



# **HOUSING AUTHORITY OF PORTLAND**

## **Year 9 HUD's "MOVING TO WORK" (MTW) Demonstration Program**

### **Annual Plan FY 2008**

March 21, 2007

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## Introduction

### **HAP's Planning Process and Moving to Work (MTW) Annual Plan**

**HAP's Planning Process** – In FY 2003, the Housing Authority of Portland embarked on the first year of a five-year strategic plan. The agency is now undertaking work at the staff and Board level to establish another look forward. Key elements of this work are included in this MTW Annual Plan that corresponds to HAP's next budget cycle: FY 2008 (April 2007 through March 2008).

In addition to the U.S Department of Housing and Urban Development (HUD) funded programs described below, HAP's strategic planning process focuses on local programs that align with local priorities. These include initiatives related to HAP's affordable (non-public) housing portfolio, short-term rent assistance programs, community revitalization efforts, and organizational effectiveness.

During the past few years, HAP has placed an increasing emphasis on collaboration, both internally between departments and externally with partner agencies. Working on behalf of our clients and in concert with HAP's mission, this strategy of collaboration is key in order to better leverage our increasingly scarce funding sources and better integrate HAP's resources with other local systems of support.

This planning document is intended to help weave together a HUD-required planning process and an overall agency planning process in order to create a comprehensive look forward. The objectives outlined in the following pages are intended as further steps towards achieving the agency's mission:

*The Housing Authority of Portland's mission is to assure that the people of the community are sheltered. HAP has a special responsibility to those who encounter barriers to housing because of income, disability, or special need.*

*HAP will continue to promote, operate, and develop affordable housing that engenders stability, self-sufficiency, self-respect, and pride in its residents and represents a long-term community asset.*

*HAP will be a community leader to create public commitment, policy, and funding to preserve and develop affordable housing.*

**HAP as a "Moving to Work" Agency** - MTW is a federal program administered by HUD that allows a Housing Authority (HA) to intermingle its operating

subsidies, capital allocations and Section 8 tenant-based assistance as long as it houses essentially the same resident profile as pre-MTW.

HAP has been operating as a MTW agency since April 1, 1999. In a prescribed outline, an annual MTW Plan covers HAP's federal programs in the following areas:

- Public Housing (Owned Rental)
- Capital Fund Program (for Public Housing)
- Section 8 / Rent Assistance (Leased Housing)
- Family Self-Sufficiency/GOALS Program (Resident Services).

**MTW Goals** - MTW agreements between HUD and approximately 24 housing authorities across the country were authorized under three broad goals established in the 1996 Appropriations Act when the MTW demonstration program was established. HAP's agreement with HUD provides additional definitions that are indicated below under each of the three federal goals.

**1. Reduce cost and achieve greater cost effectiveness in federal expenditures.**

- To drive down the unit cost of administering federally subsidized housing towards the unit cost of comparable private sector housing.
- To record the methodology (and identify critical factors) that drive down the unit cost.
- To use MTW savings to offset federal funding reductions.

**2. Give incentives to families with children where the head of household is working, 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.**

- To use MTW savings to expand self-sufficiency opportunities and housing choice.

**3. Increase housing choices for low-income families.**

- To continue to serve the same income levels served prior to MTW.
- To use MTW flexibility to respond to local housing needs and community priorities.

**MTW Authorization**

During the 2006 federal appropriations process, HUD received authorization to grant three-year extensions to some MTW agencies. HAP requested, and received, an extension until March 31, 2009. This extension recognizes past successes of the MTW demonstration program as well as the additional reforms that can take place in future years.

## Summary of FY 2008 Agency Key Initiatives

HAP continues to benefit from the extension of our MTW authority. We will use this time to continue with the work we have recently initiated (included in the Plan as “On-going Activities”). The following key agency initiatives address MTW goals and/or local goals incorporated into HAP’s strategic planning process.

### **Public Housing Preservation**

Over the last several decades, the federal investment in public housing has declined as a percentage of affordable housing support and in real dollars. In 2007, it is likely that housing authorities will receive only 83 cents for every dollar that is necessary to support this critical resource. For HAP, this represents a \$1.6 million shortfall from the agency’s formula funding levels.

Under these conditions, the agency must manage its public housing as efficiently as possible. During FY 2008, the agency will develop implementation plans that recognize preservation of public housing must be the agency’s first priority. Three key preservation objectives will be addressed:

- Replace public housing units that are inherently inefficient to operate with more efficient public 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.

Accomplishing all three of these objectives will require community resources in addition to what HAP can provide, as the proceeds from the scattered site sales (described below) are unlikely to underwrite the full cost of each objective taken together.

The following four initiatives are designed to reconfigure HAP’s public housing portfolio and begin to meet this high priority goal and corresponding objectives.

***Implement the Fairview Conversion Project*** – The agency will use public housing operating subsidy (i.e. “turn on banked subsidy”) in up to 40 units in a HAP-owned affordable housing property (described in Section VII). This property, Fairview Oaks, is a 328-unit development consisting of 28 two-story apartment buildings. The rents at this property are near market, but the property was recently refinanced with the intent of lowering overall debt load to a point where revenue from the new public housing units would not be needed to service the property debt.

Although financing allows household incomes up to 80% of the area median family income (\$54,300 for a family of four), approximately 100 households currently living at the development earn less than \$20,000 annually. In addition to the opportunity to assist some of these families with their rent burden by offering a five-year term-limited public housing subsidy, a series of comprehensive services

will be provided (summarized below under the section describing the Opportunity Housing Initiative – OHI.)

***Begin disposition of select scattered site public housing units in concert with development of replacement housing*** – As one of the means to accomplish greater cost-efficiencies, HAP intends to sell most of its single-family scattered sites and replace them with public housing units in multi-family housing. The agency will sell and replace approximately 50 units a year over the next several years, with the understanding that new development may have a longer timeframe before it is operational.

***Address unmet capital needs in public housing*** – The past six years of declining federal subsidy for public housing is beginning to take its toll on this vital public resource. The agency may choose to use a portion of the proceeds from the sale of scattered site public housing to address unmet capital needs in its existing public housing portfolio.

The agency is working on strategies to address long-term capital needs including beginning to implement energy conservation measures. HAP is evaluating options to leverage additional capital, such as energy performance contracting and low-income housing tax credit equity, to make more significant capital investments in the existing public housing portfolio.

***Continue the transition to an asset management model*** – Continued improvements to HAP’s public housing asset management model will occur during FY 2008. These will include best practices that will result in continued high occupancy rates, transition to site-based annual inspections for all housing units, continued timely responses for maintenance issues, identification of property performance indicators, and increased collaboration with local law enforcement professionals in Portland, Gresham, Fairview and Multnomah County.

### **Implement Opportunity Housing Initiative (OHI) pilot projects**

Building upon HAP’s successful Family Self-Sufficiency program (known locally as the GOALS Program), HAP’s Opportunity Housing Initiative will increase the number of households working toward economic independence with a goal of leaving housing assistance. Over the past year HAP has developed plans for three OHI pilot projects: two site-based pilots (Fairview and Humboldt Gardens) and one program-based pilot (a collaboration with the Oregon Department of Human Services and other partner agencies). These initiatives clearly align with the MTW goal of family self-sufficiency.

***Implement the OHI services component of the Fairview Conversion Project*** - In the Fairview conversion project, current residents applying for the public housing subsidy will agree to full participation in OHI. This will include their plan for increased self-sufficiency and participation in financial literacy and housing mobility workshops. A maximum of five years public housing subsidy will be available. A simplified rent structure will be piloted and rents will be set at 30% of the tenant’s

gross income. Escrow accounts will begin when the participant's portion of the rent reaches \$350 (rather than being triggered by an increase in income.) The escrow account will capture the difference between the tenant rent and \$350, up to a ceiling based on market rents.

The five-year term limit on the public housing subsidy in the Fairview pilot will extend opportunities for use of limited public housing resources – providing increased housing choice to additional households in need. However, consistent with each of the OHI pilot projects, no one will lose their housing if they have made good faith efforts to fulfill the program requirements and have faced set backs beyond their control.

***Complete an implementation plan for the Humboldt Gardens OHI Pilot*** - When Humboldt Gardens, HAP's second HOPE VI redevelopment project, opens to residents in 2008, all working-able public housing residents will participate in OHI. If, after five years of participation in this service enriched program, the household has not yet achieved their goals, they may transfer to another public housing site (maintaining their public housing subsidy) or choose to stay at Humboldt Gardens in one of the affordable housing apartments, in which case they forgo their public housing subsidy and pay tax credit or "workforce" rents.

***Continue to build upon successful collaborations with Oregon Department of Human Services and other partnering agencies*** - A collaborative, program-based approach to coordinated services is being developed with the Oregon Department of Human Services (DHS) and other local agency partners. By aligning systems and breaking down silos between organizations, this model will help to ensure shared accountability of outcomes for individual clients. This model will utilize a new five-year term-limited Section 8 voucher for 25 participants selected by DHS (and screened for Section 8 eligibility by HAP.)

Participants will be enrolled as OHI-GOALS participants and may begin contributions to their escrow accounts. DHS will provide initial case management along with employment training from WorkSystems Inc., and additional support from Portland and Mt. Hood Community Colleges.

### **Implement Initial Rent Simplification Steps**

The initial simplification measures outlined below will lead to MTW cost-effectiveness that results from a decrease in staff workload with minimal impact on residents.

***Reduce reviews for senior and disabled households*** - Both Section 8 and Public Housing will implement an alternate review schedule to recertify senior and disabled households with stable incomes. Since senior and disabled households with stable incomes have only a modest cost of living adjustment in social security and/or pensions each year, it actually costs more to complete an annual income recertification review than HAP would make by increasing tenant rent.

***Implement a range of administrative procedures to simplify verification processes in Public Housing and Section 8*** - Beginning April 2007, HAP will:

- 1) accept hand-carried third-party income verifications;
- 2) disregard income related to assets valued at less than \$25,000;
- 3) eliminate interim reviews for income increases (except in cases with an increase from zero income) and income decreases that have yet to be effective for 45 days.

***Streamline Earned Income Disallowance (EID) for qualifying clients*** – For clients whom qualify for the EID, including any household member 18 years of age or older, the 100% EID will continue for a 12-month period that begins at a client's next regularly scheduled recertification. After that time, the client's EID will be eliminated (i.e. all client income will be considered in rent calculations.) Consistent with the administrative reduction outlined in the previous item, new income will not be reported or used to compute rent until the time of an annual certification. Adult household members may use the income exclusion once during their tenancy with HAP. This replaces a complex tiered multi-year approach.

***Eliminate Earned Income Disallowance (EID) for new GOALS participants*** – In order for participants to begin paying into their escrow accounts earlier, new GOALS (including GOALS/OHI) participants will not receive an EID.

### **Review Existing and Potential Rent Policies**

In addition to efforts to increase cost-effectiveness throughout the agency, HAP is examining ways to bring rent policies into alignment with policies that support self-sufficiency. This work will involve considerable research and discussion internally and externally. Section 8 rent policy measures were implemented during FY 2006 and FY 2007 due to significant decreases in federal funding. The following initiatives will be under review during FY 2008.

***Redesign preferences and priorities*** - Utilizing a collaborative, program-based approach with community partners, the intent of this redesign will be to support local community goals in two primary areas:

- 1) Increased availability of Permanent Supportive Housing (PSH); and
- 2) Increased support of self-sufficiency, utilizing the Opportunity Housing Initiative (OHI) model.

***Launch analysis of alternative rent models, including flat or tiered rents*** - HAP will include an analysis of flat or tiered rents for public housing as part of the overall look at the relationship between rent policy and self-sufficiency. One option is to use existing ceiling rents as the flat rents for one or two years. HAP will also assess local market conditions to update potential flat rent values for future years.

***Undertake review of Section 8 rent policies*** – HAP will undertake a review of Section 8 rent policies and conduct a community stakeholder review process in Spring 2007 when federal funding levels for the year have been established.

### **Implement Changes to Inspection Protocols**

In order to improve inspections and streamline wherever possible, HAP will undertake the following:

***Schedule bi-annual inspections for Section 8 households with a record of good tenancy*** – Any Section 8 participant with a two-year record of good tenancy, who rents at a property with a history of good landlord maintenance, will be placed on an every other year inspection schedule. (Additional inspections will be available upon request.) During the initial FY 2008 start-up, this change is anticipated to result in approximately 100 households skipping inspections until FY 2009. This number is anticipated to increase in future years due to increased tenant stability resulting from new orientation sessions and potential GOALS and OHI participation.

***Implement site-based inspections for public housing units*** – To further the asset management model allowing for direct control and responsibility by staff at the site level, annual inspections will be moved from a centralized function to a site-based function. During this transition in FY 2008, some units may go up to 23 months between inspections. However, as the landlord for these properties, HAP will continue to inspect these units annually thereafter.

### **Leverage Re/Development Opportunities**

With HAP's largest redevelopment project, New Columbia, over 98% complete in FY 2007 (with private builders completing the final build out of the for-sale homes in FY 2008), HAP's development efforts will be focused on the following initiatives:

***Construct Humboldt Gardens (a HOPE VI redevelopment)*** - With resident relocation complete and a master plan for design submitted to the city, demolition began during FY 2007 and construction will continue over the next two years. Former residents are receiving Community and Supportive Services and working-able residents will be encouraged to begin participation in the OHI model.

Key milestones include: demolition to be completed by April 2007, the mixed finance closing will occur by June 2007, new construction will begin by July 2007, and residents will begin to move back in December 2008. In addition, the sale of the 21 scattered site public housing single-family structures, located within approximately one mile of the main redevelopment site, will be underway. Implementation of the Humboldt Gardens Homeownership Plan, approved by HAP's Board during FY 2007, will support first-time homeownership and community revitalization efforts.

***Pursue potential redevelopment of sites in southwest Portland (including the site of a military base closure and potential HOPE VI Hillsdale Terrace redevelopment)*** - During December, 2007 HAP submitted a notice of interest to the Portland Development Commission (PDC) regarding opportunities for redevelopment of a military base in southwest Portland which is scheduled for closure by September 2011.

This overall process is governed by the Defense Base Closure and Realignment Act of 1990, as amended (BRAC law.) PDC is serving as the lead agency to develop a closure plan to be submitted to the US Department of Defense. The instructions for the notice of interest emphasized interest in reuse of the base to combat homelessness, promote minority homeownership and provide housing for families of school-age children.

HAP's public housing development, Hillsdale Terrace, is within a mile of the base closure site and also is at the top the agency's list for redevelopment. HAP's initial concept includes a redevelopment effort that might include both properties. If HOPE VI grant applications are accepted during FY 2008, HAP anticipates submitting a collaborative proposal to redevelop and expand affordable housing opportunities.

***Analyze opportunities to reposition properties in the affordable housing portfolio to support community priorities*** – As an initial trial in the effort to reconfigure our public housing portfolio, the Fairview Conversion Project illustrates the important linkages between public housing, our affordable housing portfolio, and the Opportunity Housing Initiative.

In order to continue these efforts, the agency will continue to evaluate revenue sources, including potential disposition of underperforming affordable housing properties that might be leveraged for additional development opportunities. Overall, HAP's objective is to utilize smart business practices throughout the agency's real estate portfolio: blending public housing and affordable properties where it makes sense while achieving the agency's mission and increasing financial stability.

### **Support Key Initiatives in Portland, Gresham, Fairview and Multnomah County**

As a means to sharpen the agency's focus, HAP 's strategic approach is to align agency plans closely with the key initiatives underway in the jurisdictions the agency serves. HAP will continue efforts to work collaboratively with representatives from each jurisdiction to implement programs and activities that increase opportunities for housing choice, increase cost-efficiencies between programs, and help participants become more self-sufficient.

***Support local initiatives for ending homelessness*** - HAP continues to look for direct ways to support the City of Portland and Multnomah County as they move to

develop housing with services for people experiencing homelessness. In particular, HAP is looking at ways to support the City of Portland and Multnomah County's Ten Year Plan to End Homelessness, including HAP's commitment to:

- 1) Continue utilizing the Project-Based Section 8 program as a tool for increased availability of Permanent Supportive Housing (PSH) - During FY 2007, HAP committed to provide 150 additional project-based vouchers (50 each year over three years) for PSH to serve both chronically homeless single adults and homeless families.

During FY 2008, HAP's affordable housing portfolio will begin lease up activities for two properties utilizing the PSH model: 22 units in the Clark Center Annex and 45 units in The Morrison (part of a larger redevelopment with 140 total apartments.)

- 2) Participate in Bridges to Housing, a regional project focusing on homeless families that need housing as well as community services. HAP has committed to designate 100 units over five years to this effort. For example, 20 units at Humboldt Gardens have been designated for participants of Bridges to Housing when it opens in August 2008.
- 3) Explore linkages between short-term rent assistance and longer-term housing subsidies - Explore options, such as changes in HAP's preferences and priorities rent policy, which might increase opportunities for PSH in Section 8 and public housing.

***Explore opportunities to take part in Portland and Gresham urban renewal area (URA) revitalization efforts*** – Portland's 30% set aside in tax increment financing (TIF funds) for affordable housing will enable new development opportunities throughout the City, including such areas as the South Waterfront and Gateway URAs. In Gresham, HAP will seek to support the City's efforts for redevelopment in the Rockwood URA.

***Support Portland's initiatives for "Schools, Families, Housing" and "Closing the Minority Homeownership Gap" (Operation Home)*** – Building upon HAP's successful relationship with Portland Public Schools in building the new Rosa Parks Elementary School at New Columbia, HAP will continue to work with the city and the school district to support family retention via increased availability of affordable housing choices. HAP's Humboldt Gardens Homeownership Plan outlines efforts to support the city's minority homeownership efforts.

***Expand collaboration with jurisdictions serving East Multnomah County to address affordable housing and poverty issues*** – With data continuing to indicate a migration of poverty east of 82<sup>nd</sup> Avenue in Portland, HAP plans to increase efforts to work with local jurisdictions to ensure housing affordability for low income residents in these areas.

***Upon the request of local jurisdictions, assist with preservation initiatives*** – HAP will explore opportunities to serve as developer of new affordable housing utilizing expiring project-based Section 8 properties, tax credit properties, and mobile home parks.

### **Increase HAP's Organizational Effectiveness**

Other key initiatives over the next five years are related to the ways that HAP's Board and staff approach the work we do: thinking strategically, acting collaboratively, and providing leadership in the creation and operation of social housing.

These approaches include the use of community development models that recognize the importance of community building and designs for mixed income communities that are a part of overall neighborhood revitalization efforts. In order to accomplish our mission, the following approaches and initiatives will be undertaken:

#### ***Develop sustainable business models to ensure long-term financial viability*** -

During FY 2008 HAP will select a contractor to assist in development of a plan to help HAP achieve the following outcomes:

- 1) Increase revenue from existing or new non-federal sources that provide sufficient margins to mitigate the impact of lower federal funding and the limitations on use of federal funds.
- 2) Identify opportunities to increase operating efficiencies and reduce operating expense.

***Institutionalize HAP's economic participation goals*** - Building upon the successful participation of targeted businesses and workforce members during the New Columbia redevelopment effort, HAP will develop systems to ensure that minority, women, and emerging small business owners will have the opportunity to contract for HAP business. In addition, policies to encourage workforce participation by people of color and women in non-traditional trades will be incorporated throughout the agency.

***Expand human resources and administrative initiatives to increase overall effectiveness*** - Activities already under development for implementation in FY 2008 include: a series of essential information technology (IT) improvements; trainings for supervisors and training for staff in collaboration, performance management, and negotiation skills; creating an on-going internship program with Portland State University; and implementing agency-wide plans for Training and Diversity Development (TADD).

## Section I: Households Served

The data in this section is compiled from the HAP database and provides information including unit size, family and housing type, income group, and race and ethnicity on all households served by HAP under the HUD-funded MTW program. This type of data collection and analysis is not done in HAP's affordable housing portfolio, which is managed by private property management firms.

Under MTW, HAP must continue to serve essentially the same number of households as well as a similar mix of family type and household/unit size. In both Public housing and Section 8 HAP continues to be committed to serving a high proportion of households with incomes that are less than 30% of median income.

### **A. Households Served at Beginning of Period**

Within the public housing program, HAP projects that it will meet or exceed an occupancy level of 97%. In the Section 8 Housing Voucher Program, HAP intends to use our total Annual Contribution Contract to house as many families as the budget allows within HUD's new funding formulas. HAP projects that it will maintain maximum lease-up of Section 8 units during the next fiscal year.

Updated statistical information for the fiscal year ending March 31, 2007 will be included in HAP's Year Eight MTW Annual Report to be completed after the end of the fiscal year. Summary information on households served at the time of MTW plan development (December 2006) is provided.

