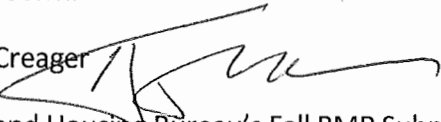




CITY OF
PORTLAND, OREGON
PORTLAND HOUSING BUREAU

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To: City Council
From: Kurt Creager 
RE: Portland Housing Bureau's Fall BMP Submittal
Date: Monday, September 12, 2016

The Portland Housing Bureau (PHB) is pleased to submit its Fall Budget Monitoring Process (BMP) report. The following represents the key highlights.

GENERAL FUND REQUESTS

PHB is requesting Council allocate one-time general fund resources for the following needs. Please note that the bureau reduced appropriations in the FY 2015-16 via the Overexpenditure Ordinance to signal intent that it would request funds for shelter renovations and operations in the Fall BMP. Additional detail is available in the content of PHB's BMP submission materials.

1. **Terminal One (\$447,285):** PHB is requesting unspent State of Emergency ordinance funding be allocated to fund a temporary homeless shelter at Terminal One.
2. **General Fund Encumbrance Carryover (\$684,072):** PHB is requesting funding to support one-time activities initiated in FY 2015-16 that continue into FY 2016-17, including the Intensive Street Engagement, North-Northeast Initiative home repair, Housing Choice Success Fund and Inclusionary Housing program development.
3. **General Fund Non-Encumbrance Carryover (\$481,428):** PHB is requesting funding be allocated to fund homeless services, including St. Vincent DePaul shelter renovation expenses and Springwater Corridor Clean-up expenses requested by the Mayor.
4. **East Portland Action Plan Rental Rehabilitation (\$1,000,000):** On behalf of the East Portland Action Plan, PHB is requesting this funding be allocated to support a rental rehabilitation in East Portland, returning funding levels to what was requested in the FY 2016-17 budget process.

OTHER BUDGET ADJUSTMENT REQUESTS

PHB's Fall BMP submission also includes a number of packages that do not request new general fund allocations. Those packages include the following. Additional detail is available in the content of PHB's BMP submission materials.

1. **Joyce Hotel:** PHB is requesting that Council adjust the bureau's budget to facilitate the acquisition, rehabilitation and operation of the Joyce Hotel to preserve the 69 units of centrally-located affordable housing.
2. **Mount Tabor Property Acquisition:** PHB is requesting that Council adjust the bureau's budget to facilitate the acquisition of a property at 60th & Stark from the Parks Bureau to be used for affordable housing development.

3. **Construction Excise Tax:** PHB is requesting that Council adjust the bureau's budget to realize the revenues from this new revenue source and appropriate them for the uses mandated by ORS.
4. **Inclusionary Housing:** In anticipation of the potential approval of a Portland inclusionary housing program, PHB is requesting staffing and appropriation authority for the implementation of the program in early 2017.
5. **Position Requests:** PHB is requesting three decision packages, requesting that Council adjust the bureau's permanent and limited-term staffing levels to meet specific operational and programmatic needs that have emerged as the bureau's work has grown and evolved.
6. **Re-budget Prior Year Resources:** PHB is requesting that Council re-budget unspent non-general fund resources into the current year. This is necessary to roll forward funding committed to projects and programs that span across fiscal years.

STATUS REPORTING REQUIREMENTS

The Fall BMP requires bureaus to perform several status-reporting exercises. The first explains variances between the FY 2015-16 budget and actual expenditures and revenues. The second requirement is for year-end budgetary performance measures, along with explanation of significant variances. The third is an update on the budget note included in the FY 2015-16 Adopted Budget. And the final requirement is for a status update on FY 2015-16 decision packages. Details are available in the content of PHB's BMP submission materials.

Should you have any questions about the PHB BMP submittal, please contact Leslie Goodlow at 823-4160 or Mike Johnson at 823-4176.

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: Program Carryover Request

Request: HC_001 - Terminal One

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	132,285	0	132,285
Internal Materials and Services	315,000	0	315,000
TOTAL EXPENDITURES	447,285	0	447,285
REVENUES			
General Fund Discretionary	447,285	0	447,285
TOTAL REVENUES	447,285	0	447,285

Bureau Description:

This package requests unspent State of Emergency Ordinance funding be carried forward to cover the lease and unanticipated costs of the Terminal One property. (Note: PHB reduced appropriation in FY 2015-16 for this express purpose via Overexpenditure Ordinance package HC_022.) It is envisioned that the property will be used as a temporary homeless shelter for an 18 month period through a series of 3 six-month leases. The plan is for a non-profit to provide funding for tenant improvement and shelter operation costs.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: Encumbrance Carryover Request

Request: HC_002 - General Fund Encumbrance Carryover

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	684,072	0	684,072
TOTAL EXPENDITURES	684,072	0	684,072
REVENUES			
General Fund Discretionary	684,072	0	684,072
TOTAL REVENUES	684,072	0	684,072

Bureau Description:

This package requests unspent encumbered contract funding be carried forward to FY 2016-17 for the following:

- \$317,275 for Intensive Street Engagement (FY 2015-16 Adopted Decision Package). This program was new at the start of FY 2015-16 and required several months to operationalize.
- \$179,797 for N/NE Home Retention (FY 2015-16 Adopted Decision Package). These funds have been committed via loan to homeowners in the N/NE Study Area who are at risk of displacement due to substantial livability issues in their homes.
- \$142,000 for the Housing Choice Success Program (FY 2015-16 Fall BMP Decision Package). These funds will complete this \$425,000 program -- providing additional rent assistance and staff support to provide intensive housing search assistance to high-barrier renters.
- \$45,000 for the Nexus Study & Inclusionary Housing program development (i.e., FY 2015-16 Spring BMP Decision Package). This funding will facilitate the completion of the contracted body of work (i.e., delivery of analysis and recommendations in regards to the implementation of an inclusionary housing program in Portland). Funds not spent down in FY 2015-16 given they were allocated to the bureau late in the fiscal year.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: GF Revenue Carryover

Request: HC_004 - General Fund Non-Encumbrance Carryover

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	481,428	0	481,428
TOTAL EXPENDITURES	481,428	0	481,428
REVENUES			
General Fund Discretionary	481,428	0	481,428
TOTAL REVENUES	481,428	0	481,428

Bureau Description:

This package requests general fund resources unspent in FY 2015-16 be reallocated to fund continued services for the following:

- \$227,025 unspent Housing State of Emergency (Shelter Assistance) funds for St Vincent Depaul shelter renovation expenses. (Note: PHB reduced appropriation for this express purpose via FY 2015-16 Overexpenditure Ordinance package HC_022.)
- \$100,000 unspent Mayor's office appropriation for Springwater Corridor clean-up, outreach and relocation expenses (e.g., personal care and clean-up supplies; property storage expenses; transportation assistance; application and identification fees; motel vouchers; costs of increasing outreach and service coordination staff time on the corridor throughout at least the month of September)
- \$96,687 unspent Housing State of Emergency (Housing Placement and Eviction Prevention) funds for permanent housing placement (38 households)
- \$41,383 unspent Housing State of Emergency (Mobile Provider Pilot) for permanent housing placement (16 households)
- \$16,333 unspent FY 2015-16 Adopted Budget decision package (Landlord Recruitment) funds for eviction prevention & placement assistance (6 households)

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: New Request

Request: HC_005 - East Portland Action Plan Rental Rehabilitation

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	1,000,000	0	1,000,000
TOTAL EXPENDITURES	1,000,000	0	1,000,000
REVENUES			
General Fund Discretionary	1,000,000	0	1,000,000
TOTAL REVENUES	1,000,000	0	1,000,000

Bureau Description:

This package is submitted on behalf of the East Portland Action Plan (EPAP) as recommended by its Housing Subcommittee. EPAP asked that PHB request \$1 million in one-time General Fund to replace the one-time reduction in the FY 2016-17 Adopted Budget for the rehabilitation of existing affordable housing in East Portland. This request would restore the PHB Rental Rehab program to the original request amount of \$1,500,000 - which will be the ongoing level of funding for the program in the future.

Approximately 400 multi-family rental properties (representing more than 2,000 units of rental housing) in East Portland have current 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.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: _____

Request: HC_006 - Joyce Hotel

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	(449,000)	0	(449,000)
Capital Outlay	4,220,000	0	4,220,000
Bond Expenses	(141,000)	0	(141,000)
TOTAL EXPENDITURES	3,630,000	0	3,630,000
REVENUES			
Budgeted Beginning Fund Balance	3,971,971	0	3,971,971
Intergovernmental Revenues	(341,971)	0	(341,971)
TOTAL REVENUES	3,630,000	0	3,630,000

Bureau Description:

This package provides appropriations for the purchase (using South Park Blocks URA funds) and interim operation (using short-term rental revenue) of the Joyce Hotel. The Joyce owner initially approached PHB about potentially taking over operations of the building, and then the concept of a purchase was also raised. Given the historical use of the property and the nature of some of the occupants, PHB agreed that a purchase would provide the best long-term solution. Upon purchase, PHB will thoroughly evaluate the condition of the building and assess various options for rehabilitation.

Rehabilitation of the building is expected to include hazardous materials abatement, structural repairs and a seismic retrofit. During rehabilitation, current residents will be relocated. The building also needs to be brought up to current seismic standards. After rehabilitation, PHB's current plan is to continue to use the Joyce for short-term stay housing. PHB has identified a number of other buildings that need rehabilitation. However, given the tenants of those buildings, relocating them during construction would present significant challenges. PHB would use the rehabilitated Joyce to, among other things, provide a place where tenants of other buildings could be relocated.

PHB plans to continue to own and manage the Joyce once rehabilitation is complete (day-to-day property management will likely be contracted out). The Joyce was built in approximately 1912 and has been used as a hotel more or less continuously. There are 69 single room occupancy units on the upper three floors. The lower floor contains the hotel office and operations space and, separately, a former restaurant, bar and nightclub.

