



homeforward

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YEAR 16

Moving to Work

ANNUAL REPORT

Original Submission:

June 25, 2015

HUD Approval Received:

May 25, 2016

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YEAR 16

FY2015 Moving to Work ANNUAL REPORT

April 1, 2014 – March 31, 2015

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Introduction

Moving to Work (MTW) is a demonstration program that offers public housing authorities (PHAs) the opportunity to design and test innovative, locally-designed housing and self-sufficiency strategies for low income families by allowing exemptions from existing public housing and tenant-based Housing Choice Voucher rules. The program also permits PHAs to combine operating, capital and tenant-based assistance funds into a single agency-wide funding source, as approved by HUD. The purpose of the MTW program is to give PHAs and HUD the flexibility to design and test various approaches for providing and administering housing assistance that accomplish three primary goals:

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

Home Forward has been designated an MTW agency since 1998. In 2009 we signed a new agreement with HUD that ensured our participation in the program until 2018, providing additional time to implement, test and assess new initiatives and approaches to our work in support of the MTW program's goals. We, along with the other MTW agencies across the country, are now in the midst of negotiations with HUD to execute a new agreement that would extend our MTW flexibility for an additional ten years. Our continued participation in the MTW program is vital to our agency, to the thousands of households we serve, and to our community as a whole.

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

Home Forward develops long-term strategies and planning using the goals defined in our Strategic Operations Plan, which align with the objectives established by the Moving to Work program:

Strategic Operations Plan Goals

Goal 1: We will deploy resources with greater intentionality and alignment with other systems while increasing the number of households served.

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

Goal 2: We will increase the number of housing units for our community through preservation, development and acquisition.

- Related MTW objective: Increase housing choices for low-income families.

Goal 3: We will strengthen our relationship with the people we serve by increasing mutual accountability and by improving our ability to connect them to vital services in the community.

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

Goal 4: We will increase efficiency and embrace our new identity by transforming the organizational structure and culture.

- Related MTW objective: Reduce cost and achieve greater cost effectiveness in Federal expenditures.

Home Forward works to achieve these goals through our MTW activities, initiatives funded through MTW single-fund flexibility, and additional priority initiatives that do not require MTW authority. Each of our MTW activities supports at least one of these goals, and as a whole our MTW activities are foundational to serving our mission of providing shelter and support for our neighbors in need.

Overview of the Agency's MTW Goals and Objectives for FY2015

In FY2015, Home Forward continued to utilize the flexibility afforded by the MTW program to be creative and intentional about the work we do and the community we served. Of the thirteen activities included in our FY2015 MTW Plan, one activity was not implemented in this fiscal year and one activity is being discontinued.

Activity 12 Alternative Initial Housing Assistance Payment Policy was not implemented in FY2015 due to two significant changes in leadership for the Home Forward voucher program. The activity will allow Home Forward to enter into contract with a landlord with an effective date prior to the initial inspection date, enabling landlords to lease to voucher holders without losing valuable rental income while waiting for an inspection. This activity is important to our community, where a competitive rental market and rapidly rising rents are making it more difficult for voucher holders to find affordable homes. During the leadership change, program development was put on hold so that new leadership could be fully engaged in design and implementation of the initiative. Home Forward intends to implement a pilot of this activity before the end of FY2016.

Activity 05 Biennial Inspections will be formally closed out with this report. This activity allowed Home Forward to implement biennial inspections in our voucher program and resulted in significant cost and time savings. As a result, Home Forward has been able to reduce the size of the inspections department since the activity was implemented in 2008. With the success of this initiative, as well as with similar initiatives at other MTW agencies, HUD has now adopted biennial inspections as a standard practice for all housing authorities. The FY2014 Appropriations Act allows all housing authorities to conduct inspections on a biennial basis; therefore, this activity no longer requires MTW flexibility.

Our other ongoing activities continue to increase housing choice for the low-income families we serve and create cost savings for the agency. Our project-based voucher program provides housing for over 2,000 households in the community, and has allowed us to preserve high-rise buildings that ensure affordable housing is available to seniors and people with disabilities. Program Based Assistance (Activity 14) offers time limited rent-assistance, paired with services, to help families avoid homelessness and remain permanently housed. Aspects of our Rent Reform Activity such as biennial/triennial reviews and no longer requiring reporting of certain types of income have resulted in increased efficiency and easier explanations of our rent calculation. Activity 02 GOALS – Home Forward's Family Self-Sufficiency Program graduated 39 households in FY2015. Those households started GOALS with an average earned income of \$8,745, and increased their average earned income at graduation to \$33,027.

Activity 13 Broaden Range of Approved Payment Standards has been key in Home Forward's efforts to address a difficult market for our voucher holders. With a vacancy rate of only 3% and rising rents, voucher holders are finding it more difficult to locate affordable homes in our community. This activity has allowed Home Forward to establish payment standards comparable to the local rental market, enabling more voucher holders to access units of their choice. Home Forward implemented the new payment standard parameters in July 2014, and increased payment standards again in many areas in early 2015. We continue to monitor the market and explore opportunities to help our voucher holders find more success in leasing up.

Overview of Home Forward's MTW Activities

| | |
|--|----|
| 01 Rent Reform..... | 24 |
| Home Forward has implemented large scale reform of our rent calculation. | |
| 02 GOALS – Home Forward’s family self-sufficiency program..... | 31 |
| Home Forward has aligned its self-sufficiency programs into one consolidated, locally tailored program. | |
| 03 Local Blended Subsidy..... | 38 |
| Home Forward has created a local blended subsidy program, blending Section 8 and public housing funds to subsidize units. | |
| 06 Alternate inspection requirements for partner-based programs..... | 40 |
| Home Forward uses alternate inspection standards for programs where we contract our resources to be administered by partners. | |
| 07 Landlord self-certification of minor repairs..... | 42 |
| In cases where we deem it appropriate, Home Forward may accept an owner’s certification that repairs have been made. | |
| 08 Inspection and rent reasonableness at Home Forward-owned properties..... | 44 |
| Home Forward sets rent reasonableness and inspects the unit when a voucher holder selects a unit we own. | |
| 09 Measures to improve the rate of voucher holders who successfully lease up..... | 45 |
| Home Forward has implemented measures to improve landlord acceptance of Section 8 vouchers in the community. | |
| 10 Local Project-Based Voucher program..... | 48 |
| Home Forward has created a local project-based voucher program that is tailored to meet the needs of our community. | |
| 11 Align utility allowance adjustment process..... | 54 |
| Home Forward has aligned the utility allowance adjustment process for public housing and Section 8. | |
| 13 Broaden range of approved payment standards..... | 55 |
| Home Forward will have the flexibility to establish payment standards between 80% and 120% of Fair Market Rents. | |
| 14 Program Based Assistance..... | 58 |
| Home Forward has designed a program that offers time limited rent assistance to help families access and/or retain stable housing. | |
| Not Yet Implemented | |
| 12 Alternative initial Housing Assistance Payment policy..... | 61 |
| Home Forward will allow the initial inspection to take place after the effective date of the rental contract. | |

Overview of Non-MTW Activities

Home Forward's goals and objectives for FY2015 also included a number of activities that do not require MTW flexibility, but are key to continuing to be innovative in the ways we serve our community.

Regional Efforts

Home Forward has been working closely with our three neighboring housing authorities, as well as with the three local Workforce Investment Boards. The goal is to identify and pursue strategies that are regional in nature and increase residents' abilities to view the Portland Metro area as a single region with respect to housing, jobs and education. We have several activities under this umbrella:

- Sharing jurisdiction with Clackamas County – For several years, Home Forward and the Housing Authority of Clackamas County (HACC) have been testing the impact of sharing jurisdiction. This allows families with vouchers from either housing authority the flexibility to use their voucher within Multnomah or Clackamas County without going through the portability process. While this effort does not require MTW authority, Home Forward is pursuing this activity with the hope of increasing administrative efficiency by reducing workload related to portability, as well as increasing housing choice for families. At last count, 111 Home Forward participants were living in Clackamas County and 52% of those were in low-poverty areas. Estimated administrative savings for Home Forward over the first two years were over \$120,000. Surveys of landlords and families who are using this flexibility showed overwhelmingly positive results. Two-thirds of participant respondents stated that the effort helped them move closer to jobs, schools or other resources, and the vast majority of landlords indicated the program is working well for them. This activity also serves to affirmatively further fair housing practices by proactively undertaking steps to aid in fostering access to community assets for all persons protected by the Fair Housing Act.
- Developing tools for mobility counseling – Home Forward was awarded a grant from Metro, a regional governmental entity, to work collaboratively with our three neighboring housing authorities to develop tools to provide mobility counseling to Section 8 participants in order to help reduce their combined housing and transportation costs. Lack of access to affordable transportation options often proves to be a barrier to housing choice. Assisting participants to identify housing locations with affordable transit options serves to further Fair Housing goals. A baseline survey of Home Forward voucher holders who moved shows that movers have relocated to less location-efficient areas. This is attributed to the increased housing costs in Portland's core neighborhoods which have been pushing low-income renters out of the city's core to areas where transportation options are fewer and walkability is less.

A Transportation Toolkit was finalized in March 2014, and has been integrated into the voucher orientation process for movers and new applicants. The online and paper toolkit includes a video, brochures about considering transportation costs when moving, a worksheet to compare transportation costs of housing choices, and a tutorial for using walkscore. Evaluators are surveying participants before and after they move, and the results will be compared with baseline data collected from families who moved prior to the implementation of the toolkit.

- Expanding employment and training for housing authority residents – Home Forward, in partnership with our three neighboring housing authorities and the three local Workforce Investment Boards in our region, received a \$5.5 million, multi-year Workforce Innovation Fund grant from the Department of Labor in 2012 to provide training and employment opportunities to housing authority residents. This grant builds upon a model that Home Forward and Worksystems, Inc. have been operating for several years. Home Forward is receiving \$1.1 million to fund case management staff to support 270 residents as they access training and employment opportunities through the local Worksource system in high demand occupations. Funds are also available to provide employment supports (such as assistance with transportation and childcare) for participating families. The grant will end in April of 2016, but all participating partners have committed to either continue elements of the program with existing resources or explore potential funding sources to support continuation. Lessons learned from this program will inform future collaborations between Home Forward and the Workforce system, possibly including an application for Jobs Plus funding from HUD.

Beech Street Apartments

Completed in July 2014, Beech Street Apartments has 31 units of alcohol- and drug-free housing that serve as a complement to Project Network, an established residential drug- and alcohol-abuse treatment program for women with children, operated by LifeWorks NW. By developing Beech Street Apartments alongside the new Project Network facility, Home Forward has made permanent housing available that supports sustainable recovery efforts for graduates of Project Network and other drug- and alcohol-treatment programs. The 31 units are supported with project based vouchers. Leasing was completed in September 2014.

Employment/Education Preferences

Home Forward's public housing program has an employment/education and training preference at nine family properties: New Columbia, Slavin Court, Eliot Square, Celilo Court, Floresta, Maple Mallory, Chateau, Madrona Apartments and Stephens Creek Crossing. Applicants who are currently employed (defined as working an average of 30 hours per month) or are engaged in a training or education program qualify for the preference. Applicants who are seniors or people with disabilities receive an equal preference at the property.

The Section 8 waiting list mirrors the above preference. The waiting list includes a preference for households that are employed or engaged in a training or education program. As we pull from the list, priority selection is offered to seniors, people with disabilities, and families who qualify for the preference. Households who do not have one of these priority preferences may wait longer to receive their voucher.

High Rise Preservation Efforts

As part of our second Strategic Operations Plan goal to increase the number of housing units for our community through preservation, development and acquisition, Home Forward is focusing on renovating the agency's ten high-rise public housing buildings. The ten high-rises provide 1,232 housing units and serve some of our most vulnerable community members: seniors and people with disabilities. Located in thriving Portland neighborhoods with nearby services and amenities, the buildings also are in need of millions in capital improvements if they are to continue to provide safe, decent affordable homes.

The first phase of the preservation effort involves renovations at four communities that provide 654 homes: Gallagher Plaza, Northwest Tower, Hollywood East and Sellwood Center. The underlying subsidy for the apartments was converted to project-based Section 8 funding in 2013. The properties were transferred to the Low Income Housing Tax Credit (LIHTC) partnership in FY2015. Lease up as affordable housing properties began in October 2014 and will be completed by July 2015. Construction formally began with a notice to proceed at the properties in April 2015.

During construction, temporary relocation is necessary for many residents. To accommodate this need, 56 units at two of the properties have been taken off-line to serve as temporary “hotels” for residents in their respective buildings who may need to stay elsewhere while work is occurring. For residents in ADA units or large families that need additional space, off-property private hotels with kitchen accommodations are being made available.

Home Forward continues to plan for the preservation of the remaining six high-rise buildings, as well as the balance of our public housing portfolio. These properties will be included in either a Section 18 Disposition application or an application for the Rental Assistance Demonstration program, as part of a strategy to convert the operating subsidy from public housing to Section 8.

Stephens Creek Crossing

Formerly known as Hillsdale Terrace, the 60 units of public housing at that site were demolished and construction of this HOPE VI redevelopment was completed in FY2015. Stephens Creek Crossing includes 109 subsidized units, an additional 13 units for families with incomes below 60% of area median income, and seven new homes for first-time home buyers, constructed through Habitat for Humanity. Lease up was completed in May 2014. New residents receive an extensive orientation to the community, including a “Community Compact” which represents an agreement between residents and staff to establish a relationship based on mutual respect and trust. All work-focused households also sign an agreement to participate in the GOALS program with specific objectives to reach greater family economic opportunity. Senior and/or disabled households have a choice to participate as well. The new Children’s Center opened in September 2014 and houses three Head Start classrooms and early childhood education programs for young children and parents. A close partnership between Home Forward and Neighborhood House (a non-profit located in the adjacent neighborhood) made the completion of this facility possible.

VASH Households

Veterans Affairs Supportive Housing (VASH) vouchers are an important and valuable resource for homeless veterans in our community. Since our original award of 70 vouchers in FY2009, Home Forward has received additional awards representing an increase of 650%. Most recently, Home Forward was awarded 79 new VASH vouchers in April 2015 with an effective date of June 1, 2015. With this additional award, our total is 525 vouchers. We are proud to administer these vouchers for the men and women in our community.

As of March 31, 2015, our VASH utilization had dropped to 76%, although our annual average was 82%. Our ability to lease-up new VASH awards has been hampered by increasingly challenging market conditions and insufficient referrals from the Department of Veterans Affairs (VA). We continue to work diligently the VA, local jurisdictional representatives and non-profit partners to increase our utilization. In FY2015, Home Forward continued to

provide security deposit assistance, and Multnomah County funded additional flexible placement and retention assistance which could be used for any costs related to removing barriers related to lease-up, such as application fees, utility and housing debt, and transportation costs associated with housing search.

