

Portland Housing Bureau

FY 2016-2021 Five-Year Financial Forecast

Overview

The Portland Housing Bureau (PHB) has a variety of funding sources for the provision of affordable housing in the City of Portland and throughout the region. In general, the challenge for PHB over this five-year forecast period is maintaining affordable housing delivery levels in the face of a significant increase in resources for the first years of the five-year period. At this moment in time PHB funding can be characterized as stable over the course of the forecast, with a dip in FY 2019-20.

Housing Set Aside tax increment financing (TIF) availability has improved significantly since the previous forecast, for a number of reasons. First, the bureau received a boost in funding from the “TIF Lift”, which increased the housing set-aside from 30% to 45%. The bureau will be holding community forums with residents in the Lents and Gateway areas, and will expand current community outreach efforts in the Interstate area in order to get community input on the “TIF Lift” funds.

Funding from TIF sources will settle into the \$22-\$28 million range in the final three years and into the mid-2020's after current spending for the housing emergency occurs (again with the exception of a 30% dip in FY 2019-20). Available TIF funding is stable over the forecast period in most active urban renewal areas (URA).

U.S. Department of Housing and Urban Development (HUD) entitlement grant amounts reflect the 2016 federal omnibus budget agreement, which maintained or slightly increased the HUD entitlement grants for the next two years. At this time, HUD has not released 2016 entitlement allocation amounts, so the forecast assumes no change per the budget agreement for FY 2016-17 and FY 2017-18. Over the remaining three years of the forecast, a reduction of 9% for CDBG and 15% for HOME is anticipated, based upon historical trends. Sequestration has been tempered in the federal budget through 2017. It is unknown if Congress will continue to address sequestration on a year by year basis, or allow some or all of the automatic cuts to take effect. If sequestration reductions begin again after 2017, 6-7% annual reductions in entitlement grants could occur through the remainder of the forecast. Loan income for both major entitlement grant funds continue to decline over the period as well due to loans paying off or restructures.

In FY 2016-17, the forecast accounts for the \$5 million in ongoing General Fund discretionary resources added to the base budget address the housing emergency. It also recognizes \$5 million in one-time General Fund discretionary resources added. These one-time resources are reflected over a three-year period to align with the recommendation of A Home for Everyone (AHFE) staff. The forecast also reflects additional resources from the transfer of the short-term rental portion of transient lodging tax proceeds to PHB.

The reductions in TIF and federal funds drove the right-sizing of both the delivery and administrative structure of the bureau; 20 positions eliminated between 2011-13. However, staffing costs have stabilized with turnover, and workload has increased with additional resources. The bureau is adding two limited term positions in 2016, and is requesting one FTE for FY 2016-17. Staffing, even with the additions, can remain stable for the next three years.

The bureau has replaced HOME resources in the homeless services area with General Fund resources included in the adjusted base in order to simplify contract management and service delivery by sub-recipients. This is a substitution and

does not result in reductions in either program. These programs are now funded with General Fund and homeless program specific grants.

The following is a brief discussion of the outlook for these and other funding sources. It contains forward-looking statements that are subject to change by future policy direction of the City Council and/or bureau management, as well as economic conditions. Note that most fund summaries reflect unbudgeted working capital in order to show the movement of unused funds from one fiscal year to the next where it may be utilized. Therefore, some totals in the forecast won't match the budget load appropriations.

Below is a table that shows the major funding resources and requirements for PHB. The forecast shows bureau funding spiking in response to the housing emergency, stabilizing above \$60 million starting in FY 2018-19. Details by funding source follow, as does an additional 12-year bureau forecast, a 12-year forecast of development resources and a cost of service study for FY 2016-17.

All Funds	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
General Fund	14,379,666	17,178,663	41,347,776	31,970,619	26,113,162	20,266,771	20,812,409
Housing Investment Fund	3,570,163	5,864,104	20,848,253	3,256,276	3,316,578	3,383,614	3,491,106
CDBG	18,194,314	16,119,247	13,875,593	9,149,190	8,504,371	8,307,574	8,084,758
HOME	9,282,192	10,368,238	7,068,686	3,734,677	2,882,771	2,830,865	2,709,562
Federal Grants	4,422,663	4,078,048	3,708,792	3,811,301	3,811,301	3,811,301	2,811,301
Section 108	3,515,000						
Tax Increment Financing	38,187,618	44,499,423	75,437,766	84,035,466	27,777,248	11,382,614	25,072,223
Headwaters	1,550,347	1,690,574	1,861,805	1,101,000	1,129,500	1,314,250	1,707,000
Total	\$ 93,101,963	\$ 99,798,296	\$ 164,148,671	\$ 137,058,529	\$ 73,534,931	\$ 51,296,989	\$ 64,688,360
Requirements							
General Fund	14,379,666	17,178,663	41,347,776	31,970,619	26,113,162	20,266,771	20,812,409
Housing Investment Fund	3,570,163	5,864,104	20,848,253	3,256,276	3,316,578	3,383,614	3,491,106
CDBG	18,194,314	16,119,247	13,875,593	9,149,190	8,504,371	8,307,574	8,084,758
HOME	9,282,192	10,368,238	7,068,686	3,734,677	2,882,771	2,830,865	2,709,562
Federal Grants	4,422,663	4,078,048	3,708,792	3,811,301	3,811,301	3,811,301	2,811,301
Section 108	3,515,000						
Tax Increment Financing	38,187,618	44,499,422	75,437,766	84,035,466	27,777,248	11,382,614	25,072,223
Headwaters	1,550,347	1,690,574	1,861,805	1,101,000	1,129,500	1,314,250	1,707,000
Total	\$ 93,101,963	\$ 99,798,296	\$ 164,148,671	\$ 137,058,529	\$ 73,534,931	\$ 51,296,989	\$ 64,688,360

General Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Base	Request	Forecast	Forecast	Forecast	Forecast
Intergovernmental	207,273	272,233						
Grant & TIF Indirect Charges	1,271,770	1,238,282	1,289,052	1,176,809	1,273,008	1,283,010	1,162,756	1,091,102
General Fund Discretionary								
Housing Emergency One-Time	1,192,501	3,472,285	5,000,000	5,000,000				
One-Time				17,672,800	12,672,800	6,336,400		
Housing Emergency Ongoing/AHFE			5,000,000	5,000,000	12,130,173	12,445,557	12,856,261	13,267,661
Ongoing	11,630,960	12,107,968	12,397,203	12,397,203	5,790,638	5,941,195	6,137,254	6,333,646
Space Rental/Services	77,162	87,895	105,000	100,964	104,000	107,000	110,500	120,000
Miscellaneous								
Total	14,379,666	17,178,663	23,791,255	41,347,776	31,970,619	26,113,162	20,266,771	20,812,409
Requirements								
Personnel Services	568,695	807,926	885,886	761,242	799,304	832,076	821,679	719,368
External/Internal M&S	1,799,064	2,064,319	2,316,826	2,325,191	2,425,259	2,510,996	2,594,088	2,722,806
Contracts								
Fair Housing	100,000	16,400	169,228	169,228	173,459	177,969	178,842	184,565
One-Time								
Housing Access & Stabilization	10,048,500	10,545,500	11,834,315	11,834,315	12,130,173	12,445,557	12,856,261	13,267,661
One-Time	1,393,407	2,894,518	5,000,000	12,672,800	12,672,800	6,336,400		
Housing Production & Preservation			1,500,000	1,500,000	1,572,500	1,592,475	1,595,027	1,641,068
One-Time				10,000,000				
Homeowner Access & Retention	470,000		2,085,000	2,085,000	2,197,125	2,217,690	2,220,874	2,276,942
One-Time		850,000						
Total	\$14,379,666	\$17,178,663	\$23,791,255	\$41,347,776	\$31,970,619	\$26,113,163	\$20,266,771	\$20,812,409

Historical Look

PHB has been identified as a General Fund bureau for a number of years, despite the majority of its funding coming from entitlement grants, and later TIF. This funding mix began to change in FY 2006-07 when over \$6 million in one-time General Fund resources were allocated to the bureau in the fall supplemental budget adjustment (BuMP). This use of one-time funds for what would become ongoing services lead to a structural imbalance, and each subsequent annual budget submission included a substantial request for General Fund resources (sometimes ongoing, sometimes one-time) to fill the gap. Unfortunately, the gap was filled primarily with additional one-time funds. In FY 2012-13, the City Council directed that \$4.6 million of this serial one-time funding be converted to ongoing for the future.

