



HOUSING AUTHORITY OF PORTLAND

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

Annual Report FY 2008

June 2008

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Table of Contents

Introduction.....	1
FY 2008 Outcomes to Key Initiatives	2
Section I Households Served	19
Section II Occupancy Policies	37
Section III Changes in Housing Stock and Vouchers	42
Section IV Sources and Amounts of Funding	46
Section V Uses of Funds	50
Section VI Capital Planning	52
Section VII Owned and Managed Units – HAP’s Real Estate Portfolio Part 1 – HAP’s Public Housing.....	60
Part 2 – HAP’s Affordable Housing Portfolio	67
Section VIII Leased Housing – HAP’s Section 8 Program.....	71
Section IX Resident Services	79
Section X Other Information Required by HUD	88

Appendices

Appendix A – Glossary	89
Appendix B – Resolutions Adopting Key MTW Initiatives	94
Appendix C – Resolution Authorizing Submittal of the Moving to Work Annual Report FY 2008	107
Appendix D – Copies of Forms Submitted to HUD for Funding	111

Household Information in Tables and Charts

Table 1	Public Housing Households Served as of 3/31/2008	Page 20
Table 2	Public Housing Hshlds. Served by Bedroom Size and Development Type (Change over nine years)	Page 21
Table 3	Section 8 Households Served by Family Size as of 3/31/2008	Page 22
Table 4	Section 8 MTW Households Served	Page 22
Table 5	Income of Households Served as of 3/31/2008	Page 23
Table 6	Income of Households Served at Beginning of Demonstration	Page 23
Table 7	Ethnicity of Heads of Households by MTW Housing Type	Page 26
Table 8	Population Served by MTW Housing Type and Age Groupings as of 3/31/2008	Page 27
Table 9	Disabled Heads of Households by Program as of 3/31/2008	Page 28
Table 10	Total Population Public Housing as of 3/31/2008	Page 29
Table 11	Total Population Section 8 as of 3/31/2008	Page 29
Table 12	Public Housing Applicants by Bedroom Size as of 3/31/2008	Page 30
Table 13	Public Housing Applications By Race and Ethnicity as of 3/31/2008	Page 30
Table 14	Section 8 Waiting List Data as of 3/31/2008	Page 31

Number of units as of 3/31/2008 (Beginning and Ending Balances)	Page 42
ACC Public Housing Portfolio	Page 43
Tally of Public Housing Preservation Initiative	Page 44

Public Housing Capital Improvement Schedule	Page 55
Public Housing Vacancy Rates 2001-2008	Page 60
Rent Collections – Public Housing	Page 62
Emergency Work Order Response Times	Page 63
Routine Work Order Response Times	Page 64
Public Housing Inspections	Page 66
HAP's Affordable Housing Communities as of 3/31/2008	Page 68
Special Needs Housing Communities	Page 69
Section 8 Voucher Summary - FY 2008	Page 71
Section 8 Units Leased-up	Page 72
Section 8 Inspections for FY 2008	Page 76

Chart 1	Public Housing Households by Income Group	Page 24
Chart 2	Section 8 Households by Income Group	Page 24
Chart 3	Race of Heads of Households Public Housing 3/31/2008	Page 25
Chart 4	Race of Heads of Households Public Housing, 3/10/1999	Page 25
Chart 5	Race of Heads of Households Section 8, 3/31/2008	Page 25
Chart 6	Race of Heads of Households Section 8, 3/10/1999	Page 25
Chart 7	Ethnicity of Heads of Households Public Housing, 3/31/2008	Page 26
Chart 8	Ethnicity of Heads of Households Public Housing, 3/10/1999	Page 26
Chart 9	Ethnicity of Heads of Households Section 8, 3/31/2008	Page 26
Chart 10	Ethnicity of Heads of Households Section 8, 3/10/1999	Page 26
Chart 11	Combined Section 8 and Public Housing Heads of Hshlds., 3/31/2008	Page 28
Chart 12	Changes in Disabled Heads of Households	Page 29
Chart 13	HAP Waiting Lists by Year	Page 31
Chart 14	Public Housing Applicants by Income Group	Page 32
Chart 15	Section 8 Applicants by Income Group	Page 32
Chart 16	Public Housing Applicants by Family Type	Page 33
Chart 17	Section 8 Applicants by Family Type	Page 33
Chart 18	Public Housing Applicants by Unit Size	Page 34
Chart 19	Public Housing Applicants by Race	Page 35
Chart 20	Section 8 Applicants by Race	Page 35
Chart 21	Public Housing Applicants by Ethnicity	Page 36
Chart 22	Section 8 Applicants by Ethnicity	Page 36

Introduction

Background - HAP as a “Moving to Work” (MTW) 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 Report 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 of 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.

FY 2008 Outcomes to Key Initiatives (Year Nine of the MTW Demonstration Program)

HAP's FY 2008 MTW Plan, approved by the HAP Board of Commissioners on March 21, 2007, identified key initiatives in the following areas:

- I. Preserve Public Housing
- II. Implement Opportunity Housing Initiative (OHI) Pilot Projects
- III. Implement Initial Rent Simplification Steps
- IV. Review Existing and Potential Rent Policies
- V. Implement Changes to Inspection Protocols
- VI. Leverage Re/Development Opportunities
- VII. Support Key Initiatives in Portland, Gresham, Fairview and Multnomah County
- VIII. Increase HAP's Organizational Effectiveness.

A description of FY 2008 outcomes under each key initiative is provided below.

I. Preserve Public Housing

During FY 2008 significant progress has been made to address the three primary "public housing preservation" objectives:

- A. Replace public housing units that are inherently inefficient to operate with more efficient public housing stock.
- B. Address unmet and unfunded capital needs across the portfolio.
- C. 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 four projects outlined below were designed to reconfigure HAP's public housing portfolio and begin to meet this high priority goal and corresponding objectives.

- 1) Implement the Fairview Conversion Project.*
- 2) Begin disposition of scattered site public housing units in concert with development of replacement housing.*
- 3) Planning for replacement units.*
- 4) Address unmet capital needs in public housing.*
- 5) Continue transition to an asset management model.*

The following is a description and listing of FY 2008 outcomes for each of these projects that help to achieve the “Preserve Public Housing” initiative.

1) Implement the Fairview Conversion Project – During FY 2008, HAP used public housing operating subsidy (i.e., “turned on banked subsidy”) in 40 units in a HAP-owned affordable housing property. This property, Fairview Oaks, is a 328-unit development consisting of 28 two-story apartment buildings located in the City of Fairview in eastern Multnomah County.

Coupled with the opportunity for participants to benefit from public housing subsidy to ease their rent burden, the second major component of the conversion project is the mandatory participation in HAP’s first site-based pilot for the Opportunity Housing Initiative (OHI). Each pilot project, including more detail about OHI at Fairview, is described in the outcomes listed under **Initiative II**.

- **Reduced rent burden** - Without the public housing subsidy, rents at Fairview continue to be near market. At the end of March 2008, nine months after the conversion with all 40 of the new public housing residents enrolled, it is apparent that the program is a great benefit to its participants. The new public housing residents are paying from \$82 to \$650 a month less in rent than they were previously, which demonstrates the extent to which some households were rent burdened.
- **Waiting list management** – By December 2007, all 40 public housing units had been leased (15 one bedrooms, 15 two bedrooms/one bath and 10 three bedrooms/one bath.) Twenty six former Fairview residents participated and 14 additional community members were recruited via creation of a site-based waiting list. Because of the nature of the mandatory participation in the OHI pilot project, potential applicants from the centralized “first available” public housing wait list were not pulled from the list. At the end of FY 2008, the Fairview public housing waiting list was closed with a total of 64 households waiting.
- **Eligibility and suitability** - Public housing income eligibility (up to 80% MFI based upon gross income) was not modified. Suitability includes the additional requirement that the households applying for public housing subsidy also agree to full participation in the OHI program (i.e. heads of households who are “working able” and agree to the five-year participation in the OHI program).
- **Modification to term limits** – **Note: HUD did not approve the use of term limits for public housing as originally stated in the FY 2008 Plan.** Due to HUD’s concerns, participation in OHI was modified to include a 5-year limit for use of public housing subsidy while living at Fairview. The modification allows for a household to transfer to another public housing site if they desire to retain their public housing subsidy.

- ***Simplified rent structure*** - Rents are calculated at 30% of gross income with no deductions. The traditional public housing rent policy does not support savings (escrow) accumulation. The interim rent simplification measures outlined below in **Initiative III, Rent Simplification**, were key to implementing this pilot, especially elimination of the Mandatory Earned Income Disallowance for GOALS/OHI participants.
- ***Savings accounts*** – As a part of the OHI pilot at Fairview, rent savings begin to accumulate when a participant’s portion of their rent payment reaches \$350. After successful graduation from the OHI program, these asset building accounts will then transfer to the participant. At the end of March 2008, the average contribution to the rent savings account for the 40 combined households was \$100 a month. Twenty-six households are contributing monthly and 20 of these households contribute over \$100 a month, with five contributing in excess of \$230 a month. If those five households sustain their contributions and complete the program, they will leave with a savings ranging from \$14,040 to \$18,180. (More information about the savings program is included in the outcomes listed under **Initiative II, OHI Pilot Projects**.)

2) ***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 is selling most of its 160 single-family scattered sites and plans to replace them with public housing units in multi-family housing. After an April 2008 meeting with key stakeholders from throughout the county, HAP’s Board approved the disposition and relocation plans in July 2008.

- ***Resident relocation*** - HAP began outreach to scattered site residents in August 2007, with informational meetings to provide residents with an overview of the project and general relocation information. Workshops soon followed, specifically designed to educate residents on relocation benefits and subsidy options. Six meetings and workshops were held in all, strategically located throughout Portland to maximize attendance. Residents who were not able to attend were visited personally by their relocation specialist to explain the project and relocation process. By March 31, 2008, 33 scattered site families had successfully relocated to their new homes.
- ***Scattered sites sales program*** – The following activities have been undertaken to accomplish the sales of 160 scattered site public housing units over approximately the next three calendar years.

Sales team - HAP developed an internal real estate sales team comprised of two brokers (HAP staff with real estate brokers licenses). An internal sales team was determined to be most cost effective and allows the sales team to work closely with the relocation team, current

public housing management and maintenance staff. The sales team is operating under an assumed business name, “Hap Home Sales,” that has been registered with the State of Oregon.

Market rate pricing - Property prices were established by evaluating the property condition, age, location and using sales comparables available through Regional Multiple Listing Service (RMLS), the title company, and Multnomah County tax records. Additionally, 25% of the properties were appraised by a licensed appraiser. As of March 31, the average price of a scattered site home was \$220,000.

Project budget development - The three year operating budget projects the sales dollars forecasted per quarter and the costs for activities that are standard in the real estate industry, such as affirmative marketing, memberships, signage, cell phones, wages, and buyers’ brokers’ commissions as well as other sales expenses.

Marketing - Marketing was first done to existing scattered site households that indicated interest in purchasing the house where they resided. Ultimately, none of the families pursued purchasing a house and the houses were then marketed on the open market to the public. As the houses become vacant they are listed on the RMLS and advertised in other ways (including the “affirmative marketing” described below).

Sales to Portland Development Commission (PDC) – In order to support the City of Portland’s minority housing initiative, HAP offered PDC first right of refusal on homes within designated urban renewal areas. The sales agreement with PDC for the purchase of up to 24 properties in the Interstate and Lents Town Center Urban Renewal Areas is scheduled to be complete in early FY 2009. PDC had completed whole house inspections, sewer scopes and underground storage tank locates in March 2008.

Affirmative marketing – The sales team is working with PDC and the Operation HOME Steering Committee to provide outreach to minority homebuyers, including home-buying fairs targeting specific minority communities during FY 2009.

Sales results prior to March 31, 2008 - During the six weeks between receiving HUD approval to dispose of units on 2/22/08 and the end of FY 2008, six market rate units were sold.

Location and Bedroom Size	Sales Price
3 BR in SE	\$152,000 (fixer)
3 BR in SE	\$195,000
3 BR in SE	\$250,000
3 BR in SE	\$264,000
3 BR in SE	\$193,000
3 BR in SW	\$245,000

In addition to the six market rate HAP Home Sales summarized in the previous chart, an additional four scattered sites were sold to residents during FY 2008. These reflect the last sales before HAP's termination of the "Achieving the American Dream" (AAD) program.

Note: These ten scattered site sales (market rate and AAD) are in addition to the "Humboldt Gardens Homeownership Program" sales of 21 scattered sites during FY 2008. These were processed as a separate disposition application with HUD and are not included in Public Housing Preservation Initiative. (Results of the Humboldt Gardens homeownership program are described in **Initiative VI, Leverage Re/Development Opportunities.**)

- 3) **Planning for replacement units** - HAP will strive to maintain a generally consistent pace between the development of replacement public housing units and the sale of scattered sites over the course of this initiative. Two approaches have been identified for achieving the replacement of public housing units:
- **Conversion of existing HAP controlled units to public housing** - As described in the "Fairview Conversion Project," HAP completed a Mixed Finance Operating Subsidy Only transaction involving a building located in the City of Fairview last year. This transaction allowed HAP to convert existing HAP controlled units into public housing. HAP has reviewed the existing Affordable Housing portfolio for projects that seem to present an opportunity to replicate this conversion tactic. Evaluation criterion used to determine if a project is suitable for this type of conversion include: existing financing structure, location of the building, physical characteristics of the existing building, tenant profiles and levels of existing rent burden. Converting existing units to public housing is HAP's lowest cost option for creating a replacement or use of banked public housing unit. HAP has identified two initial projects under this strategy and is currently completing additional due diligence to determine the extent to which conversions within these projects are feasible. Those projects are Pine Square Apartments, and Rockwood Station, both located in the City of Gresham.
 - **Pursuit of new development or acquisition and rehabilitation** - HAP is working to identify prospects throughout the county, either through new construction or acquisition of existing properties that present feasible opportunities to create quality public housing. Current projects identified under this strategy include:
 - Resource Access Center Development (new construction described in **Initiative VII, Support Local Jurisdictions**),
 - Fessenden Court (new acquisition of a nine unit development with larger three-bedroom units), and

Hillsdale Terrace (redevelopment of an existing public housing property described with **Initiative VI, Leverage Re/Development Opportunities**).

HAP is actively seeking these types of opportunities through relationships with public sector partners, non-profit partners, realtors, and private developers and contractors. Alignments with the Cities of Gresham and Portland's housing goals and Urban Renewal Districts' goals will help to guide HAP in these pursuits.

- 4) Address unmet capital needs in public housing** – Proceeds from the sales of scattered site public housing are intended to help to address unmet capital needs in HAP's existing public housing portfolio. Throughout FY 2008 HAP continued its analysis of rehabilitation and leverage options that allow it to maximize resources available for capital improvements. HAP priorities focus on:
- a) life safety,
 - b) building envelope and major systems,
 - c) operational efficiency, and
 - d) quality of life including building and site amenities.

Multiple capital projects are either completed or underway (*see additional data in Section VI – Capital Planning*). An energy audit of public housing buildings was completed. A modernization/sustainability project has been undertaken at multiple properties to reduce water consumption. Financial modeling is underway to identify sources and leveraging opportunities in order to address the backlog in capital needs.

- 6) Continue the transition to an asset management model** – Continued improvements to HAP's public housing asset management model occurred during FY 2008. All site management teams continue to perform site-based admissions and have exceeded 97% adjusted occupancy across the portfolio for the second year in a row. Site management teams also perform all annual/interim reviews and inspections. Property performance indicators, such as unit turnover and maintenance response times, have been established and are being actively monitored. Relationships have been established and strengthened between HAP, law enforcement professionals, and community partners throughout Portland, Gresham, Fairview, and Multnomah County.

II. Implement Opportunity Housing Initiative (OHI) Pilot Projects

Building upon HAP's successful Family Self-Sufficiency program (known as the GOALS Program), HAP's Opportunity Housing Initiative is increasing the number of households working toward economic independence with a goal of leaving housing assistance. Three OHI pilot projects are either implemented or are nearing start up: 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. Participants understand from the outset that the program is for five years and that the ultimate goal is to graduate from the GOALS/OHI program and successfully move off public housing or Section 8 subsidies in order for the resources to be available to others waiting for the opportunity.

- 1) *Implement the OHI services component of the Fairview Conversion Project*** - Outreach to working-able residents was initiated early in FY 2008. After 40 eligible participants were selected for the OHI pilot, they continue to participate in an on-site family self-sufficiency program. Their OHI plans include goals for achieving increased self-sufficiency and participation in financial literacy and housing mobility workshops.

As summarized previously, participants are eligible to begin to accumulate funds in a savings account once their portion of the rent is above \$350 a month. At that point, every dollar over \$350 is set aside into the savings account. (Results to date are summarized in this chapter: **Initiative I, Savings Accounts**).

- 2) *Complete an implementation plan for the Humboldt Gardens OHI Pilot*** - When Humboldt Gardens, HAP's second HOPE VI redevelopment project, opens to residents in June 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 "workforce" rents.

During FY 2008, staff continued to work with the former Iris Court residents to support them in their new locations. Although re-occupancy will occur during FY 2009, over the last year families participated in self-sufficiency opportunities, including eight families that participated in employment preparation and six families that participated in job skills programs.

As of March 31, 2008, 34 former Iris Court residents indicated their desire to return to Humboldt Gardens. Of the total 100 public housing units at Humboldt Gardens, HAP projects 40 eligible households will enroll as OHI participants.

- 3) *Continue to build upon successful collaborations with Oregon Department of Human Services and other partnering agencies*** - This program-based model with DHS is based upon the concept of a service enriched Section 8 voucher. An initial small-scale pilot was undertaken in FY 2007. Seven families were enrolled in this pilot program. Of the six families still participating, five are in school or working.

By aligning systems and breaking down silos between organizations, this model has helped to ensure shared accountability of outcomes for individual clients.

To build upon these results, an agreement between DHS and HAP has been finalized over the last year and was signed early in FY 2009. The project will start in the summer of 2008.

DHS will select 25 families receiving TANF to be eligible to receive a Section 8 voucher. Once these families are screened by the Section 8 team and begin participating in the Section 8 housing program, they will also be eligible to participate in HAP's Family Self Sufficiency (FSS) program. Case management will be shared between DHS and HAP so that DHS is primarily responsible for the first two years of program participation. GOALS staff provide the final three years of case management. 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. If the resources are available and the program is successful, DHS will be able to "recycle" vouchers for new clients.

Savings will occur over the course of the five-year term and graduation from GOALS, which includes leaving housing assistance, is a requirement to access the full escrow account. Successful participation in this pilot also requires that clients adhere to all DHS rules and regulations.

Although the program was initially designed with a five-year time limited voucher, HAP is not moving forward with that aspect of the program due to HUD's concerns about the agency's authorization for time limits under HAP's current MTW agreement.

III. Implement Initial Rent Simplification Steps

HAP anticipates the initial simplification measures outlined below will lead to MTW cost-effectiveness (a decrease in staff workload) with minimal impact on residents.

- 1) *Reduce reviews for senior and disabled households*** - Both Section 8 and public housing have implemented alternate review schedules 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.

Public housing – Public housing implemented an alternate review schedule effective 4/1/07. Currently, 426 households are eligible and more are anticipated as staff continue to identify eligible households. This has relieved site staff of this administrative burden and allows them more time to engage the residents and manage the property in an effort to improve overall livability.

Section 8 – Section 8 implemented a biennial (every other year) review schedule for qualified households effective 7/1/07. Currently, approximately 2,600 households qualify for the alternate schedule. The biennial recertification process has proven to be successful in that it lessens resident

concerns about small increases in income levels and is less intrusive into participants' lives. Additionally, conducting fewer annual reviews allows staff more time to provide improved customer service.

2) *Implement a range of administrative procedures to simplify verification processes in public housing and Section 8* - Beginning April 2007, HAP policies were changed to:

- accept hand-carried third-party income verifications;
- disregard income related to assets valued at less than \$25,000;
- 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.

Public housing – All rent simplification initiatives became effective April 1, 2007. These changes have decreased time spent by site staff and residents in unnecessary paperwork.

Section 8 – Section 8 implemented the policy on interim income changes several years ago. The new verification procedures and policy on asset income became effective 4/1/07. The reduced administrative burden, allows staff more time to provide improved customer service.

3) *Streamline Earned Income Disallowance (EID) for qualifying clients* – For clients who qualify for the EID, including any household member 18 years of age or older, the 100% EID now continues for a 12-month period that begins at a client's next regularly scheduled recertification. After that time, the client's EID is eliminated (i.e. all client income will be considered in rent calculations). Consistent with the administrative reduction outlined in the previous item, new income is not 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.

Public housing – Implemented on 4/1/07, less than 1% of public housing residents (32 households) are impacted by the EID calculations. However, the change has greatly reduced the amount of staff administrative time that was spent tracking changes to a households EID status.

Section 8 – Section 8 implemented this change effective 4/1/07. The new process impacts a limited number of participants who still benefit from EID and reduces the amount of staff time spent on tracking changes related to a participant's EID status

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

Public housing and Section 8 – Successfully implemented as of 4/1/07.

IV. 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.

Due to lack of staff resources to undertake a through policy review and community stakeholder outreach process during FY 2008, the following initiatives have been postponed until FY 2009.

***Redesign preferences and priorities for both public housing and Section 8*;
Launch analysis of alternative rent models, including flat or tiered rents.***

* Although preferences and priorities are occupancy policies, they were grouped with rent policy in the FY 2008 Plan.

V. Implement Changes to Inspection Protocols

In order to improve inspections and streamline wherever possible, HAP has undertaken the following:

- 1) *Schedule biennial 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, has been placed on an every other year inspection schedule. (Additional inspections will be available upon request.)

HAP began this process in July 2007. Originally this change was anticipated to result in approximately 100 households qualifying for biennial inspections. As of March 31, 1,527 currently qualify for biennial inspections. Of this number, 635 households were added to this program during FY 2008.

- 2) *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 have moved from a centralized function to a site-based function. In April 2007, site staff created inspection plans detailing how each unit in their portfolio would be inspected a minimum of once over the next fiscal year. Each site was able to customize their inspection plan to meet the needs of their portfolio. Some sites opted for a schedule that was tied with resident's annual re-certifications, while others opted to inspect one floor/complex a month.

It had been anticipated that during the new inspections process not all units would be able to be inspected during the 12-month period. However, the instances of a property not having all units inspected were minimal and in some, units were inspected more than once.

VI. Leverage Re/Development Opportunities

With HAP's largest redevelopment project, New Columbia, over 99% complete in FY 2008 (with private builders completing the build out of the last for-sale homes in FY 2009), HAP's development efforts have focused on the following initiatives:

- 1) ***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 be complete by summer 2008. Former residents are receiving Community and Supportive Services assistance and working-able residents have been encouraged to begin participation in the OHI model.
 - ***Finance*** – The tax credit partnership closed during the first quarter of FY 2008. Successful fundraising efforts have generated over \$225,000 to assist with the build out of the Opportunity Center – a 3,000-sq ft center that includes a multi-use conference room, an open-access computer center, and a community involvement office with room for community policing.
 - ***Construction pre-apprenticeship program*** – Ten high school seniors from the public high school near the redevelopment site participated in an extensive job shadowing and skill development curriculum coordinated by one of HAP's construction contractors.
 - ***Homeownership*** – Sales of the 21 scattered site public housing single-family structures, located within approximately one mile of the main redevelopment site, were successfully completed after disposition approval from HUD on March 10, 2007. During the planning process, HAP's Board determined that the properties were to be disposed of in one of four ways:
 - Market rate sales – Four properties were eventually sold at market rate for maximum proceeds to be used for the Humboldt Gardens project and future replacement units (as indicated in the summary chart below).
 - Affordability at 80%MFI and below - The remaining 17 properties yielded 21 affordable for-sale homes.
 - Five properties were sold to a non-profit developer (Portland Habitat for Humanity) for demolition of the existing unit and construction of two new homes per property, except one parcel, which could not be split.
 - Nine of the properties were sold to a non-profit developer (Portland Community Land Trust - PCLT) and existing units will be renovated using the 15-year maintenance-free standard established by HAP.
 - The final three properties were 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 were renovated using the 15-year maintenance free standard.

**Disposition of 21 Humboldt Gardens scattered sites
as of March 31, 2008**

Sales to current public housing residents	3 properties (renovated and sold to low income residents)
Sales to Portland Community Land Trust	9 properties (to be renovated and sold to low income households by PCLT)
Sales to Portland Habitat for Humanity	5 properties (to be demolished and replaced with 9 homes for sale to low income households by Habitat)
Market rate sales	4 properties generated revenue to support the affordable homeownership goals

2) 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 that is scheduled for closure by September 2011. No siting decisions were made by March 31, 2008.

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.

FY 2008’s Federal HOPE VI NOFA was released on March 26, 2008 with an application due date of June 20, 2008. HAP declined to apply in this round as staff felt there would be inadequate time in which to do a thorough job of planning and outreach to ensure the most well thought out development scenario and thus, the best possible application. In anticipation of submitting an application next year, staff has since convened a project development team and laid out a pre-application schedule that will address all the components necessary to a successful application.

3) 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 is continuing 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.

During FY 2008, two additional properties in the existing Affordable Housing portfolio, Pine Square Apartments and Rockwood Station Apartments, have been identified and are being evaluated to be repositioned with public housing operating subsidy, similar to the completed Fairview conversion. Up to 20 units of public housing conversion are anticipated at each of these apartment communities.

