



Portland Housing Bureau

Analysis by Michelle B. Rubin

	2020-21 Revised Budget	2020-21 Actuals	Remaining Budget	Percent Remaining
Expenses	\$371,295,558	\$104,223,223	\$267,072,335	72%
Operating Expenses	\$347,542,867	\$86,095,901	\$261,446,966	75%
Personnel	\$10,845,908	\$5,912,843	\$4,933,065	45%
External Materials and Services	\$333,031,167	\$77,918,423	\$255,112,744	77%
Internal Materials and Services	\$3,665,792	\$2,264,634	\$1,401,158	38%
Capital Expenses	\$12,637,209	\$6,754,632	\$5,882,577	47%
Personnel	\$0	\$35,109	(\$35,109)	
External Materials and Services	\$12,637,209	\$6,719,523	\$5,917,686	47%
Fund Level Expenses	\$11,115,482	\$11,372,690	(\$257,208)	-2%
Contingency	\$754,063	\$0	\$754,063	100%
Debt Service	\$6,964,542	\$8,645,016	(\$1,680,474)	-24%
Fund Transfers - Expense	\$3,396,877	\$2,727,674	\$669,203	20%
Revenue	\$371,295,558	\$52,603,831	\$318,691,727	86%
External Revenue	\$308,248,205	\$51,198,610	\$257,049,595	83%
Bond & Note Proceeds	\$114,910,493	\$11,669,381	\$103,241,112	90%
Charges for Services	\$10,163,758	\$6,071,140	\$4,092,618	40%
Intergovernmental	\$166,095,285	\$19,959,257	\$146,136,028	88%
Miscellaneous	\$13,603,669	\$10,600,435	\$3,003,234	22%
Taxes	\$3,475,000	\$2,898,398	\$576,602	17%
Internal Revenue	\$26,942,905	\$1,071,572	\$25,871,333	96%
Beginning Fund Balance	\$25,546,138	\$0	\$25,546,138	100%
Fund Transfers - Revenue	\$1,050,208	\$1,050,208	\$0	0%
Interagency Revenue	\$23,559	\$21,364	\$2,195	9%
Miscellaneous Fund Allocation	\$323,000	\$0	\$323,000	100%
General Fund Allocation	\$36,104,448	\$333,650	\$35,770,798	99%
General Fund Discretionary	\$33,448,958	\$0	\$33,448,958	100%
Fund Transfers - Revenue	\$2,655,490	\$333,650	\$2,321,840	87%

Figure 1. This table shows the Portland Housing Bureau's FY 2020-21 budget. This table includes resources for the Joint Office of Homeless Services, which have comprised the majority of the Portland Housing Bureau's General Fund revenue since the office was created in FY 2016-17.

INTRODUCTION

Two-thirds through the fiscal year, the Portland Housing Bureau (PHB) has expended 25% of its budgeted operating expenses and has collected 17% of its external revenues. The bureau is experiencing revenue downturns as a result of COVID-19 in several of its revenue streams including the Construction Excise Tax (CET) revenue and the Short-Term Rental Lodging Tax and Nightly Fee. **However, CBO and the bureau anticipate that the bureau will end the year within budget and may underspend its General Fund discretionary allocation by less than 1% or \$322,867.**

KEY DECISIONS FOR COUNCIL

There are no major decision points for City Council in the Portland Housing Bureau's (PHB) Spring BMP submission. PHB's Spring Supplemental Budget primarily includes typical adjustments to multi-year affordable housing project budgets, changes to PHB-owned building budgets and other non-General Fund programs, technical adjustments, and a reduction in CARES Act resources. CBO has recommended all changes as requested. The requested changes result in a net appropriation decrease of \$31.2 million in the current fiscal year.

CURRENT YEAR BUDGET MONITORING

Year-End Projections

Projected Underspending in General Fund Personnel and Materials and Services

CBO does not anticipate any major concerns across PHB's various funds, including its General Fund allocation. The majority of the bureau's General Fund discretionary resources are passed through to the Joint Office for Homeless Services (JOHS). The bureau expects to almost expend its General Fund allocation fully in the current fiscal year, projecting underspending of less than 1% in total, or \$322,867. Projected personnel services underspending is expected to be approximately 29% or \$288,555 due in part to several position vacancies and changes to a planned internal strategic planning process. The bureau's materials and services budget is being adjusted across fiscal years to better reflect when funds will be spent and is expected to be slightly underspent by less than 1% or \$51,179.

