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REPORT to the COMMUNITY



MEASURING SUCCESS 2002-2009

MEASURING SUCCESS



About This Report

The Housing Authority of Portland (HAP) continually documents, assesses, and reports on its work in a variety of ways. Recently, this has included a biennial report that highlights the accomplishments of the previous two years.

This year calls for a different approach. The agency has ended its strategic plan cycle that began in 2002 and is preparing to develop a new strategic plan. This is an opportune time to look back at the past seven years and take measure of all that has been achieved. Instead of focusing on selected activities, this report aims to convey the overall breadth and depth of our work—the big picture that can sometimes be lost in the details.

Success is, of course, measured not only by numbers. The numbers shown in this report are a reflection of the human stories behind them: the families that found affordable housing, the unemployed who gained work skills and jobs, the partners that helped us realize new possibilities. Our overview shows that real progress has been made in helping the people we serve. We will carry this momentum into the agency's next phase with energy and commitment.

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About HAP

The Housing Authority of Portland (HAP) provides housing and housing-related services to those who face barriers as a result of income or disability. Its programs serve more than 15,000 households throughout Multnomah County, including the cities of Portland and Gresham. HAP is the largest provider of affordable housing in Oregon.

HAP is a public corporation governed by a citizen commission selected by the jurisdictions it serves and appointed by the Mayor of Portland.

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Dear Friends and Colleagues:

We are departing from our recent practice of publishing biennial reports to pause and take stock of how HAP has progressed since 2002. That year marked the start of our last strategic plan. We are now heading into a new comprehensive strategic planning effort to chart the way for the next several years.

Our accomplishments over the last seven years came in an environment marked by declining federal investments in housing and social programs. In response, we realigned our work force, dramatically retooled our management structure, and reduced overhead costs as a percentage of our overall budget. By becoming more innovative and entrepreneurial, we were able to grow our portfolio of housing and services in support of our mission.

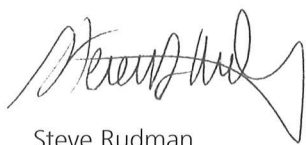
While federal funding to maintain and manage HAP-owned public housing units has declined, we have used other financial tools and funding sources to expand our affordable housing program, which now generates positive cash flow that helps support public housing and other services. We also started and finished two HOPE VI revitalization projects — New Columbia and Humboldt Gardens — that brought nearly \$300 million in economic development to our community — on time, on budget, and on mission. We increased the total number of households we serve by more than 1,400 and saw almost 2,000 residents enroll or graduate from our economic opportunity programs. These accomplishments were aided by HAP's special federal designation as a Moving to Work agency, which gives us the flexibility to pursue innovative approaches.

Looking ahead, much remains to be done. We are encouraged to have partners at every level of government committed to investing in affordable housing and aligning public services and policies to support low-income citizens. We know our strategic planning will call for us to again raise the bar on collaboration and innovation so we can continue to move toward the ultimate vision of a community that offers safe, decent, affordable housing for all who need help. We are eager to build on our past as we face forward and explore our future.

Best regards,



Jeff Bachrach
Chair, Board of Commissioners



Steve Rudman
Executive Director

LETTER FROM JEFF BACHRACH AND STEVE RUDMAN



Jeff Bachrach

Joined HAP Board 2002
Chair 2007-2009



Steve Rudman

Executive Director 2001-present

INCREASING HOUSING CHOICES

Vouchers to Community Partners

733 project-based rent assistance vouchers were awarded to **19** community partners for use at **48** affordable housing communities.