General Fund Discretionary Adjusted Base

The Mayor's Budget Guidance directed PHB to examine the performance of existing programs to determine if any resources should be reallocated. In addition, the City Council provided an additional \$5 million ongoing and \$5 million one-time General Fund discretionary to the PHB base budget (adjusted base).

PHB was already in the process of a review of homeless services funding, and continued that effort. The effort was also informed by the A Home for Everyone (AHFE) budget development process and the funding packages recommended by the group's Executive Committee totaling \$23,400,000. Of that amount, \$20,000,000 was moved forward to the City and County budget processes with a current agreement to split the funding request evenly between the agencies. The PHB Request Budget includes \$1,662,500 in the General Fund adjusted base (ongoing), \$3,425,000 in the General Fund adjusted base (one-time), and \$7,672,800 in General Fund one-time decision packages for the City's contribution.

With the exception of the PSH services funding, all of the AHFE requests (both within the adjusted base (one-time) and decision packages) are one-time funded for a three year period. Funding for FY 2016-17 has been programmed to

reduce homelessness by 50% for the target populations, funding for FY 2017-18 is intended to address the next 50%, and the funding for FY 2018-19 is intended to ramp down the program.

The bureau also reviewed existing housing programming (essentially a zero base review) and identified a lack of programming outside of urban renewal areas (URAs), especially in East Portland.

- New programming will be added within the adjusted base (ongoing); including home repair (\$500,000), homeowner assistance services (\$300,000), and rental unit rehabilitation (\$1,500,000).
- Existing Lents URA funding for home repair (\$500,000) and homebuyer subsidy (\$500,000) will be shifted to the General Fund within the adjusted base (ongoing), allowing this programming to happen both within Lents and in the vicinity outside of the URA. Staffing costs for these programs were also shifted to the General Fund within the adjusted base (ongoing).

The bureau examined the use of federal grant funds, and determined that some adjustments could be made to better fit funding sources with programming. For example, it is more efficient to use HOME in rental development projects where the regulations are applied one-time as opposed to multiple times for individual rent assistance clients.

- Replace \$947,800 of HOME funds used for tenant based rent assistance with General Fund within the adjusted base (ongoing).
- Replace CDBG funds used to administer homeownership and fair housing programs through local partners (\$398,000) with General Fund within the adjusted base (ongoing).
- An additional \$41,628 in General Fund will be added within the adjusted base for fair housing program enhancements and cost of living adjustments for existing programs.

Internal Resources

Bureau internal resources consist primarily of indirect cost recovery charges to the CDBG and TIF funds. The bureau levies an 81.75% indirect charge (as outlined in the City's A-87 cost allocation plan, approved by HUD) against the program staff costs in each of these funds. These charges offset the indirect costs (not staffing costs, which are charged directly) not attributable to the General Fund. Please note that the table above shows indirect charges as a Resource, instead of a contra-expense in External/Internal M&S. PHB also charges the Office of Equity (OEHR) for subletting space on PHB's floor in the Commonwealth Building and for administrative services PHB provides to OEHR (\$100,000).

Future Look

The bureau funds a number of homeownership and rental access and stabilization programs with tax increment financing resources. While an excellent tool within urban renewal areas (URAs), limiting these programs to those areas does not address gentrification and displacement in the 87% of the city outside of URAs, General Fund dollars are a potential tool to provide these non-"bricks and sticks" services Citywide. PHB expects to significantly improve alignment with Multnomah County and Home Forward over the next few years in the area of homeless services as part of the Home for Everyone committees. These three jurisdictions invest considerable local, state and federal resources in programs designed to end people's homelessness. With ongoing collaboration and shared analysis, PHB and its partner jurisdictions hope to both improve outcomes for people and ensure the best possible use of public funds.

Housing Investment Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
Fund Balance	2,984	40,228	700,000	1,014	-	3,493	1,420
<i>Working Capital</i>	795,201	1,780,215	3,158,359	638,226	603,988	620,586	660,517
Charges for Services	445,453	511,437	541,300	541,300	568,365	568,365	596,783
Intergovernmental Revenues	198,772	179,300	202,900	202,900	213,045	213,045	213,045
Other Transfer				-	-	-	-
Interest	225,726	32,924	13,794	8,236	7,800	7,300	6,800
Bond Proceeds	-	-	14,400,000	-	-	-	-
Transfer from General Fund	1,005,000	2,720,000	1,200,000	1,230,000	1,261,980	1,303,625	1,345,341
Loan Income	897,027	600,000	631,900	634,600	661,400	667,200	667,200
Total	\$ 3,570,163	\$ 5,864,104	\$ 20,848,253	\$ 3,256,276	\$ 3,316,578	\$ 3,383,614	\$ 3,491,106
Requirements							
Personnel Services	748,776	948,026	972,629	1,018,261	1,069,243	1,133,064	1,216,444
External M&S	388,990	1,524,137	18,032,606	396,000	404,600	417,655	429,500
Transfers (GF Overhead)	206,278	90,000	51,806	75,000	65,000	30,000	35,000
Debt Service			1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Contingency	-	22,500	88,000	18,000	18,000	18,000	18,000
<i>Working Capital</i>	2,226,119	3,279,441	503,212	549,015	559,734	584,894	592,162
Total	\$ 3,570,163	\$ 5,864,104	\$ 20,848,253	\$ 3,256,276	\$ 3,316,578	\$ 3,383,614	\$ 3,491,106

Historical Look

The Housing Investment Fund (HIF) was formally created in 1995 as a means to achieve the City's housing goals as established in the Metro 2040 plan and provide gap financing for housing projects that fulfilled the goals of the Livable City Housing Initiatives and the strategies developed by the Livable City Housing Council. The City Council allocated a total of \$34.6 million over the five year period. The funds were almost exclusively transferred to PDC for housing development and retention programs. These funds were tracked in a PDC Housing Investment Fund that is now merged with the City HIF. A significant portion of the funds were packaged into loans. The bureau received \$1,000,000 of General Fund in FY 2014-15 and \$2.5 million in FY 2015-16 as a return to this concept, and the PHB FY 2016-17 Request Budget includes a \$10,000,000 decision package for one-time General Fund resources for affordable rental housing development.

Loan Portfolio

The portfolio of loans in the HIF has a current gross book value of approximately \$31.3 million. The discounted value is estimated to be about \$6.5 million. The following discussion gives insight not only into the HIF loan portfolio, but also the bureaus entire portfolio in general. Loans have been made from the CDBG, HOME, and URA funds. The PHB portfolio is made up of several different types of loans: cash flow loans, equity gap loans, amortized loans, and deferred payment loans.

Loans that do not make regular loans payments make up the bulk of the HIF portfolio. Deferred loans are \$900,000 of the gross book value of the portfolio. Cash flow loans are almost \$4.5 million of the gross book value. Equity gap loans are about \$14.5 million of the gross book value. The remaining \$11.5 million in loans are currently fully amortizing.

Deferred loans, are just that – a loan on which payments are being deferred, often until they are restructured into Equity Gap or Cash Flow loans. An Equity gap loan is a "last resort" financing product, used only when other financing has been maximized and the housing project does not generate sufficient cash flow (after operating expenses and required senior

debt service) to allow loan payments back to PHB until the project is refinanced, or the end of the loan period is reached. Equity Gap loans differ from grants in that grants cannot be used in projects that also use tax credit financing. Cash Flow loans make payments to PHB only when there are net revenues after paying all expenses and other debt service. Cash Flow and Equity Gap loans contribute to the highly discounted value of the portfolio. They also limit the program income that accrues back to PHB.

As the bureau looks to more aggressively restructure loans to ensure the long term viability of the City's affordable housing infrastructure, there is additional downward pressure on loan income.

Indirect Programs

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Balance	2,984	3,328	-	1,014	-	3,493	1,420
Working Capital	15,708	43,072	2,216	25,014	30,851	36,010	28,091
Charges for Services	445,453	511,437	541,300	541,300	568,365	568,365	596,783
Interest	1,437	1,389	1,094	1,236	800	800	800
Total	\$ 465,582	\$ 559,226	\$ 544,610	\$ 568,564	\$ 600,016	\$ 608,668	\$ 627,094
Requirements							
Personnel Services	294,790	379,958	393,510	404,186	425,757	443,045	454,210
External M&S							
Homeowner Access & Retention	144,572	176,170	151,100	148,500	153,100	153,155	163,000
Working Capital	26,220	3,098	-	15,878	21,158	12,468	9,884
Total	\$ 465,582	\$ 559,226	\$ 544,610	\$ 568,564	\$ 600,015	\$ 608,668	\$ 627,094

The bureau has a number of programs that subsidize affordable housing and homeownership in an indirect way. One of these programs is the System Development Charge (SDC) Waiver program for affordable housing. The program is intended to assist developers by reducing their costs when building affordable housing, exempting them from paying SDC's levied by the City when they build residential housing units meeting program requirements.