**Table 1: Public Housing Households Served by Unit Size and Family Type, 12/1/2006**

<b>MTW Households Served on 12/1/2006</b>					
Program	Total Households	Bedroom Size			
		Studio/1 BR	2 BR	3 BR	4+ BR
<b>Public Housing</b>					
Family/ Scattered Site Developments	1,035	141	375	464	55
Elderly/ Adult Developments	1,293	1,253	38	2	0
<b>TOTAL</b>	<b>2,328</b>	<b>1,394</b>	<b>413</b>	<b>466</b>	<b>55</b>

**Table 2: Households Served in Section 8 by Family Size on 12/1/2006**

Family Size	Total Vouchers
1	3,079
2	1,473
3	1,232
4	736
5	361
6	177
7	99
8	38
9	21
10 or more	27
Totals	7,243

**Table 3: Public Housing Households: Race/Ethnicity  
12/1/2006**

	Hispanic	Non Hispanic	Totals
White	266	1,357	1,623
Black	8	501	509
American Indian/ Alaska Native	8	40	48
Asian	1	103	104
Hawaii/Pacif Isl	2	10	12
Multi-Race	5	27	32
Race Not Specified	0	0	0
Totals	290	2,038	2,328

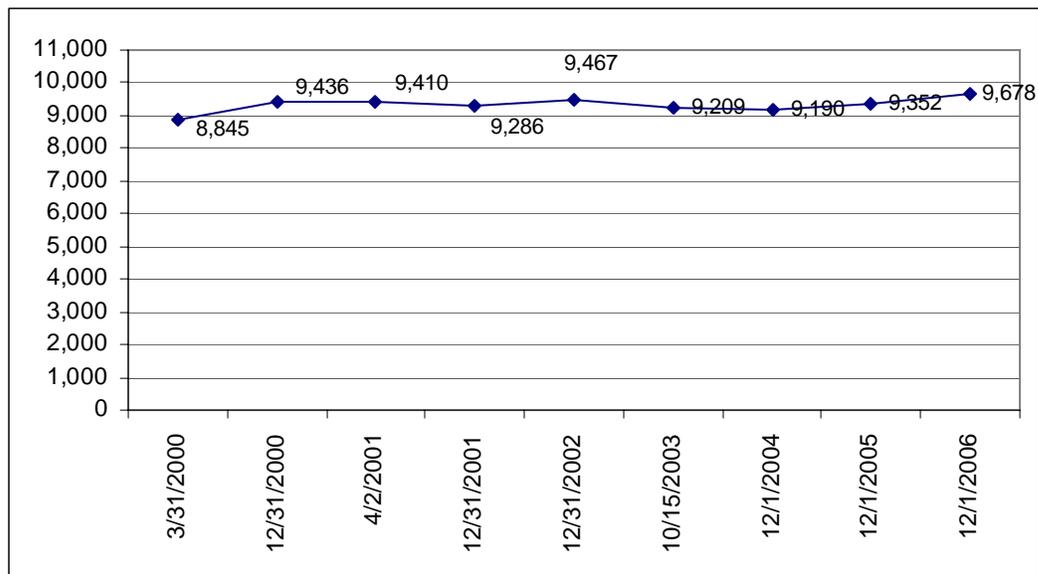
<b>Percents</b>	<b>Hispanic</b>	<b>Non Hispanic</b>
White	11.4%	58.3%
Black	0.3%	21.5%
Amer Ind/Alaska Native	0.3%	1.7%
Asian	0.0%	4.4%
Hawaii/Pacif Isl	0.1%	0.4%
Multi-Race	0.2%	1.2%
Race Not Specified	0.0%	0.0%
Totals	12.5%	87.5%
		100.0%

**Table 4: Section 8 Race/Ethnicity, 12/1/2006**

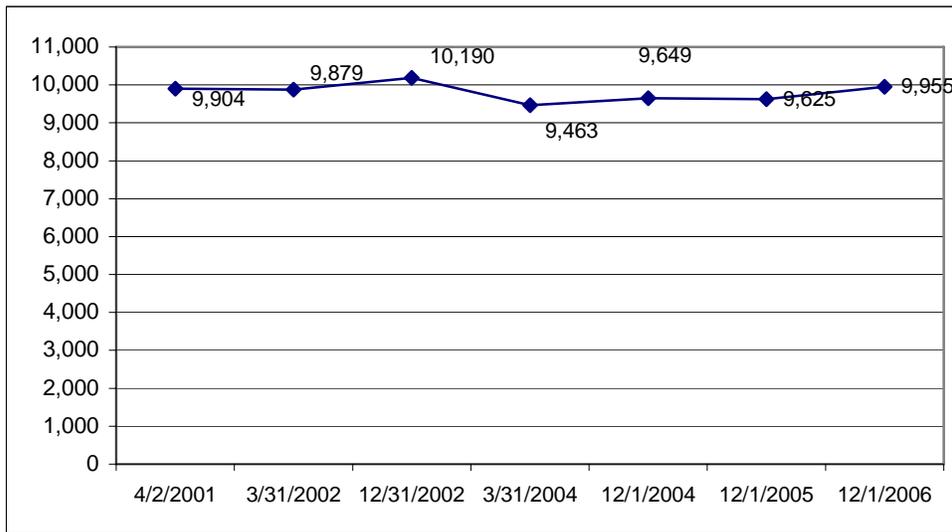
	Hispanic	Non Hispanic	Totals
White	332	3,867	4,199
Black	27	2,361	2,388
American Indian/ Alaska Native	12	121	133
Asian	2	382	384
Hawaii/Pacif Isl	1	18	19
Multi-Race	15	105	120
Race Not Specified	0	0	0
<b>Totals</b>	<b>389</b>	<b>6,854</b>	<b>7,243</b>

<b>Percents</b>	<b>Hispanic</b>	<b>Non Hispanic</b>	
White	4.6%	53.4%	
Black	0.4%	32.6%	
Amer Ind/Alaska Native	0.2%	1.7%	
Asian	0.0%	5.3%	
Hawaii/Pacif Isl	0.0%	0.2%	
Multi-Race	0.2%	1.4%	
Race Not Specified	0.0%	0.0%	
<b>Totals</b>	<b>5.4%</b>	<b>94.6%</b>	<b>100.0%</b>

**CHART 1: Average Household Income for Public Housing Households**



**CHART 2: Average Household Income for Section 8 Households**



Some data is missing. In the earliest years, HAP did not have Section 8 income data. HAP is also missing data from the plan from October 2003.

## **B. Characteristics of Households on Waiting Lists**

The tables below show the number and characteristics of applicants currently on the public housing and Section 8 waiting lists on December 1, 2006. Public housing operates site-based waiting lists that open and close depending on each community. The waiting list is analyzed every month to determine which communities, and which specific unit sizes within a given community, will be open. Lists are closed when the estimated wait time exceeds two years. This ensures that a large enough pool exists when a unit is available for occupancy. The information is then posted on the HAP website and mailed to every applicant.

HAP uses a random drawing (or “lottery”) for Section 8 applicants and opens the waiting list when the pool is low. The most recent opening occurred during November 2006 when over 9,700 applications were received for 3,000 positions on the waiting list.

Applicant data on incomes and race/ethnicity will be submitted with HAP’s Year 7 MTW Annual Report to be completed during May 2007. Public housing applicant data on family type will also be provided in the MTW Annual Report.

**Table 5: Waiting List Data for Public Housing\* on November 30, 2006**

Public Housing Applicants by Bedroom Size, 11/30/2006						
			Bedroom Size			
	Total Applicant Households	Percent Applicant Households	Studio/1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
<b>Public Housing</b>						
Family	1466	45%	203	670	541	52
Elderly	63	2%	53	8	2	0
Disabled	1211	38%	1102	64	45	0
Single	496	15%	487	9	0	0
<b>Total</b>	<b>3236</b>	<b>100%</b>	<b>1845</b>	<b>751</b>	<b>588</b>	<b>52</b>

Note: Table 5 data does not currently include New Columbia Public Housing (PH) waiting list applicants. November 2006 PH waiting list data at New Columbia was combined with the Project-Based Section 8 (PBS8) waiting list and staff is working to decouple the lists in the future. The combined number (Public Housing and PBS8 at New Columbia) totaled 855 applicant households on 11/30/2006. (The 370 total available units at New Columbia in these categories include 297 PH and 73 PBS8 units.)

**Table 6: Waiting List Data for Section 8 as of February 2007**

	Total Households	Percent Households
<b>Public Housing</b>		
Family	1,252	42%
Elderly	127	4%
Disabled	953	32%
Single or Blank*	668	22%
<b>Total</b>	<b>3000</b>	<b>100%</b>

\*Blanks represent less than 1% of the total

These figures represent the initial, self-reported categories from the applicant data. HAP anticipates some adjustments at the time the Year Eight MTW Annual Report is compiled at the end of March 2007.

**C. Number Projected to be Served this Year**

Improvements for occupancy continue under the site-based admissions model. HAP's public housing will operate at full capacity over the next year, serving 2,328 households.

Section 8 will lease 100% of MTW voucher funds and projects to serve over 7,400 MTW families (not including the Single Room Occupancy and Moderate Rehabilitation Vouchers described in Section VIII Leased Housing).

#### **D. Discussion of Changes**

Many participants continue to report decreased income and/or increased medical expenses and over 85 percent of families on HAP's new Section 8 waiting list report an income of less than 30 percent of area median income. This is up 5% from previous application periods. Section 8 staff continue to spend additional counseling time with participants to help them secure other services and assistance, primarily due to reductions in the number of other community agencies and staff available.

To offset the effects of program changes due to federal funding cuts, Section 8 will continue to work closely with our landlord committee and partner agencies to maintain the number of units that accept Section 8 vouchers.

Improvements for occupancy continue under the site-based admissions model. During the 2006 calendar year (nine months of FY 2007), the average weekly occupancy in public housing was 98% (as documented in Section VII Owned and Managed Housing.)

## Section II: Occupancy Policies

This section explains eligibility, admissions, selection, unit assignment, deconcentration policies, and rent policies for HAP's Section 8, Public Housing and Affordable Housing portfolio.

### **A. Eligibility and Admissions Policies**

#### **Income Qualifications** (On-going activities)

Public Housing - applicant household incomes must be less than 80% of the Median Family Income (MFI) for the Portland Metropolitan Area.

Section 8 - applicant household income must be less than 50% MFI.

Affordable Housing Portfolio – Including the properties designed for special needs households, applicant household income ranges from 0% - 80% MFI, depending on the individual property.

**Waiting Lists** (On-going activities) - HAP maintains separate waiting lists for each of the programs.

Public Housing - waiting lists are maintained at the site level.

Section 8 – the centralized list opened in November 2006 for three weeks with 9,780 applications submitted. A random lottery selected 3,000 households for the waiting list. This list is anticipated to last for two to three years and will reopen when names have been exhausted.

Affordable Housing Portfolio - six Project-based (PB) Section 8 properties maintain waiting lists at the site level, per regulations. Properties financed by bonds or tax credits typically do not have waiting lists. In a mixed finance property such as New Columbia that includes Public Housing and Project Based Section 8 units, waiting lists are maintained for units of specific bedroom sizes at the property.

#### **Admissions** (On-going activities)

Public Housing – In 2005 HAP implemented a site-based application and waiting list system and closed the central intake office. Applications are accepted at site offices, and applicants may apply and submit applications at up to three properties of their choice, OR request placement on a First Available list.

Site managers conduct marketing activities, undertake turnover responsibilities and assist in the screening process. HAP contracts with a third party screening company to screen applications. HAP conducts criminal background checks, and obtains landlord and/or professional references for all households. HAP also obtains credit reports on all applicants; however, credit scores are not used to determine eligibility.

Applicants are admitted according to date and time of application and priority. Public Housing priorities are as follows:

- 1) **Special Needs** - Elderly or disabled households, and eligible for the Congregate Housing Services Program (CHSP).
- 2) **Terminal Illness** - Eligible family and elderly households and a member of the household has a documented terminal illness.
- 3) **Family and Special Needs** - All other eligible family and elderly or disabled households (in date and time order).
- 4) **Single Households** – Eligible single persons (in date and time order.)

Section 8 - Section 8 admits the majority of voucher applicants by random selection. HAP conducts criminal background checks on prospective Section 8 households. In the basic tenant-based Housing Choice Voucher program, priority is given for:

**Terminal Illness** - Households with a member of the household having a documented terminal illness (life expectancy 12 months or less).

The remaining applicants, including Single Room Occupancy (SRO) and Project-Based Assistance (PBA), are admitted according to date and time of application. Targeted vouchers include:

**Special Needs** - Households that are special need populations, and for which targeted vouchers are available; or clients of special agencies, or households that are participating in the Witness Protection Program;

**Rental Rehabilitation** - Households that are currently residing in units receiving funds for rental rehabilitation receive temporary vouchers to assist with their relocation during construction;

**HAP Clients Unable to be Housed Otherwise** - Households that are receiving HAP assistance, but can no longer be appropriately served by other voucher or public housing programs. For example, if a resident was living in a Project-Based Section 8 unit serving a special needs population and no longer needed the services, they would be eligible for a transfer to a regular Section 8 tenant- based voucher.

Affordable Housing Portfolio –Site-based admissions processes, administered by private fee managers. Applicants apply at the properties.

**FY 2008 objectives** – (included with overall Rent Policy objectives)

## **B. Rent Policies**

Public Housing (On-going) - Public Housing residents pay 30% of their household's monthly adjusted income for rent.

***Eligibility for units by bedroom size in public housing*** - HAP has implemented unit size determination policies that more closely follow standard industry practices, allowing families to determine how their children should share or not share bedrooms. Minimum and maximum household sizes for each unit size have remained the same.

***Transfers in public housing*** - HAP has implemented a Resident Transfer Option, using a Transfer Fee. The Transfer Fee Option allows Public Housing residents to transfer to another Public Housing community without the need to request a reasonable accommodation or a transfer through the GOALS program. The resident establishes themselves on the site-based waiting list of their choice, waits their turn, without a preference, and pays the Transfer Fee at the time of transfer. Transfers are still an option when required by Reasonable Accommodation or family changes. GOALS program incentive transfers that support family self-sufficiency remain available

Section 8 (On-going) – After extensive public process, HAP has utilized its MTW authority to exceed typical Section 8 rents (30% of income) since April 1, 2005. HAP continues to charge tenant rents at 35% of adjusted income, in order to address reduced funding from HUD without reducing the number of participants in the program. With excess subsidy due to lower lease ups caused by an aging wait list in FY 2006 and FY 2007, HAP returned funds to participants. In December of each year, checks were mailed that resulted in a return to the 30% of income level in 2006 and a 32.25% of income level in 2007.

HAP also has implemented Section 8 bedroom occupancy standards to grant one bedroom for every two household members as a cost savings measure.

***Deconcentrate poverty via Section 8 voucher choices*** - During the admissions orientation, staff explain the benefits and rules surrounding portability and the benefits of moving to areas with lower concentrations of poverty.

- Maps of HAP's jurisdiction are available to help participants explore areas with lower concentrations of poverty.
- HAP actively recruits landlords with units in lower poverty census tracts.

***Exclusion of Section 8 problem landlords*** – During FY 2007, HAP developed criteria to enable staff to prohibit participation by landlords who refuse to enforce their lease, violate contracts and/or fail to respond to neighborhood complaints. During the first year, one landlord has been permanently excluded and eight landlords have been temporarily suspended for between one to two years.

Affordable Housing Portfolio (On-going) – Maximum rents are governed by financing criteria. Households living in bond-financed properties must be 80% MFI and below;

households living in tax credit properties must be 60% MFI and below. However, the housing rental market does not support these maximum rents and the vast majority of the affordable portfolio properties have rents set at levels affordable to households between 45-50% MFI.

## **FY 2008 objectives**

### **Implement Initial Rent Simplification Steps**

The initial simplification measures outlined below will lead to MTW cost-effectiveness that results from a decrease in staff workload with minimal impact on residents.

#### ***Reduce reviews for senior and disabled households***

Both Section 8 and Public Housing will implement an alternate review schedule to recertify senior and disabled households with stable incomes. Since senior and disabled households with stable incomes have only a modest cost of living adjustment in social security and/or pensions each year, it actually costs more to complete an annual income recertification review than HAP would make by increasing tenant rent.

#### ***Implement a range of administrative procedures to simplify verification processes in Public Housing and Section 8***

Beginning April 2007, HAP will:

- 1) accept hand-carried third-party income verifications;
- 2) disregard income related to assets valued at less than \$25,000;
- 3) eliminate interim reviews for income increases (except in cases with an increase from zero income) and income decreases that have yet to be effective for 45 days.

***Streamline Earned Income Disallowance (EID) for qualifying clients*** For clients whom qualify for the EID, including any household member 18 years of age or older, the 100% EID will continue for a 12-month period that begins at a client's next regularly scheduled recertification. After that time, the client's EID will be eliminated (i.e. all client income will be considered in rent calculations.) Consistent with the administrative reduction outlined in the previous item, new income will not be reported or used to compute rent until the time of an annual certification. Adult household members may use the income exclusion once during their tenancy with HAP. This replaces a complex tiered multi-year approach.

#### ***Eliminate Earned Income Disallowance (EID) for new GOALS participants***

In order for participants to begin paying into their escrow accounts earlier, new GOALS (including GOALS/OHI) participants will not receive an EID.

## Review Existing and Potential Rent Policies

In addition to efforts to increase cost-effectiveness throughout the agency, HAP is examining ways to bring rent policies into alignment with policies that support self-sufficiency. This work involves considerable research and discussion internally and externally. Section 8 rent policy measures were implemented during FY 2006 and FY 2007 due to significant decreases in Federal funding. The following initiatives will be under review during FY 2008.

### ***Redesign preferences and priorities***

Utilizing a collaborative, program-based approach with community partners, the intent of this redesign will be to support local community goals in two primary areas:

- 1) Increased availability of Permanent Supportive Housing (PSH); and
- 2) Increased support of self-sufficiency, utilizing the Opportunity Housing Initiative (OHI) model.

### ***Launch analysis of alternative rent models, including flat rents or “tiered rents”***

HAP will include an analysis of flat rents for public housing as part of the overall look at the relationship between rent policy and self-sufficiency. One option is to implement a tiered rent system that would establish rents by bedroom size payable by a family's gross income. Minimum and maximum rents by bedroom size would be established. Another option is to use existing ceiling rents as the flat rents for one or two years. HAP will also assess local market conditions to update potential flat rent values for future years.

***Undertake review of Section 8 rent policies*** – HAP will undertake a review of Section 8 rent policies and conduct a community stakeholder review process in Spring 2007 when federal funding levels have been established.

## Support local initiatives for ending homelessness

HAP continues to look for direct ways to support the City of Portland and Multnomah County as they move to develop housing with services for people experiencing homelessness. In particular, HAP is looking at ways to support the City of Portland and Multnomah County's Ten Year Plan to End Homelessness, including HAP's commitment to:

- 1) ***Participate in Bridges to Housing***, a regional project focusing on homeless families that need housing as well as community services. HAP has committed to designate 100 units over five years to this effort. For example, 20 units at Humboldt Gardens have been designated for participants of Bridges to Housing when it opens in August 2008.

- 2) ***Continue utilizing the Project-Based Section 8 program as a tool for increased availability of Permanent Supportive Housing (PSH)*** - During FY 2007, HAP committed to provide 150 additional project-based vouchers (50 each year over three years) for PSH to serve both chronically homeless single adults and homeless families.

During FY 2008, HAP's affordable housing portfolio will begin lease up activities for two properties utilizing the PSH model: 22 units in the Clark Center Annex and 45 units in The Morrison (part of a larger redevelopment with 140 total apartments.)

- 3) ***Explore linkages between short-term rent assistance and longer-term housing subsidies*** - Explore options, such as changes in HAP's preferences and priorities rent policy, which might increase opportunities for PSH in Section 8 and public housing.
- 4) ***Continue to administer Shelter Plus Care vouchers targeting chronically homeless adults and participate with Continuum of Care coordinators to expand the reach of the Shelter Plus Care program to serve additional households.*** These households will also have access to community service dollars.
- 5) ***Continue to administer the unified short-term rent assistance program funded by HAP, the City of Portland, the City of Gresham, and Multnomah County.***

### Implement OHI self-sufficiency pilot projects including specific timeframes

As described in more detail in Section IX - Resident Services, HAP is testing three models to assist residents achieve greater self-sufficiency. Outcomes emphasize benefits to individual participants with a secondary benefit in that greater numbers of residents may be served as participants graduate from the program to make room for new participants. However, no one will lose their housing if they have made good faith efforts to fulfill the program requirements and have faced set backs beyond their control.

At the end of a five-year period, each of these pilot projects utilizes a different approach in order to achieve the second objective: the recycling of valuable public resources (either public housing or a Section 8 voucher). Public housing residents and Section 8 voucher holders participating in HAP's Opportunity Housing Initiative\* (OHI) pilot projects will know prior to their occupancy that their involvement in these enriched services will last for five years. Given HAP's current environment in which needs continue to far exceed available funds, this timeframe

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\* The OHI self-sufficiency program and the on-going GOALS program is explained in greater detail in Section IX – Residents Services.

will allow HAP to recycle these valuable resources so more participants can benefit from public subsidies for housing assistance and enriched services.

For purposes of the discussion of occupancy policies intended in this section of the plan, the impacts of the five-year time frame are outlined below.

**In the Fairview conversion project's OHI model**, enriched OHI services and public housing subsidy will last five years. However, residents not yet ready to complete their self-sufficiency goals might choose to continue to live at Fairview in one of the affordable housing units (without continuing their public housing subsidy.)

**In the Humboldt Gardens OHI model**, a household that is not yet ready to complete their self-sufficiency goal after five years might choose stay in an affordable housing unit (with no subsidy) at Humboldt Gardens, or choose to relocate to another public housing site and continue to use their public housing subsidy. Under no circumstance will a participating HOPE VI household be terminated from all housing subsidy programs due solely to OHI-related time limits.

