutions (AVS)	$ 38,500.00	Elevator Maintenance; amended to add time and funds	Property Management	8/29/2018	11/30/2018
Subtotal				**$ 2,255,087.24**				**22**

OTHER AGREEMENTS (3rd Party contracts, MOU's, IGA's)

Contract #	Amend #	Contract Type (Hide)	Contractor	Contract Amount	Description	Dept.	Execution Date	Expiration Date
C2059	0	IGA/MOU	Washington State University	$ 82,807.00	IGA for a Fair Market Rent survey with WSU (FMR Study) portland/vancouver/hillsboro	Business Services	7/10/2018	1/31/2019
Subtotal				**$ 82,807.00**				**1**
Total				**$ 4,757,993.17**				**52**

HOUSEHOLDS SERVED REPORT

Households Served

Households Served Through Housing Supports August 2018

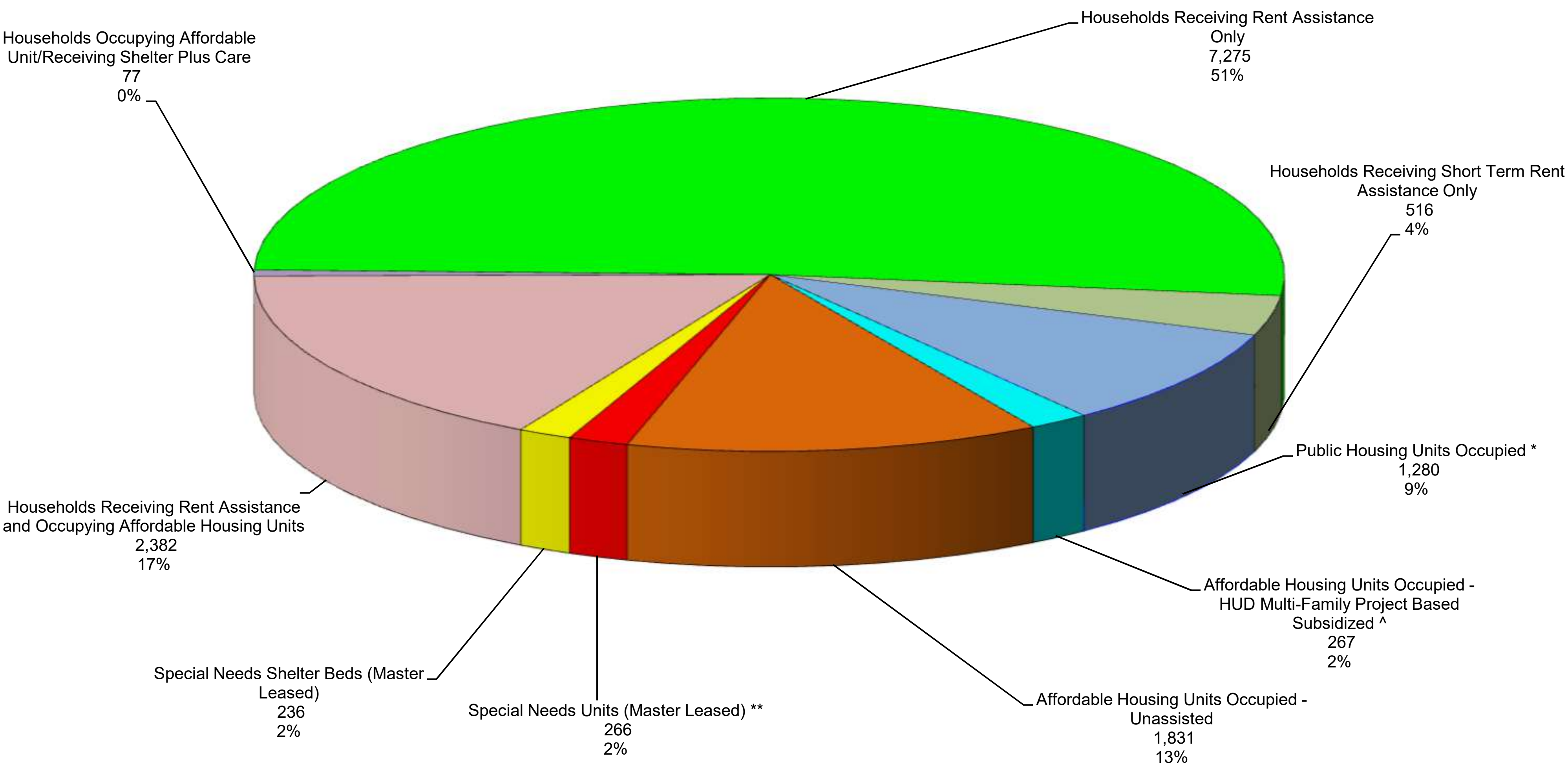
Rent Assistance	All Programs	Moving to Work Programs	Non-MTW Programs
Rent Assistance Vouchers - Home Forward Funded	9,657	7,666	1,208
Tenant Based Vouchers	5,567	5,567	
Project Based Vouchers	1,449	1,449	
Hi Rise Project Based Vouchers	650	650	
RAD Project Based Vouchers	783		
Single Room Occupancy (SRO)/MODS	501		501
Family Unification Program	94		94
Veterans Affairs Supportive Housing (VASH)	560		560
Rent Assistance - PORT IN From Other Jurisdiction	53		53
Short Term Rent Assistance Programs	593	-	593
Shelter + Care	481		481
Locally Funded Short Term Rent Assistance	112		112
Earl Boyles	-	-	
MIF Funded Short Term Rent Assistance	-	-	
Alder School	-	-	
New Doors	-	-	