PHB also manages Limited Tax Exemption programs for single (HOLTE) and for multi-family properties (MULTE), taking the duties over from PDC and the Bureau of Planning and Sustainability in FY 2010-11. These programs offer eligible homebuyers who purchase newly-constructed homes in certain parts of Portland a ten-year limited property tax exemption. In addition, similar exemptions are offered on multi-family properties, both for-profit and not-for-profit.

Another indirect program that is managed by bureau staff and that also indirectly makes housing more affordable is the Mortgage Credit Certificate Program (MCC). MCC is an IRS-approved tax credit, which reduces homeowners' federal income taxes as long as they keep the loan and continuously occupy the home as their principal residence. The maximum amount of the MCC tax credit equals 20 percent of the annual mortgage interest paid on the homebuyer's first mortgage loan. In calendar year 2014 the bureau processed 123 certificates valued at approximately \$3.8 million over the life of the loans.

Fees are paid by applicants for the LTE, SDC, and MCC programs to cover some of the cost of administration. Sub-funds within the HIF track the income that pays County recording fees and staffing costs for programs. Adjustments to SDC fees were made July 1, 2014.

Primary HIF

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Balance		36,900	700,000				
<i>Working Capital</i>		1,000,000	2,500,000	43,069	76,888	123,139	170,094
Interest	5,902	2,895	4,600	4,000	4,000	4,000	4,000
Transfer from General Fund	1,005,000	2,650,000					
Other	213,429	24,554	500				
Loan Income	897,027	600,000	631,900	634,600	661,400	667,200	667,200
Total	\$ 2,121,358	\$ 4,314,349	\$ 3,837,000	\$ 681,669	\$ 742,288	\$ 794,339	\$ 841,294
Requirements							
Personnel Services	393,413	429,682	473,125	496,781	521,149	561,245	627,756
External/Internal M&S	8,079	36,200	51,000	15,000	15,000	15,000	15,000
Innovation Fund		150,000					
Housing Production & Preservation	39,259	15,767					
Projects							
Opportunity Funds	-		700,000				
2015 NOFA		-	2,500,000				
NOAH Revolving Fund		1,000,000					
General Fund Overhead	128,122	-	51,806	75,000	65,000	30,000	35,000
Contingency		22,500	18,000	18,000	18,000	18,000	18,000
<i>Working Capital</i>	1,000,000	2,660,200	43,069	76,888	123,139	170,094	145,538
Total	\$ 1,568,873	\$ 4,314,349	\$ 3,837,000	\$ 681,669	\$ 742,288	\$ 794,339	\$ 841,294

In FY 2000-01, the City Council made the last major decision involving HIF funding by including \$500,000 in ongoing and \$3.85 million in one-time General Fund discretionary resources. These resources were not transferred to PDC and eventually went to fund ongoing core programming in the bureau (BHCD at the time), in the areas of homeless services and homeownership services. The ongoing General Fund discretionary funding was eventually increased to \$958,000 in FY 2007-08 and moved out of the HIF to be part of the BHCD allocation.

While the initial HIF funding was from General Fund resources, over the years new funding sources (primarily debt based) and new programs have been added to the HIF. Some have come and gone (Smart Growth, Preservation Line of Credit, Housing Opportunity Bonds, City Lights, Housing Revolving Loan – all PDC managed), but one project born of these programs remains – Headwaters, which has been moved to its own fund and is discussed later.

Internal Resources

Internal resources in the HIF consist of a couple of reserves which are earmarked for a specific purpose.

Of the designated reserves, the largest is for the Risk Mitigation Pool. Currently standing at approximately \$750,000, these funds are used to pay damage claims by subscribed landlords for excess wear and tear on housing units used for supportive housing. A risk factor for this pool is that it is over subscribed. The bureau has worked with OMF Risk Management to mitigate potential issues, but annual claims will need to be monitored closely for any trends that would indicate higher usage than the pool can withstand. However, FY 2013-14 expenditures were higher than historical averages, and if that trend holds (as the forecast shows), the balance in the pool declines

Another reserve is Rent Well, which is used to provide renter education. This pool of funds started at \$150,000 a few years ago, but has only been expended from recently. It is anticipated that the program will be transitioned to a not-for-profit partner starting in FY 2016-17.

PHB combined and no longer fully appropriates these two reserves. The cash is tracked separately in a sub fund. As both are a risk mitigation pool, and have the same original funding source, there is not a need to track in separate funds. In addition, past usage has shown that a \$120,000 appropriation and \$80,000 contingency should be sufficient. The rest of the reserve remains in fund balance. Bureau staff will be monitoring this pool closely.

Risk Mitigation/Rent Well Guarantee Pool

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
<i>Working Capital</i>	747,934	684,958	598,958	512,958	425,958	338,958	241,458
Interest	4,021	4,000	4,000	3,000	3,000	2,500	2,000
Total	\$ 751,955	\$ 688,958	\$ 602,958	\$ 515,958	\$ 428,958	\$ 341,458	\$ 243,458
Requirements							
External M&S							
Housing Access & Retention	5,414	40,000	40,000	40,000	40,000	40,000	40,000
Housing Production & Preservation	78,156	90,000	90,000	90,000	90,000	100,000	100,000
<i>Working Capital</i>	668,385	558,958	402,958	385,958	298,958	201,458	103,458
Contingency			70,000				
Total	\$ 751,955	\$ 688,958	\$ 602,958	\$ 515,958	\$ 428,958	\$ 341,458	\$ 243,458

PHB has developed a growing local match for the McKinney HMIS grant, which is providing additional resources for the staffing of the program. The program provides homeless data collection services statewide, the bureau collects user fees from participating jurisdictions.

HMIS Local Match

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
<i>Working Capital</i>	31,559	52,185	57,185	57,185	47,791	45,979	49,374
Intergovernmental Revenues	198,772	179,300	202,900	202,900	213,045	213,045	213,045
Innovation Fund		70,000					
Interest	937	86	2,100				
Total	\$ 231,268	\$ 301,571	\$ 262,185	\$ 260,085	\$ 260,836	\$ 259,024	\$ 262,419
Requirements							
Personnel Services	60,573	138,386	105,994	111,294	115,857	121,650	126,637
External M&S	113,510	106,000	99,006	101,000	105,000	108,000	110,000
<i>Working Capital</i>	57,185	57,185	57,185	47,791	39,979	29,374	25,782
Contingency							
Total	\$ 231,268	\$ 301,571	\$ 262,185	\$ 260,085	\$ 260,836	\$ 259,024	\$ 262,419

Program Income

Beginning in FY 2010-11, additional income streams came into the fund from the PDC HIF. These included loan fees, abatement fees, and loan income from the original HIF loans discussed earlier. HIF program income is used primarily to cover staff costs and special projects. The largest source of income, from the original HIF loans, is used as a source for general staff costs that are difficult to attribute to other funding sources due to regulatory restrictions or insufficient growth.

The major issue with loan income is that it is forecast to decline over time, due to restructures and loan payoffs. To that end, the bureau is planning to be more conservative in how much ongoing staff cost to plan against this income stream and the forecast therefore reflects declining Personnel Services usage of HIF resources in FY 2017-18 and beyond. This downward trend is tempered somewhat by the potential of original HIF loans being paid off, and the City being repaid a portion of principal. This is an unpredictable occurrence, more prevalent recently with the sale of properties due to attractive interest rates. The forecast does not rely on any such payoffs.

Future Look

A number of future trends for portions of the HIF have been noted in previous sections.