**In the Department of Human Services program-based model**, the OHI pilot project will designate 25 time-limited Section 8 vouchers. After graduation, the voucher will recycle back to the DHS pool to be available for more participants. After three years of program implementation, HAP will conduct an evaluation to determine interim program results and assess the availability of funds to support the revolving voucher pool.

### Section III: Changes in the Housing Stock

#### **A. Number of units in inventory at beginning of planning period (April 2007)**

As of April 1, 2006, HAP had **2,306** total public housing units on the Annual Contributions Contract (ACC) with HUD. During FY 2007, HAP added back public housing units at New Columbia (totaling 297 units at New Columbia) and removed 105 units from the Iris Court cluster (HAP's second HOPE VI redevelopment to be named Humboldt Gardens.) The following summarize these activities:

##### Mixed Finance Units at New Columbia

Mixed finance units were added during the Year Eight as New Columbia's HOPE VI revitalization project was completed in October 2006. The public housing units are summarized in the following table by partnership.

<b>New Columbia Mixed Finance Projects</b>	<b>Public Housing Units</b>
Cecelia Limited Partnership	72
Haven Limited Partnership	29
Trouton Limited Partnership	125
Woolsey Limited Partnership	71
Totals	297

Summary of Unused Units from the HOPE VI Redevelopment of New Columbia/Columbia Villa – 165 of the 462 former public housing units at Columbia Villa did not return as public housing at New Columbia. However, HAP's commitment to the local community resulted in "no net loss" of low-income housing. Using Project-Based Section 8 units, 73 were designated on-site at New Columbia and an additional 92 were designated for development off-site in conjunction with other housing developments. The unused portion of the public housing subsidy contributes to the "banked units" summarized in the following table.

Iris Court Cluster HOPE VI Redevelopment - HAP received another HOPE VI award to redevelop the Iris Court cluster of public housing properties, along with 21 scattered-site homes. Former residents in the cluster of four apartment complexes were relocated by October 2006. (The sale of the 21 scattered-sites in FY 2008 will be dedicated to affordable home ownership opportunities. See Section VI Capital Planning/Homeownership for more details.)

As of March 31, 2007, the changes summarized above will result in **2,498** total units.

## **B. Projected number at the end of the planning period**

During the coming fiscal year, HAP anticipates the following activities:

### **FY 2008 objectives**

#### ***Scattered-Site Public Housing Reconfiguration***

HAP anticipates sale of approximately 50 scattered sites (beyond the 21 associated with the Humboldt Gardens Homeownership Program.) See Section VI Capital Planning/Disposition and Section VII – Owned and Managed Units for more details.

#### ***Scattered-Site Humboldt Gardens Homeownership Disposition***

HAP anticipates sales of the first homes (included in the total 21) to occur during FY 2008. This will result in between four to six sales during FY 2008.

#### ***Fairview Conversion Project***

This project is described in more detail in Section VII – Owned and Managed Units. Relevant to this section, 40 units from the unused ACC balance (i.e. a portion of HAP's "banked units") will be reactivated for use as public housing at HAP's affordable housing development, Fairview Oaks.

#### ***Overall Redevelopment Opportunities***

Plans to replace some of the remaining units lost due to ADA construction, HOPE VI redevelopment, and scattered site sales will become part of future HOPE VI projects and other revitalization initiatives as opportunities arise. The Fairview Conversion Project (above) is the first project in this effort.

Unused yet Authorized Public Housing Units - The following is a summary of the units indicated above, including those resulting from the two HOPE VI redevelopment projects. The table serves as both a historical overview and a projection for the total number of "banked units" in the ACC.

**ACC PUBLIC HOUSING PORTFOLIO\***  
**Planning Projections as of 3-31-07**

**Authorized Public Housing Subsidy Units Currently  
Unused (“Banked Units”)**

HOPE VI Redevelopments

<b>Columbia Villa</b>	462
(adding back New Columbia build-out completed - Dec 2006)	(297)
<i>subtotal</i>	165

**Iris Court Cluster** (4 properties totaling **105 ACC** units; see below for 21 associated Humboldt Gardens scattered sites)

Iris Court	51
Royal Rose Court	36
Royal Rose Annex	9
Sumner Court	9
(adding back Humboldt Gardens build-out by August 2008)	(100)
<i>subtotal</i>	5

Completed Merged Units\*\*

NW Tower ADA	6
Hollywood East ADA	13
Medallion ADA	2
<i>subtotal</i>	21

Available Units from Sales of Scattered Sites

3 prior to 4/1/2005	3
1 during 12/2005	1
21 Humboldt Gardens scattered sites (anticipated sales between March 07 and December 08)	21
<i>subtotal</i>	25

***Subtotal remaining unused (“banked”) units***      **216**

***Proposed add-back of 40 unused units for Fairview Conversion Project***      **(40)**

**Total projected remaining unused units**      **176**

\* The baseline number of public housing units is 2,793. This includes employee units and non-residential units

\*\* Merged units are studio units that were merged to create larger units for ADA accommodation. When 2 units are merged into 1 living space, 1 unit remains unused on the ACC for future use as public housing.

## Section IV: Sources and Amounts of Funding

This section, in accordance with Attachment B of the Amended and Restated MTW Agreement, identifies (A) forecasted sources by MTW program; (B) forecasted sources for non-MTW programs; (C) the Consolidated Forecasted Statement; and (D) benefits of MTW funding fungibility.

### A. Forecasted Sources by MTW programs for FY 2008

The MTW demonstration programs include Public Housing, Capital Fund, and portions of the Section 8 voucher program.

	Public Housing	Section 8 - MTW	MTW Consolidated
<b>PLANNED SOURCES FY 2008</b>			
Rental Revenue	4,694,764		4,694,764
Section 8 Subsidy		50,047,498	50,047,498
Operating Subsidy	7,735,510		7,735,510
HUD Grants			0
Non-HUD Grants			0
Other Revenue	205,809	132,000	337,809
HUD NonOperating Contributions	2,656,086		2,656,086
<b>Total Sources</b>	<b>15,292,169</b>	<b>50,179,498</b>	<b>65,471,667</b>

### B. Forecasted Sources of Special Purpose Funds (outside MTW Consolidated)

Sources below are utilized to fund resident services, Section 8 Mod-Rehab vouchers and short-term rent assistance, re/development activities, affordable housing, and administration.

	NonMTW Consolidated
<b>PLANNED SOURCES FY 2008</b>	
Rental Revenue	8,574,799
Section 8 Subsidy	4,248,246
Operating Subsidy	0
HUD Grants	4,525,390
Development Fee	4,262,927
Non-HUD Grants	1,576,667
Other Revenue	2,148,359
HUD NonOperating Contributions	2,997,680
<b>Total Sources</b>	<b>28,334,068</b>

### C. The Consolidated Forecasted Statement for FY 2008

Consolidated Statement (All HAP )	Forecasted
<b>Operating Revenues</b>	
Dwelling Rental	12,105,090
Non-dwelling Rental	1,164,474
<i>Total Rental Revenues</i>	<u>13,269,563</u>
HUD Subsidies -Housing Assistance	54,295,744
HUD Subsidies -Public Housing	7,735,510
HUD Grants	4,525,390
Development Fee Revenue, Net	4,262,927
State, Local & Other Grants	1,576,667
Other Revenue	2,486,168
<i>Total Operating Revenues</i>	<u>88,151,969</u>
<b>Operating Expenses</b>	
Housing Assistance Payments	50,501,865
Administrative Personnel Expense	11,560,562
Other Admin Expenses	4,920,018
Tenant Svcs Personnel Expense	1,626,587
Other Tenant Svcs Expense	1,838,108
Utilities	3,493,948
Maintenance Personnel Expense	3,952,602
Other Maintenance Expense	3,423,061
Depreciation	4,442,372
General	884,230
PH Subsidy Transfer	657,129
<i>Total Operating Expenses</i>	<u>87,300,481</u>
<i>Operating Income (Loss)</i>	<u>851,488</u>
<b>Other Income (Expense)</b>	
Investment Income	567,622
Interest Expense	(4,001,034)
Amortization	(44,990)
Gain (Loss) on Sale of Assets	2,227,145
<i>Net Other Income (Expense)</i>	<u>(1,251,258)</u>
<b>Capital Contributions</b>	
HUD Nonoperating Contributions	5,653,766
<i>Net Capital Contributions</i>	<u>5,653,766</u>

### D. Benefits of MTW Fungibility

MTW authority currently enables HAP to only combine funds for Public Housing and the Public Housing Capital Fund. This has provided flexibility to support Resident Services programs for public housing participants.

## Section V: Uses of Funds

This section, in accordance with Attachment B of the Amended and Restated MTW Agreement, identifies (A) Previous Year Expenditures; (B) Planned Expenditures; (C) Descriptions & Change; (D) Reserves.

### A. Previous Year Expenditures

	Public Housing	Section 8 - MTW	MTW Consolidated
<b>FY 2007 ESTIMATED EXPENDITURES</b>			
Housing Assistance Payments		45,568,904	45,568,904
Administrative Personnel Expense	2,825,220	2,696,950	5,522,170
Other Administrative Expenses	537,648	187,143	724,791
Tenant Svcs Personnel Expense	240,836	239,288	480,124
Other Tenant Svcs Expense	48,928		48,928
Utilities	2,187,395		2,187,395
Maintenance Personnel Expense	3,961,984		3,961,984
Other Maintenance Expense	853,217		853,217
General	360,017	43,703	403,720
PH Subsidy Transfer	341,032		341,032
HUD Capital Expenditures	2,453,506		2,453,506
<b>Total Expenditures</b>	<b>13,809,783</b>	<b>48,735,988</b>	<b>62,545,771</b>

### B. Planned Expenditures

	Public Housing	Section 8 - MTW	MTW Consolidated
<b>FY 2008 PLANNED EXPENDITURES</b>			
Housing Assistance Payments		45,810,879	45,810,879
Administrative Personnel Expense	2,796,006	2,765,794	5,561,800
Other Administrative Expenses	628,125	226,526	854,651
Tenant Svcs Personnel Expense	238,488	244,200	482,688
Other Tenant Svcs Expense	56,860		56,860
Utilities	2,135,920		2,135,920
Maintenance Personnel Expense	3,894,073		3,894,073
Other Maintenance Expense	942,111		942,111
General	331,201	10,007	341,208
PH Subsidy Transfer	772,091		772,091
HUD Capital Expenditures	2,656,086		2,656,086
<b>Total Expenditures</b>	<b>14,450,961</b>	<b>49,057,405</b>	<b>63,508,366</b>

**C. Description of proposed activities/investments and explanation of change from the previously-approved plan.**

**Proposed Investments:**

For FY 2008, there are no proposed investments that would implement change from the previously approved plan.

**Proposed Activities:**

For FY 2008, the proposed Iris Hope VI revitalization activities would implement change from the previously approved plan.

**D. Adequacy of Reserves**

In November 2005, the Housing Authority of Portland Board established an operating reserve of funds in the amount of \$2.8 million as a set-aside to protect against financial uncertainties associated with the agency's operating environment and real estate activities. This Board-established reserve is included in the total reserves shown below.

The anticipated reduction in reserves during fiscal year 2008 results from contributions to the Humboldt Gardens HOPE VI redevelopment project.

<b>HAP Liquidity Reserves</b>	<b>FY 2008</b> Estimated Beginning of Year	<b>FY 2008</b> Estimated Net Increase/ Decrease	<b>FY 2008</b> Estimated End of Year
	7,583,000	(62,000)	7,521,000

## Section VI: Capital Planning

### A. Capital Needs in Public Housing

On-going activities - HAP owns 2,306 traditional public housing units.<sup>1</sup> These units exist across 412 buildings. The age of buildings fall within a range of 12 to 62 years old, with an average age of 37 years old.

HAP estimates the immediate capital needs of the traditional public housing to be \$12.2 million, with an additional \$13.8 million in capital needs anticipated from 2008 – 2012.

In FY 06, HAP will receive \$3.954 million of base Capital Grant from HUD. This is down from a ten year high achieved in 2001 of \$6.008 million. The dilemma for HAP, as well as all public housing authorities, is how to successfully maintain an aging portfolio of public housing in the face of a diminishing Capital Fund.

HAP is currently analyzing potential strategies to address the shortfall. These potential “preservation strategies” will be undergo additional analysis during FY 2008.

#### **FY 2008 objectives**

##### ***Address unmet capital needs in public housing***

During the coming year, HAP will develop specific plans to address capital needs, Financial strategies may include a combination of the following tools:

##### ***1) Prioritize traditional HUD Capital Grant funded improvements***

In its traditional form, public housing is maintained with an annual allocation of Capital Funds provided by HUD. Historic annual appropriations of Capital Funds have not kept pace with accruing capital needs. As a result, annual expenditures of Capital Funds have been allocated more widely across the portfolio in an effort to maintain a minimum standard. Alternatively, Capital Funds could be focused on more comprehensive improvements in fewer buildings. In both scenarios, HAP would be challenged to apply a declining resource to a growing need.

##### ***2) Invest equity from the sales of select scattered site public housing units***

In recognition of the growing demand created by an aging portfolio and declining supply of Capital Funds, portions of the proceeds from the sales of scattered site public housing units could be invested in capital improvements in the remaining portfolio. Using public housing assets within our control to preserve the larger portfolio would allow for more comprehensive improvements. This is an asset management and preservation strategy that would reduce the amount of equity

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<sup>1</sup> Traditional is used to mean units owned by HAP and not part of a mixed finance model. Units developed / owned in a mixed finance model have both operating and replacement reserves funded by the operating budget of that project. Traditional public housing relies on annual appropriations of operating subsidy and capital grant to fund the performance of the real estate.

available to build back new public housing. (Additional information follows later in this Section under Demolition and Disposition.)

**3) Analyze potential to leverage new financial resources**

The most significant opportunity to leverage is by using the Low Income Housing Tax Credits (LIHTC). This strategy is essentially using the mixed finance model to leverage equity to invest in existing public housing. The equity generated could be used to increase the scope of a particular project allowing for a more comprehensive improvement, or supplant Capital Funds allowing them to be used in a traditional application elsewhere in the portfolio.

Ownership of a building financed in this manner would transfer to a limited partnership, for which HAP would be the sole general partner. HUD regulatory procedures for a mixed finance transaction would be utilized. It is possible to maintain all units in the subject property as public housing. As a result, no permanent debt would remain in place to be serviced by net operating income.

The resulting project would then be a 100% LIHTC / public housing project. In these types of projects, the more restrictive of the two requirements apply. Most notable of the differences between these programs is the income restriction. LIHTC rules limit families to 60% of the area median income, while public housing rules allow families to earn up to 80%. Given the actual income of current public housing residents, this difference has limited practical implication and could be managed by careful selection of suitable projects.

In addition to LIHTC, additional funding could be secured through the City of Portland, Portland Development Commission, other state resources such as the Business Energy Tax Credit, or Energy Trust of Oregon.

**B. Planned Expenditures for Capital Needs (FY 2008 and beyond)**

<b>Public Housing Capital Improvement Schedule FY 2008 (utilizing HUD Capital Grant funds from 06 &amp; 07)</b>		
<b>Projects</b>	<b>Construction Costs</b>	<b>Status</b>
Annual Roofing Contract	125,390	in process
Annual Concrete Contract	60,000	in process
Maple Mallory (gut rehab)	318,160	under construction
Townhouse Terrace (Community Room)	35,295	under construction
NW Towers (carpet)	61,531	work awarded
Medallion (foundation leaks)	16,643	May 2007
Slavin Court (site + dwelling improvements)	965,800	pre-design
Dahlke Manor (re-piping)	693,977	pre-design
Sellwood Center (re-piping)	678,149	pre-design
Annual Flooring Abatement	250,000	procurement in June
Annual Sewer	50,000	summer 07

Annual Playground	30,000	summer 07
<b>Total FY 08 Construction</b>	<b>3,284,945</b>	

Note: An additional \$75,000 capital cost for fleet replacement is anticipated during summer 07.

The following is an outline summarizing issues related to unmet capital needs:

**Work Backlog** - Immediate capital needs in the public housing portfolio are estimated at \$12.2 million. An additional \$13.8 million in capital needs are anticipated during 2008 – 2012, which brings total existing needs plus additional 5-year projections to \$26 million.

**Needs Assessment Methodology** - HAP commissioned a public housing capital needs assessment in 2002 that developed a baseline conditions report for each property. The needs assessment report (DLR Report) is updated annually with feedback from HAP property managers and maintenance personnel. Construction estimates are applied to capital needs using a database supplied by HAP’s consultant (DLR).

**Asbestos Abatement** - Imbedded in the \$12.6 million immediate needs projection is \$4.2 million to abate asbestos containing flooring materials, typically vinyl asbestos floor tile. Asbestos flooring is currently maintained in good condition, is not a hazard, and HAP is not required by regulation to remove this material. However, it presents a long-term management liability. Abatement work is most economical and causes the least amount of disruption for residents if performed at unit turnover. Starting with FY 2008, HAP’s capital grant budget includes \$250,000 allocated to asbestos abatement.

**Seismic Upgrades** - Seismic evaluations are required by building code whenever an Owner applies for a building alteration permit with a value greater than \$175,000. Seismic upgrades under the code are voluntary unless an Owner changes a building occupancy classification. None of the public housing properties fall in a classification that requires upgrades per code.

In 2000-01 HAP commissioned Seismic Analyses for high-rise properties in the Public Housing Portfolio. These analyses were prepared based on the Federal Emergency Management Agency (FEMA) Publication FEMA-310, Handbook for Seismic Evaluation of Buildings. One of the report recommendations, elevator anchorage upgrades, was completed in 2004. No other measures have been implemented. The immediate capital needs include \$4.8 million for seismic retrofits per FEMA-310. The FEMA 310 document was considered a “pre-standard” and has been replaced by an ASCE Standard, known as ASCE/SEI 31-03. The \$4.8 million seismic retrofit exposure has not been updated for inflation, does not include costs for Northwest Tower, and does not address the new standard. HAP staff is

reviewing the seismic evaluations and gathering input from engineers, contractors, and other public owners prior to making a next steps recommendation.

***Inflation*** - Recent construction projects have experienced the effects of rising material costs with some upward push on labor. During the nineties through about 2003 construction costs seemed to move at about a 2%-3% increase compounded annually. Starting in 2004 we began to see material costs move up much more rapidly lead by increases in concrete, steel, wood, and anything with petroleum content. HAP's New Columbia contractor estimates the rate of inflation as 13%,10% and 10% for the years 2004-06.

### **C. Demolition and Disposition**

#### **Humboldt Gardens Homeownership Program**

On-going activities - HAP has designated 21 scattered site public housing units for inclusion in the Humboldt Gardens Homeownership Program. During the planning process, HAP's Board determined that the properties are to be disposed of in one of four ways.

*Market Rate Sales* - Five of the properties will be sold on the open market for maximum proceeds to be used for the Humboldt Gardens project and future replacement units.

*Affordability at 80%MFI and below* - The remaining 16 properties will yield 21 affordable for-sale homes.

- a. Five properties will be sold to a non-profit developer for demolition of the existing unit and construction of two new homes per property.
- b. Seven of the properties will also be sold to a non-profit developer but the existing unit will be renovated using the 15-year maintenance free standard established by HAP.
- c. The final four properties will be sold to current residents utilizing one of two purchase options, a silent second mortgage held by HAP or the community land trust model. The homes will also be renovated using the 15-year maintenance free standard.

The disposition plan was submitted to HUD with approval anticipated during FY 2007.

**FY 2008 objective** (see following section on Homeownership)

#### **Public Housing Preservation – Scattered Sites Disposition**

On-going activities – Over the last year, HAP has been exploring the possibility of selling a portion of its single-family home scattered site public housing and replacing it with public housing in multi-family complexes that are more efficient to operate. In addition to

gaining cost-efficiencies with this change, the agency has hoped to use the proceeds from the scattered site sales to underwrite adding back units to its public housing portfolio.

The agency might accomplish the add back by “turning on” public housing subsidy it no longer receives for units that were taken off-line and “banked” for several reasons. (The majority of these banked units accumulated during the New Columbia HOPE VI project, as HAP replaced some of the former Columbia Villa public housing units with project-based Section 8 units.)

The planning and analysis conducted over the past year, combined with the ongoing federal disinvestment, have led the agency to conclude that preservation of existing public housing must be its first priority. Public housing serves very low-income clients; almost 90 percent of HAP’s 2,400 public housing households make less than 30 percent of the area median income. If HAP can no longer afford to operate public housing, there is no other housing program in the county that can absorb its clients and provide the same level of affordability.

Key objectives for public housing preservation include plans to:

- Replace public housing units that are inherently inefficient to operate with more efficient public 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.

Accomplishing all three of these objectives will require community resources in addition to what HAP can provide, as the proceeds from the scattered site sales (described below) are unlikely to underwrite the full cost of each objective taken together.

#### **FY 2008 objectives**

##### ***Begin disposition of select scattered site public housing units in concert with development of replacement housing***

The agency will sell and replace approximately 50 units a year over the next several years, with the understanding that new development may have a longer timeframe before it is operational. HAP will develop a plan for these activities that will include:

- Units to be sold and method by which they will be disposed (Appendix C lists all the remaining scattered sites after sale of the 21 Humboldt Gardens sites);
- Proposed replacement units;
- Proposed strategies to bring back “banked units”;
- Outreach to current residents;
- Relocation and support services plan;
- Timeline for disposition application to HUD;
- Budget and staffing.