Employment Opportunity Program	-	-	
Work Systems Inc. - Agency Based Rent Assistance	-	-	
Total Rent Assistance	**10,250**	**7,666**	**1,801**
Subsidized Housing Units			
Public Housing Units Occupied	1,280	1,280	-
Traditional Public Housing units Occupied	1,280	1,280	
Affordable Housing Units Occupied (excluding PH subsidized)	4,557		4,557
Affordable Housing Units - Tenant Based Vouchers	505		505
Affordable Housing Units - Shelter + Care	77		77
Affordable Housing Units - Project Based Vouchers	330		330
Affordable Housing Units - Hi Rise Project Based Vouchers	650		650
Affordable Housing Units - RAD Project Based Vouchers	783		783
^ Affordable Housing Units - HUD Multi-Family Project Based	267		267
Affordable Housing Units - VASH Vouchers	76		76
Affordable Housing Units - Family Unification Program	1		1
Affordable Housing Units - Section 8 Port In	37		37
Affordable Housing Units - Unassisted	1,831		1,831
Special Needs	502		502
Special Needs Units (Master Leased) **	266		266
Special Needs Shelter Beds (Master Leased)	236		236
Total Households Occupying Housing Units	**6,339**	**1,280**	**5,059**
Total Housing Supports Provided to Household	**16,589**	**8,946**	**6,860**
Household Occupying Affordable Unit/Receiving Home Forward Rent Assistance	(2,382)		(2,382)
Households Occupying Affordable Unit/Receiving Shelter Plus Care	(77)		(77)
Total Households Served	**14,130**	**8,946**	**4,401**

