

## **Portland Housing Bureau 2016-17 Adjusted Base Budget**

The Mayor's Budget Guidance directed the Portland Housing Bureau (PHB) to examine the performance of existing programs to determine if any resources should be reallocated. In addition, the City Council provided an additional \$5 million ongoing and \$5 million one-time General Fund discretionary to the PHB base budget (adjusted base). Below is a description of programmatic changes to the PHB adjusted base budget.

### **Changes to the Existing Base**

PHB was already in the process of a review of homeless services funding, and continued that effort. The effort was also informed by the A Home for Everyone (AHFE) budget development process and the funding packages recommended by the group's Executive Committee (package numbers reflect the City's share of total funding at 50%). The review led to the following recommendations:

- Reduce the funding (ongoing) for Multnomah County operated programs involving Bridgeview, youth shelter and transitional housing, and the benefits acquisition program (BEST) by \$1,575,000.
- Add funding (ongoing) for the AHFE Permanent Housing Placements - Permanent Supportive Housing (PSH) in the same amount (\$1,575,000) to provide rent assistance and supportive services to at least 190 people. The bureau has more than 190 PSH units it has funded that are in need of support services funding.

PHB also has recommendations for moving forward with existing contracts that may involve changes to the mix of services, but these changes will be discussed via the existing AHFE committees.

### **Changes within the \$5 million Adjusted Base (ongoing)**

The bureau also reviewed existing housing programming (essentially a zero base review) and identified a lack of programming outside of urban renewal areas (URAs), especially in East Portland.

Current census data shows more than 3,000 low-income homeowners over the age of 70 live in East Portland neighborhoods that fall outside the urban renewal boundaries. Many of these elderly homeowners may be in need of help addressing emergency home repairs to keep them living safely in their homes. As neighborhood revitalization moves east from the urban core, these households are becoming increasingly susceptible to involuntary displacement.

- To begin to address these issues, new home repair programming (\$500,000) will be added within the adjusted base (ongoing) to serve East Portland low-income homeowners living outside of urban renewal area boundaries.

Other factors contribute to involuntary displacement among vulnerable homeowners, such as predatory real estate and lending practices, barriers to appropriate refinancing options, mounting property taxes and utility fees, complications in estate planning. Providing funding for homeowner retention services, including legal aid, estate planning services, outreach and education around predatory real estate and lending practices, and assistance navigating existing community resources.

- To begin to address these issues, homeowner assistance services (\$300,000) will be added within the adjusted base (ongoing) to provide over 300 homeowners with retention case management, provided through community partners.

Approximately 400 multi-family rental properties (representing more than 2,000 units of rental housing) in East Portland have outstanding code violations cited by the Bureau of Development Services. These citations identify fire/life/safety and health/sanitation issues. The majority of these substandard units are occupied by low-income families, many with children and a significant number from communities of color. As the rental market continues to escalate, many of these units may be at risk of rent increases, sale, or condo conversion. This is especially true in East Portland neighborhoods. PHB intends to focus on preserving affordability in mid-sized properties (10+units) currently housing tenants with incomes at 60% Median Family Income. This funding can leverage Multnomah County Weatherization Program and PHB Lead Hazard Reduction Grant Program resources.

- To begin to address these issues, rental unit rehabilitation (\$1,500,000) program with conditional grants to owners of rental properties located in East Portland that have outstanding code violations. The program would be able to address outstanding code violations in a minimum of 10 properties, addressing code violations in approximately 100 rental units to create regulated affordability for low-income tenants for a minimum of 10 years.
- Existing Lents URA funding for home repair (\$500,000) and homebuyer subsidy (\$500,000) will be shifted to the General Fund within the adjusted base (ongoing), allowing this programming to happen both within Lents and in the vicinity outside of the URA. Staffing costs for these programs were also shifted to the General Fund within the adjusted base (ongoing).
- The funding in the Lents URA freed up by this shift (\$1,100,000) could be shifted to rental housing development as part of a fall 2016 NOFA, or still could be used for homeownership programs. The bureau is scheduling sessions in the Lents community in February and March to listen to community needs around these funds and the new funding from the TIF Lift.

These shifts maximize program flexibility and will likely to result in program outcomes over and above prior year performance.

The bureau examined the use of federal grant funds, and determined that some adjustments could be made to better fit funding sources with programming. For example, it is more efficient to use HOME in rental development projects where the regulations are applied one-time as opposed to multiple times for individual rent assistance clients.

- Replace \$947,800 of HOME funds used for tenant based rent assistance with General Fund within the adjusted base (ongoing).
- Replace CDBG funds used to administer homeownership programs through local partners (\$285,000) with General Fund within the adjusted base (ongoing).
- Replace CDBG funds used to administer fair housing programs through local partners (\$113,000) with General Fund within the adjusted base (ongoing).

