

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: July 22, 2009
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 09-87
2009-10 PHB Contract

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6723

ACTION SUMMARY

This action will authorize a Subrecipient Contract with the Portland Housing Bureau (PHB, formerly known as the Bureau of Housing and Community Development- BHCD) to receive up to \$6,288,324 in federal and city funds for the purpose of administering various housing development programs.

The Board annually reviews and approves this agreement with PHB. The agreement establishes programmatic and management guidelines as well as the maximum annual reimbursement the Portland Development Commission (PDC) may invoice PHB for identified city and federal funds. The funds are used for various housing projects, as well as operating support for loan servicing and housing asset management functions associated with the management of the existing portfolio and new projects.

BHCD (PHB's predecessor) and PDC have entered into such an agreement for nearly three decades.

PUBLIC BENEFIT

The agreement provides PDC with funds to assist in the elimination of neighborhood blight, to increase the supply of safe and affordable housing for qualified individuals, and to help low and moderate-income individuals become more economically self-sufficient. This is achieved through rental housing rehabilitation and new rental construction activities.

Rental Housing rehabilitation and new construction activities are generally targeted to serve families earning less than 80% of median family income, with 35% of the funds targeted to families earning less than 30% of median family income and 40% of the funds targeted to families earning between 31% and 50% of median family income unless otherwise directed by City Council.

This action will support the following PDC goals:

- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Strong Economic Growth and Competitive Region
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

Not applicable

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

Administering funds under this agreement are guided by the 2005-2010 Consolidated Plan and the annual Housing Evaluation Report which is adopted by City Council and the Housing and Community Development Commission. PDC annually conducts a solicitation process to receive project proposals from the community of developers and nonprofit organizations. Projects selected through this process are funded by PDC using PHB funds identified in the agreement

FINANCIAL IMPACT

The annual PHB agreement establishes the total amount of city and federal funds that PHB will reimburse PDC for rental housing rehabilitation, rental housing new construction and administrative activities. The total agreement amount is \$6,288,324 (\$2,002,313 in Community Development Block Grant (CDBG), \$2,005,399 in HOME Investment Partnership Program (HOME), \$696,859 in Housing Opportunities for Persons with Aids (HOPWA), \$125,142 in Housing Investment Fund (HIF), and \$1,458,611 in General Funds (GF).

The agreement establishes the following financial framework for funding projects that meet programmatic guidelines. PDC will incur expenditures as loans for approved projects are disbursed from the CDBG Fund (Fund 210) or HOME Fund (Fund 220) and, in turn, will submit a monthly billing to seek reimbursement from BHCD. PDC may not seek reimbursement for amounts in excess of the established agreement authority for each program.

The agreement also provides reimbursement to PDC for administration costs, including staff, materials and services and PDC indirect costs through PDC's indirect cost allocation plan. A substantial portion of the administration costs (\$479,905) are for PDC's loan servicing and housing asset management functions. The agreement supports a majority of PDC loan servicing and housing asset management program costs since CDBG and HOME funded loans make up a substantial portion (68%) of PDC's loan portfolio.

PDC's FY 2009-10 Adopted Budget includes sufficient appropriation authority to expend the funds specified in the FY 2009-10 agreement. This is because the amount of funds being carried over from FY 2008-09 was determined after the FY 2009-10 Approved Budget on May 27, 2009, and per Local Budget Law (ORS 294), budgets in any fund cannot be increased by more than 10% between approval and adoption of the budget. Technical

budget adjustments will be made as needed during PDC's Budget Amendment process to reflect the total amount of the contract being implemented.

RISK ASSESSMENT

PDC has been providing these services to BHCD for nearly three decades and is well suited to perform these activities going forward for PHB. Considering that expertise, the legal, financial and operational risks resulting from this action should be manageable over the term of this contract.

WORK LOAD IMPACT

All costs associated with administering the implementation of the agreement are included in the FY 2009-10 PDC budget. The equivalent of approximately five (5) FTE employees is included in the adopted PDC budget and department work plan to work on PHB funded projects and programs.

ALTERNATIVE ACTIONS

PDC will be unable to proceed on new PHB rehabilitation and multi-family rental housing projects if the agreement is not approved and will not have funding to service the existing portfolio. PHB funded activities represent the primary funding sources for housing activity outside of Urban Renewal Areas.

CONCURRENCE

PHB and PDC staff have negotiated the terms of the fiscal year 2009-10 contract. City Council approval of the contract is also necessary.

BACKGROUND

This is a new contract between PDC and PHB which authorizes PDC to administer PHB funds for the purposes of eliminating neighborhood slum and to increase the supply of safe and affordable housing.

The 09/10 contract was developed based on based on previous year's agreements and incorporating input from stakeholders on improving the document.

Per the contract, PHB and PDC will jointly establish program objectives. Specific project loan approvals will be routed through PDC's loan committee.

The maximum amount of funding PDC could receive per this contract is \$6,288,324 (\$2,002,313 in CDBG, \$2,005,399 in HOME, \$696,859 in HOPWA, \$125,142 in HIF, and \$1,458,611 in GF).