## Potential Redevelopment Opportunities

### FY 2008 objective

#### ***Respond to potential HOPE VI NOFA for redevelopment of Hillsdale Terrace***

As described in Section XI, Part 1 – Development and Community Revitalization, HAP would consider responding to a federal HOPE VI Notice of Funding Availability (NOFA) with a grant application for the redevelopment of Hillsdale Terrace, a 60-unit apartment complex in southwest Portland. Due to the proximity of the two sites, this redevelopment effort might be coupled with a potential redevelopment of a military based that is being decommissioned nearby. If the HOPE VI grant application is successfully funded, a disposition and demolition plan would follow. HAP would seek to use a mixed finance model in these redevelopment efforts.

## D. Homeownership Programs

### **HAP's GOALS - Homeownership Programs**

On-going activities – Both public housing and Section 8 participants are eligible for participation in GOALS (see more detailed descriptions in Section IX – Residents Services.)

The Section 8 Housing Choice Voucher program allows qualifying households to purchase homes and use the rental subsidy as a partial payment for the mortgage. Criteria for resident participation includes:

- good standing with HAP for a minimum of the past 12 months;
- participation in the GOALS program;
- completion of the Portland Housing Center's homeownership program;
- achieving a minimum of 40% MFI household income;
- maintaining employment at 32 hours a week for a minimum of 12 consecutive months; and
- success at financing through private lenders.

HAP provides the Section 8 rent subsidy and coordinates the escrow accounts. Residents have access to the accrued escrow through participation in the GOALS program. Additional resources in the community include HomeStart (a matched savings account funded by the Federal Home Loan Bank), and Individual Development Accounts (IDAs) provided by partner agencies,

Between 2003 and January 2007, there have been 23 households assisted through the Section 8 Homeownership program.

HAP's Family Self-Sufficiency (FSS) / GOALS program for public housing residents working towards homeownership includes the opportunity to purchase scattered site public housing units with the following criteria for participation:

- good standing with HAP for a minimum of the past 12 months;
- participation in the GOALS program;

- completion of the Portland Housing Center's homeownership program; and
- success at financing through private lenders.

HAP resources available to this program include (depending on the difference between the appraised value and the tax assessed value):

- in some cases, a subsidy may be applied to the cost of house
- in some cases, a silent second mortgage is also available
- residents also have access to the accrued escrow through participation in the GOALS program.

Additional resources in the community include HomeStart (a matched savings account funded by the Federal Home Loan Bank), and Individual Development Accounts provided by partner agencies.

As of January 2007, there have been eight households that have purchased scattered site homes (outside of the Humboldt Gardens homeownership efforts.)

**FY 2008 objectives**

***Coordinate GOALS homeownership policies with implementation of public housing scattered-site disposition.***

***Increase collaboration with community partners specializing in first-time homeownership programs.*** HAP will be considering how to best continue operations of the GOALS homeownership program into the future.

**New Columbia Homeownership Program**

On-going activities - HAP worked actively with the five New Columbia homebuilders to create 41 affordable for-sale homes (of the 234 total homeownership opportunities). To reach even greater affordability, HAP facilitated the creation of the New Columbia Affordable Homeownership Fund to enable households earning 60% median family income and below to purchase a home. The fund totaled over \$836,000 and has been distributed via two local non-profit partners, the Portland Community Land Trust and the Portland Housing Center. As of December 2006, 23 of the 41 affordable homes have been completed and sold to income-qualified buyers.

Of the affordable homes that have been sold, two homebuyers utilized HAP's Section 8 Homeownership program in conjunction with the Portland Community Land Trust. In addition, three HAP residents moved off of housing assistance and into homeownership by purchasing a home at New Columbia.

**FY 2008 objectives**

***Support HAP clients as they complete the purchase of their New Columbia homes.*** The remaining 18 (of 41 total affordable homes) will be completed by the end of the first quarter of FY 2008. Two more HAP residents are actively working with Portland Habitat for Humanity and will complete their purchase of a home at New Columbia during the first quarter of FY 2008.

## **Humboldt Gardens Homeownership Program**

On-going activities - HAP will continue our efforts to create affordable homeownership options for our residents with the development of the Humboldt Gardens Homeownership Program. As outlined in Section C, Demolition and Disposition, 21 scattered site public housing properties have been included in the Humboldt Gardens project. The properties, through a variety of disposition options, will yield 21 deeply affordable for-sale homes for households earning 80% median income and below.

During FY 2007, HAP's staff has been working with 4 households who live in the Humboldt Gardens properties to purchase their home.

### **FY 2008 objectives**

***Coordinate relocation of current residents, outreach and marketing to HAP GOALS (Section 8 and public housing) participants, and manage the redevelopment and renovation efforts.***

*Relocation* - The majority of the households will be relocated early in FY 2008.

*Outreach and Marketing* - The focus of the marketing will be on HAP residents who are ready to move into homeownership. HAP's non-profit partners will actively work with HAP's FSS/GOALS staff to connect affordably priced, high quality homes with income eligible homebuyers.

*Redevelopment and Renovation* - Properties not purchased by the current resident will be sold to non-profit developers for either redevelopment or renovation. Redevelopment and renovation work will commence during FY 2008 with marketing and homes sale scheduled to be complete by the end of 2008 (FY 2009).

## **HAP's Partnership with the African American Alliance for Homeownership (AAAH)**

Ongoing activities - Households living at New Columbia had the option of working with AAAH to receive one-to-one counseling (coaching) for homebuying services. AAAH is a community-based organization comprised of housing resource professionals, business and community leaders. AAAH coordinates an annual Home Buying Fair and the Home Buying Coaching Project.

### **FY 2008 objective**

Continue partnership with AAAH as HAP moves forward with Humboldt Gardens homeownership.

## Section VII: Owned and Managed Units

### HAP's Real Estate Portfolio

HAP's major initiative, "**Public Housing Preservation**," is summarized below. The outline that follows in the Public Housing Section is proscribed by HUD as a part of the agency's annual MTW planning process.

Following the Public Housing description, **Part 2 – HAP's Affordable Housing Portfolio** provides a new summary of these important elements in HAP's comprehensive real estate portfolio.

#### **Part 1 - HAP's Public Housing**

Over the last several decades, the federal investment in public housing has declined as a percentage of affordable housing support and in real dollars. In 2007, it is likely that housing authorities will receive only 83 cents for every dollar that is necessary to support this critical resource. For HAP, this represents a \$1.6 million shortfall from the agency's formula funding levels.

Under these conditions, the agency must manage its public housing as efficiently as possible. During FY 2008, the agency will develop plans that recognize preservation of public housing as the agency's first priority. Three key preservation objectives will be addressed:

- Replace public housing units that are inherently inefficient to operate with more efficient public 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.

Accomplishing all three of these objectives will require community resources in addition to what HAP can provide, as the proceeds from the scattered site sales (described below) are unlikely to underwrite the full cost of each objective taken together.

The following four initiatives, under the grouping "Public Housing Preservation," are designed to begin to meet this high priority goal and corresponding objectives.

#### **FY 2008 objectives**

##### **Public Housing Preservation**

***Implement the Fairview Conversion Project*** – The agency will use public housing operating subsidy (i.e. "turn on banked subsidy") in up to 40 units in a HAP-owned affordable housing property (described in Section VII). This property, Fairview Oaks, is a 328-unit development consisting of 28 two-story apartment

buildings. The rents at this property are near market, but the property was recently refinanced with the intent of lowering overall debt load to a point where revenue from the new public housing units would not be needed to service the property debt.

Although financing allows household incomes up to 80% of the area median family income (\$54,300 for a family of four), approximately 100 households currently living at the development earn less than \$20,000 annually. In addition to the opportunity to assist some of these families with their rent burden by offering a five-year term-limited public housing subsidy, a series of comprehensive services will be provided (described in Section IX – Resident Services, Opportunity Housing Initiative.)

In order to implement the Fairview Conversion Pilot Project, the following five key policy modifications were necessary. HAP's Board reviewed the policy modifications in early 2007. Residents wishing to participate in the OHI pilot and utilize the public housing subsidy will be recruited in April 2007 (the beginning of HAP's FY 2008).

- 1) **Wait List** - Current Fairview residents will be given first priority to enroll in the OHI program and to receive the public housing subsidy. Future participants will need to apply for residency and program participation at the property. No applicants on the "first available" wait list will be eligible for this program.
- 2) **Eligibility and Suitability** - Income eligibility will not be modified. Suitability includes the additional requirement that the households applying for public housing subsidy also agree to full participation in the OHI program. Full participation includes a plan for increased self-sufficiency and participation in financial literacy, career training and housing mobility workshops.
- 3) **Termination and Term Limits** - The public housing subsidy is tied to continued participation in the OHI program. However, consistent with each of the OHI pilot projects, no one will lose their housing if they have made good faith efforts to fulfill the program requirements and have faced setbacks beyond their control. If the resident fails to meet the program expectations or drops out of the program, public housing subsidy will be terminated. Public housing subsidy will also terminate when a household graduates/completes the OHI program with a maximum of 5 years public housing subsidy.
- 4) **Simplified rent structure** - Rents will be calculated on gross income with no deductions. The current policy does not support escrow accumulation. The interim rent simplification measures described in Section II – Occupancy Policies are key to implementing this pilot, especially elimination of the Mandatory Earned Income Disallowance. Rents will be set at 30% of gross income.

- 5) **Escrow Accounts** - Residents begin to build an escrow account when their portion of the rent reaches \$350 rather than being triggered by an increased income, with a ceiling rent established at market rents. If a resident is terminated or drops out of the program, escrow is forfeited. For those that are successful, escrow is released as a participants shift from public housing subsidy to an affordable rent structure, private market, or homeownership. This policy aligns with modifications to HAP's family self-sufficiency program, GOALS (described in Section IX – Resident Services).

**Begin disposition of select scattered site public housing units in concert with development of replacement housing** – As one of the means to accomplish greater cost-efficiencies, HAP intends to sell most of its single-family scattered sites and replace them with public housing units in multi-family housing. The agency will sell and replace approximately 50 units a year over the next several years, with the understanding that new development may have a longer timeframe before it is operational (described in more detail in Section VI – Capital Planning.)

**Address unmet capital needs in public housing** – The past six years of declining federal subsidy for public housing is beginning to take its toll on this vital public resource. The agency may choose to use a portion of the proceeds from the sale of scattered site public housing to address unmet capital needs in its existing public housing portfolio.

The agency is working on strategies to address long-term capital needs including beginning to implement energy conservation measures. HAP is evaluating options to leverage additional capital, such as energy performance contracting and low-income housing tax credit equity, to make more significant capital investments in the existing public housing portfolio.

This objective is described in more detail in Section VI – Capital Planning.

**Continue the transition to an asset management model** – Continued improvements to HAP's public housing asset management model will occur during FY 2008. These will include best practices that will result in continued high occupancy rates, transition to site-based annual inspections for all housing units, continued timely responses for maintenance issues, identification of property performance indicators, and increased collaboration with local law enforcement professionals in Portland, Gresham, Fairview and Multnomah County. These objectives are described in more detail below.

#### **A. Public Housing Vacancy Rates**

**On-going activities** – The transition to site-based management has allowed Public Housing site staff to take a more proactive role in filling vacant units. Site staff now have the ability to not only select an applicant off the wait list immediately upon receiving notice

to move from a current resident, but to also keep a small pre-approved “reserve” pool available to fill a vacant unit the day it becomes available. This has significantly reduced the overall Public Housing vacancy rate and allowed HAP to exceed its targeted occupancy. Prior to implementation of site-based management, overall occupancy could drop below 92% compared to the 97.4% in FY 2006.

**FY 2008 objective**

Continue to achieve a 97% or better occupancy rate (the rate projected in the accompanying table is 97.89%).

	Vacancy Rate			Vacancy Rate	Projected Vacancy Rate
Property	12/1/2005	ACC Units	Units Available	12/1/2006	FY 08
*ph103 - Iris Court	21.3%	51	47	100.00%	0.00%
ph104 - Northwest Tower	1.2%	174	165	0.57%	0.89%
ph105 - Hillsdale Terrace	0.0%	60	59	5.00%	2.50%
ph106 - Hollywood East	1.4%	268	266	2.80%	2.10%
*ph107 - Royal Rose Court	2.8%	36	36	100.00%	0.00%
ph108 - Peaceful Villa	1.4%	70	70	1.43%	1.42%
*ph109 - Royal Rose Annex	11.1%	9	9	100.00%	0.00%
*ph110 - Sumner Court	0.0%	9	8	100.00%	0.00%
ph111 - Dekum Court	0.0%	40	39	2.50%	1.25%
ph113 - Tamarack	1.7%	120	119	1.67%	1.69%
ph114 - Dahlke Manor	1.8%	115	114	1.74%	1.77%
ph115 - Holgate House	1.3%	80	80	0.00%	0.65%
ph116 - Sellwood Center	0.9%	110	110	0.91%	0.91%
ph117 - Schrunk Riverview Tower	1.7%	118	117	2.54%	2.12%
ph118 - Williams Plaza	0.0%	101	101	1.96%	0.99%
ph121 - Fir Acres	3.2%	32	31	0.00%	1.60%
ph122 - Townhouse Terrace	0.0%	32	31	0.00%	0.00%
ph123 - Stark Manor	3.4%	30	29	3.33%	3.34%
ph124 - Lexington Court	0.0%	20	20	10.00%	5.00%
ph125 - Eastwood Court	0.0%	32	32	0.00%	0.00%
ph126 - Carlton Court	4.2%	24	24	4.17%	4.20%
ph131 - Slavin Court	0.0%	24	24	8.33%	4.17%
ph132 - Demar Downs	0.0%	18	18	5.56%	2.78%
ph137 - Gallagher Plaza	1.2%	85	85	2.35%	1.78%
ph138 - Eliot Square	3.3%	30	30	6.67%	4.99%
ph139 - Medallion Apts.	1.1%	90	89	0.00%	0.55%
ph140 - Ruth Haefner Plaza	0.0%	73	73	1.37%	0.69%
ph142 - Celilo Court	3.7%	28	27	0.00%	1.85%
ph151 - Tillicum South	8.3%	12	12	0.00%	4.15%
ph152 - Harold Lee Village	0.0%	10	10	0.00%	0.00%
ph153 - Floresta	5.0%	20	20	0.00%	2.50%
**ph203 - Maple Mallory	6.4%	48	47	43.75%	0.00%
ph232 - Bel Park	10.0%	10	10	0.00%	5.00%
ph236 - Winchell Court	0.0%	10	10	0.00%	0.00%
ph237 - Powellhurst Woods	0.0%	34	33	2.94%	1.47%
ph251 - Tillicum North	5.6%	18	18	0.00%	2.80%
ph252 - Hunter's Run	20.0%	10	10	0.00%	10.00%
ph332 - Camelia Court	0.0%	14	14	14.29%	7.15%
ph336 - Cora Park Apartments	0.0%	10	10	0.00%	0.00%
ph337 - Alderwood	0.0%	20	20	5.00%	2.50%
ph436 - Chateau Apartments	0.0%	10	10	10.00%	5.00%
ph701 - North Area A" Scattered Sites"	5.0%	20	20	0.00%	2.50%
ph702 - North Area B" Scattered Sites"	0.0%	29	28	3.45%	1.73%
*ph703 - North Area C" Scattered Site"	20.8%	24	24	16.67%	0.00%
ph704 - West Area A" Scattered Sites"	0.0%	8	8	0.00%	0.00%
ph705 - East Area A" Scattered Sites"	0.0%	35	35	0.00%	0.00%
ph706 - East Area B" Scattered Sites"	4.0%	50	50	0.00%	2.00%
ph707 - East Area C" Scattered Sites"	0.0%	17	17	0.00%	0.00%
tc305 - Haven		29	29	2.27%	2.27%
tc310 - Cecelia		72	72	2.08%	2.08%
tc315 - Trouton		125	125	8.00%	2.00%
tc325 - Woolsey		71	71	11.00%	2.00%
<b>TOTALS</b>	<b>2.24%</b>	<b>2,603</b>	<b>2,576</b>	<b>7.23%</b>	<b>2.11%</b>
Vacancy Rate excluding HOPE VI and Capital Fund vacancies noted below.				1.97%	
*These communities are undergoing redevelopment through HOPE VI and vacancies are not being refilled.					
**PH 203/Maple Mallory is experiencing temporary vacancies related to Capital Fund revitalization.					
The last four properties are new this year, representing public housing at completed HOPE VI projects.					

**B. Public Housing Rent Collections**

	FY 2007 Budgeted	Budget pro-rated for 8 months	FY 2007 (8 months) Actual collected as of 12/1/06
Dwelling Rent Billed	\$4,342,546	\$2,907,216	\$2,707,764
Dwelling Rent Collected			\$2,706,453
Per Cent Collected			99.95%

On-going activities – Beginning February 2006, rent collection became the responsibility of on-site property managers. HAP continues to utilize a strict lease enforcement policy to maintaining a very high level of rent collections.

**FY 2008 objectives**

By the 14<sup>th</sup> of each month rents have been collected or appropriate notifications have been delivered regarding delinquency. Achieve a minimum of 98% rent collections.

**C. Public Housing Work Orders**

On-going activities - Residents contact their site manager directly to report maintenance issues. Site-based maintenance workers then respond to these work orders. Additionally, HAP has integrated its preventive maintenance program within the site-based model. Each site team has developed and scheduled preventive maintenance items that are site specific.

**FY 2008 objectives**

Additional work will be done with site staff in how best to schedule and balance the completing needs generated through vacancy turns, resident requests and preventative/routine work.

- Achieve 98% response rate for emergency work orders (responding to needs within 24 hours)
- Respond and complete routine work orders within five days.

**Response Times for Emergency Work Orders**

	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual for 8 months	FY 2007 Projection for 4 months	FY 2008 Projection 4-1-07 to 3-31-08
Total Number	487	741	422	337	237	120	360
Percent Meeting 24 Hour Response Goal	99.9%	91.7%	98.3%	99.1%	97.5%	99%	98%

### Response Times for Routine Work Orders

	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual for 8 months	FY 2007 Projection for 4 months	FY 2008 Projection 4-1-07 to 3-31-08
Total Number	12,282	11,373	9,315	9,188	5725	2800	9800
Average Completion Days	5.5	6.2	5.7	3.5	4.76	5.0	5.0

\* HAP projects a return to 98% rate for responses to emergencies within 24 hours. This year's variance is due to technical errors related to reporting.

#### **D. Public Housing Inspections**

On-going activities - The inspection plan for Public Housing has changed to better address the needs of a site-based management system. Prior to the start of HAP's participation in the MTW program, HAP inspected 100 percent of its Public Housing inventory on an annual basis. During the first two years as an MTW agency, HAP revised its schedule for property inspections, implemented preventive maintenance and capital improvement programs, and focused required inspections on units with problematic histories and other factors. On-site management staff was trained to conduct interim inspections approximately nine months after the last UPCS (Unified Physical Condition Standard) inspection (except for high-rises). This allowed Public Housing inspectors to increase the time they spend on re-inspections of failed units and other higher priority units, as well as perform thorough inspections of every unit at least every 18 months.

This model worked well in the old system; however, it generated too many work orders at one time for a decentralized model with a smaller and focused site-staff. In FY07, HAP has returned to an annual UPCS inspection model: inspectors complete unit maintenance and facility inspections once a year.

#### **FY 2008 objectives**

***Implement site-based inspections for public housing units*** – To further the asset management model allowing for direct control and responsibility by staff at the site level, annual inspections will be moved from a centralized function to a site-based function. During this transition in FY 2008, some units may go up to 23 months between inspections. However, as the landlord for these properties, HAP will continue to inspect these units annually thereafter.

This annual UPCS inspection will be completed for all public housing units and common areas. In addition, site staff will complete periodic house keeping inspections to ensure lease compliance. HAP will achieve high performer status on REAC scores (HUD's Real Estate Assessment Center).

### Public Housing Inspections

	<u>FY 2002</u> <u>Actual</u>	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Actual</u>	<u>FY 2005</u> <u>Actual</u>	<u>FY 2006</u> <u>Actual</u>
	Number Inspected/ Total				
Development/Project	40 / 50	37 / 50	32 / 49	34 / 48	37 / 48
Housing Units	2,262	2,413	1,464	1,954	2,012
Site Staff Projects Inspected	18	22	21	22	12
Site Staff Units Inspected	917	538	762	765	358
Total Projects/Units Inspected	58/3,179	57/2,951	53/2,226	56/2,719	49/2,370

Table continued below

	<u>FY 2007</u> <u>Actual</u> <u>4-1-06 to</u> <u>11-30-06</u> <u>8 months</u>	<u>FY 2007</u> <u>Projected</u> <u>12-1-06 to</u> <u>3-31-07</u> <u>4 months</u>	<u>FY 2007</u> <u>Projected</u> <u>Total</u>	<u>FY 2008</u> <u>Projected</u>
	Number Inspected/ Total	Number Inspected/ Total	Number Inspected/ Total	Number Inspected/ Total
Development/ Project	31 / 44	13 / 44	44 / 44	44 / 44
Housing Units	877	1,196	2208	2208
Site Staff Projects Inspected	31	13	44	44
Site Staff Units Inspected	135	119	254	2208
Total Projects/Units Inspected	48/2,316	13/1,315	44/2,462	44/2,208

FY 2004 figures eliminate two developments that were demolished for HOPE VI construction during 2003 (478 physical units).