VII. 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.

1) 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:

- **Responsiveness to jurisdictional requests** - In addition to the specific objectives outlined below that were listed in the FY 2008 MTW Plan, HAP's Board of Commissioners responded quickly to requests from the City of Portland to assist with two major programs to address homelessness in the downtown core:

Acquisition of the Grove Hotel – During fall 2007, the City of Portland requested that HAP purchase this downtown property in order for severe health and safety concerns to be immediately addressed and that the location be preserved for affordable housing. In the near term (i.e. the next three to five years), plans call for very low income housing services; longer term, the location could present a range of affordable and market rate mixed use redevelopment opportunities. Building renovations are continuing into early FY 2009. HAP's Affordable Housing portfolio is managing the property and HAP's relocation staff is assisting current residents with relocation as needed. It is anticipated that HAP will turn the property over to the Portland Development Commission (PDC) during FY 2009 prior to their longer-term redevelopment.

Development of the Resource Access Center – Also during fall 2007, the City of Portland requested HAP to serve as the master developer of the

downtown resource access center, a critical component in the city/county plan to end homelessness. As currently envisioned, the center, which will provide daytime services to persons who are homeless, will be combined with an overnight shelter and more permanent housing in a multi-story, multi-purpose building. PDC and the City completed a siting process in February/March 2008. By March 31, 2008, HAP had put in place a development team and anticipates the development of between 150-200 units of housing affordable to very low income residents.

- ***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.

Section 8 – Of the total 22 Clark Center PSH units, 10 are supported by Project Based Assistance (PBA) vouchers. Of the total 45 Morrison PSH units, 30 are supported with PBA vouchers. HAP also provides PBA vouchers for 10 units of PSH at Howard House (a facility operated by Catholic Charities in SE Portland).

Results: 50 PBA vouchers supported PSH units during FY 2008.

- ***Participate in Bridges to Housing (B2H)***, 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 June 2008.

Public housing – The first B2H family in public housing was scheduled to move in by May 31, 2008. This is one of five public housing units set aside for B2H in east Multnomah County during FY 2009.

Section 8 – Using project-based vouchers, HAP is providing support for 60 family B2H units located at eight properties located throughout the County. FY 2008 represents the first year HAP's Section 8 program has participated in B2H.

- ***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.

Public housing and Section 8 – HAP is continuing to explore options. No specific changes or developments have yet been established. These discussions will continue in FY 2009.

- 2) **Explore opportunities to take part in Portland and Gresham urban renewal area (URA) revitalization efforts** – Portland’s newly mandated 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.

During FY 2008, HAP had continued to seek opportunities to acquire property (either vacant land or existing units) in designated urban renewal areas, particularly the Lents and Gateway URAs in Portland and the Rockwood URA in Gresham. Staff is in close contact with Gresham officials and community development staff as we pursue opportunities there.

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

- **Schools, Families, Housing initiative** – During FY 2008, HAP successfully competed for funding from the Portland Public Schools Foundation’s “Schools, Families, Housing” community grant program. Funds will support educational and recreational services to provide guidance and prevention with youth at Humboldt Gardens and the wider neighborhood. A second goal is to provide stability in school through case management and efforts to engage parents and the broader community in school activities throughout the year.
- **Closing the Minority Homeownership Gap** – During FY 2008, HAP’s Humboldt Gardens homeownership sales to public housing residents successfully focused on first-time, minority homeowners. The Public Housing Preservation Initiative’s scattered sites sales gave Portland Development Commission “first right of refusal” in the sales of scattered sites within urban renewal areas. PDC expects to phase the purchase of 20 of these homes during FY 2009 -2010. After improvements, PDC intends to do extensive marketing of these homes to first-time, minority homebuyers.

- 4) **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 82nd Avenue in Portland, HAP plans to increase efforts to work with local jurisdictions to ensure housing affordability for low income residents in these areas.

HAP is actively participating in Portland’s “East Portland Action Plan.” This citizen-led effort to bring attention to issues and inequities in the eastern part of the City is staffed by various Portland City Bureaus and includes a number of elected city, county, and state officials. HAP staff serve as technical advisors on the Housing and Housing Assistance and Safety Net Services sub-committees.

HAP continues to coordinate closely with Gresham elected officials and staff about the City's newly adopted ordinance regarding inspections and potential affordable housing developments within the City.

Public housing, affordable housing and Section 8 staff regularly attend crime prevention networking meetings with neighborhood involvement and public safety officials in Portland, Gresham and Fairview.

5) Upon the request of local jurisdictions, assist with preservation initiatives

– Although there were no requests or outcomes to report for FY 2008, HAP remains open to jurisdictional requests to serve as developer of new affordable housing utilizing expiring project-based Section 8 properties, tax credit properties, and mobile home parks.

VIII. 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:

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

- 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.
- Identify opportunities to increase operating efficiencies and reduce operating expense.

After reviewing the results of the consultant's study, the agency is participating in a collaborative review of the social housing delivery system sponsored by the cities of Portland and Gresham, Multnomah County, Portland Development Commission and HAP. The resulting analysis will examine whether further alignment around social housing programs and policies could result in a more efficient service delivery system and more effective use of available resources.

During the last quarter of FY 2008, HAP senior management staff initiated a series of planning meetings to develop a three-year business plan to build upon the work outlined in the annual MTW Plan process. In order to increase operational efficiencies, this effort is helping to put more detail into workplans and encourage cross-departmental coordination in HAP's planning process.

The HAP Board of Commissioners is scheduled to review the three year business plan early in FY 2009.

2) Institutionalize HAP's economic participation goals - Building upon the successful participation of targeted businesses and workforce members during the New Columbia redevelopment effort, HAP has developed 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 are being incorporated throughout the agency.

HAP's annual contracting report documents that the agency is exceeding the 20% target business participation goal. For major construction projects underway during FY 2008, the total utilization rate was 26%. For smaller capital work at public housing properties, HAP has developed a list of approved contractors that includes a significant number of target businesses.

3) Expand human resources and administrative initiatives to increase overall effectiveness - Activities implemented 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).

Each of the activities listed above made significant progress during the year. Most of these on-going efforts are being outlined in more detail in HAP's three year business plan (scheduled for Board review in early FY 2009).

Section I: Households Served

Number and Characteristics of Households Served

The data in this section is compiled from the HAP database and will provide information on all households served by HAP under the HUD-funded Moving To Work program. The data explains the number of households by unit size, family type income group, program and housing type, race and ethnicity, and disability. When possible, comparisons are shown for the first six years of Moving to Work to explore changes in tenant characteristics. The data represents households served on March 31, 2008, the end of HAP's fiscal year.

Year 1 of MTW: In March 1999, HAP served **7,794** MTW households, 2,628 households in public housing and 5,166 households through the Section 8 program.

Year 9 of MTW: In March 2008, the total number of MTW households served totaled **9,648***, with 2,350 households in public housing and 7,298 households through the Section 8 program (MTW-eligible voucher holders only).

* This reflects a small decrease when compared to 9,880 MTW households in FY 2007.

Temporary decrease in public housing units – The primary reason for the decrease in public housing households are due to the HOPE VI redevelopment efforts at New Columbia and Humboldt Gardens. The majority of the former Columbia Villa public housing units have been replaced by 297 public housing units in a larger mixed-income development. Additionally, 73 project-based Section 8 units assisted in the replacement of very low-income housing on-site, and 92 project-based Section 8 units were designated elsewhere in the community. HAP would like to replace the remainder of the public housing units as part of a larger strategy to reactivate public housing units (a process described in Section VII - Owned and Managed Units - Public Housing Preservation initiative).

Relocation of the Iris Court Cluster residents was completed by October 2006 and the new public housing units at Humboldt Gardens are scheduled to open during the summer of 2008.

Increase in Section 8 vouchers (lower utilization rate) – Although the number cited in Table 4 reflects the lower utilization rate on one date in time (March 31, 2008) for active households, the actual number of Section 8 vouchers has risen. The reason for the increase in Section 8 households is HAP's successful application between 1999 and 2002 for new Section 8 resources. Other than vouchers

allocated for HOPE VI relocation purposes, additional vouchers have not been available since 2002.

HAP's affordable housing portfolio – In addition to households served through public housing and Section 8 that are included in the MTW program, HAP serves 3,734 non-MTW housing units through the Affordable Housing (workforce and special needs) portfolio. These units are outlined in more detail in Section VII: Owned and Managed Units; Part 2 - HAP's Affordable Housing Portfolio.

Unit Size and Family Type

Public housing - Of the 2,350 households served in public housing, 1171 (49.8%) are in family or scattered-site developments and 1317 (50.2%) are in elderly/adult developments, primarily in studio and one-bedroom apartments. This represents a decline in the number of family or scattered-site units over the last eight years. The New Columbia redevelopment has partially replenished the family unit inventory (see Section III for a discussion of New Columbia's no net loss of low income households). A small reduction in the elderly/adult developments appears this year due to the temporary removal of 52 one bedroom units from three properties involved in the Humboldt Gardens HOPE VI redevelopment.

Table 1: Public Housing Households Served as of 3/31/2008

Program	Total Households	Bedroom Size				
		Studio/1 BR	2 BR	3 BR	4 BR	5 BR
Public Housing						
Family/Scattered Site Developments	1,171	267	401	436	62	5
Elderly/Adult Developments	1,179	1153	25	1	0	0
Total	2,350	1,420	426	437	62	5

Individual ages and disability status are collected and reported in HUD-50058 data. Public Housing households are now categorized by development type as shown in the above table

Table 2: Public Housing Households Served by Bedroom Size and Development Type (Change Over Nine Years)

	3/10/1999		3/31/2008		Nine-Year Change	
	Family/ Scattered Site Developments	Elderly/Adult Developments	Family/ Scattered Site Developments	Elderly/Adult Developments	Family/ Scattered Site Developments	Elderly/Adult Developments
Studio/1 BR	147	1,337	267	1,153	120	-184
2 BR	559	8	401	25	-158	17
3 BR	498	0	436	1	-62	
4 BR	63	0	62	0	-1	
5 BR	16	0	5	0	-11	
Total	1,283	1,345	1,171	1,179	-112	-167
Percent Change					-8.7%	-12.4%

Section 8 - While public housing households are categorized by development type and bedroom size, Section 8 data is presented by family size in Table 3.

Forty-five percent (45%) of all Section 8 households are made up of single individuals and approximately another thirty-five (35%) are households comprised of two or three individuals. The rest of the households, twenty percent (20%), are made up of larger families.

The total number of Section 8 vouchers administered by HAP's Section 8 program is 8,038. The 741-voucher difference between active households and the total number of Section 8 is explained in two ways:

- 1) At any given time, households with vouchers may be in transition, either moving or finding their first home and would not be included in the active household count.
- 2) Special types of vouchers are not included by HUD in the MTW program. Specifically, 562 Moderate Rehabilitation / Single Room Occupancy (MOD/SRO) vouchers are not included in MTW calculations.

Table 3: Section 8 Households Served by Family Size as of 3/31/2008

Family Size	Total Vouchers	
1	3,280	44.9%
2	1,419	19.4%
3	1,137	15.6%
4	721	9.9%
5	357	4.9%
6	187	2.6%
7	99	1.4%
8	50	0.7%
9	24	0.3%
10 or more	24	0.3%
Total	7,298	

Table 4: Section 8 Households Served

	Certificates	Vouchers	SUBTOTAL	Spec Vouchers	Total
Mar-99 Adjusted	4,253	913	5,166		5,166
3/31/2001	948	4,385	5,333	342	5,675
3/31/2002	-	5,567	5,567	370	5,937
3/31/2003		5,938	5,938	385	6,323
3/31/2004		6,621	6,621		6,621
3/31/2005		6,277	6,277		6,277
3/31/2006*		7,055	7,055		7,055
3/31/2007		7,493	7,493		7,493
3/31/2008		7,298	7,298		7,298
Nine Year Change	Number	(4,253)	6,385	2,132	2,132
	Percent	-100%	699%	41%	

*3/31/2006 totals include 524 Welfare to Work vouchers not included in previous reports.

Comparison of Incomes of Households Served

In both Section 8 and Public Housing, between 80% and 90% of households HAP has served consistently fall below 30% of Area Median Income.

Table 5 Income of Households Served as of 3/31/2008

	Total Households Served	Less than 30% of Area Median Income	30-50% of AMI	50-80% of AMI	Greater than 80% of AMI
Public Housing					
Households	2,350	2,052	233	54	11
Percent		87.3%	9.9%	2.3%	0.5%

Section 8

Vouchers	7,298	6,233	1,000	64	1
Percent		85.4%	13.7%	0.9%	0.0%

Total MTW

Households 9,648

Table 6 Income of Households Served at Beginning of Demonstration

Data from 1/5/1999

	Total Households Served	Less than 30% of Area Median Income	30-50% of AMI	50-80% of AMI	Greater than 80% of AMI
Public Housing					
Households	2,633	1,883	514	194	42
Percent		71.5%	19.5%	7.4%	1.6%

Section 8

All Section 8 households are below 50% of AMI. More specific data is unavailable.

Chart 1 Public Housing Households by Income Group

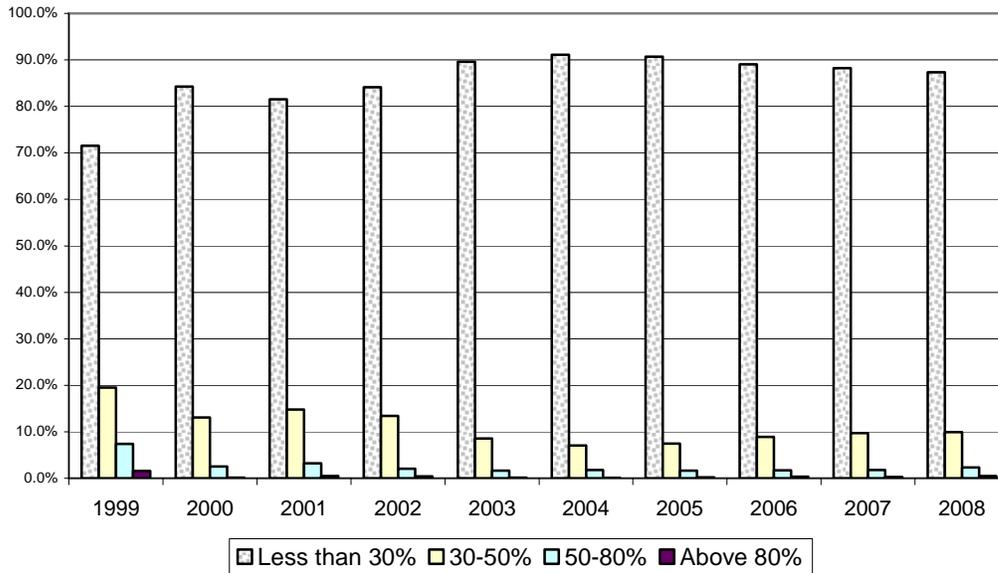
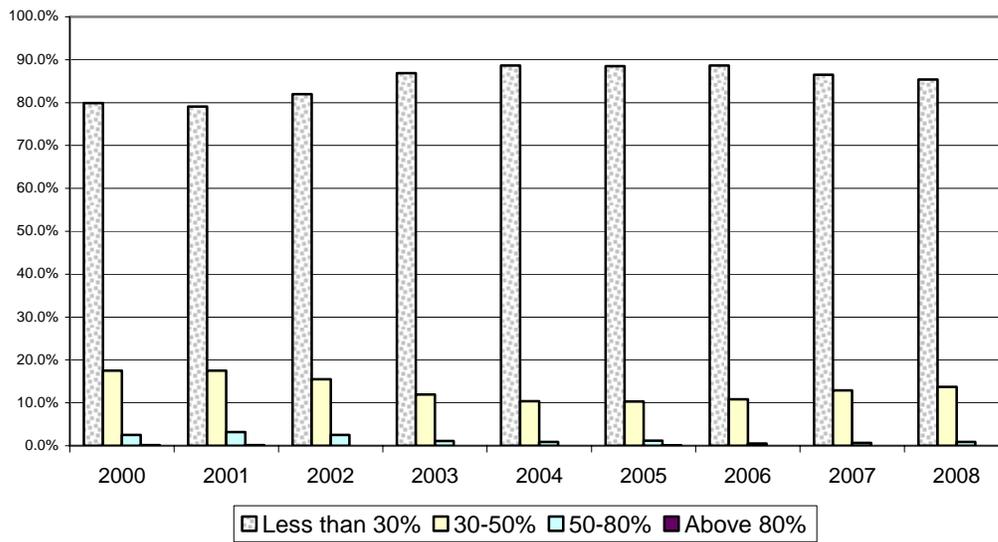


Chart 2 Section 8 Households by Income Group



Comparison of Race/Ethnicity of Households Served*

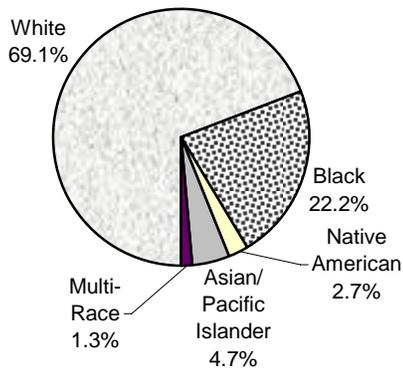
Section 8 continues to serve a higher percentage of Black households than public housing, while public housing continues to serve a higher percentage of Hispanic households than Section 8. The percentage of Section 8 Hispanic households continues to be in the 5% range (5.1% in FY 2005, 5.2% in FY 2006, and 5.5% in FY 2007 and FY 2008.)

Race of Heads of Households

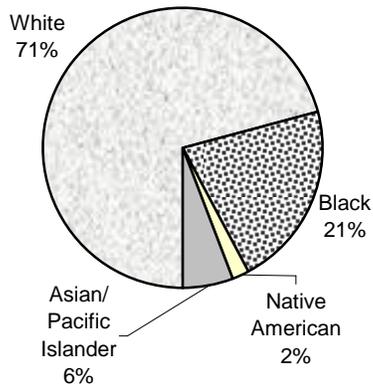
3/31/2008

3/10/1999

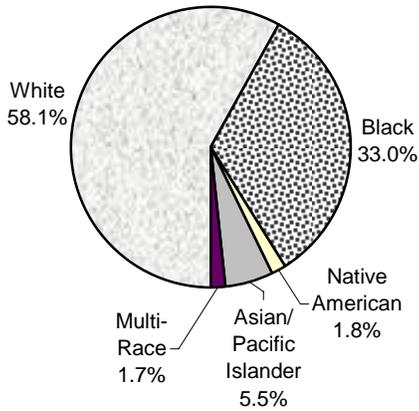
**Chart 3
Public Housing**



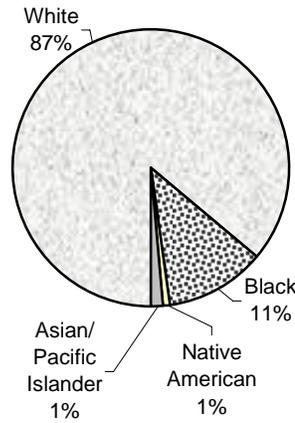
**Chart 4
Public Housing**



**Chart 5
Section 8**



**Chart 6
Section 8***



* Section 8 race/ethnicity information for March 10, 1999, was estimated because of the limitations of HAP's computer data system at that time. Current information is significantly more accurate.

Table 7 Ethnicity of Heads of Households by MTW Housing Type

Public Housing	3/31/2008	3/10/1999
Hispanic	12.9%	8.4%
Non-Hispanic	87.1%	91.6%
Section 8		
Hispanic	5.5%	30.5%
Non-Hispanic	94.5%	69.5%

Ethnicity of Heads of Households

3/31/2008

3/10/1999

Chart 7
Public Housing

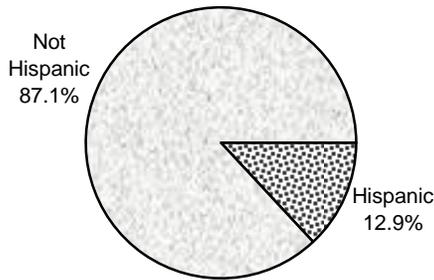


Chart 8
Public Housing

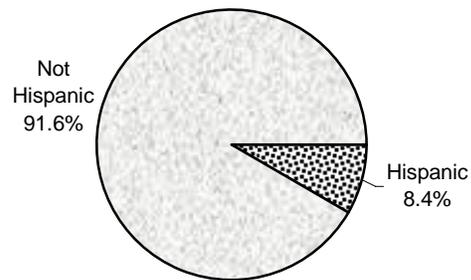


Chart 9
Section 8

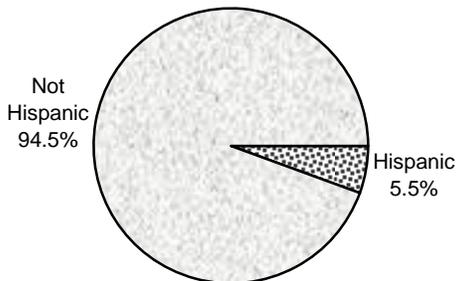
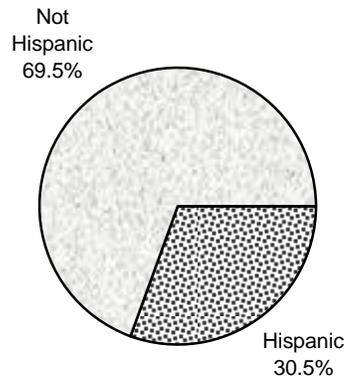


Chart 10
Section 8



Total Population Served

This section provides information on all household members served at the end of FY 2008. The Section 8 population continues to include a higher percentage of minors than public housing, while public housing includes a higher percentage of elderly and persons with disabilities. One possible reason Section 8 has more minors is that Section 8 has more access to larger size units than are in the public housing inventory.

Consistent with HUD definitions, an elderly person must have reached age 62 by March 31, 2008; a minor is anyone who was less than age 18 on the same date.

Table 8 Population Served by MTW Housing Type and Age Groupings as of 3/31/2008

	Public Housing	Section 8
Elderly (62 and older)	11.7%	9.1%
Other Adults (between 18 and 62)	51.4%	46.5%
Minors (less than 18)	36.8%	44.4%

Focus on Seniors and People with Disabilities

Both public housing and Section 8 serve a high percentage of disabled heads of households and seniors.

Public housing - HAP's policy is to serve a "mixed population" of both elderly, disabled and other family households across the portfolio.

Public housing's high-rise communities house only those households that include an elderly and/or disabled household member. In those buildings, just over 80% of the households have a disabled head of household. (Other apartment communities with studio and 1-bedroom units do not have an elderly and/or disabled criterion.)

Section 8 - Section 8 experienced a small increase in the past year from 41% to 43% of households with disabilities.

Combined - Over half (51.3%) of Section 8 and public housing heads of households are elderly and/or disabled.

Table 10 and Table 11 show individuals as "Persons with Disabilities" if the disability field on their current HUD Form 50058 is marked "Yes." Because persons with disabilities may be minors, adults or elderly, the numbers of Persons with Disabilities are included in the totals rather than added to them.

