

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** June 24, 2009

**TO:** Board of Commissioners

**FROM:** Bruce A. Warner, Executive Director

**SUBJECT:** Report Number 09-76  
Authorize Transfer of the Economic Opportunity Initiative to the Portland Development Commission

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6715

#### ACTION SUMMARY

Authorizes the Executive Director to sign contracts that will transfer the programs of the Economic Opportunity Initiative (Initiative) from the Portland Housing Bureau (PHB), the successor by governmental reorganization of the City of Portland's Bureau of Housing and Community Development (BHCD), to the Portland Development Commission (PDC) on July 1, 2009. A briefing of the Initiative was provided to the PDC Board of Commissioners (Board) on May 14, 2009. The transfer of the Initiative involves PDC's assumption of operational and administrative responsibility for the Initiative, the transfer to PDC of certain federal, general fund and private funding for the Initiative, and the transfer to PDC of the PHB employees who operate the Initiative.

The Initiative would then become a part of the Urban Development Department's Neighborhood Division and would be managed under the Community Economic Development Section. The people-based program offered by the Initiative is an opportunity for PDC to provide additional economic development tools to assist low income residents and business owners, and to strengthen connections with key community-based partners. PDC intends to implement the Initiative during FY 2009-10 in substantially the same manner as BHCD had implemented it, principally through the subgrant of funds through Technical Assistance Agreements to multiple subrecipients who actually deliver or coordinate the delivery of the assistance to low income residents and business owners.

Board authorization is required by law to sign the contracts to transfer the Initiative to PDC.

#### PUBLIC BENEFIT

The Initiative provides adult and youth workforce training and microenterprise support for low income, multi-barriered people. The Initiative serves approximately 2,500 participants per year. The goal of the Initiative is to raise individual participant incomes and assets by a minimum of 25 percent within three years.

#### **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**

The decision to reassign the Initiative from PHB/ BHCD to PDC was recommended by Mayor Adams and Commissioner Fish as a part of the creation of the Portland Housing Bureau. The opportunity for the public to comment on this reassignment was made during hearings on the City budget. No opposition to this move was registered during the hearings.

BHCD created this program in response both to public input that limited BHCD economic development resources should be focused on target populations who were in most need of assistance to achieve economic stability, and to a study of national best practices to reduce poverty.

## **COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

Transfer of the Initiative to PDC is supported by numerous adopted and draft plans and policies as described below.

City Charter: PDC is charged by the City Charter with implementing the vision and goals of the City as adopted by the City Council relating to economic development. The Charter directs PDC to advance social equity and involve the City's constituencies to create, maintain and promote a diverse, sustainable community in which economic prosperity and employment opportunities are made available to all residents. Transferring the Initiative to PDC will enhance PDC's ability to achieve the City's vision and goals and meet the provisions of the Charter.

Urban Renewal Area Plans: The economic development goals of individual urban renewal area (URA) plans, such as the Interstate Corridor URA Plan, support the transfer of the Initiative to PDC by strengthening PDC's ability to meet the URA's goals. The Interstate Corridor URA Plan's economic development goals, for instance, include:

- Fostering entrepreneurship and wealth creation,
- Providing opportunities for current area residents to obtain new jobs, develop new programs and strategies (such as small business loans, storefront grants, business assistance, etc.) intended to retain and support these businesses,
- Supporting expansion of programs to create market-driven job training components, resource components, and other workforce development components that serve to expand employment opportunities.
- Developing a network of training partnership agencies which includes area schools and employers to ensure effective service delivery for residents

Consolidated Plan (2005-2010): Expenditure of Community Development Block Grant (CBDG) funds within the Cities of Portland and Gresham and in Multnomah County is guided by a document called the Consolidated Plan. The most recent Plan covers a five year period from 2005 to 2010. Priority three of the Plan is to fund "Programs to assist

adults and youth to improve their economic condition...by increasing incomes from below 50% of the median family income (MFI)... and by wealth-building strategies for households with incomes up to 80% MFI....”