### **E. Public Housing Security**

On-going activities – As detailed each year in the MTW Annual Report, resident training, security monitoring, lease enforcement, contracting with security patrols as needed, and coordination with law enforcement & crime prevention specialists are all elements which continue to be utilized to address security and community livability issues.

**FY 2008 objectives** – Continue to increase positive working relationships with law enforcement officials in Portland, Gresham, Fairview and Multnomah County. Establish quarterly meetings with each jurisdiction to ensure on-going communication. Host community activities for Public Housing residents to participate in National Night Out.

## **Part 2 – HAP’s Affordable Housing Portfolio**

Introduction – HAP’s Board and management team are working to ensure the health of the agency’s overall portfolio – a continuum of affordable housing opportunities that meet the needs of diverse populations. HAP’s Affordable Housing portfolio is an essential tool in achieving this healthy mix of properties.

Although this section has not been a part of the annual MTW plan or MTW report process in previous years, it is becoming more important to describe the linkages between each of our program areas. The following section has been added in order to bring together annual planning and reporting information into one document.

Affordable Housing – HAP initiated its affordable housing program in 1989 and it has grown to have more housing units than the Public Housing program. Utilizing other types of federal funding (tax credits and bonds administered by the state) and other private and public financing, HAP develops or acquires its own properties by issuing bonds or working with public or private finance partners to utilize tax credits and leverage agency resources.

Included below is a list of the properties owned by HAP, with on-site property management services provided under contracts with private management firms.

Rents at all of these properties are priced to be affordable to households under 80% of the Median Family Income (MFI) for the Portland Metropolitan Area. Properties with tax credit financing must charge rents at or below 60% MFI. However, the current Portland rental market does not support these rents. Actual rents are currently at prices affordable to households between 45-50% MFI.

Following the list of Affordable Housing properties is a summary of special needs housing owned by HAP with services under contracts with partner agencies throughout the region.

These properties, although not officially considered part of the MTW demonstration program, clearly achieve a key MTW goal: *To increase housing choices for low-income families.*

Approximately 3,900 units are included at 71 properties in HAP’s affordable housing portfolio.

**Affordable Housing Portfolio (without Special Needs)**

Affordable Housing Properties	0% to 30% of AMI in Affd Hsg	31% to 50% of AMI in Affd Hsg	51% to 80% of AMI in Affd Hsg	PBS8 Units in Affd Hsg (Included in previous columns)	Total Units Per Property
Ainsworth Court	0	0	88	0	88
Ashcreek Commons	5	0	16	5	21
Dawson Park LP	0	9	58	0	67
Fairviews	0	0	328	0	328
Fenwick Apts	8	0	19	8	27
Fountain Place LP	20	10	50	20	80
Gateway Park LP	0	13	131	0	144
Gladstone Square LP	27	14	7	3	48
Grace Peck Terrace	95	n/a	n/a	95	95
Gretchen Kafoury LP	10	29	90	10	129
Hamilton West LP	5	73	74	5	152
Helen Swindells LP	0	105	0	0	105
Kelly Place LP	0	20	0	0	20
La Tourelle	0	0	80	0	80
Lovejoy Station LP	0	72	109	0	181
Multnomah Manor	23	30	0	23	53
New Columbia 4-LPs (not including 297 PH units)	(many PH units)	73	259	73	332
Pearl Court LP	1	110	88	1	199
Peter Paulson LP	0	92	1	0	93
Pine Square	0	0	143	0	143
Plaza Townhomes	68	n/a	n/a	68	68
Rockwood Landing LP	0	36	0	0	36
Rockwood Station	20	0	175	20	195
Rosenbaum Plaza	76	n/a	n/a	76	76
Schiller Way	12	0	12	0	24
Sequoia Square LP	18	26	18	0	62
St Johns Woods	124	n/a	n/a	124	124
The St. Francis LP	100	6	26	0	132
University Place	0	0	27	0	27
Unthank Plaza	80	n/a	n/a	80	80
Yards--At Union Station	0	72	86	0	158
<b>Totals</b>	<b>692</b>	<b>790</b>	<b>1885</b>	<b>611</b>	<b>3367</b>

Affordable Housing – Special Needs - The Special Needs portfolio includes 38 properties that provide 418 housing units for populations needing specialized care. These include households with developmental disabilities, chronic mental illness, alcohol & drug-free environments, HIV/AIDS, and homelessness. The properties range in size from three apartments to facilities with 90 beds. More detailed information, including a list of service providers associated with each property, is listed in Attachment \_\_\_.

<b>Special Needs Properties</b>	0% to 30% of AMI in Special Needs	31% to 50% of AMI in Special Needs	51% to 80% of AMI in Special Needs	PBS8 units in Special Needs (included in previous columns)	TOTAL UNITS
Various	332	60	0	(20)	392
3 Affordable Properties with Special Needs included	26	0	0	(26)	26
<b>Total Special Needs</b>	<b>358</b>	<b>60</b>	<b>0</b>	<b>(46)</b>	<b>418</b>

### On-going activities

***Planning for the Fairview Conversion Pilot Project*** – As summarized in various previous sections in this plan, HAP has developed a pilot project during FY 2007 to convert 40 units of affordable housing into public housing (using authorized subsidy that is not currently utilized). The following section is intended to provide a bit more detail about the planning process and community collaboration that has been underway.

The rents at this property are near market, but the property was recently refinanced using HUD's 223(f) program with the intent of lowering overall debt load to a point where revenue from the public housing units would not be needed to service the property debt.

Fairview Oaks is a 328-unit development located in the City of Fairview, Oregon. The building configuration consists of 28, two-story timber framed buildings and includes one, two, three and four bedroom units. HAP employs a third party professional fee management agent to perform the direct management services at the property.

Households moving to the property can earn up to 80% of the area median income (\$54,300 for a family of four), but in fact many households earn much less. HAP's analysis of household incomes indicates that 100 households earn less than \$20,000 annually.

There is substantial poverty at Fairview – it is both widespread and deep- despite the fact that many of the residents are working. Families also face other issues besides poverty; HAP has heard from Fairview officials and the police that there are a disproportionate number of police calls to this property, many of them in response to domestic violence and family issues. HAP has installed a security camera system at the property as an important step toward increased security. The Fairview Conversion Project aims to address the social and poverty issues at the property, including the need for services and the rent burden faced by many of the residents

Plans include:

- modifications to public housing policies (described earlier in this Section);
- coordination of supportive services at the site level;
- implementation of HAP's Opportunity Housing Initiative (OHI) including an on-site case manager (described in Section IX Resident Services); and
- an evaluation component.

Work has been underway with the City of Fairview to develop closer communications regarding crime prevention and security on-site. In addition, HAP has requested (during the period of writing this Plan) the approval of the Fairview City Council for a new agreement between the entities. The purpose of the proposed Cooperation Agreement with the City of Fairview is twofold: to update the PILOT (Payment in Lieu of Taxes) agreement that has been in place since 1992, and to obtain the City's consent to offer Public Housing rental assistance to forty households of Fairview Oaks.

During the final quarter of FY 2007, the property management firm on-site will prepare to incorporate duties of public housing site management into their workplan.

**FY 2008 objectives**

***Implement the Fairview Conversion Pilot Project***

The modifications to public housing policies will take effect April 1, 2007. Resident services and OHI objectives will continue into the future. 40 households will have the opportunity to decrease their rent burden with the assistance of public housing subsidy and will participate in the OHI program.

***Property management planning for the Morrison Apartments*** (On-going activities) – In coordination with HAP’s Development and Community Revitalization staff, Affordable Housing staff have been developing the property management plan for the 140 unit Morrison Apartments, which will feature 45 units of permanent supportive housing.

***Property management planning for the Clark Center Annex*** (On-going activities) – During FY 2007, staff have been preparing a property management plan for the 22-unit Clark Center Annex a partnership with Transition Projects Inc. Services dovetail with the Clark Center Homeless Shelter.

**FY 2008 objectives**

***Implement initial lease up and service provision for two properties with Permanent Supportive Housing (PSH)***

- 1) *Morrison Apartments* – Construction is scheduled to be complete by October 2007. Pre-leasing will begin prior to completion and initial lease up will continue through FY 2008.
- 2) *Clark Center Annex* – These 22 units are scheduled for opening during June of 2007.

**Opportunities for additional repositioning of the affordable housing portfolio** (On-going activities) - During Spring 2007, HAP has undertaken an analysis of a number of properties for potential repositioning. These efforts will continue into the coming year.

**FY 2008 objective**

***Analyze opportunities to reposition properties in the affordable housing portfolio to support community priorities*** – As an initial trial in the effort to reconfigure our public housing portfolio, the Fairview Conversion Project illustrates the important linkages between public housing, our affordable housing portfolio, and the Opportunity Housing Initiative.

In order to continue these efforts, the agency will continue to evaluate revenue sources, including potential disposition of underperforming affordable housing properties that might be leveraged for additional development opportunities. Overall, HAP’s objective is to utilize smart business practices throughout the agency’s real estate portfolio: blending public housing and affordable properties where it makes sense while achieving the agency’s mission and increasing financial stability.

**Section VIII:  
Leased Housing - HAP's Section 8 Program**

This section provides information on Section 8 lease-ups, rent reasonableness, housing opportunity, deconcentration, inspections, security, and short-term rent assistance.

**A. Leasing Information**

**Section 8 Units Under Lease and Target Lease-ups**

<b>HAP Fiscal Year</b>	<b>Vouchers</b>	<b>Units Leased</b>	<b>Percent Leased</b>
1999	5,312	5,124	96.5%
2000	5,410	5,221	96.5%
2001	5,724	5,615	98.1%
2002	5,943	5,862	98.6%
2003	6,021	5,961	99.0%
2004	6,142	6,167	100.4%
2005	6,142	6,019	98.0%
2006*	7,365	7,220	98.0%
2007 Projection (MTW vouchers only)	7,463	7,388	99%
2008 Projection (MTW vouchers only)	7,463	7,463	100%

\*Note: Data from FY 2006 forward reflects all HAP Section 8 vouchers (with the exception of 562 MOD/SRO vouchers). In past years, some other types of vouchers were excluded from the MTW report. The increased number of units between 2006 and 2007/08 is due to the addition of 98 HOPE VI relocation vouchers for the Iris Court/Humboldt Gardens redevelopment.

**Waiting list management**

On-going activities - HAP reopened the Section 8 wait list for three weeks during November 2006. The subsequent lottery resulted in a 3,000 household waiting list that is anticipated to yield a 60% response rate over the coming calendar year. This is in contrast to the 30% response rate that was occurring while using the former list that was four years old. The new waiting list is anticipated to last for two to three years.

**FY 2008 objective** - Utilizing the new waiting list, HAP anticipates 100% lease up for all MTW vouchers.

**Ensuring rent reasonableness**

On-going activities continuing into FY 2008 - During FY 2007, HAP purchased new computer software ("Go Section 8"), which allows daily updates of three comparable rents in specific geographic areas for any Section 8 property. This has improved upon the former system that consisted of time consuming surveys every six months in which staff combed regional papers and rental magazines for typical rents by bedroom size in neighborhoods throughout the city.

## **Expanding housing opportunities**

On-going activities - HAP publishes a periodic newsletter for landlords and tenants. HAP's Landlord Committee finds ways to market the program and improve landlord relations. HAP created a comprehensive landlord manual explaining the program and procedures. Landlord trainings and conferences are held throughout the year on topics such as tenant screening, lead abatement, and property maintenance. HAP has a Landlord Hotline and e-mail address to solicit landlord feedback or request information. The Section 8 Communications Team provides immediate service to respond to landlord and tenant questions. This team also provides information on a tenant's previous rentals to help background checks go more quickly. HAP is also a partner in the "Ready to Rent," rent-readiness education program.

**FY 2008 objectives** - HAP will publish two Section 8 newsletters, attend a minimum of two industry trade shows, and participate in at least two annual meetings of the larger property management associations.

## **Deconcentration of low-income families**

On-going activities to continue into FY 2008 - HAP evaluates its voucher payment standards twice a year, and all payment standards are set between 90% and 100% of fair market rent. (HAP maintained information by census tract on its previous computer system. In the YARDI system, data is only kept by zip code.) HAP uses time in its briefing sessions to discuss the benefits of moving to neighborhoods with a low rate of poverty, and also encourages participants to explore areas of the county outside of the City of Portland. The HAP Landlord Advisory Committee is also charged with looking for ways to add units in low poverty census tracts to the program.

## **B. Inspection Strategy**

On-going activities - HAP performs four major inspections for Section 8 leased housing programs:

- Initial or Transfer (Pre-contract)
- Annual
- Quality Control
- Special (Complaint)

HAP's Section 8 program continues to refine its building inspection program. In accordance with the Year One MTW plan, HAP began doing one whole building inspection each year rather than going out to the building multiple times. This program has been very successful and has resulted in savings in staff time, allowing increased services in other areas. HAP has expanded this program to include complexes where there is a large concentration of Section 8 tenant-based voucher holders.

HAP's experience is that for both owner and tenant, preparation is the key to passing a high number of units on the initial or first inspection. Using recommendations from an outside evaluation of Housing Quality Standard (HQS) failures, HAP has developed "tip sheets" (one for tenants and one for landlords) that help them prepare for the inspection.

HAP's goal is to continually improve the number of successful inspections. HAP will continue to actively monitor family-caused HQS breaches.

During FY 2007 significant conversions in HAP's computer software enabled changes to occur to the inspection protocols. Staff has been preparing procedures to implement a change to bi-annual inspections in FY 2008.

**FY 2008 objective**

***Schedule bi-annual inspections for Section 8 households with a record of good tenancy*** – Any Section 8 participant with a two-year record of good tenancy, who rents at a property with a history of good landlord maintenance, will be placed on an every other year inspection schedule. (Additional inspections will be available upon request.) During the initial FY 2008 start-up, this change is anticipated to result in approximately 100 households skipping inspections until FY 2009. This number is anticipated to increase in future years due to increased tenant stability resulting from new orientation sessions and potential GOALS and OHI participation.

**Projected Inspections Scheduled by Type**

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007 Actual + Projected	FY 2008 Projected
Initial/Transfer	3,280	3,261	3,359	2,739	2881	3300	3000
Annual	8,309	9,457	8,703	7,649	7628	7500	6500
Project-Based	862	684	699	1,542	777	827	877
Quality Control	430	268	259	184	128	250	250
Special (Complaint)	74	51	55	98	130	85	75
<b>TOTALS</b>	<b>12,955</b>	<b>13,721</b>	<b>13,075</b>	<b>12,212</b>	<b>11,544</b>	<b>11,962</b>	<b>10,702</b>

	FY 2006			FY 2007 Actual + Projected			FY 2008 Projected		
	Pass	Fail	No Show	Pass	Fail	No Show	Pass	Fail	No Show
<b>Initial/Transfer</b>	75%	15%	10%	70%	20%	2%	75%	15%	10%
<b>Annual</b>	70%	23%	6%	68%	25%	8%	72%	22%	7%
<b>Project-Based</b>	80%	8%	10%	88%	10%	8%	85%	10%	8%
<b>Quality Control</b>	49%	45%	5%	60%	30%	5%	70%	25%	5%
<b>Special (Complaint)</b>	20%	45%	35%	30%	68%	2%	25%	70%	2%

FY 2007 Projections are based upon 9-month of data plus 3-month projections.

## **C. Security**

On-going activities to continue into FY 2008

***Law enforcement and crime prevention:*** The fraud team continues to work closely with the Gresham and Portland police, Multnomah County District Attorney's office, the HUD Inspector General's office, and the Office of Neighborhood Involvement.

***Preventing fraud:*** Section 8 maintains a fraud tip hotline for complaints. Procedures around households reporting zero income help to strictly enforce fraud, while offering additional assistance to those who need service referrals to help them obtain an income. HAP is averaging an additional six to nine fraud related terminations a month for a total of approximately 80 fraud terminations a year.

***Preventing damages to property:*** The orientation program emphasizes HAP's strict enforcement of terminations related to damaged units. HAP terminates approximately seven households a month for damages. This is in contrast to infrequent terminations due to tenant damages in past years.

## **D. Short Term Rent Assistance Program**

On-going activities – Multnomah County, the cities of Portland and Gresham, and HAP provided short-term rental assistance to social services agencies through various programs for over ten years. Funds came from six funding sources including federal, state and local sources. In FY 2007, HAP became the single administrative entity to coordinate these funds.

The goal for allocation of funds is to balance services in three primary areas:

- a. ***Safety off the Streets*** – 15% of the funds are to assist households with immediate, temporary shelter;
- b. ***Permanent Housing Placement***– 45% of the funds are to help households obtain permanent housing;
- c. ***Maintain Permanent Housing (Eviction Prevention Services)*** – 40% of the funds are to help households with supportive services to enable them to maintain permanent housing.

During FY 2007, HAP began the administration of funds but continued allocations to social service agencies based on the formulas, selection process, and systems previously utilized by the administrator of each funding source.

### **FY 2008 objectives**

***HAP's competitive procurement process (underway during FY 2007), will result in the first unified system that is anticipated to begin operations by July 2007.***

Under collaboration with agency partners, funds will be allocated to target homeless populations in the following manner:

- 3% reserved for severe weather shelter and other emergencies;
- 55% of the remaining funds allocated to serve families (emphasizing various geographic areas and specific cultural populations yet assuring a “no wrong door” policy as defined by Multnomah County);
- 45% of the remaining funds allocated to service adults and unaccompanied youth.

Within each of the later two categories, 20% of the funds will be allocated towards victims of domestic violence, special needs populations, and those who are medically needy.

## Section IX: Resident Services

Resident services activities in FY 2008 are grouped into four main categories underlined below.

### Implement Opportunity Housing Initiative (OHI) pilot projects

The Opportunity Housing Initiative (OHI) focuses on providing support to participants of Public Housing, Section 8, and a limited number of affordable housing portfolio residents, in order to

*help more working-able people who live in HAP housing or receive rent assistance reach greater economic independence, so that these scarce resources can be turned over more quickly for others in need.*

OHI is an outgrowth of HAP's successful Family Self-Sufficiency (FSS) program, known locally as HAP's GOALS program, described in more detail below. The changes to the GOALS graduation requirements are essential to the implementation of the OHI pilot projects.

On-going activities – OHI has been under development the past two years with initial pilots testing partnership opportunities with Oregon Department of Human Services (DHS) and Worksystems Inc, the local provider of workforce investment funds.

DHS Initial Pilot - Although not initially developed as an OHI model, this collaborative "program-based" effort, in partnership with DHS, identified seven participants who are mutual clients of HAP (either Public Housing or Section 8 recipients) and DHS (TANF-"Welfare to Work" recipients). Participants benefit from:

- signing up as a GOALS participant and establishing an escrow account (prior to income increases with newly earned income);
- initial case management services from DHS, employment training services from WorkSystems Inc., and periodic coaching from GOALS counselors; and
- case management services from GOALS staff during the last two years of their five-year OHI participation.

This collaborative approach to systems alignment between the two agencies has helped to ensure that participants receive the maximum benefit from public resources.

### FY 2008 objectives

***Eligible HAP residents will be encouraged to become:***

- 1) ***active participants in the OHI-GOALS program*** (described below) including opportunities for:
  - o one-to-one support
  - o peer support and mentoring

- training in financial literacy and budgeting, basic education opportunities, career advancement and retention techniques, and understanding of options for housing mobility;
- 2) ***create an asset building escrow account utilizing their incremental increases in rent that result from increased income;*** and
- 3) ***transition off HAP public housing or Section 8 subsidies at the end of five years.***

***Implement three models to serve as OHI-GOALS pilot projects***

In addition to the primary client outcomes described above, the three pilots described below allow HAP to recycle limited public resources by establishing a clear and realistic timeframe for participation. Each of the pilots approach the five-year timeframe under different conditions and allow different outcomes if the participant's self-sufficiency goal is not achieved. However, consistent with each of the OHI pilot projects, no one will lose their housing if they have made good faith efforts to fulfill the program requirements and have faced set backs beyond their control.

- 1) ***Continue to build upon successful collaborations with Oregon Department of Human Services (DHS) and other partnering agencies***

This program-based model with DHS, utilizing a service enriched Section 8 voucher, is being designed during the last quarter of FY 2007. The goal is to build upon the initial DHS pilot. By aligning systems and breaking down silos between organizations, this model will help to ensure shared accountability of outcomes for individual clients.

Unique to this pilot is the use of a program-based, five-year timeframe for a Section 8 voucher. DHS will select potential clients to be screened by HAP's Section 8 staff for program eligibility. Up to 25 term-limited vouchers will be available for the participants in this pilot. Once a voucher has been returned to HAP, DHS will be able to "recycle" it for a new client. After three years of program implementation, HAP will conduct an evaluation to determine interim program results and assess the availability of funds to support the revolving voucher pool.

DHS staff will take the lead in case management for the first two years; GOALS staff will serve as case managers for the remaining three years. Training from WorkSystems Inc. will begin immediately along with support from Portland and Mt. Hood Community Colleges.