Chart 11 Combined Section 8 and Public Housing
Heads of Households 3/31/2008

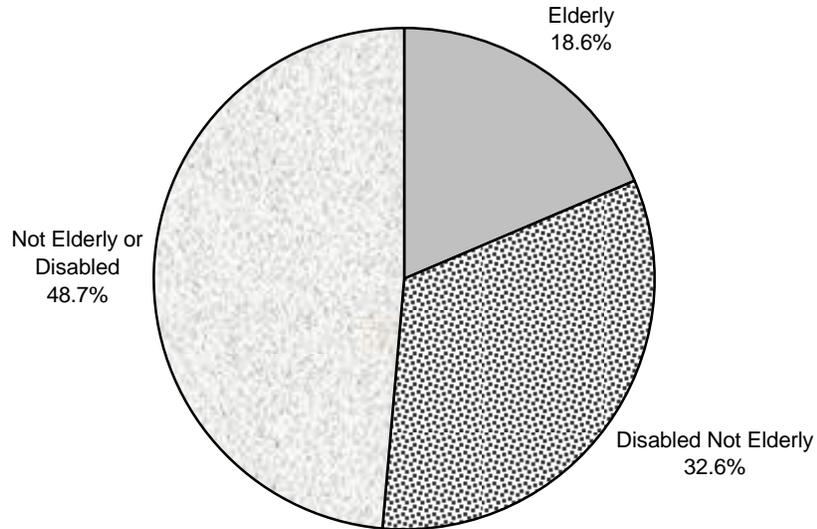


Table 9 Disabled Heads of Households by Program as of 3/31/2008

Program	Disabled Heads	Total Households	Percent Disabled 3/31/2008
Section 8 Total	3,123	7,298	42.8%
Public Housing			
Elderly/Adult	978	1,179	83.0%
Family & Scattered Sites	321	1,171	27.4%
Public Housing Total	1,299	2,350	55.3%
Total MTW Households	4,422	9,648	45.8%

Chart 12 Changes in Disabled Heads of Households

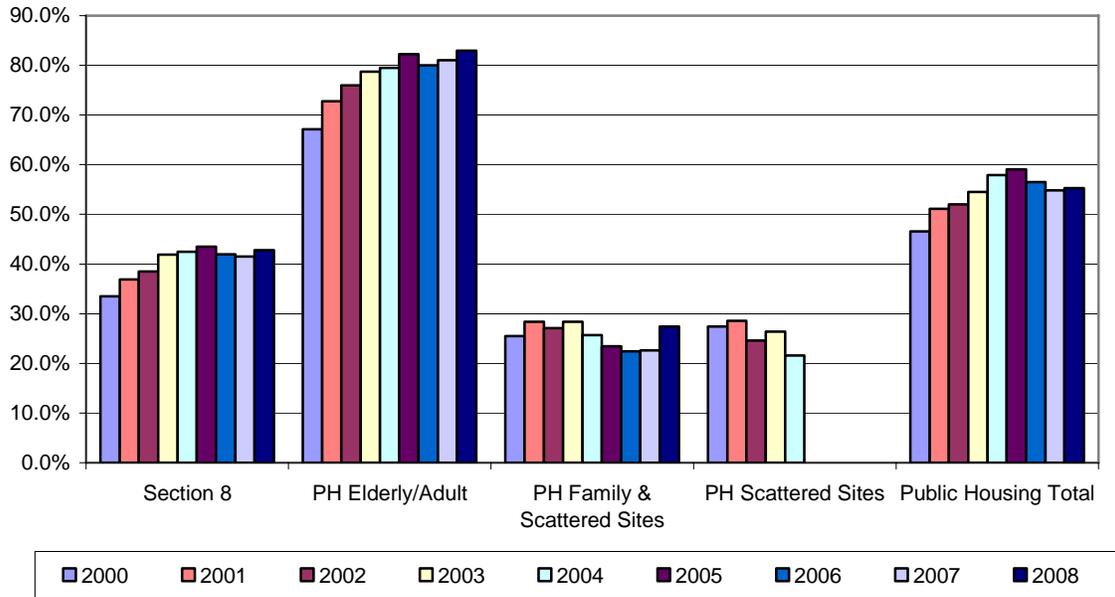


Table 10 Total Population Public Housing as of 3/31/2008

Development Type	Minors	Adults	Elderly	Total	Persons with Disabilities
Elderly/Adult	28	841	389	1,258	1,003
Family & Scattered Sites	1,695	1,564	159	3,418	425
Total	1,723	2,405	548	4,676	1,428
% of Total	36.8%	51.4%	11.7%		30.5%

Table 11 Total Population Section 8 as of 3/31/2008

	Minors	Adults	Elderly	Total	Persons with Disabilities
Total Household Members	7,498	7,848	1,544	16,890	3,846
% of Total	44.4%	46.5%	9.1%		22.8%

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 March 31, 2008.

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 one year (change effective 4/21/2008). 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.

The public housing waiting list(s) were closed at the end of FY 2007. This was due to all waiting lists exceeding an estimated wait time of two years. Public housing continues to select applicants in order to fill vacancies, but is not currently accepting applications. Public housing continues to analyze the waiting list(s) on a monthly basis and anticipates opening some or all waiting lists in June 2008.

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.

Table 12 Public Housing Applicants by Bedroom Size as of 3/31/2008

	Total Applicant Households	Percent Applicant Households	Bedroom Size				
			Studio/1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
Public Housing							
Family	1072	55%	113	342	444	153	20
Elderly	41	2%	30	5	2	4	0
Disabled	467	24%	388	38	38	2	1
Single	380	19%	380	0	0	0	0
Total	1960	100%	911	385	484	159	21

Table 13 Public Housing Applicants by Race and Ethnicity as of 3/31/2008

	Race and Ethnicity			Percentage	
	Hispanic	Non-Hispanic	Total	Hispanic	Non-Hispanic
White	259	918	1177	13.2%	46.8%
Black	25	575	600	1.3%	29.3%
American Indian/Alaskan	16	73	89	0.8%	3.7%
Asian/Pacific Islander	2	92	94	0.1%	4.7%
Total	302	1658	1960	15.4%	84.6%

Table 14 Section 8 Waitlist Data as of 3/31/2008

Section 8	Total Households	Percent Households
Family	541	40.5%
Elderly	56	4.2%
Disabled	443	33.2%
Single or Blank*	296	22.2%
Total	1,336	100.0%

* Blanks represent less than 1% of the total

These figures represent the initial, self-reported categories from the applicant data

Discussion of Changes

Many participants continue to report decreased income and/or increased medical expenses and over 85 percent of families on HAP's Section 8 waiting list report an income of less than 30 percent of area median income. 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.

Section 8 continues to work closely with HAP's landlord committee and partner agencies to maintain the number of units that accept Section 8 vouchers.

Chart 13 HAP Waiting Lists by Year

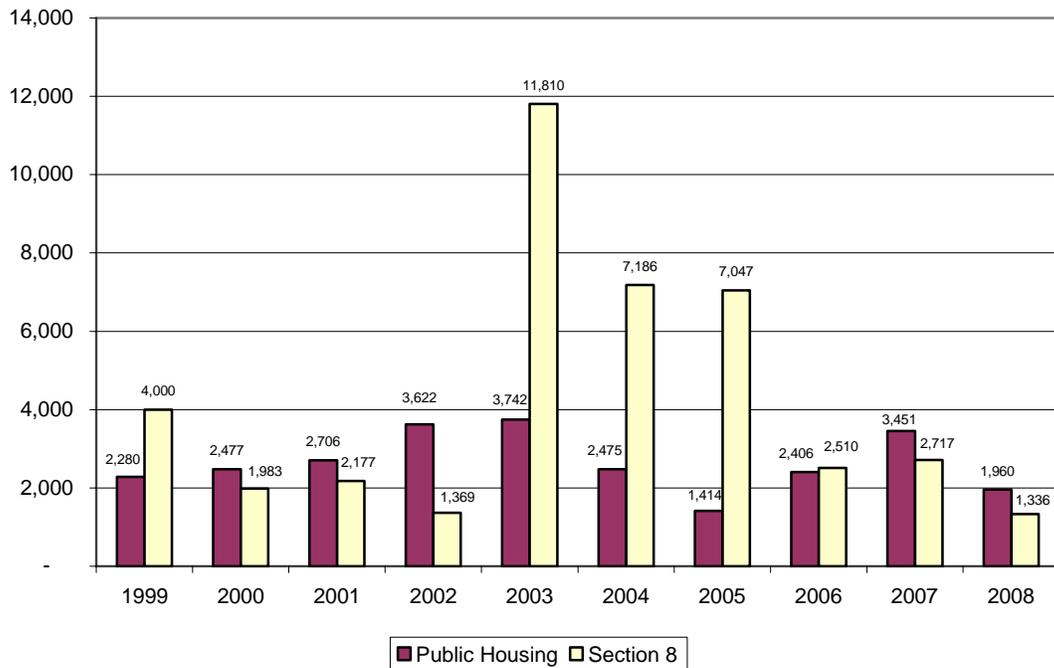


Chart 14 Public Housing Applicants by Income Group

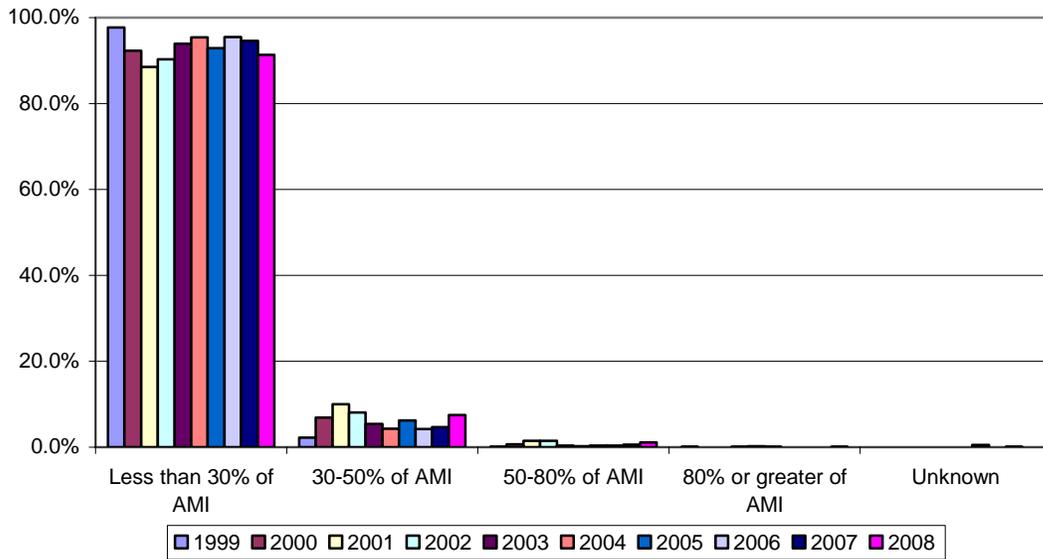


Chart 15 Section 8 Applicants by Income Group

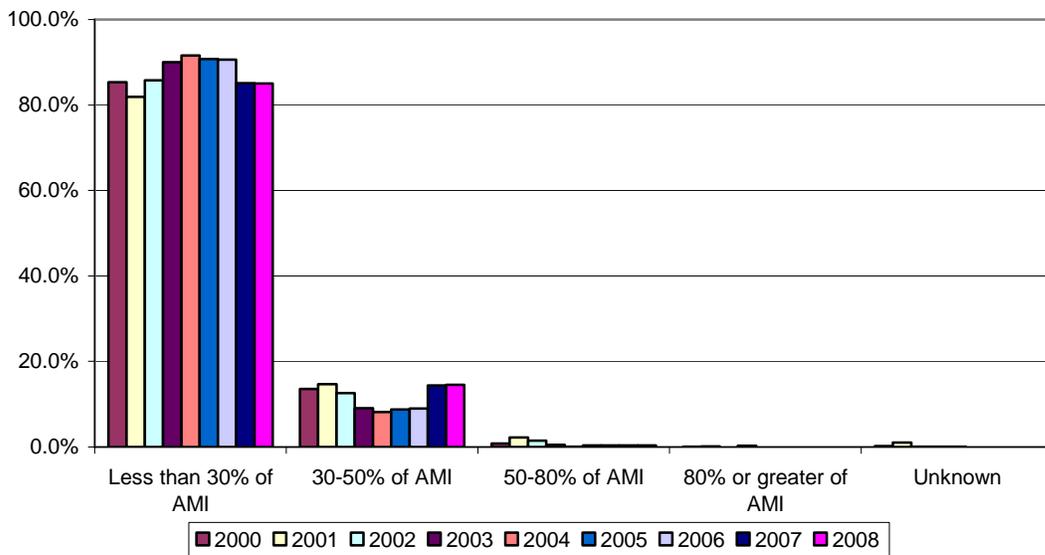


Chart 16 Public Housing Applicants by Family Type

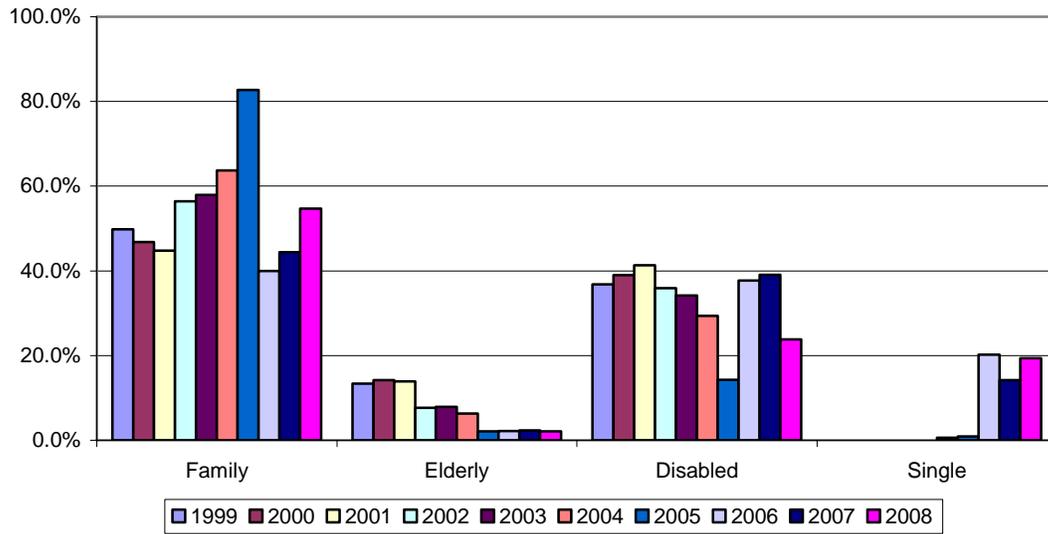


Chart 17 Section 8 Applicants by Family Type

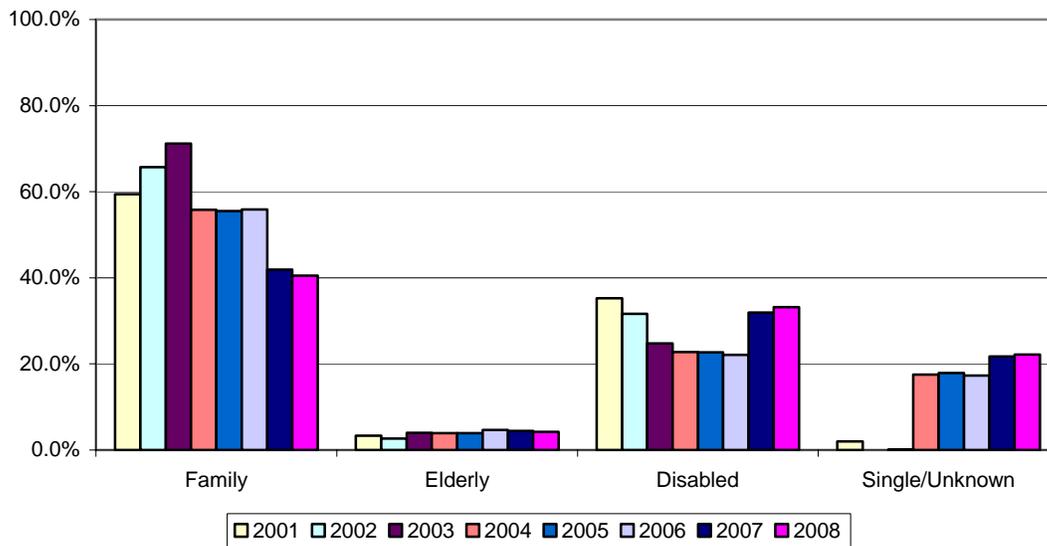


Chart 18
Public Housing Applicants by Unit Size

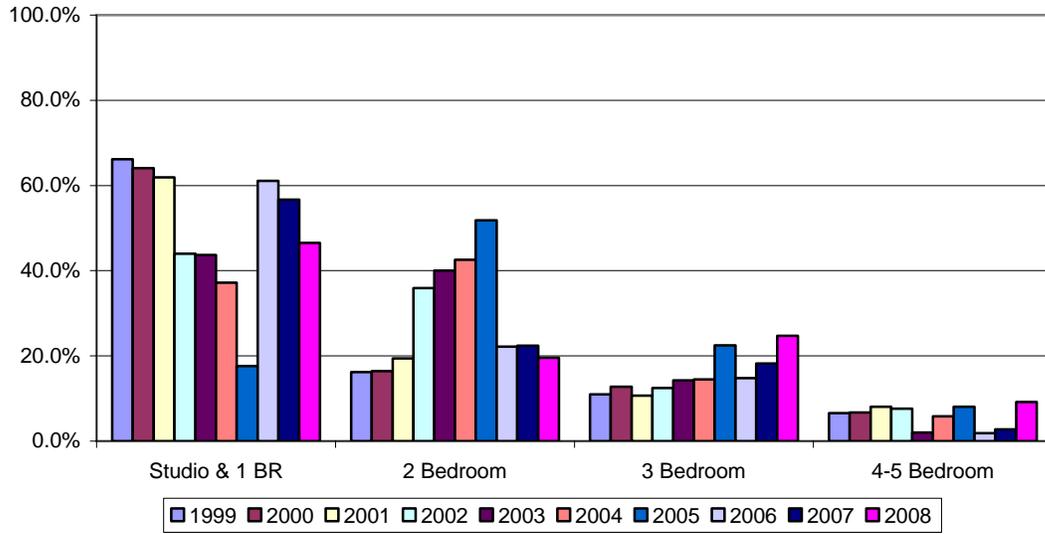


Chart 19 Public Housing Applicants by Race

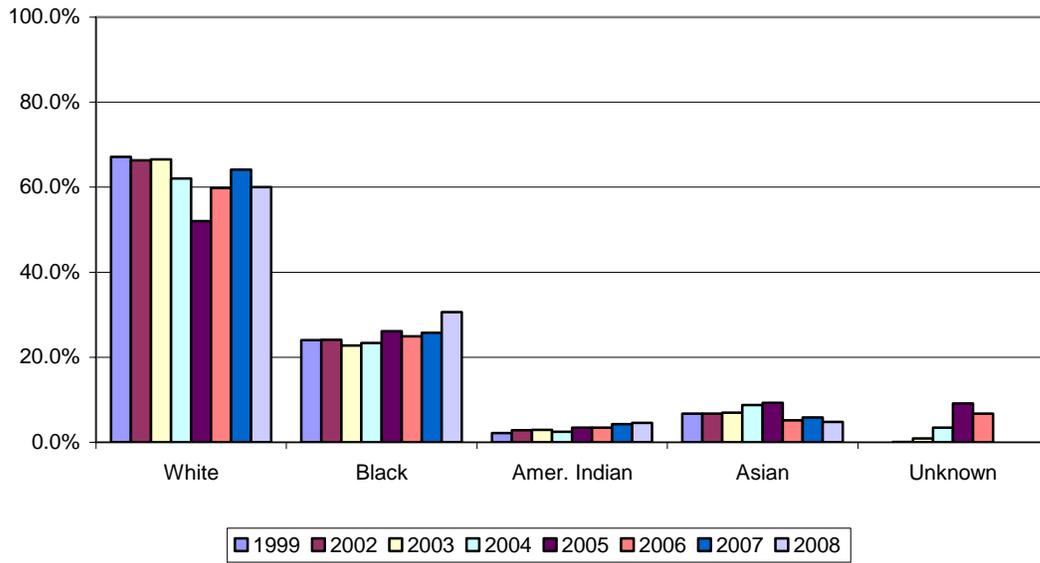


Chart 20 Section 8 Applicants by Race

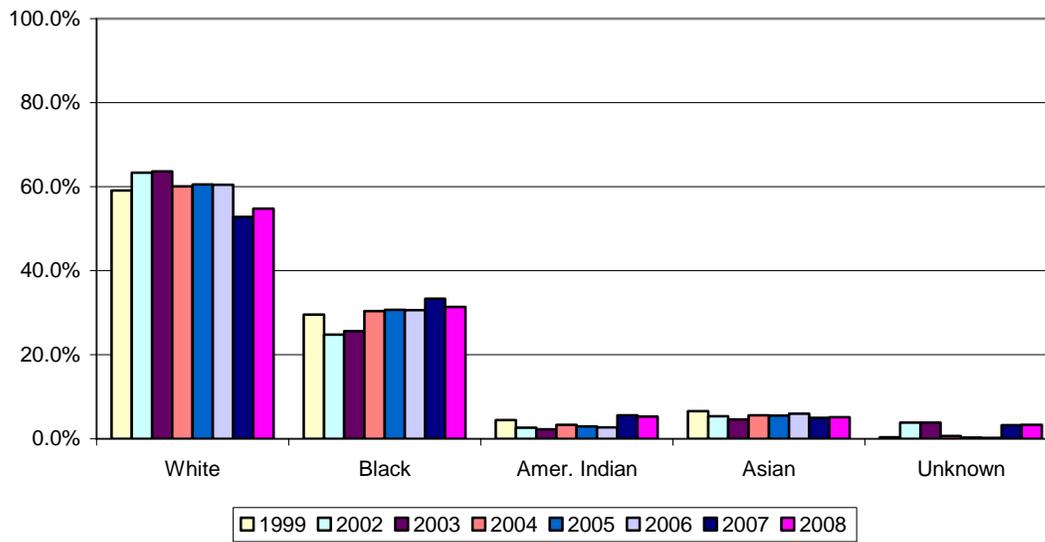


Chart 21 Public Housing Applicants by Ethnicity

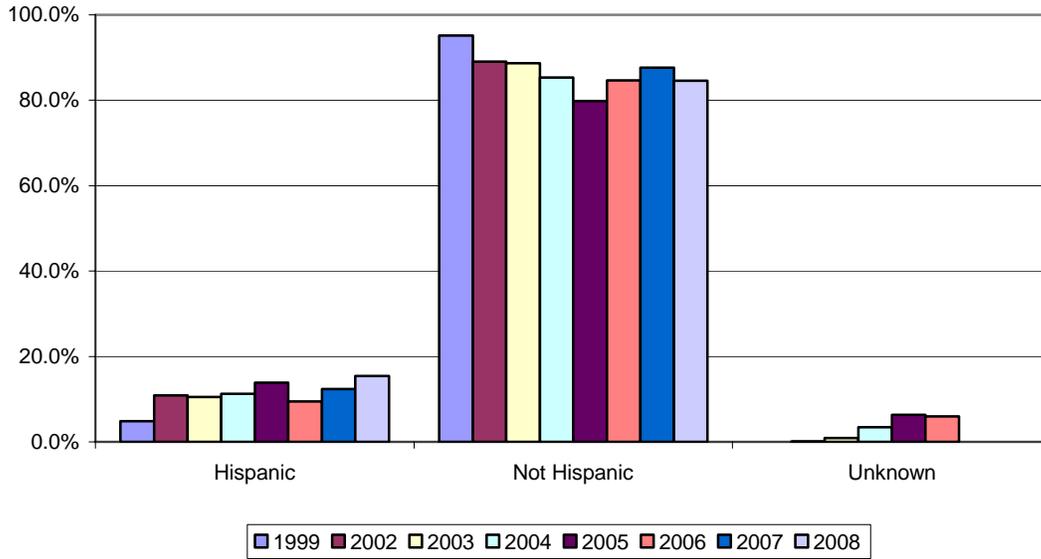
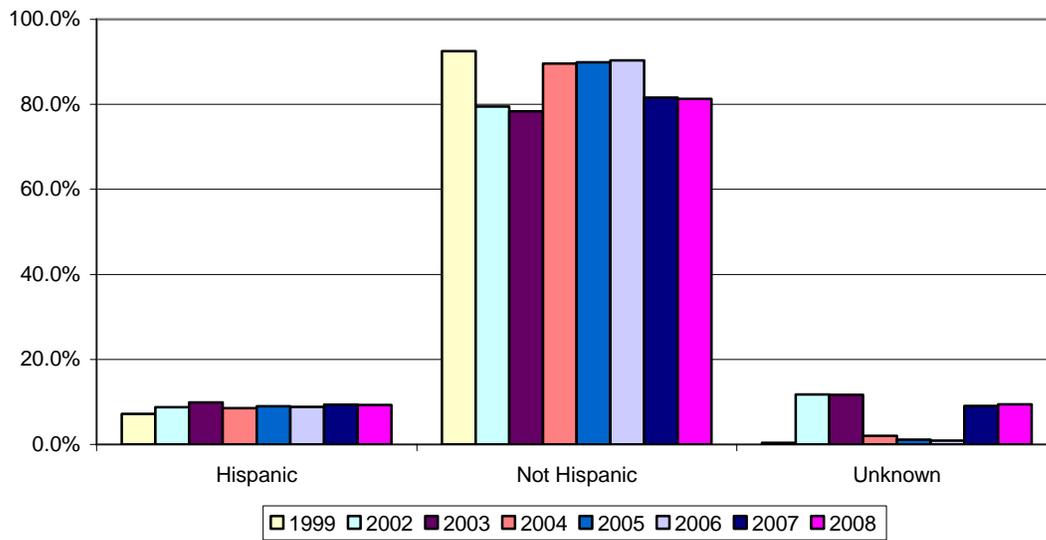


Chart 22 Section 8 Applicants by Ethnicity



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 was anticipated to last for two to three years and will reopen when names have been exhausted.

Affordable Housing Portfolio - Six project-based 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) **Local Preferences** – (*note*: this section on local preferences was inadvertently omitted from the FY 2008 Plan but was correctly inserted into the FY 2009 Plan. The first item, Director’s Discretion, has been in place for many years. The second two items were adopted as local preferences by the HAP Board of Commissioners in November 2007)

HAP has three categories of local preference:

- a. Director’s Discretion (transfers between public housing and Section 8 programs).
 - b. Bridges to Housing – units set aside for homeless families with services provided by partner agencies.
 - c. Opportunity Housing Initiative (OHI) – Fairview and Humboldt Gardens have an eligibility overlay that requires new applicants to agree to participation in OHI.
- 4) **Family and Special Needs** - All other eligible family and single elderly or disabled households (in date and time order).
 - 5) **Single Households** – Eligible single persons non-elderly and non-disabled (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.

Rent Policies

Public housing (On-going) - Public housing residents pay 30% of their household's adjusted income for monthly 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 utilized its MTW authority on April 1, 2005, to exceed typical Section 8 rents (30% of income). HAP continued 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. Effective September 1, 2007, tenant rents were returned to 30% of income. However, the final “rebate” described below made it as if participants had been at the 30% level for the entire 2007 calendar year (reflecting the Section 8 funding cycle).

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 the first year and to a 32.25% of income level during the second year. With an increase in federal subsidy for calendar year 2007, refunds were paid for the period between January and August 2007.

HAP had implemented Section 8 bedroom occupancy standards to grant one bedroom for every two household members as a cost savings measure. Effective September 1, 2007 subsidy standards were adjusted to reflect one bedroom for

the head(s) of household and one bedroom for each two persons thereafter, regardless of age or sex.

