

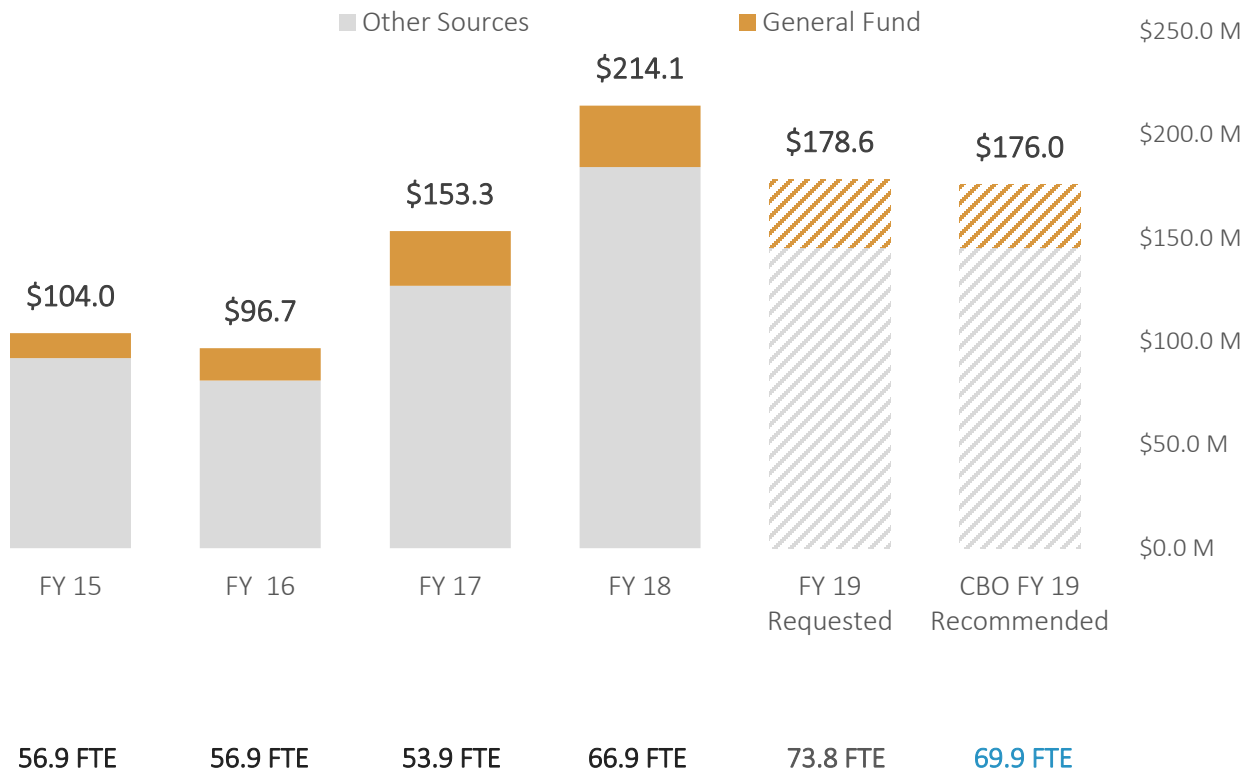


**City
Budget
Office**

Portland Housing Bureau

Analysis by Jane Marie Ford

Adopted Budget Resources: 5-Year Lookback



INTRODUCTION

The Portland Housing Bureau’s (PHB’s) FY 2018-19 Requested Budget focuses on implementation of the affordable housing bond and establishment of the Office of Rental Services. The bureau also previews the priorities in its forthcoming strategic plan. PHB’s budget includes funding for the Joint Office of Homeless Services, which has requested continuation of current year funding levels and new resources for alternative shelters, emergency coordination, and market cost adjustments. After several years of rapidly increasing funding, CBO recommends that the City and County utilize performance data to help determine how to prioritize resources in alignment with strategic goals.

The funding decrease illustrated in the bureau’s FY 2018-19 requested budget

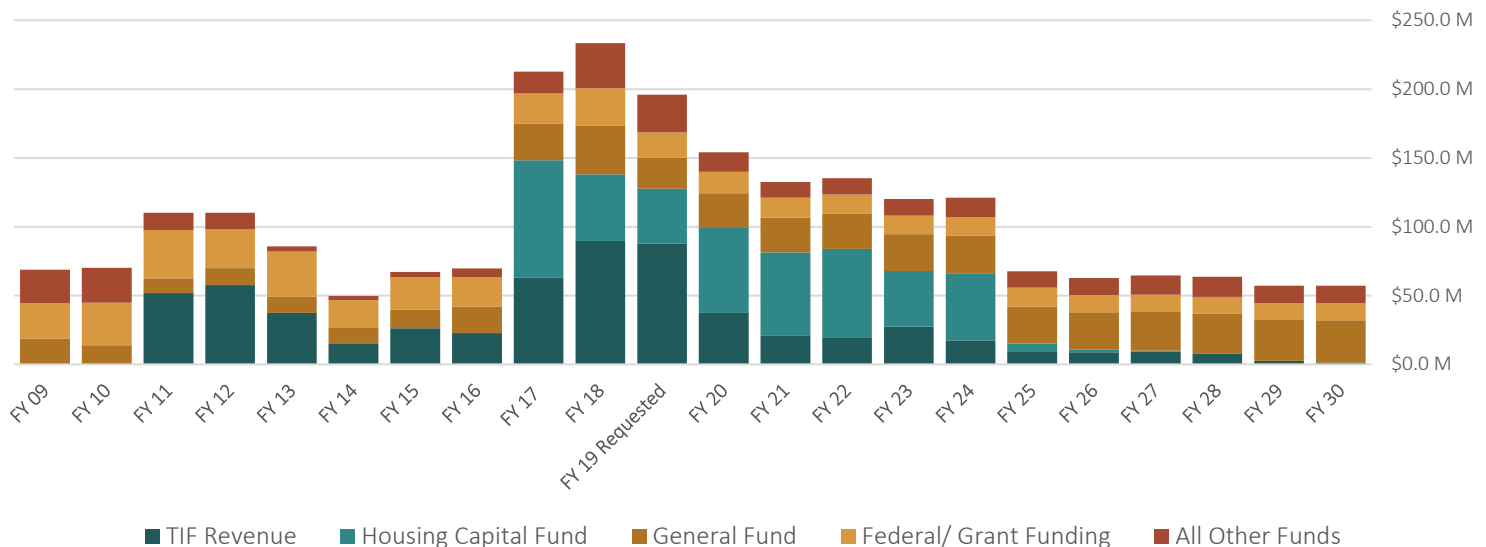
does not represent a reduction in service, but rather reflects the planned spending of bond resources.

