

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: , 2009
TO: Board of Commissioners
FROM: Bruce A. Warner, Executive Director
SUBJECT: Report Number 09-133
2009-10 PHB-PDC Subrecipient Contract Amendment #2

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6753

ACTION SUMMARY

This action will amend the Subrecipient Contract No. 32000134 with the Portland Housing Bureau that was approved by the Board on July 22, 2009 (Resolution No 6723) and amended as approved by the Board on October 14, 2009 (Resolution No 6747), to increase the contract amount from \$9,724,209 to \$16,153,748. The increase includes a total of \$2,026,456 of Community Development Block Grant Program (CDBG-R) funds to implement programs of the American Reinvesting and Recovery Act (ARRA). The increase also includes \$4,403,200 in prior year HOME funds that are carryover into FY 2009-10 and need to be recognized in the current FY 2009-10 contract.

PUBLIC BENEFIT

The amendment provides PDC with City CDBG-R funds, which were awarded by HUD in August 2009, 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. These funds have been targeted to shovel ready projects.

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

This amendment increases the maximum reimbursable amount under Subrecipient Contract No 32000134 between the PHB and PDC by \$6,429,539. Included in this amount is \$190,706 to cover program delivery costs for the CDBG-R program.

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. Through this amendment the total agreement amount is increased to \$16,153,748 (\$2,188,813 in Community Development Block Grant (CDBG), \$2,026,456 in Community Development Block Grant-R (CDBG-R), \$6,408,600 in HOME Investment Partnership Program (HOME), \$696,742 in Housing Opportunities for Persons with Aids (HOPWA), \$125,142 in Housing Investment Fund (HIF), \$3,249,384 in Neighborhood Stabilization Program (NHP), 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 the Portland Housing Bureau. 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 Revised Budget includes sufficient appropriation authority to begin expending the funds specified in the FY 2009-10 amended agreement. The PDC budget will be revised to equal the total amount of the amended contract via a second budget amendment that is currently scheduled for January..

RISK ASSESSMENT

PDC has been providing these services to the City of Portland for nearly three decades and is well suited to continue performing these activities 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

The Board could choose to deny the request for amendment in which case PDC would not proceed with projects funded under the CDBG-R program on behalf of the City, and PHB would need to find other means to implement.

CONCURRENCE

PHB and PDC staff negotiated the terms of the amendment. City Council approval of the contract is also necessary.

BACKGROUND

This is an amendment to the existing 09/10 PHB PDC Suprecipient Contract to increase the amount by \$6,429,539. This includes carryover funding for two HOME projects (Sacred Heart and Eastgate) and one CDBG project (CSI). In August 2009 PHB was awarded \$2,026,456 in CDBG-R funding from HUD through the American Recovery and Reinvestment Act. In anticipation of the award, PHB issued a Notice of Funding Availability (NOFA) in May 09 and identified 5 projects to be funded with the CDBG-R funds. The NOFA process initially identified 5 projects to be funded. The final mix of projects and amounts to be funded with CDBG-R will be mutually determined by PHB and PDC in accordance with program guidelines:

This amendment includes \$190,706 to cover PDC's program delivery costs.

ATTACHMENTS:

- A. Amended Contract
- B. CDBG-R Agreement