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.
- During tight rental markets, HAP adjusts rent payment standards to assist with participants' abilities to find housing in higher rent areas, allowing for more geographic choice throughout the region. For example, payment standards were increased for all unit sizes effective February 1, 2008. A one bedroom increased from \$676 to \$694 and a two bedroom increased from \$795 to \$831.

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 was permanently excluded and eight landlords were temporarily suspended for between one to two years. During FY 2008, three additional landlords have been denied participation resulting in a total of four permanent exclusions.

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.

Implement Initial Rent Simplification Steps (FY 2008 Initiative III)

(Please see the **FY 2008 Outcomes to Key Initiatives** section in the front section of the report for a description of results for the following activities)

Reduce reviews for senior and disabled households.

Implement a range of administrative procedures to simplify verification processes in public housing and Section 8.

Streamline Earned Income Disallowance (EID) for qualifying clients.

Eliminate Earned Income Disallowance (EID) for new GOALS participants.

Review Existing and Potential Rent Policies (FY 2008 Initiative IV)

As stated in the **FY 2008 Outcomes to Key Initiatives** section, the following activities were postponed until FY 2009.

Redesign preferences and priorities.

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

Support Key Initiatives in Portland, Gresham, Fairview and Multnomah County (FY 2008 Initiative VII)

Please see the **FY 2008 Outcomes to Key Initiatives** section in the front section of the report for a description of results for the following activities under the category “**Support local initiatives for ending homelessness.**”

Participate in Bridges to Housing (B2H), a regional project focusing on homeless families that need housing as well as community services.

Continue utilizing the Project-Based Section 8 program as a tool for increased availability of Permanent Supportive Housing (PSH).

Explore linkages between short-term rent assistance and longer-term housing subsidies.

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.

Continue to administer the unified short-term rent assistance (STRA) program funded by HAP, the City of Portland, the City of Gresham, and Multnomah County.

Implement OHI pilot projects (FY 2008 Initiative II) (Please see the FY 2008 Outcomes to Key Initiatives section for a description of results for the three OHI pilot projects.)

Section III: Changes in Housing Stock and Vouchers

A. Number of units in inventory at beginning of reporting period (April 1, 2007)

Public housing - As of April 1, 2007, HAP had 2,498 total public housing units on the Annual Contributions Contract (ACC) with HUD.

Section 8 (MTW Vouchers) – As of April 1, 2007, HAP managed 7,463 MTW Housing Choice Vouchers. (With the addition of 562 SRO and Moderate Rehabilitation vouchers, HAP’s total vouchers equaled 8,025.)

Affordable Housing Portfolio – As of April 1, 2007, HAP’s affordable portfolio included 3,697 units, including special needs housing (see correction noted in the chart below).

B. Number of units at the end of the reporting period (March 31, 2008)

	<u>Public Housing units</u>	<u>Section 8 MTW vouchers</u>	<u>Affordable Housing units (including Special Needs)</u>
<u>Beginning Balance as of March 31, 2007 (FY 2007 Report)</u>	2,498	7,463	3,686
<u>Changes during FY 2008</u>			
Correction to FY 2007 ending balance due to error in special needs tally (10 units at Willow Tree & 1 unit at Progress House)			11
Fairview conversion project (use of "banked units")	40		-40
Humboldt Gardens homeownership units disposition	-21		
Sales of scattered sites via Achieving the American Dream (AAD)	-4		
Market rate sales (after HUD disposition approval for scattered sites)	-6		
Addition of Humboldt Gardens scattered site relocation vouchers		13	
Openings of The Morrison (140) & Clark Center Annex (22)			162
Sale of Affordable Housing (La Tourelle)			-80
Sale of Affordable Special Needs Housing (Chautauqua House)			-5
Purchase of Affordable Special Needs Housing (The Grove, 70 units)			n/a**
Ending Balance - Total as of March 31, 2008	<u>2,507</u>	<u>7,476*</u>	<u>3,734</u>

* With the addition of 562 SRO & Mod-Rehab vouchers (non-MTW), HAP’s total voucher pool is 8,038.
 ** Although managed temporarily in HAP’s special needs portfolio, these 70 units are not counted in the annual total.

Unused yet Authorized Public Housing Units - The chart on the following page is a summary of the ACC 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.

Also included below is a new tally intended to track planning efforts for the Public Housing Preservation Initiative’s one-to-one replacement efforts after the sale of the larger scattered site portfolio.

ACC Public Housing Portfolio*
Planning Projections for Banked Units

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

HOPE VI Redevelopments

Columbia Villa 462
(adding back New Columbia build-out completed - Dec 2006) (297)

subtotal 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)

subtotal 5

Completed Merged Units**

NW Tower (6), Hollywood East (13), Medallion (2) 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 (sales during FY 2008) 21

2 (of 4) AAD sales during FY 2008*** 2

subtotal 27

***Subtotal unused (“banked”) units
(Prior to adoption of the Public Housing Preservation
Initiative*** 218

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

TOTAL REMAINING BANKED UNITS 178

* 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.

*** 2 of the 4 AAD sales occurred between April and July of 2007. Since these closed prior to the July adoption of the Public Housing Preservation Initiative, they are accounted for in the tally of Banked Units.

Tally of Public Housing Preservation Initiative 1:1 Replacement Efforts for Scattered Site Sales		
Beginning Balance as of July 2007 –		160
Planned overall Public Housing Preservation scattered site sales through FY 2011 (includes 2 of the 4 AAD sales* during FY 2008)		
<i>Actual scattered site sales as of March 31, 2008</i>	8	
- 6 market rate sales		
- 2 AAD sales		
<i>Remaining scattered site sales through FY 2011</i>	152	
<i>Planned replacement units as of March 31, 2008</i>		
- Affordable housing conversion projects at Pine Square and Rockwood Station (approx. 20 units at each property)	approx. 40	
- New development above the Resource Access Center (mixed finance project to include public housing units)	approx. 40	
- New acquisition at Fessenden Court in North Portland	9 units	
UNITS REMAINING FOR 1:1 REPLACEMENT		160
* 2 of the 4 AAD sales in FY 2008 occurred after adoption of the PH Preservation Initiative and are included in accounting of Replacement Units.		

C. Projected numbers from the FY 2008 Plan

Scattered-Site Public Housing Reconfiguration

The rough estimate of 50 sales per year should have been presented as calendar year goal rather than a fiscal year goal. This is especially true this first year in that HAP did not receive HUD disposition approval until February 2008. The actual scattered site sales prior to March 31, 2008, are reflected in the first table in this section (four AAD sales and six market rate sales).

Scattered-Site Humboldt Gardens Homeownership Disposition

As discussed in the **FY 2008 Outcomes to Key Initiatives** section (**Initiative VI - Leverage Re/Development Opportunities**), all 21 scattered site homes were sold prior to March 31, 2008.

Fairview Conversion Project

This project is described in more detail in the **FY 2008 Outcomes to Key Initiatives** section (**Initiative I - Preserve Public Housing**). Relevant to this section, 40 units from the unused ACC balance (i.e. a portion of HAP's "banked units") were reactivated for use as public housing at HAP's affordable housing development, Fairview Oaks.

Overall Redevelopment Opportunities

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

Work is underway as described in the agency's FY 2009 Plan. Other than the new units in the Affordable Housing Portfolio (summarized in the table at the beginning of this section) and the Fairview Conversion Project, HAP did not bring on any additional units during this reporting period.

Section IV: Sources and Amounts of Funding

This section compares the planned with the actual for the sources and amounts of funding in the MTW Consolidated Budget Statement for HAP's FY 2008. The MTW Consolidated Budget Statement includes public housing, capital fund, and portions of the Section 8 voucher program.

A. Sources of Funds included in the MTW Consolidated Budget Statement for FY 2008 *(preliminary & unaudited)*

Sources of Funds	Actual	Budget As Adopted	Preliminary Plan *
Rental Revenue	4,829,519	4,694,764	4,694,764
Section 8 Subsidy	54,052,598	49,803,298	50,047,498
Operating Subsidy	7,730,687	7,382,060	7,735,510
HUD Grants	1,092,305	1,024,305	
Non-HUD Grants	-	-	
Other Revenue	423,178	441,529	337,809
HUD NonOperating Contributions	3,057,944	2,656,086	2,656,086
Total Sources	71,186,231	66,002,042	65,471,667

* Preliminary Plan as submitted in MTW Plan (prepared in February 2007); final budget adopted March 2007.

B. Sources of Funds – Budget to Actual Variance Narrative

- Rental revenue was \$192k greater than budget due to higher than anticipated occupancy.
- Section 8 subsidy was \$3.5m greater than budget. The FY 2008 budget was based on interim funding; final funding increased \$3.1m and \$400k cumulative excess HAP was allocated to Public Housing Preservation capital projects.
- Operating subsidy was \$343k greater than budget due to the shortfall in the first quarter of calendar year 2007 which was paid during remaining quarters of calendar year 2007.
- HUD Nonoperating Contributions were lower as use of the Public Housing Capital Fund was below amounts anticipated for the period.

C. Consolidated Financial Statements - Part I

Statement of Operations for the Year Ended March 31, 1008
(With Comparative Budget Amounts)

	Consolidated MTW		
	Actual	Budget	Variance
<i>preliminary & unaudited</i>			
<u>Public Housing, Capital Fund and Section 8</u>			
Operating Revenues			
Dwelling Rental	4,514,923	4,432,803	82,120
Non-dwelling Rental	314,596	261,961	52,636
Total Rental Revenue	4,829,519	4,694,764	134,756
HUD Subsidies -Housing Assistance	54,052,598	49,803,298	4,249,300
HUD Subsidies -Public Housing	7,730,687	7,382,060	348,627
HUD MTW Fungibility - Operations	-	-	-
HUD Grants	1,092,305	1,024,305	68,000
Development Fee Revenue, Net	-	-	-
State, Local & Other Grants	-	-	-
Other Revenue	423,178	441,529	(18,351)
Total Operating Revenues	68,128,288	63,345,956	4,782,332
Operating Expenses			
PH Subsidy Transfer	803,130	657,129	(146,001)
Housing Assistance Payments	48,787,467	45,810,879	(2,976,588)
Administration	6,272,552	6,364,590	92,038
Tenant Services	58,342	56,860	(1,482)
Maintenance	4,762,373	4,836,184	73,811
Utilities	2,405,703	2,135,920	(269,783)
Total IA Expense	-	-	-
Depreciation	1,901,733	1,952,708	50,975
General	1,609,055	1,511,328	(97,727)
Total Operating Expenses	66,600,355	63,325,598	(3,274,757)
Operating Income/(Loss)	1,527,933	20,358	1,507,574
Other Income/(Expense)			
Investment Income	15,382	-	15,382
Interest Expense	-	-	-
Amortization	-	-	-
Gain (Loss) on Sale of Assets	525,719	-	525,719
Net Other Income/(Expense)	541,102	-	541,102
Capital Contributions			
HUD Nonoperating Contributions	3,057,944	2,656,086	401,858
Other Nonoperating Contributions	964,684	-	964,684
Net Capital Contributions	4,022,628	2,656,086	1,366,542

C. Consolidated Financial Statements - Part II

Statement of Operations for the Year Ended March 31, 2008
(With Comparative Budget Amounts)

	Public Housing & Capital Fund		
	<i>preliminary & unaudited</i>		
	Actual	Budget	Variance
Operating Revenues			
Dwelling Rental	4,514,923	4,432,803	82,120
Non-dwelling Rental	314,596	261,961	52,636
Total Rental Revenue	4,829,519	4,694,764	134,756
HUD Subsidies -Housing Assistance	-	-	-
HUD Subsidies -Public Housing	7,730,687	7,382,060	348,627
HUD MTW Fungibility - Operations	6,780	-	6,780
HUD Grants	1,092,305	1,024,305	68,000
Development Fee Revenue, Net	-	-	-
State, Local & Other Grants	-	-	-
Other Revenue	253,889	205,809	48,080
Total Operating Revenues	13,913,181	13,306,938	606,243
Operating Expenses			
PH Subsidy Transfer	803,130	657,129	(146,001)
Housing Assistance Payments	(289)	-	289
Administration	3,453,594	3,424,131	(29,463)
Tenant Services	57,612	56,860	(752)
Maintenance	4,762,350	4,836,184	73,833
Utilities	2,404,975	2,135,920	(269,055)
Total IA Expense	-	-	-
Depreciation	1,892,852	1,943,623	50,772
General	428,213	331,201	(97,012)
Total Operating Expenses	13,802,437	13,385,048	(417,389)
Operating Income/(Loss)	110,744	(78,110)	188,853
Other Income/(Expense)			
Investment Income	15,382	-	15,382
Interest Expense	-	-	-
Amortization	-	-	-
Gain (Loss) on Sale of Assets	525,719	-	525,719
Net Other Income/(Expense)	541,102	-	541,102
Capital Contributions			
HUD Nonoperating Contributions	3,437,620	2,656,086	781,534
Other Nonoperating Contributions	964,684	-	964,684
Net Capital Contributions	4,402,304	2,656,086	1,746,218

C. Consolidated Financial Statements - Part III

Statement of Operations for the Year Ended March 31, 2008
(With Comparative Budget Amounts)

	Section 8 MTW		
	<i>preliminary & unaudited</i>		
	Actual	Budget	Variance
Operating Revenues			
Dwelling Rental	-	-	-
Non-dwelling Rental	-	-	-
Total Rental Revenue	-	-	-
HUD Subsidies -Housing Assistance	54,052,598	49,803,298	4,249,300
HUD Subsidies -Public Housing	-	-	-
HUD MTW Fungibility - Operations	(6,780)	-	(6,780)
HUD Grants	-	-	-
Development Fee Revenue, Net	-	-	-
State, Local & Other Grants	-	-	-
Other Revenue	169,289	235,720	(66,431)
Total Operating Revenues	54,215,107	50,039,018	4,176,089
Operating Expenses			
PH Subsidy Transfer	-	-	-
Housing Assistance Payments	48,787,756	45,810,879	(2,976,877)
Administration	2,818,958	2,940,459	121,502
Tenant Services	730	-	(730)
Maintenance	23	-	(23)
Utilities	728	-	(728)
Total IA Expense	-	-	-
Depreciation	8,882	9,085	203
General	1,180,842	1,180,127	(715)
Total Operating Expenses	52,797,918	49,940,550	(2,857,368)
Operating Income/(Loss)	1,417,189	98,468	1,318,721
Other Income/(Expense)			
Investment Income	-	-	-
Interest Expense	-	-	-
Amortization	-	-	-
Gain (Loss) on Sale of Assets	-	-	-
Net Other Income/(Expense)	-	-	-
Capital Contributions			
HUD Nonoperating Contributions	(379,676)	-	(379,676)
Other Nonoperating Contributions	-	-	-
Net Capital Contributions	(379,676)	-	(379,676)

Section V: Uses of Funds

This section compares the uses of funds projected in the FY 2008 HAP Moving to Work budget with the actual expenses based on fiscal year-end financial data.

A. Uses of Funds included in the MTW Consolidated Budget Statement for FY 2008 *(preliminary & unaudited)*

Uses of Funds	Actual	Budget As Adopted	Preliminary Plan *
Housing Assistance Payments	48,787,467	45,810,879	45,810,879
Administration	6,272,552	6,364,590	6,416,451
Tenant Services	58,342	56,860	539,548
Maintenance	4,762,373	4,836,184	4,836,184
Utilities	2,405,703	2,135,920	2,135,920
General	1,609,055	1,511,328	341,208
PH Subsidy Transfer	803,130	657,129	772,091
HUD Capital Expenditures	3,057,944	2,656,086	2,656,086
Total Uses	67,756,565	64,028,976	63,508,367

* Preliminary Plan as submitted in MTW Plan (prepared in February 2007); final budget adopted March 2007.

B. Uses of Funds – Budget to Actual Variance Narrative

- Housing Assistance Payments were \$3m greater than budget. The FY 2008 budget was based on interim funding; final funding increased \$3.1m.
- Utilities were \$270k greater than budget due to higher than anticipated utility costs.
- Public Housing Subsidy Transfer was greater than budget by \$146k due to more year end settlements to mixed finance properties.

C. Adequacy of Reserves

HAP maintains cash reserves that represent proceeds associated with real estate and development activities, proceeds that are obligated to programs or properties, and unobligated funds.

Included in the amounts shown below, HAP's Board has established a \$2.8 million set-aside as an operating reserve. This amount cannot be utilized or committed without Board approval and is maintained to ensure the Agency operates with sufficient liquidity and is protected from unforeseen events.

FY 2008 Beginning \$ 10,056,279	Net Increase \$ 2,381,204	FY 2008 End of Year \$ 12,437,483
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Section VI: Capital Planning

A. Capital Needs in Public Housing

On-going activities - HAP owns over 2,000 traditional public housing units.¹ These units exist across over 400 buildings if the scattered sites are included in the count. When the scattered sites are excluded, the buildings are summarized in the table below. The age of buildings fall within a range of 13 to 63 years old.

Public Housing Property Overview (excluding scattered sites)

10 Highrise Communities		
10 buildings	1232 units	Average age 35 years
28 Family Communities*		
216 buildings (in 28 communities)	786 units	Average age 33 years
* excludes the newly constructed public housing units at the New Columbia and Humboldt Gardens communities		

HAP currently projects capital needs of \$52.8 million through 2012 and immediate capital needs of \$21.2 million.

In FY 2008, HAP received \$3.9 million (reflecting the Grant Year 2007 award) 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 continues to analyze potential strategies to address the shortfall. The following potential preservation strategies were further refined during FY 2008.

- ***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 had 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.

¹ 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.

Throughout FY 2008 HAP continued its analysis of rehabilitation and leverage options that allow it to maximize resources available for capital improvements. HAP priorities focus on 1) life safety, 2) building envelope and major systems, 3) operational efficiency, and 4) quality of life including building and site amenities. Using these criteria to prioritize, multiple projects have been completed in the last year, including

- Maple Mallory renovations
- Townhouse Terrace community room renovations
- NW Towers carpeting
- Medallion foundation repair; concrete/roofing repairs
- Hollywood East received new Fire Alarm Panel (improving life safety)
- Structural and window improvements were completed at Ruth Haefner
- Water supply re-piping, ventilation improvements, and partial window replacements were completed at Sellwood Center
- HAP determined additional envelope improvements were necessary at Slavin Court and has increased work scope accordingly
- Planned work scope at Dahlke Manor has increased to include water supply re-piping and boiler replacement, ventilation upgrades, exterior waterproofing, and common space re-carpeting

Conservation and long-term sustainability efforts during FY 2008 included:

Energy audit - HAP completed an energy audit of its public housing properties and investigated an energy modernization and financing program (financing for energy improvements would be paid back with cost savings derived from the improvements). HAP decided not to pursue this funding alternative.

Reduce water consumption - Initiated a modernization/sustainability project focused on decreasing on-going operational expenses by reducing water consumption and improving resident livability by installing low-flow toilets, shower and faucet heads. This sustainability project will continue into HAP's FY 2009. HAP is planning more sustainability projects to reduce resident lock-outs and reduce energy consumption.

- ***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 available to build back new public housing. (Specific outcomes are included with **Initiative I – Preserve Public Housing, Planning for Replacement Units.**)

- **Analyze potential to leverage new financial resources**

The most significant opportunity would be to leverage the use of 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.

During FY 2008, HAP began an analysis and evaluation of the feasibility to leverage equity in our existing public housing communities in order to address deferred capital needs.

- Incorporating appraisal and operating data, and estimating the amount of potential funding available, HAP is comparing three scenarios for grouping the properties against preferences typical to tax credit investors. This work will deliver rough estimates for mixed finance redevelopment options.
- HAP continues its progress by investigating how to assemble the public housing properties in various groupings so as to maximize benefits from debt restructuring and operating efficiencies.

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

Public Housing Capital Improvement Schedule FY 2008 (utilizing HUD Capital Grant funds from 2006 & 2007)			
Projects	Planned FY08 Costs	Actual Costs	Status
▪ Annual Roofing Contract	125,390	15,131	In process
▪ Annual Concrete Contract	60,000	17,947	In process
▪ Maple Mallory (gut rehab)	318,160	2,520,466	Completed construction
▪ Townhouse Terrace (Community Room)	35,295	87	Completed construction
▪ NW Towers (carpet & abatement)	61,531	117,967	Completed construction
▪ Medallion (foundation leaks)	16,643	2,537	May 2008
▪ Slavin Court (site & dwelling improvements)	965,800	172,070	In progress
▪ Dahlke Manor (re-piping)	693,977	12,937	In design
▪ Sellwood Center (re- piping)	678,149	548,784	Completed construction
▪ Annual Flooring Abatement	250,000	0	procurement in June
▪ Annual Sewer	50,000	0	Eliminated
▪ Annual Playground	30,000	0	Delayed until Summer 08
▪ Hillsdale site survey	0	13,333	Completed
▪ Hollywood Fire panel	0	87,998	Completed
▪ Holgate window replacement	0	2091	Completed
▪ Shrunk piping study	0	3793	Completed
▪ Ruth Haefner (Structural/Window)	0	114,017	Completed construction
▪ Energy Audit (Multiple Properties)	0	68,000	Completed
▪ Modernization Improvements (Multiple Properties)	0	130,079	In process
Total FY 08 Construction	3,284,945	3,827,237	

Note: Fleet replacement accounted for \$48,183 in capital costs, less than the \$75,000 anticipated

Unmet Capital Needs

Work backlog – The following projection was included in the FY 2008 Plan (adopted in March 2007): “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.” As illustrated below, further analysis during FY 2008 has led to even higher projections.

Intermediate analysis of projections - HAP updated the capital needs projection in June 2007 to reflect needs of \$59.8 million (\$59,812,413) through 2012, including \$28.2 million (\$28,161,394) in immediate capital needs. This June 2007 capital needs update included adjustments to

- add \$7 million in immediate needs for 174 scattered sites;
- add \$1.6 million for siding replacement at Slavin Court;
- add an adjustment in the cost database to index for inflation from 2003-07; and
- add costs identified in newer studies commissioned to evaluate high-rise piping and building pressurization.

In addition, HAP staff toured 12 developments representing 1238 units and adjusted the capital needs database as necessary to conform to HAP's priorities.

March 2008 projections - During FY 2008, HAP received HUD's approval to dispose of scattered sites, which had accounted for \$7 million in capital needs. After reducing the intermediate projection to reflect decreases due to the scattered site disposition, HAP projects capital needs of \$52.8 million (\$52,812,413) through 2012 and immediate capital needs of \$21.2 million (\$21,161,394).

These amounts include capital needs for projects that were recently completed or are in process for Dahlke, Sellwood, Slavin and NW Towers.

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).

As stated above, updates in the past year have substantially increased the estimated needs. HAP will continue to update the DLR database as new needs are identified and capital improvement projects are undertaken and completed.

Asbestos Abatement - Imbedded in the revised \$21.2 million immediate needs projection is \$4.2 million to abate asbestos 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. HAP's FY 2008 capital grant budget included a \$250,000 allocation for asbestos abatement. HAP anticipates flooring and abatement will continue to be included in future capital grant budgets and has engaged environmental and hazardous abatement firms to perform abatement on an as-needed basis, primarily at unit turnover. These abatement activities will continue as units become available at turnover.

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 under a classification that requires upgrades per code.

During the past year seismic report updates were prepared for Northwest Tower and Sellwood Center for use in HAP's modernization planning. No action is required by code, but seismic upgrades will be considered as part of HAP's public housing preservation initiative.

Inflation - Recent construction projects have experienced the effects of rising material costs with some upward push on labor. From the '90's through 2003, construction costs moved at about a 2%-3% increase compounded annually. Starting in 2004, material costs moved up much more rapidly lead by increases in concrete, steel, wood, and anything with petroleum content. HAP's New Columbia contractor estimated the rate of inflation as 13%, 10% and 10% for the years 2004-06. HAP continues to monitor the impact of inflation on its redevelopment and capital improvement projects and updates project estimates during the design and planning stages for capital improvement projects.

C. Demolition and Disposition

HAP's demolition and disposition activities during FY 2008 fall under the following areas. These are described in the sections noted below each area.

Humboldt Gardens Homeownership Program - Disposition

Described in **FY 2008 Outcomes to Key Initiatives, Initiative VI – Leverage Re/Development Opportunities**

Scattered Sites Disposition

Described in **FY 2008 Outcomes to Key Initiatives, Initiative I – Preserve Public Housing**

Potential Redevelopment Opportunities

Described in **FY 2008 Outcomes to Key Initiatives, Initiative VI – Leverage Re/Development Opportunities**

D. Homeownership Programs

HAP's GOALS - Homeownership Programs

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

GOALS staff encourage use of Individual Development Account (IDA) programs as an additional tool for achieving homeownership. Thirty-two families participated in IDA programs. Specific outcomes are summarized by program below.

Section 8 participants: Four Section 8 households successfully became homeowners. HAP terminated the Section 8 Housing Choice Voucher

(homeownership) program and no GOALS households participated in this program over the past year. Instead, GOALS staff encouraged the use of community resources for those Section 8 families interested in homeownership.

Additional resources include the Portland Housing Center, the Portland Development Commission and IDAs provided by partner agencies.

Public housing homeownership: Ten total households became homeowners via the following programs:

Public housing preservation's scattered sites sales - Four public housing families purchased scattered sites over the last year via HAP's former "Achieving the American Dream – AAD" homeownership program. HAP has since terminated the agency's participation in this program.