Notes:

^ Consists of Grace Peck Terrace, Multnomah Manor, Plaza Townhomes, Rosenbaum Plaza, Unthank Plaza

** Special Needs are physical units as occupancy levels that are not reported to Home Forward by service providers master leasing these properties.

Total Households Served: Rent Assistance and Occupied Housing Units August 2018



Total Households Served 14,130

^ Consists of Grace Peck Terrace, Multnomah Manor, Plaza Townhomes, Rosenbaum Plaza, Unthank Plaza

* Includes Local Blended Subsidy

^^ Total Short Term Rent Assistance less the Households Occupying Affordable Units/Receiving Shelter Plus Care

** Special Needs are physical units as occupancy levels that are not reported to Home Forward by service providers master leasing these properties.

DASHBOARD REPORT

Property Performance Measures

Occupancy

	Number of Properties	Physical Units	Rentable Units	Vacant Units	Occupancy Percentage	Unit Mix: Studio/SRO	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5+ Bdrm	Total
Public Housing	33	1,310	1,300	30	97.7%	77	664	331	228	10	0	1,310
Affordable Owned	25	2351	2,351	44	98.1%	857	704	578	182	30	0	2,351
Tax Credit Partnerships	20	2,278	2,278	28	98.8%	812	620	413	282	134	17	2,278
Total Affordable Housing	45	4629	4629	72	98.4%	1669	1324	991	464	164	17	4,629
Combined Total PH and AH	78	5939	5929	102	98.3%	1746	1988	1322	692	174	17	5,939
Special Needs (Master Leased)	29	266	266									
Special Needs (Shelter Beds)	3	236	236									
Total with Special Needs	110	6441	6431									

* property/unit counts also included in Affordable Housing Count

Financial

Twelve months ending 3/31/2018

	Fiscal YTD ending 6/30/2018: # of Properties/units Positive Net Operating Income (NOI)		# of Properties/units Negative Net Operating Income (NOI)		06/30/18: # of Properties meeting Debt Coverage Ratio (DCR)	# of Properties not meeting DCR	# of Properties DCR Not Applicable
Public Housing	11	723	22	587			
Affordable Owned	19	1,903	6	448	16	4	5
Tax Credit Partnerships	6	847	14	1,431	15	1	3

Public Housing Demographics

	Households: # of Households	% of Households	Average Family Size	Average Unit Size	% Family Type (head of household): Adults no Children	Family with Children	Elderly	Disabled Not Elderly	Race % (head of household): Black African American	White	Native American	Asian	Hawaiian/ Pacific Islnd	Hispanic/ Latino	
Public Housing Residents															
0 to 10% MFI	280	21.8%	2.5	1.9	10.5%	11.3%	1.0%	6.0%	6.4%	10.0%	1.0%	0.5%	0.7%	3.2%	
11 to 20%	577	44.8%	1.6	1.4	35.8%	9.0%	15.2%	22.0%	10.1%	26.1%	1.7%	2.0%	0.6%	4.4%	
21 to 30%	233	18.1%	2.0	1.6	12.3%	5.8%	6.8%	5.5%	2.5%	10.8%	0.5%	1.3%	0.3%	2.7%	
31 to 50%	146	11.3%	2.5	2.0	4.9%	6.4%	2.9%	2.4%	3.3%	4.8%	0.5%	0.4%	0.1%	2.3%	
51 to 80%	42	3.3%	2.6	2.3	1.3%	1.9%	0.4%	0.9%	0.4%	1.3%	0.2%	0.3%	0.0%	1.0%	
Over 80%	9	0.7%	2.6	2.1	0.6%	0.1%	0.1%	0.1%	0.2%	0.4%	0.0%	0.0%	0.0%	0.2%	
All	1,287	100.0%	2.0	1.6	65.4%	34.6%	26.3%	36.9%	22.9%	53.4%	3.9%	4.4%	1.7%	13.8%	
Waiting List															
0 to 10% MFI	6,907	41.0%	7.9	1.4			1.9%	13.7%	12.8%	19.7%	2.0%	0.9%	0.6%	3.8%	1.2%
11 to 20%	5,012	29.7%	2.0	1.4			3.7%	14.7%	9.0%	14.8%	1.4%	1.2%	0.4%	2.5%	0.5%
21 to 30%	2,640	15.7%	2.3	1.4			2.2%	4.8%	4.3%	7.9%	0.6%	0.7%	0.2%	1.6%	0.3%
31 to 50%	1,825	10.8%	2.6	1.4			1.2%	2.2%	3.2%	4.9%	0.3%	0.6%	0.2%	1.4%	0.2%
51 to 80%	330	2.0%	2.7	1.3			0.2%	0.3%	0.6%	0.8%	0.1%	0.1%	0.1%	0.2%	0.1%
Over 80%	134	0.8%	2.4	1.5			0.1%	0.2%	0.3%	0.3%	0.0%	0.0%	0.0%	0.1%	0.0%
All	16,848	100.0%	4.5	1.4			9.3%	35.9%	30.3%	48.4%	4.4%	3.6%	1.5%	9.6%	2.3%

Other Activity

	1825
Public Housing	330
Names pulled from Wait List	134
Denials	9
New rentals	7
Vacates	10
Evictions	0
# of work orders received	1,610
# of work orders completed	99
Average days to respond	16.0
# of work orders emergency	12
Average response hrs (emergency)	12

