

Housing and Community Development Commission

2007 Report

**AN ASSESSMENT OF THE DEGREE OF
COORDINATION PRESENT IN THE CURRENT
AFFORDABLE HOUSING DELIVERY SYSTEM**

Prepared by the HCDC Housing Evaluation Group with the cooperation of Multnomah County, the City of Gresham, the City of Portland, the Portland Development Commission, and the Housing Authority of Portland

This report is available electronically at www.portlandonline.com/bhcd.



Adopted by the Housing and Community
Development Commission October 2007

Distributed to the public January 2008

ACKNOWLEDGEMENTS

The following volunteers served as HCDC Commissioners during the preparation of the 2007 Report: Tony Jones (co-chair 2005-2006, chair 2006-07), Jim McConnell (co-chair 2005-06, vice-chair 2006-07, chair 2007-08), Bruce Whiting (vice-chair 2007-08), Robin Boyce, Jean DeMaster, Rey España, Naomi Harris, Linda Kaeser, Victoria Libov, John Miller, Pat Mobley, Bradley Perkins, and Joe Wykowski.

The following volunteers served on HCDC's Housing Evaluation Group sub-committee and participated in scoping, researching, and composing the 2007 Report: Jonathan Trutt, Robin Boyce, Rey España, Joni Hartman, Pat Mobley, and Whit Spencer.

Staff from each of the five entities discussed in this Report contributed data, documentation, and, on occasion, perspective. HEG could not have prepared this Report without their professional assistance.

Beth Kaye served as lead staff to both HCDC and HEG on the 2007 Report. Dove Hotz gave the document its distinctive look.

2007 REPORT: AN ASSESSMENT OF THE DEGREE OF COORDINATION PRESENT IN THE CURRENT HOUSING DELIVERY SYSTEM

INTRODUCTION

This is the first report from the Housing Evaluation Group (HEG), a sub-committee of the Housing and Community Development Commission (HCDC), since HCDC adopted this new mission for the HEG in 2006:

- (1) To evaluate the effectiveness and coordination of key affordable housing policies and resources among Multnomah County, the City of Gresham, the City of Portland, the Portland Development Commission (“PDC”), and the Housing Authority of Portland (“HAP”);
- (2) To present findings clearly and concisely so that policy makers and funders can make fully informed decisions about housing policy objectives and resource allocations affecting low-income households.

This Report is in two parts. The first part, a narrative, begins with Section I, a brief history of HEG’s evolution from its original institutional role as the evaluator of Portland Development Commission’s affordable housing performance¹—to its potential new role—evaluating the five entities listed above on the outcomes of their efforts to deliver affordable housing for low-income renters. Recent work on the sustainability of our area’s affordable housing inventory has illuminated that, when we talk about “affordable housing,” we are often discussing a *social housing* product that includes both the physical units (new, rehabbed, and/or preserved) and, in many cases, support services needed for the tenants to succeed in housing. Thus, when we look at the affordable housing delivery system, we will examine both housing and service delivery streams.

Section II describes the topics HEG studied—preservation, rental assistance, and new affordable housing development—along with our reasons for selecting these focus areas. The narrative ends with Section III, a discussion of our **three Key Findings**, beginning on page 5.

The second part of this Report is a matrix that uses the issues of preservation, rent assistance, and rental housing development to analyze the current degree of alignment on policy objectives and resource allocation among the five entities studied. These entities include three political jurisdictions (Multnomah County, and the cities of Portland and Gresham) and two agencies (HAP and PDC) (“the five entities”). These five entities were selected for study because they play critical roles in the Countywide affordable housing delivery system due to financial resources, statutory authority, special expertise, and/or other institutional capacity. The Key Findings resulted from research conducted by HEG members to obtain the information for the matrix. The matrix is included in this report for those who want to see, side by side, how the five entities answered the same questions.

¹ HEG issued six of these reports, covering FY 1996-97 through FY 2001-02.