Humboldt Gardens (HOPE VI) homeownership - Three additional public housing/GOALS families purchased scattered site homes through the Humboldt Gardens Homeownership program.

New Columbia (HOPE VI) homeownership – Two additional public housing/GOALS families purchased Habitat for Humanity homes at New Columbia.

Other – One additional public housing/GOALS household purchased a home that was not covered by one of the HAP-initiated projects listed above.

In addition to using their escrow accounts, public housing residents purchased homes using community resources such as Portland Housing Center services, the Portland Development Commission services and IDAs provided by partner agencies.

GOALS staff participate in a collaboration of 24 agencies referred to as the *Program Coordinating Committee*. This group meets quarterly to share resources, provide agency updates, and review changes and trends in the FSS program. It also serves as a means to network with community partners specializing in first-time homeownership. For example, Humboldt Gardens participants and other GOALS participants were strongly encouraged to contact the African American Alliance for Homeownership (AAAH) and other service providers for assistance during their efforts to become first time homebuyers.

New Columbia Homeownership Program

During a multi-year effort, HAP worked closely with the five New Columbia homebuilders to create 41 affordable for-sale homes (of the 232 total homeownership opportunities). To reach even greater affordability, HAP facilitated the creation of the New Columbia Affordable Homeownership Fund (assisted with City of Portland grant funds) 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.

The remaining 18 (of 41 total affordable homes) were completed during FY 2008. Two additional HAP residents worked with Portland Habitat for Humanity and completed their purchase of a home at New Columbia during the first quarter of FY 2008.

HAP exceeded the original goal of 30 designated affordable homes (those with both buyer-side and seller-side subsidies to ensure a household at or below 60% MFI could qualify.)

With data collected as of October 2007 (199 households reporting), the following demographic profiles of New Columbia homebuyers emerged:

- First time homebuyers constituted 79% of the purchasers.
- 47% of homebuyers at New Columbia have been people of color.
- 48% are from North and Northeast Portland.
- 56% are families with children.
- 55 homes were purchased by households at 60% MFI or lower.

Humboldt Gardens Homeownership Program - Resident Purchases

During FY 2007 and 2008, HAP's staff worked with three public housing households that live in the Humboldt Gardens scattered site properties to purchase their homes. (Additional information about this program is included with **FY 2008 Outcomes to Key Initiatives, Initiative VI – Leverage Re/Development Opportunities**).

Section VII: Owned and Managed Units

HAP's Real Estate Portfolio

HAP's major initiative to preserve public housing is described in the **FY 2008 Outcomes to Key Initiatives** section of this Report. The outline that follows in **Part 1 - Public Housing** is prescribed by HUD as a part of the agency's annual MTW planning and reporting process.

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

Part 1 - HAP's Public Housing

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, occupancy was frequently below 97%.

FY 2008 objective – Continue to achieve a 97% or better occupancy rate (the rate projected in the FY 2008 Plan was 97.89%).

FY 2008 outcomes – HAP's public housing portfolio continues to exceed occupancy expectations by performing admissions through a site-based model. FY 2008 occupancy averaged 98.29%. HAP continues to focus on improving occupancy through continued staff training and new performance standards constructed around turning units over in a more efficient fashion with the goal of moving new residents in as quickly as possible.

Public Housing Vacancy Rates			Vacancy Rate	Projected Vacancy Rate
Property	ACC Units	Units Available	3/31/2008	FY 09
*ph103 - Iris Court	51	0	100.00%	100.00%
ph104 - Northwest Tower	174	174	1.72%	1.44%
ph105 - Hillsdale Terrace	60	60	0.00%	2.50%
ph106 - Hollywood East	286	286	1.40%	0.87%
*ph107 - Royal Rose Court	36	0	100.00%	100.00%

ph108 - Peaceful Villa	70	70	1.43%	0.72%
*ph109 - Royal Rose Annex	9	0	100.00%	100.00%
*ph110 - Sumner Court	9	0	100.00%	100.00%
ph111 - Dekum Court	40	40	0.00%	0.00%
ph113 - Tamarack	120	120	3.33%	2.50%
ph114 - Dahlke Manor	115	115	1.74%	1.74%
ph115 - Holgate House	80	80	0.00%	0.63%
ph116 - Sellwood Center	110	110	1.82%	2.28%
ph117 - Schrunk Riverview Tower	118	118	0.00%	0.00%
ph118 - Williams Plaza	101	101	1.98%	0.99%
ph121 - Fir Acres	32	32	0.00%	1.56%
ph122 - Townhouse Terrace	32	32	0.00%	0.00%
ph123 - Stark Manor	30	30	3.33%	1.67%
ph124 - Lexington Court	20	20	5.00%	2.50%
ph125 - Eastwood Court	32	32	0.00%	0.00%
ph126 - Carlton Court	24	24	0.00%	2.09%
**ph131 - Slavin Court	24	24	20.83%	16.67%
ph132 - Demar Downs	18	18	0.00%	2.78%
ph137 - Gallagher Plaza	85	85	2.35%	1.77%
ph138 - Eliot Square	30	30	10.00%	5.00%
ph139 - Medallion Apts.	90	90	4.44%	2.78%
ph140 - Ruth Haefner Plaza	73	73	1.37%	2.74%
ph142 - Celilo Court	28	28	0.00%	0.00%
ph151 - Tillicum South	12	12	0.00%	8.34%
ph152 - Harold Lee Village	10	10	0.00%	0.00%
ph153 - Floresta	20	20	0.00%	2.50%
ph203 - Maple Mallory	48	48	8.33%	20.83%
ph232 - Bel Park	10	10	0.00%	0.00%
ph236 - Winchell Court	10	10	10.00%	5.00%
ph237 - Powellhurst Woods	34	34	0.00%	0.00%
ph251 - Tillicum North	18	18	0.00%	0.00%
ph252 - Hunter's Run	10	10	0.00%	5.00%
ph332 - Camelia Court	14	14	0.00%	0.00%
ph336 - Cora Park Apartments	10	10	0.00%	0.00%
ph337 - Alderwood	20	20	0.00%	0.00%
ph436 - Chateau Apartments	10	10	0.00%	0.00%
***ph701 - North Area A" Scattered Sites"	20	20	20.00%	15.00%
***ph702 - North Area B" Scattered Sites"	13	13	7.69%	17.01%
***ph703 - North Area C" Scattered Site"	19	19	31.58%	20.55%
***ph704 - West Area A" Scattered Sites"	7	7	42.86%	27.68%
***ph705 - East Area A" Scattered Sites"	32	32	4.54%	5.21%
***ph706 - East Area B" Scattered Sites"	45	45	8.70%	6.39%
***ph707 - East Area C" Scattered Sites"	16	16	25.00%	15.44%

tc305 - Haven	29	29	6.90%	5.17%
tc310 - Cecelia	72	72	4.16%	2.77%
tc315 - Trouton	125	125	3.20%	4.80%
tc325 - Woolsey	71	71	1.41%	1.41%
ah320 - Fairview	40	40	0.00%	0.00%
TOTALS	2,612	2,507	11.98%	11.63%
Vacancy Rate excluding HOPE VI and Capital Fund vacancies noted below (2007 and FY09 vacancy rates also exclude scattered sites).	2331	2331	1.80%	2.25%
*These communities are undergoing redevelopment through HOPE VI and vacancies are not being reoccupied.				
**PH 131/Slavin Court is experiencing redevelopment and vacancies are not being reoccupied				
***Scattered site vacancies are not being reoccupied due to PH Preservation Initiative				

B. Public Housing Rent Collections

	FY 2007 Actual	FY 2008 Budget	FY 2008 Actual
Dwelling Rent Billed	\$4,304,188	\$4,019,628	\$4,381,992
Dwelling Rent Collected	\$4,309,665	\$3,939,235	\$4,391,029
Per Cent Collected	100.1%	98%	100.2%

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 maintain a very high level of rent collections.

FY 2008 objectives - By the 14th of each month rents have been collected or appropriate notifications have been delivered regarding delinquency. Goal: achieve a minimum of 98% rent collections.

FY 2008 outcomes – Collections are well above the 98% collection rate that was budgeted for in 2008. Staff continues to be diligent in following up on residents who chronically pay rent late, and this has resulted in an ever increasing number of residents paying on time. In addition, having site-based rent collection has made the process easier for both staff and residents.

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 was done with site staff in how best to schedule and balance the competing needs generated through vacancy turns, resident requests and preventative/routine work in order to:

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

Work orders and the maintenance activities they represent made positive gains in several areas during FY 2008:

Clarification of data tracking - To make work order information more meaningful, priorities have been reduced to four, categories were reduced to 15, while sub-categories were increased to ensure the granularity necessary when running reports or doing analysis. Of special note, priority “Planned” has been added, with a total of 570 work orders using this new priority in FY 2008. The priority “Planned” category is intended to help facilitate the move from reactive maintenance to proactive and preventative maintenance. The operations manual has been revised and updated and the training and auditing of work orders is on-going to ensure better and more thorough use and understanding of categories, sub categories, call dates vs. completion dates, etc.

Routine work orders - The overall number of routine work orders increased by 260 from the previous year as we continued to stress the need for better tracking of work performed. Response and completion times of routine work orders was reduced significantly in FY 2008, going from an average 6.0 days in FY 2007 to an average of 4.6 days in FY 2008.

Emergency work orders - The overall number of emergency work orders declined by 96, most likely due to the increased scrutiny of what actually comprises an “emergency.” Out of 201 emergency work orders, only three did not meet the 24 hour response bench mark, but these three work orders missed the benchmark by an average of only 1.5 hours.

Response Times for Emergency Work Orders

	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Projection	FY 2008 Actual
Total Number	487	741	422	337	297	360	201
Percent Meeting 24 Hour Response Goal	99.9%	91.7%	98.3%	99.1%	98.3%	98%	98.5%

Response Times for Routine Work Orders

	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Projection	FY 2008 Actual
Total Number	12,282	11,373	9,315	9,188	9287	9800	9547
Average Completion Days	5.5	6.2	5.7	3.5	6.0	5.0	4.6
Percent Meeting 30 Day Goal					94.5%	No projection	97.3%

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 were 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 to 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 FY 2007, HAP 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 moved from a centralized function to a site-based function.

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

Planning and implementation - In April 2007 site staff created inspection plans detailing how each unit in their portfolio would be inspected a minimum of once over the next fiscal year. Each site was able to customize their inspection plan to meet the needs of their portfolio. Some sites opted for a schedule that was tied

with residents' annual re-certifications, while others opted to inspect one floor/complex a month.

All plans emphasized the need to spread inspections out over the entire year. Because the inspections were spread throughout the year, the number of work orders generated from inspections was also spread throughout the year. This alleviated the backlog of work orders that had previously occurred when inspections were centralized and an entire site was inspected during a 1-2 week period.

In order to hone their inspections skills, in July 2007 all public housing site managers and maintenance mechanics attended a week-long training on how to conduct UPCS inspections.

Public housing staff had anticipated that, when they were transitioning to the new inspections process, not all units would be able to be inspected during the 12 month period. However, the instances of a property not having all units inspected was minimal and some units were inspected more than once.

There were four properties where major construction, remodeling or sale of the units occurred throughout the year. For these reasons the units at these sites were not inspected. These sites included: Slavin Court, Sellwood Center and two of the scattered sites. Uninspected units at these sites totaled approximately 250.

REAC scores for FY 2008 - HAP regained high performer status, after a renewed effort in PH Maintenance, a pro-active approach by several Site Managers, and more focused support of the pre-inspection activity by PHCORE. This high performer status was achieved in spite of the low scores at the scattered sites, which were offset by several near perfect scores at both high-rise and family properties.

Public Housing Inspections

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual
	Number Inspected/ Total	Number Inspected/ Total	Number Inspected/ Total	Number Inspected/ Total	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

	FY 2007 Actual	FY 2008 Projected	FY 2008 Actual
	Number Inspected/ Total	Number Inspected/ Total	Number Inspected/ Total
Development/ Project	43/44	44 / 44	40/44
Housing Units	2178	2208	2202
Site Staff Projects Inspected	25	44	40
Site Staff Units Inspected	254	2208	2264
Total Projects/Units Inspected	43/2462	44/2,208	40/2264

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

E. Public Housing Security

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 and crime prevention specialists are all elements that continue to be utilized to address security and community livability issues.

HAP continued to increase positive working relationships with law enforcement officials in Portland, Gresham, Fairview and Multnomah County, including police departments, Office of Neighborhood Involvement, and other community partners in all areas of the county. This has included establishment of quarterly meetings with each jurisdiction to ensure on-going communication. In addition, HAP staff coordinated ten National Night Out events.

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, which provides 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.

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 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 county.

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.

As of March 31, 2008, 3,734 **units** are included at 68 properties in HAP's affordable housing portfolio. As summarized in the following tables, total affordable housing units include:

- basic affordable housing: 3,312 units located at 32 properties
- special needs housing: 422 units located at 36 properties.

(In order to avoid duplication, these numbers do not include public housing units at properties managed in the affordable housing portfolio.)

HAP's Affordable Housing Portfolio - FY 2008

	Total Units	% of Total Units	Income Distribution by Median Family Income (MFI) Maximum Incomes Allowed			(Project-Based Section 8)
			0% - 30% MFI	31% - 50% MFI	51% - 80% MFI*	
<u>HAP Owned Properties</u>						
1 Ainsworth Court	88		0	0	88	0
2 Ashcreek Commons	21		5	0	16	(5)
3 Fairviews (328 – 40 to Public Housing)	288		0	0	288	0
4 Fenwick Apts.	27		8	0	19	(8)
5 Grace Peck Terrace	95		95	n/a	n/a	(95)
La Tourelle (sold November 2007)	80		0	0	80	0
6 Multnomah Manor	53		23	30	0	(23)
7 Pine Square	143		0	0	143	0
8 Plaza Townhomes	68		68	n/a	n/a	(68)
9 Rockwood Station	195		20	0	175	(20)
10 Rosenbaum Plaza	76		76	n/a	n/a	(76)
11 Schiller Way	24		12	0	12	0
12 St. John's Woods	124		124	n/a	n/a	(124)
13 University Place	28		0	0	28	0
14 Unthank Plaza	80		80	n/a	n/a	(80)
15 Willow Tree	7		0	7	0	0
subtotal HAP owned	1317	40%	511	37	769	(499)
<u>Tax Credit Partnerships</u>						
16 Dawson Park	67		0	9	58	0
17 Fountain Place	80		20	10	50	(20)
18 Gateway Park	144		0	13	131	0
19 Gladstone Square	48		27	14	7	(3)
20 Gretchen Kafoury	129		10	29	90	(10)
21 Hamilton West	152		5	73	74	(5)

22	Helen Ann Swindells	105	0	105	0	0
23	Kelly Place	20	0	20	0	0
24	Lovejoy Station	181	0	72	109	0
	New Columbia - Cecelia LP	59	****	0	59	0
25	New Columbia - Haven LP	15	****	0	15	0
	New Columbia - Woolsey LP	60	****	0	60	0
	New Columbia - Trouton LP	125	****	0	125	(73)
	<i>(does not include public housing)</i>					
	<i>subtotal New Columbia</i>	<i>259</i>				
26	Pearl Court	199	1	110	88	(1)
27	Peter Paulson	93	0	92	1	0
28	Rockwood Landing	36	0	36	0	0
29	Sequoia Square	52	8	26	18	0
30	The St. Francis	132	100	6	26	0
31	The Morrison (opened Nov 07)	140	45	0	95	(30)
32	Yards at Union Station	158	0	72	86	0
	subtotal tax credit	1095	60%	216	687	1092
	Total as of March 31, 2008	3312		727	724	1861
				22%	22%	56%

Affordable Housing – Special Needs - The special needs portfolio includes 36 non-duplicated properties that provide 422 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.

Special Needs Properties		Special subsidy overlays (may be layered/combined programs)		
		PBA - Sec 8	Programs for homeless	
property count	units/ beds		PSH	B2H
34	master leased to service providers	48	22	2
2	master leased to service providers (at larger AH properties: Sequoia Square and Willow Tree)	3		2
36	total Special Needs (non-duplicated)	51	22	4
3	additional affordable properties with special needs programs*			
	- The Morrison	30	45	
	- Fenwick	8		
	- The Grove	70		
		88	45	
	total Special Needs	89	67	4

Although financing criteria would allow a small number of the special needs properties to include households up to 50% MFI, the vast majority house very low income households below 30% MFI.

* These properties are either included in the affordable housing count already or, in case of The Grove, not considered part of the affordable count (because HAP's role in ownership and management is considered temporary).

On-going activities

Planning for the Fairview Conversion Pilot Project – this activity is described in the **FY 2008 Outcomes to Key Initiatives** section, **Initiative I – Preserve Public Housing**.

Property management at the Morrison Apartments – In coordination with HAP's development staff, affordable housing staff developed and implemented a property management plan for the 140-unit Morrison Apartments, which features 45 units of permanent supportive housing. Construction was completed during the winter of 2007. Pre-leasing began prior to completion and initial lease up was completed in FY 2008. The 45 units of permanent supportive housing are operational, with case management services from two partnering service agencies. As of March 31, 2008, physical occupancy was 97%.

Property management planning for the Clark Center Annex (On-going activities) – During FY 2008, a property management plan was implemented for the 22-unit Clark Center Annex a partnership with Transition Projects, Inc. Services dovetail with the Clark Center Homeless Shelter. Clark Center Annex was completed and operational as of October 15, 2007.

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.

Two additional properties in the existing affordable housing portfolio, Pine Square Apartments and Rockwood Station Apartments, have been identified and are being evaluated to be repositioned with public housing operating subsidy, similar to the completed Fairview conversion.

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.

FY 2008 Overview - In addition to the activities outlined below, two significant shifts have occurred in the internal management of the Section 8 program at HAP. The agency's new Rent Assistance Director has transitioned staff to a case management model where clients are assigned to specific staff members once they are signed up for the program. There has also been a team created to focus on landlords. Both shifts are designed to bring faster resolution to issues and improve customer service.

A. Leasing Information

Voucher Utilization

Section 8 Voucher Summary – FY 2008	Percent of MTW Eligible Vouchers
<u>Housing Choice Vouchers</u>	
Tenant-based	
General & HUD "Fair Share"	4,795 64%
"Welfare to Work" designation	752 10%
Other population specific designations	320 4%
Received during HOPE VI relocation	<u>573</u> 8%
subtotal	6,440 86%
Project-based	
Multiple sites (HAP properties & other agencies)	821 11%
Former certificate program (3 sites)	<u>215</u> 3%
subtotal	1,036 14%
Total Housing Choice Vouchers	7,476
SRO & Moderate Rehabilitation Vouchers	562 (non-MTW)
TOTAL HAP SECTION 8 VOUCHERS	8,038
as of March 31, 2008	
definitions included in Appendix A - Glossary	

Voucher utilization for calendar year 2007 was 100.3%. Yet it is important to note a distinction between the tenant-based vouchers (100.9%) and the project-based vouchers (96.6%).

Tenant-based vouchers - Of HAP's 7,476 MTW-vouchers (March 2008), 6,440 are tenant-based vouchers administered from HAP's centralized waiting list.

Project-Based Assistance vouchers - Another 1,036 vouchers are Project-Based Assistance (or PBA vouchers), administered through site-based waiting lists. The majority of these PBAs have services attached for specific client groups, reflecting the original intent of the PBA program to provide certainty rather than choice for populations that have historically struggled in the private rental market.

Many of the PBA households, typically living in studio or one bedroom rentals, move more frequently than other Section 8 households. Because of this constant turnover, HAP's PBA partnering agencies (those providing social services and managing leases) have often struggled to maintain high lease up rates. Yet with the need for voucher subsidies so great, HAP will be working with partner agencies during FY 2009 to increase performance standards for utilization rates.

Section 8 Units Under Lease and Target Lease-ups (History)

HAP Fiscal Year	Vouchers	Units Leased	Percent Leased
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	7,516	7,451	99.13%
FY 2008 Projection (MTW vouchers only)	7,463	7,463	100%
FY 2008 Actual** (MTW vouchers only)	7,476	7,509	100.6%

* Note: Data from FY 2006 forward reflect 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 2007/08 is due to the addition of 13 PH scattered site relocation vouchers for the Iris Court/Humboldt Gardens redevelopment.

Waiting list management

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 50% 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.

HAP pulled the first 200 names from the new waiting list in February 2007 and issued vouchers to 60% of them. Two-thirds of those receiving vouchers were successful in leasing rentals. Additionally, 400 names were pulled in October and December 2007, plus 300 each in January and February 2008. The percentage of resulting vouchers issued is more than 56% for the October pull and was 52% for the December pull. This demonstrates how the local rental market has tightened significantly and voucher holders report difficulty in finding appropriate units to lease. However, approximately 70% of those that are issued vouchers successfully lease up.

In order to avoid under-leasing, HAP absorbed 100 port-ins in January 2008. The calendar year still began with leasing approximately 150 below target.

Ensuring rent reasonableness

On-going activities continuing into FY 2008 - HAP has recently modified the methodology used to determine rent reasonableness. This new methodology includes the use of a local report that is published by the Metro Multifamily Housing Association, an Oregon landlord organization. Metro conducts a thorough survey of rents throughout Multnomah County every six months and publishes these rents along with other pertinent information in a semi-annual apartment report. This publication includes a survey of thousands of rental units throughout Multnomah County that HAP is using as the basis for determining rent reasonableness. Additional percentage points are added to base rent amounts dependent upon unit amenities, size, location, management and maintenance services and utilities provided, in accordance with HUD requirements. The rent reasonableness system is updated on a semi annual basis, as the new survey results are published.

Payment standards were reviewed and updated effective February 1, 2008 for new and transferring households. For example, a one bedroom increased from \$676 to \$694 and a two bedroom increased from \$795 to \$831. For continuing households the changes were effective May 1, 2008 (FY 2009).

Expanding housing opportunities

On-going activities - HAP has developed a relationship with the Metro Multifamily Housing Association and is working closely with the executive director and members of that association to strengthen landlord relationships. HAP has also created a landlord service team to provide improved service to participating landlords and is holding regular landlord meetings to educate, answer questions, and encourage landlord participation in the Section 8 program. HAP is also a partner in the "Ready to Rent" rent-readiness education program that encourages landlord participation by educating prospective tenants on how to be a responsible renter and providing access to a fund for potential unpaid rent and damages.

FY 2008 objectives - HAP holds a minimum of two landlord trainings, attends a minimum of two industry trade shows, and participates in at least two annual meetings of the larger property management associations every year.

FY 2008 outcomes - During FY 2008, HAP continued to attract an average of 36 new landlords each month to the Section 8 program. This was offset by monthly losses of 48 landlords per month. Despite the agency's continued efforts to increase services for landlords, the local vacancy rate of only 3% is contributing to the decision by some landlords to not participate in the Section 8 program.

Deconcentration of low-income families

On-going activities - HAP evaluates its voucher payment standards annually; all payment standards are set between 90% and 110% of HUD established fair market rents. HAP uses time in its briefing sessions to discuss the benefits of

moving into neighborhoods with a low rate of poverty, and also encourages participants to explore areas of the county outside of the City of Portland.

FY 2008 outcomes – HAP initiated an analysis to consider offering a higher payment standard for the more expensive areas of the county to encourage the further de-concentration of poverty within the Section 8 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)

In response to HUD's request for more information, the following section was submitted as a supplement to the FY 2008 MTW Annual Plan and is repeated in the Report for greater public distribution:

HQS Enforcement for Section 8 - Section 8 staff schedules a timely inspection of the prospective unit upon receipt of an approved Request for Tenancy Approval. HAP will initially inspect each housing unit to assure that it is "decent, safe, and sanitary" according to HQS. HAP will not execute a contract unless these standards have been met. Units must meet the Housing Quality Standards for as long as the household is on the program and resides in the unit.

Annually or biennially, HAP will perform a regular inspection of the assisted unit. If the unit fails inspection, HAP will enforce HQS as follows:

- For life-threatening defects, HAP will allow 24 hours to remedy.
- For other defects, HAP will allow 30 days or a HAP-approved extension, to remedy (dependent upon landlord response on a case-by-case basis.)

If the unit fails for landlord-caused breaches two times, the rent will be abated, and the landlord will be allowed one last date to remedy. HAP also asks for tenant cooperation as the landlord attempts to complete repairs. If this final date to make necessary repairs is not met, the Housing Assistance Payment contract is terminated with the landlord at the end of the month in which the unit failed the final inspection.

If the unit fails inspection due to tenant-caused breaches two times repeatedly, HAP will enforce Family Obligations and will propose termination from the Housing Choice Voucher program.