Short Term Rental Revenues

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
Beginning Balance							
Working Capital				-	22,500	76,500	171,500
Transfer from General Fund			1,200,000	1,230,000	1,261,980	1,303,625	1,345,341
Interest			1,500				
Other							
Bond Proceeds			14,400,000				
Total			\$ 15,601,500	\$ 1,230,000	\$ 1,284,480	\$ 1,380,125	\$ 1,516,841
Requirements							
Personnel Services			-	6,000	6,480	7,125	7,841
External M&S			1,500	1,500	1,500	1,500	1,500
Housing Production & Preservation							
Projects							
Opportunity Funds			14,400,000				
Debt Service			1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Contingency							
Working Capital				22,500	76,500	171,500	307,500
Total			\$ 15,601,500	\$ 1,230,000	\$ 1,284,480	\$ 1,380,125	\$ 1,516,841

New Resource

In November of 2015, the City Council approved shifting the short-term rental portion of transient lodging tax proceeds from the General Fund to the Housing Investment Fund. This transfer will receive an annual cost of living adjustment, and is limited to 0-60% MFI housing purposes.

The forecast reflects the securitization of this revenue stream for the purpose of acquiring property primarily outside of URAs for use in building, acquiring, and preserving affordable housing at the 0-60% income levels.

Headwaters Apartment Complex Fund

Resources	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
Working Capital	452,124	685,574	808,305	-	27,500	210,750	601,500
Net Operating Income - PDC	1,093,766	1,000,000	1,050,000	1,100,000	1,100,000	1,100,000	1,100,000
Interest	4,457	5,000	3,500	1,000	2,000	3,500	5,500
Total	\$ 1,550,347	\$ 1,690,574	\$ 1,861,805	\$ 1,101,000	\$ 1,129,500	\$ 1,314,250	\$ 1,707,000

Requirements							
Bond/Dev. Fee Payoff			1,025,000	356,500			
Debt Service	799,861	802,570	801,925	714,000	713,750	712,750	711,000
Deferred Developer's Fee	61,687	34,699	30,844				
Major Maintenance					205,000		400,000
Asset Management		45,000	4,036	3,000			
Insurance/Bond fees	3,225						
Transfer to HIF							
Working Capital	685,574	808,305		27,500	210,750	601,500	596,000
Total	\$ 1,550,347	\$ 1,690,574	\$ 1,861,805	\$ 1,101,000	\$ 1,129,500	\$ 1,314,250	\$ 1,707,000

One City Lights project, the Headwaters – a multi-income property – was completed. The project was executed by PDC. Rental income is collected by a property management firm, income net of property management costs is collected by PDC and transferred to PHB and held in reserve. This reserve covers the annual debt repayment, interest on the deferred developer fee, the debt service reserve, and the excess revenue reserve. The table below shows the resources and requirements of this reserve.

The bureau is conservatively estimating positive excess revenue generation at this point in the forecast. This scenario assumes the calling of Series B bonds in FY 2016-17 and the payoff of the deferred developer fee in FY 2107-18 as sufficient reserves are available. The forecast also shows expenditures for major maintenance projects as the building ages. Staff continues to analyze options for the property.

Federal Grants

Community Development Block Grant Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
<i>Carryover/Working Capital</i>	8,890,607	7,318,832	5,243,182	556,779	153,632	201,557	36,722
Grants	7,946,039	7,800,415	7,722,411	7,722,411	7,490,739	7,266,016	7,048,036
Section 108 Line of Credit	3,515,000						
Program Income	1,357,668	1,000,000	910,000	870,000	860,000	840,000	1,000,000
Total	\$ 21,709,314	\$ 16,119,247	\$ 13,875,593	\$ 9,149,190	\$ 8,504,371	\$ 8,307,573	\$ 8,084,758
Requirements							
Personnel Services	1,316,660	1,240,218	1,375,959	1,444,757	1,503,992	1,590,022	1,505,213
Indirect	380,162	328,843	306,933	322,279	370,704	441,034	371,702
External/Internal M&S	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Contracts							
Housing Access & Retention	1,138,087	-	-	-	-	-	-
Fair Housing	400,176	450,000	399,000	408,975	419,608	433,455	447,326
Housing Production & Preservation	27,096	12,000	12,000	12,000	12,000	12,000	12,000
Section 108 Repayment	519,753	680,000	727,000	735,000	748,000	756,000	767,000
Homeowner Access & Retention	1,217,189	2,171,374	1,485,000	1,522,125	1,561,700	1,613,236	1,664,860
Economic Opportunity	2,263,169	2,164,771	2,120,422	2,120,422	2,056,809	1,995,105	1,935,252
Projects							
Opportunity Funds			800,000	800,000	1,600,000	1,400,000	1,300,000
2015 NOFA		100,000	3,300,000	1,600,000			
Generations/NAYA	100,000	500,000					
Allen-Fremont/Reach	1,585,747	170,253					
Hill Park	1,559	500,000	2,700,000				
Hawthorne East		1,187,500	62,500				
PCRI Restructure	325,129	1,174,871					
Stephens Creek	48,239						
Bronaugh	1,522,475	166,235					
Glisan Predevelopment	41						
Section 108							
Hacienda Office	2,400,000						
Vista de Rosas	1,115,000						
<i>Working Capital</i>	7,318,832	5,243,182	556,779	153,632	201,557	36,722	51,406
Total	\$ 21,709,314	\$ 16,119,247	\$ 13,875,593	\$ 9,149,190	\$ 8,504,371	\$ 8,307,574	\$ 8,084,758

This fund is used to hold and account for the City's CDBG entitlement from HUD, as well as program income generated from the entitlement.

Annual Entitlement

HUD uses a formula to determine each grantee's share of the CDBG funding pool. That pool for a particular year is contingent upon the federal budget process. Many times, the HUD budget is the result of a continuing resolution passed after the start of the federal fiscal year (October 1). Once the total CDBG amount is determined, HUD develops the allocations. This can take a minimum of 60 days, often after the City deadline for the PHB request budget. In the past, this led the bureau to budget the prior year entitlement allocation.

Currently, HUD has an adopted budget and HUD is in the process of developing allocations for participating jurisdictions. Based upon the best information to date, of no change to CDBG funding, PHB is using the federal FY 2015-16 allocation amount. Given the two-year budget agreement, this amount should remain steady for FY 2017-18 as well.

Caps

Among the limits on CDBG funding are caps on the use of funds for administration and planning and public service. The cap percentage for administration and planning is 20% of the entitlement and program income; the percentage for public service is 15% of the entitlement and program income.

PHB puts a mix of administrative staff and indirect costs under the administration and planning cap in addition to some service contracts and consulting services. Also found under the administration and planning cap are administrative activities under sub-recipient contracts with area service delivery agencies and Fair Housing programs. Under the public service cap, homebuyer assistance is funded.

Program Income

CDBG program income has been in decline from highs of approximately \$2-5 million in the past 15 years. Loan income is currently approximately \$900,000, boosted by income from eleven Section 108 loans. PHB and HUD use program income figures from the HUD tracking system for the purposes of cap calculations. This resource is also forecast to go down over time due to restructures and loan payoffs, which impacts staffing and program delivery spending.

Program Delivery

PHB funds program delivery staff under CDBG. Most program services are delivered via third party contract (the same is true with almost all of the bureau's funding), though in the case of housing development projects, the exact nature and amount of the funding is not known very far into the future. The bureau attempts to build up CDBG funds to use in years where TIF resources are less available; however this can cause less future flexibility in using CDBG funds for other programs while maximizing resources for affordable housing development projects. The availability of CDBG for rental housing development is one of the few resources available to PHB outside of URAs.

Carryover

The CDBG fund has a long history of carryover due to the ebb and flow of housing project schedules and resource planning. The bureau has tightened both budgeting and schedule estimates, as well as being more diligent about whether all prior year entitlement funds have been accessed. Carryover of appropriations will still need to occur, but the bureau will use the BuMP, Request, and Approved budget processes to be more transparent about those changes.

