DATE: May 14, 2008

TO: Will White, City of Portland, Bureau of Housing and Community Services

FROM: Robin Boyce, Molly Rogers, Housing Development Center

RE: Review of Cascadia's Housing Portfolio

INTRODUCTION

With recent financial concerns, and significant changes in personnel at Cascadia Behavioral Health Care (Cascadia), Multnomah County has requested that the Bureau of Housing and Community Development (BHCD) assist the County in a review of Cascadia's Housing Program. The focus of the assessment is twofold: 1) to assess potential risks for the estimated 720 residents who live in Cascadia owned or managed properties, and 2) to evaluate financial risks which could jeopardize both public and private investments in the portfolio.

BHCD has requested that the Housing Development Center (HDC) assist the City in evaluating the current condition of Cascadia's housing portfolio and programs. This memorandum provides a preliminary overview o f the portfolio and recommendations, based on a limited analysis of financial information, including:

- Summary of Ownership by Property and Number of Units
- Summary of Uses by Property and Number of Units
- Projects in Development
- Financial Overview of Properties:
    - Cascadia owned properties
    - LIHTC properties
    - HUD Properties
- Lender Relationships
- Overview of Current Capacity at Cascadia
- Summary of Recommendations

SUMMARY

Overall, Cascadia's existing portfolio appears to be operating at a close to breakeven level, with many properties operating well, and a few properties operating at a small deficit. The most significant challenges over the next several months will be to identify ways to assure the housing development and operations activities can proceed in the context of changes within Cascadia – specifically, how to work to keep development projects that are at critical points moving forward, and governance strategies to assure that property and asset management operations remain intact to keep the residents stable and project revenues coming in. We hope public funders will encourage Cascadia to develop a formal plan for their housing portfolio and development activities – whether to move forward with their Cascadia Housing, Inc. segregation of housing from CBHC, or another plan. Finally, the revenues from County and other programs that cover a portion of the rental stream are critical to the ongoing operations of the properties and stability of residents. More work is needed to evaluate these revenues streams and assess the impact of changes to those program revenues on the housing. Over the longer term, there are a few properties that would warrant evaluation and potential restructuring.

SUMMARY OF OWNERSHIP

Currently, Cascadia owns and/or manages 716 units of housing in 51 properties. Of these, 157 of the units are master leased from HAP (11 properties), ROSE CDC (four properties), Central City Concern (Bridgeview), and the Archdiocese of Portland (one property). The balance of the properties (34) is owned either directly by Cascadia or by a related single asset entity such as tax credit partnerships or HUD single asset entities. A summary of the portfolio, analyzed by ownership, is attached to this memorandum as Attachment A.

SUMMARY OF USE

Cascadia owns and/or operates a number of different types of facilities that serve chronically mentally ill residents at a range of levels of independence and housing stability. Their facilities can be categorized into six categories:

Category	Properties	Units
1. Independent Living (some include resident services)	30	447
2. Residential Treatment Homes	5	37
3. Residential Treatment Facilities	4	57
4. Residential Treatment Homes: Psychiatric SRB	6	29
5. Secured Residential Treatment Facility	4	32
6. Homeless Facilities: Bridgeview & Royal Palm	2	114
GRAND TOTAL	**51**	**716**

A number of the highest treatment level programs are housed in facilities leased from other property owners, as outlined on Attachment B.

A full property list of all owned and leased units, sorted by owner is attached as Attachment C.

PROJECTS IN DEVELOPMENT

Cascadia has a significant pipeline of projects in development. The purpose of this review is to highlight key opportunities or risks related to CBHC's housing development activities. In summary, Cascadia has four:

- *Urban Housing Options*: CBHC is in the middle of refinancing five HUD 202 properties, through an Elderly and Disable Bond issuance from Oregon Housing and Community Services (OHCS) and 4% Low Income Housing Tax Credits. To date, the HUD mortgages have been repaid through proceeds from the Elderly and Disabled Bond proceeds, reserves from the HUD properties are being held by First American Title Insurance Company and being disbursed for rehabilitation, and CBHC is working to close the membership agreement with the tax credit investor, Enterprise. The approximately $4 million in tax credit equity investment will be used to partially pay down the Elderly and Disabled Bond principle, resulting in a debt burden that the projects will be able to support. Without completing this LIHTC transaction, debt service on the current bond principle would far exceed an amount supportable by project revenues.

  Timing is critical on this transaction, with Enterprise's commitment holding only through July 1, 2008. Enterprise's due diligence includes review of financial position and status of the proposed project sponsor, which is proposed to be Cascadia Housing, Inc., a related but separate 501 (c) (3). The reserves remaining from the HUD projects, combined with capital funding from equity will provide required operating reserves.

- *The Jeffrey:* At this point Cascadia has no role in either the ownership of the Jeffrey or the development. With recent events, Cascadia Housing, Inc. will not be serving as the property manager. Currently, the only anticipated role of CBHC is to provide services for up to 20 Permanent Supportive Housing Units.

  Please note that Attachment F of this Memorandum, PDC's list of loans to Cascadia identifies a $9.152M loan on the Jeffrey as a loan to Cascadia. Cascadia staff represent that they are not an owner or a borrower on this loan.

- *The Martha Washington:* The Martha Washington project is on hold pending plans for housing activities at Cascadia. PDC currently has an outstanding loan to CHBC for predevelopment activities on the Martha Washington, with an outstanding balance of $169,699, and undisbursed balance of $553,301.

- *Rain Garden (otherwise known as Villebois):* Cascadia is in predevelopment on this Wilsonville Project. Currently, NOAH has loaned Cascadia $250,000 for predevelopment on this project, proceeds of which have been fully disbursed. This loan is secured by vacant land adjacent to their Garlington facility. Failure to move this project forward, either at Cascadia Housing or by assigning to another developer, could jeopardize the project and result in NOAH having to call their loan. This in turn could result in loss of this land asset to CBHC.

Recommendation: *A strategy to move the Urban Housing Option forward as soon as possible is essential in order to bring in tax credit equity and pay down $4 million of the bonds on this project.*

Recommendation: *Outlining a strategy for Rain Garden that preserves the $250,000 invested in predevelopment and secured by Bridgeway II (non-housing) property is also important.*

FINANCIAL OVERVIEW

The following summary of the financial position of the Cascadia portfolio is preliminary, having had limited time to review information provided by Cascadia staff. HDC has relied primarily on Year-to-Date financial information provided by Cascadia, and has not independently verified the validity of this information. Please note that Cascadia staff members have been extremely cooperative and timely in providing requested information, and the information has generally been very consistent between reports.