Enforcement Capabilities Against Landlords: HAP may deny a landlord participation in the Housing Choice Voucher program if they refuse to enforce their lease, do not comply with their contract, or do not respond to neighborhood complaints, and/or fail to maintain the building and unit according to HQS requirements. HAP may temporarily or permanently debar a landlord's participation in the Housing Choice Voucher program for the following additional breaches:

- The owner or his/her agent has knowingly rented to a relative of the owner without prior HAP approval in the form of a reasonable accommodation based upon a disability, has conspired to do the same. Landlords removed for this violation will remain on the debarred list for a minimum of three years.
- The owner or his/her agent has a history of three annual inspections that failed for poor landlord maintenance where the violations posed a health or safety risk to the tenants. A landlord removed from participation for a poor maintenance history will lose the right to participate in any Rent Assistance program for a minimum of one year. The landlord will be readmitted only after the property(s) has successfully met all requirements of HQS and Title 29 of the City of Portland Building and Maintenance codes.
- The owner has a two-time history of charging participants side payments over the approved contract rent. This offense will cause the landlord to be banned from participation for a minimum of three years.
- The owner has on more than one occasion failed to enforce his/her lease and evict tenants under the assistance of any Rent Assistance Program or other federally assisted programs, for activity engaged in by the tenant, any member of the tenant family, guest, or other person(s) under the control of any member of the household that: Threatens the right to peaceful enjoyment of the premises by other residents or neighbors; threatens the health or safety of other residents, neighbors, HAP staff, owner or owner staff, or other persons engaged in the management of the housing; or is involved in any drug-related criminal activity or violent criminal activity. To be reinstated under this violation a landlord must attend landlord/tenant law training and present proof of attending to HAP or the landlord will remain on the HAP debarred list.
- An owner has not paid state or local real estate taxes for a minimum of two years. They will remain on the HAP debarred list until the taxes are paid.
- An owner has, more than once, not reported to HAP that the assisted family has vacated the unit with three working days of discovery.
- An owner or his/her agent has conspired in any way and has been proven to have committed fraud in relation to any HAP Rent Assistance Program, resulting in monetary loss to the agency will remain on the debarred list for a minimum of three years. If the monetary loss is over \$10,000, the landlord will remain on the debarred list indefinitely.

To enforce this process several state, local, and internal databases are accessed to verify that a landlord has not committed any of the above breaches. These databases are accessed with each Request for Tenancy Approval received by HAP.

Schedule bi-annual inspections for Section 8 households with a record of good tenancy – (Please see the **FY 2008 Outcomes to Key Initiatives** section, **Initiative V - Implement Changes to Inspection Protocols** for a description of this outcome.)

Section 8 Inspections for FY 2008 (April 2007 through March 2008)

Inspection Type	FY 2007	Performed During FY 2008
Initial/Transfer	2,716	2,597
Annual	6,530	6,725
Quality Control	57	90
Special (Complaint)	91	111
Totals	9,394	9,523

C. Security

On-going activities

Law enforcement and crime prevention: The fraud team continue to work closely with the Gresham and Portland police, the 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 and a full time investigator to aid in the investigation of and termination/prosecution of participants and landlords involved in program fraud.

Preventing damages to property: The Section 8 program orientation emphasizes HAP’s strict enforcement of terminations related to damaged units. It is imperative that participants are held accountable for damages caused to rental units to ensure ongoing landlord program participation.

FY 2008 outcomes - 147 households were removed from the program during the fiscal year for program violations.

Short Term Rent Assistance Program

On-going activities

Short Term Rent Assistance Pool – 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.

FY 2008 objective

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.

FY 2008 outcomes - The Short Term Rent Assistance (STRA) program conducted a competitive procurement in April 2007, which resulted in 19 non-profit agencies in Multnomah County being awarded contracts to administer STRA funds.

Annually, over 1,250 households received rent/mortgage assistance via the STRA program, and approximately 500 households received hotel vouchers for immediate safety off the streets (some households received both vouchers and rent assistance and are counted in both numbers).

The STRA system goals are for 90% of households to retain permanent housing three months after their rent assistance ends, 80% to retain permanent housing at six months, and 70% to retain permanent housing at 12 months. Current data shows that 89% of households are retaining housing three months after the end of rent assistance, 82% at six months, and 75% at 12 months.

2) Shelter Plus Care Grants - Shelter Plus Care (S+C) is a federally funded rental assistance program, which provides long-term rental assistance to homeless persons with disabilities. Appropriate supportive services designed to enable persons to achieve and maintain independent living must be available to the participants. HAP provides the rent assistance and a partnering non-profit agency,

considered the sponsoring agency, provides the support services. Participants pay 30% of their income towards rent.

FY 2008 outcomes - As of March 31, 2008, HAP manages seven S+C grants, each with specific target populations, which include the chronically homeless, HIV+, developmentally disabled, mentally ill, veterans, and families with mentally ill adults.

During FY 2008, 384 households received S+C assistance from HAP. This includes 75 participants who left the program during FY 2008 and 98 participants who entered the program during FY 2008.

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 and Section 8, 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.

As reported in the FY 2007 Annual Report, changes to the GOALS graduation requirements were implemented during FY 2007 (effective February 1, 2007) and were essential to the implementation of the OHI pilot projects.

Please refer to the **FY 2008 Outcomes to Key Initiatives** section, **Initiative II - Implement OHI Pilots**, for a description of the three pilots listed below as FY 2008 objectives.

- 1) Implement the OHI services component of the Fairview Conversion Project for 40 working-able participants.***
- 2) Complete an implementation plan for the Humboldt Gardens OHI pilot.***
- 3) Department of Human Services (DHS) and other partnering agencies.***

In the two site-based OHI models, on-going funding to support the program has been included in the individual property's projected operating budget.

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

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 intends to continue to serve over 500 low-income households each year. Of these participants, approximately 15% have been traditionally public housing residents and 85% have utilized Section 8 vouchers.

Two programs with active participants exist concurrently: the former GOALS program (prior to February 1, 2007) and the new GOALS program (after February 2007). Former GOALS program participants are encouraged to attend classes

and activities provided to the new enrollees, but it is not a requirement. Both programs involve one-on-one support, access to multiple resources, and the opportunity to develop an escrow (savings) account to be accessed upon graduation, with the ability to make interim withdrawals to achieve interim goals.

In the former GOALS program, participants agreed to:

- be a tenant in good standing while living in public housing or utilizing a Section 8 tenant-based voucher;
- set life goals that include seeking and maintaining employment; and
- if applicable, to cease participation in Temporary Aid to Need Families (TANF), a state welfare program at least 12 consecutive months upon graduation.

FY 2008 outcomes - Over the last year, 537 families have participated in the program. Of the participants in the former GOALS program, 64 families graduated and 39 families left HAP housing.

In the new GOALS program (effective February 1, 2007), resident services staff spent over six months in training and curriculum development to establish a set of three core competencies for successful movement through the program.

As approved during FY 2007, GOALS graduation requirements now include:

- Upon graduation, participants eliminate the need for HAP's housing subsidy (with the exception of Section 8 Homeownership participants who continue to receive voucher payments).
- Escrow withdrawals are not available until graduates have left HAP housing (with the exception of approved interim withdrawals).
- Explicit agreements are 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 (and outlined as core competencies).

The following core activities are currently required of all Fairview OHI pilot project participants and will be required of new GOALS enrollees and other OHI pilot project participants.

The three core activities include:

1. **Career Enhancement** workshops support residents beyond initial employment placement. Classes include workplace ethics, techniques for problem solving, and steps for advancement.

Participant outcomes: obtain and maintain a job, advance in a field through education, training, or internships, and increase earned income or achieve a livable wage.

Staff support: understand employment and education history, develop short-term and long-term action items, coach residents to problem solve issues in the work environment, and refer residents to appropriate workforce partner agencies.

2. **Financial Literacy** classes incorporate the basics of budgeting and an understanding of long-term planning that impacts daily spending habits. Further it includes problem solving to overcome barriers to improve credit scores and address monthly debt.

Participant outcomes: complete an early financial literacy class, create a working budget, decrease debt, improve credit scores, and generally increase abilities to pay bills routinely in the long-term.

Staff support: teach monthly financial literacy workshops, work one-on-one to develop budgets and assist residents to pay bills routinely and over an extended period of time. Staff also refer residents to credit counselors and coach families as they begin to pay off debt.

3. **Housing mobility and stability** tours and workshops focus on ensuring current success in housing and providing a bridge to the next step. For some, this will be homeownership, for others, this means affordable tax credit housing or market-rate rental units.

Participant outcomes: develop a short-term plan to address any barriers to successful residency and a long-term plan that includes visiting and becoming familiar with different types of housing.

Staff support: host tours of rental communities and homeownership sites and provide residents with resource information for homeownership and rental events and opportunities. Staff will also provide coaching on the basic tenets of being a successful resident. Ultimately staff help residents to develop a housing plan for the future.

FY 2008 outcomes - In addition to the participation data summarized below, a waiting list for new enrollees began on February 1, 2007. During March 2008, names were pulled from this list and an intake process is underway in order for new participants to begin early FY 2009. Of the total 50 names that were pulled from the waiting list in March, 16 completed enrollment in the new (enhanced program).

Workshops were offered to existing GOALS participants as well as new enrollees from the Fairview OHI project. Four financial literacy workshops were provided, two housing mobility tours, and one career enhancement series. As a result:

- 29 participants completed the financial literacy workshops;
- 34 participants completed career enhancement; and
- 37 participants completed the housing mobility tour.

Another change necessary to implement OHI was the elimination of the Earned Income Disallowance utilized when calculating rent. Utilizing MTW authority, HAP eliminated this requirement entirely for all new GOALS participants as of April 1, 2007. This allows participants to establish their asset building savings (escrow) account early in their participation in the GOALS program.

FY 2008 outcomes - The Earned Income Disallowance no longer applies to GOALS participants in public housing and Section 8.

Initial results from the first year of implementation include:

- 84 public housing residents have escrow accounts and the average escrow amount has accumulated \$2,763.
- 302 Section 8 participants have escrow accounts and the average escrow amount has accumulated \$3,729.

For those who graduated from the GOALS program, the average total escrow (savings) accounts were similar in both programs: \$4,515 for public housing participants and \$4,554 for Section 8 participants.

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.

FY 2008 outcomes - In addition to the increased collaboration related to the OHI pilot projects, HAP continues to increase partnerships with community agencies and has recently reassigned a staff person to focus more specifically on the Workforce System. This staff person began working with the 40 Fairview OHI pilot project participants and began outreach to former Iris Court residents in anticipation of their participation as one of the approximately 40 working-able members of the Humboldt Gardens OHI pilot project. Work underway includes: review of participant's employment goals and assistance with access to programs and services.

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

FY 2008 outcomes - This objective has been modified and extended to FY 2009 as *"monitor self-sufficiency outcomes connected to OHI participants."* The budget for this evaluation was approved via the passage of the agency's FY 2009 budget.

Continue to leverage partnerships for delivery of specialized resident services

In order to achieve greater cost-efficiencies, HAP has moved away from direct service to clients in two major program areas listed below.

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 HAP's New Columbia redevelopment. CAWS is a non-profit organization dedicated to improving the representation of low income, people of color, and women in the construction trades. HAP was instrumental in establishing collaboration between local jurisdictions to establish this new effort and HAP's executive director participates as a member of the CAWS Board of Directors.

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

FY 2008 outcomes - During FY 2008, HAP contracted with CAWS in an effort to establish a good initial transition. ETAP continued to provide quality construction trade preparation and coordinated the placement of ETAP graduates in job opportunities throughout the City of Portland. In addition, ETAP has diversified its funding and now annually receives City funds.

- ETAP offered two nine-week intensive trainings, with 33 participants graduating.
- Via close coordination with the General Contractor - Construction Manager (CMGC) for Humboldt Gardens, the HOPE VI redevelopment helped to create 31 Sections 3 jobs, all filled by ETAP graduates.

Congregate Housing Services Program - Portland Impact, a non-profit organization, is continuing as the contractor 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 and case management. CHSP combines core services and seeks to leverage additional health, wellness and recreational resources for the elderly and disabled. Core services include the following:

- *Case Management.* Responsibilities include intake, assessment, case plan creation, monitoring and coordination of in-home services such as meals, housekeeping, and personal care. Further, case managers must maintain case files and provide monthly service reports.
- *Nutrition/Meal Program.* Responsibilities include food purchase, preparation, and dinner meal service seven days a week, with the exception of Christmas. A seven-week menu is developed, recycled and must be certified by a registered dietitian annually.
- *Housekeeping.* Participants receive an average of two hours/week. Where special-needs clients are involved, staffers rather than subcontractors must deliver this service, unless certain assurances can be provided with routine monitoring for compliance. This service must also include a practice of on-

going engagement and encouragement of CHSP clients to participate in housekeeping as mobility allows.

- *Personal care.* Participants receive an average of two hours of personal care services a week based on need. This includes bath aid and grooming services.

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

FY 2008 outcomes - HAP continues to work with Portland Impact to operate the CHSP program. Over the last year, this program served 104 families.

Increased leverage. In addition to the core services outlined above, Portland Impact has leveraged over \$232,353 in matching funds (more than originally stipulated in funding grants) which assist in transportation and health promotion activities. In addition to increased services to CHSP participants, the increased leverage has made services available to non-CHSP residents at the four program sites. These services include:

- Health and wellness services
- Access to benefits and law specialists
- Specialized food services
- Socialization events
- Access to transportation.

Lessons learned and program challenges. A few important lessons learned and program challenges surfaced during the past year of program implementation:

- *Resident preference for on-site meal service* - Although Portland Impact tested the use of a third-party subcontractor to deliver meals to the site as a cost savings tool, it was a significant culture change for residents. Negative perceptions included less time for socialization, less flexibility in meeting individual dietary needs, and less resident connection to the food (lack of cooking aromas and lack of a more home-like feeling). Portland Impact responded to resident concern and feedback by bringing back the in-house food service.
- *Ratio of Medicaid to Private Pay:* Participants who receive Medicaid benefits bring more funding to the program than those who are Private Pay participants. As such, the program design calls for a 2:1 ratio between Medicaid and Private Pay participants. Currently, the ratio is closer to 1:1, which means that Portland Impact must wait to add people to the program until they apply for and start receiving Medicaid benefits.

- *HAP's Public Housing Wait List:* Due to high demand and low turnover, HAP's public housing wait lists are full. While new incoming CHSP-eligible clients receive priority, there is still a waiting period. In addition, this must be managed in accordance with the 2:1 ratio as mentioned above. It has been challenging to enroll new persons into the CHSP program because of housing availability and challenges in establishing Medicaid benefits.
- *AFSCME Agreement:* A three year agreement with one of HAP's employee unions (AFSCME) protects the interests of three long-term HAP employees and creates constraints in the program's financial model. Thus, a second case manager was not hired; rather, Portland Impact worked to leverage other case management services where possible. However, the net result was a case management ratio of 1 to 90 clients, and while the HAP staff brings important experience, this diverse team requires considerable focused time and effort to coordinate. Further, this has impacted outreach to existing residents, particularly Medicaid or Medicaid-eligible.

HAP continues to work in partnership with Portland Impact to develop specific plans to address program challenges in order to maximize the number of HAP clients that may benefit from these services in the future.

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

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 & Girls Club to extend programs to New Columbia residents. Activities have continued to 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. FY 2008 represents the first year of a five year funding cycle. The endowment supports on-site services for public housing residents; additional dollars are provided by the property's operations budget to support renters living in the tax credit units and homeowners. 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.

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

FY 2008 outcomes - HAP has invested in an array community building activities that bring neighbors together from diverse cultural and economic backgrounds while providing positive activities for youth and parent engagement, all in the spirit of increasing pride and ownership of the New Columbia community.

All initiatives reflect the five elements of community building established in 2006 namely *Connectedness, Information, Community Engagement, Community Stability and Youth Involvement*. Results include:

- A youth employment program was initiated that matches youth with seniors in order for the youth to provide services for the seniors and other community services around the community.
- A 35-member “Teens United” group made up of New Columbia youth (ages 13 through 17) provides leadership and a youth voice at New Columbia.
- Small grants were awarded to New Columbia residents who organized and hosted neighborhood block parties throughout the summer as well as “Kitchen Table Conversations” throughout the winter and spring months.
- Film screenings in the Community Education Center presented films that represent multiple nationalities and cultures as well as social issues facing the community.
- Monthly community Town Hall Meetings were organized in order to welcome all community members (renters and home owners) to discuss their concerns and share their ideas on building a well connected New Columbia community.
- A “Resident Community Builders” initiative was launched in which residents receive a volunteer stipend in exchange for community service and assistance with community events.

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 during FY 2008.

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

- *Housing stability:* Now settled in their new locations, residents continue to 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.
- *Employment:* CSS staff help 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.
- *Youth:* CSS staff ensure children adjust to new schools through direct communication with school staff, and help them connect with programs in their neighborhoods that build academic and positive social skills.

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

FY 2008 outcomes -

Beginning in late 2007 and early 2008, CSS developed specific communication strategies to help residents understand their choices about moving back to Humboldt Gardens.

CSS staff mailed and compiled return surveys to all past residents. As of March 31, 2008,

- 34 families were planning to return to Humboldt Gardens and 20 of them completed the initial screening process with CSS assistance.

Staff developed an orientation process that highlights community rules, habits for successful residency, and self-sufficiency responsibilities for working able families. Particularly for the working-able, CSS have ensured that participants understand the commitment of the five year lease agreement, as well as the supports that will be available to help them succeed.

Specific outcomes include:

- 14 households worked with CSS to receive employment preparation services and/or job training; 19 adults were assisted with new job placements;
- 10 adults were connected to counseling services; and
- 12 youth were connected to recreation and academic enhancement activities.

**Section X:
Other Information Required by HUD**

- 1)** Results of the latest completed 133 Audit – The audit for the most recent fiscal year will be forwarded to HUD as soon as it is available.
- 2)** Resolutions Adopting Key FY 2008 Initiatives - See Appendix B
 - Revisions to Section 8 Policies and Budget (July 17, 2008)
 - Guiding Principles and Preservation Objectives of the Public Housing Preservation Initiative (July 17, 2008)
 - Approval to Submit HUD Disposition Application, Scattered Site Public Housing Properties (July 17, 2008)
- 3)** Resolution Authorizing FY 2008 MTW Report submittal - See Appendix C
- 4)** Copies of Forms Submitted to HUD for Funding - See Appendix D

APPENDIX A
Glossary

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.

Banked Units

These are public housing units that have been taken off-line and “banked” for several reasons outlined in Section III – Changes in Housing Stock. 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 agency has the authority to add back public housing units by “turning on” public housing subsidy it no longer receives for units. Adding back these public housing units can only be done in properties where the public housing units do not include debt service.

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 contracted program that offers housekeeping, meal preparation, and other in-home services to elderly and disabled residents in HAP high rise properties.

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. ETAP has evolved into a partnership with the regional agency: Construction Apprenticeship Workforce Solutions (CAWS).

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: a unit of Permanent Housing that is: (a) subject to restrictive covenants requiring that the unit be affordable to single individual households with incomes at or below 30% MFI, or multiple individual households below 50% MFI, as defined by HUD and the restrictive covenants applicable to the unit; (b) with supportive services from a Partnered Service Provider, as defined in the PSPA; and (c) occupied by a person or household who is, or was at the time of initial occupancy of the unit, a PSH Tenant. (Definition from the City of Portland)

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**Fair Share Vouchers**

Vouchers that were allocated by HUD according to state demographics.

HOPE VI Relocation Vouchers

Vouchers HAP received to assist with relocation efforts connected to HAP HOPE VI project.

Housing Choice Vouchers

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

Mainstream Vouchers

Vouchers for people with disabilities.

Musolf Manor Vouchers

One of two local project-based certificate buildings, studios subsidized under the former Section 8 certificate program to serve singles who are elderly or disabled.

Preservation Vouchers

Vouchers issued to residents of certain HUD-subsidized buildings when the owner's subsidy contract ended with HUD. Also known as "Opt Out Vouchers."

Project Access Vouchers

Vouchers for non-elderly persons with disabilities who are transferring from a nursing home into the private rental market.

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.

Twelfth Avenue Terrace Vouchers

One of two local project-based certificate buildings, studios subsidized under the Section 8 certificate program to serve singles who are elderly or disabled.

Welfare to Work Vouchers

Vouchers targeted towards people who are in job training or other programs that aim to move people from TANF (welfare) assistance to employment.

Western Rooms Vouchers

One of HAP's preservation projects that "opted out" of the HUD contract, creating special vouchers for the former residents of Western Rooms.

Veterans Vouchers (VASH)

Vouchers for homeless veterans.

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.

Youth Services

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

Appendix B
Resolutions Adopting Key MTW Initiatives



MEMORANDUM

SUBJECT: RESOLUTION 07-07-01

ADOPTING REVISIONS TO SECTION 8 POLICIES AND BUDGET WITH REGARD TO REDUCING PARTICIPANT TENANT RENT TO 30%, PROVIDING REIMBURSEMENTS TO PARTICIPANTS, SETTING SUBSIDY STANDARDS, AND MODIFYING RENT INCREASES AND PORTABILITY PRACTICES IN RESPONSE TO NOTIFICATION OF FINAL SECTION 8 2007 HCV FUNDING

TO: BOARD OF COMMISSIONERS

FROM: Steven D. Rudman 503.802.8455 stever@hapdx.org
Contact: Jill Riddle 503.802.8565 jillr@hapdx.org

DATE: July 10, 2007

BACKGROUND:

On June 22, 2007 HAP received notification of the final annual renewal allocation for Housing Assistance Payments for calendar year (CY) 2007 from HUD. The notice explains that the revision to Public Law 110-5 resulted in significant changes to the methodology used to calculate HAP renewal funding eligibility from 2006. The new funding formula is based upon Voucher Management System (VMS) data for the most recently completed period of twelve consecutive months (January to December 2006) leasing and expense levels were used. This process is commonly referred to as "re-benchmarking". Essentially our 2007 funding was based upon our average 2006 leasing rates and expenses times a 1.019% inflation factor and a 1.05017% pro-ratio factor, the latter reflecting increased Congressional appropriations this year.

The result of the new funding methodology described above is an increase in funding to \$48,736,520 for CY 2007. For HAP's Section 8 participants, this higher funding amount represents excellent news in that we have more subsidies that will allow us to decrease rent burdens down from 35% and make other programmatic changes that improve participants' situations. HAP's current average monthly cost per voucher is \$498.98 per participant; the new funding levels allow us to spend up to \$544.20 average per participant effective January 2007; or an overall funding increase of \$2,925,640 in Housing Assistance Payment dollars for CY 2007.

We are now faced with the challenge of spending these extra dollars in the next 5 short months in ways that will directly benefit voucher program participants. We

also need to fully spend our allocation to ensure we receive maximum funding levels in HUD's re-benchmarking system for 2008.

RECOMMENDATION:

After careful policy and financial analysis, staff is proposing the following:

1. Effective 09-01-2007 all program participants will pay a minimum 30% of their adjusted income for rent. This amount will be lowered from the 35% minimum participants are currently paying. This will be a permanent change moving forward in the Section 8 program.
2. The additional 5% of income participants have been paying in tenant rent will be reimbursed to them for the months of January through August 2007.
3. Effective 09-01-2007 subsidy standards will be adjusted to the following: The subsidy standards will provide one bedroom for a single head of household or for married or unmarried persons living together in a spousal relationship, and one bedroom for each two persons thereafter, regardless of age or sex. The dwelling unit shall contain at least one bedroom or living/sleeping room of appropriate size for each two persons. If a person is expecting a child through birth and is in the third trimester of pregnancy, the child will be counted in determining the family unit size (voucher size). Participants who are residing in a unit based upon these standards but are paying additional in tenant rent will be changed to the new standards effective 09-01-2007; all others will be changed to this standard at the time of the annual re-certification or upon moving.
4. Effective immediately Rent Reasonableness testing for Landlord rent increases will be based solely upon market conditions and will no longer be limited to 5%. The purpose of Rent Reasonableness is to ensure landlords are charging participants fairly based upon what the private rental market will allow. Current processes are discouraging Landlord participation and decreasing rental options for participants.
5. Effective immediately after the completion of an initial 12-month lease within Multnomah County participants wishing to take their voucher portable will be allowed to do so with no restrictions. Currently voucher holders can only go portable to areas of equal or lesser cost. The purpose behind voucher portability is to ensure participants have the ability to take their voucher with them as they pursue opportunities of employment, education or additional support anywhere within the country there is a Section 8 program.
6. The Executive Director will have the authority to adjust Payment Standards up to 110% of Fair Market Value from time to time as market conditions and actual program expenditures may warrant, and as

allowed by HUD. Payment Standards are currently set at the following percentage of HUD's established Fair Market Rent:

Studio	1 Bed	2 bed	3 Bed	4 Bed	5 Bed	6 Bed
100%	105.96%	107.87%	107.92%	97.13%	98.11%	96.12%
\$550	\$676	\$795	\$1158	\$1252	\$1454	\$1610

HAP's Payment Standards vary by bedroom size as demonstrated above. With additional analysis of changing rental market conditions, and an opportunity to understand how the proposed program changes impact actual costs, staff may want to modify the Standards for the larger unit subsidies.

Financial forecast models show that the implementation of items #1 through #3 above will have the following impact upon the average per unit Housing Assistance Payment cost:

Current (average) Housing Assistance Payment	Projected (average) Housing Assistance Payment (Items 1-3)	What we can afford based upon 2007 HUD funding
\$498.98	\$538.08	\$544.20

The cost effects of changes made to Rent Reasonableness testing and portability are very difficult to forecast but will be closely monitored. Funding projections predict that \$548,471 of 2007 HUD funding may remain under-utilized; this is the equivalent of only 1% of overall funding. Any unutilized subsidy will be held as a reserve within the program to help bridge CY 2008 funding changes.

While future appropriations and funding levels are certainly difficult to predict, based on HAP's current understanding of HUD budgets and congressional priorities, it is reasonable to assume that CY 2008 funding will show at least a modest increase.

Staff recommends approval of Resolution 07-07-01.