KEY ISSUES

Expansion of Services & Funding through the State of Housing Emergency

Since the City declared a State of Housing Emergency in October 2015, the Portland Housing Bureau has dramatically expanded its programming, regulatory and asset management roles, and development resources at the direction of Council and in response to community input. The current year Revised Budget is the bureau’s largest ever at \$224.5 million, approximately a 220% increase over just two years earlier. This includes record investments in homeless services, which supports \$28.4 million in housing placement, retention, prevention, and shelter options through the Joint Office of Homeless Services. This expansion of investments across the entire housing spectrum has been funded primarily through the Tax Increment Financing set aside for affordable housing and homeownership, passage of the \$258.4 million affordable housing bond in November 2016, and new ongoing and one-time General Fund resources allocated for homeless services.¹

The City and Portland voters made historic investments in affordable housing and homeless services over the last two years. These resources are forecasted to decline significantly in FY 2024-25 due to the retirement of Urban Renewal Areas and expiration of bond resources.



¹ Graph data source: Portland Housing Bureau’s 12-Year Forecast.

PHB and the JOHS have responded to the direction from elected officials, advisory bodies, and community members as the region faces unprecedented growth following stalled housing development during and after the Great Recession. New funding has not only gone toward expanding existing capacity, but added entirely new lines of business – particularly in the case of the Housing Bureau, which has established a new Office of Rental Services and Development Incentives Team within just the last year.

The State of Housing Emergency was originally set for one year, but has since been extended through October 2018. The bureau and Council are faced with the need to determine what level of service constitutes the new normal - versus an emergency - and fund that level of service sustainably. The majority of the funding added to address the unmet housing need has been one-time in nature and primarily for development of new housing units. Regardless of the Council-established level of funding going forward, it is critical that the Housing Bureau and Joint Office continue to use data, performance outcomes, and equity analysis to prioritize programs and services proving to have the greatest impact on housing supply, access, and retention.

Reducing the Unmet Housing Need

Shifting from Outputs to Outcomes

The City and County created the new Joint Office of Homeless Services in FY 2016-17 to meet an ambitious goal: reducing Portland’s unmet housing need by half by June 2017. The goal relied upon increasing systemwide capacity to meet specific targets for increasing housing placement and retention, prevention, and shelter beds.² In all cases, the community met or significantly exceeded these targets.³ Additionally, there has been a strong emphasis on building capacity in culturally-specific organizations to work toward eliminating persistent racial disparities in homelessness.

² A Home for Everyone: A United Community Plan to End Homelessness for Portland/Multnomah County. March 2013. Available at <http://ahomeforeveryone.net/the-plan/>.

³ The lower targets for FY 2017-18 and FY 2018-19 are conservative estimates 1) based on the original cost-per-service modeling and 2) reflecting uncertainty about future rent trends.

Measure	FY 14 Actuals	FY 15 Actuals	FY 16 Actuals	AHFE Strategic Target	FY 17 Actuals	FY 18 Target	FY 19 Requested
Total number of homeless individuals placed in permanent housing	2,967	4,147	4,603	4,317	4,889	4,317	4,317
Number of individuals prevented from becoming homeless	4,023	4,153	4,174	5,023	6,139	5,020	5,020
Number of shelter beds	N/A	658	1,203	1,308	1,309	1,324	1,370

The original funding commitment was based on a two-and-a-half-year investment, ramping down and shifting focus toward prevention and diversion services. However, inflow into homelessness continues to rise, as the Point in Time Count reflected a nearly 10% increase compared to 2015.⁴ More than 6,000 people accessed services last year who had not accessed homeless services in the previous two years. And although more people are being served now than ever before, there are over 2,000 individuals across all waiting lists maintained in the Homeless Management Information System.⁵

Given the continuing scope of the problem, it is unclear to what extent: initial targets may have underestimated the unmet need; additional services may be required to ensure that those placed into housing are able to remain stably housed; increased service availability may be reaching those who would not have previously accessed services; regional needs and trends in homelessness may impact Multnomah County; and how market limitations may be impacting both placement capacity and retention.

The Joint Office, A Home for Everyone, and Portland Housing bureau are undertaking new research efforts to help understand how households enter into, out of, and return into the housing services spectrum. However, it will take one to two years for this research to be completed.

In the interim, CBO recommends focusing on provider contract data to better

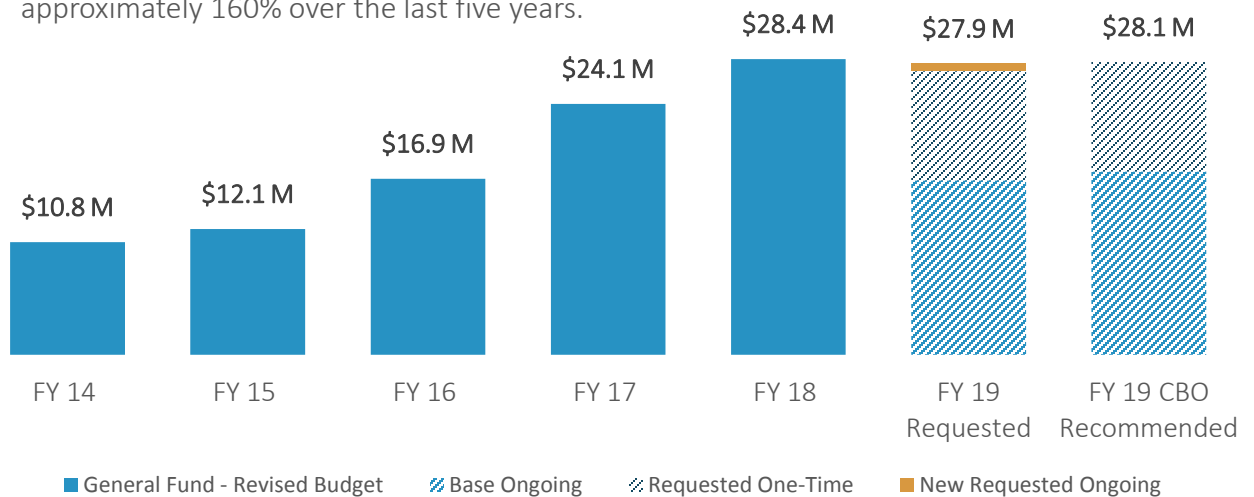
⁴ 8 Krishnan, Uma and Elliot, Debi. 2017 Point-in-Time Count of Homelessness in Portland/Gresham/Multnomah County, Oregon. October 2017. <https://tinyurl.com/yc9u2f56>

⁵ Figures provided by PHB from the Homeless Management Information System; waitlist data is as of February 2018.

understand outputs and outcomes by provider, population, and service type. This is currently challenging due to the lack of centralized system for contract funding and performance data; there is a high level of manual reporting and analysis required of JOHS staff. Some of this workload will be relieved by the addition of a recently-hired Senior Data Analyst, but CBO recommends considering opportunities to strengthen and streamline contract management. This may require a more prescriptive approach to data reporting and analysis at the Continuum of Care (COC) level to ensure consistency and alignment of efforts.

