

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** August 12, 2009

**TO:** Board of Commissioners

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

**SUBJECT:** Report Number 09-92  
Inter-Governmental Agreement (IGA) with the Portland Housing Bureau (PHB) for housing activity coordination and co-location of PDC and PHB housing staff

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6727

#### ACTION SUMMARY

This action will approve an IGA with the PHB providing for coordination of PDC's and PHB's housing activities and co-location of PDC and PHB housing staff at PHB's offices, in anticipation of consolidation of PDC's and PHB's housing activities at PHB at the end of the current fiscal year.

Under the terms of the IGA, PDC will move PDC housing staff to the Portland Housing Bureau's offices in the Commonwealth Building. PDC will also appoint the PHB Director (or designee) to the PDC Investment Committee, with authority to vote on housing matters, and, consistent with authority granted by this Resolution, appoint the PHB Director (or designee) to the PDC Loan Review Committee, with authority to vote on housing matters. The IGA also contemplates PHB involvement in other PDC discussions and internal processes involving development or major revision of PDC housing programs and policies.

PDC and City staff will work over the next few months to develop a comprehensive work plan to complete the full transition of PDC housing functions to PHB. When all issues are resolved, staff will return to the Board with one or more additional IGAs to complete the full transfer of housing functions from PDC to PHB.

#### PUBLIC BENEFIT

The City Council unanimously adopted City Ordinance #182465 on January 7, 2009 authorizing the creation of the Portland Housing Bureau and the transfer of all PDC Housing functions and Bureau of Housing and Community Development housing and operational functions to the Portland Housing Bureau. 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.

**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 opportunity for the public to comment on this transition was made during hearings on the City budget. No opposition to this move was registered during the hearings.

**COMPLIANCE WITH ADOPTED PLANS AND POLICIES**

N/A

**FINANCIAL IMPACT**

The IGA calls for the payment of an amount not to exceed \$863,879 by PDC to PHB as outlined below. In addition, PDC anticipates incurring additional IT and transition costs of approximately \$324,500 to support work contemplated by the IGA.

<b>PDC Housing Department Co-Location Budget</b>	<b>TIF Budget</b>
PDC Staff Relocation Costs/Materials/Service	\$369,940
PDC Lease of PHB space	226,840
PHB Salaries/benefits (ED, finance, other)	180,637
Interagency Costs	86,462
Subtotal - Reimbursable to PHB by PDC	\$863,879
PDC IT/Transition Costs (PMO Office)	324,500
<b>Total</b>	<b>\$1,188,379</b>

**RISK ASSESSMENT**

No significant risks identified.

**WORK LOAD IMPACT**

The greatest work load impact is a result of the remote location of PDC staff which likely increase the time for staff participation in meetings, the gathering of signatures for loan disbursements and other similar activities.

The co-location will also impact other PDC departments, most specifically Central Services, as the remote staff will continue to be supported by PDC information technology staff and other central services functions.

PDC IT staff is working with the Bureau of Technology Services to ensure that PDC staff will continue to have access to all necessary PDC systems to function effectively in the new location.

## **ALTERNATIVE ACTIONS**

The Board may choose not to authorize the IGA, in which case, PDC Housing staff would remain located at 222 NW 5<sup>th</sup> Avenue and the other housing coordination activities contemplated by the IGA would not occur.

## **CONCURRENCE**

This action supports City Council direction to transfer PDC Housing staff and functions to the new PHB.

The decision to transition all City housing activities from BHCD and PDC to the new PHB was recommended by Mayor Adams and Commissioner Fish in January 2009 and unanimously supported by City Council.

## **BACKGROUND**

On Friday, May 1, 2009 Commissioner Fish announced that the transfer of the PDC Housing Department staff and functions to the new PHB would be delayed beyond the original July 1, 2009 target to enable the City and PDC to work through technical issues necessary for full implementation. These challenges include development and integration of financial, accounting, IT and loan servicing systems within the City that support the lending and real estate investment functions of the PDC Housing department.

To support the spirit of the transfer of these functions while work continues for the full integration, PDC and City staff developed a co-location strategy that is implemented through the attached IGA and outlined below:

- The PHB became operational on July 1, 2009, and all existing BHDC housing and operations transferred to the new bureau.
- All currently identified PDC housing staff will move to the PHB office space as soon as tenant improvements are complete and IT issues resolved to enable staff to perform their existing functions in the new location.

- Transfer of the PDC Housing staff to the City will be deferred and PDC Housing staff will remain PDC employees until the necessary financial, accounting, IT and loan servicing issues are resolved.
- Identified PHB and PDC staff – while working for separate agencies for an interim period – will function to the greatest extent possible as a single bureau to successfully launch and grow a PHB organizational culture.
- Until the PHB transfer is formally completed, the Housing Commissioner and PHB Director will guide and meaningfully participate in decision making affecting housing programs and transactions to honor the spirit of the full transition.
- The transfer of PDC housing related budget dollars to the City will be deferred, and loan transaction functions will continue to be completed by PDC until such time as the full transfer can be responsibly implemented.
- The City and PDC will prepare an outline of a critical path to resolve all issues and will diligently work toward full implementation of the transfer. It is anticipated that implementation of the transfer will take place as soon as feasible during FY 2009-10 and in no event later than July 1, 2010.
- When issues are resolved, the formal transfer of all City housing responsibilities, including the transfer of PDC TIF and other housing resources, and PDC staff, will occur with the adoption by City Council and the PDC Board of a Major Supplemental Budget modification and authorization of required IGA's, or other appropriate action.
- IGA's will detail the working agreements between the City and PDC, including an IGA to authorize PDC to continue implementation of the City's federally funded housing programs, and will be effective July 1, 2009.

The IGA and Resolution being considered by the Board authorize the implementation of the co-locations strategy which is an interim step to full transition of the PDC Housing functions from PDC to PHB. In the IGA, PDC agrees to move PDC housing staff to the PHB office space in the Commonwealth Building and to pay PHB for the use of that space. The IGA also provides for the appointment of the PHB Director (or designee) to the PDC Investment Committee and, as authorized by the Resolution, the PDC Loan Review Committee, with authority to vote on housing matters. Finally, the IGA provides for the involvement of PHB in other PDC discussions and internal processes involving development or major revision of PDC housing programs and policies.

PDC and City staff will work over the next few months to develop a comprehensive work plan to complete the full transition of PDC housing functions to PHB. When all issues are resolved, staff will return to the Board with one or more additional IGAs to affect the full transfer of housing functions, staff and budgets.