- \$41,628 in General Fund will be added within the adjusted base for fair housing program enhancements and cost of living adjustments for existing programs.
- Use the HOME and CDBG funds freed up as part of a fall 2016 rental development NOFA, as well as being available for future development projects to leverage new units.

These shifts maximize program flexibility and will leverage 30 additional units of housing.

Finally, an additional \$87,500 of AHFE Permanent Housing Placements - (PSH) was added to the adjusted base (ongoing). This will make a total of \$1,662,500 of ongoing PSH services funding that can be used to provide rent assistance and support services to at least 190 people who, due to the severity of their disability, require permanent supportive housing units.

### **Changes within the \$5 million Adjusted Base (one-time)**

A total of \$5 million of homelessness program requests will be funded within the adjusted base (one-time).

- \$1,575,000 - County operated programs (youth shelter & transitional housing, Bridgeview, BEST) serving over 400 individuals with emergency shelter, transitional, and permanent housing services as well as assist over 200 individuals with securing benefits.
- \$500,000 - AHFE Veteran's Rent Assistance (FY 2015-16 one-time) creating 20 low barrier shelter beds and providing prevention or placement services for 150 Veterans.
- \$750,000 - AHFE Women's Winter Shelter Year-round (FY 2015-16 one-time) providing 115 shelter beds.
- \$300,000 – AHFE Landlord Recruitment (FY 2015-16 one-time) increasing the number of affordable rental units available to people exiting homelessness.
- \$1,210,300 – AHFE Intensive Street Engagement (FY 2015-16 one-time) moving 50 high barrier households into housing and providing campsite cleanup.
- \$87,500 – AHFE Expanded Veteran's Assistance to be paired with additional funding to create 10 shelter beds and provide 30 housing placements for Veterans.
- \$577,200 – AHFE Safety off the Streets to be paired with additional funding to create safe sleeping options 315 people.

With the exception of the PSH services funding, all of the AHFE requests (both within the adjusted base (one-time) and decision packages) are one-time funded for a three year period (reflecting the City half of the total AHFE request). Funding for FY 2016-17 has been programmed to reduce homelessness by 50% for the target populations, funding for FY 2017-18 is intended to address the next 50%, and the funding for FY 2018-19 is intended to ramp down the program.

	FY 2016-17 Base 1 Time	FY 2016-17 Base Ongoing	FY 2016-17 Requested Budget	FY 2017-18 Estimated Budget	FY 2018-19 Estimated Budget	FY 2019-20 Estimated Budget	FY 2020-21 Estimated Budget
<b>PHB General Fund Request Budget - Adjustments within Base</b>							
<b>In PHB's General Fund Base:</b>							
AHFE Permanent Housing Placements - Permanent Supportive Housing		1,575,000	1,575,000	1,575,000	1,575,000	1,575,000	1,575,000
<b>In the additional \$ 5 million Ongoing Base:</b>							
AHFE Permanent Housing Placements - Permanent Supportive Housing		87,500	87,500	87,500	87,500	87,500	87,500
Shift HOME Grant Rent Assistance to General Fund Ongoing		947,800	947,800	947,800	947,800	947,800	947,800
Shift Lents URA Homeownership/Home Retention and staffing to GF Ongoing		1,225,072	1,225,072	1,225,072	1,225,072	1,225,072	1,225,072
Shift CDBG Homeownership/Home Retention & Fair Housing to GF Ongoing		398,000	398,000	398,000	398,000	398,000	398,000
New - East Portland Rental Rehabilitation		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
New - East Portland Homeowner Retention (Home Repair & Case Management)		800,000	800,000	800,000	800,000	800,000	800,000
New - Fair Housing Program enhancements		41,628	41,628	41,628	41,628	41,628	41,628
		<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>
<b>Total Ongoing</b>			<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>
<b>In the additional \$ 5 million One-Time Base:</b>							
County pass-through (youth shelter & transitional housing, Bridgeview, BEST)	1,575,000		1,575,000	1,575,000	787,500		
Veteran's Rent Assistance (FY 2015-16 one-time)	500,000		500,000	500,000	250,000		
Women's Winter Shelter Year-round (FY 2015-16 one-time)	750,000		750,000	750,000	375,000		
Landlord Recruitment (FY 2015-16 one-time)	300,000		300,000	300,000	150,000		
Intensive Street Engagement (FY 2015-16 one-time)	1,210,300		1,210,300	1,210,300	605,150		
AHFE Expanded Veteran's Assistance	87,500		87,500	87,500	43,750		
AHFE Safety off the Streets	577,200		577,200	577,200	288,600		
			<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 2,500,000</b>		
<b>Total One-Time</b>	<b>\$ 5,000,000</b>		<b>\$ 5,000,000</b>	<b>\$ 5,000,000</b>	<b>\$ 2,500,000</b>		



Office of Mayor Charlie Hales  
City of Portland

TO: City Bureau Directors  
City Budget Managers and Contacts

FROM: Mayor Charlie Hales

DATE: November 19, 2015

SUBJECT: Fiscal Year 2016-17 Budget Guidance

The foundation of Portland's economy remains strong, and we continue to find ourselves in a place of relative fiscal stability.