Escrow savings will occur over the course of the five-year term and graduation from GOALS is a requirement to access the full escrow account. Successful participation in this pilot also includes the ability for clients to adhere to all DHS rules and regulations. HAP and DHS will identify shared outcomes and goals and Portland State University interns will be available to assist with research and evaluation.

**2) *Implement the OHI services component of the Fairview Conversion Project for 40 working-able participants.***

As described in Section VII – HAP’s Real Estate Portfolio (Public Housing and Affordable Housing), outreach to working-able residents will be initiated early in FY 2008. After 40 eligible participants are selected for the OHI pilot, they will receive the added incentive of five year’s public housing subsidy (anticipated to begin in early FY 2008). They can begin to accumulate funds in an escrow account when their portion of the rent reaches \$350/month (rather than being triggered by increases in their income.)

Participants will understand from the outset that they will be receiving assistance within a five-year window of opportunity, with an ultimate goal to graduate from the OHI-GOALS program and successfully move off public housing subsidy. If, after five years of service-enriched housing, a participant has not yet achieved his/her self-sufficiency goal, they will no longer receive public housing subsidy. However, they could choose to stay at Fairview paying tax-credit (“workforce”) rents similar to those that they were paying at the beginning of the OHI pilot. However, their escrow account will be forfeited.

**3) *Complete an implementation plan for the Humboldt Gardens OHI pilot***

During FY 2007, the Humboldt Gardens Community Advisory Committee and the HAP Board reviewed plans to implement an OHI pilot for Humboldt Gardens during re-occupancy of the new development. During FY 2009 (August 2008), returning Iris Cluster residents and new public housing residents, if working-able, will agree to participation in OHI.

During the FY 2007 relocation process, staff counseled Iris Cluster residents about this change prior to residents making decisions about their relocation choices. For those expressing interest in returning to Humboldt Gardens, Community and Supportive Services (CSS) staff continue to give former Iris Cluster residents encouragement to begin their OHI-GOALS participation during their time away from the site. Due to the added benefit of HOPE VI resources, former Iris cluster residents are receiving extra time and supports towards achieving their self-sufficiency goals.

After five years of service-enriched housing at Humboldt Gardens, if a participant has not been successful in meeting their self-sufficiency goal, they will have at least two options: 1) to transfer to another public housing site, thus maintaining their Public Housing subsidy; or 2) to stay at Humboldt Gardens in an affordable housing apartment (but no longer receive public housing subsidy).

During FY 2008, CSS staff will continue to support relocated Iris Court residents in preparation for OHI implementation at Humboldt Gardens (FY 2009).

## Continue to expand partnerships and increase program effectiveness for the GOALS program and the new OHI-GOALS pilot programs

Ongoing activities - HAP's GOALS (Greater Opportunities to Advance, Learn and Succeed) program, initiated in 1994 with HUD Family Self-Sufficiency (FSS) funds, provides staffing support for the new OHI initiative and continues to serve over 550 low-income households. Of these participants, approximately 15% are public housing residents and 85% utilize Section 8 vouchers.

In the two site-based OHI models described above, on-going funding will be included in the individual property's projected operating budget.

The program involves one-on-one support, access to multiple resources, and the opportunity to develop an escrow account to be accessed on graduation, with the ability to make interim withdrawals to achieve interim goals.

To be eligible for the GOALS program, a participant agrees to:

- be a tenant in good standing living in Public Housing or holding a Section 8 tenant-based voucher;
- agree to set life goals that include seeking and maintaining employment.
- if applicable, agree to cease participation in Temporary Aid to Need Families (TANF), a state welfare program.

Recent changes in graduation requirements - In preparation for implementation of OHI pilots in FY 2008, during the last quarter of FY 2007, HAP's Board is scheduled to approve changes in policies for newly-enrolling GOALS participants. These include changes to the *GOALS Action Plan*:

- Upon graduation, eliminate the need for HAP's housing subsidy (with the exception of Section 8 Homeownership participants who continue to receive voucher payments.)
- Escrow withdrawals will not be available until graduates have left HAP housing (with the exception of approved interim withdrawals).
- Explicit agreements will be included in self-sufficiency plans that include participation in training for increased competency in financial literacy, computer literacy, job skills and other areas critical to family success.

Another change necessary to implement OHI is the elimination of the Earned Income Disallowance utilized when calculating rent. Utilizing MTW authority, HAP intends to eliminate 100% of this requirement for all new GOALS participants as of April 1, 2007. This will allow participants to establish their asset building (escrow) account early in their career.

**FY 2008 objectives**

***Intensify collaboration with partnering agencies (such as employment services and Department of Human Services) and leverage resources to extend the reach of the GOALS program to additional participants.***

***Working with Portland State University, undertake further research to generate outcome data for GOALS graduates.***

***Implement changes required for OHI participants: eliminate the Earned Income Disallowance during rent calculations for GOALS participants, effective April 2007.***

**Continue to leverage partnerships for delivery of specialized resident services**

**On-going activities** – In order to achieve greater cost-efficiencies, HAP has moved away from direct service to clients in two major program areas:

- 1) **Congregate Housing Services Program** - During FY 2007, HAP completed the contracting process to provide congregate housing services to approximately 90 elderly and disabled residents at four HAP high-rise apartment communities. Portland Impact, a non-profit organization, is now serving four of HAP's high-rise buildings. This program continues to support frail seniors and people with disabilities to live independently in their own apartment by providing basic daily services (such as meals, housekeeping, senior companionship, personal care, health and wellness services) and case management.
- 2) **Evening Trades Pre-Apprenticeship Program (ETAP)** - During FY 2007, ETAP co-located with the new organization Construction Apprenticeship Workforce Solutions (CAWS), located on the main street of New Columbia. CAWS exists as a regional pre-apprenticeship program and HAP was instrumental in establishing the collaboration between local jurisdictions to establish this new effort. HAP intends to contract with CAWS for the transitioning of ETAP, with ETAP merging with CAWS by summer 2008.

**FY 2008 objectives**

***Continue to expand the meals program and provide increased Resident Services coordination in order to increase the number of residents served.***

***Contract with CAWS to complete the transition of ETAP coordination to the newly formed regional service provider.***

## Continue to provide HOPE VI Community and Supportive Services (CSS) at New Columbia and Humboldt Gardens

On-going activities – HAP’s HOPE VI physical redevelopment activity is complete at New Columbia and actively underway at Humboldt Gardens. The “people-side” of the redevelopment is underway in both communities.

*New Columbia* - With the HOPE VI redevelopment efforts coming to a close in December 2006, a reduced number of CSS staff have spent the last year on-site assisting with community building activities and resident/youth service coordination for the new community. Staff has been working to develop strong partnerships with agencies such as Portland Community College and the Boys and Girls Club to extend programs to New Columbia residents. Activities underway which will continue into FY 2008 include community safety and crime prevention awareness, summer youth employment, programming with community partners, development of a summer music series and special events in McCoy Park, senior-focused programming, and on-going communications to residents (rental and homeowner) and surrounding neighbors.

The CSS Endowment is a new approach that provides a structure for the continuation of HOPE VI services for the next four to five years. The CSS Endowment supports on-site services for 2 FTE. Partnership development is a key element of the long-term sustainability strategy after the Endowment terminates and direct services from HAP staff are not available. Longer-term funding for community building staffing is included in the budgets of the four tax credit partnerships that financed New Columbia.

*Humboldt Gardens* – CSS staff worked alongside relocation staff during FY 2007 to ensure a smooth transition to new housing. Case management services, “triage” risk assessment, on-going outreach, and the development of Individual Development Plans (IDAs) have been underway.

Collaboration with community partners is underway with a focus on housing stability, employment, and youth.

- 1) *Housing stability*: Now settled in their new locations, residents face the challenges of adapting to new neighborhoods, commutes, schools and utility expenses. Case managers help them solve problems and overcome barriers to ensure they remain residents in good standing while away from Humboldt Gardens.
- 2) *Employment*: CSS staff is helping residents identify goals and build skills to increase employability and earnings. Examples include helping residents obtain their GED, access job skills training and navigate employment systems.
- 3) *Youth*: CSS staff is ensuring children adjust to new schools through direct communication with school staff, and helping them connect with programs in their neighborhoods that build academic and pro-social skills.

**FY 2008 objectives**

***Continue community-building activities at New Columbia including integration of services between community partners and support from CSS endowment activities.***

***Continue to provide CSS case management for HOPE VI residents relocated from Iris Court and communicate options regarding OHI participation at Humboldt Gardens.***

Beginning in late 2007 and early '08, CSS will develop specific communication strategies to help residents understand their choices about moving back to Humboldt Gardens. Particularly for the working-able, CSS will ensure they understand the commitment of the 5-year lease agreement, as well as the supports that will be available to help them succeed.

Section X  
Other Information Required by HUD

See Appendix D

- 1) Affidavit for notice(s) of public hearing published in the Oregonian on February 11 and February 18, 2007
  
- 2) Letters of public testimony from
  - Oregon Law Center (2)
  - 504 Disability Advisory Board
  - Community Alliance of Tenants
  
- 3) Minutes from the public hearing held at the HAP Board of Commissioners' meeting on February 20, 2007

See Appendix B (signed copy to be inserted upon adoption of the Plan)

- 1) Resolution adopting Year 9 Moving to Work Annual Plan (FY 2008) on March 20, 2007

Section XI:  
Additional Local Strategic Initiatives  
(not identified by HUD as specific MTW objectives)

Part 1 – Development and Community Revitalization

Part 2 – Organizational Effectiveness

**Part 1 – Development and Community Revitalization**

Although not considered by HUD to be part of the MTW program, HAP's development efforts are key to meeting local community goals to increase the availability of affordable housing throughout the region.

The team that was assembled to work on New Columbia transitioned to Humboldt Gardens during the past year and will be building upon lessons learned in order to assist the agency with other pre-development efforts as indicated below.

Leverage Re/Development Opportunities

With HAP's largest redevelopment project, New Columbia, over 98% complete in FY 2007 (with private builders completing the final build out of the for-sale homes in FY 2008), HAP's development efforts will be focused on the following initiatives:

***Construct Humboldt Gardens (HAP's 2nd HOPE VI redevelopment) -***

With resident relocation complete and a master plan for design submitted to the city, demolition began during FY 2007 and construction will continue over the next two years. Former residents are receiving Community and Supportive Services and working-able residents will be encouraged to begin participation in the OHI model.

Key milestones include: demolition to be completed by April 2007, the mixed finance closing will occur by June 2007, new construction will begin by July 2007, and residents will begin to move back in December 2008. In addition, the sale of the 21 scattered site public housing single-family structures, located within approximately one mile of the main redevelopment site, will be underway. Implementation of the Humboldt Gardens Homeownership Plan, approved by HAP's Board during FY 2007, will support first time homeownership and community revitalization efforts.

***Pursue potential redevelopment of sites in southwest Portland***

***(including the site of a military base closure and potential HOPE VI Hillsdale Terrace redevelopment)*** - During December, 2007 HAP submitted a notice of interest to the Portland Development Commission (PDC) regarding opportunities for redevelopment of a military base in SW Portland which is scheduled for closure by September 2011.

This overall process is governed by the Defense Base Closure and Realignment Act of 1990, as amended (BRAC law.) PDC is serving as the lead agency to develop a closure plan to be submitted to the US Department of Defense. The instructions for the notice of interest emphasized interest in reuse of the base to combat homelessness, promote minority homeownership and provide housing for families of school-age children.

HAP's public housing development, Hillsdale Terrace, is within a mile of the base closure site and would be at the top the agency's list for redevelopment. HAP's initial concept includes a redevelopment effort that might include both properties. If HOPE VI grant applications are accepted during FY 2008, HAP anticipates submitting a collaborative proposal to redevelop and expand affordable housing opportunities.

**Analyze opportunities to reposition properties in the affordable housing portfolio to support community priorities** – As an initial trial in the effort to reconfigure our public housing portfolio, the Fairview Conversion Project illustrates the important linkages between public housing, our affordable housing portfolio, and the Opportunity Housing Initiative.

In order to continue these efforts, the agency will continue to evaluate revenue sources, including potential disposition of underperforming affordable housing properties that might be leveraged for additional development opportunities. Overall, HAP's objective is to utilize smart business practices throughout the agency's real estate portfolio: blending public housing and affordable properties where it makes sense while achieving the agency's mission and increasing financial stability.

### Support Key Initiatives in Portland, Gresham, Fairview and Multnomah County

As a means to sharpen the agency's focus, HAP 's strategic approach is to align agency plans closely with the key initiatives underway in the jurisdictions the agency serves. HAP will continue efforts to work collaboratively with representatives from each jurisdiction to implement programs and activities that increase opportunities for housing choice, increase cost-efficiencies between programs, and help participants become more self-sufficient.

**Explore opportunities to take part in Portland and Gresham urban renewal area (URA) revitalization efforts** – Portland's 30% set aside in tax increment financing (TIF funds) for affordable housing will enable new development opportunities throughout the City, including such areas as the South Waterfront and Gateway URAs. In Gresham, HAP will seek to support the City's efforts for redevelopment in the Rockwood URA.

***Support Portland’s initiatives for “Schools, Families, Housing” and “Closing the Minority Homeownership Gap” (Operation Home) –***

Building upon HAP’s successful relationship with Portland Public Schools in building the new Rosa Parks Elementary School at New Columbia, HAP will continue to work with the city and the school district to support family retention via increased availability of affordable housing choices. HAP’s Humboldt Gardens Homeownership Plan outlines efforts to support the city’s minority homeownership efforts.

***Expand collaboration with jurisdictions serving East Multnomah County to address affordable housing and poverty issues –***

With data continuing to indicate a migration of poverty east of 82<sup>nd</sup> Avenue in Portland, HAP plans to increase efforts to work with local jurisdictions to ensure housing affordability for low income residents in these areas.

***Upon the request of local jurisdictions, assist with preservation initiatives –***

HAP will explore opportunities to serve as developer of new affordable housing utilizing expiring project-based Section 8 properties, tax credit properties, and mobile home parks.

***Support local initiatives for ending homelessness –*** (these initiatives have been outlined previously in Section II – Occupancy Policies).

## **Part 2 – Organizational Effectiveness**

Other key initiatives over the next five years are related to the ways that HAP’s Board and staff approach the work we do: thinking strategically, acting collaboratively, and providing leadership in the creation and operation of social housing.

Social housing is a term used to identify non-market housing, (both affordable and public housing units) typically targeted to families below 50% MFI. Non-profit agencies, primarily Community Development Corporations (CDC’s), are essential partners in a comprehensive network of housing and service providers that comprise the social housing system. This system emphasizes:

- Residents who are successful in housing;
- Affordable housing (individual properties and portfolios) that is financially sustainable; and
- Owner organizations that are well managed and stable.

HAP intends to continue to work collaboratively with local jurisdictions and the non-profit community to increase partnerships in social housing.

These approaches include the use of community development models that recognize the importance of community building and designs for mixed income communities that are a part of overall neighborhood revitalization efforts.

## Increase HAP's Organizational Effectiveness

In order to accomplish our mission, the following approaches and initiatives will be undertaken:

***Develop sustainable business models to ensure long-term financial viability*** - During FY 2008 HAP will select a contractor to assist in development of a plan to help HAP achieve the following outcomes:

- 1) Reduce dependence on federal funds to support operations and overhead.
- 2) Increase revenue from existing or new non-federal sources that provide sufficient margins to mitigate the impact of lower federal funding and the limitations on use of federal funds.
- 3) Identify opportunities to increase operating efficiencies and reduce operating expense.

***Institutionalize HAP's economic participation goals*** - Building upon the successful participation of targeted businesses and workforce members during the New Columbia redevelopment effort, HAP will develop systems to ensure that emerging minority, women, and small business owners will have the opportunity to contract for HAP business. In addition, policies to encourage workforce participation by people of color and women in non-traditional trades will be incorporated throughout the agency.

***Expand human resources and administrative initiatives to increase overall effectiveness*** - Activities already under development for implementation in FY 2008 include: a series of essential information technology (IT) improvements; trainings for supervisors and training for staff in collaboration, performance management, and negotiation skills; creating an on-going internship program with Portland State University; and implementing agency-wide plans for Training and Diversity Development (TADD).

## Appendix A Glossary

### **ACC - Annual Contributions Contract**

The legal document (contract) between a housing authority and HUD.

Under the ACC HUD commits to provide the housing authority with the funds for:

Public Housing - the development, modernization and/or operation of a low-income project.

Section 8 - housing assistance payments to landlords and administrative fees to the Housing Authority.

Under the ACC the housing authority commits to:

Public Housing - develop, modernize, and operate the project in compliance with the ACC and HUD regulations.

Section 8 - perform the duties of a contract administrator.

### **Capital Funds/Capital Grant Funds**

Funds that a Housing Authority receives from HUD to address capital improvement needs in Public Housing properties.

### **Congregate Housing Services Program (CHSP)**

A HAP program that offers housekeeping, meal preparation, and other in-home services to 90 elderly and disabled residents annually.

### **End of Initial Operating Period (EIOP)**

The date upon which Public Housing operating subsidy for any new Public Housing project will begin to flow.

### **Evening Trades Apprenticeship Preparation (ETAP) program**

A HAP program that provides apprenticeship preparation training and direct access to apprenticeships with both the Carpenters and Laborers Unions.

### **Flat Rents**

A fixed rental payment based on comparable units in the private unassisted market. In the case of an MTW agency, a fixed rental payment that includes additional factors.

### **Greater Opportunities to Advance, Lean and Succeed (GOALS)**

A HAP program that helps Section 8 and Public Housing participants work toward independence from public assistance through employment and asset building. GOALS for Kids helps middle-school children reach their educational goals, while learning to save and accrue financial assets.

**Housing Quality Standards (HQS)**

Basic livability and safety standards that a rental unit must meet to become eligible for a Section 8 subsidy.

**Median Family Income (MFI)**

MFI is set by HUD on an annual basis for families of different sizes. Eligibility for housing assistance is determined by the household income as percentage of MFI.

**Moderate Rehabilitation Program**

A HUD program that provides rehabilitation funds for rental housing in exchange for a long-term commitment to house low-income households.

**Operating Funds**

Funds that HAP receives from HUD for the general day-to-day operations at HAP Public Housing properties.

**Permanent Supportive Housing (PSH) Unit**

As defined by the City of Portland, a PSH unit of permanent housing is:

- 1) Subject to restrictive covenants requiring that the unit be affordable to
  - a. single individual households with incomes at or below 30% MFI, or
  - b. multiple individual households below 50% MFI,as defined by HUD and the restrictive covenants applicable to the unit;
- 2) With supportive services from a Partnered Service Provider; and
- 3) Occupied by a person or household who is, or was at the time of initial occupancy of the unit, a PSH tenant.

**Replacement Housing Factor**

A type of Capital Grant funds that a housing authority receives when a Public Housing unit is removed from the Annual Capital Contribution Contract due to demolition or sale. The funds may be used to support replacement of a new Public Housing unit.

**Reserves****MTW Project Reserves**

The amount of reserve funds made available to HAP on a one-time basis during the initial MTW year 2000.

**Reserves- Public Housing**

A calculation of accumulated net income or loss.

**Reserves- Section 8**

A calculation of accumulated net income or loss.

## **Section 8 Vouchers/Assistance**

### **Housing Choice Vouchers**

A general term for Section 8 vouchers that can be either tenant-based or project-based.

### **Project-Based Assistance Vouchers (PBAs)**

Project-based assistance provided under HAP's demonstration program which ties assistance to individual units serving those who are not traditionally successful in the tenant-based voucher program.

### **Tenant-Based Vouchers**

The majority of HAP's Section 8 vouchers which provide rental assistance to low-income residents so that they can rent from any qualified private landlord who accepts rent assistance vouchers. Residents negotiate their own lease.

### **Resident Services Coordination**

Program that supports residents in HAP's high-rise building by assisting through information and referral to community resources, light case management, and community building activities.

### **Single Room Occupancy (SRO)**

Rooms that are designated for single adults. Residents share kitchen and bathroom facilities.

### **Stop Loss**

An opportunity to limit financial loss to housing authorities that stand to lose resources under HUD's new rules for the Public Housing Operating Subsidy.

### **Youth Services**

Programs that increase self-esteem and school performance, resulting in measurably reduced crime and drug use.



## MEMORANDUM

**SUBJECT: RESOLUTION 07-03-03 AUTHORIZING THE HOUSING AUTHORITY OF PORTLAND TO SUBMIT THE MOVING TO WORK NINTH YEAR ANNUAL PLAN TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**TO: BOARD OF COMMISSIONERS**

**FROM: STEVEN D. RUDMAN 503.802.8501 [stever@hapdx.org](mailto:stever@hapdx.org)**  
**Contact: Shelley Marchesi 503.802.8492 [shelleym@hapdx.org](mailto:shelleym@hapdx.org)**

**DATE: March 14, 2007**

### **ISSUE:**

Resolution 07-03-03 authorizes the Housing Authority of Portland to submit the Moving to Work Ninth Year Annual Plan to the Department of Housing and Urban Development.

### **BACKGROUND:**

HAP has been operating as a Moving to Work (MTW) agency since April 1, 1999. During that time, HAP has been allowed to intermingle operating subsidies and capital allocations, providing HAP with flexibility in the design and administration of housing assistance. HAP has also been able to waive certain Housing and Urban Development (HUD) regulations in favor of locally developed policies aimed at the needs of our residents, participants, and community. Last March, Resolution 06-03-04 authorized HAP the opportunity to extend this contract for three years, with two years now remaining.