Portland Mayor Charlie Hales and Multnomah County Chair Deborah Kafoury have signed on to the Mayors Challenge to End Veteran Homelessness by the end of 2015, and a plan to achieve that goal has been adopted by a Home for Everyone, a community-wide effort to better assist people experiencing homelessness in Multnomah County. Key to our plan to end veteran homelessness is full utilization of VASH, and to that end, Home Forward is continuing our current strategies and working with our partners to implement the following new strategies in the coming months:

- Learning from the experience of other communities, we will be working with partners to develop a dynamic “name registry” of veterans experiencing homelessness in order to facilitate outreach and connection to appropriate housing programs.
- Mayor Hales and Chair Kafoury are spearheading targeted recruitment of landlords that will be coupled with increased support for housing providers renting to veterans exiting homelessness. These new supports will include a landlord guarantee and a retention program that will provide after-hours support to landlords and veterans placed through our efforts.
- We are working with partners to utilize rapid rehousing programs, including Supportive Services for Veteran Families, as a bridge to VASH.
- The City of Portland is paying for staff at a local non-profit, Transitions Projects, Inc., to provide housing placement assistance to VASH participants.

In fall of 2014 we requested authorization from the HUD Voucher Office to include VASH voucher holders in the application of approved MTW activities. In November and December 2014, we received approval to apply the requested MTW activities to VASH voucher holders.

A Home for Everyone

A Home for Everyone is a community-wide effort to better assist people experiencing homelessness in Multnomah County. Established through a charter adopted by Home Forward, Multnomah County and the cities of Portland and Gresham, A Home for Everyone is led by an executive committee comprised of jurisdictional and funding partners and supported by a coordinating board comprised of a diverse set of community, non-profit and government stakeholders. By charter, Home Forward has a seat on the Home for Everyone Executive Committee.

In September 2014, the Home for Everyone Executive Committee charged the Coordinating Board with developing staged action plans related to community efforts to address homelessness. This included an actionable plan to end veteran homelessness by 2016 and an assessment of housing needs and gaps for people experiencing homelessness, as well as a plan to reduce the gap by 10% by July 2015, and by 50% by July 2017.

In response to action plans developed by a Home for Everyone, Home Forward has committed to new targeting of Housing Choice Vouchers in two areas: 1) a limited preference for up to 50 vouchers for veteran families that are ineligible for Veterans Affairs Supportive Housing vouchers; and 2) a limited preference for up to 200 vouchers for families assisted through Multnomah County’s Homeless Family System of Care.

General Housing Authority Operating Information

Housing Stock Information

MTW Public Housing Units

| | |
|--|---------------|
| Public housing units at beginning FY2015 | 2,037 |
| Public housing units added | 64 |
| Public housing units removed | <u>0</u> |
| Public housing units at end of FY2015 | 2,101 |
| Cumulative Change | + 64 (+ 3.1%) |

Units added in FY2015

| Development | Units | Description |
|-----------------------------|-----------|--|
| Stephens Creek Crossing | 64 | In FY2015, 64 one-, two-, three- and four-bedroom units were added at Stephens Creek Crossing. This includes twelve accessible units and eight non-dwelling units. |
| Total units added in FY2015 | <u>64</u> | |

Description of changes

In our FY2015 Plan, Home Forward indicated that we would be adding the final 56 units to Stephens Creek Crossing. We also added an additional eight units that had been planned for FY2014, but were held over until the beginning of FY2015. In all 64 units were added at the property in FY2015, with a final total count of 109 units at Stephens Creek Crossing.

MTW Housing Choice Vouchers (HCV) Units

| | | |
|-----------------------------|----------|------|
| MTW HCV at beginning FY2015 | 8,418 | |
| Add/Remove | <u>0</u> | |
| MTW HCV at end of FY2015 | 8,418 | |
| Cumulative Change | 0 | (0%) |

Non-MTW Housing Choice Vouchers units authorized:

| Voucher Type | Units Authorized |
|--|------------------|
| SRO/MODS | 512 |
| Veterans Affairs Supportive Housing (VASH) | 446 |
| Family Unification Program | 100 |
| Opt-Out vouchers | - |

Housing Choice Vouchers – total project-based units in FY2015:

| | |
|--|------------|
| Project-based units at the beginning of FY2015 | 1,969 |
| Project-based units added (see below) | 32 |
| Project-based units removed | <u>(1)</u> |
| Project-based units at end of FY2015 | 2,000 |

Description of project-based units removed:

One project-based voucher was removed this year when the contract expired.

New Housing Choice Vouchers that were Project-Based During the Fiscal Year

| Property Name | Anticipated Number of New Vouchers to be Project-Based * | Actual Number of New Vouchers that were Project-Based | Description of Project |
|-------------------------|--|---|---|
| Beech Street Apartments | 32 | 31 | Beech Street Apartments are alcohol- and drug-free housing to support sustainable recovery efforts for graduates of drug and alcohol treatment programs. One unit was assigned as a manager's unit, and therefore did not receive a project-based voucher. |
| The Jeffrey | 0 | 1 | In a prior fiscal year, a tenant living at The Jeffrey reached zero subsidy and no longer qualified for a voucher, but remained in the unit. At that time, we modified the original contract to remove that project-based voucher. The tenant moved out in FY2015 and the contract was again modified to assign a project-based voucher to that unit. |

Anticipated Total Number of New Vouchers to be Project-Based *

32

Actual Total Number of New Vouchers that were Project-Based

32

Anticipated Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year *

2,001

Anticipated Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year *

1,962

Actual Total Number of Project-Based Vouchers Committed at the End of the Fiscal Year

2,000

Actual Total Number of Project-Based Vouchers Leased Up or Issued to a Potential Tenant at the End of the Fiscal Year

1,892

* From the Plan

Other Changes to the Housing Stock that Occurred During the Fiscal Year

Home Forward continues to plan for the future of our public housing portfolio. At this time the agency is considering applications for a combination of Rental Assistance Demonstration and Section 18 Disposition that will include all properties in our public housing portfolio.

At the four high-rise buildings that were converted to project-based vouchers and are now being rehabilitated as part of our preservation efforts, 56 units are being held off-line to serve as “hotels” for residents who may need to stay elsewhere while work is occurring in their permanent unit. Home Forward has attempted to offset this by over-issuing tenant based vouchers.

Examples of the types of other changes can include but are not limited to units that are held off-line due to the relocation of residents, units that are off-line due to substantial rehabilitation and potential plans for acquiring units.

General Description of Actual Capital Fund Expenditures During the Plan Year

| Community | Activity | Capital Funds Expended | Percentage of Capital Fund |
|------------------------|--|---------------------------|-------------------------------|
| Gallagher Plaza | Property Rehabilitation (85 Stories G1) | \$ 662,557 | 15.18% |
| Williams Plaza | Masonry and basement leak repairs | 588,328 | 13.48% |
| Hollywood East | Property Rehabilitation (85 Stories G2) | 547,860 | 12.55% |
| Sellwood Center | Property Rehabilitation (85 Stories G2) | 544,456 | 12.47% |
| Northwest Tower | Property Rehabilitation (85 Stories G1) | 527,087 | 12.07% |
| Tamarack | Carport, staircase, roof & ventilation repair, etc | 95,088 | 2.18% |
| Maple Mallory | Sewer repairs | 82,960 | 1.90% |
| Holgate House | Exterior seal repair, building entry system | 50,389 | 1.15% |
| Dahlke Manor | Building entry system, painting | 47,560 | 1.09% |
| Madrona Place | Plumbing replacement | 25,478 | 0.58% |
| Medallion | Water intrusion repairs | 24,099 | 0.55% |
| Dekum Court | Comprehensive rehabilitation | 12,947 | 0.30% |
| Trouton | Debt Service Payments | 588,256 | 13.48% |
| Management Improvement | 15% Operating Overhead | 523,788 | 12.00% |
| Various | Portfolio wide asbestos abatement | 40,594 | 0.93% |
| Various | Portfolio wide needs assessment | 3,850 | 0.09% |
| Various | Portfolio wide investigative | 70 | 0.00% |
| | Total Capital Expenditures | <u>\$ 4,365,367</u> | <u>100.00%</u> |

In addition to Home Forward's rent assistance and public housing programs, our agency operates over 4,000 units of affordable housing. This portfolio includes properties acquired and built using diverse public and private funding sources, including low-income housing tax credits (LIHTC), tax-exempt bonds, private mortgage financing, grants and federal and state funds. These affordable housing units are set aside to serve thousands of low-income families in our community.

| Overview of Other Housing Owned and/or Managed by the PHA at Fiscal Year End | | |
|---|-------------|---|
| Housing Program * | Total Units | Overview of the Program |
| Tax-Credit | 1,264 | Properties developed with Low-Income Housing Tax Credits |
| State Funded | 500 | Properties developed with Oregon Housing Tax Credits and Oregon TRUST funding |
| Locally Funded | 2,303 | Properties developed with assistance from local funding sources |
| Non-MTW HUD Funded | 349 | Properties operated using HUD Section 236 funding |
| Total Other Housing Owned and/or Managed | 4,416 | |
| <p>* Select Housing Program from: Tax-Credit, State Funded, Locally Funded, Market-Rate, Non-MTW HUD Funded, Managing Developments for other non-MTW Public Housing Authorities, or Other.</p> <p>If Other, please describe: <input type="text" value="-"/></p> | | |

Leasing Information

Total number of MTW public housing units leased in FY2015: 2,035 units
Home Forward continues to have an occupancy rate of 97.6% in its public housing units.

Total number of MTW HCV units leased in FY2015:

8,418 units authorized (average of the total number of units authorized throughout FY2015)
7,918 units leased
94.1% utilization

Total number of non-MTW HCV units leased in FY2015:

| Voucher | Units Authorized (total at year end) | Units Leased (average) | Utilization (average) |
|---|---|---------------------------|--------------------------|
| SRO/MODS | 512 | 497 | 97.1% |
| Veteran Affairs Supportive Housing (VASH) | 446 | 330 | 81.9%* |
| Family Unification Program Vouchers (FUP) | 100 | 89 | 89.0% |

* Because 86 new VASH vouchers were awarded during FY2015, VASH voucher utilization shown here is calculated using the average units leased (330) divided by the average units authorized over the course of the fiscal year (403).

Description of issues for non-MTW vouchers:

VASH voucher utilization was at 92.2% on October 1, 2014, when Home Forward was awarded 86 new vouchers. The low average utilization for this program is a result of the time it takes to fully lease up a new award of that size, combined with challenges the VA faces in hiring the new staff needed to provide case management for the participants. Additionally, both VASH and FUP participants are facing the same challenges in the tight rental market that are impacting our MTW voucher leasing.

As a shortfall agency under sequestration, Home Forward had to temporarily stop issuing FUP vouchers during FY2014. Though we began issuing several months before the beginning of FY2015, the combination of the tight rental market and the fact that we were significantly underleased as a result of sequestration left the program underutilized for FY2015, and efforts are underway to improve this. We have over-issued vouchers to address market challenges and currently have 103 FUP households either leased up or searching. The Rent Assistance Department Director and Analyst are in the process of improving our FUP projection methodology to ensure that we come closer to full utilization in FY2016.

Actual Number of Households Served at the End of the Fiscal Year

| Program-based Assistance and Port-In Vouchers | | Number of Households Served ¹ | |
|--|--|--|--------|
| | | Planned | Actual |
| Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs ² | | 6 | 4 |
| Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs ² | | 165 | 178 |
| Port-In Vouchers (not absorbed) | | N/A | 303 |
| Total Projected and Actual Households Served | | 171 | 485 |
| | | Unit Months Occupied/Leased ⁴ | |
| | | Planned | Actual |
| Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Property-Based Assistance Programs ³ | | 72 | 44 |
| Number of Units that were Occupied/Leased through Local Non-Traditional MTW Funded Tenant-Based Assistance Programs ³ | | 1,986 | 2,137 |
| Port-In Vouchers (not absorbed) | | N/A | 3,637 |
| Total Projected and Annual Unit Months Occupied/Leased | | 2,058 | 5,818 |

Home Forward's Property-Based, Local Non-Traditional program is the New Doors house for former foster youth. When the FY15 MTW Plan was submitted, a house had not yet been identified for this program, so projections were based on a 6-bedroom house, occupied for the entire year. The actual house has only 5 bedrooms, and leasing began several months into the fiscal year. In FY16, actual leasing will come closer to 60 unit months and 5 households.

¹ Calculated by dividing the planned/actual number of unit months occupied/leased by 12.

² In instances when a Local, Non-Traditional program provides a certain subsidy level but does not specify a number of units/Households Served, the PHA should estimate the number of Households served.

³ In instances when a local, non-traditional program provides a certain subsidy level but does not specify a number of units/Households Served, the PHA should estimate the number of households served.

⁴ Unit Months Occupied/Leased is the total number of months the housing PHA has occupied/leased units, according to unit category during the year.

Households Served through Local Non-Traditional Services Only

Average number of households served per month: 0

Total number of households served during this year: 0

Statutory Requirement Reporting: At least 75% of families assisted are very low-income

| | Public Housing | MTW HCV | Total |
|--|----------------|---------|--------|
| Total households assisted | 2,060 | 8,929 | 10,989 |
| Households below 50% of Area Median Income (AMI) | 1,993 | 8,819 | 10,812 |
| Percentage of households below 50% of AMI | 96.7% | 98.8% | 98.4% |

(Total unique households served in FY2015)

Reporting Compliance with Statutory MTW Requirements: 75% of Families Assisted are Very Low-Income

HUD will verify compliance with the statutory objective of “assuring that at least 75 percent of the families assisted by the Agency are very low-income families” is being achieved by examining public housing and Housing Choice Voucher family characteristics as submitted into the PIC or its successor system utilizing current resident data at the end of the agency's fiscal year. The PHA will provide information on local, non-traditional families provided with housing assistance at the end of the PHA fiscal year, not reported in PIC or its successor system, in the following format:

| Fiscal Year: | 2014 | 2015 | 2016 | 2017 | 2018 |
|--|------|------|------|------|------|
| Total Number of Local, Non-Traditional MTW Households Assisted | 665 | 418 | - | - | - |
| Number of Local, Non-Traditional MTW Households with Incomes Below 50% of Area Median Income | 665 | 418 | - | - | - |
| Percentage of Local, Non-Traditional MTW Households with Incomes Below 50% of Area Median Income | 100% | 100% | - | - | - |

Statutory Requirement Reporting: Maintain comparable mix of families served

Reporting Compliance with Statutory MTW Requirements: Maintain Comparable Mix

In order to demonstrate that the statutory objective of “maintaining a comparable mix of families (by family size) are served, as would have been provided had the amounts not been used under the demonstration” is being achieved, the PHA will provide information in the following formats:

Baseline for the Mix of Family Sizes Served

| Family Size: | Occupied Number of Public Housing units by Household Size when PHA Entered MTW | Utilized Number of Section 8 Vouchers by Household Size when PHA Entered MTW | Non-MTW Adjustments to the Distribution of Household Sizes * | Baseline Number of Household Sizes to be Maintained | Baseline Percentages of Family Sizes to be Maintained |
|--------------|--|--|--|---|---|
| 1 Person | 1,411 | 1,964 | - | 3,375 | 42.4% |
| 2 Person | 410 | 1,296 | - | 1,705 | 21.4% |
| 3 Person | 342 | 925 | - | 1,267 | 15.9% |
| 4 Person | 232 | 608 | - | 840 | 10.5% |
| 5 Person | 136 | 292 | - | 428 | 5.4% |
| 6+ Person | 97 | 254 | - | 352 | 4.4% |
| Totals | 2,628 | 5,339 | 0 | 7,967 | 100.0% |

Explanation for Baseline Adjustments to the Distribution of Household Sizes Utilized

No baseline adjustments

Mix of Family Sizes Served FY2015

| | 1 Person | 2 Person | 3 Person | 4 Person | 5 Person | 6+ Person | Totals |
|---|----------|----------|----------|----------|----------|-----------|--------|
| Baseline Percentages of Household Sizes to be Maintained** | 42.4% | 21.4% | 15.9% | 10.5% | 5.4% | 4.4% | 100.0% |
| Number of Households Served by Family Size this Fiscal Year*** | 5,517 | 1,896 | 1,231 | 889 | 474 | 550 | 10,557 |
| Percentages of Households Served by Household Size this Fiscal Year**** | 52.3% | 18.0% | 11.7% | 8.4% | 4.5% | 5.2% | 100.0% |
| Percentage Change | 23.3% | -15.9% | -26.4% | -20.0% | -16.7% | 18.2% | - |

Justification and Explanation for Family Size Variations of Over 5% from the Baseline Percentages

Over the last 15 years of Home Forward's designation as an MTW agency, a number of factors have created slight changes to the mixes of family sizes we serve. We have increased our project-based vouchers, primarily in partnership with community agencies serving highly vulnerable people and in line with our community's 10-Year Plan to End Homelessness. We have converted public housing towers to project-based vouchers, in an effort to preserve that housing for our vulnerable seniors and people with disabilities. And we have added over 300 VASH vouchers that serve veterans at risk of homelessness in our community. All of these actions have resulted in a shift in demographics and an increase in our one-person households.