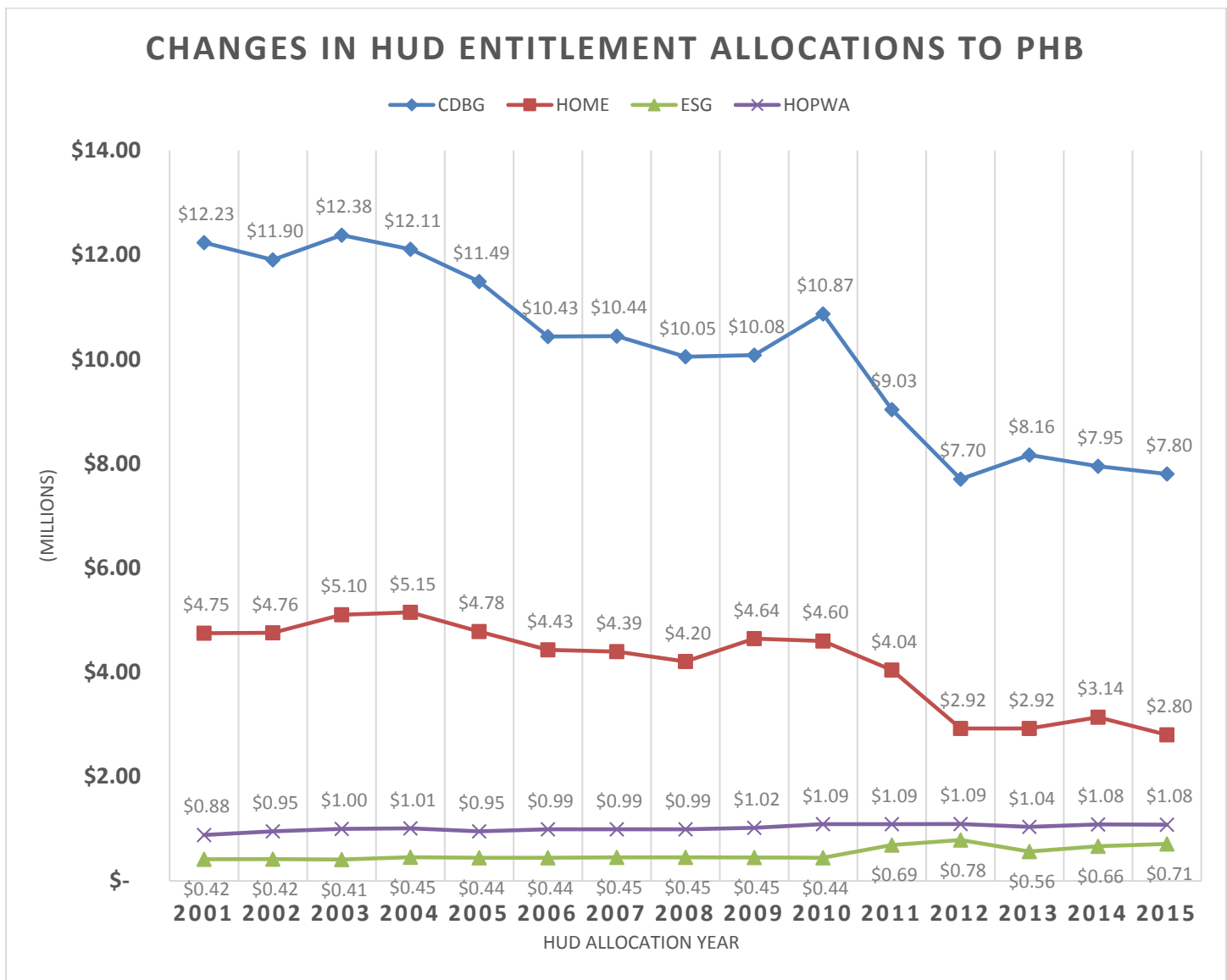
Base Adjustments

The bureau examined the use of federal grant funds, and determined that some adjustments could be made to better fit funding sources with programming.

- Replace CDBG funds used to administer homeownership and fair housing programs through local partners (\$389,000) with General Fund.
- The CDBG funds freed up (\$400,000) will be shifted to rental housing development as part of a fall 2016 NOFA, as well as being available for future development projects.

Future Look

Continued uncertainty about support in Congress for federal housing programs makes it difficult to forecast future resources. As the graph on the next page shows, the bureau has seen a decline in CDBG entitlement funding from fifteen, ten, even five years ago. With a two year federal budget agreement that keeps CDBG at current levels for two years, the forecast assumes a reduction of 9% for CDBG over the remaining three years of the forecast, based upon historical trends. Sequestration has been tempered in the federal budget through 2017. It is unknown if Congress will continue to address sequestration on a year by year basis, or allow some or all of the automatic cuts to take effect. If sequestration reductions begin again after 2017, 6-7% annual reductions in entitlement grants could occur through the remainder of the forecast. If sequestration reductions begin again after 2015, 6-7% annual reductions totaling \$1.8 million in CDBG could occur through the remainder of the forecast. In addition, loan income is forecast to continue to decline.



A steady downward trend in CDBG and HOME funding (in actual dollars), interrupted only by boosts in funding early in the Great Recession of 2008-11.

HOME

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Resources	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
<i>Carryover/Working Capital</i>	6,029,956	6,669,326	4,051,774	724,765	12,805	99,647	103,845
Grants	2,820,693	2,798,912	2,798,912	2,798,912	2,658,966	2,526,018	2,399,717
Service Charges & Fees	27,785						
Program Income	403,758	900,000	218,000	211,000	211,000	205,200	206,000
Total	\$9,282,192	\$10,368,238	\$7,068,686	\$3,734,677	\$2,882,771	\$2,830,865	\$2,709,562
Requirements							
Personnel Services	315,311	346,875	359,021	316,972	313,470	290,898	287,684
External/Internal M&S							
Contracts							
Housing Access & Retention	373,159	937,941		-	-	-	-
Housing Production & Preservation	1,152						
CHDO Support	205,000	140,000	120,000	140,000	133,000	126,300	120,000
Projects							
Opportunity Funds			1,300,000	1,800,000	1,800,000	1,800,000	1,800,000
2015 NOFA			2,200,000	900,000			
Loan Servicing/Asset Mgmt System	85,225	6,353					
PCRI - Scattered Big10	141,204						
Providence House	18,750						
Glisan Commons	464,366						
Vista de Rosas	995,346	150,019					
PCRI - N/NE Initiative	-	1,486,500					
St. Francis Park	-	1,700,000	1,800,000				
Gresham Funds	670,236	968,818	434,900	434,900	413,155	392,497	372,872
Multnomah County Funds		579,958	130,000	130,000	123,500	117,325	111,459
<i>Working Capital</i>	6,012,443	4,051,774	724,765	12,805	99,647	103,845	17,547
Total	\$9,282,192	\$10,368,238	\$7,068,686	\$3,734,677	\$2,882,772	\$2,830,865	\$2,709,562

This fund is used to hold and account for the City's HOME entitlement from HUD, as well as program income generated from the entitlement.

Entitlement

Much like CDBG, HOME is a formula-based entitlement grant. It is subject to the same timeline as the CDBG entitlement, and thus the bureau has tended to budget the prior year entitlement allocation at the start of the City budget cycle.

Currently, HUD has an adopted budget and HUD is in the process of developing allocations for participating jurisdictions. Based upon the best information to date, of no change to CDBG funding, PHB is using the federal FY 2015-16 allocation amount. Given the two-year budget agreement, this amount should remain steady for FY 2017-18 as well.

Caps

As with CDBG, HOME has a cap on the use of funds for administration. The HOME cap percentage for administration is only 10% of the entitlement and program income – there is not a public service cap. PHB puts a mix of administrative staff and indirect costs under the administration cap. PHB budgets right up to the cap.

Program Income

HOME program income has been in decline from highs of approximately \$2 million in the past decade. Program income is currently approximately \$202,000, down from about \$500,000 in FY 2007-08. PHB and HUD use program income figures from the HUD tracking system for the purposes of cap calculations.

The bureau currently budgets HOME program income less conservatively as the administration cap usage have been traditionally been low under HOME. This resource is also forecast to go down moderately over time, which impacts staff and program delivery spending.

Program Delivery

PHB funds program delivery staff working on HOME funded projects from CDBG funds per HUD recommendation. HOME funds are used primarily for affordable housing development, though the bureau has replaced some CDBG resources in the homeless services area in order to simplify contract management and service delivery by sub-recipients. The availability of HOME for rental housing development is one of the few resources available to PHB outside of URAs.

Carryover

Similar to CDBG, the HOME fund also has a long history of carryover due to the ebb and flow of housing project schedules and resource planning. The bureau has tightened both budgeting and schedule estimates, as well as being more diligent about whether all prior year entitlement funds have been accessed. Carryover of appropriations will still need to occur, but the bureau will use the BuMP, Request, and Approved budget processes to be more transparent about those changes.

Base Adjustments

The bureau examined the use of federal grant funds, and determined that some adjustments could be made to better fit funding sources with programming. For example, it is more efficient to use HOME in rental development projects where the regulations are applied one-time as opposed to multiple times for individual rent assistance clients.

- Replace \$947,800 of HOME funds used for tenant based rent assistance with General Fund.
- Use the HOME funds freed up will be shifted to rental housing development as part of a fall 2016 NOFA, as well as being available for future development projects.