Based on the Mayor’s budget guidance, CBO has recommended continuing FY 2017-18 funding levels, which includes 85% of all available one-time, non-capital General Fund resources. However, CBO also recommends that, prior to FY 2019-20 budget development, Council identify 1) long-term outcome goals for homeless services, 2) ongoing levels of service required to meet those goals, 3) the level of ongoing General Fund dedicated to this work, and 4) additional funding sources that can be used to close any gap between desired service levels and available City resources. ⁶

The City has increased its General Fund contribution for homeless services by approximately 160% over the last five years.



Aligning System Efforts: Chronic Homelessness

In addition to direct funding for homeless services provided through the Joint Office, the City has also added new resources and reprioritized existing funding to deal with critical public health, safety, and space management issues. The Joint Office is currently leading development of a new Chronic Homelessness Plan with a prioritized set of recommendations to end chronic homelessness for as many people as possible. ⁷ This includes strategies directly addressing alignment between

⁶ The JOHS FY 19 Requested Base Ongoing General Fund budget assumes a 5% reduction per budget guidance.

⁷ A Home for Everyone. Chronic Homelessness Plan Final Recommendations. February 7, 2018. Available at <https://tinyurl.com/ya3bn93s>

public safety, public property managers, and homeless outreach workers.

Currently, there are weekly briefing calls with the Joint Office, Office of Management & Finance Facilities, Portland Bureau of Transportation, Portland Parks & Recreation, Portland Police Bureau, Oregon Department of Transportation, Metro, and other entities across the region. These calls identify high-priority sites for public space management, which outreach providers have previously been asked to visit on a volunteer basis. Embedded in the Joint Office's FY 2018-19 current appropriation level (CAL) budget are resources for a new service navigation team that will prioritize outreach based on public health and safety concerns.

CBO supports this change, and encourages the entities noted above to develop specific outcomes measures to guide their shared efforts. While playing different – and sometimes inherently conflicting – roles, the ultimate goal for all parties is to reduce the number of people who are living outside. The Joint Office has preliminarily identified promising strategies from the draft Chronic Homelessness Plan for immediate implementation and those for future development. CBO recommends prioritizing those options that create more shelter capacity and housing placements, and provide intensive services to those who are experiencing homelessness and living with severe and persistent mental illness. CBO also recommends considering how to utilize citation data from all public safety and public property managers to prioritize access to shelter and housing placement opportunities

Aligning System Efforts: Rental Registration

In FY 2018-19, PHB will move forward in developing and implementing a new rental registration system to track the estimated 120,000 rental units within the city of Portland.⁸ This presents another crucial opportunity to collect data that can be used to inform strategic investments across systems. CBO recommends that the bureau work with the Joint Office, other City bureaus, and decisionmakers to identify current data gaps that could be met through the registration process. Ideally, this system would allow for easy integration of data from other City systems tracking development, code violations, crime reports, utilities, and census information to facilitate more robust analysis. Development of the new rental registration system is discussed in further detail below under Decision Package Analysis and Recommendations.

Housing Production

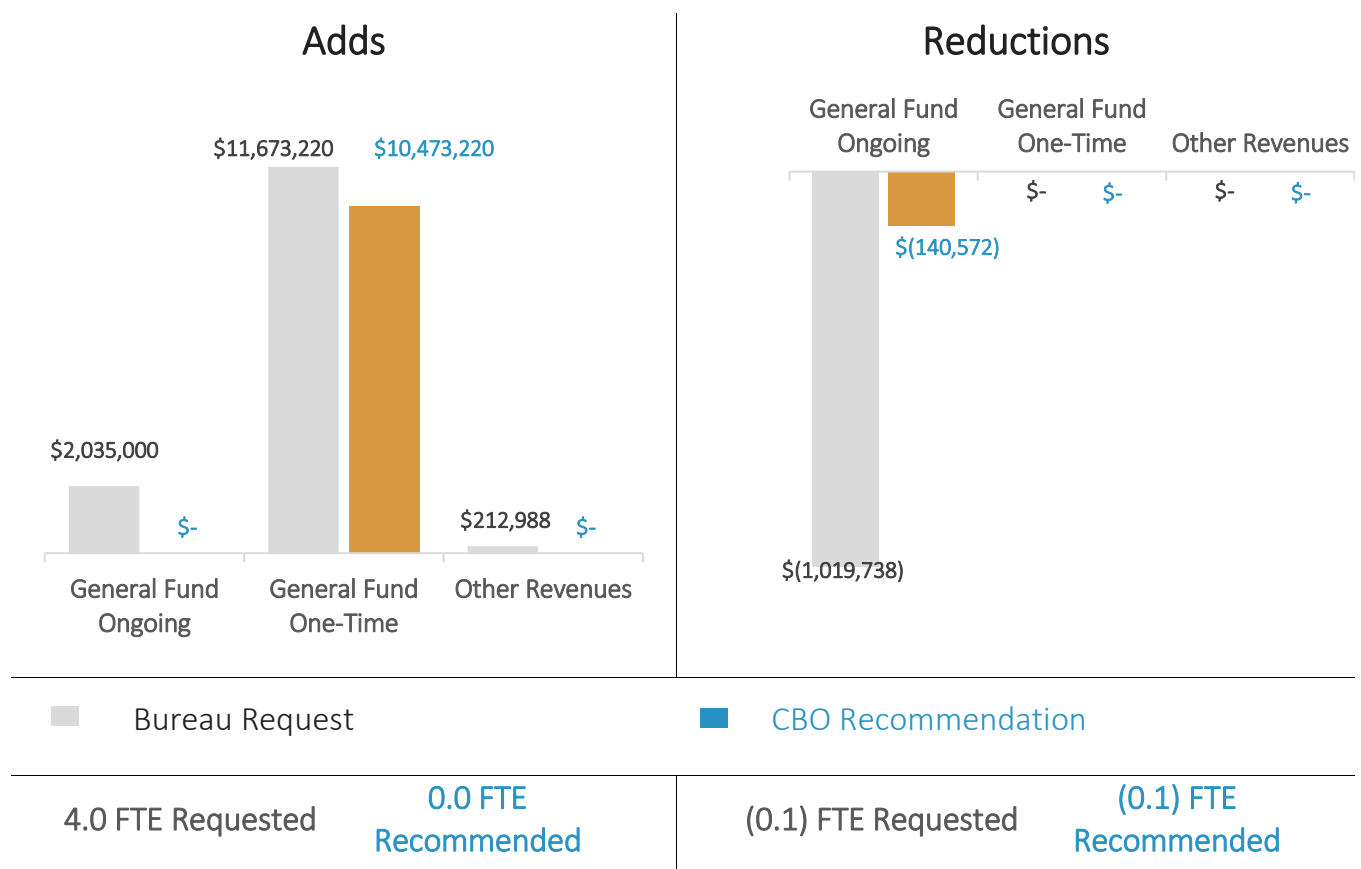
As noted above, the ability to provide households with placement and retention assistance is limited by the availability of housing. Last year, PHB exceeded its goal of producing 500 newly affordable units annually, for an overall addition of 10,000 new regulated affordable housing units to meet the 2035 Comprehensive Plan target. This represents 8% of anticipated new housing stock. The remaining