Other information used to prepare this summary includes 2007 audits for the single asset entity properties, and information provided by the Portland Development Commission on their loans to Cascadia. For purposes of expediting this preliminary review, BHCD agreed to prioritize a review of the 34 properties owned by Cascadia, or a related entity, deferring further review of the master leased properties. HAP has independently reviewed the 11 properties that are master leased by Cascadia from HAP, and found them to be up to date in payments.

A. Cascadia Owned Properties

Overview:
Cascadia Behavioral Health Care directly owns 21 properties, totaling 295 units. These properties include the full spectrum of uses outlined on Attachment B; ranging from the Royal Palm (50 beds/units) to seven Independent Living properties (134 units). CBHC has provided information on revenues and expenses by property for this portfolio, debt payments and reserve contributions is summarized for these 21 properties. A summary of this information is included as Attachment D of this memorandum. HDC evaluated these 21 properties as a whole, and found the following:

Line Item	Year to Date	Annualized
Revenues	**1,182,599**	**1,576,799**
Less Operating Expenses	949,316	1,265,755
Net Operating Income	**210,521**	**280,695**
Less Debt Payments	233,283	311,044
Net Cashflow (without reserve contributions)	**12,108**	**16,144**
If reserves were $250/ unit	(55,313)	(73,750)
Net Cash Flow after Reserve Contributions	**(43,204)**	**(57,606)**

Short Term Issues:

- Combined, these wholly owned by Cascadia properties have a projected year end *operating deficit of $195 per unit per year (PUPY),* if replacement reserves are funded at $250 per unit per year. This deficit is a minor variance for an organization the size of Cascadia. Of note, had these properties been operating at recommended industry averages of $400 in net cash flow PUPY, however, they would bring in an estimated $118,000 in net cash flow to Cascadia.

- There is a discrepancy of $59,298 in expenses, which Cascadia staff believe is likely due to inconsistencies in allocating shared or administrative costs across the 21 properties. This unallocated amount is included in operating expenses above.
- Year to Date operating expenses for FY 2007/08 equal an annualized average of $4,291 per unit, well within industry averages.
- Maintenance and repair costs varied significantly between properties – typical for smaller properties in which turnovers and repairs may be intermittent.
- The debt burden for these properties averages $1,000 per unit per year. It is difficult to determine if this is high or low without an in-depth analysis of Cascadia's regulatory agreements, rent restrictions, population served, and rent subsidies. In general, housing rent restricted at 30% of MFI and serving special needs populations would not be able to carry any debt.
- The average Debt Coverage Ratio (ability of project to cover debt obligations) (DCR) was 1.05, which is below the industry standard of 1.15.
- As of March 31, 2008, the physical occupancy rate averaged 92 percent overall, and 90 percent for the Independent and Semi-Independent Units. Note that Cascadia received revenues on the Residential Homes and facilities, whether or not the unit is occupied, and has less control of occupancy on these than on Independent units.
- HDC was not able to determine what portion of these revenues came from tenant paid rents versus subsidies or per diem payments. More work is needed to evaluate these revenue side risks.
- HDC has not completed a physical inspection of these properties, and cannot represent the physical condition of the properties.

Recommendation: *Maintaining rent collection, occupancy and flow of subsidy and per diem dollars will be the key issue to the viability of this portfolio through transitions at Cascadia.*

Recommendation: *An analysis of the physical condition of Cascadia's owned portfolio should be completed to assess risks related to capital improvements, maintenance, and Cascadia's ability to meet these needs with current reserve balances.*

<u>Longer Term Issues</u>

These properties have some long term risk due to three factors:

1. *Expense to Revenue Ratio:* The operating expenses are relatively high compared to the revenues on these properties (80% of net revenues). This means that overtime, with rents increasing at a lower rate than expenses, the net cash flow is expected to fall.
2. *Replacement Reserves:* Cascadia data indicate that only 13 of the 21 properties in the Cascadia owned portfolio are setting aside replacement reserves, and only five of which are required by lenders or regulatory entities to have reserves. The total reserve balance held by Cascadia for these 295 units was $523,113 at June 30, 2007. This represents reserves of only $1,773 per unit for these properties, presenting potential challenges for addressing future repairs.
3. *Debt service:* Depending on the population served, the rent restrictions and the subsidy sources, this portfolio review may trigger an analysis of debt leverage, and may present an opportunity to refinance.

B. LIHTC Properties

Overview LIHTC Properties

Cascadia is currently the general partner for three tax credit financed properties: Clinton Ridge Apartments (29 units), Midland Commons (46 units), and West Gresham Apartments (27 units), for a total of 102 units. Year to date information indicates the following:

Project	Yr to Date Net Cash Flow	Debt Coverage Ratio	Physical Occupancy
Clinton Ridge Apartments	1,040	1.26	87%
Midland Commons Apartments	(5,102)	0.66	100%
West Gresham Apartments	(939)	0.94	97%

The three LIHTC properties have an overall occupancy of 95%. Cascadia has recently brought in a new asset manager who has improved occupancy. Since this improvement (particularly at Midland) occurred after March 31, it is not yet reflected in the revenues. Operating Expenses at the LIHTC properties average $4,770 per unit, the highest of Cascadia's portfolio, but still within industry averages. The investor for Clinton Ridge and West Gresham Apartments is Enterprise. US Bank is the investor for Midland Commons.

Short Term Issues:

- Midland Commons revenues appear to be quite low, and should be analyzed further to evaluate gross rent compared to allowable rents, vacancy and collections. The debt burden is reasonable, with $1,310 per year must pay debt per unit.
- Operating expenses at Midland Commons, annualized equal $4,698 per unit per year, within industry norms, but likely higher than underwritten. Enterprise (tax credit investor) staff report that this property is on Enterprise's watch list.
- HDC used the audited debt payments for our analysis, but there is some discrepancy with the financial statements which needs to be evaluated.
- Given the negative net cashflow, DCRs for West Gresham and Midland Commons are also below 1.10, the typical requirement for lenders and investors.
- HDC has not completed a physical inspection of these properties, and cannot represent the physical condition of the properties.

Longer Term Issues:

These properties have some long term risk due to one factor:

- *Expense to Revenue Ratio:* The operating expenses are relatively high compared to the revenues on these properties (expenses equal 80% of net revenues). This means that over time, the net cash flow is expected to fall. This is typical of affordable housing projects serving very low income residents.

C. HUD Properties

Overview

Cascadia has ten HUD owned properties, the five HUD 202s (83 units) that are currently being refinanced referred to as Urban Housing Option, and four HUD 811s and one project that was previously a HUD 202 and now has ongoing HUD subsidies (79 units). The Housing Authority of Portland asset management staff has reviewed the financials for these properties.