Future Look

HOME is subject to the same uncertainty at the federal level as CDBG. As the graph on page 13 shows, the bureau has seen substantial reductions in HOME entitlement funding over a fifteen year period. The forecast amount reflects the 2016 federal budget agreement, which very slightly increased the HOME budget for the next two years. At this time, HUD has not released 2016 entitlement allocation amounts, so the forecast assumes no change per the budget agreement for FY 2016-17 and FY 2017-18. Over the remaining three years of the forecast, a reduction of 15% for CDBG and 15% for HOME is anticipated, based upon historical trends. Sequestration has been tempered in the federal budget through 2017. It is unknown if Congress will continue to address sequestration on a year by year basis, or allow some or all of the automatic cuts to take effect. If sequestration reductions begin again after 2017, 6-7% annual reductions totaling \$700,000 in HOME could occur through the remainder of the forecast. In addition, loan income is forecast to continue to decline.

Other Federal Grants

Entitlement Grants

PHB receives two other, smaller entitlement grants in addition to HOME and CDBG – the Emergency Solutions Grant (ESG), used for shelter and supportive housing services; and Housing for Persons With AIDS (HOPWA). They are formula-based and subject to a similar allocation timeline process as HOME and CDBG, and are subject to similar constraints noted in the discussions of those grants. The bureau received a second phase allocation for HOPWA that expired in FY 2014-15.

HOPWA

Resources	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	<u>Actual</u>	<u>Revised</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Grants	1,339,724	1,191,814	1,092,000	1,092,000	1,092,000	1,092,000	1,092,000
Total	\$ 1,339,724	\$ 1,191,814	\$ 1,092,000	\$ 1,092,000	\$ 1,092,000	\$ 1,092,000	\$ 1,092,000

Requirements							
Personnel Services	54,254	31,848	33,000	33,150	34,509	33,635	33,714
External M&S							
Housing Access & Stabilization	1,285,470	1,159,966	1,059,000	1,058,850	1,057,491	1,058,365	1,058,286
Total	\$ 1,339,724	\$ 1,191,814	\$ 1,092,000	\$ 1,092,000	\$ 1,092,000	\$ 1,092,000	\$ 1,092,000

ESG

Resources	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	<u>Actual</u>	<u>Revised</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Grants	666,543	733,199	708,283	708,283	708,283	708,283	708,283
Total	\$ 666,543	\$ 733,199	\$ 708,283	\$ 708,283	\$ 708,283	\$ 708,283	\$ 708,283

Requirements							
Personnel Services	32,846	33,116	34,283	35,997	34,973	34,722	34,145
External M&S							
Housing Access & Stabilization	633,697	700,083	674,000	672,286	673,310	673,561	674,138
Total	\$ 666,543	\$ 733,199	\$ 708,283	\$ 708,283	\$ 708,283	\$ 708,283	\$ 708,283

Categorical Grants

The bureau also receives a number of competitive or categorical grants.

Lead Hazard Abatement

Resources	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	<u>Actual</u>	<u>Revised</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
12 Grant	716,335	1,000,000	857,491				
16 Grant (to be applied for)				1,000,000	1,000,000	1,000,000	
Total	\$ 716,335	\$ 1,000,000	\$ 857,491	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	-
Requirements							
Personnel Services	130,689	191,198	199,968	200,000	205,000	210,000	
External M&S	36,414	49,759	44,523	45,000	45,000	45,000	
Homeowner Access & Retention	488,755	698,566	613,000	693,000	688,000	683,000	
Bureau Indirect	60,477	60,477		62,000	62,000	62,000	
Total	\$ 716,335	\$ 1,000,000	\$ 857,491	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	-

For twenty years, PHB has been successfully applying for the HUD Lead Grant, the most recent version of which was awarded (\$3 million) in FY 2012-13 and extends into FY 2015-16. Funding in both FY 2015-16 and 2016-17 will likely be adjusted to ensure expenditure of the full grant. The forecast assumes another successful grant application in 2016.

Neighborhood Stabilization Program

Resources	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	<u>Actual</u>	<u>Revised</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
Grants NSP 3	110,942	3,462				
Program Income	821,251	446,865	40,000			
Total	\$ 932,193	\$ 450,327	\$ 40,000	\$ -	\$ -	\$ -
Requirements						
Personnel Services	1,681	9,756				
External M&S						
Homeowner Access & Retention	930,512	440,571	40,000			
Total	\$ 932,193	\$ 450,327	\$ 40,000	\$ -	\$ -	\$ -

The Neighborhood Stabilization Program (NSP), a homeownership assistance grant created by HUD during the recession and managed by the State of Oregon, is at the end its second phase. The program generate incomes from property sales that helps extend its work. NSP is winding down over time, though PHB will continue to manage funds generated by the program.

Continuum of Care Grants

Resources	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
Grants	767,868	702,708	1,011,018	1,011,018	1,011,018	1,011,018	1,011,018
Total	\$ 767,868	\$ 702,708	\$ 1,011,018	\$ 1,011,018	\$ 1,011,018	\$ 1,011,018	\$ 1,011,018
Requirements							
Personnel Services	405,994	342,400	462,118	462,774	462,309	462,974	462,517
External M&S	361,874	360,308	548,900	548,244	548,709	548,044	548,501
Housing Access & Stabilization							
Total	\$ 767,868	\$ 702,708	\$ 1,011,018	\$ 1,011,018	\$ 1,011,018	\$ 1,011,018	\$ 1,011,018

On the smaller side of categorical grants are three under the HUD Continuum of Care program (sometimes referred to as McKinney grants). These grants represent the City portion of approximately \$15 million that the region receives under the continuum of care.

The McKinney Homeless Management Information System (HMIS) grant funds the Service Point system used by agencies and providers to track a wide range of social services data. As noted in the HIF section, the bureau receives income for servicing the system from partner agencies as a match in addition to the grant funds.

McKinney Outside Transitions Into Shelter (OTIS) is another grant that focuses on shelter services.

A McKinney Planning grant (which is anticipated to increase by almost \$300,000 for FY 2016-17). focuses on planning, data reporting and the region application for Continuum of Care funding, covering parts of one limited term position and three permanent position as well as staff at Multnomah County. The OTIS and HMIS grants have remained stable over time, and are forecast to remain so.

Tax Increment Financing – Housing Set Aside

Tax Increment Financing (TIF) is not new to either the City or to housing development. TIF funds for housing (also known as the Housing Set Aside) are expended by PHB, which will then be reimbursed by PDC, net of program income received by the bureau. PHB receives the program income directly, because the City now holds all of the affordable housing loans. Affordable housing funding in urban renewal areas (URAs) is driven by the Housing set-aside passed by the City Council in 2006, updated in 2011, and modified in 2015 to allocate 45% of TIF dollars to affordable housing.

Structure

PHB has set up a series of funds to be able to track direct costs by URA. Indirect costs are collected in the TIF Reimbursement fund summary below, and will be allocated to URA's based upon the direct expenses. The General Fund section discussed how indirect costs are allocated. TIF is not very different from many of PHB's grant sources in that it has restrictions on use in terms of type of expense. In addition there are restrictions in terms of location. The location restrictions also put pressure on the bureau's less restrictive funding sources when needs outside of URAs arise.

Tax Increment Funds - All Urban Renewal Area Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
Resources							
Loan Income	12,497,415	1,601,761	2,945,903	1,178,548	1,678,500	1,204,184	1,207,138
TIF - Affordable Housing Ste Aside	19,125,862	27,073,093	55,288,568	73,805,065	23,654,780	8,465,658	23,190,743
Other	40,148	79,200	70,000	45,000	697	-	-
Working Capital	6,524,193	15,745,369	17,133,296	9,006,852	2,443,272	1,712,772	674,342
Total	\$ 38,187,618	\$ 44,499,423	\$ 75,437,767	\$ 84,035,465	\$ 27,777,249	\$ 11,382,614	\$ 25,072,223
Requirements							
Personnel Services	850,652	1,040,904	1,064,068	1,087,130	1,040,130	807,000	880,000
Indirect Costs (including staff)	2,470,386	3,250,875	3,134,468	3,377,063	3,293,347	2,875,272	2,830,447
Property Management	56,851	50,000	50,000	50,000	50,000	1,000	1,000
Affordable Housing Development	19,064,360	23,024,348	62,182,379	77,078,000	21,681,000	7,025,000	14,900,000
Working Capital	15,745,369	17,133,296	9,006,852	2,443,272	1,712,772	674,342	6,460,776
Total	\$ 38,187,618	\$ 44,499,423	\$ 75,437,767	\$ 84,035,465	\$ 27,777,249	\$ 11,382,614	\$ 25,072,223

Tax Increment Revenue Forecast – Future Look

The forecast for TIF resources for PHB has changed significantly since the last forecast.