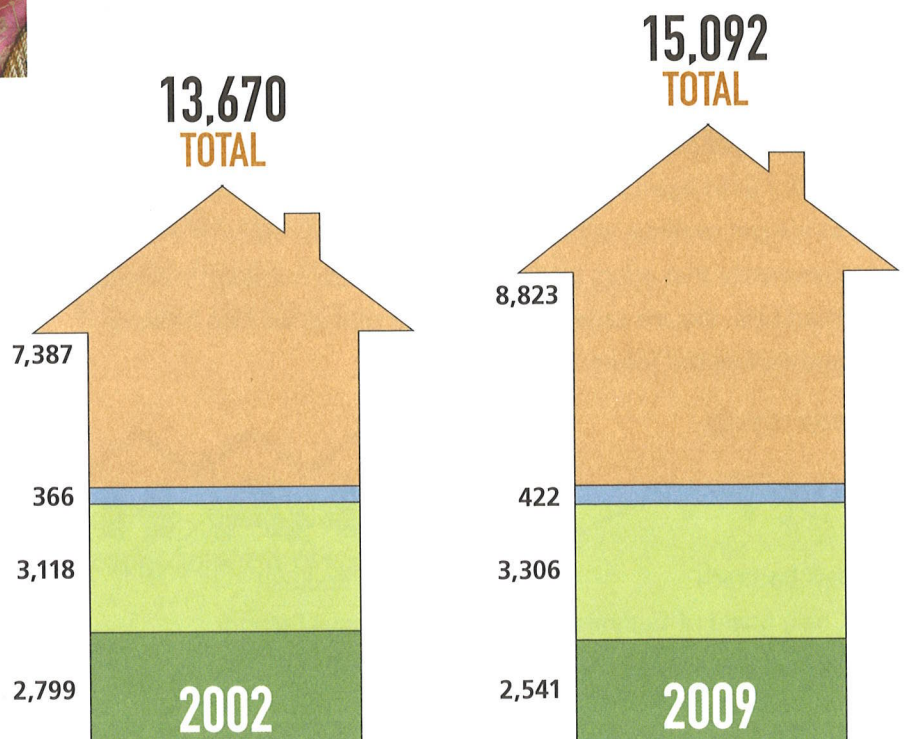


The perennial challenge confronting our community is the lack of sufficient affordable housing to meet the enormous need, particularly for people at the very lowest income levels. To this end, HAP increased the total housing assistance available, even as it began to sell scattered public housing sites as part of a larger public housing preservation initiative (see page 12). By successfully applying for additional federal rent assistance vouchers, the agency enabled more low-income households to access rental units from private landlords through the Section 8 and Shelter Plus Care programs. HAP also continued to develop and acquire its own affordable housing stock, with HAP ownership ensuring that these properties will always remain affordable. HAP's work on these fronts has resulted in a net increase since 2002 of 1,422 households served directly by the agency.

In parallel, HAP supplied 733 project-based rent assistance vouchers to other affordable housing providers during this period. Because these vouchers ensure that the properties or units they are tied to will provide a steady rental income, they help stabilize existing properties and serve as a catalyst for new low-income housing development.

Growth in Housing Choices

- **Rent assistance vouchers**
Federally funded • used in private market • participants pay a percentage of income for rent
- **Special needs housing units & beds**
Shelters and group homes that partners master-lease from HAP
- **Affordable housing units**
HAP properties • rents affordable for incomes between 0-80 percent of median
- **Public housing units**
Federally funded • HAP properties • tenants pay a percentage of income for rent



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Completed Developments and Acquisitions

1 Ashcreek Commons

New construction

21 units

2 Clark Center Annex

New construction

22 units

3 Fenwick Apartments

New construction

27 units

4 Fountain Place

Acquisition rehab

80 units

5 Gateway Park

Acquisition

144 units

6 Humboldt Gardens

HOPE VI redevelopment

130 units

7 Interstate Crossing

New construction

12 units

8 New Columbia

HOPE VI redevelopment

622 rental units

232 homes for sale

9 The Morrison

Redevelopment

140 units

10 The St. Francis

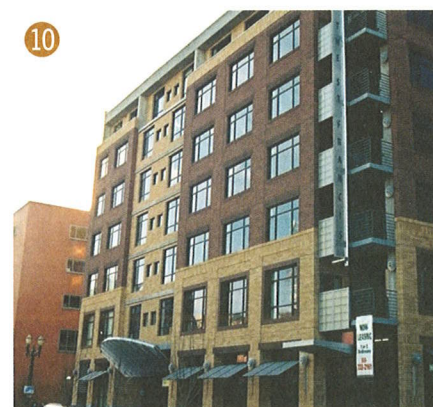
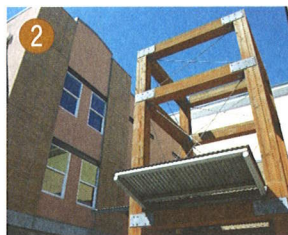
Redevelopment

