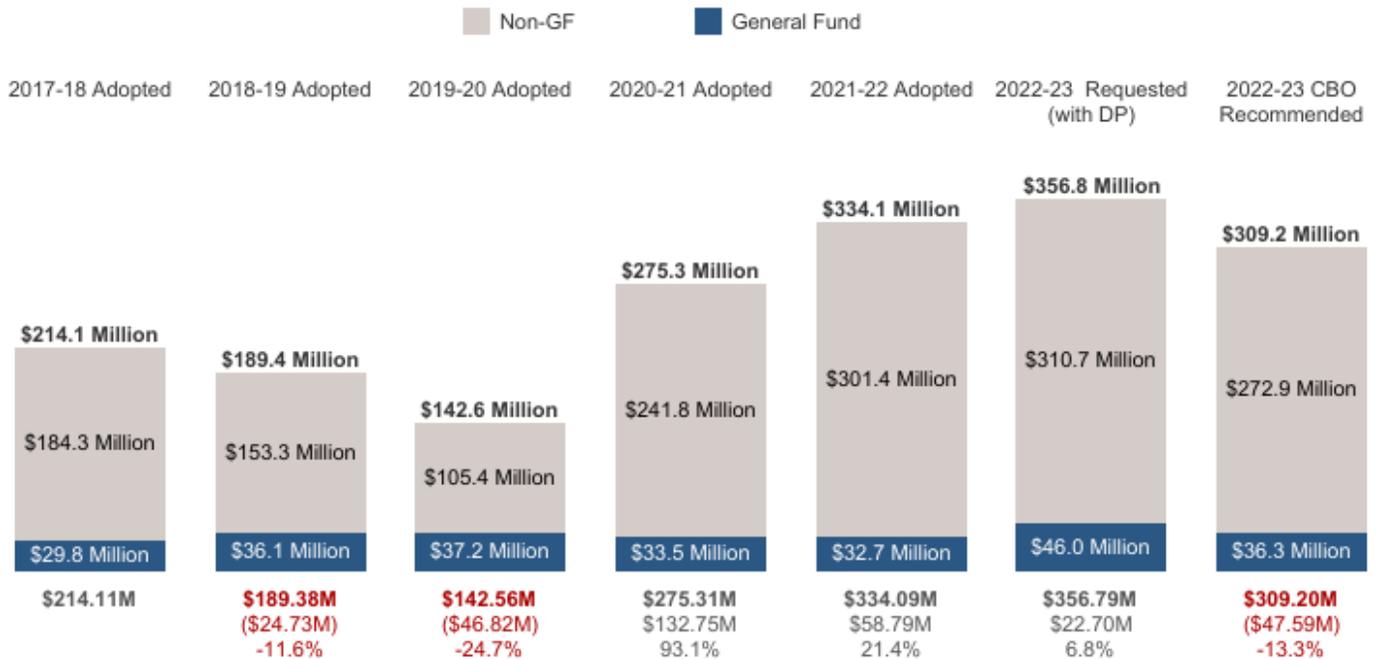




Housing Bureau

Analysis performed by Lorena Guadiana

Adopted Budget Revenues | 5-Year Lookback



Adopted Full-time Equivalent Totals

66.92	73.82	81.00	82.00	81.00	80.00	80.00
	6.90	7.18	1.00	-1.00	-1.00	0.00
	10.31%	9.73%	1.23%	-1.22%	-1.23%	0.00%

EXECUTIVE SUMMARY

The Portland Housing Bureau (Housing Bureau) works toward a vision where everyone in Portland can find affordable housing and has equitable access to housing opportunities. The Housing Bureau is committed to addressing the housing needs of Portlanders through policies and programs aimed at generating affordable housing, providing rental services support to tenants and landlords, promote stable homeownership, and to prevent displacement.

The Housing Bureau’s FY 2022-23 Requested Budget proposed several requests through decision package submittals. The Housing Bureau’s requested budget for the FY 2022-23 totaled \$356.8 million of which \$46.0 million are General Funds. The bureau’s Requested Budget represents an increase of 6.8% as compared to their FY 2021-22 Revised Budget. The table below provides a summary of each decision package submitted by the Housing Bureau and corresponding City Budget Office (CBO) recommendation. The table and this review do not include recommendations or analysis for the bureau’s American Rescue Plan Act (ARPA) requests, with exception of DP 13063: Expanded Expungement Clinics. Additionally, any General Fund requests related to the Joint Office of Homeless Services (JOHS) receive a separate budget review entirely.