This year the MTW plan includes initiatives that focus on public housing preservation, rent simplification, and Opportunity Housing Initiative pilot projects. In addition, key initiatives occurring in HAP's affordable housing portfolio and administrative areas have been included in the plan this year and are clearly summarized in new sections of the document.

HAP met with interested community members in February to review the ninth year plan. HAP will continue to work with the community as the initiatives contained in this plan move forward, especially additional planning related to the disposition of the scattered site properties.

### **RECOMMENDATION:**

Staff recommends approval of resolution 07-03-03.



## RESOLUTION 07-03-03

**RESOLUTION 07-03-03 AUTHORIZES HOUSING AUTHORITY OF PORTLAND STAFF TO SUBMIT THE MOVING TO WORK (MTW) NINTH YEAR ANNUAL PLAN TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)**

**WHEREAS**, this agreement provides HAP with the authority to investigate and adopt new policies and to flexibly use HUD funding to maximize the effectiveness of this important resource; and

**WHEREAS**, on February 5, 2007, HAP staff met with community partners to review the MTW plan; and

**WHEREAS**, on February 20, 2007, the HAP Board of Commissioners conducted a public hearing on the MTW plan; and

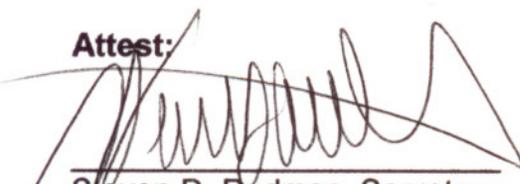
**WHEREAS**, HUD has requested that the Housing Authority of Portland Board of Commissioners authorize the execution of its MTW Ninth Year Annual Plan.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Commissioners of the Housing Authority of Portland that the Chair of the Housing Authority of Portland is authorized to enter into and execute the MTW Ninth Year Annual Plan with the Department of Housing and Urban Development.

**Adopted: March 20, 2007**

**HOUSING AUTHORITY OF PORTLAND**

**Attest:**

  
\_\_\_\_\_  
Steven D. Rudman, Secretary

  
\_\_\_\_\_  
Jeff Bachrach, Chair

## Appendix C – Public Housing Scattered Sites

Unit Count	HUD Property #	HAP Property #	# of BR(s)
<b>NORTH:</b>			
1	032	ph703	2
2	032	ph703	2
3	032	ph703	3
4	032	ph703	3
5	036	ph701	3
6	049	ph701	3
7	036	ph701	3
8	036	ph701	3
9	049	ph702	3
10	032	ph703	3
11	032	ph703	3
12	032	ph703	2
13	032	ph703	2
14	032	ph703	2
15	032	ph703	2
16	032	ph703	2
17	032	ph703	2
18	048	ph701	3
19	036	ph701	3
20	049	ph701	3
21	049	ph701	3
22	049	ph701	3
23	049	ph701	3
24	049	ph701	3
25	036	ph701	4
26	036	ph701	3
27	049	ph701	3
28	032	ph703	2
29	032	ph703	2
30	049	ph701	3
31	036	ph701	3
32	048	ph701	3
33	036	ph701	3
34	036	ph701	3
35	036	ph703	3
36	036	ph703	3
37	036	ph701	3
38	032	ph703	3
39	032	ph703	3
<b>NORTHEAST:</b>			
40	049	ph702	3
41	049	ph702	3

42	044	ph707	3
43	044	ph707	3
44	036	ph705	1
45	036	ph705	1
46	036	ph705	1
47	036	ph705	1
48	032	ph702	4
49	050	ph707	4
50	049	ph702	3
51	049	ph702	3
52	032	ph702	4
53	049	ph702	3
54	049	ph705	3
55	049	ph702	3
56	049	ph703	3
57	049	ph702	3
58	049	ph702	3
59	050	ph702	3
60	050	ph702	3
61	049	ph705	3
62	049	ph705	3
63	050	ph707	3
64	050	ph707	4
65	044	ph707	3
66	044	ph707	3

**SOUTHEAST:**

67	050	ph705	3
68	049	ph706	3
69	048	ph706	3
70	049	ph705	3
71	044	ph707	3
72	032	ph706	3
73	036	ph706	3
74	048	ph705	3
75	032	ph705	3
76	044	ph707	4
77	049	ph706	3
78	049	ph705	3
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139	050	ph706	3

140	049	ph706	3
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145	049	ph706	3
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147	049	ph706	3
148	050	ph706	3
149	048	ph706	3
150	044	ph707	3
151	032	ph707	3
152	044	ph707	4
153	044	ph707	3
154	044	ph707	4

**SOUTHWEST:**

155	050	ph704	3
156	049	ph704	3
157	048	ph704	3
158	048	ph704	3
159	048	ph704	3
160	048	ph704	3
161	048	ph704	3
162	048	ph704	3

**162 Scattered Site Units (excluding Humboldt Gardens 21)**

Units are configured in single-family homes, duplexes, triplexes or fourplexes.

## Appendix D Public Review Process

- 1) Affidavit for notice(s) of public hearing published in the Oregonian on February 11 and February 18, 2007
  
- 2) Letters of public testimony form
  - Oregon Law Center (2)
  - 504 Disability Advisory Board
  - Community Alliance of Tenants
  
- 3) Minutes from the public hearing held at the HAP Board of Commissioners' meeting on February 20, 2007

# The Oregonian

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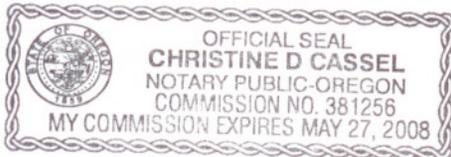
1320 SW Broadway, Portland, OR 97201-3499

## Affidavit of Publication

**G. HATTER**

I, \_\_\_\_\_, duly sworn depose and say that I am the Principal Clerk Of The Publisher of The Oregonian, a newspaper of general circulation, as defined by ORS 193.010 and 193.020, published in the city of Portland, in Multnomah County, Oregon; that the advertisement, (the printed text of which is shown below or shown in the attached tear sheet) was published without interruption in the entire and regular issue The Oregonian or the issue on the following dates:

2/11/2007,2/18/2007



G. Hatter  
Principal Clerk of the Publisher:

**FEB 20 2007**

Subscribed and sworn to before me this date:

Christine D. Cassel

Notary:

Ad Order Number: 0002104161

**PUBLIC HEARING**The Housing Authority of Portland (HAP) will hold a public hearing on Tuesday, February 20, 2007 @ 6:15 pm at the Multnomah County Building, 501 SE Hawthorne Blvd., Portland, OR. The purpose of this meeting is to inform and seek input from the public, including current and potential residents, concerning initiatives that HAP is proposing under the Federal Department of Housing and Urban Development's national demonstration program called "Moving to Work" (MTW). HAP's proposed initiatives, including changes to rent policy, potential sales of a portion of HAP's single-family style public housing sites, and changes to resident services programs, are outlined in the "Draft MTW Annual Plan." On February 14, the draft plan will be located on HAP's website:

<http://www.hapdx.org/newsroom/pdfs/MTW-FY2008-DRAFT-Plan.pdf>

Federal regulations under MTW authority emphasize cost efficiency, resident self-sufficiency, and increased housing choices.

# OREGON LAW CENTER

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MICKY RYAN  
(503) 473-8319 (direct)  
[mryanolc@yahoo.com](mailto:mryanolc@yahoo.com)

February 20, 2007

Housing Authority of Portland  
135 SW Ash  
Portland, OR 97204

To the Housing Authority of Portland Commissioners:

I appreciate the opportunity to comment on the Moving to Work Annual Plan FY 2008. I believe many of the changes will improve the fine work of HAP. The rent simplification changes and the changes to inspection protocols are great steps in HAP's demonstration of how public housing can work.

My concerns focus on three areas that interplay with each other. In this testimony, I make reference to commitments that HAP made to the community in the past. Although I can understand how circumstances can change the ability to honor commitments, I would ask that HAP be cautious about these kinds of major policy shifts and fully justify any breach of those commitments to the community if HAP wishes to continue to enjoy the trust of the community.

First, the plan commits HAP to replace only the 50 public housing units that will be lost by the future sale of 50 scattered sites. There is no mention of utilizing the banked public housing operating subsidies. At the community meeting, HAP said there would be 150 of those after the Fairview project is completed. (I don't know if this count includes the 21 new unused subsidies created by the sale of the Humboldt Gardens scattered sites).

This is a serious policy shift for HAP, and one that breaks a commitment to the community. As the attached document from September 2003 states, HAP made it their goal in September 2003 to replace the unused subsidies in two to three years. This commitment was made because HAP had come back to the community, after HUD did not give HAP the demolition grant for New Columbia, and asked for community approval to take 131 existing Section 8 vouchers and convert them to project-based subsidy. The community understood that the New Columbia project was at risk and this was the only source of funding that HAP had.

The community also understood that these 131 units of public housing (that number may have changed) would be lost to the community for several years, and that the monthly operating subsidies for that time period would never be recovered from HUD.

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Page 2

The community did not think those units would be lost forever. It appears that is what HAP is saying today.

This is a serious breach in a commitment that HAP made to the community in 2003. The first priority for the proceeds from the sales of scattered sites should be for new units to both replace the scattered sites and utilize the banked subsidies, and additional operating subsidies if needed for those units.

My second concern is regarding the introduction of time limits in HAP's public housing program. I attended numerous public meetings when HAP came to the community for support of HAP's application to be a Moving to Work agency in 1998. I was on the Housing and Community Development Commission when HAP came for HCDC support. One of the greatest fears of the community was that MTW would allow a PHA to put time limits on subsidies, an option that was not allowed under HUD regulations. The community was assured by HAP that they would not introduce time limits, and the community agreed to support HAP's application in reliance on that assurance. I do not believe that HAP would have received the community support for MTW that they did if they had not made this commitment.

I don't see the need to introduce time limits now. They have not been enforced in the communities that authorized them, and there is no data to show that they work. Steve said that Vancouver HA abandoned them. I would hope HAP would reject time limits on housing subsidies.

Whether there are time limits or not, programs such as GOALS or the new "Opportunity Housing" are costly. Certainly there are many services that HAP tenants need- child care, transportation, education and living wage full time jobs. HAP need to look at what HAP can provide and what the cost of those services will be. It doesn't appear that the comprehensive services that HAP plans to provide include any of those things. Although HAP case management may do a better job, many tenants are already required to be involved with programs that provide them with social service workers. They may not need another costly worker to help them try to access scarce services.

Although we all know that there is nothing HUD loves more than a new program, HAP should carefully evaluate the programs it has now, before introducing a new program such as Opportunity Housing. An evaluation of the costs and benefits of the GOALS program and a separate and similar analysis of the intense case management and tenant support effort at New Columbia should be the first step. How much do those efforts cost and what have tenants been able to achieve with those supports? What worked and what didn't? The Board should ask for that information before approving any new programs and the time limits that are part of those programs.

My third concern is about the Fairview Conversion Project, a concern that touches on the two prior issues. I know that we were all excited about placing the unused operating

February 20, 2007

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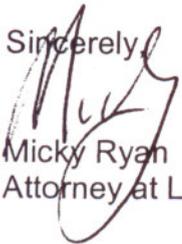
subsidies here, and shocked at the work that it has involved. I applaud HAP's efforts and have tried to support them in every way I can.

But I was disappointed that only a particular segment of the tenants might be allowed to have a chance to receive the subsidy. For example, people who have disabilities that restrict their ability to work will not be allowed the opportunity to receive a project-based subsidy at Fairview. This is a segment of the community that I see getting squeezed out of housing subsidy, when they clearly need it and always will, given the low level of benefits that are provided to people who are unable to work. As HAP puts more and more of its units of subsidized housing (both Section 8 and public housing) into Permanent Supportive Housing or housing with work requirements, there is less and less housing for persons who are unable to work, but do not need supportive housing.

I know that the HUD operating subsidy is not sufficient to pay for the operation of public housing. The costs at Fairview are cited as a reason that HAP cannot utilize other of the unused operating subsidies. But at the same time HAP is introducing the Opportunity Housing program at Fairview and that must have substantial costs to it. Is the operating subsidy being used to pay for some of those costs? I know HAP is trying to please many partners but I don't think this approach makes financial sense, and I don't know why it is necessary to use the already inadequate operating subsidy to pay these added costs.

I hope that the Board will prioritize making more subsidized units available to those on the waiting list by using the unused operating subsidies. And I hope that the Board will ask for a full cost benefit evaluation of the current HAP programs and projects, before restricting housing opportunities to those who are able to work, or beginning programs that contain time limits.

Sincerely,



Micky Ryan  
Attorney at Law

# OREGON LAW CENTER

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MICKY RYAN  
(503) 473-8319 (direct)  
[mryanolc@yahoo.com](mailto:mryanolc@yahoo.com)

March 20, 2007

Housing Authority of Portland  
135 SW Ash  
Portland, OR 97204

To the Housing Authority of Portland Commissioners:

I appreciate the opportunity to again comment on the Moving to Work Annual Plan FY 2008.

I am very pleased that bringing back the banked units will be a priority for HAP. I think this is an important resource that the development people at HAP can find a way to utilize. I hope HAP will call on me and other advocates, as well as state and local government, to help you with this difficult but rewarding task. I am convinced that this kind of subsidy is the only way to increase the inventory of subsidized housing in Oregon.

I continue to be concerned regarding the introduction of time limits in HAP's public housing program. I appreciate Steve's assurance in his director's report but I still do not see the need or the purpose. I have not yet seen the turnover statistics but I do not think HAP has a large tenant population of people who are able to work, but are not trying to work. There has never been data to show time limits work.

If a tenant is in the welfare system, they are already in a work program. To create HAP's own program, at what I believe will be a cost of \$64,000 a year just at Fairview, seems a waste of money when money is so tight, particularly at a project like Fairview.

If HAP is dedicated to taking a non-punitive approach to time limits, it would be reassuring to advocates if this was explicit in the actual MTW plan. The adding of two sentences from Steve's memo to the MTW plan would be enough.

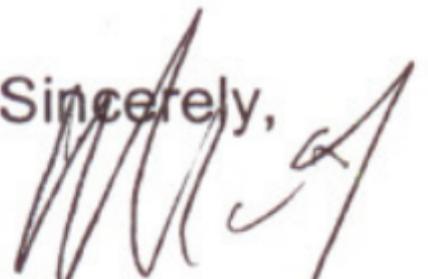
And we hope, despite the fact that HUD doesn't seem concerned about results, that HAP will produce data on these pilot projects, and compare the result to results in the Goals programs and from tenants who don't participate in any program.

March 20, 2007

Page 2

I continue to be concerned about the Fairview Conversion Project. As I testified before, I was disappointed that only a particular segment of the tenants might be allowed to have a chance to receive the subsidy, and think that this project puts the Housing Authority at risk of violating fair housing statutes.

Sincerely,



Micky Ryan  
Attorney at Law

## **504 Board Recommendations on FY08 MTW Plan**

February 20, 2007

The 504 Board has concerns about the following sections of the MTW Draft Plan for 08:

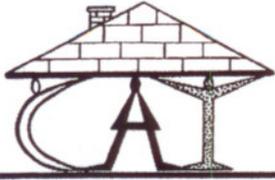
We are concerned about Page 4, Reconfiguration Plan in the following manner:  
The Fairview Conversion Project seems to not include elderly or people with disability households among those applying and receiving the subsidies. This may be an issue for Fair Housing. We also are concerned about the term-limited subsidy should these households be allowed to apply and be selected. More on that below.

On Page 5, under the OHI pilot projects, we are concerned that participants in the Section 8 program would be selected by DHS. This would not allow households headed by a person with disabilities or elderly households to participate since this population usually are not DHS clients, but Multnomah County Aging and Disability Services clients. We also might have households with a child with a disability who might be in DHS but not able to participate in OHI due to the needs of the child. We realize the number of participants are few, but programs have a way of growing without opportunities for all households allowed to participate.

On Page 7, we are concerned that in implementing site-based inspections for public housing units, some units may go up to 23 months between inspections during the transition from a centralized inspection system to a site-based system. We hope there might be some way to avoid that.

Finally, we fear that implementing term limits in both Section 8 and Public Housing will be a "slippery slope" toward new and onerous restrictions on the most important housing subsidy programs in Multnomah County.

(Submitted by Steve Weiss, Chair, 504 Disability Advisory Board)



## COMMUNITY ALLIANCE OF TENANTS

2710 NE 14<sup>th</sup> Avenue, Portland, Oregon 97212

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3/19/2007

Steve Rudman, Executive Director  
Jeff Bachrach, Board Chair  
Housing Authority of Portland  
135 SW Ash Street  
Portland, OR 97204

Mr. Rudman and Chair Bachrach:

We would like to take this opportunity to present some concerns on behalf of the Community Alliance of Tenants regarding the Housing Authority of Portland's 2008 Moving to Work Plan.

The Community Alliance of Tenants is a tenant membership, renters' rights organization. Our mission is to empower renters in Oregon to demand and obtain safe, stable and affordable housing. To meet our mission, we conduct a combination of tenant education and community organizing activities.

We are writing because we are concerned by plans within HAP's Opportunity Housing Initiative pilot projects to implement time limits for recipients of HAP's various housing subsidies. We are concerned that time limits represent an arbitrary and punitive approach to responding to our communities housing needs, do not address the reality of Portland's employment market, and preclude participation from disabled and senior households that do not have opportunities to increase household income.

It is the experience of many of our members that the road out of poverty is bumpy at best, and the single most important factor to a household's ability to take advantage of economic opportunity over the long term is stable housing. There exist numerous barriers in the path toward stable employment with living wages: limited access to education and job training, a shortage of affordable childcare, poor access to health care services, and the shortage of employment opportunities, to name a few. We applaud the efforts of HAP and your partners to assist your clients in overcoming these barriers, but we question whether evidence exists to suggest 5 years time and the supports you suggest are adequate to overcome these barriers for all families? Why punish families if they are not?

To give an example that is close to our hearts, let us tell the story of one member of our Board of Directors. She has problems with one hip and arm that have been with her since birth, but are getting worse as she ages. She is 43 years old. These physical problems limit her employment opportunities. When she got involved with CAT 10 years ago, she worked for an industrial laundry/uniform service, but was laid off from that job. Since then, she has worked diligently with case workers at voc rehab to find new employment, but her disability has made finding permanent employment difficult. She has held temp jobs, but nothing lasts. The jobs go away, not her ability or desire to hold them. Most recently, she happily commuted daily by bus from northwest Portland to Oregon City for a part-time job in a call center. She lost the position, when the company she worked for lost the contract to do the work she was performing. Ironically, it is her success in this position that the federal government cites as reason for denying her disability claim. She is stuck in cruel

dilemma; she is able to work, thus unable to receive disability benefits. Unfortunately, the jobs she is able to perform do not exist. As a result she is homeless, living out of a room in her Grandmother's house.

Imagine she receives a time-limited housing subsidy. What in five-years will change? Will the job market change? Will the federal government reverse its position on her disability? Perhaps, but why should she be punished and pushed back into homelessness if they don't?

Further, we have concerns with policies that limit opportunities for working people to receive stable, long-term housing subsidies, as long as working people continue to live in poverty. To afford a two-bedroom apartment at Fair Market Rent in Portland requires an hourly wage of \$13.46, nearly double minimum wage. Our economy is dependent on some workers receiving wages that leave them unable to afford rents in the market. While the housing market continues to fail low-wage workers, the Housing Authority should serve to meet their needs and not just temporarily.

Thank you for your consideration.

Respectfully,

Alison McIntosh, Board Secretary  
Ian Slingerland, Executive Director



**HOUSING AUTHORITY OF PORTLAND  
BOARD OF COMMISSIONERS MEETING MINUTES  
February 20, 2007  
Housing Authority of Portland  
135 SW Ash, Portland, OR**

**COMMISSIONERS PRESENT:**

Chair Jeff Bachrach, Treasurer Katie Such, Chair Emeritus Kandis Brewer Nunn, Commissioners: Harriet Cormack, Chris Lassen, Nathan Teske, Gavin Thayer, Alternate Resident Commissioner: Mary Latourette

**STAFF PRESENT:**

Steve Rudman, Margaret Van Vliet, Shelley Marchesi, Brenda Carpenter, Todd Salvo, Dianne Quast, Michael Andrews, Michael Havlik, Veronica King, Peter Beyer, Rachael Duke, Peggy Martini, Pamela Kambur, Celia Strauss and Ronda Kennedy Clegg.

**LEGAL COUNSEL:**

Steve Abel

Chair Bachrach opened the meeting at 6:16 PM and welcomed everyone to the February Board meeting.

**PUBLIC COMMENT**

Michael Marino, a public housing resident of Northwest Towers spoke to the Board about problems he had reporting an assault that took place at the property to the Portland Police. He also said that HAP's management staff declined to assist him in reporting the assault. Marino said these actions result in a system that makes it impossible to report crimes at the property. Marino said there have also been slanderous allegations made against him about destroying property and injuring someone's foot. He said these allegations are without merit, and there is no evidence to support them.

