

# PDC

## PORTLAND DEVELOPMENT COMMISSION

**DATE:** July 27, 2011

**TO:** Board of Commissioners

**FROM:** Patrick Quinton, Executive Director

**SUBJECT:** Report Number 11-59  
Authorize Subrecipient Contract with Portland Housing Bureau for the Economic Opportunity Initiative

### EXECUTIVE SUMMARY

#### BOARD ACTION REQUESTED

Adopt Resolution No. 6897

#### ACTION SUMMARY

This action authorizes the Executive Director to sign the FY 2011-12 Subrecipient Contract between the Portland Housing Bureau (PHB) and the Portland Development Commission (PDC) for the implementation of the Economic Opportunity Initiative (Initiative) by PDC. The contract continues operational and administrative responsibility for the Initiative at PDC and provides certain federal funds for this purpose.

The Initiative became a part of the Urban Development Department's Neighborhood Division on July 1, 2009, and is managed under the Neighborhood Economic Development Section. The Initiative is a citywide program that offers workforce development and microenterprise development services to low income residents and business owners. PDC will implement the Initiative principally through Technical Assistance Agreements with qualified non-profit organizations.

The FY 2011-12 Subrecipient Contract is for \$2,376,034 in Community Development Block Grant (CDBG) funds. The contract will be effective from July 1, 2011 through June 30, 2012.

#### PUBLIC BENEFIT

The Initiative provides adult and youth workforce training and microenterprise support for low income, multi-barriered people. The Initiative will serve approximately 2,400 participants in FY 2011-2012. 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:**

- Strong Economic Growth and Competitive Region
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

## **PUBLIC PARTICIPATION AND FEEDBACK**

The Initiative was originally created by the Bureau of Housing and Community Development to respond to public input encouraging the City of Portland to target limited economic development resources on populations who were in most need of assistance to achieve economic stability. The Initiative was developed based on a survey of national best practices. The Initiative was well supported by testimony and program stakeholders at the May 2011 budget hearings held by the City Council.

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

The Initiative is supported by numerous adopted 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. The Initiative enhances 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 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; and
- Developing a network of training partnership agencies which includes area schools and employers to ensure effective service delivery for residents.

Consolidated Plan (2005-2011): Expenditure of Community Development Block Grant (CDBG) 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 six year period from 2005 to 2011. 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 percent of the median family income (MFI)... and by wealth-building strategies for households with incomes up to 80 percent MFI..."

PDC's 2010 Strategic Plan: The Initiative supports implementation of Sustainability and Social Equity, and Healthy Neighborhood Goals. The key actions that the Initiative helps to deliver include:

- Expanding opportunities for micro-enterprise development with economically disadvantaged residents;

- Building incomes of historically disadvantaged and multi-barriered populations through skills training, job placement and career advancement assistance;
- Developing green construction skills training for contractors in underserved communities;
- Creating and enhancing collaborative working relationships with cultural communities that are not adequately served through current outreach methods;
- Focusing on economic development activities that support the retention and creation of family wage jobs;
- Improving employment opportunities through partnerships with workforce training providers; and
- Connecting small businesses with technical assistance.

City of Portland Economic Development Strategy: The Initiative supports 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 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
- Achieve broad-based prosperity by stimulating economic activity in neighborhoods throughout Portland.

Neighborhood Economic Development Strategy: This strategy adds depth and direction to the Neighborhood Vitality portion of the City's Economic Development Strategy. The goal is to create thriving commercial areas, successful neighborhood businesses, and equitable access to quality jobs throughout our city. This strategy builds on the best-practice, community driven approach to successfully position neighborhoods, local businesses and their residents to connect to and compete in the regional economy. Included in these goals is to specifically "develop, attract, and retain our workforce" and "focus on stabilizing and growing small businesses with modest incomes...".

PDC's Cost Recovery Policy: The Subrecipient Contract is compliant with PDC's Cost Recovery policy.

## **FINANCIAL IMPACT**

The FY 2011-12 adopted budget includes \$2,376,034 in CDBG funding provided through the Subrecipient Contract.

## **RISK ASSESSMENT**

No significant risks identified.

## **WORK LOAD IMPACT**

The Initiative will be administered with existing staff (2 FTE) and work is incorporated in existing work plans. No additional employee FTE will be necessary.

## **ALTERNATIVE ACTIONS**

The PDC Board of Commissioners (Board) could decline to sign the contract; however, an alternative plan for delivering microenterprise and workforce development services and support for the target population does not exist. City Council would need to determine another city entity to operate the Initiative or dissolve it.

## **CONCURRENCE**

City Council recently approved the FY 2011-12 PDC and PHB budgets, which include General Fund and federal CDBG funds for PDC to operate and administer the Initiative.

## **BACKGROUND**

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

The Initiative was first implemented by former Bureau of Housing and Community Development (BHCD), now known as the Portland Housing Bureau, in FY 2004-05 and was transferred to PDC in FY 2009-10. This people-based program is aimed at reducing poverty and focusing on target populations most in need of assistance to achieve economic stability. 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 budget for the Initiative in FY 2011-12 is approximately \$4 million, with 60 percent coming from the CDBG funds, 40 percent in City General Funds. There are currently 29 projects in the Initiative expecting to serve approximately 2,400 participants, with approximately 83 percent of participants pursuing training and advancement in career track jobs, while 17 percent of participants are very low income microentrepreneurs. For the FY 2009-10 graduating class 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 \$15.14/hour; for youth (18-25 years) it was \$10.20/hour. The total annualized revenue increase from enrollment for the 67 microenterprise completers in the FY 2009-10 class was \$3.6 million, an average increase of \$77,000 in gross sales (start-ups and existing combined).

PDC intends to issue a new RFP for future workforce and microenterprise program services in the next year.