The five HUD properties appear to be performing well. Only one of these properties has debt, all are 100% occupied. Average operating expenses for this portfolio, annualized, equal $4,226 per unit. As with all HUD properties, it will be important to evaluate capital needs and maintenance before year end to assure adequate dollars are expended.

Project	Yr to Date Net Cash Flow	Debt Coverage Ratio	Physical Occupancy
Coburn Woods Apartments	3,248	N/A	100%
Fanno Creek/June Dunn Apartments	10,280	N/A	100%
Hopewell Apartments	4,340	N/A	100%
Lone Pine Apartments	8,168	N/A	100%
Mt. Hood Apartments	32,934	9.26	100%
TOTAL (AVERAGE)	**58,970**	**N/A**	**100%**

As described above, Cascadia is in the process of refinancing the Urban Housing Option properties. Attachment E summarizes revenues and expenses year to date, and shows the net cash flow if the proposed permanent debt structure was in place. However, because the project is under redevelopment, operating revenues and expenses may not reflect stabilized performance. These properties will need to be evaluated as the refinancing strategy for the Urban Housing Option moves forward.

HDC has not completed a physical inspection of these properties, and cannot represent the physical condition of the properties.

LENDER RELATIONS

The City of Portland, through the Portland Development Commission, has identified the following outstanding principle on loans on Cascadia's Housing Portfolio, including CBHC, LIHTC and HUD properties, but excluding master leased properties:

TYPE	Principle Amount
Must Pay Amortized Debt on CBHC Properties	$1,092,372
Cash Flow Contingent Debt on CBHC Portfolio	$1,150,159
LIHTC Properties	$2,085,747
HUD Properties	$145,280
Predevelopment on Martha Washington	$169,699
TOTAL (Estimated)	**$4,643,257**

Totals from PDC Report dated 5/6/08 and Dec. 31, 07 LIHTC draft audits

See summary of PDC debt, attached as Attachment F. Note that the Attachment F lists the Jeffrey debt as Cascadia. As noted above, Cascadia is not an owner on that property.

Clearly, the City of Portland has a significant investment in the Cascadia Portfolio, both from a public mission to serve this population, and in the amount of City funds invested in these properties, primarily as a subordinate lender.

OHCS has an estimated $1,863,708 in amortized debt on the directly owned CBHC properties, in addition to approximately $4.043 million in Elderly and Disabled Bonds on the Urban Housing Options property, and extensive other funding on the portfolio.

The following lenders have must pay debt on the Cascadia BHC-owned portfolio. Balances are based on the notes to Cascadia's audit dated 6/30/07, and LIHTC draft audits date 12/31/07. This may not be a comprehensive list of lenders, given limited detail on some audits.

Lender: Secured & incl. in Debt Pymts	**Outstanding Principle on Housing**
Bank of the West (CBHC Properties)	$389,739
US Bank (CBHC Properties)	$40,150
Wells Fargo (Mt. Hood. HUD Property)	$451,657
NOAH (LIHTC)	$1,641,230
TOTAL	**$4,164,006**

Finally, note that the Cascadia Behavioral Health Care June 30, 2007 audit lists four line of credit type loans for a total of $3,359,933, to Meyer, NOAH, Glazer and IBM. Only the NOAH is related to housing (pre-development of Rain Gardens), and Cascadia staff report that none are secured by housing properties. The June 30, 2007 audit does not list specific collateral, which would need to be verified by Title reports or Trust Deeds for these loans.

Recommendation: *Communications with these lenders be proactive to determine if loan payments, required reports and reserve contributions are current, and to let them know that the City, County and State ares involved as plans move forward.*

Recommendation: *OHCS and City of Portland request a meeting and formal written plan from Cascadia's Board, outlining their strategy for addressing the entire housing portfolio, both existing and in development, prior to any transfers or dispositions.*

While the majority of the housing portfolio is in good condition, there are two primary issues with lenders related to **potential technical default conditions**. The first is that most lenders require a debt coverage ratio on the must pay debt of 1:10 to 1:00. Some of these properties are not currently meeting DCR requirements. Second, many mortgages contain cross default language, such that a default on any other loan to the borrower may constitute a default under the terms of the lenders loan agreement. A review of default conditions of each loan would be required to verify these requirements.

Clearly, a default of any Cascadia loans will be of concern to lenders and investors, who often have guarantees from Cascadia on their loans or tax credit obligations; defaults could potentially trigger cross default provisions on other properties as well. This is a critical issue in evaluating the relationship of Cascadia BHC to the housing portfolio.

CASCADIA CAPACITY

The current housing managers at Cascadia have been extremely cooperative with HDC, and have shown an incredible commitment to the welfare of their residents, and a tremendous amount of professionalism in working with HDC. However, there are two key challenges they face: a) the amount of work needed through this transition is even higher than during normal operations, both with residents, and with funders, and b) the governance structure and clarity around Cascadia's strategic direction for housing appears to have had less focus with the current challenges facing the organization:

STAFFING ISSUES: The Cascadia housing program faces some challenges:

- *Reduced staffing levels*: Over the last two weeks, a significant portion of the housing finance and asset management staff have left the organization.
- *Staffing Experience*: Of those staff remaining, two of the four asset managers have less than six months experience at Cascadia, although each has 10+ years of experience with property management (for one, most recently with Guardian, the other with GSL Properties).
- Currently, no one has a Property Management License. All of the current Asset Managers are expected to complete the property management licensure process by the end of 2008, and any future Asset Manager hired at Cascadia will be expected to have their license within 6 months of starting their employment.
- The occupancy specialist responsible for tax credit income certifications has been at Cascadia for less than three months.
- Neal Beroz's impending departure will mean the loss of both experience and institutional knowledge of the portfolio. While Jim Hlava and Royce Bowlin are both dedicated and experienced managers, they are relatively new to housing development and asset management, including property financial oversight and compliance oversight.

Recommendation: *The City support increased interim staffing capacity at Cascadia to provide increased experience and capacity in housing finance, compliance, and supervision of asset managers.*

Recommendation: *HDC also supports Cascadia's contracting with a third party manager to review income certifications for all new LIHTC property tenants during a transition and training period. Had this not been in place, HDC would have made this recommendation.*

Increasing staff capacity on an interim basis would allow Jim and Royce to focus on strategic issues for the portfolio and work with the Cascadia's Board, Cascadia Housing, Inc. Board, funders, and investors to address those projects in development**.** Maintaining occupancy, rent collections, rent subsidies and per diem payments is essential to the immediate financial viability of the portfolio. Participating in contractual discussions that impact the subsidies that flow through Cascadia to augment client paid rents will be critical to keeping the housing portfolio stable.