⁸ American Community Survey Five-Year Estimates, 2012 – 2016.

92% is expected to be delivered by the private market. This highlights the importance of calibrating incentives to promote development at all levels of affordability in addition to making direct, public investments.

A one-year Inclusionary Housing update from the Bureau of Planning & Sustainability (BPS) notes a slowdown in permit activity that likely represents a combination of the phasing-in of inclusionary housing requirements and other market factors. As of September 2017, there were an estimated 19,000 units in the development pipeline, representing approximately four years of new housing supply; as of February 2018, the number has declined to approximately 10,000 units, or around 18-24 months of development activity if all units are delivered. Developer feedback highlights the problem of fiscal uncertainty when property taxes are assessed after the ten-year property exemption expires, particularly when paired with the 99-year affordability requirement. CBO echoes BPS' and PHB's recommendation to modify Inclusionary Housing Zoning Code and Program requirements to promote a healthy development pipeline; this includes examining the return on investment of the affordable units vested to date under this policy.⁹

DECISION PACKAGE ANALYSIS AND RECOMMENDATIONS



⁹ Bump, Tyler. Bureau of Planning & Sustainability. Memo: One Year Review of Inclusionary Housing Zoning Code and Program. Draft: February 9, 2018. Available at <https://www.portlandoregon.gov/bps/article/672661>.

Portland Housing Bureau Decision Packages

PHB 5% Reduction

HC_01, (\$140,572), (0.00) FTE

The bureau has submitted two expenditure reductions to meet the 5% ongoing General Fund reduction target. The first is a reduction of just over \$30,000 in administration and support, primarily related to professional services, dues, and travel and conference expenditures. The bureau has indicated that it can absorb this reduction with minimal impacts on operations.

The second cut reduces the Rental Rehabilitation program by \$110,000. The Rental Rehabilitation Program was funded in FY 2016-17 but has not yet been implemented; therefore, the cut does not represent a reduction in services. Given limited ongoing General Fund resources available, CBO recommends this reduction. As discussed in further detail below, CBO recommends realigning the remaining rental rehabilitation funds (\$580,000) to increase the Citywide home repair funding pool in FY 2018-19.

CBO Recommendation: (\$140,572), (0.00) FTE

Office of Rental Services

HC_02, \$2,000,000, 2.00 FTE

In FY 2017-18, the City allocated nearly \$2.0 million to support the first year of the new Office of Rental Services. This included a total of \$600,000 in one-time General Fund resources, leaving the Office of Rental Services with an FY 2018-19 base budget of approximately \$1.15 million. In the first six months of operation, 935 renter clients were provided with information and referrals and 206 were provided with direct services, putting the bureau on track to meet current year service targets.¹⁰ The bureau is also tracking the number of successful referrals to PHB-regulated housing units using OneApp Oregon, a platform that helps match renters with available units in one centralized location. The Office of Rental Services' ongoing budget includes funding for additional customer service for prospective renters who might need assistance to successfully use the tool. CBO and PHB have discussed the need to identify additional outcome measures that will be used to evaluate the Office's impact on renters via housing placement and retention, and on landlords through decreased fair housing violations and increased code compliance.

¹⁰ Quarterly performance data is now published on the bureau's new Data Window, available at <https://www.portlandoregon.gov/phb/76186>.

For FY 2018-19, the bureau has requested \$2.0 million in new General Fund resources for the following:

- **Legal services, education and outreach (\$500,000 ongoing, \$1.0 million one-time).** In FY 2017-18, the bureau received \$500,000 in one-time resources for expanded legal services, education and outreach. The bureau is requesting new ongoing resources to continue this funding level, and an additional \$1.0 million in one-time resources for additional legal support, education, and outreach services to be provided through contracts with culturally-specific organizations. Despite being a one-time request, this resource will likely support new staff at these organizations, both the cost and need for which are expected to be ongoing. The Office's base budget for FY 2018-19 includes a total of \$508,000 for education and outreach and \$90,000 for legal services.
- **Development of mandatory rental unit registration system (\$100,000 ongoing \$200,000 one-time).** While Portland has an estimated 120,000 rental units, there is currently no single source of reliable information on unit locations, ownership, and contact information. The Office of Rental Services has been charged with developing a rental registration system that will allow the bureau to enforce regulations, such as mandatory renter relocation assistance, to collect better data about non-regulated rental stock, and to track property code violations.

Residential property inspections are currently driven by complaints, which hinders the City's ability to proactively identify and remedy code violations. Furthermore, complaint-driven processes are generally considered to be inequitable, as vulnerable populations are less likely to report violations for fear of retaliation.¹¹ CBO's understanding is that an official decision has not been made as to whether the registration process will include mandatory inspections, as is typically the case in other jurisdictions that have established registration programs. As discussed further below, mandatory inspections might allow the City to better calibrate incentives for repairs in exchange for regulated affordability.