There are sufficient tax increment funds in the South Park Blocks URA to accomplish this project. The bureau has adjusted the amount of short term rental funds it is going to bond in order to address needs such as these operating costs that cannot be funded with urban renewal funds.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: New Request

Request: HC_007 - Mount Tabor Property Acquisition

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	(700,000)	0	(700,000)
Capital Outlay	110,527	0	110,527
Fund Transfers - Expense	1,089,473	0	1,089,473
TOTAL EXPENDITURES	500,000	0	500,000
REVENUES			
Miscellaneous	500,000	0	500,000
TOTAL REVENUES	500,000	0	500,000

Bureau Description:

This request adds appropriations to finalize the purchase of property from the Parks Bureau located at 60th and Stark. The transaction of \$1,200,000 is for the appraised value of the land. PHB is funding this transaction by reallocating \$700,000 budgeted for NOFA or other development opportunities in the FY 2016-17 Adopted Budget and by realizing \$500,000 of affordable housing income associated with a loan payoff.

The purchase will transfer operational and managerial authority and responsibility to the PHB. When that transfer occurs, the PHB plans to deconstruct the Annex and develop an affordable housing complex on the bare land. However, there has been agreement that the YMCA will be allowed to maintain its day care center in a portion of the building that will be available for commercial enterprises

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: New Request

Request: HC_008 - Construction Excise Tax

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	1,545,600	0	1,545,600
Contingency	1,142,400	0	1,142,400
TOTAL EXPENDITURES	2,688,000	0	2,688,000
REVENUES			
Taxes	2,688,000	0	2,688,000
TOTAL REVENUES	2,688,000	0	2,688,000

Bureau Description:

During the 2016 legislative session, the state legislature passed a compromise bill authorizing the development of a mandatory inclusionary zoning program and a local construction excise tax for affordable housing. In June 2016, City Council passed a Construction Excise Tax. Because of the approval date, no appropriations were created. This request sets up appropriations in order for PHB to administer the distribution of proceeds received from the Bureau of Development Services (BDS). BDS may retain up to 4 percent of the taxes collected for payment towards the Bureau's administrative expenses related to collection and distribution of the tax. For the tax imposed on residential improvements, the net revenues will be distributed as follows:

1. Fifteen percent of net revenue will be remitted to the Oregon Department of Housing and Community Services to fund home ownership programs.
2. Fifty percent of net revenue will be transferred to the Portland Housing Bureau Inclusionary Housing Fund to fund finance-based incentives for programs that require affordable housing.
3. Thirty-five percent of net revenue will be transferred to the Housing Bureau Inclusionary Housing Fund to support the production and preservation of affordable housing units at and below 60 percent median family income.

For the tax imposed on commercial improvements, 100 percent of net revenue will be distributed to the Housing Bureau Inclusionary Housing Fund to support the production and preservation of affordable housing units at and below 60 percent median family income.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: New Request

Request: HC_009 - Inclusionary Housing Implementation

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	97,307	0	97,307
External Materials and Services	428,008	0	428,008
Internal Materials and Services	5,966	0	5,966
Contingency	0	0	0
TOTAL EXPENDITURES	531,281	0	531,281
REVENUES			
Charges for Services	531,281	0	531,281
TOTAL REVENUES	531,281	0	531,281
FTE			
Full-Time Positions	0.58	0.00	0.58
Limited Term Positions	0.58	0.00	0.58
TOTAL FTE	1.17	0.00	1.17

Bureau Description:

A growing number of cities are utilizing zoning code authority to increase the development of new affordable housing units. The most widely used zoning approach is inclusionary zoning (IZ). Through IZ, a city can require or encourage developers to create below-market rental apartments as a condition of local zoning approval for proposed market-rate development projects; or pay a fee in-lieu of producing units. In the 2016 legislative session, the restrictions on IZ in Oregon were loosened. In anticipation of the potential approval of a Portland IZ program, PHB is requesting staffing and appropriation authority for the implementation of the program in early 2017. Included are one permanent and one limited term position, equipment, and space rental from the Bureau of Development Services. The additional staff would

- Act as initial developer/owner's representative contact for PHB;
- Explain program requirements and options to developers/owner's representatives;
- Answer developers/owner's representatives questions about the program and provide guidance as needed;
- Work with other permitting bureaus, particularly BDS/BPS to coordinate permitting;
- Work with Bureau of Technology Services on any software/tracking issues;
- Problem solve issues as they arise (e.g., how are fees calculated, how are they inputted into the system);
- Coordinate with PHB development and finance staff generally;
- Facilitate conversations between developers/owner's representatives on "over and above" basic program requirements;
- Coordinate with PHB asset management and compliance team;
- Transmit asset mgmt and compliance program requirements and procedures to developers/owner's representatives;
- Author changes to program administrative rules as needed;
- Assist with program reporting;
- As time permits, work on specific asset management and compliance projects;
- As time permits, work on specific related development/finance projects

Funding would come from potential in-lieu fee payments, which would also be used to provide potential financial incentives for developers to deepen unit affordability.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: New Request

Request: HC_010 - Business Operations Position Requests

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	120,769	0	120,769
External Materials and Services	14,469	0	14,469
Bond Expenses	(11,732)	0	(11,732)
TOTAL EXPENDITURES	123,506	0	123,506
REVENUES			
Budgeted Beginning Fund Balance	4,704	0	4,704
Intergovernmental Revenues	118,802	0	118,802
TOTAL REVENUES	123,506	0	123,506
FTE			
Full-Time Positions	2.50	0.00	2.50
Limited Term Positions	-1.00	0.00	-1.00
TOTAL FTE	1.50	0.00	1.50

Bureau Description:

This request covers three position actions.

