



PROSPER
PORTLAND
Building an Equitable Economy

DATE: June 23, 2021
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 21-18

Authorizing an Intergovernmental Agreement with the Portland Housing Bureau for Implementation of the Affordable Housing Set-Aside Policy, Administration of the Economic Opportunity Initiative Program, and Funding and Support of the Community Opportunities and Enhancements Program

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7422

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; transfer of federal Community Development Block Grant (CDBG) and CDBG CARES Act (CDBG-CV) resources from PHB to Prosper Portland for the purpose of operating and administering the Economic Opportunity Initiative (EOI) program; and transfer of funds from PHB to Prosper Portland for the purpose of supporting and expanding service offerings for the Community Opportunities and Enhancements Program (COEP) for fiscal year (FY) 2021-22.

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 organizations on the EOI program and COEP, which provide one-on-one workforce support, help grow family wage jobs through job training programs, and advance 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 the housing needs of 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 wherein PHB invoices Prosper Portland monthly for reimbursable project costs, staffing, and overhead. This is tied to the FY 2021-22 Adopted Budget as well as the updated Affordable Housing Set-Aside Policy. The total amount included in the FY 2021-22 Budget adopted by the Prosper Portland Board on June 9, 2021, is \$52,754,280. The provisions are consistent with prior IGAs implemented.

The IGA also incorporates EOI activities that the Prosper Portland Board will consider through another agenda item at its July 14, 2021 meeting. The 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 seeks to increase 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 an RFP issued in spring 2013. Prosper Portland has been involved in both the youth and adult RFPs and in the selection of providers; however, both RFPs were issued by WSI.

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.

Finally, the IGA includes funding for a relatively new program called COEP. The COEP was authorized by City Council through Resolution 37331, directing the Office of Management and Finance and the Office of Equity and Human Rights to develop the program. Ordinance No. 189834, adopted January 29, 2020, amended the resolution to authorize the City to enter into an IGA with Prosper Portland to administer Phase 1 of COEP. The goal of COEP is to increase diversity and equity in public contracting for minorities, women, low income and disadvantaged people through workforce and business

development. This IGA provides funding support for the COEP that will enable Prosper Portland to connect subcontractors on PHB-funded projects to a construction business navigator to assess needs, create a plan for assistance, and connect the subcontractor to resources and services.

EQUITY IMPACT

The IGA, in concert with PHB's housing policy work, 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 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.

The EOI and COEP promote 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. Last year workforce development and microenterprise programs served more than 2,900 individuals. Of those served, approximately 68 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-employed 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.

COMMUNITY PARTICIPATION AND FEEDBACK

Projects and programs funded by this IGA were considered and discussed by Prosper Portland's Community Budget Committee as part of its review of the FY 2021-22 budget. The initiatives funded by the IGA were also included in PHB's budget development processes 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 \$52,754,280 by Prosper Portland to PHB for TIF housing program implementation in FY 2021-22. This amount includes estimates for FY 2020-21 year-end carry-over which is incorporated into the Prosper Portland FY 2021-22 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 2021-22 EOI budget includes \$2,332,894 in CDBG funding, \$1,134,820 in CDBG-CV, as well as General Funds and Enterprise Zone funds. The CDBG and CDBG-CV 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 the June 23, 2021, Prosper Portland Board 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 and CDBG-CV funds are allocated as follows:

- Micro & Small Business Development Program: \$1,705,226
- Adult & Youth Workforce (including Workforce Navigator Program): \$1,762,488

Community Opportunities and Enhancements Program. The FY 2021-22 Budget includes \$743,824 for COEP. PHB will pay Prosper Portland an amount not to exceed \$300,000 over a two-year period. The COEP is one of the City's strategies to increase diversity and equity in construction contracting. Overall, the goals of the COEP are to increase the number of people of color and women in the trades and to remove barriers for construction firms owned by people of color and women so that they can successfully participate in public contracting. Through a series of grants, the COEP will fund workforce development and business technical assistance to accomplish its goals. In addition, COEP will leverage services through existing programs, including the Inclusive Business Resource Network and WSI's youth and adult workforce development programs.

Through the COEP, subcontractors on ten PHB-funded projects will have access to a construction business navigator who will work closely with them and the general contractor to assess needs, create a plan of assistance, and connect them to the appropriate resources and services. Subcontractors will have access to the full array of support services under the COEP. Support could be prioritized based on timing of bid packages. PHB's investment may also support pipeline development of certified firms when capacity allows.

RISK ASSESSMENT

Prosper Portland will delegate to PHB the primary responsibility for ensuring that reimbursable expenses funded with TIF proceeds are 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 TIF-funded 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 and CDBG-CV 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.