I. EVOLUTION OF HEG ROLE:

1. **Formation:** The Housing and Community Development Commission formed HEG in the mid-1990s, following Portland City Council's decision to assign the administration of its new Housing Investment Fund ("the HIF") to the Portland Development Commission. Council gave PDC specific spending guidelines for the HIF, with the lion's share earmarked for the development of an inventory of rental housing units that would remain affordable for a minimum of sixty years. Council also gave PDC income targets for its rental housing development funds. Initially, seventy-five percent of those funds were designated for development of units serving households with incomes between 0–50% median family income ("MFI")². That percentage increased over the years.
2. **Initial focus on PDC's expenditure of the HIF:** From 1994 - 2001, HEG issued annual reports to Council. These reports compared PDC's allocation of resources against the Council guidelines with respect to both the \$30+ million dollar HIF and federal housing and community development funds (CDBG, HOME, & HOPWA). These HEG reports also included recommendations for changes to the guidelines when needed to achieve the Council's policy goals, comments on PDC's internal systems for tracking expenditures and production, and two surveys of the level of satisfaction experienced by local for profit and non-profit entities that had dealings with PDC's housing department.
3. **Council broadens scope of HEG review of PDC:** Over time, Council invited HEG to review PDC's allocation of Tax Increment Funds to rental housing projects, in order to inform Council of the extent to which this City resource was invested to further citywide affordable housing goals.
4. **Expanded housing agenda raises new issues for HEG:** After PDC had fully expended the original HIF allocation, HEG began a process of rethinking its role, in consultation with many of the actors in Portland's housing delivery system. In the years since HEG was established, the local housing agenda had become far more complex; a multiplicity of new initiatives had broadened the focus from how many affordable units were produced, and at what cost, to include social housing outcomes expressed in terms of how many households of a particular type (e.g. chronically homeless unaccompanied adults, high-need homeless families, persons discharged from institutional settings, individuals and families with special needs), were successfully housed, or prevented from falling into homelessness. Other outcomes include the goal of increasing the proportion of minority households that own their own homes, to close a documented gap of more than 20 percentage points. These new initiatives were reflected in the revised set of priorities adopted by the jurisdictions in the Consolidated Plan 2005-2010.

² The MFI for the Portland Metropolitan Statistical Area is set annually by the Federal Department of Housing and Urban Development (HUD). Federal housing funds may be used to assist households with incomes up to 80% MFI. HUD also has established the guideline for assessing housing affordability: household should spend no more than 30% of its gross income on rent and utilities (or a mortgage payment). Thus, monthly rent for a unit "affordable" to a household of four with an income of 50% MFI (\$33,950 in 2007) should not exceed \$848. An "affordable" monthly rent for a household of four with income of 30% MFI (\$20,350 in 2007) should not exceed \$408.75. Census data indicates that the number of households with incomes between 0-30% MFI far outstrips the supply of affordable units.

HCDC and HEG perceived that, to successfully implement these ambitious new initiatives, as well as to continue to expand the local inventory of rental housing affordable for the long term, all of the agencies in the local housing delivery system would have to be willing to increase the alignment of their policy priorities and to coordinate the allocation of their cumulative financial and staff resources. HCDC and HEG arrived at this conclusion for two reasons: no single jurisdiction in the region has both the housing and service resources needed to unilaterally carry out the “social housing” agenda, and the region does not have sufficient capacity – at the staff, fiscal, or political level – to accomplish the entire agenda without leveraging the capacity of each jurisdiction and agency. (Even with ideal alignment and optimal leveraging, the affordable housing needs exceed resource projections.)

HCDC & HEG concluded that HEG needed to shift its focus away from the question of whether PDC implemented policy guidelines when allocating resources to projects. Instead, HEG’s efforts would be directed to system issues that arise earlier in the process of developing affordable housing:

- Do each of the five entities establish their policy priorities independently, or systemically, with other entities?
- Do the five entities make resource allocations based on defined policy objectives;
- Do they make these allocations independently or systemically with other entities; and finally
- Are there identified measurable outcomes set for the various housing priorities, and is there any current way to evaluate our progress toward these outcomes across the five entities?

5. **Towards the development of a coordinated social housing delivery system in Multnomah County:** HEG looked at the delivery system using a scale borrowed from the Corporation for Supportive Housing. The scale sets a continuum of stages or levels of system development from the lowest level of coordination to highest: (1) consultation among independent entities; (2) collaboration on specific projects; (3) development of joint processes and outcome measures; and (4) full system integration. HEG believes that the affordable housing delivery system can become more effective through increased coordination, closer attention to matching resource allocations to stated policy objectives, and greater collaboration at both the policy and budget levels on critical issues that cross political boundaries and require a multi-system response. HEG is also calling for increased outcome measures and a more cohesive ability to measure our progress on meeting housing objectives across the five entities in the County. We hope that this report will induce policy makers and funders to seek opportunities to increase the effectiveness of the social housing delivery system across the five entities.

