

Housing Development Support

Program Description & Goals

This program encompasses support services and captures other general expenditures related to the long-term successful operation of multifamily affordable housing and the Portland Housing Bureau's partners. This program is supported by staff in the Housing Investment and Portfolio Preservation (HIPP) team and the Risk Analysis and Compliance (RAC) team.

Program components include:

- ◆ Community Housing Development Organization (CHDO) operating assistance, funded by federal HOME funds and used by a CHDO (private nonprofit, community-based organizations) that have staff with the capacity to develop affordable housing for the community it serves;
- ◆ The HOME Consortium in partnership with the City of Gresham and Multnomah County, designated by HUD as a way for local governments that would not otherwise qualify for funding to join with other contiguous units of local government to directly participate in HOME funds;
- ◆ HUD Section 108 loan repayment, a program that allows a jurisdiction to lend future allocations of federal funds with repayment and interest provisions under certain circumstances; and
- ◆ The Risk Management Pool (RMP) to support Permanent Supportive Housing (PSH), funded by the bureau and managed by the Housing Development Center (HDC).

Explanation of Services

CHDO operating funds support capacity building among qualified owner, developer, or sponsor entities of HOME funded projects just before, during, and just after a project that is an eligible set-aside activity.

HOME Consortium activities include participation by Multnomah County and the City of Gresham in joint projects with PHB (like The Nick Fish Project currently under construction) and homeownership loans.

Section 108 activity is the annual repayments to HUD of CDBG funds loaned out to projects, which will extend beyond 2030.

The RMP is an asset preservation tool to support the long-term operations of building that provide permanent supportive housing through a shared risk pool approach. The amount of reserves set aside in the RMP to cover thousands of supportive housing units is less than if those individual properties had their own distinct reserves. The pool makes payments in the event a claim is made against the RMP. HDC, as the City's contractual partner, will review and process the paperwork to ensure compliance with the RMP requirements.

Equity Impacts

The Housing Development Support program supports PHB’s mission of addressing the housing needs of the people of Portland through: 1) building and preserving quality, affordable housing; 2) supporting programs that help low income Portlanders find, rent, and retain their homes; and 3) reaching out to communities of color to ensure their participation in economic opportunities that quality housing investments create.

PHB is advancing City Council’s goal to create 2,000 new PSH units, and the RMP is an integral component to achieving this goal. The RMP is targeted for buildings that house residents who have been chronically homeless. It helps mitigate the financial risks of affordable housing developers and owners in owning and managing a building with residents having special needs. A significant portion of the local homeless population also suffers from chronic mental health issues, substance abuse, and addiction. Locally, the area has a disproportionately high number of people of color amongst the homeless population, specifically African Americans.

The Housing Development Support program seeks to advance equity by increasing the number of PSH units for chronically homeless households, in particular for those who are BIPOC households, covered by the Risk Mitigation Pool, while supporting CHDO capacity building and ensuring federal compliance to HUD in the form of Section 108 loan repayments. Success in this program would be realized once the RMP has been replenished enough to support the City’s 2,000 PSH goal while new federal resources come to Portland to be loaned into new affordable housing.

Changes to Program

In its 15 years of operations, the RMP has assisted hundreds of formerly chronically homeless households remain in their homes as an eviction prevention tool. It is currently a risk mitigation fund for 830 PSH units. However, an estimated 800 or more are planned to be added to the RMP over the next five to seven years. The RMP has seen a significant uptick in claims in the past two years, and could be effectively drawn down in the next two if more funds are not secured at the current spend down rate. Additional funds will be sought from the Metro Supportive Housing and Services measure via the Joint Office of Homeless Services. Details of all of the bureau’s requested funding packages are included the decision package section of this submission.

Program Budget

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Requested Base FY 2022-23	Requested with DP FY 2022-23
Bureau Expenditures					
Personnel Services	56,264	86,105	105,295	114,770	114,770
External Materials and Services	951,026	8,551,997	31,849,874	17,167,856	22,517,856
Internal Materials and Services	163	9	0	0	0
Bureau Expenditures Total	1,007,453	8,638,111	31,955,169	17,282,626	22,632,626
Fund Expenditures					
Debt Service	755,384	3,356,359	776,000	0	0

Program Budget

	Actuals FY 2019-20	Actuals FY 2020-21	Revised FY 2021-22	Requested Base FY 2022-23	Requested with DP FY 2022-23
Contingency	0	0	133,000	0	0
Fund Transfers - Expense	393,701	599,067	949,125	375,633	375,633
Fund Expenditures Total	1,149,085	3,955,426	1,858,125	375,633	375,633
Requirements Total	2,156,538	12,593,537	33,813,294	17,658,259	23,008,259
FTE	0.46	0.54	0.69	0.69	0.69

Budget Narrative

Resources	Program resources include the federal HOME entitlement grant, reserved for use by Multnomah County, the City of Gresham, and CHDO eligible partners, as well as the federal CDBG entitlement committed to Section 108 loan payments. The Risk Mitigation Pool is a reserve located in the Housing Investment Fund that has been in place for over ten years. Staff costs are paid for by multiple funding sources, including tax increment financing and federal grants.
Expenses	Program expenses include the staffing costs for portions of several positions supporting these program elements among the HIPP and RAC teams. Home Consortium funding reflects federal HOME grant dollars anticipated to be spent by Multnomah County and Gresham. The Section 108 repayment is made from PHB's CDBG entitlement, offset partially by payments made to PHB by project funding partners.
Staffing	Staffing is associated with the program is listed on the budget table, which reflects portions of several positions in the bureau working on specific program activities as well as general support of multi-family project financing.
Assets and Liabilities	Section 108 loan payments to HUD are a program liability that extends beyond FY 2029-30, and currently results in approximately \$730,000 in annual debt service. This payment reflects a pool of funds that financed capital assets owned by other nongovernmental entities through loans to those entities. These assets, while not owned by the City, represent a significant and critical component in the affordable housing resources available to the residents of Portland. The RMP is an asset maintenance tool that PHB makes available to affordable housing owners and developers as discussed in the program description section. As noted above, while these assets are not owned by the City, they are assets funded by the City.

Program Information

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