While this is good news for the city as a whole, there are significant areas of concern. Portland is in the grips of an affordable housing and homelessness crisis that requires additional resources to invest in the most effective approaches. We are experiencing an increase in gun-related violence that requires a robust response. And there are pockets of the city where residents still do not have access to the complete neighborhoods that make Portland great.

As I look ahead to the FY 2016-17 budget, I want to address these issues head-on. The City Council and I have already set-aside \$10 million of additional money to respond to the housing state of emergency, and I will call on every bureau to help us find solutions to the housing crisis. I will look to preserve core public safety functions so that we can respond to the epidemic of gun-related violence and proactively engage with the community. And I will continue to ensure that City resources are allocated to programs that have a direct impact on the lives of our citizens and that we focus on maintaining our assets and infrastructure.

### **FY 2016-17 Budget Guidance**

The forecast for FY 2016-17 will likely include some additional one-time resources, but new ongoing resources will be limited. Therefore, I am asking all General Fund bureaus to propose reductions of 5.0% from their FY 2016-17 Current Appropriation Level targets. This will allow me to determine if there are budget realignments that should be made within bureaus and between bureaus to fund the priorities outlined above, as well as other City needs.

Given the State of Emergency in Housing and Homelessness and the recent addition of \$10 million to the Portland Housing Bureau's (PHB) budget, I am not asking PHB for reductions. However, I do expect that

PHB will submit a budget request that clearly delineates their proposed uses for the additional funding, and the metrics that will be used to track whether the additional investment is achieving its intended outcomes. In addition, I am asking PHB to closely examine the performance of all of their existing programs to determine if any current resources should be reallocated to new or existing programs that can better address the state of housing emergency.

**Realignments.** Consistent with prior years, I ask that you look for ways to realign existing resources to focus more directly on your core mission and Council priorities. In particular, I am asking bureaus that have a direct or indirect role in housing and homelessness to propose realignments that will assist us in addressing the crisis. To the extent that we can redirect existing resources to this urgent problem, it will mitigate the need to find those resources through program reductions.

**Ongoing Add Requests.** Bureaus should focus on accomplishing their primary goals within existing resources while looking for innovative ways to enhance service to the public. Ongoing add requests should only be made for the highest priority programs and services.

**One-Time Add Requests.** As in prior years, I will be focusing available one-time resources on taking care of what we already have – our streets, parks, community centers, buildings, and other civic assets – and expanding infrastructure in areas that are underserved. I will again ask the City Budget Office to apply a consistent set of criteria to rank proposed infrastructure projects.

I will also be looking for ways to use one-time resources to address the State of Emergency in Housing and Homelessness and respond to gun-related violence and other public safety concerns. I am very interested in one-time investments that will increase our capacity to deal with these issues.

**Non-General Fund Bureaus.** Bureaus and programs that are funded with non-General Fund resources should work with their Commissioner-in-Charge to develop their Requested Budget. I expect that these bureaus will also review their programs for realignments and efficiencies before asking for fee or rate increases, and my Proposed Budget will seek to keep fee and rate increases to a minimum.

**Performance Management.** Last year, bureaus took on the challenge of identifying Key Performance Measures (KPMs) that best represent the outcomes of core programs and services. We are now sharing this information through online dashboards that are easily accessible to the public. Building upon these efforts, this year I'll be asking bureaus to identify how each of your KPMs align with the City's and your bureau's strategic goals. I am also asking that bureaus work with your stakeholders and Commissioner-in-Charge to set ambitious, yet achievable, targets for each KPM. As we move through the budget process, we will look to these measures to better understand the expected impacts of proposed changes.

**City Plans and Policies.** The City has adopted a number of plans and policies —including the Portland Plan, Climate Action Plan, and East Portland Action Plan —that will guide us now and in the future. Council will also be adopting a new Comprehensive Plan in early 2016. All of these plans have goals – some of which are concrete and require bureau action, and some of which are aspirational and require bureau consideration. However, there is currently no good mechanism for tracking our progress against