- The conversion of a limited-term position to permanent. This position works on the bureaus data analysis team and was previously funded primarily by a grant. The bureau was able to shift the positions funding to non-grant and entitlement grant sources in the FY 2016-17 budget, but held off on making the conversion to permanent status until further analyzing staffing needs on this team.
- The addition of a Limited Term position to provide additional data collection and analysis services specifically for the Joint Office of Homeless Services. This position is funded by Multnomah County.
- A new position requested for the management of bureau records, specifically to address transparency issues in order to reduce the amount of staff time involved in responding to generic public and City records and information requests. This position would manage which documents can be made available through the City's e-files system and on the bureau website, and which files may have proprietary and personally identifiable information and need to be kept secure. The position would also manage the organization of housing project files for more coordinated access and retrieval, and restart the bureau archiving program.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: New Request

Request: HC_011 - Homeownership Program Coordinator

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	45,732	0	45,732
Bond Expenses	0	0	0
TOTAL EXPENDITURES	45,732	0	45,732
REVENUES			
Budgeted Beginning Fund Balance	0	0	0
Charges for Services	30,180	0	30,180
Intergovernmental Revenues	15,552	0	15,552
TOTAL REVENUES	45,732	0	45,732
FTE			
Full-Time Positions	0.50	0.00	0.50
TOTAL FTE	0.50	0.00	0.50

Bureau Description:

This position request is to address additional workload issues in the Homeowner Access and Retention Team. The MULTE program and staffing resource has been shifted to another team and the following new programs and activities have emerged in the scope of this team:

- New Mortgage Assistance Program
- Expanded Mortgage Credit Certificate Program
- New Potential ADU pilot program
- Rental Rehab Program Coordination
- Coordination of a homeownership development RFP

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: New Request

Request: HC_012 - Property Management Program Coordinator

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	45,732	0	45,732
Bond Expenses	(15,090)	0	(15,090)
TOTAL EXPENDITURES	30,642	0	30,642
REVENUES			
Budgeted Beginning Fund Balance	0	0	0
Charges for Services	15,090	0	15,090
Intergovernmental Revenues	15,552	0	15,552
TOTAL REVENUES	30,642	0	30,642
FTE			
Full-Time Positions	0.50	0.00	0.50
TOTAL FTE	0.50	0.00	0.50

Bureau Description:

This position would manage the bureau's emerging property portfolio. Previously, the bureau has not held properties as assets; it has conveyed them to developers as part of affordable housing development projects. Tasks would include working with other bureaus on the transfer of properties; managing contracts related to due diligence for potential property acquisitions; developing a property management plan; and working with internal bureau staff, contractors, and property management firms to ensure proper maintenance and tracking of bureau property assets.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: Program Carryover Request

Request: HC_013 - Rebudget FY 2015-16 Resources to FY 2016-17

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	5,859,465	0	5,859,465
TOTAL EXPENDITURES	5,859,465	0	5,859,465
REVENUES			
Intergovernmental Revenues	5,859,465	0	5,859,465
TOTAL REVENUES	5,859,465	0	5,859,465

Bureau Description:

This package requests that unspent prior year non-general fund resources be rebudgeted to FY 2016-17 for the following. This is typically due to changes in project timelines as well as the desire for the bureau to be transparent in budgeting resources available at the time they are awarded to a project or program.

- \$3,716,773 for homeownership & home retention programs (TIF & Federal sources). This includes unspent North-Northeast Interstate TIF funding for homeownership unit development; and resources committed but unspent for home repair and homebuyer assistance programs in the Lents and Interstate URA's as well as citywide (i.e., CDBG-funded)
- \$2,026,817 for affordable housing development (TIF & Federal sources). These projects include Miracles-Central; St Francis; the Abigail; and the PCRI Inner Northeast Bundle.
- \$ 144,661 for lead hazard abatement (Federal Sources)

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: New Request

Request: HC_014 - Miscellaneous New Appropriations

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	5,284,985	0	5,284,985
Internal Materials and Services	0	0	0
Contingency	35,000	0	35,000
TOTAL EXPENDITURES	5,319,985	0	5,319,985
REVENUES			
Budgeted Beginning Fund Balance	33,327	0	33,327
Charges for Services	100,000	0	100,000
Intergovernmental Revenues	2,546,658	0	2,546,658
Miscellaneous	2,640,000	0	2,640,000
TOTAL REVENUES	5,319,985	0	5,319,985

Bureau Description:

PHB is requesting that City Council appropriate the following:

- \$2,640,000 in program income to facilitate homeownership acquisition & rehabilitation in the Interstate Corridor URA
- \$2,500,000 in funds from Multnomah County (part of \$5 million total) awarded in the 2015 NOFA in anticipation of use on several housing projects
- \$98,000 for several MULTE activations that were approved by the City Council late in the previous fiscal year
- \$33,327 to rebudget unspent prior year Innovation funding for the faith-based provider project
- \$26,462 in various grant budget adjustments
- \$17,000 for Council mandated TIF Lift outreach in the Gateway and Interstate Urban Renewal Areas

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: Mid-Year Reductions

Request: HC_015 - Miscellaneous Budget Reductions

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
External Materials and Services	(3,277,405)	0	(3,277,405)
TOTAL EXPENDITURES	(3,277,405)	0	(3,277,405)
REVENUES			
Intergovernmental Revenues	(777,405)	0	(777,405)
Bond and Note	(2,500,000)	0	(2,500,000)
TOTAL REVENUES	(3,277,405)	0	(3,277,405)

Bureau Description:

This package requests two reductions to bureau appropriations. First, the bureau is reducing anticipated debt proceeds by \$2,500,000 in response to a decision to securitize a smaller portion of the short-term rental revenue stream. Second, the bureau is reducing grant revenues by \$777,405 to reflect HUD's action to direct OTIS/McKinney and Continuum of Care Planning grants directly to the Joint Office of Homeless Services rather than pass them through the City of Portland.

CBO Discussion and Recommendation

**CBO Discussion and Recommendations
FY 2016-17 Fall BMP**

Bureau: Portland Housing Bureau

Type: Technical Adjustment

Request: HC_016 - Technical Adjustments

	Fall BMP Requested Adjustments	Fall BMP CBO/Council Changes	Fall BMP Total Adjustments
EXPENDITURES			
Personnel Services	0	0	0
External Materials and Services	(2,465,307)	0	(2,465,307)
Capital Outlay	2,860,307	0	2,860,307
Bond Expenses	400,000	0	400,000
Contingency	(800,000)	0	(800,000)
TOTAL EXPENDITURES	(5,000)	0	(5,000)
REVENUES			
Intergovernmental Revenues	0	0	0
Interagency Revenue	(5,000)	0	(5,000)
TOTAL REVENUES	(5,000)	0	(5,000)

Bureau Description:

PHB is requesting a series of technical adjustments that represent no change to overall bureau operations. These will facilitate several internal operational needs, including internal reorganization impacting several bureau employees; reallocating Headwaters appropriation for a refinancing of existing debt; creation of new sub-funds to track TIF-funded property income discretely within the URA; and creation of a budget structure within the NHP program to improve budget tracking and management.

CBO Discussion and Recommendation

Portland Housing Bureau

Performance Measures

Performance Measure	Type	FY 2013-14 Year-End Actuals	FY 2014-15 Year-End Actuals	FY 2015-16 Adopted Budget	FY 2015-16 Year-End Actuals	FY 2016-17 Adopted Budget
HC_0037 - Number of households receiving homebuyer education or counseling	WORKLOAD	2,061	996	2,100	1,594	2,100
HC_0039 - Total number of workforce participants	WORKLOAD	0	1,212	1,200	1,029	1,200
HC_0045 - Total number of Microenterprise participants	WORKLOAD	0	353	350	300	350
HC_0069 - Vacancy rate of units built 0% to 60% median family income	EFFECTIVE	3%	3%	3%	3%	3%
HC_0070 - Housing units opened that are newly affordable	KPM	279	182	251	362	753
HC_0083 - Administrative costs as a percentage of bureau level budget	EFFICIENCY	14%	10%	6%	11%	5%
HC_0105 - Total number of homeless individuals placed in permanent housing	KPM	3,402	3,909	3,724	4,049	4,324
HC_0106 - Retention rate of households placed in permanent housing at 12 months	KPM	77%	78%	70%	74%	85%
HC_0107 - Number of individuals prevented from becoming homeless	KPM	4,023	3,522	3,900	3,922	4,900
HC_0108 - Average length of time (days) spent in homeless shelter (all populations)	EFFECTIVE	24	23	35	25	35
HC_0109 - Number of individuals who have been homeless for a year or less	WORKLOAD	790	779	779	779	779
HC_0110 - Percentage of households moved from homelessness into housing that subsequently return to homelessness	KPM	6%	3%	5%	6%	5%
HC_0111 - Percentage of households receiving homebuyer education or counseling and subsequently purchasing a home	KPM	27%	28%	27%	10%	28%
HC_0112 - Number of households receiving home repairs	WORKLOAD	667	516	850	635	850
HC_0113 - Percentage of households receiving home repairs and retaining their homes 12 months after services	KPM	80%	83%	80%	80%	80%
HC_0114 - Number of households receiving indirect assistance through foregone revenue (mortgage credit certificate, limited tax exemption, and system development charge exemption)	KPM	327	335	330	196	335
HC_0115 - Affordable housing units preserved	WORKLOAD	288	156	216	58	150
HC_0116 - Rolling three-year average of total units opened and preserved	EFFECTIVE	367	382	403	461	499
HC_0117 - Average investment per rental housing unit	EFFICIENCY	\$31,000	\$51,000	\$35,000	\$75,000	\$75,000
HC_0118 - Percentage of housing units opened or preserved in high opportunity areas	EFFECTIVE	54%	55%	50%	50%	50%
HC_0119 - Administrative costs as a rolling three-year average	EFFICIENCY	10%	11%	9%	12%	8%
HC_0120 - Percentage utilization of minority, women, and emerging small business contracts in housing construction (contract \$ awarded)	EFFECTIVE	20%	30%	30%	24%	20%

