



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** July 10, 2019  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 19-31

Authorizing an Intergovernmental Agreement with the Portland Housing Bureau for the Implementation of the Affordable Housing Set-Aside Policy and for the Purpose of Operating and Administering the Economic Opportunity Initiative Program

#### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution No. 7322

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to execute an intergovernmental agreement (IGA) with the City of Portland (City) Housing Bureau (PHB) for PHB's implementation of housing rehabilitation, finance, and development in tax increment finance (TIF) districts; and transfer of federal Community Development Block Grant (CDBG) resources from PHB to Prosper Portland for the purpose of operating and administering the Economic Opportunity Initiative (EOI) program for fiscal year (FY) 2019-20.

#### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

This IGA will allow Prosper Portland to deliver on its Strategic Plan objectives of job creation, healthy and complete neighborhoods, and advancing opportunities for prosperity in the following ways:

- The housing rehabilitation, finance, and development component enhances neighborhoods by increasing the supply of, and access to, healthy and affordable housing through Prosper Portland's partnership in implementing the City's Affordable Housing Set-Aside Policy with PHB.
- Prosper Portland partners with many community partners on the EOI program, which provides one-on-one workforce support, helps grow family wage jobs through job training programs, and advances opportunities for prosperity by supporting small businesses owned by people of color and women.

#### **BACKGROUND AND CONTEXT**

Portland City Council (City Council) unanimously adopted City Ordinance No. 182465 (Ordinance) on January 7, 2009, authorizing the creation of PHB and the transfer of all Prosper Portland housing functions as well as Bureau of Housing and Community Development (BHCD) housing and operational functions to PHB. The Ordinance stated that the creation of PHB would strengthen Portland's capacity to meet housing needs of the current and future residents of the city. It further stated that by transitioning appropriate functions and staff from BHCD and Prosper Portland, the City would enhance its ability to end chronic homelessness, protect its most vulnerable residents, preserve and expand the supply of affordable housing, ensure housing stability, promote homeownership, and connect

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

Consistent with the Ordinance, the IGA continues the relationship between PHB and Prosper Portland under which PHB has responsibility for the housing activities and Prosper Portland provides TIF resources to PHB to support the TIF portion of those activities.

The IGA further contains provisions that identify under what circumstances Prosper Portland or PHB is designated as the lead agency for purposes of negotiating with the developer, coordinating with other project partners, and organizing public outreach for all mixed-use/mixed-income projects. The IGA outlines specific procedures Prosper Portland and PHB will implement to increase overall agency and staff coordination of mixed-used/mixed-income projects.

The provisions for TIF housing projects (Affordable Housing Set-Aside Policy financing) include an annual budget which PHB invoices Prosper Portland monthly for reimbursable project costs, staffing, and overhead. This is tied to the FY 2019-20 Adopted Budget as well as the updated Affordable Housing Set-Aside Policy. The total amount included in the FY 2019-20 Budget adopted by the Prosper Portland Board through Resolution No. 7314 on June 12, 2019 is \$48,772,357. The provisions are consistent with prior IGAs implemented.

The IGA also incorporates EOI activities that will be discussed further with the Prosper Portland Board in fall 2019. EOI was first implemented in FY 2004-05 by the former BHCD (now PHB) and was transferred to Prosper Portland in FY 2009-10, where it has since been managed by Prosper Portland's Entrepreneurship and Community Economic Development team. The people-based EOI program has three components: youth workforce development, adult workforce development, and micro and small business development. It is aimed at increasing economic vitality of low-income individuals and focuses on target populations most in need of assistance to achieve economic stability. Participants enrolled in EOI receive up to three years of support.

Prosper Portland will execute a grant agreement with Worksystems, Inc. (WSI) to manage and implement the youth and adult workforce development programs, including the community navigator program. WSI provides sub-grants to non-profits specializing in youth and adult workforce development. Youth workforce development providers were selected through a request for proposals (RFP) in summer 2017 and adult workforce development providers were selected through a RFP issued by WSI in spring 2013. Prosper Portland has been involved in both the youth and adult RFPs and in the selection of providers. Staff will present additional background and accomplishments on Prosper Portland's partnership with WSI at a fall 2019 Prosper Portland Board meeting.

Prosper Portland will implement the micro and small business development program as part of the larger Inclusive Business Resource Network. The program provides grants to specialized non-profits which deliver technical assistance to minority and low-income residents and business owners. Staff will present additional background and progress of the Inclusive Business Resource Network at a fall 2019 Prosper Portland Board meeting.

