

**DATE:** June 26, 2013  
**TO:** Board of Commissioners  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 13-25  
Authorizing Intergovernmental Agreements with the Portland Housing Bureau to Provide Housing Programs and to Provide Support Services to the Portland Housing Bureau

**BOARD ACTION REQUESTED**

Adopt Resolution No. 7011

**ACTION DESCRIPTION**

This action will authorize the Portland Development Commission (PDC) Executive Director to execute an intergovernmental agreement (IGA) with the Portland Housing Bureau (PHB) for PHB's implementation of housing rehabilitation, finance, and development in urban renewal areas (URA) and implementation of other housing activities; and an IGA with PHB for the delivery of support services to PHB by PDC for fiscal year (FY) 2013-14.

- 1) Housing Rehabilitation, Finance, and Development IGA (see Exhibit A to Resolution 7011): this IGA provides for PHB implementation of urban renewal activities involving housing rehabilitation, finance, and development funded through urban renewal resources to be paid to PHB on an expense reimbursement basis. The IGA requires, as part of the reimbursement process, certification from PHB that the costs incurred are eligible urban renewal expenditures. The IGA also makes PHB responsible for certain other housing activities not financed by PDC.
- 2) Housing Support Services IGA (see Exhibit B to Resolution 7011): this IGA provides for PDC's delivery of services to PHB to support PHB's urban renewal and non-urban renewal housing activities including certain property management services, information technology services, and construction and environmental services.

**BACKGROUND AND CONTEXT**

The Portland City Council (City Council) unanimously adopted City Ordinance No. 182465 (Ordinance) on January 7, 2009, authorizing the creation of PHB and the transfer of all PDC housing functions and Bureau of Housing and Community Development (BHCD) housing and operational functions to PHB. The Ordinance stated that the creation of this new bureau would strengthen Portland's capacity to meet the housing needs of the current and future residents of the city. It further stated that by transitioning appropriate functions and staff from BHCD and PDC to PHB, Portland would enhance its ability to end chronic homelessness, protect its most vulnerable residents, preserve and expand our affordable housing supply, assure housing stability, promote homeownership, and connect investments in housing to other strategies that support families and schools in vibrant, equitable neighborhoods.

Consistent with the Ordinance, both IGAs continue the relationship between PHB and PDC under which PHB has responsibility for the housing activities formerly conducted by PDC, which provides certain funds to PHB to support the urban renewal portion of those activities.

### **COMMUNITY AND PUBLIC BENEFIT**

The Housing Rehabilitation, Finance, and Development IGA, in concert with the housing policy work of the PHB, will enhance its ability to meet housing policy goals established by City Council, including goals to address homelessness, to facilitate the preservation and development of affordable rental housing, to assure housing stability, and to promote homeownership while also working to reduce blight and blighting conditions in the City's URAs. Through this agreement, PHB will employ its best efforts to meet or exceed the City's Minority/Women/Emerging Small Business (MWESB) goals and objectives for MWESB-owned businesses and apprenticeships.

The Housing Support Services IGA furthers the community and public benefit by providing an opportunity for cost savings where PDC can provide the most cost efficient means of delivering certain services needed by PHB.

### **PUBLIC PARTICIPATION AND FEEDBACK**

Projects and programs funded by the Housing Rehabilitation, Finance, and Development IGA were part of PHB's budget development process which engaged citizens and stakeholders throughout the city as well as the Portland Housing Advisory Committee (PHAC). PHAC is a volunteer public advisory body with up to 15 members; it advises the director of the PHB, the Housing Commissioner, and the City Council on a range of housing policy and program issues.

### **BUDGET AND FINANCIAL INFORMATION**

#### ***Implementation of URA Housing:***

The Housing Rehabilitation, Finance, and Development IGA provides for the payment of urban renewal resources in an amount not to exceed \$33,993,361 by PDC to PHB for urban renewal housing program implementation in FY 2013-14. This amount takes into account estimates for FY 2012-13 year-end carry-over that is incorporated into the PDC FY 2013-14 Adopted Budget. This agreement is consistent with the City's Affordable Housing Set Aside Policy in allocating 30 percent of tax increment resources (or lesser, specific amounts in certain URAs) by taking into account performance since FY 2006-07 and the five-year tax increment forecast.

#### ***Support Services to be provided by PDC:***

The Housing Support Services IGA provides for certain services to be delivered by PDC to PHB in support of PHB's housing activities. These services are real estate management, loan servicing system support, relocation, and construction and environmental services. Loan servicing support is anticipated to end upon implementation of PHB's loan servicing system during FY 2013-14. Total estimated cost of all services is \$153,000 for FY 2012-13 and reimbursement for these services has been factored in the proposed PDC FY 2013-14 Adopted Budget.

### **RISK ASSESSMENT**

PDC will be delegating to PHB the primary responsibility for insuring that reimbursable expenses are tax increment finance (TIF) eligible by law, which is necessary to ensure the expeditious and efficient delivery of urban renewal housing services and functions. The risks associated with such delegation are mitigated under the Housing Rehabilitation, Finance, and Development IGA by 1) PHB's express assumption of responsibility for insuring TIF eligibility, 2) certification by PHB and its legal counsel, with

each reimbursement invoice, that all the listed expenses are TIF-eligible expenses, and 3) PHB's indemnification of PDC and its Board of Commissioners (Board) in the event any claim is made against PDC or its Board for TIF non-compliance.

**ALTERNATIVE ACTIONS**

The Board could direct staff to continue negotiations with PHB, in which case housing projects, programs, and PDC's support of certain services could be delayed beyond July 1, 2013.

**ATTACHMENTS**

None