

**DATE:** June 27, 2012  
**TO:** Board of Commissioners  
**FROM:** Patrick Quinton, Executive Director  
**SUBJECT:** Report Number 12-21  
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. 6956

**ACTION DESCRIPTION**

This action will authorize the 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 and implementation of other housing activities and an IGA with PHB for the delivery of support services to PHB by PDC for FY 2012-13.

- 1) Exhibit A to the Resolution: Housing Rehabilitation, Finance and Development Agreement: 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 agreement requires, as part of the reimbursement process, certification from PHB that the costs incurred are eligible urban renewal expenditures. The agreement also makes PHB responsible for certain other housing activities not financed by the Portland Development Commission (PDC).
- 2) Exhibit B to the Resolution: Housing Support Services Agreement: 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 (IT) services, and construction and environmental services.

**BACKGROUND AND CONTEXT**

The City Council unanimously adopted City Ordinance No.182465 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 will strengthen Portland's capacity to meet the housing needs of the current and future residents of our city. It further stated that by transitioning appropriate functions and staff from BHCD and PDC, Portland will enhance its ability to end chronic homelessness, protect our most vulnerable residents, preserve and expand our affordable housing supply, assure housing stability,

promote homeownership and connect our investments in housing to other strategies that support families and schools in vibrant, equitable neighborhoods.

Consistent with the City Council Ordinance, the 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 and Development IGA in concert with the Housing Policy work of PHB will enhance its ability to meet housing policy goals established by 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 urban renewal areas (URA). Through this agreement, PHB will employ its best efforts to meet or exceed the City's MWESB goals and objectives for Emerging Small Businesses, Women and Minority owned-businesses and apprenticeships.

The Housing Support Services agreement 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 Agreement were part of PHB's budget development process which engaged citizens and stakeholders throughout the city and with the PHB's Housing Advisory Committee (PHAC). The Bureau Advisory Committee is a volunteer public advisory body with up to 15 members. It advises the Director of PHB, the Housing Commissioner, and the Portland 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 Agreement (Exhibit A to the resolution) provides for the payment of urban renewal resources in an amount not to exceed \$41,853,395 by PDC to PHB for urban renewal housing program implementation in FY 2012-13. This amount takes into account estimates for FY 2011-12 year-end carry over that is incorporated into the PDC FY 2012-13 Adopted Budget. This agreement is consistent with the City's Affordable Housing Set Aside Policy by allocating 30 percent of tax increment resources (TIF) (or lesser, specific amounts in certain districts) 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 Agreement (Exhibit B to the resolution) 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 by the

end of FY 2012-13. Total estimated cost of all services is approximately \$218,359 for FY 2012-13 and reimbursement for these services has been factored in the proposed PDC FY 2012-13 Adopted Budget.

**RISK ASSESSMENT**

PDC will be delegating to PHB the primary responsibility for insuring that reimbursable expenses are TIF eligible by law. This is deemed practically necessary to insure 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 Agreement by i) PHB's express assumption of responsibility for insuring TIF eligibility, ii) certification by PHB and its legal counsel, with each reimbursement invoice, that all the listed expenses are TIF eligible expenses, and iii) PHB's indemnification of PDC and its board members 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 past July 1, 2012.

This action supports City Council policy and budget direction. The decision to transition all City housing activities from BHCD and PDC to PHB was recommended by Mayor Adams and Commissioner Fish in January 2009 and unanimously supported by City Council.

**ATTACHMENTS**

None