Given these larger picture issues, added capacity for supervision of asset managers and onsite property managers would help assure that operations do not slide. Failures in day to day operations would result in lost revenues and added deficits that could quickly outpace the cost of providing interim staffing support. Cascadia has also indicated the need for added financial capacity on the housing side, and some assistance with HUD reporting systems.

It is our belief, based on work with other organizations in transition, that an internal staff position, with supervisory and positional authority in the management team, is the most effective way to assure these functions are fulfilled. Over the long term, outsourcing property management or transfer of the portfolio might be considered, but with the population served, and the generally viable condition of the overall portfolio, we believe a transfer now could result in significantly more disruption to residents, would require the approval of lenders, and would significantly interrupt financial reporting.

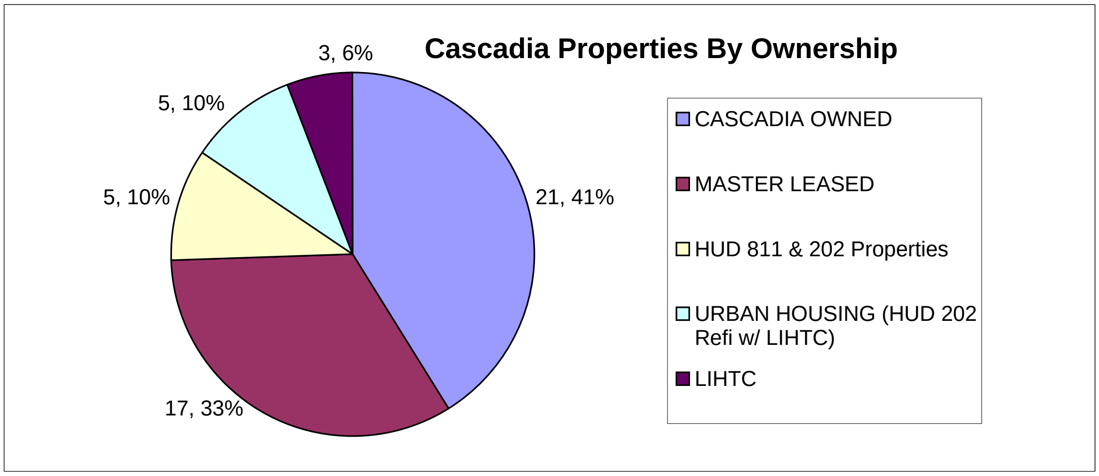
SUMMARY OF RECOMMENDATIONS

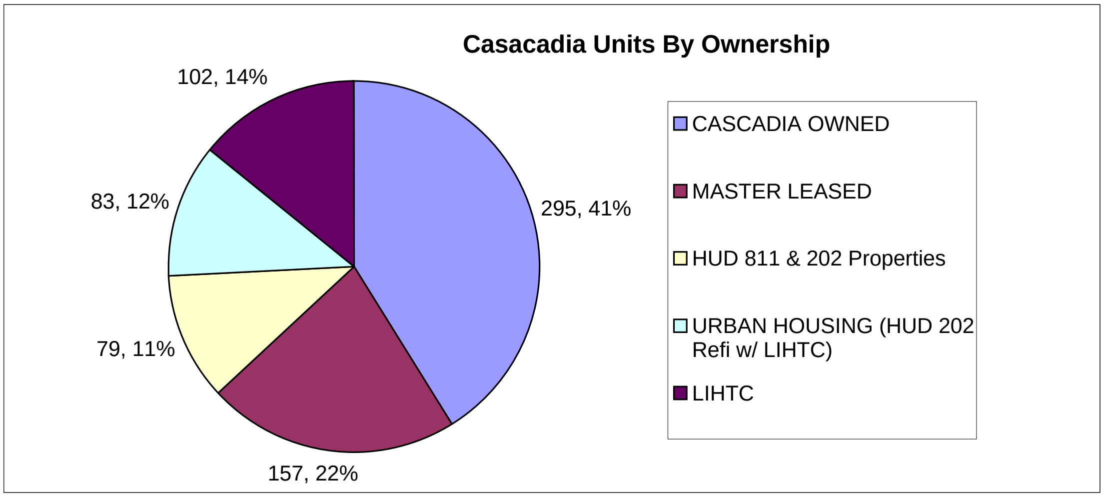
- Public lenders meet with Board members and Executives to discuss the need for a formal plan for the housing development, ownership and operations.
- If not already underway, HDC would recommend a review of the timeline and staffing structure for the Urban Housing Options and Rain Garden projects, to assure that tax credits are not jeopardized and a plan is in place to meet critical deadlines and protect significant predevelopment and construction funds at risk.
- Maintaining rent collection, occupancy and flow of subsidy and per diem dollars will be the key issue to the viability of this portfolio through transitions at Cascadia.
- An analysis of the physical condition of Cascadia's owned portfolio should be completed to assess risks related to capital improvements, maintenance, and Cascadia's ability to meet these needs with current reserve balances.
- Communicate with private lenders and investors proactively - determine if loan payments, required reports and reserve contributions are current, and to let them know that the City is involved as plans move forward.
- Support increased staffing capacity at Cascadia to provide increased experience and capacity in housing finance, compliance, and supervision of asset managers.

ATTACHMENTS:

A: Cascadia's Portfolio Summary
B: Cascadia's Portfolio by Use
C: Cascadia's Portfolio by Property, Sorted By Owner
D: Financial Summary of Cascadia BHC-Owned Properties
E: Financial Summary of HUD and LIHTC Properties
F: PDC List of Outstanding Loans