II. THREE CORE POLICY OBJECTIVES EXAMINED

For this report, HEG chose to evaluate the level of coordination between the entities by focusing on three core affordable housing policy objectives identified in the Consolidated Plan Priorities. The criteria for selecting the three issues were simple:

- Was the issue pertinent across the five entities? HEG could only make meaningful comparisons among the entities on issues that interested all of them.
- Had any other established advisory group claimed the issue? HEG did not want to duplicate efforts already underway. (This removed minority homeownership³ and permanent supportive housing⁴ production from the list, because those initiatives were already the focus of citizen advisory/oversight committees.)

HEG selected three strategies identified in the Consolidated Plan that cut across political and institutional boundaries:

1. Preservation of existing affordable housing;
2. Funding and deployment of rent subsidies (both project-based and tenant-specific);
3. Production of affordable rental housing, including new development and acquisition/rehab.

HEG members interviewed staff at each of the five entities, using a survey instrument to ensure consistency. The survey inquired into stated policy goals, production targets, current organizational resources, and allocation of resources across policy objectives. HEG's secondary goal at these interviews was to stimulate discussion among jurisdiction staff about coordination and alignment.

Using information gleaned from the interviews, and from a review of pertinent policy and reporting documents furnished by the entities, HEG members charted policies and resource allocations. HEG used that matrix to prepare these findings.

HEG presented a draft of this report to HCDC on June 6, 2007. HCDC discussed it at the HCDC retreat on June 21, 2007, and at its June and July 2007 Executive Committee meetings. HEG revised the report in September 2007 and presented it to HCDC for

³ In 2003, HCDC's Home Ownership Advisory Committee (HOAC) brought the issue of the minority homeownership gap to Portland's City Council. In 2004, HOAC recommended strategies to close the gap and developed goals that were adopted by Portland's City Council. Now HOAC serves as an evaluator of and reporter on local efforts to address the gap. Operation HOME, a joint effort of the City of Portland and the community-based organizations promoting minority homeownership, has been developing another set of strategies to close the gap with staffing support from the Portland Development Commission. Operation HOME also has a reporting function.

⁴ Under *Home Again: a Ten-Year Plan to End Homelessness in Multnomah County and the City of Portland* (adopted in 2004), permanent supportive housing (PSH) is the key strategy for ending the chronic homelessness of individuals who have been homeless for more than one year, or who have had repeated episodes of homelessness in a three-year period. The Home Again Commission oversees the implementation of the *Ten-Year Plan*, including PSH objectives. In addition, the Coordinating Committee (an agency staff, advocate, and consumer council that advises the Home Again Commission on implementation issues) anticipates and advises on issues raised by PSH. Finally, a Funders' Committee of high level decision-makers from each funding entity facilitates the funding of PSH units and oversees the PSH development pipeline.

adoption on October 3, 2007. HEG anticipated that HCDC would forward this report with recommendations to the five entities and their advisory or governing boards. HEG hopes that, in the short term, this information will assist policy makers and funders to take a more collaborative approach to setting priorities and allocating resources. All parties should consider whether a structural reorganization of the social housing delivery system could be in the public interest.

III. KEY FINDINGS:

1. **The separate and autonomous governance structures of the entities promotes siloed decision-making to address regional housing needs.**

Although our housing market is regional, there are few institutionalized affordable housing delivery systems that are accountable to all five Multnomah County entities. Apart from HCDC, there are no affordable housing institutions to promote alignment of priorities or allocations amongst the entities on preservation, rental housing development (excluding PSH), or rent assistance.

Each entity has its own governance body. Portland and Gresham have their respective City Councils; the County reports to the Board of Commissioners; and PDC and HAP have independent boards appointed by Portland. Each of these governance bodies was created to represent the particular interests of the entity it governs, rather than the public across the County or region. Indeed, each of these governance bodies has created separate and distinct advisory committees to identify and articulate the needs of the particular interests it serves.⁵ Each governance body is accountable to a different set of stakeholders. Each public official who serves on one of the Councils or Boards owes a fiduciary responsibility to the entity he or she governs, rather than to the public as a whole. This fragmented system of governance promotes parochialism over a more ecumenical approach.