Decision Package (DP) #	Request Description	CBO Recommendation
13057	<p>Culturally Specific Provider Assistance: A total of \$775,000 in one-time General Fund resources encompassing \$600,000 for culturally specific provider support services (including material costs and overhead), and \$175,000 for a limited-term Housing Program Coordinator position (1.0 FTE).</p>	<p>Due to constrained General Fund availability, CBO recommends an allocation of half of the funds requested resulting in \$387,500 in new one-time General Fund resources.</p>
13063	<p>ARPA LFRF: Expanded Expungement Clinics: A total of \$352,500 in ARPA Funds for Expanded Expungement Clinics to administer technical assistance (including material costs and overhead).</p>	<p>CBO recommends the request be considered for Recreational Cannabis Funds in the event Federal ARPA funds are not available.</p>
13200	<p>Ongoing Support for Bargaining Agreements: \$9,715 in ongoing General Funds to cover costs resulting from the recent labor bargaining agreement for District Coalition of Trade Unions (DTCU).</p>	<p>CBO recommends this request.</p>

BASE BUDGET & KEY ISSUES

The Housing Bureau envisions affordable home and equitable access to housing opportunity for all. The bureau is committed to addressing the housing needs of Portlanders through policies and programs to create new affordable housing, provide rental services support to programs to create new affordable housing, provide rental services to tenants and landlords, promote stable homeownership, and prevent displacement. Although Council has allocated significant new one-time and ongoing resources toward these priorities over the last few years, in addition to significant regional and federal dollars, the bureau’s five-year forecast shows uncertainty moving forward.

Funding sources that make up the Housing Bureau’s budget include: 1) Tax Increment Financing (TIF), as City policy mandates 45% to be assigned to affordable housing; 2) General Obligation bond funds for capital expenditures related to affordable housing; 3) City General Fund; 4) federal funds; and 5) local sources such as the Construction Excise Tax, Inclusionary Zoning Fees, short-term rental revenue, and the Housing

Investment Fund. However, the largest of these funding sources have reached their peak and are projected to decline over time. To compound the situation, the COVID-19 pandemic has also manifested in short-term setbacks on the bureau’s newer revenue sources and produced delays in recovery of those sources.

Figure 1 illustrates the Housing Bureau’s five-year resource forecast inclusive of all funds.