132 units

11 Willow Tree

Redevelopment

10 units



PROMOTING ECONOMIC OPPOR

HOPE VI Economic Equity Outcomes

Construction hours
worked by women
and minorities

Target
business
participation



45%

New Columbia



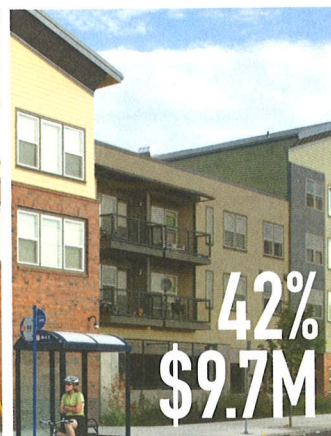
24%
\$27.6M

New Columbia



58%

Humboldt Gardens



42%
\$9.7M

Humboldt Gardens

HAP's GOALS (Greater Opportunities to Advance, Learn, and Succeed) program has been in place since 1994 to help residents work toward self-sufficiency through education, training, and counseling. Expanding on the successful GOALS model, HAP launched the Opportunity Housing Initiative (OHI) in 2006, which encompasses both a strengthened GOALS program and site-based self-sufficiency programs at three HAP housing developments. While the programs under the OHI umbrella differ in some ways, they all share the common objectives of helping residents attain economic independence, leave public and housing assistance, and achieve personal goals such as education, small business development, or homeownership.

The ETAP (Evening Trades Apprenticeship Preparation) program offers another pathway toward economic independence by providing construction trades training and direct access to family-wage careers through certified apprenticeships. Once available only to HAP residents, the program is now managed by Portland Community College and has been expanded to include other low-income participants.

HAP also fosters economic development and opportunities by generating new jobs, wages, and small business income. During the construction of its two HOPE VI redevelopment projects—New Columbia and Humboldt Gardens—HAP surpassed its goals for construction hours worked by women and minorities, as well as goals for participation by qualified disadvantaged, minority-owned, women-owned, and emerging small businesses (D/M/W/ESB).

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UNITY

Family Self-Sufficiency Program Outcomes



1,417
new enrollees



524
graduates



153
homeowners



\$10,240
average increase in annual
income at graduation

Trades Pre-Apprenticeship Program



230
graduates

SUPPORTING COMMUNITY INITIATIVES

Short Term Rent Assistance



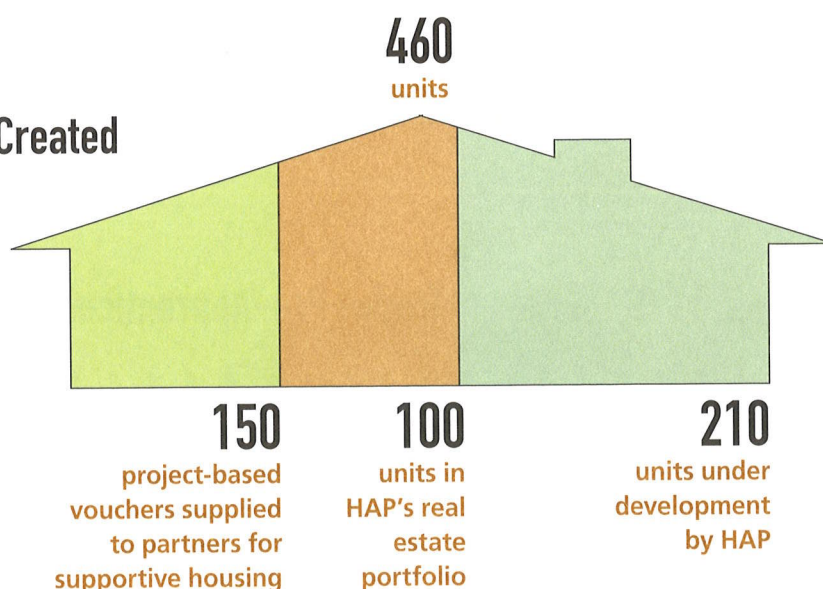
77% of the households sustained
their housing 12 months after their
assistance ended [program goal is 70%]