Rent Assistance Performance Measures

Utilization and Activity

	Current Month Status: Authorized Vouchers	Utilized Vouchers	Utilization	Average Voucher	HUD Subsidy Over / (Under)	Remaining Waiting List	Current Month Activity: Waiting List Names	New Vouchers Leased	Vouchers Terminated	Voucher Inspections Completed	Calendar Year To Date: Utilization	Average Voucher	HUD Subsidy Over / (Under)	New Vouchers Leased	Vouchers Terminated
Tenant Based Vouchers	6,277	5,567	89%	$787	-166,214	3,065	0	1	21	451	91%	$779	-899,228	24	179
Project Based Vouchers	2,141	2,099	98%	$795	117,000			15	18	181	98%	$791	842,667	189	150
VASH Vouchers	664	560	84%	$721	-52,480			8	5	59	88%	$714	-315,327	46	46
FUP Vouchers	100	94	94%	$915	4,194			1	1	10	97%	$915	51,625	3	7
RAD Project Based Vouchers	791	783	99%	$524	2,338			3	4	211	99%	$538	252,173	63	53
SRO/MOD Vouchers	512	501	98%	$442	-40,000			6	11	16	99%	$446	-281,108	64	78
All Vouchers	10,485	9,604	92%	$747	-135,162			34	60	928	93%	$742	-349,197	389	513

Home Forward - Dashboard Report For August of 2018

Demographics

Tenant Based Voucher Participants

	Households				% Family Type (head of household)				Race % (head of household)					
Tenant Based Voucher Participants	# of Households	% of Households	Average Family Size	Average Unit Size	Adults no Children	Family with Children	Elderly	Disabled Not Elderly	Black	White	Native	Asian	Hawaiian/	Hispanic
0 to 10% MFI	2504	41.2%	1.8	1.8	30.8%	10.4%	15.2%	17.3%	13.2%	21.2%	1.1%	3.1%	0.2%	2.3%
11 to 20%	1,369	22.5%	2.2	2.0	14.1%	8.4%	8.4%	6.9%	7.5%	12.2%	0.4%	1.1%	0.2%	1.2%
21 to 30%	948	15.6%	2.8	2.3	6.4%	9.2%	2.9%	3.4%	6.9%	6.5%	0.3%	0.7%	0.2%	1.0%
31 to 50%	173	2.8%	3.0	2.6	1.0%	1.9%	0.3%	0.4%	1.5%	1.0%	0.1%	0.1%	0.0%	0.2%
51 to 80%	12	0.2%	3.3	2.6	0.1%	0.1%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Over 80%	5	0.1%	3.6	2.6	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All	5,006	82%	2.8	2.3	52%	30%	27%	28%	29%	41%	2%	5%	1%	5%

Project Based Voucher Participants

	Households				% Family Type (head of household)				Race % (head of household)					
	# of Households	% of Households	Average Family Size	Average Unit Size	Adults no Children	Family with Children	Elderly	Disabled Not Elderly	Black	White	Native	Asian	Hawaiian/	Hispanic
0 to 10% MFI	1238	43.1%	1.6	1.3	35.9%	7.2%	14.5%	20.3%	10.0%	26.7%	1.5%	1.3%	0.2%	3.5%
11 to 20%	541	18.8%	2.1	1.6	13.4%	5.4%	8.0%	5.0%	4.4%	11.6%	0.3%	0.6%	0.2%	1.7%
21 to 30%	308	10.7%	2.9	2.1	4.7%	6.0%	2.4%	1.7%	3.1%	4.7%	0.4%	0.1%	0.2%	2.2%
31 to 50%	61	2.1%	3.3	2.4	0.6%	1.5%	0.1%	0.1%	0.7%	0.6%	0.1%	0.0%	0.1%	0.7%
51 to 80%	8	0.3%	2.8	1.9	0.1%	0.1%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Over 80%	9	0.3%	2.8	2.0	0.1%	0.2%	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
All	2,156	75%	2.6	1.9	55%	20%	25%	27%	18%	44%	2%	2%	1%	8%