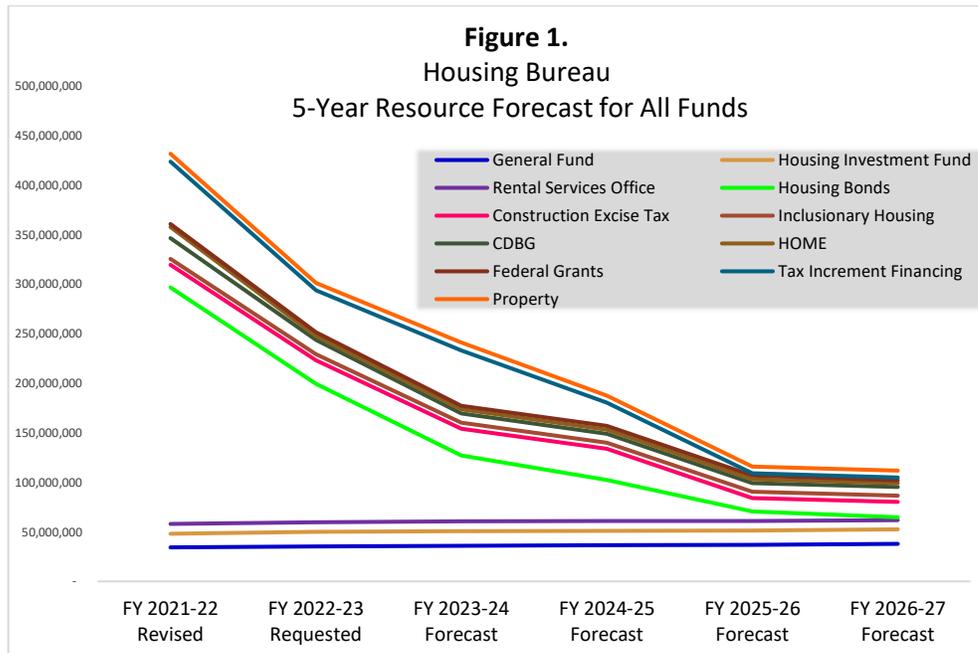
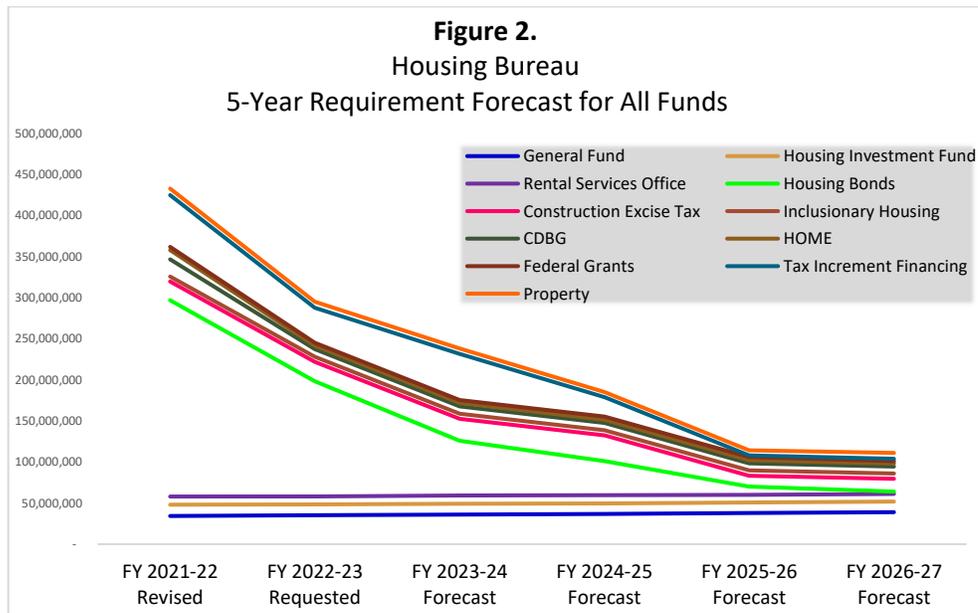


Figure 2 illustrates the Housing Bureau’s five-year requirement forecast inclusive of all funds.



As highlighted in the bureau’s requested budget and discussed in prior year reviews, the “peaks and valleys” of the bureau’s funding history can be first credited to Tax Increment Funding (TIF) resources, and more recently to the swath of new funding associated with the State of Housing Emergency, particularly local and regional affordable housing bonds. Additionally, the large influx of federal relief dollars deployed by the Housing Bureau led to new record funding and service levels. As these resources are time-bound in nature, the bureau’s five-year forecast shows the projected slope down closer to, but still notably higher than, pre-State of Housing Emergency levels. This includes a shift toward relying on Short-Term Rental Revenue and

the Construction Excise Tax, both of which have been impacted by COVID-19. The bureau is forecasting a three- to five-year recovery time for those sources.

The Housing Bureau's latest forecast incorporates a significant decline in resources due to the expiration of funding sources. Absent TIF resources and impending expiration of the City and Metro Affordable Housing Bond authority, the Housing Bureau projects gap financing for the multi-family project, acquisition, and homeownership programs. With the expiration of these resources, homeownership programs could be reduced to one-third of current funding levels. As a result of the near-term forecasted reduction in revenues, the Bureau anticipates cutbacks in staffing to balance to the lower level of resources. Diminishing resources could signify a shift in focus toward project financial restructures, rehabilitation, and regulatory compliance with fewer new unit production projects.

Looking at the future, the bureau likely faces a greater reliance on Federal grants to achieve financial stability within their funding mix. As far as U.S. Department of Housing and Urban Development (HUD) entitlement grant amounts, these mirror existing federal budget agreements. The decline in the Housing Bureau's forecast after 2021 is attributable to long-term impacts of COVID-19 pandemic spending at the Federal level, whereas HUD CARES Act funds are incorporated on the short-term. Moreover, some fluctuations in Community Development Block Grant (CDBG) funds are reflected due to changes in regional poverty statistics.

Pre-pandemic Construction Excise Tax (CET) income surpassed forecasts, but reductions are expected in the current year deriving from a projected 3 to 5-year recovery period. Short-Term Rental Lodging Tax fund (STR), a more flexible funding source, has also experienced substantial declines due to the COVID-19 pandemic. The Housing Bureau anticipates being forced to right size the bureau in response to the new reality behind funding availability.

