



DATE: June 25, 2014
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 14-31
Authorizing Intergovernmental Agreements with the Portland Housing Bureau to Provide Housing Programs and Support Services to the Portland Housing Bureau

BOARD ACTION REQUESTED

Adopt Resolution No. 7064

ACTION DESCRIPTION

This action will authorize the Portland Development Commission (PDC) Executive Director to execute two intergovernmental agreements (IGAs) with the Portland Housing Bureau (PHB) for (1) PHB's implementation of housing rehabilitation, finance, and development in urban renewal areas (URAs); and (2) for the delivery of support services from PDC to PHB for fiscal year (FY) 2014-15.

- (1) Housing Rehabilitation, Finance, and Development IGA: 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: 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 PHB 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, Portland would enhance its ability to end chronic homelessness, protect its most vulnerable residents, preserve and expand the supply of affordable housing, 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, and PDC provides certain urban renewal 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 PHB, will enhance PHB's 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 IGA, PHB will employ its best efforts to meet or exceed the City of Portland's (City) 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 PDC to provide certain services needed by PHB in the most cost efficient way.

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, comprising approximately 15 volunteers who advise the PHB director, the Housing Commissioner, and City Council on a range of housing policy and program issues.

BUDGET AND FINANCIAL INFORMATION

The Housing Rehabilitation, Finance, and Development IGA provides for the payment of urban renewal resources in an amount not to exceed \$44,788,723 by PDC to PHB for urban renewal housing program implementation in FY 2014-15. This amount takes into account estimates for FY 2014-15 year-end carry-over which are incorporated into the PDC FY 2014-15 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 districts) by taking into account performance since FY 2006-07 and the five-year tax increment forecast.

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 2014-15. Total estimated cost of all services is \$79,000 for FY 2014-15 and reimbursement for these services has been factored into the proposed PDC FY 2014-15 Adopted Budget.

RISK ASSESSMENT

PDC will be delegating to PHB the primary responsibility for ensuring 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 ensuring 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 the PDC Board of Commissioners (Board) in the event any claim is made against PDC or the PDC Board for TIF non-compliance.

ALTERNATIVE ACTIONS

The PDC 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, 2014.

This action supports City Council policy and budget direction approved by City Council and the PDC Board.

ATTACHMENTS

None.