Siloed decision-making does not necessarily mean that policy priorities or allocation decisions of the five entities will not have some degree of alignment. HEG also recognizes the importance of local participation. However, in the absence of deep, institutional linkages, alignment between the entities can and does occur primarily as a result of personal outreach and communication between politicians or senior staff on a specific issue. Developing these relationships is useful and to be encouraged, but it is important to recognize that alignment based on personal relationships cannot assure that policies and funding priorities survive turnover among elected officials and/or senior staff.

⁵ In fact, the situation at the advisory committee level echoes the fragmentation at the governance level. Most committees are jurisdiction-specific, such as the Gresham Community Development and Housing Committee, the Multnomah County Policy Advisory Committee, Portland's Bureau of Housing and Community Development Budget Advisory Committee, and HCDC's own Home Ownership Advisory Committee. While there have been some efforts to create multi-jurisdictional "special focus" advisory committees, including HCDC's McKinney Evaluation Committee; the former HCDC Special Needs Committee, and the Bridges to Housing advisory committee, these committees are not coordinated and do not necessarily communicate with each other.

The effect of having separate governance bodies can be seen in the lack of a shared set of facts about community needs, the lack of a common language for discussing policy objectives, the absence of consensus on priorities, the inability to benefit from past experience across political boundaries, the failure to coordinate budget allocation processes, duplicative delivery systems, the inconsistent tracking of outputs, the uneven reporting linking outputs to outcomes, and the lack of system-wide accountability.

- The entities do not operate from a set of common set of facts about the nature and extent of need throughout the County.** Although County-wide data is readily available in the Needs Assessment section of the Consolidated Plan, it is more typical for need to be assessed locally. Dynamic changes that cross political boundaries, such as the movement of poverty from the Portland core to East Multnomah County and beyond, cannot be captured, described, or analyzed by localized assessments. The fragmentation in our housing system conceals the scale of such changes, makes it difficult to discern causality, and muffles the signals that could trigger government intervention. Planners studying Gresham poverty statistics might have noted the spike in the 2000 census figures, without being aware of significant contributing factors, such as the economic gentrification of neighborhoods in Portland’s core that resulted from PDC’s investment in urban renewal. Increased real estate values led to a decrease in the number of affordable rentals in the core, and prompted many low-income residents of those neighborhoods to relocate to less expensive housing in Gresham. In particular, many African-Americans relocated from strong and well established communities within historically Black neighborhoods of inner N/NE Portland out to Gresham. There was no opportunity for Gresham to talk with Portland and PDC about actions to mitigate the effects of gentrification and support housing stability for low-income residents of urban renewal areas, nor was there an opportunity for Gresham to work with the County (or the school districts) to provide culturally-appropriate services to the new residents.
- The entities do not have a common language to talk about policy objectives.** For example, although each entity has a “preservation” objective, “preservation” means different things to them. Gresham has focused its preservation efforts on the rehabilitation and upgrading of its single-family home ownership stock.⁶ To HAP, preservation necessarily emphasizes maintaining its own portfolio, especially its public housing units. The City of Portland’s Bureau of Housing and Community Development defines preservation primarily in terms of “expiring use” Section 8 projects. (There are 955 such units in Portland; approximately 600 could be lost in the next two years.) PDC defines preservation more broadly than BHCD. In addition to preserving projects that receive federal subsidy, PDC’s preservation policy objectives include the preservation of all rental units at or below 60% MFI in the Central City (No Net Loss); units affordable at 0-80% MFI which received state or local financial

⁶ At the time HEG conducted the structured interviews to elicit information for the matrix, Gresham had focused its preservation efforts on single-family homes. However, since then, Gresham has formed a housing policy group that is looking at, among other issues, how to preserve expiring-use Section 8 multi-family properties and other threats to Gresham’s affordable housing stock. Gresham staff generously has credited the interchange with HEG as one of the factors that prompted them to undertake a housing policy review.

assistance and are still subject to affordability restrictions; and other affordable properties (0-60% MFI) located in selected urban renewal areas.