RESOLUTION 07-07-01

ADOPTING REVISIONS TO SECTION 8 POLICIES AND BUDGET WITH REGARD TO PARTICIPANT TENANT RENT SET AT 30%, REIMBURSEMENTS TO PARTICIPANTS, SUBSIDY STANDARDS, RENT INCREASES AND PORTABILITY IN RESPONSE TO NOTIFICATION OF FINAL SECTION 8 2007 HCV FUNDING

WHEREAS, on June 22, 2007 the U.S. Department of Housing and Urban Development has issued HAP a notice of its funding amounts for the Section 8 program in CY 2007; and

WHEREAS, the new funding methodology adopted by HUD for CY 2007 has resulted in an increase in funding up to the total amount of \$48,736,520, an additional \$2,925,640 above prior funding projections; and

WHEREAS, HAP is committed to fully utilizing this funding in ways that will directly benefit program participants by decreasing rent burden, increasing residency options inside and outside of the local community, and encouraging landlord participation; and

WHEREAS, HAP wishes to ensure maximum funding in 2008 as HUD's re-benchmarking methodology is used to determine future funding levels;

NOW THEREFORE, BE IT RESOLVED that the HAP Board of Commissioners authorizes the Executive Director to adopt revisions to Section 8 policies and budget with regard to participant tenant rent, rent reimbursement for January through August 2007, adjusting subsidy standards, allowing landlord rent increases without additional restriction beyond current market conditions, and allowing program participants to take their voucher portable after 12 months of local participation with no area restrictions.

Adopted: July 17, 2007

HOUSING AUTHORITY OF PORTLAND

Jeff Bachrach, Chair

Attest:

Steven D. Rudman, Secretary



MEMORANDUM

SUBJECT: RESOLUTION 07-07-02

A RESOLUTION TO ADOPT THE GUIDING PRINCIPLES AND PRESERVATION OBJECTIVES OF THE PUBLIC HOUSING PRESERVATION INITIATIVE, AND AUTHORIZING THE AUTHORITY TO BEGIN IMPLEMENTATION OF THE INITIATIVE.

TO: BOARD OF COMMISSIONERS
FROM: Steven D. Rudman 503.802.8455 stever@hapdx.org
Contact: Michael Andrews 503.802.8507 michaela@hapdx.org
Dianne Quast 503.802.8338 dianneq@hapdx.org

DATE: July 10, 2007

ISSUE:

Declining federal housing investments, an aging stock of Public Housing, and local jurisdictional priorities for ending homelessness have caused HAP to develop the Public Housing Preservation Initiative. The aim of this initiative is to maintain a vital housing resource for very low income households while improving the long term economic viability of the portfolio.

BACKGROUND:

Faced with a continuing and deepening decline in federal funding for public housing over the past five years, along with new rules from the US Department of Housing and Urban Development (HUD) about how public housing must be operated, many local public housing authorities are re-thinking how and whether to continue to own and manage their public housing assets. Indeed, the federal investment in public housing operations and capital has declined such that in 2007, housing authorities will receive only 83 cents for every dollar that is necessary to operate this critical resource, down from last year's proration of 86 percent. For HAP, this represents a \$1.6 million shortfall from formula funding levels. Capital fund resources also have continued to decline and would drop precipitously in the administration's fiscal year 2008 budget.

The Housing Authority of Portland has worked to incorporate HUD's new operating and budgeting rules, and is pursuing several strategies to protect and preserve this scarce and valuable community asset.

Some 162 of the agency's approximately 2,500 public housing units are scattered sites – single family homes, duplexes, triplexes and four-plexes - that are less efficient to operate than its larger multifamily public housing properties. The cost premium is driven by numerous factors, including incrementally higher staff time, the existence of non-standard materials and fixtures, and higher utilities charges. Like many housing authorities across the country, HAP has been seeking ways to render its public housing portfolio financially sustainable, and has been exploring

the possibility of selling its scattered site public housing and replacing it with public housing in multi-family complexes. In addition to using the proceeds for replacement housing, capturing the equity in these properties will provide a means to help address unmet and unfunded capital needs in HAP's existing public housing portfolio, and to bring back unused public housing operating subsidy associated with units that were taken off-line in the past several years. 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, both at the site and in the wider community.

HAP's Public Housing Preservation Initiative

Over the last year, HAP undertook the following actions as part of an evaluation of these strategies:

- An assessment of the value of the scattered site portfolio.
- Modeling of various scenarios to determine the likely costs involved in replacing this housing.
- Design and initial implementation of a pilot project to place 40 "banked" public housing units at a HAP-owned affordable housing property in Fairview.

Concurrent with this work, HAP reviewed a detailed analysis of the capital needs of its existing public housing portfolio and found that the need greatly exceeds available capital funding over a multi-year period.

The planning and analysis conducted over the past year, combined with the ongoing federal disinvestment, have led the agency to conclude that preserving public housing must be its first priority. Public housing serves very low-income clients; almost 90 percent of HAP's 2,500 public housing households make less than 30 percent of the area median income. If HAP can no longer afford to operate and maintain its public housing, there is no other housing program in the county that can absorb its clients and provide the same level of affordability.

There are three preservation objectives:

- Replace units that are inherently inefficient to operate with more efficient housing stock.
- Address unmet and unfunded capital needs across the portfolio.
- Bring back unused public housing subsidy or "banked" units to increase the current public housing supply.

HAP intends to sell approximately 50 scattered site public housing units a year over the next several years, and use the proceeds to meet these objectives in as close to the same timeframe as possible. It should be noted that 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 are unlikely to underwrite the full cost of each objective taken together.

HAP has developed the Public Housing Preservation Plan with input from key partners including; U.S. Department of Housing and Urban Development, City of Portland, Portland Development Commission, legal aid, service providers, non-profit developers, and other resident advocates. Information was presented and comments sought through several community meetings as well as a public meeting on June 19, 2007.

Recommendation:

This plan framework, guiding principals, and objectives have been discussed numerous times with Commissioners, most recently at the June HAP Board of Commissioners meeting. At this time, staff recommends approval of the guiding principals as articulated in the attachment, and seeks authorization to end the previously authorized Accessing the American Dream (AAD) program under which HAP sold scattered site public housing properties to residents. Additional authorizations for specific actions will be brought before the Commission as necessary to fully implement the different aspects of the plan. Staff recommends approval of Resolution 07-07-02.



RESOLUTION NO. 07-07-02

A RESOLUTION TO ADOPT THE GUIDING PRINCIPLES AND PRESERVATION OBJECTIVES OF THE PUBLIC HOUSING PRESERVATION INITIATIVE, AND AUTHORIZING THE AUTHORITY TO BEGIN IMPLEMENTATION OF THE INITIATIVE.

WHEREAS, the Authority is a public body corporate and politic of the State of Oregon, governed by a volunteer Board of Commissioners (the “Board”), that serves all of Multnomah County, City of Portland, and City of Gresham; and,

WHEREAS, the Authority is the largest provider of affordable housing in Oregon, and in this capacity HAP offers a variety of housing options to low-income individuals and families: 3,700 units of affordable housing, 2,500 units of public housing and approximately 8,000 Section 8 rent assistance vouchers; and,

WHEREAS, the mission of the Housing Authority of Portland (the “Authority” or “HAP”) 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; and,

WHEREAS, by Resolution 97-03-01, the Board previously authorizing the creation of the Accessing the American Dream program, and HAP subsequently entered an agreement with HUD to create this program on August 8, 1997.

WHEREAS, the U.S. Department of Housing and Urban Development (“HUD”) provides capital fund and operating subsidy to the Authority to own and maintain units made affordable to families and individuals by ensuring they pay no more than 30% of the adjusted income in rent (“Public Housing”).

WHEREAS, annual allocations of capital grant funds and operating support from HUD necessary to support of the operations of Public Housing have decreased precipitously over last five years; and,

WHEREAS, the Board finds and determines that the provision of Public Housing that serves very low income households within Multnomah County, City of Portland, and City of Gresham is central to HAP mission; and,

WHEREAS, the Board finds and determines that it is in HAP’s best interest and in the interest of very low income families served by Public Housing to reposition and preserve the current Public Housing portfolio; and,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of Portland, on behalf of the Authority acting in its own behalf:

1. Authorizes the creation of the Public Housing Preservation Initiative (the "Initiative") and directs staff to begin implementation of the Initiative.
2. Approve the Initiative's Guiding Principles and Preservation Objectives attached as Exhibit A.
3. Authorize ending the existing Accessing the American Dream program, created by the Board action, effective July 31, 2007.

ADOPTED: July 17, 2007

HOUSING AUTHORITY OF PORTLAND

Jeff Bachrach, Chair

ATTEST:

Steven D. Rudman, Secretary



MEMORANDUM

SUBJECT: RESOLUTION 07-07-03

**APPROVAL TO SUBMIT – U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT DISPOSITION APPLICATION –
SCATTERED SITE PUBLIC HOUSING PROPERTIES**

TO: BOARD OF COMMISSIONERS

**FROM: Steven D. Rudman 503.802.8455 stever@hapdx.org
Contact: Mike Andrews 503.802.8507 michaela@hapdx.org
Dianne Quast 503.802.8338 dianneq@hapdx.org**

DATE: July 10, 2007

ISSUE:

The Board is being asked to authorize the submission of the Disposition Plan to the U.S. Department of Housing and Urban Development relating to the 162 scattered site public housing rental units currently owned by HAP.

BACKGROUND:

Implementation of the Public Housing Preservation Initiative, specially selling these properties, requires prior approval from the U.S. Department of Housing and Urban Development (HUD). This approval is needed for the existing Declaration of Trust running to the benefit of HUD to be released from the property.

HAP intends to submit the Disposition Plan to HUD on September 20th. The plan submitted will stipulate HAP intends to sell these properties for full market value over the course of approximately three years. Request elements of the plan will be developed upon consent of the board to submit the plan, including resident notifications and informational meetings.

The submission of the application does not obligate HAP to sell these properties, but it will give HAP the authority to do so if it is deemed in the best interest of the agency. Staff will continue due diligence to determine the marketability and potential sales price of the properties in addition to keeping the board apprised of such efforts as the initiative moves forward. Furthermore, Board members will be asked to authorize certain actions related to the scattered site sales in relation to future preservation initiative milestones.

RECOMMENDATION:

Staff discussed the sale of the scattered site portfolio at the June 19th Board meeting and is recommending the approval of resolution 07-07-03.



RESOLUTION 07-07-03

PROVIDES APPROVAL TO SUBMIT THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT DISPOSITION APPLICATION FOR THE PUBLIC HOUSING SCATTERED SITE PORTFOLIO

WHEREAS, the Housing Authority of Portland continues to face a decline of federal investment for the operation and maintenance of its Public Housing portfolio and;

WHEREAS, the agency has undergone an intensive and thorough planning process to develop strategies to protect and preserve this valuable housing resource for the community's most vulnerable households and;

WHEREAS, the preservation strategies that emerged from the planning process outline the agency's intent to replace units that are inherently inefficient to operate with more efficient housing stock, address unmet and unfunded capital needs across the portfolio, bring back unused public housing subsidy or "banked" units to increase the current public housing supply and;

WHEREAS, HAP intends to sell approximately 50 scattered site properties each year for approximately three years and to use the proceeds while leveraging additional resources to meet the above mentioned objectives in the most timely fashion possible and;

WHEREAS, the sale of the scattered site properties and release of the Declaration of Trust recorded against each property necessitates a disposition application to the U.S. Department of Housing and Urban Development and;

WHEREAS, the Housing Authority of Portland stands ready to proceed by having the capacity, experience and ability to successfully dispose and sell the scattered site portfolio and to obtain maximum sales price possible and;

NOW THEREFORE, BE IT RESOLVED:

- 1) The executive director, or his designated appointee, is authorized to submit the necessary Disposition Application to the U.S. Department of Housing and Urban Development for the sale of the scattered site public housing portfolio;**
- 2) The executive director, or his designated appointee, is authorized to execute any supporting documentation necessary to deliver to the**

**U.S. Department of Housing and Urban Development a complete
Disposition Application.**

Adopted: July 17, 2007

HOUSING AUTHORITY OF PORTLAND

Jeff Bachrach, Chair

Attest:

Steven D. Rudman, Secretary

Appendix C

Resolution Authorizing FY 2008 MTW Report Submittal



MEMORANDUM

SUBJECT: RESOLUTION 08-06-03

**APPROVING THE MOVING TO WORK ANNUAL REPORT FOR
THE FISCAL YEAR ENDING MARCH 31, 2008**

TO: BOARD OF COMMISSIONERS

**FROM: Steve Rudman 503.802.8455 stever@hapdx.org
Shelley Marchesi 503.802.8427 shelleym@hapdx.org**

DATE: June 17, 2008

ISSUE:

Resolution 08-06-03 approves the Year Nine Moving To Work Annual Report (FY 2008) for submission to the Department of Housing and Urban Development.

BACKGROUND:

On December 31, 1996, the Department of Housing and Urban Development (HUD) requested high performing housing authorities to submit proposals to participate in the Moving to Work (MTW) Demonstration Program to design and test new ways of providing housing assistance and need services to low-income households.

HAP submitted an MTW Application to HUD on May 18, 1997, after receiving input from residents and the public. The application requested authorization to adopt new policies and procedures to more effectively serve the low-income people of Portland.

HAP was selected by HUD as one of twenty-four housing authorities to participate in the MTW Demonstration Program on October 31, 1997. HAP requested, and received, an extension of this agreement in 2001 and again in 2006. This current extension, which lasts until March 31, 2009, recognizes past successes of the MTW program as well as the additional reforms that can take place in future years. HUD has initiated negotiations with MTW agencies for a new ten-year standard agreement. If HAP chooses to sign the new agreement, it would extend the agency's participation in MTW until fiscal year 2018.

HAP has submitted eight previous Moving To Work annual reports to HUD as authorized by the HAP Board of Commissioners. Reflecting the Board's request during review of the FY 2006 report, the FY 2008 annual report includes two sections that are not required by HUD for MTW purposes:

- 1) a summary of HAP's affordable housing portfolio, both workforce and special needs housing; and
- 2) a summary of HAP's coordination of the regional short term rent assistance program.

The report now provides the Board and community stakeholders with a more comprehensive look at the work HAP is doing to support and house lower income residents in the community.

RECOMMENDATION:

Staff recommends approval of Resolution 08-06-03.



RESOLUTION 08-06-03

APPROVING THE MOVING TO WORK ANNUAL REPORT FOR THE FISCAL YEAR ENDING MARCH 31, 2008

WHEREAS, on January 13, 1999, HUD and the Authority signed an MTW Agreement which provides the Housing Authority of Portland 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, HUD has requested that the Housing Authority of Portland Board Commissioners approve the submission of its Nine Year Report; and

WHEREAS, on June 17, 2008, the HAP Board of Commissioners reviewed and approved the Moving To Work Nine Year Report;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Housing Authority of Portland that staff is directed to submit this approved Moving to Work Agreement Nine Year Report to the Department of Housing and Urban Development.

Adopted: June 17, 2008

HOUSING AUTHORITY OF PORTLAND

Jeff Bachrach, Vice Chair

Attest:

Steven D. Rudman, Secretary

Appendix D

Copies of Forms Submitted to HUD for Funding



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Portland Office; Northwest/Alaska Area
400 SW Sixth Avenue, Suite 700
Portland, Oregon 97204-1632

OFFICE OF PUBLIC HOUSING

October 22, 2007

Steve Rudman, Executive Director
Housing Authority of Portland
135 SW Ash
Portland, OR 97204-3540

Dear Mr. Rudman:

SUBJECT: Project OR00200107D

Your Calculation of Operating Subsidy for subject project for calendar year ending December 31, 2007 is approved. Subsidy was calculated using the MTW agreement alternate formula, revised submission. The following modifications were made:

HUD 52723

In Part A of Section 3, Subsidy For Units Eligible To Receive Funding For Last Quarter of 2007, was increased as discussed.

In Part F, line 9, Operating Subsidy Approvable For This Year, is \$7,732,238.

This year's proration is 83.4 percent.

If you have questions, please contact Betsy Marsh, 971 222-2664.

Sincerely,

A handwritten signature in cursive script, appearing to read "Betsy Marsh".

Deborah Mann, Acting PC Coordinator
Office of Public Housing

Enclosure

**Operating Fund
Calculation of Operating Subsidy
PHA-Owned Rental Housing**

**U.S. Department of Housing and
Urban Development
Office of Public and Indian Housing**

OMB Approval No. 2577-0029 (exp.10/31/2008)

Public Reporting Burden for this collection of information is estimated to average .75 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. This information is required by Section 9(a) of the U.S. Housing Act of 1937, as amended, and by 24 CFR Part 990 HUD regulations. HUD makes payments for the operation and maintenance of low-income housing projects to PHAs. The Operating Fund determines the amount of operating subsidy to be paid to PHAs. PHAs provide information on the Project Expense Level (PEL), Utilities Expense Level (UEL), Other Formula Expenses (Add-ons) and Formula Income - the major Operating Fund components. HUD reviews the information to determine each PHA's Formula Amount and the funds to be obligated for the Funding Period to each PHA based on the appropriation by Congress. HUD also uses the information as the basis for requesting annual appropriations from Congress. Responses to the collection of information are required to obtain a benefit. The information requested does not lend itself to confidentiality.

Section 1

1. Name and Address of Public Housing Agency:		2. Funding Period: 01/01/2007 to 12/31/2007	
Housing Authority of Portland 135 SW Ash Street Portland, OR 97204		3. Type of Submission: <input checked="" type="checkbox"/> Original <input type="checkbox"/> Revision No. _____	
4. ACC Number: SF-160	5. Fiscal Year End: <input type="checkbox"/> 12/31 <input checked="" type="checkbox"/> 3/31 <input type="checkbox"/> 6/30 <input type="checkbox"/> 9/30	6. Operating Fund Project Number: O R 0 0 2 0 0 1 0 7 D	
7. DUNS Number: 83643098	HUD Use Only		8. ROFO Code: 1016
		Financial Analyst: Betsy Marsh	

Section 2

Calculation of ACC Units for the 12-month period from July 1 to June 30 that is prior to the first day of the Funding Period:

ACC Units on 7/1/2005	+	Units Added to ACC	-	Units Deleted from ACC	=	ACC Units on 6/30/2006
2,407		45		0		2,452

Line No.	Category	Column A Unit Months	Column B Eligible Unit Months(EUMs)	Column C Resident Participation Unit Months
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Categorization of Unit Months:

Occupied Unit Months

01	Occupied dwelling units - by public housing eligible family under lease	0	0	0
02	Occupied dwelling units - by PHA employee, police officer, or other security personnel who is not otherwise eligible for public housing	0		0
03	New units - eligible to receive subsidy during the funding period but not included on Lines 01, 02, or 05-13	0	0	0
04	New units - eligible to receive subsidy from 10/1 to 12/31 of previous funding period but not included on previous Calculation of Operating Subsidy	0	0	0

Vacant Unit Months

05	Units undergoing modernization	0	0	
06	Special use units	0	0	
06a	Units on Line 02 that are occupied by police officers and that also qualify as special use units		0	
07	Units vacant due to litigation	0	0	
08	Units vacant due to disasters	0	0	
09	Units vacant due to casualty losses	0	0	
10	Units vacant due to changing market conditions	0	0	
11	Units vacant and not categorized above	0		

Other ACC Unit Months

12	Units eligible for asset repositioning fee and still on ACC (occupied or vacant)	0		
3	All other ACC units not categorized above	0		

Calculations Based on Unit Months:

14	Limited vacancies		0	
15	Total Unit Months	0	0	0
16	Units eligible for funding for resident participation activities (Line 15C divided by 12)			0

Special Provision for Calculation Of Utilities Expense Level:

17	Unit months for which actual consumption is included on Line 01 of form HUD 52722 and that were removed from Lines 01 through 11, above, because of removal from inventory, including eligibility for asset repositioning fee		0	
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Section 3

Line No.	Description	Requested by PHA	HUD Modifications
Part A. Formula Expenses			
Project Expense Level (PEL)			
01	PUM project expense level (PEL)	\$278.67	\$278.67
02	Inflation factor	1.02600	1.02600
03	PUM inflated PEL (Part A, Line 01 times Line 02)	\$285.92	\$285.92
04	PEL (Part A, Line 03 times Section 2, Line 15, Column B)	\$0	\$0
Utilities Expense Level (UEL)			
05	PUM utilities expense level (UEL) (from Line 26 of form HUD-52722)	\$0.00	\$0.00
06	UEL (Part A, Line 05 times Section 2, Line 15, Column B)	\$0	\$0
Add-Ons			
07	Self-sufficiency	\$0	\$0
08	Energy loan amortization	\$0	\$0
09	Payment in lieu of taxes (PILOT)	\$0	\$0
10	Cost of independent audit	\$0	\$0
11	Funding for resident participation activities	\$0	\$0
12	Asset management fee	\$0	\$0
13	Information technology fee	\$0	\$0
14	Asset repositioning fee	\$0	\$0
15	Costs attributable to changes in federal law, regulation, or economy	\$0	\$0
16	Total Add-Ons (Sum of Part A, Lines 07 through 15)	\$0	\$0
17	Total Formula Expenses (Part A, Line 04 plus Line 06 plus Line 16)	\$0	\$0
Part B. Formula Income			
01	PUM formula income	\$0.00	\$0.00
02	PUM change in utility allowances	\$0.00	\$0.00
03	PUM adjusted formula income (Sum of Part B, Lines 01 and 02)	\$0.00	\$0.00
04	Total Formula Income (Part B, Line 03 times Section 2, Line 15, Column B)	\$0	\$0
Part C. Other Formula Provisions			
01	Moving-to-Work (MTW)	\$8,881,598	\$9,271,269
02	Transition funding	\$0	\$0
03	Other	\$0	\$0
04	Total Other Formula Provisions (Sum of Part C, Lines 01 through 03)	\$8,881,598	\$9,271,269
Part D. Calculation of Formula Amount			
01	Formula calculation (Part A, Line 17 minus Part B, Line 04 plus Part C, Line 04)	\$8,881,598	\$9,271,269
02	Cost of independent audit (Same as Part A, Line 10)	\$0	\$0
03	Formula amount (greater of Part D, Lines 01 or 02)	\$8,881,598	\$9,271,269
Part E. Calculation of Operating Subsidy (HUD Use Only)			
01	Formula amount (same as Part D, Line 03)		\$9,271,269
02	Adjustment due to availability of funds		(\$1,539,031)
03	HUD discretionary adjustments		\$0
04	Funds Obligated for Period (Part E, Line 01 minus Line 02 minus Line 03)		\$7,732,238

Section 4

Remarks (provide section, part and line numbers):

The Housing Authority of Portland's CY07 Operating Subsidy was based on our MTW formula and prepared on the old form HUD-52723. was then transferred from the old form to the new form. Due to differences between forms, not all line items on the new form will exactly describe what the funds on that line item are for. HUD will need to cross-reference back to the old form.