1. Approval by the City Council to increase the affordable housing set-aside from 30% to 45%. This is evident in both this five year forecast document and the 12-year addendum, as these new resources appear both in the near and long term.
2. Continued growth in all URAs due to higher projected tax collections as property values continue to grow.

The TIF portion of the PHB budget for FY 2016-17 is approximately \$75 million (which includes prior year funds carried forward). This amount is a bubble of funding reflecting the housing emergency and corresponding \$62 million NOFA. Funding stabilizes over the longer term forecast (into the mid-2020s) to \$22-28 million, which is a \$5 million increase over the previous forecast – the result of the November “TIF Lift” and increasing property values. The next TIF funding challenge is brief in FY 2019-20, representing the end of funds in four URAs, and a pause in financing in the others.

The bureau will be holding community forums with residents in the Lents and Gateway areas, and will expand current

community outreach efforts in the Interstate area in order to get community input on the “TIF Lift” funds.

This forecast does not include resources from a proposed Powell-Division URA, which is in early discussion stages.

The following is a brief discussion of trends in each URA.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
Central Eastside URA							
Resources							
Working Capital	-	-	24,752	76,194	259,446	14,383	4,030
Intergovernmental							
Fund Transfers							
Predev Loan Payoffs/Property Sales							
Loan Income	3,471	3,200	3,200	3,200	3,200	3,200	3,200
TIF Housing Set Aside	27,488	199,671	3,235,965	996,899	2,339,220	1,541,970	857,937
Other							
Central Eastside URA Total	\$30,959	\$202,871	\$3,263,917	\$1,076,293	\$2,601,866	\$1,559,553	\$865,167
Requirements							
Personnel Services - Direct Staffing	8,314	43,200	47,576	30,000	45,000	56,000	45,000
Bureau Indirect Costs (Staffing and Overhead)	22,645.08	134,919	140,147	86,847	142,483	199,523	144,739
Housing Production & Preservation							
Projects							
Opportunity Funds		-		700,000	2,400,000	1,300,000	650,000
St. Francis Park			3,000,000				
Working Capital		24,752	76,194	259,446	14,383	4,030	25,428
Central Eastside URA Total	\$30,959	\$202,871	\$3,263,917	\$1,076,293	\$2,601,866	\$1,559,553	\$865,167

- **Central Eastside** – A URA that has had slow resource growth, funding is in place for the St. Francis Park project under development by Caritas (Catholic Charities) and Home Forward in FY 2016-17, and additional affordable housing funds become available in FY 2018-21.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
Convention Center URA							
Resources							
Working Capital		-	5,660	15,917	281	3,067	2,070
Intergovernmental							
Fund Transfers							
Predev Loan Payoffs/Property Sales	557,978						
Loan Income	88,168	62,500	62,500	62,500	62,500	62,884	62,500
TIF Housing Set Aside	686,375	6,140,000	1,710,000	4,000,000	-	-	-
Other					697		
Convention Center URA Total	\$1,332,521	\$6,202,500	\$1,778,160	\$4,078,417	\$63,478	\$65,951	\$64,570
Requirements							
Personnel Services - Direct Staffing	115,618	88,486	38,584	19,000	14,500	14,000	14,000
Bureau Indirect Costs (Staffing and Overhead)	340,025.64	276,353	113,659	59,136	45,911	49,881	45,030
Housing Production & Preservation							
Projects							
Opportunity Funds	9,269						
2015 NOFA			900,000	4,000,000			
Miracles Club Central	867,608	5,832,001	710,000				
Working Capital		5,660	15,917	281	3,067	2,070	5,540
Convention Center URA Total	\$1,332,521	\$6,202,500	\$1,778,160	\$4,078,417	\$63,478	\$65,951	\$64,570

- **Convention Center** - A URA that expired (no new debt capacity), the Miracles Central project is currently under construction, and there is approximately \$5 million in the 2015 NOFA.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
Downtown Waterfront URA							
Resources							
Working Capital	2,222,333	11,569,192	11,939,819	4,182,872	2,604	2,721	7,290
Predev Loan Payoffs/Property Sales	8,767,141						
Loan Income	936,015	588,300	487,600	487,600	487,600	484,900	484,900
TIF Housing Set Aside	(157,309)		1,971,910	-	-	-	-
Other	28,952	79,200	70,000	45,000			
Downtown Waterfront URA Total	\$11,797,132	\$12,236,692	\$14,469,329	\$4,715,472	\$490,204	\$487,621	\$492,190
Requirements							
Personnel Services - Direct Staffing	58,297	72,002	72,599	70,000	45,000	45,000	70,000
Bureau Indirect Costs (Staffing and Overhead)	168,788	224,871	213,858	217,868	142,483	160,331	225,149
Housing Production & Preservation	855						
Projects							
Opportunity Funds							
2015 NOFA			10,000,000	4,425,000	300,000	275,000	
Butte Hotel							
Working Capital	11,569,192	11,939,819	4,182,872	2,604	2,721	7,290	197,041
Downtown Waterfront URA Total	\$11,797,132	\$12,236,692	\$14,469,329	\$4,715,472	\$490,204	\$487,621	\$492,190

- **Downtown Waterfront** – This URA has expired (2008) in terms of issuing any further debt. There is approximately \$2 million in remaining TIF resources, but the URA also has a healthy amount of program income that provided approximately \$15 million for the 2015 NOFA.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Forecast	Forecast	Forecast	Forecast	Forecast
Gateway Regional Center URA							
Resources							
Working Capital	77,700	-	359,296	97,121	333,447	414,113	503,411
Predev Loan Payoffs/Property Sales	10,777						
TIF Housing Set Aside	2,790,226	858,837	1,650,466	1,860,698	206,654	1,000,000	1,006,992
Other	(2,718)	-					
Gateway Regional Center URA Total	\$2,875,985	\$858,837	\$2,009,762	\$1,957,819	\$540,101	\$1,414,113	\$1,510,403
Requirements							
Personnel Services - Direct Staffing	44,241	40,876	28,294	30,000	30,000	35,000	55,000
Bureau Indirect Costs (Staffing and Overhead)	127,052.30	127,661	83,347	93,372	94,988	124,702	176,903
TIF Lift			500,000	1,500,000			
Housing Production & Preservation							
Projects							
Opportunity Funds	-		300,000			750,000	1,250,000
2015 NOFA		150,000	1,000,000				
Gateway/Glisan	2,703,816	4					
Property Management	876	1,000	1,000	1,000	1,000	1,000	1,000
Homeowner Access & Retention							
Homeowner Retention		180,000					
Working Capital		359,296	97,121	333,447	414,113	503,411	27,500
Gateway Regional Center URA Total	\$2,875,985	\$858,837	\$2,009,762	\$1,957,819	\$540,101	\$1,414,113	\$1,510,403

- **Gateway Regional Center** – There are almost \$1.1 million in the 2015 NOFA for rental housing development. An additional \$2 million in funds are available due to the “TIF Lift”, and will not be programmed until a series of community forums are completed in spring 2016. Further funding for affordable housing arrive in FY 2019-20. Property value growth in the URA due to development could provide additional affordable housing resources.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
Interstate URA							
Resources							
Working Capital		-	544,685	129,862	1,757,835	1,011,332	40,160
Predev Loan Payoffs/Property Sales		294,161	850,000		500,000		
Loan Income	605,619	17,160	17,160	17,160	17,160	17,160	17,160
TIF Housing Set Aside	1,327,511	9,649,675	9,758,948	35,264,651	15,349,525	1,608,688	13,703,965
Interstate URA Total	\$1,933,130	\$9,960,996	\$11,170,793	\$35,411,673	\$17,624,520	\$2,637,180	\$13,761,285
Requirements							
Personnel Services - Direct Staffing	214,821	349,050	355,049	390,000	380,000	350,000	390,000
Bureau Indirect Costs (Staffing and Overhead)	631,015	1,090,127	1,045,882	1,213,838	1,203,188	1,247,020	1,254,402
Housing Production & Preservation	9,056						
Projects							
Opportunity Funds			400,000	18,500,000	9,800,000	-	8,000,000
2015 NOFA			800,000	2,000,000	3,400,000		
New Meadows	100,000	294,161	700,000				
Homeowner Access & Retention							
Homeowner Retention	400,020	590,379	500,000	500,000	500,000	500,000	500,000
Homebuyer Financial Assistance	519,366	707,594	500,000	500,000	500,000	500,000	500,000
N/NE Neighborhood Housing Strategy							
Opportunity Funds							
2015 NOFA			500,000	3,500,000			
Business Operations							
Planning, Policy, & Outreach	58,852	25,000	40,000	50,000	30,000		
Housing Production & Preservation							
Grant Warehouse		860,000	900,000	6,100,000			
Land Banking		2,500,000	500,000				
Homeowner Access & Retention							
Homeowner Retention		1,500,000	800,000	900,000	800,000		
Homeownership Opportunity		1,500,000	4,000,000				
Working Capital		544,685	129,862	1,757,835	1,011,332	40,160	3,116,883
Interstate URA Total	\$1,933,130	\$9,960,996	\$11,170,793	\$35,411,673	\$17,624,520	\$2,637,180	\$13,761,285