ATTACHMENT A: Cascadia's Portfolio Summary

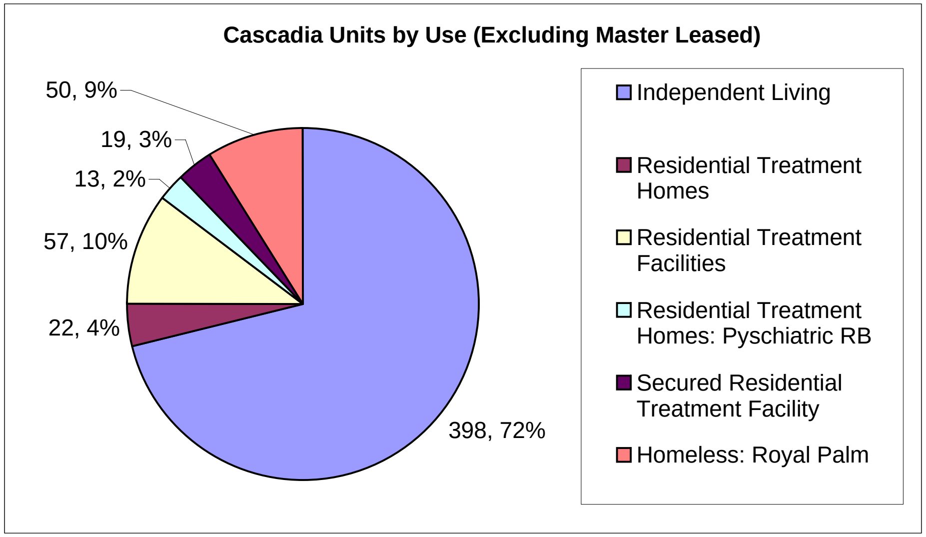




CASCADIA BEHAVIORAL HC, PORTFOLIO SUMMARY			
WORKSHEET	**# SITES**	**# UNITS**	**ONSITE MANAGERS**
INDEPENDENT LIVING SITES:			
Cascadia Behavioral Health Care	7	134	2
HUD 811 & 202 Properties	5	79	5
Urban Housing (HUD 202/ refinance with LIHTC)	5	83	5
LIHTC	3	102	4
Master Leased	10	49	1
Subtotal	**30**	**447**	**17**
RTF, RTH, SRTF:			
Cascadia Behavioral Health Care	13	111	0
Master Leased by CBHC	6	44	0
Subtotal	**19**	**155**	**0**
OTHER (HOMELESS FACILITIES):			
Cascadia Behavioral Health Care	1	50	0
Master Leased	1	64	0
Subtotal	**2**	**114**	**0**
TOTALS			
CASCADIA OWNED	21	295	2
MASTER LEASED	17	157	1
HUD 811 & 202 Properties	5	79	5
URBAN HOUSING (HUD 202 Refi w/ LIHTC)	5	83	5
LIHTC	3	102	4
GRAND TOTALS OF PORTFOLIO	**51**	**716**	**17**

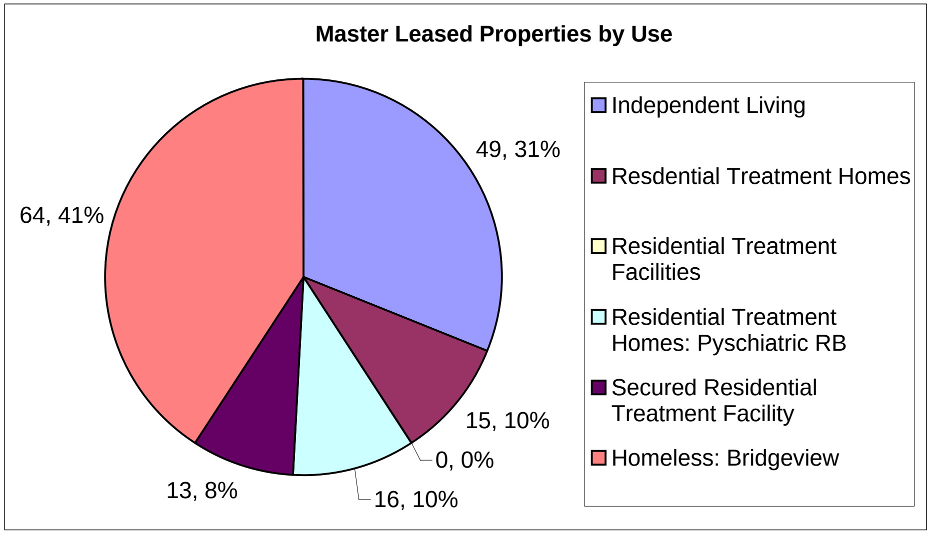
ATTACHMENT B: CASCADIA'S PORTFOLIO BY USE

ECMU: Extended Care Management Unit (referral and funding)
DCJ: Department of Criminal Justice (referral and funding)
PSRB: Psychiatric Security Review Board (refer and fund)
RTF: Residential Treatment Facility
RTH: Residential Treatment Home
SRTF: Secured Residential Treatment Facility
IND: Independent Living
Semi-IND: Semi Independent. Clinical Staff onsite 24 hours
SC: Service Coordinator part-time onsite
A&D: Alcohol and Drug Free Housing (ADF Funding,etc.)
VA: Veterans
CMI&LI: Chronically Mentally Ill & Low Income (no other requirements)
RTF, RTH: County referred and funded typically from psych units (ex. State hospitals)
S.O.s: Sex Offenders



Cascadia and Related Entity Owned Properties	**Properties**	**Units**
Independent Living	20	398
Residential Treatment Homes	3	22
Residential Treatment Facilities	4	57
Residential Treatment Homes: Pyschiatric RB	3	13
Secured Residential Treatment Facility	3	19
Homeless: Royal Palm	1	50
Total	34	559

Master Leased Properties	**Properties**	**Units**
Independent Living	10	49
Resdential Treatment Homes	2	15
Residential Treatment Facilities	0	0
Residential Treatment Homes: Pyschiatric RB	3	16
Secured Residential Treatment Facility	1	13
Homeless: Bridgeview	1	64
Total	17	157
GRAND TOTAL	51	716