Dianne Quast responded to Marino's comments by saying that she was unaware of the situation related to reporting a crime, but she would check into the situation. She said she was aware of an issue involving Marino related to damage done to a door at the property. She also informed the Board that Marino has filed two fair housing complaints against HAP, HUD dismissed the first complaint but the second is still under investigation.

**MINUTES**

Chair Bachrach called for a motion to adopt the minutes of the December 12, 2006 Board of Commissioners meeting. Commissioner Cormack made a motion to adopt the minutes and Treasurer Such seconded the motion.

**The vote was as follows:**

**Chair Bachrach – Aye**

**Treasurer Such – Aye**

**Commissioner Cormack – Aye**

**Commissioner Lassen - Abstain**

**Commissioner Teske – Aye**

**Commissioner Thayer – Aye**

**Motion passed.**

Commissioner Lassen explained that because he was absent from the December meeting, he abstained.

Chair Emeritus Nunn joined the meeting at 6:25 PM.

### **EXECUTIVE DIRECTOR'S REPORT**

Steve Rudman said this is the first meeting of the new year, since the January meeting was cancelled due to inclement weather. He thanked the Board for their participation in the annual planning retreat and said it was good to hear from the leadership of the Portland Development Commission, as well as the local jurisdictional leaders on their priorities for the coming year.

Rudman said tonight, HAP is holding a public hearing on the draft FY2008 Moving To Work Annual Plan. Rudman said this year's MTW plan continues to focus on increasing HAP's collaboration, both internally between departments and externally with partner agencies. He said collaboration is the key to better leveraging increasingly scarce funding sources, and to better align and integrate HAP's resources with other local systems of support. Rudman said the MTW plan also serves to communicate HAP's key initiatives for the coming year to the community. He said the MTW plan and the MTW report are the two annual reports that HUD requires of all MTW agencies.

Rudman said the Board would also be receiving a report this evening about HAP's public housing capital improvement needs. He acknowledged the staff that have worked so diligently to complete a comprehensive capital needs assessment of the public housing properties. He said HAP realizes the importance of taking care of its assets and spending what capital funds that are available on capital improvements, even though the need to fund operations is great.

Rudman said this evening the Board would be asked to approve a resolution related to changes in the GOALS family self-sufficiency program. These changes will allow the program to better fit the needs of residents, and they will help move ahead with HAP's plans to expand the GOALS program. The proposed program changes would only apply to new program participants.

Rudman drew the Board's attention to the new reports in the staff reports section of the Board meeting packet. He said these are the beginning of what we are calling the "dash board" reports.

### **Public Hearing for the FY2008 Moving to Work (MTW) Plan**

Shelley Marchesi and Margaret Van Vliet outlined both the process and the key initiatives of the MTW Plan for the public hearing.

Marchesi outlined the process for finalizing the MTW plan. She said this is one of the two times each year in which HAP is responsible for communicating with the community and HUD about MTW. She said the MTW plan seeks approval for the major initiatives that HAP anticipates in the coming year in its federally funded programs, public housing and Section 8. She said HAP presented a draft of the MTW plan to a group of community stakeholders on February 5. During this presentation there was quite a bit of discussion about the Opportunity Housing Initiative (OHI). She advised the Board that notes from this session were included in the February Board meeting materials. Marchesi said HAP would take comments from both the Board and the public this evening, incorporate any final changes and then present the final MTW plan for approval at the March Board meeting.

Van Vliet spoke about three key initiatives of the MTW Plan - reconfiguration of public housing, implementation of the Opportunity Housing Initiative (OHI), and implementation of initial rent simplification steps.

Van Vliet outlined the steps to be taken with regard to the reconfiguration of public housing. She talked about the conversion to public housing of 40 units at the Fairview property. Van Vliet outlined plans for the disposition and replacement of scattered public housing sites at the rate of approximately 50 units per year. She said staff plan to bring a more fully developed disposition plan before the Board and the community at a later date. She also said HAP would continue its transition to the asset management model in its public housing portfolio.

Van Vliet said HAP is planning to implement three different pilot programs for OHI. She said these pilot programs would build upon the existing GOALS family self-sufficiency program. The pilot programs include the implementation of OHI services as a component of the Fairview conversion project, implementation of OHI at Humboldt Gardens where CSS funding will be available for services. The third pilot program involves plans to continue to build upon HAP's successful collaborations with the Oregon Department of Human Services (DHS) to provide 25 participants with program-based section 8 vouchers provided by HAP, case management services provided by DHS, employment training provided by Worksystems Inc., and additional support from Portland and Mt. Hood Community Colleges.

Van Vliet talked about some of the initial rent simplification measures HAP intends to implement, including reduced reviews for senior and disabled households, eliminating

certain verification processes, and streamlining some of the administrative procedures to simplify other verification processes.

Marchsei recognized Pamela Kambur for her outstanding work on coordinating the development of the draft FY2008 MTW plan.

### **Public Comment**

Steve Weiss, representing the 504 Disability Advisory Board spoke to the Board about concerns the 504 Board has with certain sections of the MTW draft plan. He said the Fairview Conversion Project seems not to include elderly or disabled households, which they believe could be a fair housing issue. He said the 504 Board is also concerned about the impact of term-limited subsidies if these households were included.

Weiss talked about the OHI pilot project with the Oregon Department of Human Services (DHS). He said the 504 Board is concerned about having DHS select the participants for the pilot program. He said elderly and disabled households would not be able to participate in this pilot program because they are not typically clients of DHS, but are clients of Multnomah County Aging and Disability Services clients.

Weiss also expressed concern about the proposed changes to the frequency of site-based inspections for public housing, saying some units could go up to 23 months between inspections. Weiss said the 504 Board is concerned that implementing term limits in both Section 8 and public housing could become a “slippery slope” toward new and onerous restrictions on the most important housing subsidy programs in Multnomah County.

Alternate Resident Commissioner Mary Latourette asked Weiss if he was expressing the views of the 504 Board, or were these his personal views. She said she is a member of the 504 Board, but she does not necessarily agree with these statements. She said she would appreciate it if in the future Weiss would clarify his comments by saying “some” 504 Board members have concerns. Weiss said he did send this written testimony to all of the 504 Board members prior to this meeting, asking them to respond with their comments or changes, but he did not receive any.

Micky Ryan, of the Oregon Law Center spoke to the Board about the draft MTW plan. She believes that many of the proposed changes outlined in the plan will improve the work of HAP, particularly in the area of rent simplification and changes to the inspection protocols. Ryan said her concerns about the plan are focused on three areas that interplay with each other.

Ryan said her first concern is related to the replacement of public housing units. She talked about HAP’s plan to replace only 50 of the public housing units that will be lost by the future sale of 50 scattered site public housing units. She said there is no mention in the MTW plan about utilizing the banked public housing operating subsidies. She believes this is a serious policy shift, and one that breaks a commitment to the community. She said in September of 2003, during the conversion of Section 8

vouchers to project-based vouchers for the New Columbia project, HAP made a commitment to the community to replace the unused public housing subsidies in a time period of two to three years.

Ryan said her second concern has to do with the introduction of time limits in HAP's public housing program. She said when HAP first applied to become a MTW agency, one of the community's greatest concerns was that under MTW, a housing authority could implement time limits. At that time, HAP assured the community that it would not introduce time limits, and the community supported HAP's application for MTW status in reliance on that assurance. Ryan said programs like GOALS and OHI are costly, and she said HAP should be conducting a cost benefit study before implementing any new programs or expanding on existing programs.

Ryan said her third concern is about the Fairview Conversion project, and it is a concern that touches on the two prior issues. She said everyone is excited about replacing some of the unused public housing subsidies at Fairview, although the difficulty and work that went into achieving this was more than they expected it to be. She said her concern is that only a segment of the tenants at Fairview might be allowed to have a chance to receive the subsidy. She said she hoped that the Board would prioritize making more subsidized units available to those on the waiting list by utilizing the banked or unused public housing operating subsidies. She also said that she hopes the Board will ask for a full cost benefit evaluation of current programs before restricting housing opportunities to those who are able to work, or beginning programs that contain time limits.

Bobby Weinstock and Susan Emmons of Northwest Pilot Project (NWPP) spoke to the Board about the draft MTW plan. Weinstock thanked HAP for including the new utilization reports for Section 8 and public housing in the Board packet materials, and for being so accessible and inviting their input on the MTW plan. He said he applauds HAP for its work to restore 40 of the banked public housing subsidies at Fairview despite the challenges of doing so. He said that under the OHI program, offering services to help people reach their life goals is a good thing, but he personally does not believe that setting time limits is the right thing to do. Even if it is not intended to feel punitive, it would feel threatening to those who are faced with time limits.

Weinstock talked about utilizing banked public housing subsidies, and said he believes the most important priority would be to increase the number of deeply subsidized housing units in this community. He said this should take precedence over new programs or new HOPE VI projects. He said they stand ready and willing to help advocate for additional resources.

Emmons talked about the extreme shortage of affordable housing in Multnomah County, and said both NWPP and HAP are aware of the tremendous need in the community. She talked about the Ten Year Plan to End Homelessness and the Permanent Supportive Housing report the Board heard about in December, and said HAP's Board members asked some very good questions about how to move forward with the plan. She estimated that there has been \$1.8 million dollars in un-used public

housing subsidies lost to this community because of the banked public housing units. She feels there needs to be a more collective approach to resolving these issues. She said it does seem to be time to call all of the housing partners together to find ways to align and link up the resources.

Treasurer Such thanked Ryan, Weinstock and Emmons for their comments, and said this really is the hard work to do. She said one of the things the HAP Board is very aware of is the need to move people from the waiting list into housing, and make sure that everyone who needs it has an opportunity to receive this subsidy. Ryan said she is fully aware that the problem is a lack of housing, but activating the 176 banked units would serve 176 additional households. She also said she does not see the need for time limits because right now, the average household in Portland only stays in subsidized housing for six to seven years. Such said another issue she is struggling with is how to finance the deferred maintenance and long term care of these public housing assets. Ryan talked about maximizing the proceeds from the sale of scattered sites, and the commitment HAP made not to implement term limits when HAP first applied for MTW.

Commissioner Teske said when you operate in a limited resource environment, every time you say “yes” to someone, you are saying “no” to someone else. Emmons talked about the community’s fear with regard to term limits when HAP first applied for MTW status, and said term limits often result in a net loss for the poorest of the poor, which is a population that continually feels squeezed out. She asked the HAP Board to take this into consideration before going forward with new plans. She said there are opportunities out there, for example the work that the Portland Development Commission is doing and the plans for supporting the Permanent Supporting Housing. Ryan said she hoped that HAP would consider doing a cost benefit analysis before taking on any new programs or projects.

Chair Emeritus Nunn said she couldn’t agree more with the idea of developing a collective inventory of housing, which should show both the gaps and the overlaps of both public and private housing resources in this community. She said it is critical that some of the public housing funds be spent on preserving the existing housing resources. With regard to the HOPE VI projects, she said these projects created opportunities for this community they would not have otherwise had. Nunn said in terms of services, HAP has already transferred some of its programs to other community partners, and is looking at moving others. Emmons said she appreciates that HAP has had some tough decisions to make, and understands that it is often a matter of making choices, but wants HAP to be mindful of the commitments it has made.

Chair Bachrach said it is a false to assume that the choice is between turning on the banked public housing units and doing another HOPE VI project – since they are two completely different funding streams. He said he was not completely clear about the commitment HAP made with regard to the banked units, and it is as yet unclear how much revenue would be generated with the sale of scattered sites.

Rudman thanked everyone for their comments, and said this has been a good discussion. He said that the New Columbia project actually resulted in a net increase in subsidized housing for this community. He said HAP has learned quite a lot from the Fairview project with regard to what it takes to turn public housing subsidy back on, and he said HAP is really bucking the trend, since many housing authorities are choosing to sell their public housing stock. Rudman said he thinks the actual loss of public housing subsidy to this community has been closer to three million dollars. With regard to OHI and the GOALS program, he reminded everyone that participants self-select to be part of the programs, and it does depend on people getting family wage jobs to help them move past the need for subsidized housing.

Chair Emeritus Nunn asked about the pilot program with DHS. Rudman said DHS and HAP already have a dual caseload and this pilot program would be set up for a very limited number of those people. Van Vliet said the idea is to look at how the OHI program could benefit working-able families, and determine what the wrap-around services for those people would look like. She said it does not mean that we would exclude certain populations from participating. Commissioner Thayer said if anyone is eligible to apply to the GOALS program, then OHI does not take anything away from what people already have.

Commissioner Cormack said she agrees with this approach since it really is a pilot program. She said she thinks that it is fine to pin point what is offered because HAP can always expand upon that in the future. Commissioner Teske asked how specific the language is with regard to term limits. Van Vliet said in the current GOALS program, the term is five years, but extensions are sometimes granted if participants are making good faith efforts towards their goals. Van Vliet said HAP staff is currently undergoing extensive training on key areas such as housing stability and mobility, budgeting and pre-financial literacy, and employment retention and advancement.

Treasurer Such said it is important that we have some flexibility in assessing the participating households on an individual basis. She said HAP is really asking our residents and partners to make this leap with us. Such wanted to know what the average tenure is for program participants. Marchesi said besides the percentage of disabled and elderly that generally do not move out of subsidized housing, the average is something close to seven years in the Section 8 program, and eight years in public housing. Chair Emeritus Nunn said it would be interesting to evaluate the people beyond the 50 percent or so that do not leave housing assistance.

Chair Bachrach said Ryan and Emmons made an interesting point regarding the cost benefit study. He said a cost benefit analysis would help the Board understand the policy choices they are trying to make, and he expected this would come up next month during the budget review process. Marchesi said one of the original tenets of MTW was to move families towards self-sufficiency. She said HUD has indicated their intention to evaluate housing authorities more on these core tenets in the future. Treasurer Such said it would be a good idea to look at the various funding streams, and determine where there are funds that are fungible.

### **Resolution 07-02-01**

Michael Havlik presented resolution 07-02-01, authorizing the issuance of the Yards at Union Station Revenue Refunding Bonds, 2007 in an aggregate principal amount not to exceed \$6,335,000 to refinance the existing 1997 bonds.

Havlik provided background information on the financing of the Yards at Union Station property, and said the timing is good for HAP to move forward with refunding the 1997 bonds and the issuance of new bonds with a much lower interest rate. He said this reduction in debt service would result in approximately \$80,000 of additional cash flow to the property. Havlik outlined the steps that will need to take place under this plan, and said the sale of the new bonds is tentatively scheduled to take place in mid April and closing would take place sometime in May.

Chair Bachrach asked about the funding structure and wanted to know if some of these funds would flow to HAP. Havlik explained the hierarchy of applying the funds, and Treasurer Such noted that the re-subordination agreements would still need to be approved.

Treasurer Such made motion to adopt resolution 07-02-01 and Commissioner Cormack seconded the motion.

#### **The vote was as follows:**

**Chair Bachrach – Aye**  
**Treasurer Such – Aye**  
**Commissioner Cormack – Aye**  
**Commissioner Lassen – Aye**  
**Commissioner Teske – Aye**  
**Commissioner Thayer – Aye**

**Motion passed.**

### **Resolution 07-02-02**

Rachael Duke and Veronica King presented resolution 07-02-02 authorizing a change to HAP's Family Self-sufficiency Action Plan to require families to exit public housing or the Section 8 program as part of the graduation process from the GOALS Program. King said the final escrow payment would only be made available to those newly enrolling families who successfully graduate from the program.

King said this resolution would change the way HAP operates the GOALS program. She explained that under the current GOALS program requirements, families are eligible to graduate from the program, and access their escrow account if they have gotten a job, and have been off of TANF (Temporary Assistance for Needy Families) for a period of 12 months. Under the proposed change, families would have the added requirement of having to exit HAP public housing or the Section 8 programs in order to graduate, with

the exception of the Section 8 subsidy directed toward the Section 8 Homeownership Program, which she said requires an ongoing commitment of Section 8 voucher payments.

Chair Emeritus Nunn asked what type of mechanisms HAP currently uses to evaluate the cost benefit of the program. King explained that the GOALS program is primarily supported by two different HUD grants, and data tracking requirements for these grants is performed on various aspects of the program such as increases in household income, service hours provided and housing costs. She said Portland Community College and Worksystems, Inc. are two of the community partners who have aligned their services with the GOALS program to provide support to the participants. King said HAP has solid data on the number of participants and the number of graduates who have purchased homes. She said the program is focused on case management, leveraged resources and the continuum of housing. Duke said this year, HAP staff have started using a new web-based tracking system for GOALS program participants.

Commissioner Thayer asked what happens to the un-used escrow funds. Duke said the funds revert to HAP. Salvo explained that funds are returned to the Section 8 program subsidy funds.

Chair Emeritus Nunn made a motion to adopt resolution 07-02-03, and Commissioner Thayer seconded the motion.

**The vote was as follows:**

**Chair Bachrach – Aye**  
**Treasurer Such – Aye**  
**Chair Emeritus Nunn – Aye**  
**Commissioner Cormack – Aye**  
**Commissioner Lassen – Aye**  
**Commissioner Teske – Aye**  
**Commissioner Thayer – Aye**

**Motion passed.**

**Public Housing Asset Management Briefing**

Margaret Van Vliet, Dianne Quast and Michael Andrews reported on the capital needs assessment of public housing. Van Vliet talked about the need for HAP to be good asset managers of its public housing portfolio. She said staff has been working to complete the assessment of the capital needs in the public housing portfolio, and she said it is fair to say that the needs far outweigh our resources. She said the report this evening is intended to provide an overview of some of the options HAP is considering to address these needs. She said that although there is not a resolution before the Board for approval this evening, she does hope that the Board will be able to give staff a general approval to proceed with plans to explore these options. Van Vliet said these plans were based on the following over-arching themes: public housing is something we want to preserve in this community, some cost-cutting measures will need to be taken,

some building improvements have to be expedited, and HAP will have to pursue different options to deal with the backlog of issues.

Andrews said HAP owns 2300 units of public housing, which have an average age of 47 years. Andrews discussed the Capital Grant Fund, and explained the amounts HAP receives on an annual basis. He said that current and projected Capital Grant funding will not support the capital needs. He said the immediate capital needs are estimated at \$12.2 million, with an additional \$13.8 million in capital needs anticipated between 2008 and 2012 – for a total of \$26 million over the next six years. He said the Capital Fund will only cover a small portion of this work and so the question becomes how to fund the balance of the work. Andrews said staff believes the approach to take is a combination of using some of the proceeds from the anticipated sale of scattered sites and leveraging other funding such as financing tools involving Low-Income Housing Tax Credits. Andrews said this year, HAP will begin work on Slavin Court, Dahlke Manor and Sellwood Center.

Quast said these recommendations not only serve the bottom line, but they also serve our mission. She said public housing has to be debt free, and it has to be in good condition in order to provide safe and decent housing for our residents.

Commissioner Thayer thanked staff for providing the report on the capital needs. Treasurer Such said that it is critical that HAP address the deferred maintenance issues as quickly as possible because once a property starts to deteriorate, it can go down very quickly. Quast said there are three or four different ways of evaluating public housing property, which is different from other types of real estate. She said you can defer issues, but then you end up dealing with them on an unplanned basis, which often times can be much more costly.

Treasurer Such urged staff to consider using every available resource, including tax credits and weatherization credits. She said the portfolio is old, and the properties were not built to last beyond 50 years.

Chair Bachrach asked how tightly this plan is linked to the sale of scattered sites. Van Vliet said the plans are linked, and staff expects these two plans to weave together. Rudman talked about how historically, HAP has used up to 50 percent of the public housing Capital Fund as a way to fund operations, but in recent years HAP has continued to lessen its dependence on the Capital Fund for operations, and in 2008, HAP will draw \$700,000 less than it did in 2007.

Chair Bachrach asked about the next steps and what the overall process would be. Andrews said the first step would be to develop the plan for selling the scattered sites for their maximum values. Then staff would then come back to the Board with a recommendation on how to use the proceeds of the sale, which could end up being a combination of new development, placement of public housing units in existing properties, and using some of the proceeds for capital needs. And thirdly, Andrews said

staff would be looking for other opportunities to bring back banked public housing unit subsidies. He said staff would report back to the Board in the next 90-120 days.

Treasurer Such asked if HAP considered adding public housing units at The Yards. Quast said they did consider it, but could not make it work.

Chair Bachrach asked the Board if they felt the need to form a special committee to review and discuss the work related to the sale of the scattered sites, or did they want to address this as part of the monthly Board work sessions. Marchesi said there would definitely be some amount of public process involved with regards to the proposals. Treasurer Such suggested that it might be good to have some interim check-in reports from staff during the work sessions as they develop their recommendations.

Commissioner Cormack asked if any of the scattered sites were located in urban renewal districts, and if so it would be important to be sensitive to the goals that PDC has for those areas.

### **ADJOURN**

There being no further business, Chair Bachrach adjourned the meeting at 8:35 p.m.

### **EXECUTIVE SESSION:**

The Board of Commissioners of the Housing Authority of Portland met in Executive Session pursuant to ORS 192.660(2)(c).

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

Ronda Kennedy Clegg  
Recorder, on behalf of  
Steven D. Rudman, Secretary

**ADOPTED: March 20, 2007**

**HOUSING AUTHORITY OF PORTLAND**

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Jeff Bachrach, Chair

**ATTEST:**

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Steve Rudman, Secretary