Section 5

Certifications

- In accordance with 24 CFR 990.215, I hereby certify that Housing Authority of Portland is in compliance with the annual income reexamination requirements and that rents and utility allowance calculations have been or will be adjusted in accordance with current HUD requirements and regulations.
- In accordance with 24 CFR 990.190(f), I hereby certify that Housing Authority of Portland has fewer than 250 units and has elected to transition to asset management and therefore is eligible to receive an asset management fee.
- I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Authorized PHA Representative & Date:

x *Anna Brandt* 7/16/07

Signature of Authorized HUD Representative & Date:

Elizabeth Hanson SEP 21, 2007
Elizabeth Hanson, Director
 Real Estate Assessment Center

x

**Operating Fund
Calculation of Operating Subsidy**

PHA-Owned Rental Housing

**U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing**

OMB Approval No. 2577-0029 (exp. 10/31/2004)

0

Section 1

a) Name and Address of Public Housing Agency Housing Authority of Portland 135 SW Ash Street Portland, Oregon 97204				b) Budget Submission to HUD required <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
				Type of Submission <input type="checkbox"/> Original <input checked="" type="checkbox"/> Revision No. 1	
d) ACC units 2,641	e) Unit Months Available (UMAs): 30,420	f) Subject CY 01/01/07-12/31/07	g) ACC Number: SF-160	h) Operating Fund Proj No. OR00200107D	i) DUNS Number 83643098

Section 2

Line No.	Description	Requested by PHA (PUM)	HUD Modifications (PUM)
Part A. Allowable Expenses and Additions			
01	Previous allowable expense level (Part A, Line 08 of form HUD-52723 for previous year)	184.30	
02	Part A, Line 01 multiplied by .005 MTW: CY06 Line 02 1.39 x 1.005 = 1.40	1.40	
03	Delta from form HUD-52720-B, if applicable (see instructions)		
04	"Requested" year units from latest form HUD-52720-B (see instructions)		
05	Add-ons to allowable expense level from previous fiscal year (see instructions)		
06	Total of Part A, Lines 01, 02, 03 and 05	185.70	
07	Inflation factor	1.026	
08	Revised allowable expense level (Part A, Line 06 times line 07)	190.53	
09	Transition Funding		
10	Increase to AEL		
11	Allowable utilities expense level from form HUD-52722-A	96.64	
12	Actual PUM cost of Independent Audit (IA) (Through FYE)		
13	Costs attributable to deprogrammed units		
14	Total Allowable Expenses and Additions (Sum of Part A, Lines 08 thru 13)	287.17	

Part B. Dwelling Rental Income

01	Total Rent Roll		
02	Number of occupied units as of rent roll date		
03	Average monthly dwelling rental charge per unit for current budget year (Part B, Line 01 / Line 02)		
04	Average monthly dwelling rental charge per unit for prior budget year		
05	Average monthly dwelling rental charge per unit for budget year 2 years ago		
06	Three-year average monthly dwelling rental charge per unit ((Part B, Line 03 + Line 04 + Line 05) / 3)		
07	50/50 Income split ((Part B, Line 03 + Line 06) / 2)		
08	Average monthly dwelling rental charge per unit (lesser of Part B, Line 03 or Line 07)		
09	Rental income adjustment factor		
10	Projected average monthly dwelling rental charge per unit (Part B, Line 08 times Line 09)		
11	Projected occupancy percentage from form HUD-52728		
12	Projected average monthly dwelling rental income per unit (Part B, Line 10 times Line 11)		

Part C. Non-dwelling Income

01	Other income		
02	Total operating receipts (Part B, Line 12 plus Part C, Line 01)		
03	PUM deficit or (income) (Part A, Line 14 minus Part C, Line 02)	287.17	
		Requested by PHA (Whole dollars)	HUD Modifications (Whole dollars)
04	Deficit or (Income) before add-ons (Part C, Line 03 times Section 1, e)	8,735,711	

Line No.	Description	Requested by PHA (Whole dollars)	HUD Modifications (Whole dollars)
Part D. Add-ons for changes in Federal law or regulation and other eligibility			
01	FICA contributions		
02	Unemployment compensation		
03	Family Self Sufficiency Program EDSS No. OR02RSV002P0022 \$221,011 x 1.026	226,757	
04	Energy Add-On for loan amortization		
05	Unit reconfiguration 21 - ADA Merged Units @ \$356.11 PUM	89,740	
06	Non-dwelling units approved for subsidy		
07	Long-term vacant units		
08	Phase Down for Demolitions (eliminated) Asset Reposition Fee - Iris/Humbolt	98,553	
09	Units Eligible for Resident Participation:		
	Occupied Units (Part B, Line 02)		
10	Employee Units		
11	Police Units		
12	Total Units Eligible for Resident Participation (Sum of Part D, Lines 09 thru 11)		
13	Funding for Resident Participation (Part D, Line 12 x \$25)		
14	Other approved funding, not listed (Specify in Section 3) New Units Elig 10/1/06-12/31/06	120,508	
15	Total add-ons (sum of Part D, Lines 01-08, 13 and 14)	535,558	
Part E. Calculation of Operating Subsidy Eligibility Before Year-End Adjustments			
01	Deficit or (income) before adjustments (Total of Part C, Line 04 and Part D, Line 15)	9,271,269	
02	Actual cost of Independent Audit (IA)		
03	Operating subsidy eligibility before adjustments (greater of Part E, Line 01 or Line 02) (If less than zero, enter zero (0))	9,271,269	
Part F. Calculation of Operating Subsidy Approvable for Subject Fiscal Year (Note: Do not revise after end of subject FY)			
01	Utility Adjustment for Prior years-FY05 (No utility adjustment will be made. For reporting only)		
02	Additional subject fiscal year operating subsidy eligibility (specify)		
03	Unfunded eligibility in prior fiscal years to be obligated in subject fiscal year		
04	HUD discretionary adjustments		
05	Other (Specify)		
06	Other (Specify)		
07	Unfunded portion due to proration		
08	Net adjustments to operating subsidy (total of Part F, Lines 01 thru 07)		
09	Operating subsidy approvable for subject fiscal year (total of Part E, Line 03 and Part F, Line 08)	9,271,269	
HUD Use Only (Note: Do not revise after the end of the subject FY)			
10	Amount of operating subsidy approvable for subject fiscal year not funded		
11	Amount of funds obligated in excess of operating subsidy approvable for subject fiscal year		
12	Funds obligated in subject fiscal year (sum of Part F, Lines 09 thru 11) (Must be the same as line 690 of the Operating Budget, form HUD-52564, for the subject fiscal year) Appropriation symbol(s):		
Part G. Memorandum of Amounts Due HUD, Including Amounts on Repayment Schedules			
01	Total amount due in previous fiscal year (Part G, Line 04 of form HUD-52723 for previous fiscal year)	0	
02	Total amount to be collected in subject fiscal year (Identify individual amounts under Section 3)	0	()
03	Total additional amount due HUD (include any amount entered on Part F, Line 11) (Identify individual amounts under Section 3)	0	
04	Total amount due HUD to be collected in future fiscal year(s) (Total of Part G, Lines 01 thru 03) (Identify individual amounts under Section 3)	0	

Line No.	Description	Requested by PHA (Whole dollars)	HUD Modifications (Whole dollars)
Part H. Calculation of Adjustment for Subject Fiscal Year			
This part to be completed only after the subject fiscal year has ended.			
01	Indicate the types of adjustments that have been reflected on this form: <input type="checkbox"/> Utility Adjustment <input type="checkbox"/> HUD discretionary adjustment (Specify under Section 3)		
02	Utility adjustment from form HUD-52722-B		
03	Deficit or (Income) after adjustments (total of Part E, Line 01 and Part H, Line 02)		
04	Operating subsidy eligibility after year-end adjustments (greater of Part E, Line 02 or Part H, Line 03)		
05	Part E, Line 03 of latest form HUD-52723 approved during subject FY (Do not use Part E, Line 03 of this revision)		
06	Net adjustments for subject fiscal year (Part H, Line 04 minus Part H, Line 05)		
07	Utility adjustment (enter same amount as Part H, Line 02)		
08	Total HUD discretionary adjustments (Part H, Line 06 minus Line 07)		
09	Unfunded portion of utility adjustment due to proration		
10	Unfunded portion of HUD discretionary adjustment due proration		
11	Prorated utility adjustment (Part H, Line 07 plus Line 09)		
12	Prorated HUD discretionary adjustment (Part H, Line 08 plus Line 10)		

Section 3

Remarks (provide part and line numbers)

Part D Line 03 Elderly/Disabled PIH 2004-14: EDSS previously received through ROSS will now be received through Operating FY02 \$193,564 x 5% = FY03 \$203,242 x 3% = FY04 \$209,339/12 x 7mo = FY05 \$122,114
 FY06 = \$209,339 x 1.028 = \$215,201 CY06 = \$215,201 x 1.027 = \$221,011
 CY07 = \$221,011 x 1.026 = \$226,757

Part D Line 05 Unit Configuration **ADA Merged Units (Units x NonDwell PUM x months)**

NW Towers	6
Hollywood East	13
Medallion	2
<u>Total Units</u>	<u>21</u>
NonDwell PUM	356.11
<u>Months</u>	<u>12</u>
	89,740

Non-Dwelling PUM Calculations:

267.45+1.31x1.028=276.29 (1999)	310.92+1.36x1.012=316.03 (2004)
276.29+1.32x1.029=285.66 (2000)	316.03+1.37x1.023=324.70 (2005)
285.66+1.33x1.031=295.89 (2001)	324.70+1.38x1.028=335.21 (2006)
295.89+1.34x1.022=303.77 (2002)	335.21+1.39x1.027=345.69 (CY06)
303.77+1.35x1.019=310.92 (2003)	345.69+1.40x1.026=356.11 (CY07)

Part D Line 08 Asset Reposition Fee **Demo/Dispo Units Eligible for Asset Reposition Fee (Units x NonDwell PUM x 75% x months)**

Iris	105
Scattered	18
<u>Total Units</u>	<u>123</u>
NonDwell PUM	356.11
Year 1	75%
<u>Months</u>	<u>3</u>
<u>Fee</u>	<u>98,553</u>

Part D Line 14 Other Approved Funds **New Units Eligible for Subsidy 10/01/06 - 12/31/06**

Trouton/Woolsey units	125
AEL	291.08
<u>Months</u>	<u>varied</u>
<u>Subsidy</u>	<u>120,508</u> (calculated per HUD)

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

Signature of Authorized HA Representative & Date: <i>Ann Brandt</i> Ann Brandt, Treasury/Revenue Manager 16-Jul-07 X	Signature of Authorized Field Office Representative & Date:
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U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

CALCULATION OF ALLOWABLE UTILITIES EXPENSE LEVEL
PHA/HA-Owned Rental Housing
Operating Fund

Line No	Description (2)	Operating Fund Project Number (3)	c) New Project Numbers				Calendar Year 01/01/07-12/31/07	f) Type of submission	
			Unit Months Available	Sewerage and Water Consumption (4)	Electricity Consumption (5)	Gas Consumption (6)		Sewer (7)	Street Lighting (8)
01	UMA and actual consumption for old projects for 12 month period which ended 12 months before the Requested Budget Year. (March 1996)	OR00200107D Moving To Work - 1998 Base Year	30,420	236,755	11,299,839	213,144.0			
02	UMA and actual consumption for old projects for 12 month period which ended 24 months before the Requested Budget Year. (March 1995)		30,420	232,520	11,415,727	232,669.0			
03	UMA and actual consumption for old projects for 12 month period which ended 36 months before the Requested Budget Year. (March 1994)		30,420	189,387	11,619,338	248,627.0			
04	Accumulated UMA and actual consumption of old projects (sum of lines 01, 02, 03).		91,260	658,662	34,334,904	694,440			
05	Estimated Unit Months available for old projects for Requested Budget Year.		30,420						
06	Ratio of Unit months available for old projects (line 04 divided by line 05 of column 3).		3						
07	Estimated UMA and consumption for old projects for the Requested Budget Year (Each figure on line 04 divided by line 06).		30,420	219,554	11,444,968	231,480			
08	Estimated UMA and consumption for new projects.			1,617	39,447	1,618.0			
09	Total estimated UMA and consumption for old and new projects for Requested Budget Year (line 07 + line 08).		30,420	221,171	11,484,415	233,098			
10	Estimated cost of consumption on line 09 for Requested Budget Year (Line 13 times Line 09).		Current Rates	7,6365	0.0858	1,1383			
11	Total estimated cost for Requested Budget Year (sum of all columns of line 10).		Current Cost	1,688,972	985,363	265,335			
12	Est. PUM cost of consumption for Requested Budget Year (Allowable Utilities Expense Level) (line 11 divided by line 09, col. 3).		2,939.671						
13	Rate		96.64	3	various	various			
14	Unit of Consumption			100 cu ft	kwh	therms			

Remarks: Per MTW: (1) Utility consumption is frozen for the life of the demo, based on the 3 yr rolling base in effect in the FY98 base year (2) Current utility rates & UMAs will be used. Previous editions are obsolete
Facsimile HUD 52772-A (01/24/01)

**Capital Fund Program
(CFP) Amendment**
To The Consolidated Annual Contributions
Contract (form HUD-53012)

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

MTW 1 of 5

Whereas, (Public Housing Authority) Housing Authority of Portland (OR002) (herein called the "PHA") and the United States of America, Secretary of Housing and Urban Development (herein called "HUD") entered into Consolidated Annual Contributions

Contract(s) ACC(s) Number(s) SF-160

dated: 6/26/1959

Whereas, HUD has agreed to provide CFP assistance, upon execution of this Amendment, to the PHA in the amount to be specified below for the purpose of assisting the PHA in carrying out capital and management activities at existing public housing developments in order to ensure that such developments continue to be available to serve low-income families:

\$ 4,380,990 for Fiscal Year 2007 to be referred to under Capital Fund Grant Number OR16P00250107

PHA Tax Identification Number (TIN) On File

Whereas, HUD and the PHA are entering into the CFP Amendment Number _____

Now Therefore, the ACC(s) is (are) amended as follows:

1. The ACC(s) is (are) amended to provide CFP assistance in the amount specified above for capital and management activities of PHA developments. This amendment is a part of the ACC(s).

2. The capital and management activities shall be carried out in accordance with all HUD regulations and other requirements applicable to the Capital Fund Program.

3. (Check one)

a. In accordance with the HUD regulations, the Annual PHA Plan has been adopted by the PHA and approved by HUD, and may be amended from time to time. The capital and management activities shall be carried out as described in the Annual PHA Plan Capital Fund Annual Statement.

OR

b. The Annual PHA Plan has not been adopted by the PHA and approved by HUD. The PHA may use its CFP assistance under this contract for work items contained in its 5-Year Plan, before the Annual PHA Plan is approved.

For cases where HUD has approved a Capital Fund Financing Amendment to the ACC (CFF Amendment attached), HUD will deduct the payment for amortization scheduled payments from the grant immediately on the effective date of this CFP Amendment. The payment of CFP funds due per the amortization scheduled will be made directly to a designated trustee (Trustee Agreement attached) within 3 days of the due date.

Whether 3.a or 3.b is selected above, the 24 month time period in which the PHA must obligate this CFP assistance pursuant to section 9(j)(1) of the United States Housing Act of 1937, as amended, (the "Act") and 48 month time period in which the PHA must expend this CFP assistance pursuant to section 9(j)(5) of the Act starts with the effective date of this CFP amendment (the date on which CFP assistance becomes available to the PHA for obligation).

4. Subject to the provisions of the ACC(s) and paragraph 3, and to assist in the capital and management activities, HUD agrees to disburse to the PHA or the designated trustee from time to time as needed up to the amount of the funding assistance specified herein.

5. The PHA shall continue to operate each development as low-income housing in compliance with the ACC(s), as amended, the Act and all HUD regulations for a period of twenty years after the last disbursement of CFP assistance for modernization activities and for a period of forty years after the last distribution of CFP assistance for development activities. However, the provisions of Section 7 of the ACC shall remain in effect for so long as HUD determines there is any outstanding indebtedness of the PHA to HUD which arose in connection with any development(s) under the ACC(s) and which is not eligible for forgiveness, and provided further that, for a period of ten years following the last payment of assistance from the Operating Fund to the PHA, no disposition of any development covered by this amendment shall occur unless approved by HUD.

6. The PHA will apply for the entire CFP assistance amount for this FY. If the PHA does not comply with any of its obligations under this Amendment and does not have its Annual PHA Plan approved within the period specified by HUD, HUD shall impose such penalties or take such remedial action as provided by law. HUD may direct the PHA to terminate all work described in the Capital Fund Annual Statement of the Annual PHA Plan. In such case, the PHA shall only incur additional costs with HUD approval.

7. Implementation or use of funding assistance provided under this Amendment is subject to attached corrective action order(s).

(mark one) : Yes No

8. The PHA acknowledges its responsibility for adherence to this Amendment by subgrantees to which it makes funding assistance herein available.

The parties have executed this Agreement, and it will be effective on 9/13/2007 This is the date on which CFP assistance becomes available to the PHA for obligation.

U.S. Department of Housing and Urban Development
By _____ Date: _____

Title _____

PHA Executive Director
By [Signature]
Date: 9/5/07
Title _____

Executive Director

CAPITAL FUND PROGRAM TABLES START HERE

Annual Statement/Performance and Evaluation Report		Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary	
PHA Name: Housing Authority of Portland		Grant Type and Number	Federal FY of Grant:
		Capital Fund Program Grant No: OR16P00250107	2007
		Replacement Housing Factor Grant No:	
<input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/ Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> Final Performance and Evaluation Report			
Line No.	Summary by Development Account	Total Estimated Cost	Total Actual Cost
		Original	Revised
		Obligated	Expended
1	Total non-CFP Funds		
2	1406 Operations		
3	1408 Management Improvements		
4	1410 Administration		
5	1411 Audit		
6	1415 Liquidated Damages		
7	1430 Fees and Costs		
8	1440 Site Acquisition		
9	1450 Site Improvement		
10	1460 Dwelling Structures		
11	1465.1 Dwelling Equipment—Nonexpendable		
12	1470 Nondwelling Structures		
13	1475 Nondwelling Equipment		
14	1485 Demolition		
15	1490 Replacement Reserve		
16	1492 Moving to Work Demonstration	4,380,990	
17	1495.1 Relocation Costs		
18	1499 Development Activities		
19	1501 Collateralization or Debt Service		

Annual Statement/Performance and Evaluation Report

Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary

PHA Name: **Housing Authority of Portland**

Grant Type and Number

Capital Fund Program Grant No: **OR16P00250107**

Federal FY of Grant:
2007

Replacement Housing Factor Grant No:

Original Annual Statement Reserve for Disasters/Emergencies Revised Annual Statement (revision no:)

Performance and Evaluation Report for Period Ending: Final Performance and Evaluation Report

Line No.	Summary by Development Account	Total Estimated Cost			Total Actual Cost	
		Original	Revised	Obligated	Expended	
20	1502 Contingency					
21	Amount of Annual Grant: (sum of lines 2 - 20)	4,380,990				
22	Amount of line 21 Related to LBP Activities					
23	Amount of line 21 Related to Section 504 compliance					
24	Amount of line 21 Related to Security - Soft Costs					
25	Amount of line 21 Related to Security - Hard Costs					
26	Amount of line 21 Related to Energy Conservation Measures					

**Capital Fund Program
(CFP) Amendment**
To The Consolidated Annual Contributions
Contract (form HUD-53012)

U.S. Department of Housing
and Urban Development
Office of Public and Indian Housing

Development 1 of 5

Whereas, (Public Housing Authority) Housing Authority of Portland (OR002) (herein called the "PHA") and the United States of America, Secretary of Housing and Urban Development (herein called "HUD") entered into Consolidated Annual Contributions

Contract(s) ACC(s) Number(s) SF-160

dated: 6/26/1959

Whereas, HUD has agreed to provide CFP assistance, upon execution of this Amendment, to the PHA in the amount to be specified below for the purpose of assisting the PHA in carrying out capital and management activities at existing public housing developments in order to ensure that such developments continue to be available to serve low-income families:

\$ 441,921 for Fiscal Year 2007 to be referred to under Capital Fund Grant Number OR16R00250107

PHA Tax Identification Number (TIN) On File

Whereas, HUD and the PHA are entering into the CFP Amendment Number _____

Now Therefore, the ACC(s) is (are) amended as follows:

1. The ACC(s) is (are) amended to provide CFP assistance in the amount specified above for capital and management activities of PHA developments. This amendment is a part of the ACC(s).

2. The capital and management activities shall be carried out in accordance with all HUD regulations and other requirements applicable to the Capital Fund Program.

3. (Check one)

a. In accordance with the HUD regulations, the Annual PHA Plan has been adopted by the PHA and approved by HUD, and may be amended from time to time. The capital and management activities shall be carried out as described in the Annual PHA Plan Capital Fund Annual Statement.

OR

b. The Annual PHA Plan has not been adopted by the PHA and approved by HUD. The PHA may use its CFP assistance under this contract for work items contained in its 5-Year Plan, before the Annual PHA Plan is approved.

For cases where HUD has approved a Capital Fund Financing Amendment to the ACC (CFP Amendment attached), HUD will deduct the payment for amortization scheduled payments from the grant immediately on the effective date of this CFP Amendment. The payment of CFP funds due per the amortization scheduled will be made directly to a designated trustee (Trustee Agreement attached) within 3 days of the due date.

Whether 3.a or 3.b is selected above, the 24 month time period in which the PHA must obligate this CFP assistance pursuant to section 9(j)(1) of the United States Housing Act of 1937, as amended, (the "Act") and 48 month time period in which the PHA must expend this CFP assistance pursuant to section 9(j)(5) of the Act starts with the effective date of this CFP amendment (the date on which CFP assistance becomes available to the PHA for obligations).

4. Subject to the provisions of the ACC(s) and paragraph 3, and to assist in the capital and management activities, HUD agrees to disburse to the PHA or the designated trustee from time to time as needed up to the amount of the funding assistance specified herein.

5. The PHA shall continue to operate each development as low-income housing in compliance with the ACC(s), as amended, the Act and all HUD regulations for a period of twenty years after the last disbursement of CFP assistance for modernization activities and for a period of forty years after the last distribution of CFP assistance for development activities. However, the provisions of Section 7 of the ACC shall remain in effect for so long as HUD determines there is any outstanding indebtedness of the PHA to HUD which arose in connection with any development(s) under the ACC(s) and which is not eligible for forgiveness, and provided further that, for a period of ten years following the last payment of assistance from the Operating Fund to the PHA, no disposition of any development covered by this amendment shall occur unless approved by HUD.

6. The PHA will apply for the entire CFP assistance amount for this FY. If the PHA does not comply with any of its obligations under this Amendment and does not have its Annual PHA Plan approved within the period specified by HUD, HUD shall impose such penalties or take such remedial action as provided by law. HUD may direct the PHA to terminate all work described in the Capital Fund Annual Statement of the Annual PHA Plan. In such case, the PHA shall only incur additional costs with HUD approval.

7. Implementation or use of funding assistance provided under this Amendment is subject to attached corrective action order(s).

(mark one) : Yes No

8. The PHA acknowledges its responsibility for adherence to this Amendment by subgrantees to which it makes funding assistance herein available.

The parties have executed this Agreement, and it will be effective on _____ assistance becomes available to the PHA for obligation.

This is the date on which CFP

U.S. Department of Housing and Urban Development

By _____ Date: _____

Title

PHA Executive Director

By _____
Date: _____
Title

Executive Director

9/5/07

CAPITAL FUND PROGRAM TABLES START HERE

Annual Statement/Performance and Evaluation Report Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary		Federal FY of Grant: 2007		
PHA Name: Housing Authority of Portland		Grant Type and Number Capital Fund Program Grant No: ORI6P00250107		
Replacement Housing Factor Grant No:				
<input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/ Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> Final Performance and Evaluation Report				
Line No.	Summary by Development Account	Total Estimated Cost	Obligated	Expended
1	Total non-CFP Funds			
2	1406 Operations			
3	1408 Management Improvements			
4	1410 Administration			
5	1411 Audit			
6	1415 Liquidated Damages			
7	1430 Fees and Costs			
8	1440 Site Acquisition			
9	1450 Site Improvement			
10	1460 Dwelling Structures			
11	1465.1 Dwelling Equipment—Nonexpendable			
12	1470 Nondwelling Structures			
13	1475 Nondwelling Equipment			
14	1485 Demolition			
15	1490 Replacement Reserve			
16	1492 Moving to Work Demonstration			
17	1495.1 Relocation Costs			
18	1499 Development Activities	441,921		
19	1501 Collateralization or Debt Service			

Annual Statement/Performance and Evaluation Report

Capital Fund Program and Capital Fund Program Replacement Housing Factor (CFP/CFPRHF) Part I: Summary

PHA Name: Housing Authority of Portland		Grant Type and Number		Federal FY of Grant:	
		Capital Fund Program Grant No: OR16P00250107		2007	
		Replacement Housing Factor Grant No:			
<input type="checkbox"/> Original Annual Statement <input type="checkbox"/> Reserve for Disasters/ Emergencies <input type="checkbox"/> Revised Annual Statement (revision no:) <input type="checkbox"/> Performance and Evaluation Report for Period Ending: <input type="checkbox"/> Final Performance and Evaluation Report					
Line No.	Summary by Development Account	Total Estimated Cost	Revised	Obligated	Expended
20	1502 Contingency	Original			
21	Amount of Annual Grant: (sum of lines 2 - 20)	441,921			
22	Amount of line 21 Related to LBP Activities				
23	Amount of line 21 Related to Section 504 compliance				
24	Amount of line 21 Related to Security - Soft Costs				
25	Amount of Line 21 Related to Security - Hard Costs				
26	Amount of line 21 Related to Energy Conservation Measures				

From: Financial Management Center [mailto:FinancialManagementCenter@hud.gov]

Sent: Wednesday, January 23, 2008 9:29 AM

Subject: PHA Requests to Revise VMS Data for CY 2008 Voucher Renewal Funding Calculations

The Department notified all agencies, by letter of December 31, 2007, of the opportunity to request revisions to the VMS data previously validated by the agencies for the period of October 1, 2006 through September 30, 2007. This data will be used to calculate each agency's CY 2008 Voucher renewal funding eligibility. The administrative deadline established by HUD for receipt of the requests was Tuesday, January 15. In reviewing the responses, HUD has identified that many agencies appear to have misunderstood the instructions for some data items. The purpose of this message is two-fold:

1. To advise agencies of these typical issues and offer the opportunity to make needed corrections; and
2. To offer agencies who have not made a submission in response to the December 31, 2007 letter the opportunity to do so

To accomplish this, agencies are advised that the deadline for corrections and new submissions has been set as 5:00 pm on Tuesday, January 29, 2008. Be aware that the submissions must be RECEIVED BY HUD, not mailed, by the deadline. Submission must be original, not sent via fax or electronic mail.

Please review the following issues and ensure that your submission is in accordance with the instructions:

- A. Deposits to FSS participant's escrow accounts are to be reported as HAP expenses. Forfeitures for participants who fail to meet their contracts are NOT to be deducted from HAP expenses
- B. The box at the top of Enclosure A titled "First of Month Expenses" should be marked "Yes" if the VMS expenses reported by the HA are expenses as of the first of the month only, rather than expenses for the entire month
- C. If an agency is requesting credit vouchers withheld from leasing in support of a project-based AHAP, the agency should be certain to submit the signed AHAP, specifically included Exhibits A and C (rents and approved units)
- D. Many agencies did not sign and return the certification for Enclosure A (separate page from the data); without the certification HUD cannot accept the submission, so be sure it has been sent
- E. Some agencies have reported portable vouchers as transfers; transfers occur only when the number of vouchers in an agency's ACC is permanently reduced.
- F. Amounts realized by the agency via fraud recovery should not be deducted from HAP expenses
- G. Please remember that the VMS data presented for your review for the period of January to September 2007 was the data previously submitted and validated by the agency; it does not reflect any subsequent changes you made in VMS – those changes must be reported.

We hope this opportunity will assist your agency as we strive to ensure we have the most accurate data available in support of CY 2008 Voucher renewal funding calculations.