- **The entities do not have a shared knowledge base.** Each entity must invent its own toolbox, even when sister entities may have proven strategies.⁷ Government interventions that require more than one entity to achieve success are exceptional, not routine.⁸
- **The entities have no uniform output or outcome measures.** There are no agreed-upon indicia of success.
- **The entities have no common standard for reporting to the public on outputs or outcomes.**

Because each entity sets its policy priorities with reference to its individual constituencies and geographies, it is extremely difficult to successfully address issues that require inter-jurisdictional cooperation or multi-system change. Each jurisdiction must go it alone. The low income residents in our communities pay the price in inefficiencies in higher administrative costs and slower delivery of housing. The public benefit of this arrangement is that it can, in theory, be more responsive to truly local needs. However, the most serious housing needs—for 0-30% housing, for large family units with rents that extremely low income households can afford to pay, and for permanent supportive housing for people with special needs who are homeless or at risk of homelessness—are larger than any entity can meet by itself.

In order to take on chronic homelessness, extraordinary efforts were required of Portland, Multnomah County, HAP and PDC. They have developed a new Citizen's Commission to hold the effort accountable. They have established a Funders' committee to attain a degree of coordination on resource issues. They have developed a common vocabulary and a joint understanding of the facts. They have also agreed on outcome measures, and on a format for bringing results to the wider audience.

2. Internal resource allocation decisions, rather than public policy leadership, determine which housing policy objectives are achieved.

There are many worthwhile housing policy objectives. A few that have been endorsed by the City of Portland in recent years are providing permanent supportive housing to people experiencing chronic homelessness; preventing family homelessness; providing safety off the streets for homeless women and children; closing the minority homeownership gap; ensuring that public school catchment areas provide housing opportunities for families with school-age children; preserving federal housing subsidies on expiring use Section 8 buildings; and ensuring that homes do not pose health hazards to their residents. At the direction of one or more City Commissioners, Portland staff have been exploring ways to

⁷ A case in point is the issue of home health and safety hazards. Portland has an interior maintenance code, and is beginning a process to review and update it. Gresham is in the early stages of a process to develop its first interior maintenance code.

⁸ The multi-jurisdictional Short Term Rent Assistance Taskforce, convened in 2005 under the auspices of the *Ten-Year Plan*, is an example of a successful inter-jurisdictional collaboration. Numerous short term rent assistance programs that had been administered piecemeal have been consolidated at HAP. Uniform outcome measures allow all of the funders to track the success of the rent assistance program.

provide renters with a measure of protection when their landlords decide to convert apartments to condos; and manufactured home owners with options when the land they rent appears to be headed for redevelopment.

However, while there may be sufficient resources to begin implementation of programs developed for each objective, there are not sufficient resources in the entire local housing delivery system to accomplish all of them. We can pilot promising projects, but cannot bring them all to the scale needed to make lasting change.

When public officials do not prioritize among the policy objectives, the decision about which objectives to pursue most vigorously, and which to back burner, is made during the budget process. Annual allocations, rather than stated policies, become the best guide to a jurisdiction's real priorities.

This is a problem for several reasons:

- The entities' budget processes are very complex, and this complexity serves as a barrier to public participation.
- The disconnect between stated policies and spending hampers collaboration among the five entities, and between the five entities and their community partners. If an entity's published priorities are unreliable, and its real priorities are unknown, it will be difficult for other entities to provide reinforcement for the effort.
- The entity will not be sending clear signals to its development partners to ensure they are ready for the coming challenges.
- **Large issues that cross boundaries and will only yield to inter-jurisdictional cooperation and multi-system change may not fare well in local budget deliberations, especially if good outcomes (like lower costs) will not be felt primarily within the locality.** Addressing large issues will almost certainly require resources from more than one jurisdiction.
- Budget processes are not designed to coordinate resources from multiple sources. Among the three topics HEG studied, preservation best illustrates this finding. Portland and PDC both have preservation goals and these goals overlap in a key area: expiring use Section 8 Projects. Portland does not have specific funds allocated for preservation. It instead has a combined goal of 80 units of new **and/or** preserved housing units per year. Many of the expiring use projects are in Urban Renewal districts. PDC has a total of \$21.9 million budgeted for preservation in the Downtown Waterfront and South Park Blocks.
- Muddiness about goals makes it difficult to leverage new resources.
- Underfunding system change efforts can place the investment at risk, and prevents the public from realizing the benefit of a well-thought out, well-designed and well-executed system change effort.