Category	**Properties**	**Units**

ATTACHMENT C: CASCADIA'S PORTFOLIO BY OWNER

#	Owner	Property	Type/Services	Region	Location	Units	Licensed	Asset Manager	Client Type	Onsite Mngr?
1	Archdiocese	Arbor Place	SRTF	NE	23rd & Siskiyou	13	1	Debbie	Long Term Psy Hospital	
1	CBHC	23rd Street House	RTH-PSRB	NW	23rd & Overton	4	1	Debbie	PSRB	
1	CBHC	75th Street House	RTH-PSRB	SE	75th & Powell	4	1	Nancy	PSRB	
1	CBHC	Andrea Place	RTF	North	Portsmouth & Lombard	15	1	Debbie	Psy Hosp	
1	CBHC	Ava I (House)	IND	Gresham	215th & Powell	5		Nancy	CMI&LI	
1	CBHC	Ava II (Duplex)	IND	Gresham	215th & Powell	5		Nancy	CMI&LI	
1	CBHC	Barbara Roberts East	SRTF	NE	50th & Killingsworth	5	1	Debbie	Long Term Psy Hospital	
1	CBHC	Barbara Roberts West	SRTF	NE	50th & Killingsworth	5	1	Debbie	Long Term Psy Hospital	
1	CBHC	Emerson Corner (Duplex)	IND-A&D	NE	11th & Emerson	4		Debbie	A&D	
1	CBHC	Faulkner Place	SRTF	SE	133rd & Powell	9	1	Nancy	Long Term Psy Hospital	
1	CBHC	Glisan Street	RTH	NW	24th & Glisan	10	1	Debbie	Psy Hosp	
1	CBHC	Harriet Court (Apts)	IND	SE	75th & Henry St.	16		Nancy	Lower Functioning + S.O.s	
1	CBHC	Lafayette Court Apartments	IND	SE	86th & Lafayette	32		Nancy	CMI&LI	2
1	CBHC	McCarthy Place	RTF	Mid Co	165th & Glisan	10	1	Nancy	Psy Hosp/ HUD Rental Asst	
1	CBHC	Nadine's Place	RTH	SE	39th & Division	5	1	Debbie	Psy Hosp	
1	CBHC	NE Alberta Plaza (SRO Apts)	Semi-IND	NE	6th & Alberta	22		Debbie	Lower Functioning	
1	CBHC	Overton House	RTH-PSRB	NW	23rd & Overton	5	1	Debbie	PSRB	
1	CBHC	Pisgah	RTF	SE	75th & Henry St.	16	1	Nancy	PSRB, ECMU	
1	CBHC	Prescott Terrace (SRO Apts)	Semi-IND	NE	57th & Prescott	50		Debbie	Lower Functioning	
1	CBHC	Rita May Manor	RTH	Mid Co	135th & Market	7	1	Nancy	Psy Hosp	
1	CBHC	Rits (formerly Clinton St)	RTF	SE	92nd & Clinton	16		Marsha	DCJ	
1	CBHC	Royal Palm	Homeless Shelter	NW	3rd & Flanders	50		Heather	Homeless	
1	CCC	Bridgeview	Homeless Shelter	NW	Broadway & Everett	64		Heather	Homeless	
1	HAP	42nd Street (House)	IND	SW	42nd & Albert St	6		Heather	CMI&LI	
1	HAP	70th Street House	RTH	SE	70th & Center	10	1	Nancy	Respite	
1	HAP	Chase Street (House)	IND	North	Chase &Trenton	5		Debbie	CMI&LI	

1	HAP	Instar (House)	RTH	NE	25th & Killingsworth	5		Debbie	Psy Hosp	
1	HAP	Killingsworth (House)	RTH-PSRB	NE	29th & Killingsworth	5		Debbie	PSRB	
1	HAP	Kramer Apartments	IND	North	Cleveland & Beech	4		Debbie	CMI&LI	
1	HAP	Lents Court	IND-A&D	SE	86th & Woodstock	5		Nancy	A&D, VA	
1	HAP	Mi Casa House	IND-A&D	Mid Co	192nd & Burnside	5		Nancy	A&D	
1	HAP	Quints 26th (House)	IND	SE	26th & Powell	5		Marsha	CMI&LI	
1	HAP	Quints 69th (House)	IND	SE	69th & Center	5		Marsha	CMI&LI	
1	HAP	Woodstock Court Apartments	IND	SE	97th & Foster	9		Marsha	CMI&LI	1
1	HUD-202	MLK Manor (Apts)	IND	NE	6th & Dekum	16		Debbie	CMI&LI	1
1	HUD-202	Nawikka Court Apartments	IND+SC	SE	76th & Foster	16		Marsha	CMI&LI	1
1	HUD-202	Tillicum Court Apartments	IND+SC	SE	73rd & Foster	16		Marsha	CMI&LI	1
1	HUD-202	Tryon Mews (Apts)	IND	SW	30th & Moss	20		Heather	CMI&LI	1
1	HUD-202	Vermont Springs Apartments	IND+SC	SW	Vermont & Bertha	15		Heather	CMI&LI	1
1	HUD-811	Coburn Woods Apartments	IND	Mid Co	172nd & Burnside	10		Nancy	CMI&LI	1
1	HUD-811	Fanno Creek/June Dunn (Apts)	IND	SW	Bvtn-Hillsdale Hwy	24		Heather	CMI&LI	1
1	HUD-811	Hopewell Apartments	IND-HIV+	SW	Cheltenham & Capitol Hwy.	12		Heather	HIV+,CMI	1
1	HUD-811	Lone Pine Apartments	IND	Mid Co	162nd & Burnside	18		Nancy	CMI&LI	1
1	HUD-202 Loan pd off	Mt. Hood Apartments	IND+SC	Gresham	Cleveland & Powell	15		Nancy	CMI&LI	1
1	LIHTC	Clinton Ridge Apartments	IND-A&D+SC	SE	92nd & Clinton	29		Marsha	A&D	1
1	LIHTC	Midland Commons (Apts)	IND+SC	SE	127th & Taggart	46		Marsha	CMI&LI	2
1	LIHTC	West Gresham Apartments	IND+SC	Gresham	172nd & Burnside	27		Marsha	CMI&LI	1
1	ROSE CDC	Buena Vista (formerly Tabor)	RTH-PSRB	SE	76th & Stark	6	1	Nancy	PSRB	
1	ROSE CDC	Johnson Creek Commons (Duplex)	IND-A&D	SE	72nd &Johnson Creek	2		Marsha	A&D	
1	ROSE CDC	Rosewood Apts (Duplex)	IND-A&D	SE	70th & Woodstock	3		Marsha	A&D, S.O.s	
1	ROSE CDC	Rosewood PSRB (Duplex)	RTH-PSRB	SE	70th & Woodstock	5		Marsha	PSRB	
51		**Grand Total**				**716**	**15**			**17**

ATTACHMENT D: FINANCIAL SUMMARY OF CASCADIA OWNED PROPERTIES

Year to Date Through March 31, 2008 (9 months through Fiscal Year)