- **Two new FTE to assist with administration and questions related to the new rental unit registration system (\$200,000 ongoing, 2.00 FTE).** This would result in four total employees dedicated to the Office of Rental Services, with additional support coming from the bureau's data team.

While the bureau has requested new General Fund resources to support this work, rental registration programs are typically self-funded, either primarily or exclusively through registration and/or inspection fees. The fee structure varies on

¹¹ Trinh, Stephanie, Law Student, and Melissa Wyatt. "An Analysis of Rental Property Registration in Austin July 2013." (2013).

the following factors: the frequency of registration and/or inspection, what triggers the need for renewal, the type and number of units subject to registration and/or inspection requirements, and other considerations. These fees typically translate to no more than a few dollars per unit per month, having a minimal impact on rents.¹²

PHB, the Revenue Division, Bureau of Development Services (BDS), and Bureau of Technology Services have been engaged in conversations over the last 18 months about the technology requirements and potential fee structure of a rental registration system. CBO recommends that these entities propose fee scenarios that would fund part or all of the rental registration system. Key considerations include:

- The ongoing level of outreach and education required to help both landlords and renters understand their rights and responsibilities, including culturally-specific services;
- The ongoing level of legal services the City intends to provide;
- Whether to require mandatory property inspections, and how this would impact BDS' Neighborhood Inspection Program's operations;
- The timeline for phasing in compliance for all rental properties across the City; and
- If a General Fund subsidy is required to provide the level of desired service without impacting rents.

The Quality Rental Housing Workgroup provided analysis and recommendations related to these issues in 2008 after a yearlong process including extensive public outreach and input.¹³

Given limited ongoing and one-time General Fund resources, CBO has not recommended allocating new General Fund revenue to support the Office in FY 2018-19. Based on year-to-date expenditures for the Office of Rental Services, CBO anticipates that the bureau will have one-time resources available to carry over to support operations – including limited term staff and development of registration system requirements - prior to implementation of any fees. The bureau could also choose to reallocate resources currently budgeted for the Rental Rehabilitation program, discussed further below, to support expanded outreach and assistance if this is a priority for FY 2018-19. CBO recommends that the bureau wait to add new

¹² Ibid. CBO also reviewed information available online regarding current rental registration programs in Austin, TX; Boston, MA; Baltimore County, MD; Grand Rapids, MI; Gresham, OR; Indianapolis, IA; City of Los Angeles, CA; Medford, OR; Nashville, TN; Seattle, WA; and Washington, DC.

¹³ Quality Rental Housing Workgroup. Final Recommendations. Adopted September 22, 2008. Available at <https://www.portlandoregon.gov/fish/article/221397>.

permanent positions until 1) the details of the registration requirements have been clarified and 2) the bureau's strategic planning process is completed so that the tradeoffs of the workload associated with these new responsibilities can be considered alongside existing bureau priorities.

CBO notes that, as of the release of this review, Council is considering an ordinance that would make the mandatory relocation assistance policy permanent.¹⁴ This action would require the Housing Bureau to take on new responsibilities related to tracking relocation payments and exemptions. The workload associated with this policy change could pose a significant fiscal impact to the City, and the timing of these requirements may impact the request discussed above.

CBO Recommendation: \$0.00, 0.00 FTE

Rental Rehabilitation & Home Repair

HC_03, HC_04

\$0, 0.00 FTE; \$500,000, 0.00 FTE

In FY 2016-17, the bureau proposed to invest \$1.5 million to provide conditional grants to landlords of properties in East Portland with outstanding code violations currently rented to households earning at or below 60% Area Median Income. In exchange for funding to address critical life and safety and/or health and sanitation issues, landlords would be required to maintain the units as affordable for a period of ten years. Based on the information provided at that time, this program was expected to be a cost-effective investment for addressing substandard housing while simultaneously increasing the regulated affordable housing stock. However, program rollout has been delayed for several reasons, including new data analysis indicating that fewer properties would benefit from these resources than previously estimated, a lack of incentive to restrict rents in the current market, and as discussed above, the absence of mandatory inspections and enforcement.

Due to these delays, some of this funding was reprioritized to help support the first year of the Office of Rental Services. In FY 2018-19, the bureau proposes to realign the remaining resources (\$690,000, or \$580,000 with the reduction in HC_01) to expand home repair funding for low-income households in East Portland that are not within the Lents Urban Renewal boundary. The bureau is further requesting \$500,000 in new ongoing General Fund resources to increase home repair grant resources citywide.

Overall, the bureau's low-income home repair funding has increased by \$6.7 million – approximately 400% - over the last five years. However, most of this

¹⁴ See Ordinance 188219, Amend Affordable Housing Preservation and Portland Renter Protections to add relocation assistance for involuntary displacements of tenants. Available at <http://efiles.portlandoregon.gov/Record/10623592/>.

growth (\$5.8 million) is restricted to the Lents and Interstate Urban Renewal Areas. In the current fiscal year, approximately \$1.7 million is available for home repairs in other neighborhoods citywide.

While budget guidance explicitly mentions creation of new housing stock, home repair grants contribute to the retention of existing affordable housing units. When compared to the cost of new development, a grant up to \$6,000 is a cost-effective option for helping low-income, primarily elderly homeowners and/or people with disabilities remain safely and stably housed. Given the delay of the rental rehabilitation program, the number of households currently waiting for services, and the estimate of potential need based on census data, CBO recommends realigning the \$580,000 currently allocated for the Rental Rehabilitation Program on a one-time basis for home repair grants in FY 2018-19. This represents new services for an estimated 97 households at \$6,000 per grant.

Currently, grants are awarded on a first-come, first-serve basis; CBO recommends that the bureau develop criteria for allocating resources based on the urgency of repair, equity considerations, and City goals such as those outlined in the 2035 Comprehensive Plan and East Portland Action Plan. While CBO does not recommend restricting resources just to properties east of 82nd avenue, funding could be prioritized for households in these neighborhoods, consistent with vulnerability analysis from the Bureau of Planning & Sustainability.¹⁵

PHB is currently developing a new intake process for its home repair program that will facilitate better collection of data, assessment of citywide need, and evaluation of short- and long-term outcomes. CBO recommends that the bureau use this information, along with data collected by the Office of Rental Services, to determine how to prioritize resources to preserve affordable housing for both homeowners and renters as part of FY 2019-20 budget development. As the realignment already represents a significant expansion of grant resources, CBO recommends waiting to add new ongoing resources pending the results of this analysis.