DECISION PACKAGES

Culturally Specific Provider Assistance

DP 13057 | \$775,000 in one-time General Funds | 1.0 FTE

Request Summary

This request of \$775,000 in one-time General Funds and accompanying FTE aims to increase housing access and improve the long-term stability of BIPOC households in affordable housing by ensuring that culturally specific partners be involved in all aspects of housing development, ownership, and services. This package would provide technical assistance to culturally specific providers, help improve their effectiveness and efficiency in affordable housing ownership and services. The Housing Bureau intends to use \$600,000 for culturally specific provider support services and \$175,000 to cover the half the costs associated with 1.0 FTE limited-term position.

CBO Analysis

As the Housing Bureau continues to broach improved expectations for culturally specific partnerships, more culturally specific agencies have expressed interest in housing development and ownership. Currently, nine culturally specific agencies are partners in housing projects funded by the Housing Bureau. These agencies include PCRI, SEI, IRCO, NAYA, NARA, Hacienda, Centro Cultural, Albina Vision Trust and Urban League. This technical assistance aims to support those culturally specific agencies that want to expand into real estate development or ownership, or to be able to effectively fund the necessary pre-development and pre-solicitation activities. The request is anticipated to sunset after two years.

The goal is for culturally specific partners to be equipped with the necessary tools to compete for funding solicitations from the Oregon Housing and Community Services and other local jurisdictions to build and/or acquire affordable housing. The proposed funding request would help pay for technical assistance for three to six culturally specific agencies over two years involved in affordable housing development. Additionally, to operably provide technical assistance to all their current nine partners, the Housing Bureau is likely to need to extend this program for one to two years. PHB has demonstrated their ability to serve BIPOC individuals and households residing in affordable housing at greater rates than the low-income population in Multnomah County, and the focus on culturally specific providers furthers both bureau and City equity goals.

This request would not only significantly advance Housing and Houseless Services, but also provide Economic Recovery in the region. The request would generate meaningful impacts on equity and advance the Bureau's Racial Equity Plan. Due to constrained General Fund resources and competing proposals for said resource, CBO recommends partial funding of \$387,500 in new General Fund one-time resources be allocated to this proposal and suggests that the bureau consider proposing a carryover request in the current fiscal year to fully resource this package.

CBO Recommendation: \$387,500 one-time General Funds | 1.0 FTE

ARPA LFRF: Expanded Expungement Clinics

DP 13063 | \$352,500 in one-time ARPA funds

Request Summary

This request is for \$352,500 in one-time ARPA resources for service delivery. The bureau plans to provide \$300,000 to the Metropolitan Public Defenders (MPD) for service delivery and use the remainder \$52,500 to cover costs associated with additional staff support tasked with managing the contract, as well as reviewing invoices, processing payments, reviewing quarterly performance reports, tracking performance data, and supporting the sub-recipients with any technical assistance throughout the life of the program.

CBO Analysis

Because there is an outstanding question regarding the allowable use of ARPA funds for this package, the CBO is providing analysis of the intended outcomes of the proposal.

As of May 2021, new state law in Oregon allows for record expungement relief for tenants with evictions filed during the pandemic. As of January 2022, two additional laws have also expanded eligibility for a reduction of a conviction and/or expungement. In FY 2020-21, the Housing Bureau launched a program to provide expungement clinics in partnership with the MPD, who hosts clinics with culturally specific community-based organizations.

In FY 2020-21, the goal of the clinics was to partner with six culturally specific community-based organizations to serve a total of 85 clients. The results were a partnership of seven organizations and 233 clients served, which in turn led to 305 expungement motions filed. Of the 233 clients served, 64% self-identified as BIPOC or mixed-race. Expanding the available resources would allow MPD to serve 90 additional clients per year, a service increase of 105% over current service goals.

Since the passage of the new laws, MPD's intake coordinator received 10 to 20 expungement related calls per working day in the past year. At least 85% of these callers are turned away from MPD's services, as they do not meet the current program parameters. Besides MPD, only two other providers with more stringent eligibility requirements who provide free expungement services exist, and they have long waitlists.

Since the COVID-19 pandemic, housing insecurity and unemployment has increased further particularly among BIPOC communities. With the advent of changes in state law making COVID related evictions expungable, a path toward the prevention of damages for vulnerable communities could be achieved. This request aims to remove barriers to employment and housing precarity through expungement services.