A great deal of HAP's work since 2002 reflects the agency's commitment to support the policy goals and major housing initiatives of the City of Portland, City of Gresham, and Multnomah County. As part of Portland's and the county's 10-year plan to end homelessness, HAP added permanent supportive housing units — a housing first model that pairs permanent housing with ongoing services — for the chronically homeless to its portfolio and also distributed project-based vouchers that enable others to develop these units.

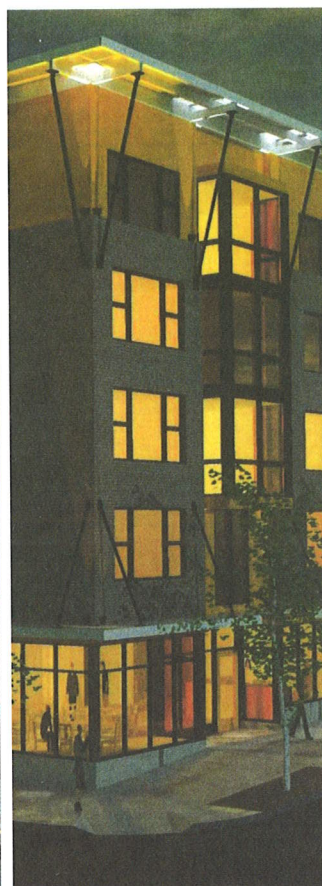
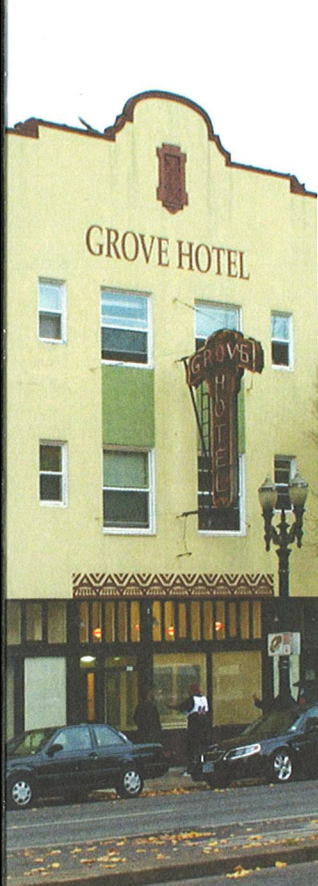
HAP also emerged as a key development partner on public projects that provide housing and support services to a variety of populations, including people struggling with homelessness, mental illness, and very low incomes. These collaborative approaches allow the involved partners to use their resources to best effect for achieving mutual goals.

HAP also assumed administration of a unified countywide program for short term rent assistance, greatly improving the efficiency of services that were previously provided by four separate programs and multiple funding sources. With this consolidated system, HAP manages a network of 19 social service agencies that are delivering strong outcomes for people who are homeless or at risk of homelessness.

Permanent Supportive Housing Created



HAP Developments in Support of Public Partners



Grove Hotel

Life and safety rehab requested by the City of Portland

70 units

completed in 2008

James Hawthorne Apartments

Redevelopment to house participants in Multnomah County's Bridgeview mental health program

48 units

opening spring 2010

The Jeffrey

Acquisition at the request of the City of Portland and Multnomah County that includes 25 units of service-enriched housing for residents leaving homelessness

80 units

financial closing
winter 2010

Martha Washington

Rehab of a property conveyed by Multnomah County to include 70 apartments for residents with very low incomes

108 units

opening summer 2010

Resource Access Center

Development of a downtown complex commissioned by the City of Portland that includes a men's shelter, permanent supportive housing, and a day center for homeless persons