CBO Recommendation: \$0 | 0.00 FTE

Conversion of Limited-Term Staff to Permanent

HC_05, \$0, (0.10) FTE

The bureau has requested to convert three limited term positions to permanent, based on expected ongoing workload associated with these programs. This represents no net impact to the bureau's budget, as the resources being used to support these positions are ongoing.

- A January 2018 audit update recognized the work that PHB had done to

¹⁵ 2035 Comprehensive Plan Vulnerability and Displacement Impact Analysis. Bureau of Planning & Sustainability. Available at <https://www.portlandoregon.gov/phb/article/656906>.

improve monitoring of affordable housing projects.¹⁶ Given the new units expected to be added to the bureau's portfolio through affordable housing bond resources, the bureau's compliance workload is expected to continue to grow. Accordingly, CBO recommends converting the limited term Assistant Housing Program Specialist to permanent.

- PHB has made progress on a backlog of archiving and records management through temporary staff, but is requesting to create a permanent Office Support Specialist to both complete the backlog project and maintain records moving forward. This includes converting current paper processes to electronic records, which will ultimately lead to efficiencies in bureau operations. CBO recommends this request.
- The bureau is requesting to create a permanent position to track the rental and homeownership preference policy lists for implementation of the N/NE Neighborhood Housing Strategy, a community-driven plan to invest Tax Increment Financing resources in the Interstate Corridor Urban Renewal Area. This plan is intended to address historical redlining and current gentrification, with specific targets for preventing displacement, creating new homeownership opportunities, adding new rental units, and land banking for development.¹⁷ While the funding allocated to this investment has significantly increased, it is not clear to CBO whether the N/NE Neighborhood Housing Strategy is intended to be a permanent bureau program. Accordingly, CBO recommends that the bureau and Council clarify this issue before creating a permanent FTE. This work is currently being managed through a temporary appointment; a limited term position matching the anticipated duration of the preference policy application process may be a better option for ensuring program continuity.
- The bureau created a limited term management analyst in FY 2016-17 to assist with development of the Inclusionary Housing policy and program. This position has also taken on new responsibilities assisting with management of the bureau's increased public advisory commissions, as well as helping to manage and triage the 54 housing policies in the 2035 Comprehensive Plan. The bureau is requesting to convert this limited term position to permanent based on this ongoing workload. CBO has had limited time to review this request as it was not included in the original submission, but recommends the conversion based on a) the volume of new, ongoing responsibilities that have been added to the bureau's policy team and b) to facilitate effective triage, coordination, and implementation of 2035

¹⁶ Portland Housing Bureau: Improved monitoring to protect housing investments. Portland City Auditor, Audit Services Division. January 2018. Available at <https://www.portlandoregon.gov/auditservices/article/667408>.

¹⁷ Available at <https://www.portlandoregon.gov/phb/74520>.

Comprehensive Plan housing policies.

CBO Recommendation: \$0 | 0.10 FTE

Additional Staffing for the Housing Bond

HC_06, \$212,988, 2.00 FTE

PHB is requesting to create two new management analyst positions to provide support for projects constructed or acquired through affordable housing bond resources. These positions would be funded through allowable bond administrative costs. The bureau has not yet identified the role these positions will play, but is concerned about staff capacity to manage new housing production once bond spending accelerates.

CBO supports the bureau in ensuring that there is sufficient administrative capacity to manage bond projects, but also notes that bond resources are currently set to expire in FY 2024-25, requiring the bureau to either eliminate bond-funded positions or identify a new funding source at that time. The bureau added new FTE in the FY 2017-18 Fall Supplemental Budget to assist with bond implementation; one of these positions is currently in transition, and the other has not yet been filled. CBO recommends waiting until these positions are in place before adding new FTE, as well as considering how other existing bureau positions added in the last two years may be able to assist with bond-related workload. The bureau may submit any necessary requests for new positions in the Fall Supplemental Budget as workload needs become more clearly defined.

CBO Recommendation: \$0 | 0.00 FTE

PHB PSH Funding

HC_12, \$0, 0.00 FTE

The City's portion of the JOHS FY 2018-19 Requested Budget includes \$8.2 million in supportive housing resources. PHB is requesting to retain \$352,500 of Permanent Supportive Housing (PSH) resources within its base budget. This figure represents currently unprogrammed resources that the bureau would like to pair with City-owned affordable housing units.

CBO and PHB are currently working together to assess the PSH tracking and monitoring process, identifying tools and processes to effectively track the addition of new supportive housing units and ongoing regulatory compliance. Providing PHB with budgetary control over PSH service funding could help the bureau to better ensure compliance with supportive housing in the City's regulated portfolio. This includes the ability to secure PSH resources as part of the Notice of Funding Availability (NOFA) process.

CBO will work with the bureau to determine the most effective ways to meet these needs while maintaining alignment with the existing coordinated access process

through the Joint Office, ensuring that resources and outcomes are easily tracked across systems. CBO recommends waiting until this process review is complete before reallocating service dollars.

CBO Recommendation: \$0 | 0.00 FTE

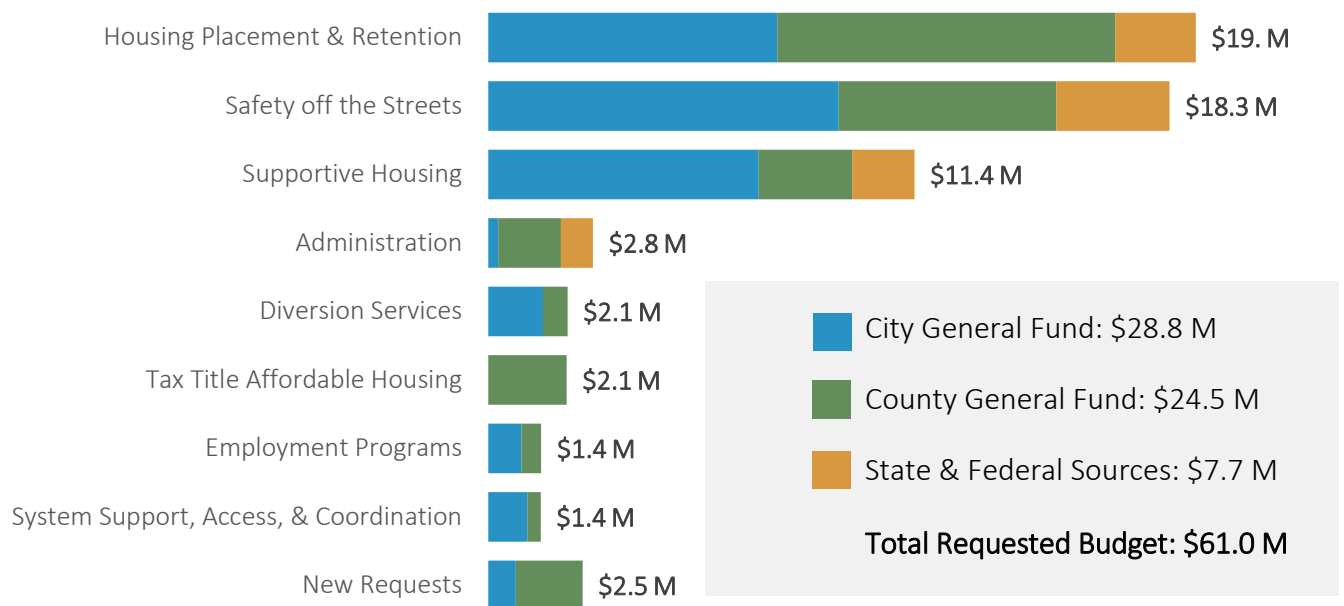
Joint Office of Homeless Services Decision Packages