To build and sustain an effective housing delivery system, the entities must realize that they cannot be all things to all people all of the time.

If Portland offers a striking example of an entity that does not let cost stand in the way of adopting a good policy idea, HAP sets the standard for using a constrained budget to force

decisions on policy choices. When HAP's Section 8 reimbursement rate was cut, HAP initiated a public review of its Section 8 program for input on which policies were most important. Its stakeholders said that continuing to provide vouchers to all current participants was a more important policy than keeping household rent burdens below 30% of household income, so HAP raised rents a small amount and did not rescind any vouchers.⁹

3. The five entities do not consistently set measurable goals for the programs they fund. Thus, they cannot consistently demonstrate what the public investment has achieved.

Most of the entities do not systematically track allocation of resources to policy objectives. Federal regulations require that allocations of HOME, CDBG, ESG, and HOPWA track back to the broad priorities set out in the Consortium's Consolidated Plan, but not to more specific objectives. Historically, non-federal funds need not have been tracked at all. HAP's *Moving to Work* reports have systematic and consistent performance measurements over time for its federally-funded housing programs, as HUD requires, but HAP does not make comparable information available for its "affordable housing portfolio." While Portland and some other jurisdictions have placed outcome measures in their budget systems, this trend has not taken hold everywhere.

We have concluded that the reason entities do not track more closely is that few of their policy objectives have defined performance targets, such as numeric goals. Clearly, if a governance entity (or federal mandate) does not set or call for accountability for achieving a specific performance target, there is less reason to track allocation of its resources to that policy objective.¹⁰ Similarly, if an entity has established a single performance target that can be met by projects that serve any one of a number of different policy objectives, it has less reason (and, perhaps, less ability) to track allocation of resources to any single policy objective.

A record of demonstrated achievement is very important to efforts to generate new resources. Proponents of both the Washington State Housing Fund and the Seattle Bond measures have attributed their success with voters, in part, to their ability to explain their policy objectives and identify with numeric goals how the funds would be used, and to report back on their success at meeting or exceeding their goals. As the entities look at local funding options, building a clear record should be of paramount importance.

Note that HEG was unable to evaluate whether the entities' data systems had the capacity to track allocation of resources back to policy objectives, since no entity had set up a system to accomplish this goal. From previous reports, we believe there is some question as to whether PDC has the systems to accomplish this. Portland's new SAP system could be structured to accomplish this objective, and we hope that it will be.

⁹ HAP was subsequently able to refund the additional rents it had collected.

¹⁰ Conversely, in a system where there is political accountability for achieving goals, setting a specific outcome target—such as a numeric goal—for a particular policy objective may help to focus attention on that policy objective, giving it an advantage in budget negotiations over other policy objectives that are vaguer and where success is less quantifiable.

The area where HEG saw the most alignment among entities was new affordable housing development serving homeless individuals and families. This outcome is due to the *Ten-Year Plan* and its related Permanent Supportive Housing goals. The Plan has clear numerical goals acknowledged and supported by local political leaders. It is also subject to the discipline and accountability imposed by an outside funder: the Corporation for Supportive Housing. For these reasons, the *Ten-Year Plan* has fostered alignment of goals and resources among HAP, Portland, Multnomah County and PDC, and secured new resources for important community partners and implementers like Central City Concern and the Housing Authority of Portland. Four of the five entities are participating in a joint NOFA to solicit PSH projects. Gap financing for all CDC-sponsored affordable housing development within Portland is now tightly linked with furtherance of the *Ten-Year Plan*. These four entities are also participating in a funders' committee to promote projects that will meet *Ten-Year Plan* objectives.

CONCLUSION

Consistency and alignment are abstract principles, not in and of themselves desirable traits in a system. However, in the case of the Countywide housing delivery system, lack of consistency and lack of alignment impose a cost on the people who would benefit most from a coordinated campaign to address the County's most pressing need: the shortage of more than 13,000 units of 0-30 % MFI housing. This cost is borne by: the two-thirds of all extremely low-income households who pay more than 50% of their income for rent, and have to forego nutritious food and needed medicines; the children whose families move so frequently that they lose whatever progress they had made in school and wind up further behind than ever at the end of the term; and the individuals and families who have no place to call home, except a car, a tent, a floormat, or a cardboard box.