We have also seen an increase in our largest households with six or more members. This is likely due to African refugee families who began immigrating to Portland around 2001. The increases in these two family size types (1 person and 6 or more people) account for the subsequent decreases in the rest of the family sizes.

* "Non-MTW adjustments to the distribution of family sizes" are defined as factors that are outside the control of the PHA. Acceptable "non-MTW adjustments" include, but are not limited to, demographic changes in the community's population. If the PHA includes non-MTW adjustments, HUD expects the explanations of the factors to be thorough and to include information substantiating the numbers used.

** The numbers in this row will be the same numbers in the chart above listed under the column "Baseline percentages of family sizes to be maintained."

*** The methodology used to obtain these figures will be the same methodology used to determine the "Occupied number of Public Housing units by family size when PHA entered MTW" and "Utilized number of Section 8 Vouchers by family size when PHA entered MTW" in the table immediately above.

**** The "Percentages of families served by family size this fiscal year" will reflect adjustments to the mix of families served that are directly due to decisions the PHA has made. HUD expects that in the course of the demonstration, PHAs will make decisions that may alter the number of families served.

Description of Issues Related to Leasing of Public Housing, Housing Choice Vouchers or Local, Non-Traditional Units and Solutions at Fiscal Year End

| Housing Program | Description of Leasing Issues and Solutions |
|------------------------------|--|
| Public Housing | We have no issues leasing units in the public housing portfolio. We continue to budget for occupancy levels at 97% and have been maintaining 98-99% occupancy. |
| MTW Housing Choice Voucher | At the four high-rise buildings that were converted to project-based vouchers and are now being rehabilitated as part of our preservation efforts, 56 units are being held off-line to serve as "hotels" for residents who may need to stay elsewhere while work is occurring in their permanent unit. This has caused a drop in project-based utilization, to around 94% instead of our usual 96%. Extra tenant-based vouchers were issued to account for this, but with a very tight rental market and long search times for voucher holders, we fell short of our planned 96% overall voucher utilization. In March 2015, we increased payment standards for the fifth time in four years to attempt to increase leasing success. |
| Local, Non-Traditional Units | There were no leasing issues in local, non-traditional units in FY2015. |

Number of Households Transitioned To Self-Sufficiency by Fiscal Year End

| Activity Name/# | Number of Households Transitioned * | Agency Definition of Self Sufficiency |
|--|-------------------------------------|--|
| 01 Rent Reform | 530* | Household has earned or permanent income that results in income at or above 50% of Area Median Income and/or has voluntarily exited housing assistance |
| 02 GOALS | 57* | |
| Households Duplicated Across Activities/Definitions | 57 | * The number provided here should match the outcome reported where metric SS #8 is used. |
| ANNUAL TOTAL NUMBER OF HOUSEHOLDS TRANSITIONED TO SELF SUFFICIENCY | 530 | |

Wait List Information

| Wait List Information at Fiscal Year End | | | | |
|--|-------------------|-----------------------------------|--|---|
| Housing Program(s) * | Wait List Type ** | Number of Households on Wait List | Wait List Open, Partially Open or Closed *** | Was the Wait List Opened During the Fiscal Year |
| MTW Public Housing | Site-Based | 11,250 | Partially Open | Yes |
| MTW Housing Choice Voucher | Community-Wide | 1,295 | Partially Open | No |
| MTW Housing Choice Voucher | Site-Based | 9,503 | Partially Open | Yes |
| Tenant-Based Local, Non-Traditional MTW Program | Other | 21 | Partially Open | Yes |
| Project-Based Local, Non-Traditional MTW Program | Site-Based | 3 | Closed | Yes |

* *Select Housing Program:* Federal MTW Public Housing Units; Federal MTW Housing Choice Voucher Program; Federal non-MTW Housing Choice Voucher Units; Tenant-Based Local, Non-Traditional MTW Housing Assistance Program; Project-Based Local, Non-Traditional MTW Housing Assistance Program; and Combined Tenant-Based and Project-Based Local, Non-Traditional MTW Housing Assistance Program.

** *Select Wait List Types:* Community-Wide, Site-Based, Merged (Combined Public Housing or Voucher Wait List), Program Specific (Limited by HUD or Local PHA Rules to Certain Categories of Households which are Described in the Rules for Program Participation), None (If the Program is a New Wait List, Not an Existing Wait List), or Other (Please Provide a Brief Description of this Wait List Type).

*** For Partially Open Wait Lists, provide a description of the populations for which the waiting list is open.

MTW Public Housing: In July 2014, we opened the waiting list for 22 buildings with units for families and one building with units for seniors and people with disabilities. In addition, our public housing waiting list remains open to households needing an ADA accessible unit or applicants who have a documented terminal illness with a life expectancy of less than 12 months.

MTW Housing Choice Voucher – Community-Wide: Our MTW Housing Choice Voucher tenant-based waiting list is community-wide, and is closed except for applicants to the Family Unification Program and those who have a documented terminal illness with a life expectancy of less than 12 months.

MTW Housing Choice Voucher – Site-Based: Our MTW Housing Choice Voucher project-based voucher waiting lists are site-based and are partially open. We have over 70 lists in the community, maintained by each building with its own preferences. Some of these lists are currently open, some are closed, and some are closed except to applicants who have a documented terminal illness with a life expectancy of less than 12 months.

If Local, Non-Traditional Program, please describe:

Tenant-Based Local, Non-Traditional MTW Program: Our Program Based Assistance program contracts funds to 18 partner agencies, which then manage the participant selection process, sometimes in partnership with Home Forward. This is further described in Activity 14.

Project-Based Local, Non-Traditional MTW Program: Home Forward's New Doors program is program-based assistance in a shared house for former foster youth who are working or are in school. Rent assistance is contracted to a non-profit that specializes in working with homeless youth. Because this program houses only five people, the waiting list opens only when a vacancy is projected, and remains open for two weeks.

If Other Wait List Type, please describe:

Our Program Based Assistance program (described in detail in Activity 14) contracts funds to partner agencies, which then manage the participant selection process, sometimes in partnership with Home Forward. The agencies use a total of four different methods for participant selection, but all programs target families who are homeless or at risk of homelessness. Some agencies use their rental assistance from Home Forward for more than one program and thus use more than one selection process within their agency in order to best target the resources to eligible households – these agencies are represented twice in the numbers below:

- 2 agencies utilize waitlists - one serving families with children at Alder School and the other serving clients of Native American Rehabilitation Association of the Northwest.
- 8 agencies offer rent assistance on a first-come-first-served basis to applicants who are already receiving services within their agencies. When funds become available, the next eligible household to inquire receives the resources.
- 10 agencies make funds available on a first-come-first-served basis to any eligible households that apply, regardless of whether they are currently receiving services within the agency.
- 1 agency conducts a monthly lottery from a list of all eligible households that requested assistance during that month.

If there are any changes to the organizational structure of the wait list or policy changes regarding the wait list, provide a narrative detailing these changes.

There are no changes to the organizational structure or policies regarding the wait list.

Proposed MTW Activities

All proposed activities that are granted approval by HUD are reported on in Section IV as "Approved Activities."

Approved MTW Activities

Implemented Activities

01 RENT REFORM

Approved FY2012, Implemented FY2012, Amended FY2014 & FY2015

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

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

For seniors and people with disabilities, rent is calculated based on 28.5% of gross income. All deductions are eliminated and this group has triennial income re-certifications. We define those aged 55 and older as “senior,” and households fall into this population category if the head, co-head or spouse listed on the lease is 55 or older, or is disabled under the current HUD definition used by Home Forward. This group has a \$0 minimum rent and utility reimbursements are allowed.

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

- Years 1 and 2: rent is based on 29.5% of gross income, with no minimum rent. Utility reimbursements are allowed.

MTW authorization:

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

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

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

Statutory objective:

Reduce cost and achieve greater cost effectiveness in Federal expenditures

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

- Years 3 and 4: rent is based on 29.5% of gross income or \$100 minimum rent, whichever is greater. Utility allowances are factored into the assistance, but utility reimbursements are not allowed.
- Years 5 and 6, and biennially thereafter: rent is based on 31% of gross income or \$200 minimum rent, whichever is greater. Utility allowances are factored in the assistance, but utility reimbursements are not allowed.

The following policies apply to all households:

- The proration of subsidy for mixed families is simplified so that a flat \$100 monthly reduction in assistance is applied to the household, regardless of the number of ineligible members.
- The ceiling rent for public housing is set to match Section 8 payment standards. There is no flat-rent option.
- Home Forward has created a separate “release of information” form to supplement the HUD Form 9886, in order to obtain a release of information that covers the appropriate biennial or triennial review cycle.
- For Section 8 households where the gross rent of the unit exceeds the applicable payment standard, Home Forward will approve the tenancy at initial occupancy so long as the household share does not exceed 70 percent of the household’s gross income.
- When a Section 8 household is approved to move and the identified unit has a gross rent that exceeds the payment standard, Home Forward will use the existing income verification on file to test for affordability. Home Forward will not require a re-examination to verify income for this purpose, unless the family requests it.
- When a Section 8 household reports a change in family size, if the household has resided in their unit for at least 12 months, Home Forward will require an interim review. Any changes to voucher size, payment standard and subsidy calculation will be effective 120 days after the interim review. (FY2015 Modification)
- The earned income disallowance is eliminated.
- All Family Self-Sufficiency (FSS) participants are included in the rent reform calculation.
- Home Forward will use actual past income to determine annual income for participant families. (FY2015 Modification)
- All income sources used to determine a household’s public housing rent or Section 8 assistance will be the same as currently defined by HUD, with the following exceptions:
 - The value of any asset or the value of any income derived from that asset will not be used in the rent calculation, except when the asset makes regular payments (quarterly or more often) to the resident or participant. However, the value of assets or the value of any income derived from assets will be used to determine initial eligibility. Home Forward will allow households to self-certify assets with a net value of \$5,000 or less. (FY2015 Modification)

- All earned income of full-time students age 18 and over will be excluded from the rent calculation, unless they are the head, co-head or spouse of the household.
- Student financial assistance will be considered only for the purpose of determining eligibility. Student financial assistance will not be used to determine annual income for rent and subsidy calculation.
- All adoption assistance payments will be excluded from the rent calculation.
- Households will have the option to not report income that is not used in the rent calculation, such as foster care payments. However, Home Forward will accept income reporting of such sources for use in determining affordability of a unit. Home Forward permits families to rent units where the family share is up to 70% of their gross income.
- Households may apply for a hardship review if their total monthly shelter costs exceed 50% of the total monthly income used to determine their rent subsidy. Section 8 participants who choose to rent housing where the total shelter costs exceed 50% of total monthly income at the time of initial lease-up in that unit will not generally qualify for hardship review; however, all households have the right to request a hardship, and exceptions may be made. The committee will have a menu of remedies to reduce a qualifying household's burden.

Rent reform has been fully implemented. At this time, all MTW public housing and Section 8 households, as well as VASH voucher holders, are on the rent reform calculation. The earliest group of work-focused households began transitioning to the second level of rent calculation beginning in FY2015, including the \$100 minimum rent payment. As of March 31, 2015, 637 work-focused households were subject to the \$100 minimum rent payment. Home Forward continues to monitor hardship requests, household and agency financial impacts and staff feedback to prepare for any changes that may need to be made to the activity.