JOHS Current Funding Level

HC_07, HC_08

\$9,594,054, 0.00 FTE

The Joint Office’s total Requested Budget for FY 2018-19 is \$61.0 million, an approximately 4% increase over the current year and 27% increase compared to its first year of operation.



The Joint Office was required to submit a 2% ongoing General Fund reduction to Multnomah County (\$404,537) and a 5% ongoing General Fund cut to the City (\$879,166); the chart above does not assume these cuts are taken. The Joint Office also requested \$10.5 million to continue the City’s one-time General Fund contributions from FY 2017-18.¹⁸

CBO’s understanding is that the Joint Office is currently on track to expend its entire FY 2017-18 budget; therefore, any changes to the current funding level

¹⁸ The City’s FY 2017-18 one-time funding included new resources allocated through the Fall Supplemental Budget Process out of General Fund contingency. County General Fund for FY 2018-19 includes \$306,470 in Video Lottery Funds. The “Tax Title Affordable Housing” is a one-time resource that has been available to Multnomah County for provision of housing options that are affordable to youth and families with children with 30 percent or lower median family income. In the current fiscal year, these resources have been used to meet increased demands on the family shelter system. This resource has not yet been programmed for FY 2018-19, but will likely be used to support a Family System Stabilization plan currently in development.

could represent real service reductions. (CBO does note that performance data from FY 2016-17 and current year trends indicate that providers have been able to serve more individuals at a lower cost, and as such, the estimated number of households that can be served through continuing current funding levels is likely conservative.) As budget guidance prioritizes funding for decision packages that significantly reduce the number of people experiencing homelessness, CBO does not recommend the ongoing cut. CBO also recommends the one-time request of \$10.5 million, which represents 85% of all one-time General Fund resources available for non-capital investments in the FY 2018-19 budget process.

CBO Recommendation: \$10,473,220 | 0.00 FTE

Emergency Management Position

HC_09, \$55,000, 0.00 FTE

This request represents the City's portion of a new Emergency Management position to help lead responses to emergency conditions that pose increased risk for people experiencing homelessness, such as severe winter weather. This position would also coordinate year-round work with public safety and outreach providers.

Given limited ongoing resources, CBO has not recommended new funding for this position. However, CBO recommends that the Joint Office reallocate existing ongoing resources to support this work, which would facilitate better coordination between systems and connections to services for people living outside.

CBO Recommendation: \$0 | 0.00 FTE

Alternative Shelters (JOHS)

HC_10, \$505,000, 0.00 FTE

This request adds new resources to create a more formal Alternative Shelter Program, providing a safe place to sleep and access resources for approximately 160 individuals. Examples of alternative shelters include tiny home villages, sleeping pods, sanctioned camping, and other community-based sites that also include access to hygiene and cooking facilities. Guidance from A Home for Everyone notes that these types of alternative shelter sites should be explored as temporary options absent sufficient shelter capacity, focusing on connecting residents to services and permanent housing opportunities.¹⁹ The Joint Office has set a goal of connecting 35% of those served (56 individuals) with permanent housing options. This target is based on case studies from the cities of Eugene and Seattle; there is not yet a full year of data available from Portland's Kenton Village, a community of 14 female residents living in micro-housing sleeping pods with

¹⁹ See "Open Space 'Pop-Up' Shelter" under the Community Program Guidelines adopted by the A Home for Everyone Coordinating Board, April 6, 2016. Available online at <https://tinyurl.com/ycydmlg2>.

shared access to cooking, sanitation facilities, social services and housing resources.

Given the increase in chronic homelessness identified in the last Point-in-Time Count, CBO recommends continuing to explore alternative shelters on a pilot basis using one-time resources. At an average cost of \$4,829 per individual, the total funding proposed to run the alternative shelter program in FY 2018-19, including existing resources, is within the same range as the cost of funding a shelter bed; should this prove to be an effective intervention for those whose needs are better met outside of traditional shelters, the Joint Office and its partners may consider providing ongoing support for these sites as part of the larger shelter continuum. The Chronic Homelessness Plan also outlines other creative shelter strategies for serving the complex needs of a highly vulnerable population that should be considered alongside existing sites. Therefore, CBO recommends waiting until the Chronic Homelessness Plan is complete and there is more data from pilot alternative shelter sites before adding new ongoing resources to this program.

CBO Recommendation: \$0 | 0.00 FTE

Market Cost Adjustment (JOHS)

HC_11, \$175,000, 0.00 FTE

The Joint Office is requesting \$175,000 from both the City and County in ongoing General Fund resources to increase the amount of rent assistance resources available to maintain current placement capacity. After several years of significant rent increases – an average total of nearly 30% between 2012 and 2016 - overall average rent increases slowed to 2% in 2017, a rate slightly lower than the rate of inflation.²⁰ However, CBO recognizes that it is difficult to obtain accurate real-time rental market data that captures the nuances of different neighborhoods, unit sizes, and levels of affordability. JOHS providers are concerned that current limitations on eligible rents are low compared to the private market rents being charged where most housing placements occur. This package would increase the subsidy for which households are eligible in order to maintain the number of households served based on existing estimates of service costs.