Portland Housing Bureau

Performance Measures

Performance Measure	Type	FY 2013-14 Year-End Actuals	FY 2014-15 Year-End Actuals	FY 2015-16 Adopted Budget	FY 2015-16 Year-End Actuals	FY 2016-17 Adopted Budget
HC_0121 - Percentage utilization of minority contracts in housing construction (contract \$ awarded)	KPM	15%	13%	15%	16%	15%
HC_0122 - Percentage of workforce participants employed at graduation	EFFECTIVE	67%	73%	70%	79%	70%
HC_0123 - Percentage of microenterprises increasing economic stability at program exit	EFFECTIVE	0%	57%	55%	79%	55%

Performance Measure Variance Descriptions

[HC_0105 – Total number of homeless individuals placed in permanent housing] - The total number of individuals placed in permanent housing exceeds the FY 15-16 A Home For Everyone Placement Goal of 3,724 individuals and is on track to meeting the FY 16-17 proposed target. This measure has been changed from households to individuals to be consistent with A Home For Everyone goals and system performance measures.

[HC_0106 – Retention rate of households placed in permanent housing at 12 months] - The percentage of households retaining housing at 12 months is ten percentage points lower than the FY 15-16 A Home For Everyone retention goal and is below the FY 16-17 proposed target.

[HC_0107 – Number of individuals prevented from becoming homeless] - The number of individuals prevented from becoming homeless exceeds the FY 15-16 A Home For Everyone prevention goal of 3,900 individuals and is on track to meeting the FY 16-17 proposed target. This measure has been changed from households to individuals to be consistent with A Home For Everyone goals and system performance measures.

[HC_0111 – Number of low or moderate income households receiving home buyer education or counseling and subsequently purchasing a home] - The percentage of households attending classes or counseling and continuing on to purchase a home is 18 percentage points lower than the FY 15/16 goal and is below the FY 16-17 proposed target. The current housing market is very challenging for low or moderate income households seeking to buy their first home.

[HC_0113 – Percentage of households receiving home repairs and retaining their homes 12 months after services] - The percentage of households retaining their homes is consistent with the FY 15-16 goal and contractual requirements and meets the FY 16/17 strategic target.

[HC_0070 – Housing units opened that are newly affordable] - The number of newly affordable units opened in FY 15-16 is consistent with the annual goal and the current construction pipeline is on track to exceed the FY 16-17 proposed target. Housing units are counted as part of the asset portfolio, rather than in the production pipeline, when construction is complete.

[HC_0121 – Percentage utilization of Minority (Contract \$ awarded)] - The percentage of total contract dollars awarded to minority contractors in FY 15-16 is consistent with the annual goal and the FY 16-17 proposed target.

**Prior Year Business Area Reconciliation Report
General Fund**

	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Percent of Actuals to Revised
Portland Housing Bureau			
EXPENDITURES			
Personnel Services	\$732,368	\$707,906	97%
External Materials and Services	\$18,301,337	\$17,376,248	95%
Internal Materials and Services	\$65,625	\$69,755	106%
TOTAL EXPENDITURES	\$19,099,330	\$18,153,909	95%
REVENUES			
Charges for Services	\$0	\$1,118	0%
Intergovernmental Revenues	\$304,733	\$309,751	102%
Interagency Revenue	\$51,054	\$51,054	100%
Miscellaneous	\$8,590	\$8,901	104%
General Fund Discretionary	\$18,734,953	\$0	0%
TOTAL REVENUES	\$19,099,330	\$370,825	2%

Bureau Reconciliation Narrative

PHB left \$951,869 of its General Fund discretionary allocations unspent in FY 2015-16. The majority of this is due to underspending on encumbered contracts for which the bureau is requesting carryover in the Fall BMP process. Additionally, bureaus are required to provide narrative explaining and major object category variances exceeding 10%.

[Internal Materials & Services] - PHB overexpended this major object category due to failure of communication late in the fiscal year regarding Homeless State of Emergency Ordinance spending on air quality testing in a shelter facility.

**Prior Year Fund Reconciliation Report
Portland Housing Bureau**

	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Percent of Actuals to Revised
213 - Housing Investment Fund			
EXPENDITURES			
Personnel Services	936,526	911,317	97.31
External Materials and Services	1,639,272	1,340,510	81.77
Internal Materials and Services	12,241	11,901	97.23
Contingency	2,719,000	0	0.00
TOTAL EXPENDITURES	5,307,039	2,263,728	42.66
REVENUES			
Budgeted Beginning Fund Balance	740,578	0	0.00
Charges for Services	613,437	424,154	69.14
Intergovernmental Revenues	199,300	204,633	102.68
Fund Transfers - Revenue	2,674,554	2,674,554	100.00
Miscellaneous	1,079,170	1,248,883	115.73
TOTAL REVENUES	5,307,039	4,552,223	85.78

Fund Reconciliation Narrative

Bureaus are required to provide narrative explaining and major object category variances exceeding 10%.