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark achieved |
|--|---------------------|----------------------|---------------------|------------------------|
| Agency cost savings (Standard Metric: CE#1) | | | | |
| Total cost of task | FY2011: \$140,228 | FY2015: \$100,970 | FY2015: \$93,195 | Benchmark achieved |
| Staff time savings (Standard Metric: CE#2) | | | | |
| Total time to complete the task | FY2011: 5,340 hours | FY2015: 3,845 hours | FY2015: 3,549 hours | Benchmark achieved |
| Decrease in error rate of task execution (Standard Metric: CE#3) | | | | |
| Average error rate in completing task | FY2015: 7.5% | FY2015: 7.5% or less | FY2015: 9.6% | Benchmark not achieved |

| Metric | Baseline | Benchmark | Outcome | Benchmark achieved |
|--|---|---|---|------------------------|
| Increase in tenant share of rent (Standard Metric: CE#5) | | | | |
| Total annual tenant share of rent | FY2012: \$25,342,942 | FY2015: \$29,144,383 | FY2015: \$30,359,122 | Benchmark achieved |
| Increase in household income (Standard Metric: SS#1) | | | | |
| Average earned income of households | FY2011: \$3,324 | FY2015: \$3,360 | FY2015: \$3,756 | Benchmark achieved |
| Increase in positive outcomes in employment status (Standard Metric: SS#3) Note: Because Home Forward has implemented biennial and triennial review schedules, the number of households who report an increase in earned income each year is reduced. | | | | |
| Number of heads of households who: 6) Other (defined as having an increase in earned income) | FY2011: 866 heads of households | FY2015: 552 heads of households | FY2015: 946 heads of households | Benchmark achieved |
| Percent of work-focused households who: 6) Other (defined as having an increase in earned income) | FY2011: 16% of work-focused households | FY2015: At least 16% of work-focused households | FY2015: 22.5% of work-focused households | Benchmark achieved |
| Households Removed from Temporary Assistance for Needy Families (TANF) (Standard Metric: SS#4) | | | | |
| Number of households receiving TANF assistance | FY2012: 1,859 households receiving TANF (17.7%) | FY2015: 1,795 households receiving TANF (17.0%) | FY2015: 1,725 households receiving TANF (15.0%) | Benchmark achieved |
| Reducing the per unit subsidy costs for participating households (Standard Metric: SS#6) | | | | |
| Average amount of subsidy per household | FY2012: \$524 per household | FY2015: \$526 per household | FY2015: \$530 per household | Benchmark not achieved |
| Households transitioned to self-sufficiency (Standard Metric: SS#8) | | | | |
| Number of households transitioned to self-sufficiency | FY2014: 521 households | FY2015: 500 households | FY2015: 530 households | Benchmark achieved |

| Metric | Baseline | Benchmark | Outcome | Benchmark achieved |
|--|---|--|--|------------------------|
| Displacement prevention (Standard Metric: HC#4) | | | | |
| Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not believe this metric is an accurate measure of this activity, but we have included it at HUD's request. | | | | |
| Number of households at or below 80% AMI that would lose assistance or need to move | FY2011: 233 households | FY2015: 0 households | FY2015: 0 households | Benchmark achieved |
| Increase in resident mobility (Standard Metric: HC#5) | | | | |
| Number of households able to move to a better unit and/or neighborhood of opportunity (defined as low poverty census tracts where poverty is below 16%) | FY2013: 3,092 (28.4%) households lived in better neighborhoods | FY2015: 3,000 (30%) households | FY2015: 2,450 (23%) | Benchmark not achieved |
| Additional Metrics: | | | | |
| Maintain stability for seniors and people with disabilities | | | | |
| Shelter burden (rent ¹ + utility allowance divided by gross income) for seniors and people with disabilities | Before implementation, shelter burden was 27% | FY2015: Shelter burden will remain below 29% | FY2015: 28.5% | Benchmark achieved |
| Increased contribution to rent | | | | |
| Total tenant payment (rent ¹ + utility allowance) for work-focused households | Before implementation: Section 8 average - \$267 Public housing average - \$249 | FY2015: Section 8 avg - \$307 Public housing avg - \$286 | FY2015: Section 8 avg - \$307 Public housing avg - \$299 | Benchmark achieved |

¹ For purposes of these metrics, Section 8 rents are calculated with gross rent capped at payment standard.

Hardship requests

Home Forward has two types of hardships that are considered for the rent calculation:

1) At the time of implementation, Home Forward offered a “phase-in” hardship for households who had high medical or childcare costs or had a large number of dependents. On an annual basis, those households have the opportunity to apply for an extension to the phase-in hardship, which if approved, caps their rent increases each year. In FY2015, 138 households requested an extension of the phase-in hardship, and 107 were approved. The annual cost to the agency of the phase-in hardship is approximately \$46,200.

2) Households may apply for a hardship review if their total monthly shelter costs exceed 50% of the total monthly income used to determine their rent subsidy. In FY2015, 301 households applied for applied for a hardship review and 127 requests were granted. The annual cost to the agency of these hardship adjustments is approximately \$60,024.

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

MTW Flexibility:

Home Forward has used our MTW flexibility to structure our rent reform calculation with a number of aspects that differ from the standard calculation (described above). This includes eliminating deductions, changing the percentage of income used to calculate rent, simplifying the calculation and moving to triennial reviews to save significant staff time. Additionally, Home Forward has exercised its authority to amend the definition of an elderly family to age 55. This supports the statutory objective of creating incentives for self-sufficiency by ensuring that households defined as work-focused can be reasonably expected to increase employment and earnings over time.

Explanation of Benchmarks Not Achieved:

The error rate of files audited for rent calculation errors was higher in FY2015 than last year. The rent assistance department brought on a significant number of new staff in FY2015, and as part of the training process, 100% of those staff members' files are audited and corrected during their first six months on the job. As new caseworkers have completed training and the six month audit period, error rates are once again decreasing. Home Forward continues to monitor error rates and will consider any necessary action in the future.

The average subsidy per household increased in FY2015. The rental market in our community is incredibly tight with just a 3% vacancy rate and affordable housing is in short supply, and as a result, rents are increasing. In just one year, Home Forward has seen contract rents for our voucher

holders increase between \$30 and \$40 per month. In an effort to try to keep pace with the market and to ensure our voucher holders are able to find housing throughout our community, Home Forward raised payment standards in July 2014 and again in March 2015. This has raised the average subsidy for our households, but is a necessary step to continue to provide stable housing in this market.

In FY2015 we saw a decrease in the number of households living in low-poverty neighborhoods, defined as those census tracts where poverty was below 16%. However, we have found that the majority of this change is due to increased poverty in a number of census tracts, and not households moving from low-poverty to high-poverty neighborhoods. In 2013 (the most recent data available), out of 171 census tracts in Multnomah County, only 86 qualified as low-poverty, as compared to 101 low-poverty census tracts five years earlier.

Changes to Metrics:

Home Forward incorrectly calculated the baseline and benchmark for “Increase in positive outcomes in employment status (Standard Metric SS#3). In FY2011, 16% of work-focused households had an increased in earned income. We first noted this in our FY2014 MTW Report, and will continue to use the annual benchmark of at least 16%.

Changes to Data Collection:

No changes have been made to data collection methodology.

02 GOALS – HOME FORWARD'S FAMILY SELF-SUFFICIENCY PROGRAM

Approved FY2014, Implemented FY2014

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

The key elements of the GOALS program are as follows:

- The rent reform calculation (Activity 01) is used for all GOALS participants.
- The GOALS contract may be in the name of any adult member of the household.
- The length of time on the program is five years, with the opportunity to extend for two additional years. Eligibility for the extension follows current policy and HUD guidelines.
- Participants who are engaged in a designated program intended to increase the family's economic independence (such as an employment or training program) receive a preference on the GOALS waiting list. 100% of the GOALS slots may be filled with participants utilizing this preference.
- Staff implementing the GOALS program are funded by a combination of HUD-funded FSS Coordinator money, grant funding and agency budgeting. FSS Coordinator funds will be used only for FSS Coordinator salaries, as directed by the respective NOFAs.
- The traditional escrow account used in HUD Family Self-Sufficiency (FSS) programs has been replaced with a managed savings account. Any rent paid by a participant household above \$350 (known as the "strike point") is placed into the managed savings account. The monthly amount placed into a family's managed savings account is limited to the difference between the strike point and the family's ceiling rent (for public housing families) or voucher payment standard (for Section 8 families).
- Participants graduate and have access to the funds in their managed savings account when they have completed their training plan and fulfilled the obligations identified in their contract.
- Families who leave the program prior to graduation will forfeit any money accrued in their managed savings account.
- Families at site-based programs where there is mandatory participation (Humboldt Gardens, Fairview and Stephens Creek Crossing) who withdraw from the program prior to graduation are required to transfer to a non-GOALS property.

MTW authorization:

Attachment C, Section E – Family Self Sufficiency Programs

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

Statutory objective:

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

- Families graduating from the site-based programs listed above must move out of a subsidized unit in order to collect the managed savings account balance. Families at these sites may remain in a subsidized unit (after graduating, but prior to receiving the balance of their savings account) until a non-subsidized unit becomes available at the site. Families deciding not to give up their subsidy may still withdraw funds from their accounts for approved purposes, including, but not limited to, training or employment needs, helping children achieve in school, and housing stability.
- When funding is available, a safety net of \$1,500 (either in lump sum or \$250/month for six months) will be provided through MTW flexible funds for public housing families graduating from the site-based programs who move to non-subsidized units. The same safety net will be provided for Section 8 participants who give up their voucher prior to reaching zero assistance. Due to sequestration funding cuts, this safety net was put on hold in FY2014 and has not yet been announced or made available to families.

GOALS staff and management worked hard in FY2015 to complete alignment work and consolidation between our site based and traditional GOALS programs, including the launching of the program at our newest HOPE VI property - Stephens Creek Crossing. Over the course of the year, operational practices and data collection methodology was solidified, policy and procedure manuals were refined to ensure consistent and comprehensive data entry and collection, and a report highlighting the program's consolidated outcomes was created which provides a complete picture of Home Forward's economic opportunity efforts.

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|---|---------------------|----------------------|----------------------|--------------------|
| Agency cost savings (Standard Metric: CE#1) ¹ Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not save costs through this activity, but we have included it at HUD's request. | | | | |
| Total cost of task | FY2013: \$186,400 | FY2015: \$317,500 | FY2015: \$317,512 | Benchmark achieved |
| Staff time savings (Standard Metric: CE#2) Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not save staff time through this activity, but we have included it at HUD's request. | | | | |
| Total time to complete task | FY2013: 6,240 hours | FY2015: 10,400 hours | FY2015: 10,400 hours | Benchmark achieved |
| Decrease in error rate of task execution (Standard Metric: CE#3) | | | | |
| Average error rate in completing task | FY2015: 2% | FY2015: 2% | FY2015: 1% | Benchmark achieved |
| Increase in resources leveraged (Standard Metric: CE#4) | | | | |
| Amount of funds leveraged | FY2013: \$0 | FY2015: \$317,500 | FY2015: \$317,512 | Benchmark achieved |

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|--|--|--|---|------------------------|
| Increase in household income (Standard Metric: SS#1) | | | | |
| Average earned income of households | FY2013: \$9,277 | FY2015: \$9,370 | FY2015: \$10,015 | Benchmark achieved |
| Increase in household savings (Standard Metric: SS#2) | | | | |
| Average amount of escrow of households | FY2013: \$1,292 | FY2015: \$1,305 | FY2015: \$1,614 | Benchmark achieved |
| Increase in positive outcomes in employment status (Standard Metric: SS#3) ² | | | | |
| Number of heads of households: 1) Employed full-time 2) Employed part-time ³ 3) Enrolled in an educational program 4) Enrolled in a job-training program 5) Unemployed 6) Other (defined as having completed an education or job training program) | FY2013: 1) 283 2) N/A 3) 113 4) 69 5) 291 6) 38 | FY2015: 1) 315 2) TBD 3) 125 4) 75 5) 300 6) 40 | FY2015: 1) 171 2) 121 3) 147 4) 130 5) 260 6) 86 | Benchmark not achieved |
| Percentage of work-able households: 1) Employed full-time 2) Employed part-time ³ 3) Enrolled in an educational program 4) Enrolled in a job-training program 5) Unemployed 6) Other (defined as having completed an education or job training program) | FY2013: 1) 53% 2) N/A 3) 20% 4) 12% 5) 52% 6) 6% | FY2015: 1) 55% 2) TBD 3) 20% 4) 15% 5) 45% 6) 8% | FY2015: 1) 34% 2) 23% 3) 29% 4) 24% 5) 43% 6) 17% | Benchmark achieved |

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|--|--|--|--|------------------------|
| Households removed from TANF (Standard Metric: SS#4) | | | | |
| Number of households receiving TANF assistance | FY2013: 126 households | FY2015: 125 households | FY2015: 128 households | Benchmark not achieved |
| Households assisted by services that increase self-sufficiency (Standard Metric: SS#5) | | | | |
| Number of households enrolled in GOALS | FY2013: 564 households | FY2015: 600 households | FY2015: 552 households | Benchmark not achieved |
| Reducing per unit subsidy costs for participating households (Standard Metric: SS#6) | | | | |
| Average amount of subsidy per household | FY2013: \$490.65 per household | FY2015: \$480 per household | FY2015: \$546 per household | Benchmark not achieved |
| Increase in tenant share of rent (Standard Metric: SS#7) | | | | |
| Tenant share of rent | FY2013: \$986,971 | FY2015: \$1,184,365 | FY2015: \$2,015,339 | Benchmark achieved |
| Households transitioned to self-sufficiency (Standard Metric: SS#8) | | | | |
| Number of households transitioned to self-sufficiency | FY2014: 30 households | FY2015: 30 households | FY2015: 57 households | Benchmark achieved |
| Additional Metrics: | | | | |
| Increase in average income for exiting participants | | | | |
| Increase in average participant earned income between enrollment and exit | Average earned income at time of GOALS enrollment for all current GOALS participants = \$9,147 | <p>Average earned income for all participants exiting (for any reason) in FY2015 - \$10,000</p> <p>Average earned income for all participants successfully graduating in FY2015 - \$21,000</p> | <p>Actual average earned income for all participants exiting (for any reason) in FY2015 - \$13,328</p> <p>Actual average earned income for all participants successfully graduating in FY2015 - \$30,265</p> | Benchmark achieved |

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|---|--|---|---|------------------------|
| Increase in average savings for exiting participants | | | | |
| Increase in average participant managed savings account balance at exit from GOALS | Average managed savings account balance at entry to GOALS = \$0 | <p>Average managed savings balance disbursed to all participants exiting (for any reason) in FY2015 - \$3,000</p> <p>Average managed savings balance disbursed to graduating participants in FY2015 - \$7,500</p> | <p>FY2015 average disbursed to all participants exiting (for any reason) - \$1,753</p> <p>FY2015 average disbursed to graduating participants - \$5,403</p> | Benchmark not achieved |
| Increase in positive outcomes for exiting participants | | | | |
| <p>Percentage of households:</p> <p>1) Employed full-time</p> <p>2) Employed part-time</p> <p>3) Enrolled in educational program</p> <p>4) Enrolled in job training program</p> <p>5) Unemployed</p> <p>6) Other (defined as having completed an educational or job training program)</p> | <p>For 81 households exited in FY2013:</p> <p>1) 50%</p> <p>2) N/A</p> <p>3) 9%</p> <p>4) 2%</p> <p>5) 50%</p> <p>6) 14%</p> | <p>For FY2015 exiting households:</p> <p>1) 40%</p> <p>2) TBD</p> <p>3) 10%</p> <p>4) 2%</p> <p>5) 35%</p> <p>6) 14%</p> | <p>For 135 households exited in FY2015:</p> <p>1) 30%</p> <p>2) 18%</p> <p>3) 21%</p> <p>4) 16%</p> <p>5) 52%</p> <p>6) 16%</p> | Benchmark not achieved |
| Exiting participants removed from TANF | | | | |
| Percent of households giving up TANF at exit | FY2013: 24% of households who had TANF during participation had given up TANF at exit | FY2015: 30% of households ⁴ | FY2015: 55% | Benchmark achieved |

¹Home Forward uses our MTW flexibility to include coordinators at our site-based programs in our overall GOALS FSS program. This is shown here as an increase in staffing costs and hours, since we're now able to include these costs under the combined program.

²Households may be counted in more than one category in the employment statuses shown above. For example, a household may be considered unemployed while enrolled in an educational program.

³Home Forward did not previously track full-time vs part-time employment. When establishing FY2015 benchmarks, full and part-time employment were combined into the benchmark for "employed full-time" to allow Home Forward a year to begin tracking the different types of employment.

⁴Households are required to give up TANF benefits in order to graduate. The percentage of households is pulled down due to families exiting the program without graduating.

MTW Flexibility:

Home Forward has used MTW flexibility to create an economic opportunity program that is tailored to serve our community. Aspects that use MTW flexibility are described above, and include use of a strike point escrow system, use of the rent reform calculation for participants, and modifications to the graduation process.

