



CITY OF
PORTLAND, OREGON

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March 17, 2014

LaVonne Griffin-Valade, City Auditor
1221 SW 4th Avenue, Room 140
Portland, Oregon 97204

RE: Portland Housing Bureau Audit Response

Dear Auditor Griffin-Valade:

Thank you for your recent review of the City of Portland Housing investment programs.

As you noted, the Portland Housing Bureau (PHB) has been diligently and systematically working to update the policies and systems that provide the structure for the City's investment in Portland's affordable housing infrastructure since the Bureau was created three years ago. The recommendations from the audit have either been completed or are already in process, and your work helps confirm that direction and sharpen our focus. The Bureau's founding values include Stewardship and Transparency as well as Equity and Innovation, and achieving consistent and transparent investment practices are a vital part of those values.

An important question you raise points to the often conflicting expectations of the Bureau's work. The formation of the Bureau brought the City goals of ending homelessness and providing affordable housing under one roof. Without affordable housing, we can't end anyone's homelessness. And we strive to house the children, families, women, disabled people and veterans that are among our most vulnerable citizens.

The audit found the Bureau has been successful in setting and meeting our policy goals in providing housing for the City's vulnerable citizens. Yet there is also a hope that the investments the City makes in housing for people with lower incomes can also generate enough revenue to fuel substantially more lending, in the manner of a bank. A portion of the repayment goes into future investment, but the profit of the lending is also invested to lower rents so that the most vulnerable can be housed. These and other outcomes the public receives for an investment of public housing dollars are based on policies developed over time. In the coming year, PHB will work with the community to 1) quantify the benefits and outcomes the public is receiving for the investment of their dollars, and 2) review with the community and policy makers whether they are the right outcomes.

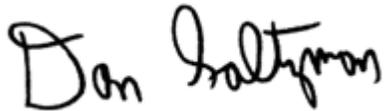
Specific to the audit recommendations:

1. PHB is current on Council reporting and the reports are available the bureau's website. Clarified policies and procedures guiding Housing Investment Committee review and approval processes are being drafted for completion by the 4th quarter of FY14.

2. PHB will define the desired economic and programmatic outcomes of its affordable housing investments including the possibility of funding projects which could increase long term viability of the housing program.
3. Revised financial assistance products will go to Council in April of 2014. Updated Multifamily Housing Investment Guidelines will be finalized by fiscal year end.
4. Cost benchmarking will be included in the Notice of Funds Availability to be released in the spring of 2014.
5. An update of the Asset Management Guidelines has been drafted and will be finalized in the 4th quarter of FY14.

We support the City Auditor Office's work and appreciate your willingness to better understand PHB's work. Thank you for this audit.

Sincerely,



Commissioner Dan Saltzman



Traci Manning, PHB Director