However, the Joint Office exceeded its housing placement goals by 13.2% in FY 2016-17,²¹ and is on pace to significantly exceed current year targets, with 4,528 homeless individuals placed into permanent housing in just the first two quarters of FY 2017-18 out of an annual target of 5,020.²² Therefore, while not recommending new resources at this time, CBO recommends a more robust analysis of provider data over the last several years to a) assess how the cost of

²⁰ State of Housing in Portland Report, 2016. Estimate from 2017 provided by the Joint Office.

²¹ Presentation to AHFE Executive Committee, August 21, 2017. Exceeding System Goals: Continued Expansion to Scale, Outcomes: FY 2016-17. Available at <http://ahomeforeveryone.net/progress/>.

²² Source: PHB Data Window, available at <https://www.portlandoregon.gov/phb/76186>.

individual placements have changed over time; b) identify the financial, administrative, and market barriers to placing individuals and families; and c) understand the outcomes for households based on the length and amount of assistance, by different demographics, and other factors. CBO also suggests utilizing data from [211info](#) to better understand trends related to requests for assistance and unfulfilled housing needs.

CBO Recommendation: \$0 | 0.00 FTE

SUMMARY OF REQUESTS AND RECOMMENDATIONS

The Portland Housing Bureau's FY 2018-19 Requested Budget is \$35.6 million lower than the bureau's FY 2017-18 Adopted Budget; however, the bureau anticipates budgeting additional resources from bond sales as more properties are identified for acquisition or development over the next several months. There is currently uncertainty about federal grant resources, which may impact PHB and the Joint Office's service levels.

The majority of the bureau's budget is contained in external materials and services, which includes subrecipient contracts for homeownership access, retention, and rental support services; funding to support affordable housing projects (primarily through Tax Increment Financing dollars); and all funding for the Joint Office of Homeless Services. CBO has recommended the Joint Office's one-time funding request to maintain FY 2017-18 current appropriation level, in alignment with the Mayor's stated budget priorities. However, CBO has also recommended that Council determine the level of ongoing support that should be included in the JOHS FY 2019-20 Current Allocation Level Target based on desired service levels and outcomes.

PHB's personnel services budget continues to increase as new staff are added to manage the bureau's new workload and responsibilities; as such, CBO has been conservative in recommending new positions that do not yet have clearly defined roles and expected outcomes, given the bureau's current projected decline in funding in FY 2024-25.

	Adopted FY 2017-18	Request Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Revised (A+B+C)
Resources					
Budgeted Beginning Fund Balance	\$ 9,334,940	\$ 24,181,117	\$ -	\$ -	\$ 24,181,117
Taxes	4,557,101	4,972,500	-	-	4,972,500
Charges for Services	6,071,306	5,693,296	-	-	5,693,296
Intergovernmental Revenues	99,589,873	80,270,660	-	-	80,270,660
Interagency Revenue	115,838	119,320	-	-	119,320
Fund Transfers - Revenue	1,183,543	1,194,767	-	-	1,194,767
Bond and Note Proceeds	53,131,848	21,513,319	212,988	(212,988)	21,513,319
Miscellaneous Sources	10,306,470	7,305,452	-	-	7,305,452
General Fund Discretionary	29,819,349	20,400,388	12,688,482	(1,855,834)	30,733,036
Total Resources	\$214,110,268	\$165,650,819	\$12,901,470	\$ (2,068,822)	\$175,983,467
Requirements					
Personnel Services	\$ 7,807,095	\$ 8,371,604	\$ 407,724	\$ (407,724)	\$ 8,371,604
External Materials and Services	176,109,053	127,280,235	12,501,390	(1,661,098)	137,620,527
Internal Materials and Services	1,620,822	1,998,310	(7,644)	-	1,990,666
Capital Outlay	11,510,600	20,363,750	-	-	20,363,750
Debt Service	12,511,374	1,577,479	-	-	1,577,479
Fund Transfers - Expense	1,384,348	1,640,563	-	-	1,640,563
Contingency	3,166,976	4,418,878	-	-	4,418,878
Total Requirements	\$214,110,268	\$165,650,819	\$12,901,470	\$ (2,068,822)	\$175,983,467

City of Portland
Decision Package Recommendations
(Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
Portland Housing Bureau											
<i>Adds</i>											
HC_02 - Office of Rental Services	01	2.00	800,000	1,200,000	0	2,000,000	0.00	0	0	0	0
HC_04 - Anti-Displacement – Single Family Home Rep	02	0.00	500,000	0	0	500,000	0.00	0	0	0	0
HC_06 - Additional Staffing for Housing Bond	03	2.00	0	0	212,988	212,988	0.00	0	0	0	0
HC_08 - Current Appropriation Level (JOHS)	04	0.00	0	10,473,220	0	10,473,220	0.00	0	10,473,220	0	10,473,220
HC_11 - Market Cost Adjustment (JOHS)	04	0.00	175,000	0	0	175,000	0.00	0	0	0	0
HC_09 - Emergency Management Position (JOHS)	05	0.00	55,000	0	0	55,000	0.00	0	0	0	0
HC_10 - Alternative Shelters (JOHS)	06	0.00	505,000	0	0	505,000	0.00	0	0	0	0
<i>Total Adds</i>		<i>4.00</i>	<i>2,035,000</i>	<i>11,673,220</i>	<i>212,988</i>	<i>13,921,208</i>	<i>0.00</i>	<i>0</i>	<i>10,473,220</i>	<i>0</i>	<i>10,473,220</i>
<i>Reductions</i>											
HC_01 - PHB 5% Reduction	01	0.00	(140,572)	0	0	(140,572)	0.00	(140,572)	0	0	(140,572)
HC_07 - 5% Reduction (JOHS)	02	0.00	(879,166)	0	0	(879,166)	0.00	0	0	0	0
<i>Total Reductions</i>		<i>0.00</i>	<i>(1,019,738)</i>	<i>0</i>	<i>0</i>	<i>(1,019,738)</i>	<i>0.00</i>	<i>(140,572)</i>	<i>0</i>	<i>0</i>	<i>(140,572)</i>
<i>Realignments</i>											
HC_03 - Realignment – East Portland Programming	01	0.00	0	0	0	0	0.00	0	0	0	0
HC_05 - Conversion of Limited Term Staff to Permanent	02	(0.10)	0	0	0	0	(0.10)	0	0	0	0
HC_12 - PHB PSH Funding	03	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		<i>(0.10)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>(0.10)</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Portland Housing Bureau		3.90	1,015,262	11,673,220	212,988	12,901,470	(0.10)	(140,572)	10,473,220	0	10,332,648