Explanation of Benchmarks Not Achieved:

With a large number of exits in FY2015, as well as increases in voucher payment standards, a number of benchmarks in our GOALS activity were not achieved. The majority of these instances are only slight shortfalls, and an explanation for each is provided below.

The benchmark for number of households enrolled in GOALS is 600 per year. As of March 31, 2015, 552 households were enrolled in GOALS. However, during the year there were 687 households in the program, and 757 participants within those households due to multiple adults in families enrolling. Home Forward continually fills slots for GOALS participation as others graduate or leave the program.

Although the benchmarks were not met for number of heads of households with full-time or part-time employment, overall the benchmarks were achieved for Increase in Positive Outcomes in Employment Status. Combined, 292 heads of households were employed full-time or part-time, short of the benchmark of 315. However, a significantly higher number of households were enrolled in education or job-training programs, or completed those programs, and we've seen a decrease in the number of unemployed households. Additionally, 57% of work-focused households were employed (above the benchmark of 55%). Home Forward continues to partner with our local Workforce Investment Board on a training and employment program funded through a grant from the Department of Labor. All Home Forward residents who sign up to participate access the preference to enroll in GOALS. Over 130 people are currently enrolled in the grant, and many are expected to complete training and/or internships over the next 6 months with a goal of full-time, career track employment by the end of FY2016.

There were 128 participant households receiving TANF as of March 31, 2015 – exceeding the benchmark of 125. Because of the large number of exits in FY2015, we have a significant number of new participants in the program, who typically enter the program with lower incomes and are more likely to be receiving TANF assistance.

There was an increase this year in the average subsidy per GOALS households. As described in Activity 01 Rent Reform, Home Forward raised voucher payment standards throughout our community in an attempt to keep pace with the increasingly expensive rental market and to ensure neighborhood choice for voucher holders. In addition, as households exit the GOALS program, the new households who enroll typically enter the program with lower incomes and require higher subsidy costs in the initial years of participation.

The benchmark for positive outcomes for exiting households was not met. 49% of exiting households were not employed at exit, which exceeded our goal of 35%. A large number of participants exited in FY2015 – 135 households transitioned out of the program this year, compared to 81 the previous year. In addition, average disbursements at exit were lower than in years past. This is partly due to the end of the Urban Institute study and staff assessment of participant engagement. Staff reached out to families who were not actively engaged in the program and a number of these families chose to exit at that time.

Changes to Metrics:

No changes have been made to benchmarks or metrics.

Changes to Data Collection:

In an effort to be consistent with HUD FSS grant reporting, each unique enrollment in training and education is counted. For example, if a participant is enrolled in both a technical certificate training program and short-term job training, it would count as two enrollments.

03 LOCAL BLENDED SUBSIDY

Approved FY2012, Implemented FY2012

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

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

MTW authorization:

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

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

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

Statutory objective:

Increase housing choice for low-income families

As of FY2015, Home Forward has utilized the LBS program for 284 units at three properties. This includes 130 units at Bud Clark Commons, 45 units at Madrona Place, and 109 units at Stephens Creek Crossing.

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|---|---|----------------------------------|-------------------|--------------------|
| Additional units of housing made available (Standard Metric: HC#1) | | | | |
| Number of new housing units made available for households at or below 80% AMI | Before implementation, 0 units made available | FY2015: 239 units made available | FY2015: 239 units | Benchmark achieved |
| Units of housing preserved (Standard Metric: HC#2) | | | | |
| Number of housing units preserved for households at or below 80% AMI | Before implementation, 0 units preserved | FY2015: 45 units preserved | FY2015: 45 units | Benchmark achieved |

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|---|-------------------------------------|---|------------------------|--------------------|
| Increase in resident mobility (Standard Metric: HC#5) | | | | |
| Number of households living in better neighborhoods (defined as low poverty census tracts where poverty is below 16%) | Before implementation, 0 households | FY2015: 109 households | FY2015: 109 households | Benchmark achieved |
| Increase in resources leveraged (Standard Metric: CE#4) | | | | |
| Amount of funds leveraged | Before implementation, \$0 | \$11,145,307 in leveraged debt, equity and increased services | FY2015: \$11,145,307 | Benchmark achieved |

MTW Flexibility:

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

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

Changes to Metrics:

No changes have been made to benchmarks, metrics or data collection methodology.

06 ALTERNATE INSPECTION REQUIREMENTS FOR PARTNER-BASED PROGRAMS

Approved FY2012, Implemented FY2012

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

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

Statutory objective:
Reduce cost and achieve greater cost
effectiveness in Federal expenditures

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|--|-------------------------------------|----------------------|-----------------|--------------------|
| Agency cost savings (Standard Metric: CE#1) | | | | |
| Total cost of task | Before implementation, \$35,500 | \$0 | FY2015: \$0 | Benchmark achieved |
| Staff time savings (Standard Metric: CE#2) | | | | |
| Total time to complete the task | Before implementation, 500 hours | 0 hours | FY2015: 0 hours | Benchmark achieved |
| Decrease in error rate of task execution (Standard Metric: CE#3) | | | | |
| Average error rate in completing a task | FY2014: 4% | FY2015: Less than 5% | FY2015: 3% | Benchmark achieved |

MTW Flexibility:

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

Changes to Metrics:

No changes have been made to benchmarks or metrics.

Changes to Data Collection:

Home Forward has moved to a “risk assessment” model in auditing partner-based program files. All partners are evaluated annually using our risk assessment tool, which assesses factors such as contract compliance, agency performance meeting benchmarks, past file audit results and data quality. The tool helps Home Forward quickly identify potential issues and ensures that weaker performers are audited on a more frequent basis.

07 LANDLORD SELF-CERTIFICATION OF MINOR REPAIRS

Approved FY2013, Implemented FY2013

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

This activity has continued to result in time- and cost-savings for Home Forward, with a reduced number of re-inspections from year to year. In the first year of this activity, inspectors were extremely cautious about when to allow the self-certification to be utilized. As inspectors have become more comfortable with the activity, they continue to be thoughtful about when to allow self-certification, but are effectively increasing utilization of this option. From baseline year to current, the number of re-inspections has dropped from 2,210 to 1,539.

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

Statutory objective:
Reduce cost and achieve greater cost
effectiveness in Federal expenditures

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark achieved |
|--|-------------------------------------|----------------------|---------------------|--------------------|
| Agency cost savings (Standard Metric: CE#1) | | | | |
| Total cost of task | Before implementation, \$140,344 | FY2015: \$112,275 | FY2015: \$97,695 | Benchmark achieved |
| Staff time savings (Standard Metric: CE#2) | | | | |
| Total time to complete the task | FY2012: 2,210 hours | FY2015: 1,768 hours | FY2015: 1,539 hours | Benchmark achieved |
| Decrease in error rate of task execution (Standard Metric: CE#3) | | | | |
| Average error rate in completing a task | FY2015: 0% | FY2015: Less than 5% | FY2015: 0% | Benchmark achieved |

MTW Flexibility:

This activity uses alternate criteria – in the form of an owner’s written certification – to verify the correction of deficiencies in a unit that failed its initial or annual HQS inspection as a result of four or fewer minor (as defined by Home Forward) deficiencies. This policy increases efficiencies and saves the agency the cost of these re-inspections.

Changes to Metrics:

Home Forward has made a significant adjustment to the calculation for the time and cost of a re-inspection. In prior reports, including the baseline year, the calculation included only the actual time (and related cost) of an inspector traveling to and inspecting a unit. In reality, the time and cost of a re-inspection also includes time spent scheduling and communicating with a landlord and tenant, completion of paperwork and data entry. Therefore, the actual time for re-inspection is being updated from 35 minutes to one hour, and corresponding costs have also been adjusted.

Baseline and benchmark data has been revised in order to present a true comparison. This information is based on 2,210 re-inspections conducted in the baseline year.

| Metric | Original Baseline | Revised Baseline | Original Benchmark | Revised Benchmark |
|---|----------------------------------|----------------------------------|--------------------|---------------------|
| Agency cost savings (Standard Metric: CE#1) | | | | |
| Total cost of task | Before implementation, \$140,092 | Before implementation, \$140,344 | FY2015: \$119,078 | FY2015: \$112,275 |
| Staff time savings (Standard Metric: CE#2) | | | | |
| Total time to complete the task | FY2012: 1,326 hours | FY2012: 2,210 hours | FY2015: 950 hours | FY2015: 1,768 hours |

Changes to Data Collection:

There has been no change to data collection methodology.

08 INSPECTIONS AND RENT REASONABLENESS AT HOME FORWARD-OWNED PROPERTIES

Approved FY2013, Implemented FY2013

Home Forward owns over 4,000 units of affordable housing in Multnomah County. Many of these units have project-based Section 8 vouchers attached, and additional units are rented to families that are utilizing tenant-based Section 8 vouchers. In cases where a voucher holder is renting a unit we own, Home Forward utilizes our own staff to perform inspections and determine rent reasonableness.

In cases where Home Forward both owns and manages the unit, we hire a third party to conduct quality control inspections and rent reasonableness testing at a sample of these units. This ensures standards are being met while mitigating any conflict of interest. In FY2015, 100% of quality control inspections passed and no problems were identified with unit conditions or rent reasonableness.

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

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

Statutory objective:
Reduce cost and achieve greater cost
effectiveness in Federal expenditures

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|--|---------------------------------------|----------------------|-----------------|--------------------|
| Agency cost savings (Standard Metric: CE#1) | | | | |
| Total cost of task | Prior to implementation, \$17,750 | FY2015: \$0 | FY2015: \$0 | Benchmark achieved |
| Staff time savings (Standard Metric: CE#2) | | | | |
| Total time to complete the task | Prior to implementation, 370 hours | FY2015: 0 | FY2015: 0 hours | Benchmark achieved |
| Decrease in error rate of task execution (Standard Metric: CE#3) | | | | |
| Average error rate in completing a task | FY2015: 0% | FY2015: Less than 5% | FY2015: 0% | Benchmark achieved |

MTW Flexibility:

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

Changes to Metrics:

No changes have been made to benchmarks, metrics or data collection methodology.

09 MEASURES TO IMPROVE THE RATE OF VOUCHER HOLDERS WHO SUCCESSFULLY LEASE-UP

Approved FY2010, Implemented FY2010

In 2013, the Oregon State Legislature passed HB2639, which prohibits discrimination against renters who hold Section 8 vouchers and establishes a statewide Landlord Guarantee Program fund. The new guarantee fund was modeled after Home Forward's Landlord Guarantee Fund and is available to any landlord in the State of Oregon who is renting to a Housing Choice Voucher holder on or after July 1, 2014. As a result, Home Forward no longer needs to offer our own Landlord Guarantee Fund, and this element of the activity was discontinued during FY2015.

However, in July of 2014, Home Forward updated our Landlord Incentive Fee initiative (previously listed only in the Single Fund Flexibilities section of the MTW Report) and has incorporated it into this activity. Therefore, Home Forward includes here two implemented measures aimed at improving acceptance of Section 8 vouchers in our community and thus improving the ability of voucher holders to successfully lease up.

- We provide vacancy loss payment to owners through the end of the month after the move-out month when vacancies are unforeseen or unexpected (such as a death or skip) and the owners have not received proper notice of the intent to vacate.
- The Landlord Incentive Fee targets new landlords. Home Forward makes a one-time payment of \$200 to new landlords, defined as those who have not worked in partnership with us for the past two years.

Unfortunately, leasing success rates fell in FY2015 as result of an extremely tight rental market, with an average vacancy rate of just 3%. Paired with this are rapidly rising rents and an overall lack of affordable units. This is a statewide problem, and Home Forward's Chief Operating Officer now sits on the state's Housing Choice Advisory Committee. Even with the above measures in place and the new legislation preventing discrimination against voucher holders, leasing success rates have fallen almost to our 2009 baseline. In an attempt to keep pace with the market and ensure neighborhood choice for voucher holders, Home Forward increased payment standards again at the end of FY2015, marking the second increase of FY2015 and the fifth increase in just four years.

We have worked collaboratively with local landlord associations to improve the situation, including partnering to deliver training on the voucher program to over 2,000 landlords. We have worked with the Fair Housing Council on educating landlords about the new laws, and we have

MTW authorization:

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

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

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

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

Statutory objective:

Increase housing choice for low-income families

implemented a variety of policy changes (which do not require MTW flexibility) to make the voucher program more appealing to landlords. These include:

- Allowing flexible lease terms based on an individual landlord's standard practice (including month-to-month)
- Setting a goal of conducting initial inspections within 3-5 days of receiving the Request for Tenancy Approval (currently at three days)
- Accepting electronic Requests for Tenancy Approval from landlords to speed the process
- Posting tools for landlords on our website so landlords can assess whether their unit is likely to pass rent reasonable and affordability tests
- Creating a landlord services team available to answer landlord's questions and provide improved customer service

Finally, we are working to provide more support for voucher holders themselves. We have improved our tenant briefing, with an increased focus on housing search, tenant rights and opportunity neighborhoods, in hopes of helping voucher holders be better prepared for their housing search.

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|--|-------------------------------------|------------------------|------------------------|--------------------|
| Households assisted by services that increase housing choice (Standard Metric: HC#7) | | | | |
| Number of households receiving services aimed at increasing housing choice | Before implementation, 0 households | FY2015: 500 households | FY2015: 707 households | Benchmark achieved |

Additional Metrics:

| | | | | |
|---|--------------------------------|---------------------------|-----------------|------------------------|
| Improve voucher success rate | | | | |
| Issued voucher success rate | FY2009: 74% | FY2015: 85% | FY2015: 75.2% | Benchmark not achieved |
| Decrease in lease-up time | | | | |
| Average number of days for a voucher holder to lease up | Before implementation, 51 days | FY2015: Less than 50 days | FY2015: 76 days | Benchmark not achieved |

MTW Flexibility:

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

Explanation of Benchmarks Not Achieved:

A tightening rental market, due to high demand and low supply, has led to dramatic rent increases. Because of this, voucher holders are facing increased competition in the market, as well as decreased affordability. In the summer of 2014, Home Forward's voucher success rate was approaching 80%, which was below our target of 85%. But the market has continued to tighten and success rates have trended downwards since August 2014. The overall vacancy rate in the Portland metro area is now at just 3.09%, with five out of the nine payment standard areas even lower, ranging from 1.9% to 2.7%. In an effort to improve the success rate and give participants as much choice in the rental market as possible, in March 2015, Home Forward increased payment standards for the fifth time in four years.

Changes to Metrics:

For our FY2016 MTW Plan, Home Forward adjusted the benchmark for the first metric regarding the number of households receiving services aimed at increasing housing choice. As mentioned above, Home Forward's Landlord Guarantee Fund program sunset this year with the implementation of a statewide guarantee fund for Housing Choice Voucher holders. Instead, this metric will now measure the number of households benefitting from the Landlord Incentive Fee initiative, and as such, the benchmark was adjusted from 500 households down to 180 households in the FY2016 MTW Plan.

Changes to Data Collection:

No changes have been made to data collection methodology.