- **Interstate** – This URA continues to generate substantial affordable housing funds, both from the additional \$20 million N/NE Housing Strategy from fall 2014 and the \$32 million “TIF Lift” from fall 2015, but also from projections of increased property values creating more TIF beyond the five year forecast window. Pursuant to City Council direction as part of the “TIF Lift”, community engagement in the Interstate URA will expand to include the Kenton and St. John’s neighborhoods in 2016.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Actual	Revised	Request	Forecast	Forecast	Forecast	Forecast
Lents Town Center URA							
Resources							
Working Capital	-	-	24,324	4,213	12,401	34,605	55,914
Loan Income	106,868	13,100	14,080	12,600	12,600	12,600	12,600
Other	20,770						
TIF Housing Set Aside	1,349,231	1,794,840	8,553,402	17,071,255	3,180,913	4,165,000	4,371,849
Other							
Lents Town Center URA Total	\$1,476,869	\$1,807,940	\$8,591,806	\$17,088,068	\$3,205,914	\$4,212,205	\$4,440,363
Requirements							
Personnel Services - Direct Staffing	137,420	146,846	174,262	188,130	173,130	100,000	105,000
Bureau Indirect Costs (Staffing and Overhead)	404,327.36	458,619	513,331	585,537	548,179	356,291	337,724
TIF Lift			400,000	450,000	1,450,000	2,400,000	2,400,000
Housing Production & Preservation							
Projects							
Opportunity Funds			1,100,000	1,000,000	1,000,000	1,300,000	1,300,000
2015 NOFA			600,000	5,400,000			
Oliver Station			5,600,000	6,400,000			
91st & Foster				1,152,000			
Woody Guthrie			200,000	1,900,000			
Homeowner Access & Retention							
Homeowner Retention	477,484	530,362					
Homebuyer Financial Assistance	457,638	647,789					
Working Capital		24,324	4,213	12,401	34,605	55,914	297,639
Lents Town Center URA Total	\$1,476,869	\$1,807,940	\$8,591,806	\$17,088,068	\$3,205,914	\$4,212,205	\$4,440,363

- Lents Town Center** – This URA reflects additional TIF resources available due to funds being pulled forward for affordable housing projects in FY 2015-16 (and \$6 million in the 2015 NOFA), and from the “TIF Lift”. In addition, the bureau has replaced Lents URA funds used for homeownership programs with General Fund resources to widen the availability of these programs to more of East Portland. The Lents URA funds “freed up” and the TIF Lift funds will not be programmed until a series of community forums are completed in spring 2016.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	Revised	Adopted	Request	Forecast	Forecast	Forecast	Forecast
North Macadam URA							
Resources							
Working Capital		-	75,252	28,191	8,262	5,819	8,342
Loan Income	34,860	35,040	35,040	35,040	35,040	35,040	35,040
TIF Housing Set Aside	17,080	500,000	18,500,000	600,000	150,000	150,000	3,250,000
Other							
North Macadam URA Total	\$51,940	\$535,040	\$18,610,292	\$663,231	\$193,302	\$190,859	\$3,293,382
Requirements							
Personnel Services - Direct Staffing	13,079	38,754	71,495	62,000	45,000	40,000	60,000
Bureau Indirect Costs (Staffing and Overhead)	38,861	121,034	210,606	192,969	142,483	142,517	192,985
Housing Production & Preservation							
Projects							
Opportunity Funds	-				-		300,000
Riverplace		300,000	18,300,000	400,000			
Working Capital		75,252	28,191	8,262	5,819	8,342	2,740,397
North Macadam URA Total	\$51,940	\$535,040	\$18,610,292	\$663,231	\$193,302	\$190,859	\$3,293,382

- North Macadam/South Waterfront** – This amended URA saw significant changes in terms of affordable housing resources, resulting in the current Riverplace project currently under development by Bridge Housing and Williams & Dame Development. In addition, both the amended URA the “TIF Lift” will result in substantially more affordable housing resources just outside of the five year forecast period.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	<u>Actual</u>	<u>Revised</u>	<u>Request</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
River District URA							
Resources							
Working Capital	-	-	29,628	218,602	68,748	225,389	50,981
Predev Loan Payoffs/Property Sales	444,391		958,923				
Loan Income	628,173	458,300	393,400	436,400	436,400	464,400	467,738
TIF Housing Set Aside	13,191,733	7,930,070	6,805,906	11,253,533	2,428,468		
Other	(6,856)						
River District URA Total	\$14,257,441	\$8,388,370	\$8,187,857	\$11,908,535	\$2,933,616	\$689,789	\$518,719
Requirements							
Personnel Services - Direct Staffing	212,788	218,932	225,022	265,000	278,000	140,000	113,000
Bureau Indirect Costs (Staffing and Overhead)	603,290	683,752	662,856	824,787	880,227	498,808	363,455
Housing Production & Preservation							
Projects							
Opportunity Funds			6,500,000	200,000	1,500,000		
14th & Raleigh	1,300,895	527,546	531,377	10,500,000			
Fairfield Apartments	56,851	50,000	50,000	50,000	50,000		
Erickson-Fritz	2,183,617	4,155,512					
The Abigail	9,900,000	2,723,000					
Working Capital		29,628	218,602	68,748	225,389	50,981	42,264
River District URA Total	\$14,257,441	\$8,388,370	\$8,187,857	\$11,908,535	\$2,933,616	\$689,789	\$518,719

- **River District** – This URA currently has a large project in the predevelopment stage at 14th and Raleigh. In addition to the \$8.2 million in opportunity funds remaining, the “TIF Lift” is providing \$20 million of affordable housing value related to PDC’s Post Office project. These funds are not shown in the forecast, as negotiations are still underway as to the form they will take. This URA expires in 2019, being no longer be able to issue debt.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
	<u>Actual</u>	<u>Revised</u>	<u>Request</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
South Park Blocks URA							
Resources							
Working Capital		4,176,177	4,129,880	4,253,880	248	1,343	2,144
Predev Loan Payoffs/Property Sales	24,643						
Loan Income	289,311	130,000	124,000	124,048	124,000	124,000	124,000
TIF Housing Set Aside	(107,185)	-	3,101,971	2,758,029			
South Park Blocks URA Total	\$206,769	\$4,306,177	\$7,355,851	\$7,135,957	\$124,248	\$125,343	\$126,144
Requirements							
Personnel Services - Direct Staffing	46,074	42,758	51,187	33,000	29,500	27,000	28,000
Bureau Indirect Costs (Staffing and Overhead)	134,383	133,539	150,784	102,709	93,405	96,199	90,060
Housing Production & Preservation							
Projects							
Opportunity Funds	135						
2015 NOFA			2,900,000	7,000,000			
Jefferson West Apartments							
Lexington/Park Preservation							
1200 Tower Preservation							
Working Capital	26,177	4,129,880	4,253,880	248	1,343	2,144	8,084
South Park Blocks URA Total	\$206,769	\$4,306,177	\$7,355,851	\$7,135,957	\$124,248	\$125,343	\$126,144

- **South Park Blocks** – This URA has expired (2008) in terms of issuing any further debt. There is approximately \$5,860,000 in remaining TIF resources and a healthy amount of cash due to loan payoffs and program income. Approximately \$9.9 million from this URA is in the 2015 NOFA.