Waiting List

	Households				% Family Type (head of household)				Race % (head of household)						
Waiting List	# of Households	% of Households	Average Family Size	Average Unit Size	Adults no Children	Family with Children	Elderly	Disabled Not Elderly	Black	White	Native	Asian	Hawaiian/	Hispanic	Not Reported
0 to 10% MFI	1	100.0%	2.0				0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11 to 20%	140	26.4%	2.5				1.9%	8.1%	8.8%	12.2%	1.2%	0.8%	0.2%	2.4%	0.8%
21 to 30%	70	13.2%	2.6				2.4%	2.8%	3.5%	7.1%	0.2%	0.6%	0.0%	1.3%	0.6%
31 to 50%	55	10.4%	2.7				0.9%	1.5%	3.5%	4.7%	0.3%	0.5%	0.6%	0.8%	0.0%
51 to 80%	13	2.4%	3.0				0.2%	0.2%	1.2%	0.9%	0.0%	0.0%	0.0%	0.3%	0.0%
Over 80%	8	1.5%	2.4				0.2%	0.4%	0.2%	0.9%	0.0%	0.2%	0.0%	0.2%	0.0%
All	287	153.9%	2.6				5.6%	13.0%	117.1%	25.9%	1.7%	2.1%	0.8%	5.0%	1.3%

Short Term Rent Assistance

	# of Households Participating	$ Amount of Assistance Provided	Average Cost per Household
Shelter Plus Care	481	$410,309	344
Short Term Rent Assistance	112	$168,508	1,505

Resident Services

Resident Programs

	Housing Program Served	Households Served/ Participants	Monthly Funding Amount	Average Funds per Participant
Congregate Housing Services * as of previous month	Public Housing	139	$81,006	$582.78

		# HH Eviction Prevention # Interventions regarding lease violations	Health and Safety Stabilized appointments assisting residents to connect and utilize community	Unduplicated Number Served # Events	# Event Attendees
Resident Services Coordination	Public Housing	105	832	147	2807

		# of Participants	Escrow $ Held	New Enrollees	# of Graduates	Escrow $ Disbursed	Terminations or Exits	Escrow $ Forfeited	Avg Annual Earned Income Increase Over Last Year	Escrow $ Forfeited	Avg Annual Earned Income Increase Over Last Year
Nine months ending 12/31/2017	Public Housing	158	$327,168	1	3	$6,866	4	$0	$1,191		
Twelve months ending 3/31/2018	Section 8	50	$180,300	0	0	$14,889	0	$0	$298		

Agency Financial Summary

Three months ending 6/30/2018	Fiscal Year to Date	Prior YTD	Increase (Decrease)
Subsidy Revenue	$28,768,746	$26,256,015	$2,512,732
Grant Revenue	$5,317,861	$5,889,958	($572,096)
Property Related Income	$5,407,426	$5,281,124	$126,302
Development Fee Revenue	$423,024	$0	$423,024
Other Revenue	$2,734,753	$2,173,067	$561,685
Total Revenue	**$21,370,858**	**$21,267,348**	**$103,510**
Housing Assistance Payments	$26,352,649	$25,565,861	$786,788
Operating Expense	$11,756,323	$11,473,816	$282,508
Depreciation	$2,153,804	$2,122,362	$31,442
Total Operating Expenses	$28,768,746	$26,255,043	$2,513,704
Operating Income	$4,026,599	$4,187,647	-$161,049
Other Income(Expense)	$5,611,741	$5,545,171	$66,569
Capital Contributions	$423,024	$0	$423,024
Increase(Decrease) Net Assets	$1,923,364	$1,334,955	$588,409
Total Assets	$461,765,893	$454,873,356	$6,892,538
Liquidity Reserves	$21,048,576	$20,996,584	$51,992

Development/Community Revitalization

New Development / Revitalization	Units	Construction Start	Construction End	Current Phase	Total Cost	Cost Per Unit
Square Manor						
Gladstone Square	48	Mar-17	Jan-18	Post Construction	$11,191,518	$233,157
Rockwood Landing Roof Replacement	N/A	Feb-18	Jul-18	Construction	$288,000	N/A
Richmond Place Rehab	21	Nov-17	Jun-18	Capital Improvement	$600,000	$28,571
Multnomah Manor	54	Aug-17	Jan-18	Capital Improvement	$8,949,559	$168,860
NE Grand	240	Dec-17	Oct-20	Pre-Construction	$76,923,525	$320,515
Capital Improvement						
Fairview Woods Recladding	N/A	Jun-17	Jul-18	Construction	$3,900,000	N/A