10 LOCAL PROJECT-BASED VOUCHER PROGRAM

Approved FY2012, Implemented FY2012, Amended FY2015

Home Forward has created a project-based voucher (PBV) program tailored to meet the needs of the local community. We currently administer over 2,000 PBVs in the community via more than 60 separate contracts. The program continues to represent our focus on coordinating with jurisdictional partners and enhancing the supply of permanent supportive housing for households with barriers to housing.

In FY2014, Home Forward was granted approval to begin disposition of ten of our public-housing high-rise buildings, which account for over 1,200 units. That year, the first 654 units were replaced with Tenant Protection Vouchers. In order to preserve these units as affordable housing in our community, Home Forward project-based vouchers for those 654 units. The MTW flexibility to place project-based vouchers at these buildings, coupled with partnerships with service providers and our local jurisdictions, has ensured that affordable housing remains available to some of the most vulnerable households in our community.

The current objective of the project-based voucher program is to provide housing certainty for low-income, high-barrier people who would be unlikely to succeed with a tenant-based voucher. With that in mind, it is our goal to assign project-based vouchers to buildings where the rent assistance is linked with on-site services, ideally in opportunity areas, offering tenants affordable rents and access to community resources. Home Forward's project-based voucher program has evolved over time, and with nearly 30 original project-based voucher contracts expiring over the past year, Home Forward made a significant change to help more fully achieve our objective. Five-year renewals were offered to owners only if they agreed to set waiting list preferences for one or more vulnerable populations and to make services available to those households.

This new requirement will result in all project-based voucher buildings offering affordable housing with services for those most in need by 2017, signifying a change for approximately a third of our existing contracts. This renewed emphasis on providing access to vulnerable populations requires greater collaboration with community leaders and service providers. Some of this work has already begun, and we have been pleased with how open many owners have been to the changes. They, too, see the value in providing resources to support residents in living more stably and successfully at their properties.

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

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

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

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

Statutory objective:
Increase housing choice for low-income families

Reduce cost and achieve greater cost effectiveness in Federal expenditures

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark achieved |
|---|----------------------------------|---|------------------------------------|------------------------|
| Additional units of housing made available (Standard Metric: HC#1) | | | | |
| Number of new housing units made available for households at or below 80% AMI | FY2011: 1,100 units | FY2015: 1,346 units made available | FY2015: 1,346 units made available | Benchmark achieved |
| Units of housing preserved (Standard Metric: HC#2) | | | | |
| Number of units preserved for households at or below 80% AMI that would otherwise not be available | Prior to implementation: 0 units | FY2015: 654 units preserved | FY2015: 654 units preserved | Benchmark achieved |
| Decrease in wait list time (Standard Metric: HC#3) | | | | |
| Note: Because Home Forward does not have a pre-implementation baseline for this metric, we are not able to show the historical impact of this activity | | | | |
| Average applicant time on wait list in months | FY2014: 15 months | FY2015: 15 months | FY2015: 22 months | Benchmark not achieved |
| Displacement prevention (Standard metric: HC#4) | | | | |
| Note: Because Home Forward does not have a pre-implementation baseline for this metric, we are not able to show the historical impact of this activity | | | | |
| Number of households at or below 80% AMI that would lose assistance or need to move | FY2015: 904 | No benchmark was established for FY2015 | FY2015: 904 | Benchmark achieved |
| Increase in Resident Mobility (Standard Metric: HC#5) | | | | |
| Number of households able to move to a better unit and/or neighborhood of opportunity (defined as low poverty census tracts where poverty is below 16%) | FY2011: 93 households | FY2015: 400 households | FY2015: 275 households | Benchmark not achieved |
| Agency Cost Savings (Standard Metric: CE#1) | | | | |

| | | | | |
|--|------------------------------------|----------------------|---------------------|------------------------|
| Total cost of task in dollars | Prior to implementation: \$30,720 | FY2015: \$5,025 | FY2015: \$4,650 | Benchmark achieved |
| Metric | Baseline | Benchmark | Outcome | Benchmark achieved |
| Staff time savings (Standard Metric: CE#2) | | | | |
| Total time to complete the task | Prior to implementation, 917 hours | FY2015: 150 hours | FY2015: 120 hours | Benchmark achieved |
| Decrease in error rate of task execution (Standard Metric: CE#3) | | | | |
| Average error rate in completing task | FY2015: 2% | FY2015: Less than 5% | FY2015: 5.9% | Benchmark not achieved |
| Increase in tenant share of rent (Standard Metric: CE#5) | | | | |
| Note: Because Home Forward does not have a pre-implementation baseline for this metric, we are not able to show the historical impact of this activity | | | | |
| Total annual tenant share of rent | FY2014: \$3,570,859 | FY2015: \$3,570,859 | FY2015: \$5,296,296 | Benchmark achieved |

MTW Flexibility:

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

- Home Forward exceeds the traditional 25% limit of PBVs in a single building, and allows project-based vouchers to be awarded to more than 25% of units in a given complex.
- Home Forward has modified waitlist policies to allow each PBV building to maintain its own site-based waiting list with its own preferences. It would not be practical or cost effective for Home Forward to manage so many separate PBV waiting lists with separate preferences. Multiple waitlists also ensure that there are almost always open waitlists at any point in time.
- Home Forward does not provide a preference on the tenant-based waiting list for PBV residents and requires PBV residents to apply for and remain on the tenant-based waitlist in order to transfer to a tenant-based voucher unit.
- Home Forward modifies screening and eligibility requirements to differ from the traditional criteria at certain PBV properties which offer supportive services, therefore increasing housing choice for participants who might otherwise be ineligible for Section 8 housing. Home Forward determines an applicant's eligibility for a specific PBV property based on the capacity of the service provider who owns or contracts to manage the property.

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

The local competitive process may be waived and PBVs may be awarded based on a formal approval and resolution process by Home Forward's Board of Commissioners within the following parameters:

- 1) Jurisdictional partners (defined as the cities of Portland and/or Gresham or Multnomah County) formally request for Home Forward to rehabilitate, acquire, or develop housing as a part of a community-wide initiative to meet local priorities and
 - 2) The intended PBV units will be owned directly or indirectly and/or managed by Home Forward.
- Home Forward has adopted the local city and county site selection standards for PBV units in order to ensure alignment with jurisdictional partners in regards to site selection for low-income housing aimed at ending homelessness. Site selection standards are designed to deconcentrate poverty and expand housing and economic opportunities in census tracts with poverty concentrations of 20% or less.
 - Home Forward has modified subsidy standards regarding under- and over-housing in order to ensure full utilization of PBV units. Subsidy standards are the same for PBVs as those used for tenant-based vouchers, but exceptions are granted when there are no appropriately sized households on the waiting list to fill a vacant unit.
 - Home Forward has modified lease terms, renewal options, and termination policies to limit owners' ability to terminate tenancy without cause, maximizing housing choice for the families in those units. After the initial term, PBV leases convert to a month-to-month agreement unless owners and tenants agree to a longer term, and owners may not refuse to renew leases without cause. Owners of PBV units may not terminate tenancy without cause, except as follows:
 - The owner of a PBV unit may terminate tenancy for a family if Home Forward terminates the family's assistance for any reason in order to ensure that another low-income applicant can be served. However, instead of terminating tenancy, the owner may request Home Forward's approval to amend the PBV contract to remove a unit occupied by a zero subsidy family or amend the PBV contract to substitute a different unit with the same number of bedrooms in the same building.
 - Home Forward has modified the way contract rents are determined for PBV units by limiting PBV contract rents to a maximum of the payment standard less any applicable tenant paid utility allowance, ensuring that PBV units are affordable even to zero-income households.
 - Home Forward has adapted the timing of applying payment standard adjustments for PBV participants. Any increase in payment standards to the PBV units is applied on the next anniversary date of the PBV Housing Assistance Payments Contract, following the effective date of the

increase. Any decrease in payment standards to the unit is applied beginning on the second anniversary date of the PBV Housing Assistance Payments Contract following the effective date of the decrease.

- Home Forward uses an alternate rent setting policy that allows the Rent Assistance Director, with Board approval, to set exception payment standards that are greater than 110% of Fair Market Rents for service-enriched buildings entering into new project-based voucher contracts, without requesting HUD approval. The payment standard granted applies to any unit under the project-based voucher contract serving a highly vulnerable population with intensive services. Data is required of the owner to verify the value of the services being provided, and this cost will not be included when conducting rent reasonableness tests.
- Home Forward allows Home Forward staff to conduct inspections, set rents and determine rent reasonableness for Home Forward-owned units that utilize PBVs. When Home Forward both owns and manages the unit, it hires a third party to conduct quality control testing of inspections and rent reasonableness determinations for a sample of these units. This activity is also described under Activity 08: Inspection and Rent Reasonableness at Home Forward-Owned Units.
- Home Forward has eliminated the cap limiting project-basing to up to 20% of the amount of budget authority allocated to the agency by HUD in the voucher program.

Explanation of Benchmarks Not Achieved:

Average applicant time on the waiting list in FY2015 was 22 months, longer than our stated benchmark of 15 months. The increase in the average applicant time on the waiting list is likely due to several factors. First, Home Forward's high rise public housing buildings were converted to project-based vouchers in FY2014 and now factor into the average wait time. Those buildings have longer wait times than many of the other project-based voucher buildings. Second, as vacancy rates have remained low in community, demand for affordable housing has increased. Because the number of affordable units remains insufficient, waitlists have grown and with longer waitlists come longer wait times.

Finally, Home Forward is seeing lower turnover in many of the project-based buildings. Home Forward has increased its focus on the services provided at many of these buildings, encouraging owners to identify partners to offer services and auditing those services during site visits. This may have increased some buildings' capacities to provide stability and eviction prevention services, with fewer households leaving as a result of program violations. Home Forward will continue to watch the waitlist times at buildings over the next few years to assess whether any changes are needed.

In FY2015 we saw a decrease in the number of project-based vouchers located in low-poverty neighborhoods, defined as those census tracts where poverty was below 16%. However, the majority of this change is due to increased poverty in a number of census tracts, and not project based vouchers moving from low-poverty to high-poverty neighborhoods. In 2013 (the most recent data available), out of 171 census tracts in Multnomah County, only 86 qualified as low-poverty, as compared to 101 low-poverty census tracts five years earlier. The largest impact here was the change in status for the census tract where our Hollywood East building is located. This building includes 286 units, and the census tract wherein it resides has increased to 17% poverty and is no longer considered a low poverty census tract.

The error rate of files audited was higher in FY2015 than last year. As described in Activity 01 Rent Reform, the rent assistance department brought on a significant number of new staff in FY2015, and as part of the training process, 100% of the files of those staff are audited and corrected during their first six months on the job. As new caseworkers have completed training and the six month audit period, error rates are once again decreasing. Home Forward continues to monitor error rates and will consider any necessary action in the future.

Changes to Metrics:

No changes have been made to benchmarks, metrics or data collection methodology.

11 ALIGN UTILITY ALLOWANCE ADJUSTMENT PROCEDURES

Approved FY2011, Implemented FY2011

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

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

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

Statutory objective:
Reduce cost and achieve greater cost
effectiveness in Federal expenditures.

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|---|---|-----------------|-----------------|--------------------|
| Agency cost savings (Standard Metric: CE#1) | | | | |
| Total cost of task | Before implementation, \$8,000 per year | FY2015: \$0 | FY2015: \$0 | Benchmark achieved |
| Staff time savings (Standard Metric: CE#2) | | | | |
| Total time to complete task | Before implementation, approximately 393 hours | FY2015: 0 hours | FY2015: 0 hours | Benchmark achieved |

MTW Flexibility:

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

Changes to Metrics:

No changes have been made to benchmarks, metrics or data collection methodology.

13 BROADEN RANGE OF APPROVED PAYMENT STANDARDS

Approved FY2015, Implemented FY2015

Regulations require that payment standards are set between 90% and 110% of Fair Market Rents, as defined by HUD, for the geographic area in which the housing authority is operating. Multnomah County is a large geographic area with rents that differ throughout several submarkets. When rental market conditions tighten, it is not uncommon for 110% of Fair Market Rent to fall short of what is needed to rent a quality unit in large, and often higher opportunity, areas of Multnomah County. In addition, payment standards that are too high in particular neighborhoods can create concentrations of poverty.

MTW authorization:

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

Statutory objective:

Increase housing choice for low-income families

In order to ensure that payment standards are sufficient to allow Housing Choice Voucher participants reasonable choice in neighborhoods, Home Forward has used MTW authority to broaden its “base range” for payment standards to between 80% and 120% of the Fair Market Rents without prior HUD approval. Home Forward has also been authorized to approve Exception Payment Standards up to 120% of Fair Market Rents in low poverty areas or as a reasonable accommodation for a family that includes a person with disabilities.

Home Forward updated its payment standards using this authorization in July 2014 and again in March 2015, following these parameters:

- Payment standards are broken down by nine separate neighborhoods as defined by ZIP codes. Each of these neighborhood payment standards is broken down by bedroom size.
- In four high-opportunity neighborhoods payment standards are set at the market rate plus the average tenant paid utility allowance, within the range of 90% to 118% of Fair Market Rents. These areas offer increased access to transportation options, family wage jobs, education and healthy living. A maximum threshold of 118%, instead of 120%, ensures we will not be forced to be immediately reactive if HUD reduces the Fair Market Rents by a small percentage.
- In the other five neighborhoods, payment standards are set at the market rate alone within the range of 90% to 118% of Fair Market Rents.
- Because data shows that market rents for three-bedroom apartments fall well below 90% of Fair Market Rents, payment standards for three-bedroom apartments are set a market rate within a range of 85% to 118% of Fair Market Rents. Home Forward has established a separate payment standard for single family three-bedroom duplexes and homes within the range of 90% to 118% of Fair Market Rents.

For households on the Section 8 program at the time of the 2014 changes, payment standard increases were applied at the time of their full recertification or when they moved. Households in areas where payment standards decreased retained their current payment standard, unless they moved. This implementation schedule, as well as setting payment standards within the specified range even when market rents may be lower than that range, helped to ensure that current households were not harmed and that zero-income participants were able to find affordable housing and

pay utilities. Requests for exception payments standards up 120% of Fair Market Rents under this new policy were considered beginning in FY2015, and two requests were granted.

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|--|--|--------------------------------|----------------------------------|------------------------|
| Increase in resident mobility (Standard Metric: HC#5) | | | | |
| Number of households living in better neighborhoods (defined as low poverty census tracts where poverty is below 16%) | FY2013: 1,896 (30%) households lived in better neighborhoods | FY2015: 1,926 (30%) households | FY2015: 1,532 (23.3%) households | Benchmark not achieved |
| Agency cost savings (Standard Metric: CE#1) Note: This is a standard reporting metric used by HUD to measure impacts across agencies on a national level. Home Forward does not save costs through this activity, but we have included it at HUD's request. | | | | |
| Total cost of task | FY2014: \$58,082,840 | FY2015: \$60,032,099 | FY2015: \$59,566,868 | Benchmark achieved |

Additional Metrics

| | | | | |
|--|-----------------|-----------------|-----------------|--------------------|
| Average Housing Assistance Payment expense | | | | |
| Average annual HAP expense by household | FY2014: \$6,690 | FY2015: \$7,150 | FY2015: \$6,984 | Benchmark achieved |

MTW Flexibility:

Home Forward uses our MTW authority to expand the range for which Home Forward may set payment standards across the various submarkets of Multnomah County to between 80% and 120% of HUD-established Fair Market Rents, and to allow for exception payment standards up to 120% of Fair Market Rents, without HUD approval. This ensures that payment standards are sufficient to allow all families, including those that need a reasonable accommodation, to choose to rent units in all nine of the defined areas in Multnomah County (so long as Housing Choice Voucher funding is sufficient to permit this). Home Forward may also choose to reduce payment standards in areas with lower market rents.