Day center

90 shelter beds

130 rental units

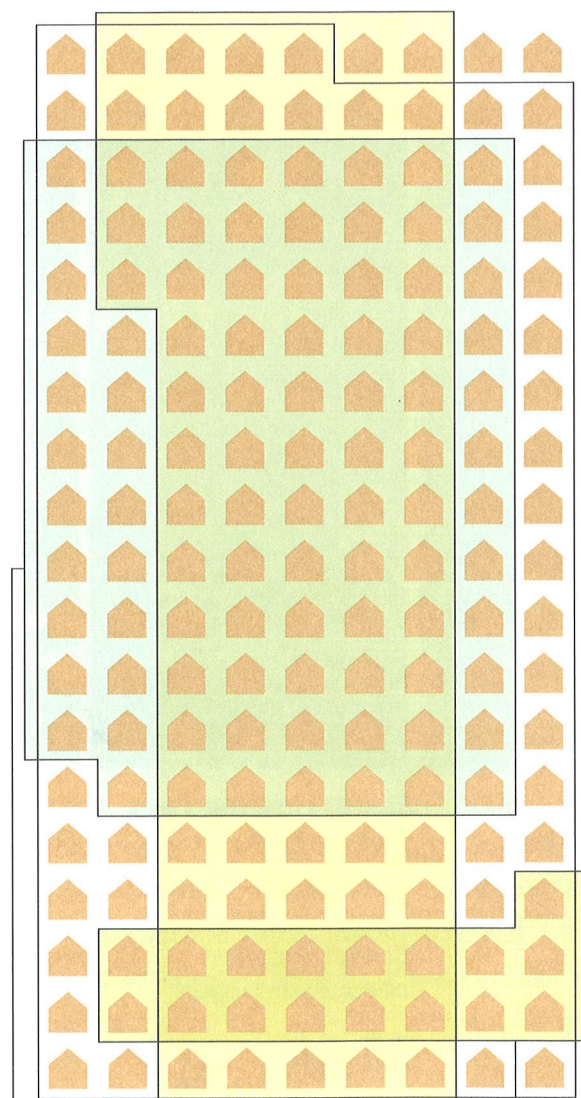
opening summer 2011

PRESERVING PUBLIC HOUSING

At the same time HAP worked to increase available housing assistance, it launched a public housing preservation initiative, designed to preserve and protect the agency's public housing as a long-term community asset. This involves the phased sale of the agency's 162 units of "scattered site" public housing: single-family homes, duplexes, and triplexes that are dispersed throughout the county and inefficient to manage and maintain. Sales proceeds are being used to replace each unit by acquiring or building more cost-effective units in multifamily buildings. The proceeds will also help address the more than \$50 million in unmet capital needs of other existing public housing buildings.

Residents displaced by the sale of the scattered sites can choose to either relocate to other public housing or obtain one of the new relocation vouchers HAP received for this purpose. These vouchers will remain in HAP's permanent rent assistance voucher pool, adding to the overall community supply of this housing option.

Preservation efforts have also been greatly aided by federal economic recovery funding, which is pumping nearly \$10 million into public housing capital projects.