[External M&S] – PHB underspent this category for several main reasons. First, the HOLTE and MULTE programs did not pass through anticipated tax exemption fees to Multnomah County in the amounts anticipated. This is because in the current housing market (A) builders no longer have the motivation to build single family homeownership opportunities that are affordable to low-income homebuyers, and (B) MCC program users are having a difficult time identifying available, affordable inventory. Second, the Risk Mitigation Pool sub-fund had lesser-than-budgeted expenditures. This is due to unanticipated underspending on the Home Forward (for Rent Well program administration) and anticipated underspending on the Housing Development Center contract (for Risk Mitigation Pool claims payment).

[Charges For Services] – PHB saw revenues significantly less than budget in this category because of reasons described above regarding the Portland real estate market, which has resulted in fewer program fees in the HOLTE and MCC programs.

[Miscellaneous Revenues] – PHB saw revenues significantly in excess of budget in this category due to unanticipated loan payments (i.e., non-amortizing) in the fourth quarter of FY 2015-16.

**Prior Year Business Area Reconciliation Report
Federal Grants Fund**

	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Percent of Actuals to Revised
Portland Housing Bureau			
EXPENDITURES			
Personnel Services	\$688,938	\$662,540	96%
External Materials and Services	\$3,129,610	\$2,781,253	89%
Internal Materials and Services	\$61,977	\$61,398	99%
TOTAL EXPENDITURES	\$3,880,525	\$3,505,191	90%
REVENUES			
Budgeted Beginning Fund Balance	\$85,035	\$0	0%
Charges for Services	\$0	\$168	0%
Intergovernmental Revenues	\$3,757,990	\$3,780,699	101%
Miscellaneous	\$37,500	\$40,847	109%
TOTAL REVENUES	\$3,880,525	\$3,821,714	98%

Bureau Reconciliation Narrative

Bureaus are required to provide narrative explaining and major object category variances exceeding 10%.

[External Materials & Services] - PHB underexpended this major object category for two primary reasons. First, the NSP-3 grant acquisition-rehabilitation activities took longer than anticipated, leaving \$135,000 of appropriation unspent. Second, the lead grant program expended \$114,000 less than anticipated due to a key program vacancy.

**Prior Year Fund Reconciliation Report
Portland Housing Bureau**

	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Percent of Actuals to Revised
218 - Community Development Block Grant Fund			
EXPENDITURES			
Personnel Services	1,280,218	1,280,218	100.00
External Materials and Services	8,707,095	7,412,576	85.13
Internal Materials and Services	358,843	358,843	100.00
Bond Expenses	830,000	678,609	81.76
TOTAL EXPENDITURES	11,176,156	9,730,245	87.06
REVENUES			
Charges for Services	15,000	14,474	96.49
Intergovernmental Revenues	9,415,156	8,627,542	91.63
Bond and Note	150,000	0	0.00
Miscellaneous	1,596,000	1,395,961	87.47
TOTAL REVENUES	11,176,156	10,037,978	89.82

Fund Reconciliation Narrative

Bureaus are required to report on variances of more than 10%.

[External Materials & Services] - PHB underexpended this category for two primary reasons. First, the Hill Park affordable housing development project did not expend the \$750,000 budgeted in FY 2015-16 as had been anticipated; this resource will be rebudgeted to FY 2016-17 via the Fall BMP. Second, the homebuyer assistance program left \$361,000 of its appropriation unspent; the portion of this resource committed to specific potential homebuyers will be rebudgeted to FY 2016-17 via the Fall BMP. Bureaus are required to report on variances of more than 10%.

[Bond Expenses] - The unspent appropriation in this category is due to a \$150,000 inter-fund loan appropriation put in place via the Overexpenditure Ordinance and in compliance with City policy to mitigate against potential negative cash balances in City funds. The appropriation saw no expenditures, however, because in the end there was no negative balance to address.

[Bond & Note Revenues] - The unspent appropriation in this category is due to a \$150,000 inter-fund loan appropriation put in place via the Overexpenditure Ordinance and in compliance with City policy to mitigate against potential negative cash balances in City funds. The appropriation saw no activity, however, because in the end there was no negative balance to address.

[Miscellaneous Revenue] - PHB increased this revenue category in the Spring BMP in response to the first eight months of activity in FY 2015-16. Receipts in the final third of the year tailed off, though actuals did substantially exceed the original Adopted Budget amount.

