



PROSPER
PORTLAND
Building an Equitable Economy

DATE: July 10, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-27

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

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7542

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 tax increment finance (TIF) districts 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) 2024-25.

STRATEGIC ALIGNMENT AND OUTCOMES

This IGA will allow Prosper Portland to deliver on its strategic objectives to foster a vibrant Central City and commercial districts and connect Portlanders to high-quality jobs in future-ready sectors 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.
- Prosper Portland partners with many community organizations on the EOI program, which provides opportunities for prosperity by supporting small businesses including those owned by people of color and women.

BACKGROUND AND CONTEXT

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 as well as 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 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, ensure 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 and Prosper Portland provides TIF resources to PHB to support the TIF portion of those activities.

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

The provisions for TIF housing projects (Affordable Housing Set-Aside Policy financing) include an annual budget wherein PHB invoices Prosper Portland monthly for reimbursable project costs, staffing, and overhead. This is tied to the FY 2024-25 Adopted Budget as well as the updated Affordable Housing Set-Aside Policy. The total amount included in the FY 2024-25 Budget is \$47,343,434. The provisions are consistent with prior IGAs implemented.

The 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 Entrepreneurship and 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 seeks to increase economic vitality of low-income individuals and focuses on target populations most in need of assistance to achieve economic stability. The program supports Prosper Portland's strategic goals for connecting Portlanders to high-quality jobs in future-ready sectors and promoting equitable wealth creation.

Prosper Portland will execute a grant agreement with Worksystems, Inc. (WSI) to manage and implement the youth and adult workforce development programs. WSI provides sub-grants to non-profits selected through a competitive solicitation process that specialize in youth and adult workforce development. Prosper Portland will manage the community navigator program. Prosper Portland's investments in youth and adult workforce development leverage at least \$2,000,000 from WSI.

Prosper Portland will implement the microenterprise development program as part of the larger Inclusive Business Resource Network. The program provides grants to specialized non-profits which deliver business technical assistance to Portland small businesses and entrepreneurs.

EQUITY IMPACT

The IGA, in concert with PHB's housing policy work, will enhance PHB's ability to meet housing policy established by City Council, including goals to address homelessness, facilitate the preservation and development of affordable rental housing, ensure housing stability, and promote homeownership in the City's TIF districts. 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.

In FY 2022-23, the EOI served more than 1,600 individuals with workforce development services and more than 130 microenterprises with business technical assistance. Overall, more than 66 percent of participants identified as people of color.

Prosper Portland is proactively linking the workforce development providers with Neighborhood Prosperity Network managers with the goal of connecting under-employed and unemployed residents of these neighborhoods to career-track employment opportunities.

Through focused resources, collaboration and client-centered services, the Inclusive Business Resource Network seeks to drastically shift outcomes for business owners of color, immigrants, women founders, and other underrepresented minorities.

COMMUNITY PARTICIPATION AND FEEDBACK

Projects and programs funded by this IGA were considered and discussed by Prosper Portland’s Community Budget Committee as part of its review of the FY 2024-25 budget. The initiatives funded by the IGA were also included in PHB’s budget development processes which engaged citizens and stakeholders throughout the city as well as the Portland Housing Advisory Commission, comprising approximately nine 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 WSI, 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 open and transparent and involved significant outreach and input from existing providers and other entities interested in EOI.

BUDGET AND FINANCIAL INFORMATION

TIF Housing Projects (Affordable Housing Set-Aside). The Housing Rehabilitation, Finance, and Development provisions in the IGA provide for the payment of TIF resources in an amount not to exceed \$47,343,434 by Prosper Portland to PHB for TIF housing program implementation in FY 2024-25. This IGA is consistent with the City’s Affordable Housing Set-Aside Policy in allocating 45 percent of new TIF resources through the remaining life of existing TIF districts. The FY 2024-25 IGA will be updated to include provisions to disburse final Housing Set-Aside amounts to close out certain districts including River District, South Park Blocks, Central Eastside, and Lents Town Center TIF Districts. The FY 2024-25 IGA also will include a provision to transfer Block F (a portion of the Prosper Portland owned property at SE 92nd Avenue and Harold Street) to PHB as part of the anticipated affordable housing project at that site in accordance with final Housing Set-Aside planning for the Lents Town Center TIF District.

Economic Opportunity Initiative. The FY 2024-25 EOI budget includes \$2,181,347 in CDBG funding and leverages General Fund and Enterprise Zone resources. The CDBG funds will be provided to Prosper Portland through this IGA. Funds from the PHB IGA will be provided on a reimbursement basis.

The CDBG funds are allocated as follows:

- Micro & Small Business Development Program: \$523,523
- Adult & Youth Workforce (including Workforce Navigator Program): \$1,657,824

RISK ASSESSMENT

Prosper Portland will delegate to PHB the primary responsibility for ensuring that reimbursable expenses funded with TIF proceeds are TIF-eligible by law, which is necessary to ensure the expeditious and efficient delivery of TIF 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 TIF-funded 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 PHB from the federal Department of Housing and Urban Development. In FY 2023-24, PHB conducted a monitoring of the EOI program and found no issues. The WSI contracts will further

require WSI 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. In addition to quarterly reviews, Prosper Portland completed a fiscal monitoring for WSI in FY 2023-24.

ATTACHMENTS

None.