For this reason, HEG asks the governing board of each of the five entities to review these findings and to address them promptly.

Respectfully submitted,

The HCDC Housing Evaluation Group

Robin Boyce, Co-chair

Jonathan Trutt, Co-chair

Rey España

Joni Hartman

Pat Mobley

Whit Spencer

HCDC Staff

Beth Kaye

Dove Hotz

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|--|---|--|---|--|--|
| 1. Written policy documents which include relevant policy information | | | | | |
| (a) Preserve Existing Affordable Housing | Action Plans, Annual Strategic Plan and 5-Year Consolidated Plan | Moving to Work Plan (MTW Plan) MTW Annual Rpt.: Capital Planning | Consolidated Plan | Unit Production Report (last available for 04/05) | Consolidated Plan 2005 -10 |
| (b) Develop (or acquire and rehab) new rental housing | Action Plans, Annual Strategic Plan and 5-Year Consolidated Plan | MTW Plan includes HAP's HOPE VI projects The 2008 MTW Plan will include more about what HAP doing in affordable housing | Consolidated Plan | Unit Production Report (last available for 04/05) Adopted TIF set-aside materials | Tax Foreclosure Program description in Consolidated Plan |
| (c) Increase rental assistance to low income households | Action Plans, Annual Strategic Plan and 5-Year Consolidated Plan | MTW Plan, MTW Report, p 35 | Consolidated Plan | N/A | Unified Rent Assistance Program Report (2005) (HAP has taken over rent assistance/ consolidated) |
| (d) Other Policy Objectives | Action Plans, Annual Strategic Plan and 5-Year Consolidated Plan | | | | Strategic Investment Plan (SIP) |
| 2. Does your organization have expressed goals in each of the following areas? Do you have numerical targets? If so, what are they? | | | | | |
| (a) Preservation of Existing Affordable Housing: EXPRESSED GOALS | EXPRESSED GOALS <ul style="list-style-type: none"> • BHCD has a Preservation Plan • Has list of expiring use projects (13 projects representing 955 units) • Targeting those projects within the next 2 years (~ 600 units) • Working to identify local funding sources • Using general funds | EXPRESSED GOALS <ul style="list-style-type: none"> • Dispose of select scattered site public housing and • Replace with public housing units • Address unmet capital needs in public housing | EXPRESSED GOALS <ul style="list-style-type: none"> • General goal of the Homeownership Program refers to providing stability through funds for repairs and accessibility. (Program also targets new homeownership.) Con Plan p. 291 | EXPRESSED GOALS Guiding principles from 04/05 Housing Production Report (p. 4) are: <ul style="list-style-type: none"> • <i>City Preservation Ordinance</i>: Preserve federally and locally subsidized low-income housing projects: • <i>Central City No Net Loss</i>: Preserve or replace 1,200 units at or below 60% MFI in | EXPRESSED GOALS No stated goals |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|---|---|---|---|--|--|
| | <p>housing bonds, revolving funds and TIF set-aside to assist with acquisition</p> <ul style="list-style-type: none"> • Negotiating sales with existing property owners • Loaning non-profits funds for acquisition • General goal is to maximize preservation given the economic feasibility of each property | | | <p>the Central City by 2006.</p> <ul style="list-style-type: none"> • <i>Urban Renewal Strategies</i>: PDC has adopted the Downtown Housing Strategy, Lloyd Housing Strategy, Interstate Corridor URA Housing Strategy, and Central Eastside Housing Strategy. They all establish goals to preserve or replace affordable rental housing for HH with incomes at or below 60%. | |
| <p>(a) Preservation of Existing Affordable Housing</p> <p>NUMERIC GOALS</p> | <p>NUMERIC GOALS</p> <ul style="list-style-type: none"> • Has combined goal for new housing and preservation of 80 units/year and 280 units/ 5 years. This goal will be met using Federal Funds, CDBG, and HOME | <p>NUMERIC GOALS</p> <ul style="list-style-type: none"> • Disposition and replacement of 50 units a year for several years | <p>NUMERIC GOALS</p> <p>No specific targets</p> | <p>NUMERIC GOALS</p> <p>1,500 rental rehab preservation units by 2011 (0-60% MFI)</p> | <p>NUMERIC GOALS</p> <p>No stated numeric goals</p> |