Housing Bureau has confirmed that they have requested a reconsideration for eligibility of ARPA resources to support this proposal. Should this proposal not be eligible for ARPA resources, CBO recommends council consider this proposal for Recreational Cannabis Funds as this is likely an eligible use. CBO forecasts approximately \$1 million in one-time and \$865,000 in ongoing Recreational Cannabis Tax (RTC) resources to be available for appropriation this budget cycle. Council may choose to fund this proposal with RCT resources if it is deemed a high priority amongst RCT requests. CBO does not recommend General Funds at this time due to the constrained available General Fund resources and the potential for two other resources to fund this decision package.

CBO Recommendation: \$0 General Funds

Ongoing Support for Bargaining Agreements

DP 13200 | \$9,715 in ongoing General Funds

Request Summary & Recommendation

This request represents the ongoing costs from the recent bargaining agreement for District Coalition of Trade Unions (DTCU). CBO recommends this request.

CBO Recommendation: \$9,715 ongoing General Fund

SUMMARY OF REQUESTS & RECOMMENDATIONS BY FUND

Portland Housing Bureau

General Fund Only

		2021-22 Adopted Budget	2022-23 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	General Fund Discretionary	\$32,725,903	\$36,256,501	\$9,792,453	(\$1,427,785)	\$44,621,169
	Interagency Revenue	\$19,627	\$21,001	\$0	\$0	\$21,001
Revenue	Sum:	\$32,745,530	\$36,277,502	\$9,792,453	(\$1,427,785)	\$44,642,170
Expense	External Materials and Services	\$30,539,111	\$34,202,044	\$9,617,453	(\$1,437,500)	\$42,381,997
	Fund Transfers - Expense	\$304,591	\$322,400	\$0	\$0	\$322,400
	Internal Materials and Services	\$760,861	\$857,314	\$0	\$0	\$857,314
	Personnel	\$1,140,967	\$895,744	\$175,000	\$9,715	\$1,080,459
Expense	Sum:	\$32,745,530	\$36,277,502	\$9,792,453	(\$1,427,785)	\$44,642,170

SUMMARY OF REQUESTS & RECOMMENDATIONS (ALL FUNDS)

Portland Housing Bureau

All Funds

		2021-22 Adopted Budget	2022-23 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Revenue	Taxes	\$2,524,300	\$2,524,428	\$0	\$0	\$2,524,428
	Miscellaneous Fund Allocation	\$332,690	\$0	\$0	\$0	\$0
	Miscellaneous	\$9,237,909	\$11,365,259	\$0	\$0	\$11,365,259
	Intergovernmental	\$148,863,953	\$76,270,068	\$37,802,500	(\$37,802,500)	\$76,270,068
	Interagency Revenue	\$19,627	\$21,001	\$0	\$0	\$21,001
	General Fund Discretionary	\$32,725,903	\$36,256,501	\$9,792,453	(\$1,427,785)	\$44,621,169
	Fund Transfers - Revenue	\$2,464,002	\$2,175,015	\$0	\$0	\$2,175,015
	Charges for Services	\$9,144,144	\$18,150,014	\$0	\$0	\$18,150,014
	Bond & Note Proceeds	\$112,050,603	\$136,709,301	\$0	\$0	\$136,709,301
	Beginning Fund Balance	\$16,731,659	\$25,724,801	\$0	\$0	\$25,724,801
Revenue	Sum:	\$334,094,790	\$309,196,388	\$47,594,953	(\$39,230,285)	\$317,561,056
Expense	Personnel	\$10,754,441	\$11,739,718	\$1,625,000	(\$1,440,285)	\$11,924,433
	Internal Materials and Services	\$3,502,664	\$3,582,146	\$0	\$0	\$3,582,146
	Fund Transfers - Expense	\$3,870,265	\$3,446,514	\$0	\$0	\$3,446,514
	External Materials and Services	\$313,345,690	\$289,283,558	\$45,969,953	(\$37,790,000)	\$297,463,511
	Debt Service	\$1,727,277	\$549,999	\$0	\$0	\$549,999
	Contingency	\$594,453	\$594,453	\$0	\$0	\$594,453
	Capital Outlay	\$300,000	\$0	\$0	\$0	\$0
Expense	Sum:	\$334,094,790	\$309,196,388	\$47,594,953	(\$39,230,285)	\$317,561,056