



PROSPER
PORTLAND
Building an Equitable Economy

DATE: June 14, 2017
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 17-21

Authorizing an Intergovernmental Agreement with the Portland Housing Bureau for the Implementation of the Affordable Housing Set Aside Policy and for the Purpose of Operating and Administering the Economic Opportunity Initiative Program

BOARD ACTION REQUESTED

Adopt Resolution No. 7237

ACTION DESCRIPTION

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to execute an intergovernmental agreement (IGA) with the City of Portland (City) Housing Bureau (PHB) for PHB's implementation of housing rehabilitation, finance, and development in urban renewal areas (URAs) and transfer of federal Community Development Block Grant (CDBG) resources from PHB to Prosper Portland for the purpose of operating and administering the Economic Opportunity Initiative (EOI) program for fiscal year (FY) 2017-18.

If approved, this IGA will allow Prosper Portland to deliver on four 2015-2020 Strategic Plan objectives of job creation, expanding partnerships, creating great neighborhoods, and advancing opportunities for prosperity in the following ways:

- The housing rehabilitation, finance, and development component enhances neighborhoods by increasing the supply of, and access to, healthy and affordable housing through Prosper Portland's partnership in implementing the City's Affordable Housing Set-Aside Policy with PHB.
- Through Prosper Portland's partnership with Worksystems Inc. and other community partners, the EOI program helps grow family wage jobs through job training programs and advances opportunities for prosperity through technical assistance supporting small businesses owned and controlled by minorities and women as well as those in low-income communities.

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 Prosper Portland 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 Prosper Portland, the City 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, the IGA continues the relationship between PHB and Prosper Portland under which PHB has responsibility for the housing activities formerly conducted by Prosper Portland, and Prosper Portland provides certain urban renewal funds to PHB to support the urban renewal portion of those activities.

The IGA furthermore contains specific provisions that identify under what circumstances Prosper Portland or PHB is designated a lead agency for purposes of negotiating with the developer, coordinating with other project partners, and organizing public outreach regarding the project for all mixed-use/mixed-income projects. The IGA also outlines specific procedures Prosper Portland and PHB will implement to increase overall agency and staff coordination of mixed-used/mixed-income projects.

The provisions regarding urban renewal housing projects (Affordable Housing Set-Aside Policy financing) provides an annual budget within which PHB will invoice Prosper Portland on a monthly basis for reimbursable project costs, staffing and related overhead that is tied to the FY 2017-18 Approved Budget as well as the updated Affordable Housing Set-Aside Policy. The total amount included in the FY 2017-18 Budget anticipated to be adopted on June 14, 2017 and proposed IGA is \$83,189,849. The provisions are consistent with prior IGAs implemented.

The IGA also incorporates EOI activities that are intended to be approved by the Prosper Portland Board at its July 12, 2017 Meeting. EOI was first implemented in FY 2004-05 by the former BHCD (now PHB) and was transferred to Prosper Portland in FY 2009-10, where it has since been managed by Prosper Portland's Community Economic Development team. The people-based EOI program has three components: youth workforce development, adult workforce development, and micro and small business development. It is aimed at increasing economic vitality of low-income individuals and focuses on target populations most in need of assistance to achieve economic stability. Participants enrolled in EOI receive up to three years of support.

Prosper Portland will implement the youth and adult workforce development programs primarily through grants to Worksystems, Inc., which will implement the two programs in coordination with its other workforce services. Worksystems, Inc. will, in turn, provide sub-grants to non-profits specializing in youth and adult workforce development. Youth workforce development providers will be selected through a request for proposals (RFP) to be issued by Worksystems, Inc. in the summer of 2017. Adult workforce development providers were selected through a RFP issued by Worksystems, Inc. in the spring of 2013. Prosper Portland will be involved in the issuance of the youth RFP as it has been for previous youth and adult RFPs and in the selection of providers. It is anticipated that a limited number of additional contracts for youth and adult workforce development services will be managed directly by Prosper Portland. Staff will present additional background and accomplishments in Prosper Portland's partnership with Worksystems, Inc. at the July 12, 2017 Prosper Portland Board meeting.

Prosper Portland will implement the micro and small business development program principally through grants to specialized non-profits which deliver or coordinate the delivery of assistance to low-income residents and business owners.

COMMUNITY AND PUBLIC BENEFIT

The 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, facilitate the preservation and development of affordable rental housing, ensure housing stability, and 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's goals and objectives for Minority/Women/Emerging Small Business (MWESB) -owned businesses and apprenticeships.

EOI promotes achievement of Prosper Portland's 2015-2020 Strategic Plan goals for creating access to high quality jobs, increasing opportunities for prosperity, and building 21st century networks/partnerships. In FY 2016-17, more than 1,600 individuals have been served through workforce development or micro and small business development programs as of March 31, 2017. Of those served, approximately 67 percent are people of color.