Board's Strategic Plan Goals (Draft): The following Draft Board goals support the transfer of the Initiative to PDC, by strengthening program offerings to support the following goals:

- Sustainability and Social Equity: Our internal and external business practices advance social equity.
- Healthy Neighborhoods: Quality, living wage jobs are retained and attracted and are easily accessible by neighborhood residents.
- Strong Economic Growth and Competitive Region: Shared city and regional economic development goals are advanced through aligned, productive, and strategic partnerships.

City of Portland Economic Development Strategy (Draft): The transfer of the Initiative will support achievement of the City's Draft Economic Development Strategy including the overall goal that the economic benefits of the Strategy accrue to all Portland residents in the form of access to family wage jobs and opportunities at wealth creation through small business ownership. The Strategy also recognizes that “Successful economic development is a collaborative effort encompassing not just business and the public sector, but organized labor, academia and the not-for-profit community.” The Initiative also supports the specific goals of the Strategy including goals to:

- Generate robust job growth by maximizing the competitive environment for existing, emerging and relocating businesses; and to
- Achieve broad-based prosperity by stimulating economic activity in neighborhoods throughout Portland.

## **FINANCIAL IMPACT**

The overall FY 2009-10 budget for the Economic Opportunity Initiative is \$5,763,665. Funding includes \$3,449,310 in Community Development Block Grant funding, \$1,868,855 in City General Fund, \$295,500 in private grants, and \$150,000 in other resources. An additional \$197,000 in carryover funds is expected to be added to the budget through the City's revised budget process in the fall of 2009.

## **RISK ASSESSMENT**

No significant risks identified.

## **WORK LOAD IMPACT**

Staffing (3.3 FTE) for the Initiative will be transferred from BHCD to PDC. No new staff will be required to implement the program.

## **ALTERNATIVE ACTIONS**

The Board could decline to accept the reassignment.

## **CONCURRENCE**

The offices of Mayor Adams and Commissioner Fish initiated this reassignment. BHCD and the Office of Management and Finance have been involved in the reassignment and are in concurrence with this action.

## **BACKGROUND**

### **Economic Opportunity Initiative History and Goals**

In 2004, BHCD revamped its economic development functions, which, for many years had been centered primarily on place-making activities to revitalize neighborhoods; BHCD shifted its resources to people-based programs aimed at reducing poverty. This shift came about as a result of several factors, including a recognition that urban renewal tools for revitalizing communities were being developed in many Portland neighborhoods, public input urging that limited BHCD economic development resources be focused on target populations who were in most need of assistance to achieve economic stability, and a study of national best practices to reduce poverty.

The Initiative was first implemented by BHCD in Fiscal Year 2004/05. It provides adult and youth workforce training and microenterprise support for low income, multi-barriered people. The goal of the Initiative is to raise individual participant incomes and assets by a minimum of 25 percent within three years. Participants enrolled in the Initiative receive support over three years; best practice research indicates that this multi-year commitment is critical to making a real difference in the ability of participants to earn and maintain a living wage.

### **Projects and Outcomes**

The annual operating budget for the Initiative is approximately \$4.2 million, with 60 percent coming from the Community Development Block Grant (CBDG) funds, 30 percent in City General Funds, and five percent in grants from foundations and other agencies. There are currently 34 projects serving approximately 2,500 participants, with approximately 75 percent of participants pursuing training and advancement in career track jobs, while 25 percent of participants are very low income microentrepreneurs.

Outcomes for the first graduating class, as confirmed by the City Auditor, exceeded the goal of a 25 percent increase in income or business revenue for graduates. Most workforce project participants enrolled with zero income, and some with as much as a five-year gap in work history or none. The average adult graduating wage was \$15.69/hr., for youth (18-25 years) it was \$11.26/hr. Microenterprise graduates more than tripled their gross sales. On May 30, 2009, Mayor Adams hosted the graduation celebration for the second graduating class.