Explanation of Benchmarks Not Achieved:

In FY2015, we saw a decrease in the number of households living in low-poverty neighborhoods, defined as those census tracts where poverty was below 16%. However, we have found that the majority of this change is due to increased poverty in a number of census tracts, and not households moving from low-poverty to high-poverty neighborhoods. In 2013 (the most recent data available), out of 171 census tracts in Multnomah County, only 86 qualified as low-poverty, as compared to 101 low-poverty census tracts five years earlier. Home Forward will continue monitoring this metric, as well as considering additional opportunities to help our families find housing in neighborhoods of opportunity.

Changes to Metrics:

No changes have been made to benchmarks, metrics or data collection methodology.

14 PROGRAM BASED ASSISTANCE

Approved FY2015, Implemented FY2015

The need for rental assistance in Multnomah County far outstrips the supply. When Home Forward opened the Housing Choice Voucher waiting list in 2012 for the first time in 6 years, over 21,000 households applied for 3,000 waiting list slots.

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

To administer Program Based Assistance, Home Forward sets aside a pool of flexible rent assistance funds to serve targeted populations, in partnership with one or more local service providers who ensure that the families have access to the supportive services or resources they need to be stable and successful. Target populations for Program Based Assistance are families for whom: 1) success on the Housing Choice Voucher program would be unlikely; 2) the delay in accessing rent assistance due to the voucher waitlist would most likely have devastating results (recidivism, relapse, death, homelessness, etc); or 3) the need for rental subsidy is short term while the client is receiving the support needed to stabilize in permanent housing. Examples of target populations include families who are homeless or at risk of homelessness, families with children attending Alder Elementary School (which has one of the highest mobility rates in the County and was adopted by the I Have a Dream Foundation in order to improve outcomes), former foster youth, survivors of domestic violence, families enrolled in employment programs and families with an adult who has recently been released from prison.

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

Uses of Funds: Rental Assistance funds may be used for rent assistance, rent arrears with a current landlord, move-in fees and deposits, utility assistance and arrears, motel vouchers if housing is identified but not immediately available, and documented debt to a past landlord (other than a public housing authority).

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

Attachment D – Use of MTW Funds

Statutory objective:
Increase housing choice for low-income
families

Eligibility: Eligibility for Program Based Assistance is as low barrier as possible in order to provide housing access for hard-to-serve households. The only limitations on eligibility are: 1) the household must include at least one person who is a U.S. citizen, U.S. national, or noncitizen with eligible immigration status; 2) the household may not include any member who is subject to lifetime registration as a sex offender or has been convicted of production/manufacture of methamphetamine on premises of federally assisted housing; 3) no one in the household may owe Home Forward money; and 4) annual gross income cannot exceed 50% of area median income.

Subsidy Determination Method: Each partner is required to write clear policies and procedures for how subsidy amount and duration will be determined. These policies must be applied to all participants in that partner's program.

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

Program Based Assistance is a local, non-traditional rental subsidy program. Home Forward will comply with PIH Notice 2011-45 when administering this activity.

Activity Metrics:

| Metric | Baseline | Benchmark | Outcome | Benchmark Achieved |
|---|-------------------------------------|------------------------|------------------------|------------------------|
| Additional Units of Housing Made Available (Standard Metric: HC#1) | | | | |
| Number of new housing units made available for households at or below 80% AMI | Before implementation, 0 units | FY2015: 5 units | FY2015: 5 units | Benchmark achieved |
| Increase in Resident Mobility (Standard Metric: HC #5) | | | | |
| Number of households able to move to a better unit and/or neighborhood of opportunity | Before implementation, 0 households | FY2015: 110 households | FY2015: 102 households | Benchmark not achieved |
| Households Assisted by Services that Increase Housing Choice (Standard Metric: HC #7) | | | | |
| Number of households receiving services aimed to increase housing choice | Before implementation, 0 households | FY2015: 273 households | FY2015: 365 households | Benchmark achieved |

MTW Flexibility:

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

Explanation of Benchmarks Not Achieved:

Home Forward fell short of the benchmark for households moving to a better unit or neighborhood of opportunity, but this is due to how this metric is calculated. For the Program Based Assistance program, households served fall into one of two categories: homeless households who are placed into a new unit and households receiving services to prevent eviction. Given this, it is the homeless households that are reflected in the resident mobility metric, as 100% of those households are moving into a better housing situation. To benchmark this metric, Home Forward has to project the number of homeless households served nearly a year in advance and before the budget for the program has been determined. So although Home Forward fell short of the projected 110 households, we were within 7% and will not adjust the benchmark going forward.

Changes to Metrics:

No changes have been made to benchmarks, metrics or data collection methodology.

Not Yet Implemented Activities

Activities Approved in FY2015, Not Yet Implemented

12 ALTERNATIVE INITIAL HOUSING ASSISTANCE PAYMENT POLICY Approved FY2015

Multnomah County is experiencing a fiercely competitive rental market, with only a 3% vacancy rate and rapidly rising rents. Housing Choice Voucher (HCV) holders – with extra paperwork and inspection requirements that delay move-in and payment – often find it difficult to compete successfully with unsubsidized renters who can move into a unit and begin payment immediately.

In an effort to improve housing choice for voucher holders and to increase the number of landlords who participate in the program, particularly in low-poverty neighborhoods, Home Forward received approval for this activity to enter into a HAP contract with a landlord with an effective date prior to the initial inspection date. This enables landlords to lease to voucher holders without losing valuable rental income while waiting for an inspection.

Home Forward's intention is to create a local HAP contract, including an addendum informing the landlord of Housing Quality Standard unit requirements and requiring their certification that the unit will meet those standards. The tenant will move in after they are approved by the landlord and Home Forward has approved rent reasonableness and affordability tests. The initial inspection will take place within 15 business days of the effective date of the HAP contract, and if the unit does not pass, landlords will be provided an additional 15 business days to make repairs. In the event of a life-threatening deficiency, landlords will be given 24 hours to make repairs. Once the unit has passed inspection, initial payments will be remitted and will be retroactive to the HAP contract date. No payments will be made until the unit passes inspection, and the contract will include a provision for Home Forward and the tenant to back out at any point if the unit does not pass inspection. If a unit does not pass inspection, no payments will be made and tenants will be released of their obligation to the unit.

Home Forward will create a moving assistance fund to assist households in making deposit payments in the event that a landlord fails to make the necessary repairs and the family has to find a new unit. Because of the high quality of rental housing in Multnomah County, we anticipate a low rate of landlords failing re-inspection in this pilot program. In FY2014, 80% of initial inspections passed on the first visit, and nearly all passed re-inspection within less than 30 days – only 0.5% did not.

MTW authorization:
Attachment C, Section D(1)(a) –
Operational Policies and Procedures

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

Statutory objective:
Increase housing choice for low-income
families

During the initial implementation, Home Forward intends to use this alternative policy at its discretion. The alternative policy will not be used:

- If a unit was built prior to 1978 and the family moving in includes a pregnant woman or children under the age of six; or
- If a landlord has a history of subpar units, a poor or non-compliant repair record, or an otherwise questionable history.

Although this activity was approved for this plan year, Home Forward did not implement it due to two significant changes in leadership for the voucher program in FY2015 – the retirement of the Inspections Supervisor and the promotion of the Department's Director to Chief Operating Officer of the agency. With those leadership changes came other staffing shifts, and as a result, there was not capacity to design this new activity and there was no work on implementation during FY2015. However, Home Forward intends to begin the work in early FY2016 with a goal of implementing a small pilot before the end of FY2016.

MTW Flexibility:

Current regulations require that Home Forward conduct initial inspections before the effective date of the HAP contract and lease. This activity allows Home Forward to conduct initial inspections up to 15 days after the effective date of a HAP contract, and to make payments effective as of that contract date.

Closed Out Activities

Activities Closed in FY2015

05 BIENNIAL INSPECTIONS

Approved FY2008, Implemented FY2008, Closed Out FY2015

Reason for Close Out:

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

Final Outcome and Lessons Learned:

Home Forward achieved significant cost- and time-savings through this activity. As a result, Home Forward has been able to reduce the size of its inspections department by two FTE since 2008, when the activity was implemented. The change was gradual, as the move to biennial inspections happened slowly over time so that Home Forward could ensure there was no negative impact on program participants. When this activity was initially approved in FY2008, participants only qualified for biennial inspections if they had resided in the same unit for a minimum of three years and had passed two consecutive annual inspections on the first visit. As we monitored the success of the activity, we continued to expand it to more households. The success of this initiative, as well as with similar initiatives at other MTW agencies, is evident, and HUD has now adopted biennial inspections as standard practice for all housing authorities.

Annual Metrics:

| Metric | Baseline | Benchmark | FY2014 Outcome | FY2015 Outcome | Benchmark Achieved |
|--|--|--------------------------------|---------------------|----------------------------|--------------------|
| Agency cost savings (Standard Metric: CE#1) | | | | | |
| Total cost of task | Before implementation, \$594,210 | Less than \$450,000 annually | FY2014: \$382,547 | FY2015: \$318,593 | Benchmark achieved |
| Staff time savings (Standard Metric: CE#2) | | | | | |
| Total time to complete the task | Before implementation, 10,928 hours | Less than 8,000 hours annually | FY2014: 3,289 hours | FY2015: 4,891 ¹ | Benchmark achieved |
| Decrease in error rate of task execution (Standard Metric: CE#3) | | | | | |
| Average error rate in completing a task | This activity was closed out before baselines and benchmarks were established. | | | | |

¹In FY2015, Home Forward recalculated the average time of an inspection as 1.3 hours. The FY2014 outcome mistakenly used a calculation of .8 hours, which resulted in an underestimate of time spent on annual inspections.

Activities Closed in Previous Years

| Name of Activity | Year Approved | Year Implemented | Year Closed Out | Reason for Close Out |
|---|---------------|-------------------|-----------------|--|
| Alternate Rent Calculation for Public Housing Units at Rockwood Station, Martha Washington, and Jeffrey | FY2011 | FY2011 | FY2012 | This activity was discontinued on April 1, 2012 when our current Rent Reform activity was implemented and the units at those buildings shifted to the Rent Reform calculation. |
| Limits for Zero-Subsidy Participants | FY2010 | FY2010 | FY2012 | This activity was discontinued on April 1, 2012 with the implementation of Rent Reform. |
| Limiting Portability in Higher Cost Areas | FY2013 | Never implemented | -- | Home Forward determined that the administrative costs to manage this activity would offset the proposed savings. |
| 04 Bud Clark Commons | FY2010 | FY2010 | FY2014 | Home Forward has determined that operations at Bud Clark Commons do not utilize MTW flexibility. |

Sources and Uses of Funding

Sources and Uses of MTW Funds

Actual Sources and Uses of MTW Funding for the Fiscal Year

Home Forward submits its unaudited and audited information in the prescribed FDS format through the Financial Assessment System - PHA (FASPHA), or its successor system.

Describe the Activities that Used Only MTW Single Fund Flexibility

Replacement Housing Factor Funds

Home Forward's efforts to reposition its public housing portfolio can result in a formal disposition approval from HUD and then the sale of the asset. Until the implementation of the *Public Housing Capital Fund Program; Final Rule* (24 CFR 78-206), Replacement Housing Factor (RHF) funds were received by Home Forward as part of the Capital Fund Formula and used to create a new public housing unit. Home Forward utilizes MTW authority to use these RHF funds within its single fund flexibility to create new public housing units in a mixed-finance project. In doing so, these RHF funds provide a portion of the total development capital needed for a particular project. Given the development cash flow needs of any particular mixed-finance project, Home Forward may also use the RHF funds to repay construction financing. This would be done until all first and second increment awards are exhausted, and without formally pledging the future RHF funds to the lender as collateral.

In September 2013, Home Forward proceeded with the disposition of four high rise properties as part of our High Rise Preservation Initiative. The properties are Hollywood East, Sellwood Center, Northwest Tower and Gallagher Plaza, consisting of 654 public housing units. Home Forward has received DDTF funds for these units, and may utilize its MTW authority to determine the future use of these funds based upon the amount of the award and timing in which funds are received.

MTW Initiative Funds

Home Forward has created MTW Initiative Funds. This is a funding source to support initiatives that will advance the goals and objectives of MTW and Home Forward's Strategic Operations Plan, as well as to provide sufficient operating reserves for prudent financial management. Some of these initiatives are aspects of our MTW Activities, described earlier in this Plan.

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

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

Additionally, in 2012, our local Workforce Investment Board (WIB) received a \$5.5 million Workforce Innovation Fund grant in partnership with Home Forward and the other local housing authorities and WIBs in the Portland Metro area to pilot a program called Housing Works. This demonstration grant expanded on an existing partnership between Home Forward and the local WIB. Home Forward received \$1.1 million to work with our Workforce Investment Board to serve 270 Home Forward residents with intensive training and employment services through April of 2016. As part of this grant, Home Forward contributes to the cost of a staff position that is shared between the WIB and Home Forward. This "liaison" provides technical assistance to Home Forward staff as they support clients in navigating the WorkSource system and helps build the partnership between the two organizations.

- Families Forward: Families Forward is the umbrella name for our strategic initiatives designed to help youth attain educational success in order to alleviate or exit poverty, and to help adults make economic progress, with the ultimate goal of exiting poverty for those who are able.
 - For adults, the current priority is to create a single framework for all of the agency's Economic Opportunity efforts, integrating the following four strategies: collecting information about families through an Employment and Training Interest Inventory; aligning existing self-sufficiency programs into a single program called GOALS, with site-based and non-site based components; facilitating the hiring of low-income (Section 3) residents and participants by Home Forward and contractors; and integrating Housing Works/Action for Prosperity (mentioned above) into Economic Opportunity work. Ultimately, the goals for this initiative include increases in resident/participant earned income, increases in residents'/participants' contribution to rent, and residents/participants reaching a living wage if they exit housing subsidy.

- Youth Initiatives: Home Forward's focus on youth efforts has been twofold: 1) ensuring children enter kindergarten ready to learn and 2) ensuring older youth graduate from high school and enter college or training. Our early childhood efforts are being rolled out in alignment with a countywide initiative focused on kindergarten readiness and the Governor's early childhood agenda. We conduct significant outreach to connect our families to programs that support the transition into kindergarten and to register for kindergarten in the spring. We also opened an early childhood center at our newest HOPE VI development.