Prosper Portland's investments in youth and adult workforce development leverage at least \$2,000,000 from Worksystems, Inc. Prosper Portland is proactively linking the workforce development providers with Neighborhood Prosperity Initiative (NPI) and Main Street managers with the goal of connecting under- and unemployed residents of these neighborhoods to career-track employment opportunities.

The Small and Micro Business Development Program provides business technical assistance and support to businesses owned by people with low incomes, people of color, and people with limited English proficiency. Technical assistance and support is delivered to approximately 500 businesses annually through Prosper Portland-managed contracts with non-profit community-based organizations.

In early 2017, Prosper Portland issued a Request for Proposals to build and implement the Small Business Technical Assistance Partnership (SBTAP). The Small and Micro Business Development Program will maintain its existing focus, but the composition of service providers may change. Staff will present additional background and planned goals in Prosper Portland's partnership SBTAP at the July 12, 2017 Prosper Portland Board meeting.

PUBLIC PARTICIPATION AND FEEDBACK

Projects and programs funded by this 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), comprising approximately 15 volunteers who advise the PHB Director, the Housing Commissioner, and City Council on a range of housing policy and program issues.

As mentioned above, Prosper Portland and Worksystems, Inc, in coordination with PHB, issued RFPs for the selection of service providers for the business development and youth and adult workforce development programs. The process of selecting new providers was done in an open and transparent manner and involved significant outreach and input from existing providers and other entities interested in EOI.

BUDGET AND FINANCIAL INFORMATION

Urban Renewal Housing Projects (Affordable Housing Set-Aside)

The Housing Rehabilitation, Finance, and Development provisions in the IGA provide for the payment of urban renewal resources in an amount not to exceed \$83,189,849 by Prosper Portland to PHB for urban renewal housing program implementation in FY 2017-18. This amount takes into account estimates for

FY 2016-17 year-end carry-over which is incorporated into the Prosper Portland FY 2017-18 Adopted Budget. This IGA is consistent with the City’s Affordable Housing Set-Aside Policy in allocating 45 percent of new tax increment resources through the remaining life of existing URAs.

Economic Opportunity Initiative:

The FY 2017-18 EOI budget includes \$2,087,620 in CDBG funding and \$2,109,343 in General Funds for a total budget of \$4,196,963. The CDBG funds will be provided to Prosper Portland through the sub-recipient contract with PHB; the General Funds are included in the overall IGA with the City Budget Office (CBO) that will be considered by the Prosper Portland Board. The overall budget for EOI is shown in Table 1. Funds from both the PHB contract and IGA with CBO will be provided on a reimbursement invoicing basis with the respective City bureau.

Estimated EOI Budget

	General Fund	CDGB	Total
Total Resources	\$2,109,343	\$2,087,620	\$4,196,963
Program Delivery			
Micro & Small Business Development Program	\$775,902	\$502,667	\$1,278,569
Adult Workforce Development	\$310,015	\$760,777	\$1,070,792
Youth Workforce Development	\$339,958	\$824,176	\$1,164,134
Personnel Services	\$379,457		\$379,457
Materials and Services	\$19,600		\$19,600
Indirect	\$284,411		\$284,411

RISK ASSESSMENT

Prosper Portland 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 IGA by i) PHB’s express assumption of responsibility for ensuring TIF eligibility; ii) certification by PHB, with each reimbursement invoice, that all the listed expenses are TIF-eligible expenses; and iii) PHB’s indemnification of Prosper Portland and the Prosper Portland Board in the event any claim is made against Prosper Portland or the Prosper Portland Board for TIF non-compliance.

EOI is a long-standing City program and has been consistently administered since FY 2004-05. CDBG funds flow to the City from the federal Department of Housing and Urban Development (HUD). In FY 2012-13, HUD conducted a monitoring of the EOI program. HUD’s monitoring report recommended changes that have improved the administration and oversight of sub-recipients and have resulted in Prosper Portland’s stronger understanding of issues related to administration of CDBG funds. The Worksystems, Inc. contracts will further require Worksystems, Inc. to adhere to federal regulations regarding the use of CDBG funds, to report to Prosper Portland quarterly about system accomplishments, challenges and outcomes, and to regularly involve Prosper Portland in policy discussions about the youth and adult workforce development system.

ALTERNATIVE ACTIONS

This action supports City Council policy and budget direction approved by City Council and the Prosper Portland Board. The Prosper Portland Board could direct staff to continue negotiations with PHB, in which case housing projects and programs could be delayed.

The Prosper Portland Board could decline to authorize the EOI portion of the contract; however, an alternative plan for delivering micro and small business development and workforce development services and support for the target population does not exist. City Council would need to either determine another City entity to operate EOI or dissolve it.

ATTACHMENTS

None.