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Progress on the Initiative

95
homes have
sold for gross
proceeds of
\$18.3 million

100
replacement
units are
secured
or under
development

158
Section 8
relocation
vouchers have
been received

\$16M
in capital
improvement
work is
planned at
17 public
housing sites

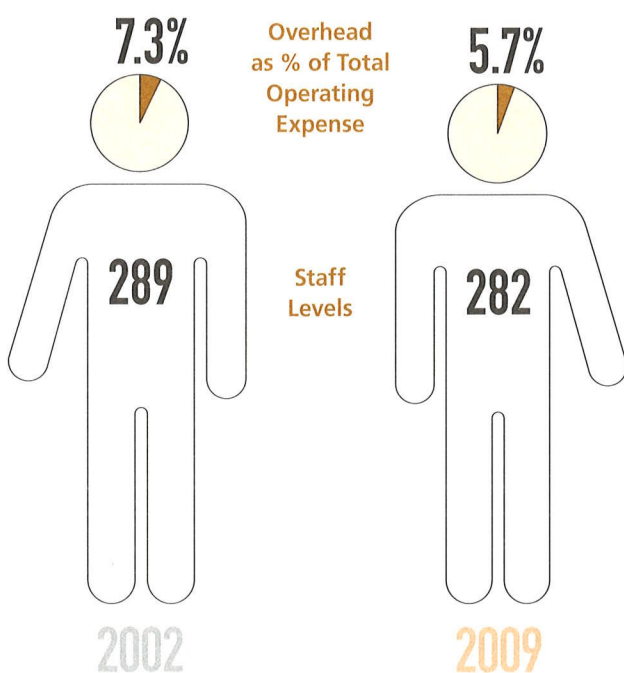


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IMPROVING ORGANIZATIONAL EFFECTIVENESS

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Improving Productivity



HAP constantly strives to improve its work practices so it can operate with optimum effectiveness and efficiency. Accordingly, the agency instituted a number of organizational changes in the past seven years.

Real estate operations underwent a major transformation with the merging of public housing and affordable housing operations. This enables both types of real estate to be managed under the same leadership, drawing upon the best practices of each. Another important change was the transition from a central management system to site-based management for public housing, giving onsite managers more decision-making tools and responsibility and offering prospective tenants more housing choice. The real estate operations team also established more stringent performance measures for evaluating service delivery by the private firms that manage HAP's affordable housing properties.

HAP also adopted initial rent reform activities to streamline the system. Section 8 participants, as well as public housing residents on fixed incomes, are recertified every two years rather than annually, saving considerable staff time.

With these and other administrative changes made since 2002, staff levels remained relatively flat, and overhead costs declined as a percentage of operating expense as the number of households served increased.

BUILDING FINANCIAL STRENGTH

A financially strong agency in 2002, HAP is even stronger today. The agency's operating expenses and assets have grown. Its strong cash position enables it to help fund the replacement housing and capital improvements called for by the public housing preservation initiative. In addition, HAP's affordable housing portfolio has progressed from losing money to providing cash for the agency's operations, which was the original intention for these properties. This positive result was achieved by repositioning the portfolio to best advantage: selling and refinancing a few assets and adding others with more favorable underwriting.

The bottom line is a financially healthy agency with the viability to continue its mission of providing safe, decent, and affordable housing for people in need.

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Total Assets Not Including Tax Credit Properties



Total Assets for Tax Credit Properties



Cash and Cash Reserve Investments*



*\$18 million is obligated for scattered site replacement housing, public housing capital improvements, and other real estate uses.

Operating Expenses



Net Cash Flow to HAP from Affordable Properties





FINAL THOUGHTS: POWERED BY MOVING TO WORK

The Housing Authority of Portland's status as a Moving to Work (MTW) agency since 1999 has greatly facilitated many of the achievements of the past seven years. One example is the creation of HAP's site-based Opportunity Housing Initiative (see page 8), which establishes rents and escrow accounts in ways that allow both the family and the property to flourish over time. Another is HAP's ability to use mixed finance strategies to develop affordable housing, expediting the process, allowing for public housing replacement, and making more units available to very low-income households.

While MTW agencies are afforded considerable flexibility, they are also required to serve substantially the same number and type of households, by income level, as they did when they joined the program. HAP has increased the number of households it serves with long-term federal housing assistance since 2002 and continues to serve those with very low incomes in the same proportions. Almost 87 percent of HAP's clients in public housing and Section 8 earn less than 30 percent of the median family income, and approximately 50 percent are seniors and persons with disabilities.

Last year, HAP entered into a new 10-year MTW agreement. The agency is looking forward to using this status to best advantage as it explores additional approaches and possibilities.

Moving to Work is a federal demonstration program that allows designated public housing authorities to design and test innovative, locally designed approaches for accomplishing three primary goals:

- Increase housing choices for low-income families.
- Help families achieve self-sufficiency.
- Reduce costs and achieve greater organizational efficiency.

MTW agencies are allowed exemptions from most public housing and Housing Choice Voucher rules and have considerable flexibility in determining how to use federal funds.

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