COVID-19 Revenue Impacts

PHB has followed previous Mayor's Guidance to limit non-essential spending. In addition, the bureau has continued to monitor previously planned travel and training, which has resulted in a reduction to expenditures in its external materials and services budget. The bureau has already navigated revenue downturns as a result of COVID-19 in several of its revenue streams including the Construction Excise Tax (CET) revenue and the Short-Term Rental Lodging Tax and Nightly Fee. In the short term, this downturn in revenue is not a large concern, as the bureau has several other revenue streams to support its services. In addition, year-end projections of the Housing Investment Fund show an over collection of miscellaneous revenues, with \$4,684,393 year to date and only \$2,730,000 budgeted and an overcollection of taxes with \$750,165 year to date actuals with zero budgeted. Taxes are from the Short Term Rental 2% fee, which is a newer revenue stream, so the bureau budgeted conservatively and did not assume any revenue from it in the current year. Most of the miscellaneous revenue is related to loan repayments, loan payoff, interest income and interest on investments.

ADDITIONAL ANALYSIS

CARES Act Resources

The most notable change to revenue in PHB's Spring BMP submission is the re-appropriation of \$36.5 million in CARES Act resources that had been initially allocated to PHB, but during programming it was determined by Council that these resources should be allocated to other bureaus to provide a variety of services.

Affordable Housing Project Rebudgets

As housing projects span multiple fiscal years, PHB trues up project budgets in the Spring and Fall Supplemental Budgets to better reflect when funds will be spent. In the FY 2020-21 Spring BMP, PHB is reducing several project budgets based on updated construction and financing disbursement timelines. Bureau adjustments also include cash transfers between funds, which align resources with current projections at the fund and sub-fund level. PHB has entered no carryover packages. In general, the bureau plans to request funding in FY 2021-22 for those projects in which it is reducing expenditures in the current year based on updated projections in April 2021. The bureau is also truing-up beginning fund balance by \$1,001,638, including \$40,000 in the Housing Investment Fund related to the Westwind project and \$961,638 in the Tax Increment Financing Reimbursement Fund related to the Medford project. This transaction moves funds to close out the operating

account for the Westwind Project, as the bureau no longer owns it.

Housing Property Adjustments and Homeownership Program Changes

The bureau is also adjusting budgets across several funds including for non-General Fund programs. This includes adjustments to various PHB owned building budgets and homeownership programs. The majority of the adjustments are a true-up of FY 2020-21 resource and expense appropriations to the bureau's current knowledge of the actual timing of expenditures on multi-year projects. The bureau is increasing beginning fund balance by \$189,155 in relation to the Fairfield Property due to a need to budget reserves related to unanticipated costs of the old property. It is also increases bond & note proceeds related to the Headwaters Property by \$7.1 million as a result of the refinance of the building.

SPRING SUPPLEMENTAL BUDGET CHANGES

	2020-21 Spring Revised Base (A)	Spring Decision Package Total (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Expense	\$371,295,558	(\$31,167,306)	\$0	\$340,128,252
Personnel	\$10,845,908	\$23,000	\$0	\$10,868,908
External Materials and Services	\$345,668,376	(\$87,213,056)	\$0	\$258,455,320
Internal Materials and Services	\$3,665,792	\$0	\$0	\$3,665,792
Debt Service	\$6,964,542	\$7,220,000	\$0	\$14,184,542
Fund Transfers - Expense	\$3,396,877	\$1,033,638	\$0	\$4,430,515
Contingency	\$754,063	\$47,769,112	\$0	\$48,523,175
Revenue	\$371,295,558	(\$31,167,306)	\$0	\$340,128,252
Beginning Fund Balance	\$25,546,138	\$1,190,793	\$0	\$26,736,931
Bond & Note Proceeds	\$114,910,493	\$7,122,607	\$0	\$122,033,100
Charges for Services	\$10,163,758	\$0	\$0	\$10,163,758
Fund Transfers - Revenue	\$3,705,698	\$1,033,638	\$0	\$4,739,336
General Fund Discretionary	\$33,448,958	\$0	\$0	\$33,448,958
Interagency Revenue	\$23,559	\$10,000	\$0	\$33,559
Intergovernmental	\$166,095,285	(\$40,524,344)	\$0	\$125,570,941
Miscellaneous	\$13,603,669	\$0	\$0	\$13,603,669
Miscellaneous Fund Allocation	\$323,000	\$0	\$0	\$323,000
Taxes	\$3,475,000	\$0	\$0	\$3,475,000