SUMMARY INFORMATION				YEAR TO DATE FINANCIALS: JULY 1, 2007 - MARCH 31, 2008						INDICATORS		
Prop. #	**Property Name**	**Total Units/ Beds**	**Type**	**Revenue**	**Operating Expenses**	**Net Operating Income**	**Debt Payments**	**Net Cash Flow Combined *****	**Known Reserve Balance**	**Annualized Operating Expenses per Unit**	**Physical Occupancy (3/31/08)**	**DCR**
710	23rd Street House	4	RTH-PSRB	25,425	16,336	9,089	4,779	4,310		5,445	88%	1.90
712	75th Street House	4	RTH- PSRB	28,170	17,265	10,905	6,543	4,362		5,755	100%	1.67
702	Andrea Place	15	RTF	83,721	43,319	40,402	31,095	9,307	40,388	3,851	100%	1.30
740	Ava I	5	IND (house)	11,996	21,400	(9,403)	-	(9,403)		5,707	60%	N/A
741	Ava II	5	IND (duplex)	10,418	12,090	(1,672)	-	(1,672)		3,224	80%	N/A
722	Barbara Roberts East	5	SRTF	25,689	14,643	11,046	6,084	4,962	15,582	3,905	80%	1.82
721	Barbara Roberts West	5	SRTF	26,059	13,673	12,385	6,084	6,301	15,582	3,646	80%	2.04
745	Clinton Street Apts/Rits	16	RTF	65,843	50,538	15,305	13,392	1,913	33,862	4,211	75%	1.14
746	Emerson Corner	4	IND (duplex)	17,633	11,083	6,550	8,289	(1,739)	4,230	3,694	75%	0.79
723	Faulkner Place	9	SRTF	98,549	57,778	40,771	31,824	8,947	52,945	8,560	100%	1.28
701	Glisan Street	10	RTH	47,700	28,413	19,287	8,109	11,178		3,788	100%	2.38
747	Harriet Court	16	IND (Apts)	43,600	42,313	1,287	8,132	(6,844)	7,474	3,526	94%	0.16
751	Lafayette Court Apts	32	IND (Apts)	114,963	70,911	44,053	32,598	11,455	72,663	2,955	94%	1.35
707	McCarthy	10	RTF	60,090	36,460	23,630	25,317	(1,687)	40,943	4,861	100%	0.93
704	Nadine's Place*	5	RTH	25,407	22,969	2,438	2,529	(91)		6,125	80%	0.96
734	NE Alberta Plaza	22	Semi- IND (SROs)	85,863	50,376	35,487	23,292	12,195	48,623	3,053	95%	1.52
713	Overton House	5	RTH- PSRB	18,900	14,134	4,766	2,430	2,336		3,769	80%	1.96
711	Pisgah	16	RTF	60,811	43,716	17,096	8,132	8,964	7,474	3,643	100%	2.10
733	Prescott Terrace	50	Semi- IND (SROs)	147,319	161,313	(13,994)	-	(13,994)	136,786	4,302	88%	N/A
705	Rita May Manor	7	RTH	24,534	14,832	9,702	2,547	7,155		2,825	100%	3.81
730	Royal Palm	50	Homeless Facility	159,910	146,456	13,453	-	13,453	40,258	3,906	N/A	N/A
	Total (Average)	**295**		**1,182,599**	**890,018**	**292,581**	**221,175**	**71,406**	**516,809**	**4,023**	**92%**	**1.32**
Potential Shared Costs Not Distributed Across Properties**					59,298				6,304	201		
Total with Potential Shared Costs		**295**		**1,182,599**	**949,316**	**233,283**	**221,175**	**12,108**	**523,113**	**4,291**		**1.05**

* Nadine's Place annual debt service of $1,536 came from Cascadia's mortgage spreadsheet, but it is not verified on the 6/30/07 audit; HDC used $281 from audit **90%** **Independent**

** Cascadia financials also show above a discrepancy of $59,298 of shared/ admins expenses that has not been allocated to specific properties,
Cascadia has been reviewing this issue, which may be a cost allocation issue, or may be misrepresented as housing costs. (Included for this analysis)

Barbara Roberts East (aka Killingsworth Group Homes)
Barbara Roberts West (aka Killingsworth Group Homes)
NE Alberta Plaza (aka Garlington Apts)

Consolidated Annual Cash Flow	**Total**	**Per Unit**
Combined NOI	311,044	1,054
Total Debt Payments	294,900	1,000
Combined Cash Flow	16,144	55

***** Note on Replacements Reserves**
Property expenses do not include payments made to replacement reserves.
Many properties have no replacement reserve requirements.
If all units paid $250 pupa, NOI (and cash flow) would decrease by $55,313.

ECMU: Extended Care Management Unit (referral and funding)
DCJ: Department of Criminal Justice (referral and funding)
PSRB: Psychiatric Security Review Board (refer and fund)
RTF: Residential Treatment Facility
RTH: Residential Treatment Home
SRTF: Secured Residential Treatment Facility
IND: Independent Living
Semi-IND: Semi Independent. Clinical Staff onsite 24 hours
SC: Service Coordinator part-time onsite
A&D: Alcohol and Drug Free Housing (ADF Funding, etc..)
VA: Veterans
CMI&LI: Chronically Mentally Ill & Low Income (no other requirements)
RTF, RTH: County referred and funded typically from psych units (ex. State hospitals)
SROs: Single Room Occupancy
S.O.s: Sex Offenders

ATTACHMENT E: FINANCIAL SUMMARY OF HUD and LIHTC PROPERTIES

Year to Date Through March 31, 2008

SUMMARY INFORMATION			YEAR TO DATE FINANCIALS THROUGH MARCH 31, 2008					INDICATORS			FISCAL YEAR		RESERVE BALANCE PER AUDIT
URBAN HOUSING OPTIONS PORTFOLIO		Total Units/ Beds	Revenue	Operating Expenses (including reserves)	Net Operating Income	Debt Payments **	Net Cash Flow Yr to Date	Annualized Operating Expenses per Unit	Physical Occupancy (3/31/08)	DCR	Fiscal Yr	#of Months	Urban Housing See Note ***
HUD-202	MLK Manor (Apts)	16	30,838	17,006	13,832	12,783	1,049	4,252	100%	1.08	1/1 - 12/31	3	-
HUD-202	Nawikka Court Apartments	16	17,748	16,833	915	10,000	(9,086)	4,208	100%	0.09	1/1 - 12/31	3	-
HUD-202	Tillicum Court Apartments	16	30,542	16,676	13,866	10,726	3,140	4,169	100%	1.29	1/1 - 12/31	3	-
HUD-202	Tryon Mews (Apts)	20	36,552	20,653	15,899	16,082	(183)	4,131	100%	0.99	1/1 - 12/31	3	-
HUD-202	Vermont Springs Apartments	15	26,596	14,199	12,397	10,323	2,073	3,787	100%	1.20	1/1 - 12/31	3	-
	TOTAL (AVERAGE)	**83**	**142,276**	**85,368**	**56,908**	**59,915**	**(3,007)**	**4,114**	**100%**	**0.95**	**n/a**	**n/a**	**-**
HUD PROPERTIES													
HUD-811	Coburn Woods Apartments	10	39,043	35,795	3,248	-	3,248	4,773	100%	N/A	7/1 - 6'30	9	21,946
HUD-811	Fanno Creek/June Dunn (Apts)	24	71,851	61,571	10,280	-	10,280	3,421	100%	N/A	7/1 - 6'30	9	62,377
HUD-811	Hopewell Apartments	12	51,248	46,908	4,340	-	4,340	5,212	100%	N/A	7/1 - 6'30	9	47,662
HUD-811	Lone Pine Apartments	18	58,264	50,096	8,168	-	8,168	3,711	100%	N/A	7/1 - 6'30	9	47,063
HUD-202 E *	Mt. Hood Apartments	15	92,965	56,044	36,921	3,987	32,934	4,982	100%	9.26	7/1 - 6'30	9	29,129
	TOTAL (AVERAGE)	**79**	**313,371**	**250,413**	**62,957**	**3,987**	**58,970**	**4,226**	**100%**	**n/a**	**n/a**	**n/a**	**208,177**
LIHTC PROPERTIES													
LIHTC	Clinton Ridge Apartments	29	39,347	34,278	5,069	4,029	1,040	4,728	87%	1.26	1/1 - 12/31	3	127,423
LIHTC	Midland Commons (Apts)	46	63,989	54,028	9,961	15,063	(5,102)	4,698	100%	0.66	1/1 - 12/31	3	41,260
LIHTC	West Gresham Apartments	27	48,046	33,325	14,721	15,660	(939)	4,937	97%	0.94	1/1 - 12/31	3	15,327
	Total (AVERAGE)	**102**	**$151,382**	**$121,631**	**$29,751**	**$34,752**	**$106,924**	**4,770**	**95%**	**0.86**	**n/a**	**n/a**	**184,010**
	OVERALL RELATED ENTITIES: ANNUALIZED	**264**	**$1,592,459**	**$1,161,884**	**$430,576**	**$383,984**	**46,592**	**4,401**	**98%**	**n/a**		n/a	**392,187**