### **EQUITY IMPACT**

The IGA, in concert with the housing policy work of PHB, will enhance PHB's ability to meet housing policy goals established by City Council, including goals to address homelessness, facilitate the preservation and development of affordable rental housing, ensure housing stability, and promote homeownership while also working to reduce blight and blighting conditions in the City's TIF districts. Through this IGA, PHB will employ its best efforts to meet or exceed the City's goals and objectives for Minority/Women/Emerging Small Business (MWESB)-owned businesses and apprenticeships.

EOI promotes achievement of Prosper Portland's Strategic Plan goals for creating access to high quality jobs, increasing opportunities for prosperity, and building 21st century networks and partnerships. As of March 31, 2019, more than 2,200 individuals were served through workforce development or microenterprise programs. Of those served, approximately 62 percent are people of color.

Prosper Portland's investments in youth and adult workforce development leverage at least \$2,000,000 from WSI. Prosper Portland is proactively linking the workforce development providers with Neighborhood Prosperity Network managers with the goal of connecting under- and unemployed residents of these neighborhoods to career-track employment opportunities.

Through focused resources, collaboration and client-centered services, the Inclusive Business Resource Network seeks to drastically shift outcomes for business owners of color, immigrants, women founders, and other underrepresented minorities. Approximately 600 businesses are served through the network each year, and 400 businesses – 65 percent owned by women and 75 percent owned by people of color – receive long-term support (at least 30 advising hours a year).

### **COMMUNITY PARTICIPATION AND FEEDBACK**

Projects and programs funded by this IGA were part of PHB's budget development process which engaged citizens and stakeholders throughout the city as well as the Portland Housing Advisory Commission, comprising approximately nine volunteers who advise the PHB Director, the Housing Commissioner, and City Council on a range of housing policy and program issues.

As mentioned above, Prosper Portland and WSI, in coordination with PHB, issued RFPs for the selection of service providers for the business development and youth and adult workforce development programs. The process of selecting new providers was open and transparent and involved significant outreach and input from existing providers and other entities interested in EOI.

### **BUDGET AND FINANCIAL INFORMATION**

***TIF Housing Projects (Affordable Housing Set-Aside).*** The Housing Rehabilitation, Finance, and Development provisions in the IGA provide for the payment of TIF resources in an amount not to exceed \$48,772,357 by Prosper Portland to PHB for TIF housing program implementation in FY 2019-20. This amount includes estimates for FY 2018-19 year-end carry-over which is incorporated into the Prosper Portland FY 2019-20 Adopted Budget. This IGA is consistent with the City's Affordable Housing Set-Aside Policy in allocating 45 percent of new TIF resources through the remaining life of existing TIF districts.

***Economic Opportunity Initiative.*** The FY 2019-20 EOI budget includes \$2,280,648 in CDBG funding, as well as General Funds and Enterprise Zone funds. The CDBG funds will be provided to Prosper Portland through this IGA; the General Funds are included in the overall IGA with the City Budget Office (CBO) that will be considered by the Prosper Portland Board through a separate action at its July 10, 2019 meeting. Funds from both the PHB contract and IGA with CBO will be provided on a reimbursement basis with the respective City bureau.

The CDBG funds are allocated as follows:

- Micro & Small Business Development Program \$553,792
- Adult & Youth Workforce (including Workforce Navigator Program) \$1,726,856

### **RISK ASSESSMENT**

Prosper Portland will delegate to PHB the primary responsibility for ensuring that reimbursable expenses are tax increment finance (TIF)-eligible by law, which is necessary to ensure the expeditious and efficient delivery of TIF housing services and functions. The risks associated with such delegation are mitigated under the IGA by i) PHB's express assumption of responsibility for ensuring TIF eligibility; ii) certification by PHB, with each reimbursement invoice, that all the listed expenses are TIF-eligible expenses; and iii) PHB's indemnification of Prosper Portland and the Prosper Portland Board in the event any claim is made against Prosper Portland or the Prosper Portland Board for TIF non-compliance.

EOI is a long-standing City program and has been consistently administered since FY 2004-05. CDBG funds flow to the City from the federal Department of Housing and Urban Development (HUD). In FY 2012-13, HUD conducted a monitoring of the EOI program, which led to recommended changes that have improved the administration and oversight of sub-recipients and have resulted in Prosper Portland's stronger understanding of issues related to administration of CDBG funds. The WSI contracts will further require WSI to adhere to federal regulations regarding the use of CDBG funds, to report to Prosper Portland quarterly about system accomplishments, challenges and outcomes, and to regularly involve Prosper Portland in policy discussions about the youth and adult workforce development system.

### **ATTACHMENTS**

None.