In December, we successfully ended our three-year demonstration project, funded through the Urban Institute, to provide dual-generation programming at two of our HOPE VI sites, focused on achieving academic success for children. The model provided intensive supports to adults to increase economic opportunity and case management for youth via contractors who specialize in youth development. Through this work, we saw parents get the support they need to engage more deeply and effectively with their children's academic and emotional needs, and as a result, academic performance improved and behavioral issues declined. Because the dual-generation model proved to be successful for our families, we pursued and received three years of additional local grant funding to continue our work with the youth contractors. We are also pursuing two additional projects with Urban Institute to address unmet needs identified through this demonstration: an early childhood home visiting program focused on maternal mental health and addressing issues of hunger and food-insecurity with teens.

- Aging at Home Strategies: Home Forward is developing and implementing initiatives to increase independence and a sense of community at our properties that serve seniors and people with disabilities. Priority strategies include:
 - Increased focus on strengthening and expanding the Congregate Housing Service Program in partnership with Impact Northwest, Multnomah County Aging, Disability and Veteran's Services, and Oregon State Department of Human Services.
 - Participating in Housing with Services, a systems alignment approach to improving health outcomes, reducing health care costs, and promoting community inclusion and self-determination for seniors and people with disabilities living in subsidized housing, which includes Cedar Sinai Park, Care Oregon, Cascadia and other partners.
- Staff Training: To support the Families Forward and Aging at Home initiatives, which are part of Home Forward's Strategic Operations Plan goal to strengthen our relationship with the people we serve, Home Forward is developing a new training program for staff. Training includes understanding the crisis of poverty and provides staff with a basic overview of the components of motivational interviewing, strengths-based case management and trauma-informed care. The goal is to provide staff with knowledge and tools to better support residents in achieving their goals.
- Neighbor-to-Neighbor Grant Program: Home Forward has created a grant program for resident groups from our public or affordable housing communities. Resident groups submit applications for grant funds to improve their community livability and reinforce community

values. Past resident-led projects have included exercise classes, after-school tutoring, an accessible community garden and the creation of a soccer field and youth sports team.

- Security Deposit Assistance: Home Forward offers security deposit assistance to two populations: participants leasing up with Veterans Affairs Supportive Housing (VASH) vouchers, and foster youth leasing up with Family Unification Program (FUP) vouchers. For homeless veterans, a lack of funds for security deposits is a serious barrier to successful use of VASH vouchers. Similarly, youth aging out of the foster care system often do not have the resources to pay for security deposits when trying to utilize FUP vouchers. Security deposit assistance is a key support to finding housing for veterans and youth. Home Forward's funds are to be used only when the service agencies working with these populations are not able to otherwise arrange for deposit assistance.
- Inter-jurisdictional Transfer Program for Survivors of Domestic Violence: In collaboration with other MTW-authorized housing authorities and the local domestic violence service system, Home Forward has implemented an inter-jurisdictional transfer program to assist participants who are survivors of domestic violence. The program ensures continued access to stable and safe housing when it is deemed necessary that the household move to another jurisdiction to avoid violence that is likely to become lethal or near-lethal. A local domestic violence service provider has assigned two advocates to work on-site with Home Forward residents. The advocates can recommend residents to this transfer program and provide advocacy and assistance with relocation to the new jurisdiction. Clients are connected with a local domestic violence agency in the new jurisdiction for support after their transfer. Home Forward allocates up to \$2,000 per household, for up to five households each year. In addition, Home Forward intends to absorb the vouchers of up to five families referred by partnering MTW agencies.
- MTW Operating Reserve: Home Forward will set aside funds each year, as determined by the Board of Commissioners, towards building an Operating Reserve sufficient to fund four months of Operating Expenses plus one month of Housing Assistance Payments.

Local Asset Management Plan

Has the PHA allocated costs within statute during the plan year?

☐

No

Has the PHA implemented a local asset management plan (LAMP)?

Yes

or

☐

If the PHA is implementing a LAMP, it shall be described in an appendix every year beginning with the year it is proposed and approved. It shall explain the deviations from existing HUD requirements and should be updated if any changes are made to the LAMP.

Has the PHA provided a LAMP in the appendix?

Yes

or

☐

Home Forward's Local Asset Management Plan has been implemented with two exceptions. Help Desk services are not billed as fees to programs but are allocated based on program FTE. Work by Home Forward Development staff for Public Housing Capital projects are charged directly to the project on a cost reimbursement basis rather than via a cost recovery fee.

Administrative

Reviews, Audits and Physical Inspections

Public Housing – Because we typically exceed REAC scores of 80/90 points and are on a biennial/triennial cycle, most of our properties were not required to have an inspection in 2014. Of the twelve properties that received required inspections in 2014, nine properties scored 90 or above, and the average score for all twelve was 92.

Annual Program/Financial A-133 Audit – Home Forward's Board of Commissioners accepted and approved the independent audit findings for FY2014 in September 2014. Auditors identified two compliance findings related to the Continuum of Care program. The first finding related to timeliness of inspections – two inspections out of sample of 40 were not performed on a timely basis. The second finding identified that the submission of the Annual Progress Report to HUD required a secondary review to ensure accuracy. Program management provided responses and corrective actions for these findings. There were no internal control findings.

Agency-Directed Evaluations

As mentioned in the section on Single-Fund Flexibility Activities, Home Forward is participating in Housing Works: A Regional Workforce-Housing Alliance, which was awarded a Workforce Innovation Fund grant in 2012 by the US Department of Labor. A full evaluation is a required element of the grant. Home Forward is contributing Moving to Work Initiative Funds to the program in the form of staff time, as well as co-funding the cost of the liaison position.

The partnership behind the program consists of a consortium of workforce investment boards and public housing authorities across Multnomah, Washington, and Clackamas counties in Oregon, and Clark County in Washington. The lessons learned from various prior regional workforce development efforts have been applied in building the model for this program. The current program brings to scale a pilot that Home Forward and Worksystems, Inc. tested several years ago with funds from the Paul G. Allen Family Foundation and expands the geographic span of activities, increasing the number of housing authority residents and industries served, and aligning the formula funding from the lead agencies.

Housing Works is designed to provide residents the opportunity to enhance their skills in order to gain and retain employment in high-demand industries and to increase their employment income. Participants access case management and supports across each stage of the program: career and resource planning; skill development and occupational skills training; job preparation and soft skills development; job attachment services; and employment retention services. This multi-faceted program is also crafted to create system changes in the workforce investment boards and housing authorities by aligning policies and encouraging the co-investment of resources. The approach to workforce development in this model is substantially

altered to incorporate a role for housing authorities as case managers and coaches to assist participants in navigating the array of workforce services and supports. The essential components of this model that speak to systems change consist of growing organizational capacity to more fully align resources and policy; co-investment of resources; and unified service delivery that is seamless to participants.

The design and implementation of the Housing Works program evaluation is being led by Public Policy Associates, Inc. The evaluation design was crafted in partnership with the Housing Works leadership, and the implementation of the evaluation is being conducted in close collaboration with Housing Works staff and partners. The evaluation design is two-pronged, including both an implementation study and an impact study. The evaluation team is monitoring the progress being made toward the overarching goals of the program, offering feedback on the fidelity of program implementation, and assessing indications of systems change, the results of service delivery on participants, and the cost efficiency of the program approach. The evaluation is a rigorous quasi-experimental evaluation designed to assess the impacts to program participants. The purpose of the evaluation is to determine the extent to which the implementation study and the impact study achieved their goals, but also why and how those results were achieved and how they are valued by stakeholders.

The grant was extended through April of 2016, thus extending the evaluation period through the end of 2016. Two interim reports have been published to date, and the final evaluation will be completed in 2017.

Certification of Compliance with Statutory Requirements

Home Forward hereby certifies that it has met the three statutory requirements under the MTW Demonstration Program

- 1) Home Forward ensures that at least 75 percent of families assisted are very low-income families. As described on page 17 of the FY2015 MTW Report, 98.4% of the families served by Home Forward in FY2015 were below 50% of Area Median Income.
- 2) Home Forward continues to assist substantially the same total number of eligible low-income families under MTW, as would have been served absent the demonstration. HUD has approved a baseline calculation tool that determines if MTW housing authorities are meeting this criteria. We will submit final data for this calculation after HUD approves this year's MTW Report. Preliminary data provided by HUD for FY2013 finds Home Forward compliant, serving approximately 107% of our baseline household calculation.
- 3) Home Forward has maintained a comparable mix of families (by family size) as would have been served absent the demonstration. As described on page 19 of the FY2015 MTW Report, Home Forward continues to serve a comparable mix of families by family size, as was served at the beginning of the demonstration in 1999.

Appendix

Local Asset Management Plan

Home Forward Asset Management Program

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

Home Forward's Local Asset Management Program

Home Forward has operated a property/project-based management, budgeting, accounting, and reporting system for the past five years. Our project-based management systems include:

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

Home Forward's Cost Objectives

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

- Public Housing properties - includes resident services and management staff directly supporting this program
- Rent Assistance programs - includes management staff directly supporting this program and Family Self Sufficiency staff (including those supporting Public Housing residents)
- Moving to Work - includes activities related to our MTW agreement and local programs
- Affordable Housing
- Development

Home Forward's Treatment of Certain Costs

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

- CORE Maintenance: Home Forward is committed to a cost effective approach to managing our public housing assets. As such, Home Forward has developed a balance of on-site capacity to perform property manager functions and basic maintenance/handyperson services, with more skilled services performed by a centralized group of trades and specialty staff (CORE maintenance). CORE maintenance performs services covering plumbing and electrical repairs, painting and pest control, as well as garbage and recycling. Although these maintenance functions are performed centrally, the decisions and control remains at the property level as it is the property manager and/or housing program manager who determines the level of service required from the CORE maintenance group. All services are provided on a fee for service basis.
- Procurement: Home Forward has adopted procurement policies that balance the need for expedient and on-site response through delegated authorization to site staff for purchases under \$5,000. Purchases greater than this limit require engaging central procurement. The Procurement staff is well trained in the special requirements of procuring goods and services for a federal program and provides necessary contract reporting requirements as well. Central procurement services are part of Home Forward's indirect overhead allocation.
- Human Resources: Along with the public housing program and its Section 8 voucher program, Home Forward has non-federal affordable properties, a development group, and locally funded rent assistance programs. Home Forward's Human Resources department serves the entire agency and certain human resource activities that HUD would consider a direct cost, such as recruitment and pre-employment drug testing and

screening, are centralized and are part of Home Forward's indirect overhead allocation. Home Forward has determined that the cost of keeping extremely detailed records of HR activity for direct cost assignment exceeds the value received from such effort.

- Information Technology: Hardware and software costs will be directly charged to the appropriate cost objective when such costs are available and specific to that cost objective. When a reasonable measurement of such IT costs can be obtained, an allocation based on the number of users (computers, software applications, etc.) will be utilized to directly charge the cost objective.
- Resident Services: A large share of tenant/resident services are funded from grants and foundations and these funds augment local funds to provide supportive services and self-sufficiency services to residents. In order to optimize available services, any costs not eligible for state and local grants will be funded by Home Forward's public housing properties and housing choice voucher program.
- Rent: Home Forward charges rent to each cost objective based on the space they occupy in our central office building. Rent is based on estimated costs and adjusted for actual costs at year-end.

Home Forward's Treatment of Public Housing Operating Subsidy

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

Home Forward's Indirect Cost Allocations

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

Home Forward Indirect Costs

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

- Executive
- Policy & Planning
- Accounting & Finance
- Purchasing

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

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

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

- HUD’s asset management system and fee for service is limited in focusing only on a fee for service at the Public Housing (PH) property level and voucher program. Home Forward has implemented an indirect allocation methodology that is much more comprehensive than HUD’s asset management system which includes all of Home Forward’s cost objectives listed above.
- Home Forward has defined the treatment of direct and indirect costs differently than HUD’s asset management program. From the agency perspective, we view the program operations management as direct costs of the program.
- These differences include, but are not limited to:
 - HUD Indirect/Home Forward Direct:
 - Portfolio and program (“regional”) management, including hiring, supervision and termination of frontline staff is considered a direct cost. These costs are pooled and then allocated to each property based on units, vouchers, or other relevant metrics. Work with auditors and audit preparation by HCV and PH staff is considered a direct expense. Executive management is considered an indirect cost.
 - Storage of HCV and PH records and adherence to federal and/or state records retention requirements will be considered a direct cost of the program.
 - Development and oversight of office furniture, equipment and vehicle replacement plans will be considered a direct cost of the program.
 - Advertising (notification) costs specific to HCV, including applicants and landlords, will be considered a direct expense.
 - HUD Direct/Home Forward Indirect:
 - Advertising for new hires will be considered indirect and allocated to the program and properties.
 - Staff recruiting and background checks, etc. will be considered indirect and allocated to the program and properties.
 - Other:
 - Using MTW authority to improve efficiencies across programs, all staff associated with the Family Self Sufficiency program, regardless of serving public housing or housing choice voucher residents, will be considered a direct cost of the housing choice voucher program and managed by the HCV management.

- Preparation and submission of HCV and public housing program budgets, financial reports, etc. to HUD and others will be either direct or indirect, depending on the department from which the reports are prepared. If prepared by program staff, costs will be considered direct. If prepared by administrative department staff, costs will be considered indirect and allocated to the program and properties.
- Investment and reporting on HCV proceeds will be either direct or indirect, depending on the department from which the reports are prepared. If prepared by program staff, costs will be considered direct. If prepared by administrative department staff, costs will be considered indirect and allocated to the program and properties.
- HUD's rules limit the transfer of cash flow between projects, programs, and business activities. Home Forward intends to fully use its MTW resources and flexibility to move project cash flow among projects as locally determined and use MTW funding flexibility to provide additional funding to public housing properties when appropriate and necessary to provide for and preserve our public housing assets.
- HUD's rules provide that maintenance staff be maintained at the property level. Home Forward's asset management program reflects a cost-effective balance of on-site and central maintenance services for repairs, unit turnover, landscaping, and asset preservation work.
- HUD's rules provide that purchasing is performed at the property level. Home Forward's asset management program reflects a cost-effective balance of on-site and central purchasing, depending on the total cost of procurement and complexity of applicable procurement laws and reporting requirements.
- HUD intends certain property management activities to be at the property level. Home Forward has centralized selected property management functions, including but not limited to denial hearings, occupancy management, transfers, reasonable accommodations, auditing, training, compliance, and some waitlist management, and will allocate these costs as a direct expense to the properties based on a relevant metric such as units.
- Home Forward employs its own development staff. Any work on Public Housing Capital projects will be subject to a cost recovery fee paid from the capital fund to cover costs of development staff engaged in such capital projects.

Balance sheet accounts

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

- Cash
- Restricted Cash
- Petty Cash
- Investments
- Selected Prepaid Expenses and Deferred Charges
- Selected Accrued Liabilities

- Payroll Liabilities
- Compensated Absences
- Other Post Employment Benefits (OPEB) Liability
- Unrestricted and Restricted Net Assets

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

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

Home Forward Allocation Process

Process Flow Diagram