Portland Development Commission

Housing Department

Cascadia Loan Portfolio

All projects listed have PDC funds invested

5/6/08

										Median Family Income				
Project Name	**Property Address**	**Date Closed**	**Original Loan Amt**	**TIF**	**Federal**	**Other**	**Current Balance**	**Undisbursed Balance**	**Total Units**	**0-30%**	**31-50%**	**51-60%**	**61-80%**	**81+%**
2270 NW OVERTON ST	2270 NW OVERTON ST	3/28/90	$57,000		X		$22,320	$0	5		5			
1232 NW 23RD AV	1232 NW 23RD AV	7/26/90	$112,000			X	$46,621	$0	1	1				
LAFAYETTE APARTMENTS	8714 SE LAFAYETTE ST	8/16/93	$286,100		X		$211,488	$0	32		2	7	1	22
GLISAN STREET HOUSE	2375 NW GLISAN ST	4/6/94	$190,000		X		$105,215	$0	10		1	6	3	
HOPEWELL APARTMENTS	1264 SW CHELTENHAM	9/21/95	$70,000		X		$70,000	$0	12		1	1		10
CLINTON STREET APARTMENTS (RITS)	9268 SE CLINTON ST	10/16/95	$230,000		X		$228,959	$0	16		1	4	11	
FAULKNER PLACE APARTMENTS	13317-9 SE POWELL BLVD	10/18/95	$275,000		X		$246,306	$0	9		1		3	5
75TH AVE ADULT FOSTER CARE	4729 SE 75TH AV	9/20/96	$82,600		X		$82,600	$0	5		5			
ANDREA PLACE	7621 N PORTSMOUTH AV	11/12/96	$345,700		X		$284,131	$0	15		15			
BARBARA ROBERTS EAST/WEST	5009 N KILLINGSWORTH ST	3/19/99	$168,880		X		$165,101	$0	12		1		4	7
NADINE PLACE	2270 SE 39TH AV	10/8/99	$115,825		X		$105,507	$0	6	6				
RITA MAE MANOR	13541 SE MARKET ST	1/18/00	$127,093		X		$114,600	$0	5	5				
MCCARTHY PLACE-NE 165TH GROUP HM	945 NE 165TH AV	9/19/02	$216,000		X		$191,375	$0	10	10				
CLINTON RIDGE APARTMENTS	2730 SE 92ND AV	10/3/02	$877,579			X	$824,034	$0	29	28				1
ROYAL PALM HOTEL	310 NW FLANDERS ST	11/8/02	$775,000		X		$741,838	$0	50	50				
MIDLAND COMMONS APTS	2830 SE 127TH AV	12/15/03	$1,161,000		X		$1,150,159	$0	46	22	20	2		2
EMERSON CORNER DUPLEXES	1023 NE EMERSON ST	3/7/04	$125,000		X		$117,632	$0	4	4				
WEST GRESHAM APARTMENTS	SE 172ND AV	11/19/04	$130,304		X		$111,554	$0	27	26				1
HARRIET COURT/PISGAH COLONY	7511 SE HENRY ST	8/3/06	$758,689		X		$673,863	$0	31	15	16			
JEFFREY APARTMENTS	1145 SW 11TH AV	4/16/07	$9,152,342	X			$9,033,625	$118,717	80	50	28			2
TRYON MEWS	8453 SW 30TH AV	4/30/07	$182,768		X		$145,280	$37,488	20			19		1
MARTHA WASHINGTON	1115 SW 11TH AV	11/30/07	$700,000	X			$169,699	$530,301	80	25	53			2
			$16,138,879				$14,841,904	$686,506	505	242	149	39	22	53
Grant only														
PRESCOTT TERRACE	5725 NE PRESCOTT ST	10/14/04	$1,100,000		X		$0	$0	50	48				2

OTHER PROJECTS

Operated by Cascadia, but owned by different CDC														
BUENA VISTA (TABOR) HOUSE/ROSE CDC	326 SE 76TH	4/23/96	$95,500		X	X	$66,047	$0	1				1	
POWELL BLVD. APARTMENTS/REACH	2105 SE POWELL BLVD	4/8/96	$24,000		X		$0	$0						
BRIDGEVIEW APTS, ST JOHNS/INNOVATIVE HOUSING	6816 N TRUMBULL	4/19/06	$904,233		X		$904,233	$0	14	13				1
JOHNSON CREEK DUPLEX/ROSE CDC	7940 SE 72ND	8/6/01	$96,758		X		$90,704	$0	2	2				
In Pre-Dev														
Howard's Place/ (YOUTH OPPORTUNITY CENTER/WORKSYSTEMS INC.)	3038 NE MLK BLVD.	8/23/00	$230,000		X		$0	$0	0					
On HUD's list, but owned by PCRI. Cascadia provides some client services.														
MARTHA WELLS COURT/PCRI	3965 N. ALBINA	2/24/98	$29,328			X	$22,073	$0	8	8				