**Prior Year Fund Reconciliation Report
Portland Housing Bureau**

	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Percent of Actuals to Revised
219 - HOME Grant Fund			
EXPENDITURES			
Personnel Services	346,875	314,848	90.77
External Materials and Services	6,073,460	4,773,596	78.60
Bond Expenses	75,000	0	0.00
TOTAL EXPENDITURES	6,495,335	5,088,444	78.34
REVENUES			
Charges for Services	20,000	14,213	71.07
Intergovernmental Revenues	5,040,335	3,948,945	78.35
Bond and Note	75,000	0	0.00
Miscellaneous	1,360,000	1,230,367	90.47
TOTAL REVENUES	6,495,335	5,193,525	79.96

Fund Reconciliation Narrative

Bureaus are required to report on variances of more than 10%.

[External Materials & Services] - PHB underexpended this category because two affordable housing projects underspent budgeted expectations -- the Saint Francis (spent \$1,806,930 of \$2,650,000) and the PCRI Inner NE Bundle (spent \$1,301,218 of \$1,486,000).

[Bond Expenses] - The unspent appropriation in this category is due to a \$75,000 inter-fund loan appropriation put in place via the Overexpenditure Ordinance and in compliance with City policy to mitigate against potential negative cash balances in City funds. The appropriation saw no expenditures, however, because in the end there was no negative balance to address.

[Charges for Services] - This category was increased in the Spring BMP in response to some loan servicing and late fee revenues in the first two thirds of the fiscal year. Ultimately, there was little more in the final third.

[Intergovernmental Revenues] - This fund is a reimbursement fund. Therefore, the fact that overall expenditures were less than budgeted resulted in grant billing revenues being less than budgeted.

[Bond & Note Revenues] - The unspent appropriation in this category is due to a \$150,000 inter-fund loan appropriation put in place via the Overexpenditure Ordinance and in compliance with City policy to mitigate against potential negative cash balances in City funds. The appropriation saw no activity, however, because in the end there was no negative balance to address.

**Prior Year Fund Reconciliation Report
Portland Housing Bureau**

	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Percent of Actuals to Revised
221 - Tax Increment Financing Reimbursement Fund			
EXPENDITURES			
Personnel Services	2,505,913	2,382,245	95.06
External Materials and Services	18,427,167	11,536,696	62.61
Internal Materials and Services	1,042,912	1,030,935	98.85
Fund Transfers - Expense	762,654	762,654	100.00
TOTAL EXPENDITURES	22,738,646	15,712,530	69.10
REVENUES			
Budgeted Beginning Fund Balance	815,561	0	0.00
Charges for Services	9,150	126,226	1,379.52
Intergovernmental Revenues	20,240,916	13,531,151	66.85
Miscellaneous	1,673,019	4,103,442	245.27
TOTAL REVENUES	22,738,646	17,760,819	78.11

Fund Reconciliation Narrative

Bureaus are required to report on variances of more than 10%.

[External Materials & Services] - This category was underspent due to a number of project and program expenditures being less than budgeted expectations. These include Miracles Central (\$999,469); North-Northeast Home Repair (\$1,413,918); North-Northeast Homeownership Development (\$1,000,000); Home Repair (\$369,897); Homebuyer Assistance (\$286,383); Erickson-Fritz (\$255,327); Block 26 (203,194); Riverplace Parcel 3 (\$198,190); the Abigail (\$189,345); and New Meadows (\$188,246). Figures in parentheses represent unspent appropriation. Additionally, \$550,000 was appropriated in the Spring BMP to facilitate a change in indirect cost allocation methodology; this \$550,000 however was intentionally not spent in this process.

[Charges for Services] - PHB exceeded budgeted expectations in this category due to a change in the accounting treatment of Fairfield Apartments property income

[Intergovernmental Revenue] - Because PHB only collects TIF revenue for eligible expenditures incurred, PHB was under budgeted expectations in this category due to the underspending in External M&S.

[Miscellaneous Revenue] - PHB substantially exceeded budgeted expectations in this category due to an increase in program income in the latter half of FY 2015-16. This was because of loan payoffs and payments made on "cash flow split" loans -- both of which being receipts that are currently difficult for PHB to accurately forecast.

**Prior Year Fund Reconciliation Report
Portland Housing Bureau**

	FY 2015-16 Revised Budget	FY 2015-16 Year-End Actuals	Percent of Actuals to Revised
621 - Headwaters Apartment Complex Fund			
EXPENDITURES			
Personnel Services	10,000	4,932	49.32
External Materials and Services	40,000	518	1.30
Bond Expenses	833,414	833,414	100.00
Contingency	172,500	0	0.00
TOTAL EXPENDITURES	1,055,914	838,863	79.44
REVENUES			
Intergovernmental Revenues	1,048,400	1,096,742	104.61
Miscellaneous	7,514	8,322	110.75
TOTAL REVENUES	1,055,914	1,105,064	104.65

Fund Reconciliation Narrative

Bureaus are required to report on variances of more than 10%.

[Personnel Services] - PHB underexpended this category because it overestimated the amount of staff time that would be allocated to this funding source in FY 2015-16.

[External Materials & Services] - PHB had little spending in this category as the bureau did not end up incurring professional services for appraisal and disposition analysis as had been anticipated at the time of the FY 2015-16 Fall BMP.

[Miscellaneous Revenues] - This revenue category saw 11% (\$808) more revenue than budgeted.