| <p>(b) Development</p> <p>EXPRESSED GOALS</p> | <p>EXPRESSED GOALS</p> <ul style="list-style-type: none"> • Has combined goal for new housing and preservation of 80 units/year and 280 units/ 5 years. This goal will be met | <p>EXPRESSED GOALS</p> <ul style="list-style-type: none"> • Include bridges to Housing in Humboldt Gardens ” P 21 Plan • PSH – support initiative | <p>EXPRESSED GOALS</p> <ul style="list-style-type: none"> • There is a general goal of developing a supply of rental housing through the Rental Housing Program. Con Plan p. 300 | <p>EXPRESSED GOALS</p> <p>Guiding principles from 04/05 Housing Production Report (p. 6) are:</p> <p><i>Central City No Net Loss:</i></p> | <p>EXPRESSED GOALS</p> <p>Benefit households at 0 – 60% MFI Partner in Ten Year Plan</p> |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|-----------------|-------------------------------------|---|--------------------|--|-------------------|
| | using Federal Funds, CDBG, and HOME | <ul style="list-style-type: none"> • Support Portland’s initiatives for “Schools, Families, Housing” and Closing the Minority Homeownership Gap” Humboldt Gardens Homeownership Plan outlines efforts to support the city’s minority homeownership efforts. • Upon request of local jurisdictions, assist with preservation initiatives...” p 9 of plan • “...In Gresham, HAP will seek to support the City’s efforts for redevelopment in the Rockwood URA.” See p. 9 of plan | | <p><i>10 Year Plan to End Homelessness</i></p> <p><i>Urban Renewal Strategies</i></p> <p><i>Metro’s Regional Affordable Housing Strategy</i>, which set the goal of 1,791 citywide units below 50% AMI in Portland by 2005</p> | |
| (b) Development | NUMERIC GOALS | NUMERIC GOALS | NUMERIC GOALS | NUMERIC GOALS | NUMERIC GOALS |
| NUMERIC GOALS | No numeric goals | <ul style="list-style-type: none"> • 20 units at Humboldt Gardens for Bridges to Housing • 22 PSH units in the Clark Center Annex • * 45 PSH units at The Morrison • 150 project-based Section 8 vouchers over three years starting in 2006 to | No numeric targets | <p>6,400 new low-income by 2011(0 – 60% MFI)</p> <p>Develop 2,200 new permanent supportive housing units for chronically homeless individuals and homeless families with special needs</p> | No numeric target |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|---|--|--|--|--|---|
| | | support community development efforts | | <i>Metro's Regional Affordable Housing Strategy</i> , which set the goal of 1,791 citywide units below 50% AMI in Portland by 2005 | |
| (c) Increased Rental Assistance to low-income households EXPRESSED GOALS | EXPRESSED GOALS Goal to provide rental assistance to 365 households | EXPRESSED GOALS <ul style="list-style-type: none"> • Bring “banked” public housing units back on line; p. 35 of Annual Report • Implement Fairview Conversion Project (used 40 banked subsidy units in this HAP owned affordable housing property) • Continue utilizing the project-based Section 8 program as a tool for increased availability of Permanent Supportive Housing (PSH) –” P 8 of plan • Explore linkages between short-term rent assistance and longer-term housing subsidies” P 22 of plan • Continue to administer the unified short-term rent assistance program funded by HAP, the City of Portland, the | EXPRESSED GOALS General goal of providing rent assistance to assist families that are homeless or at risk of homelessness through the Rental Housing Program. Con Plan P. 300 | EXPRESSED GOALS None, though PDC staff discussed the need to bring in rental assistance in conjunction with capital financing, especially for PSH | EXPRESSED GOALS Targets for outcomes of assistance – increased retention rates |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|---|---|---|--|---|---|
| | | City of Gresham, and Multnomah County.” P 22 plan • Shelter plus Care vouchers (continue to administer) | | | |
| (c) Increased Rental Assistance to low-income households NUMERIC GOALS | NUMERIC GOALS | NUMERIC GOALS • Banked units – 190 public housing units to be brought back on line • Fairview Conversion Project (used 40 banked subsidy units – of 190) • In 2006, HAP committed to provide 150 additional project-based vouchers (50 each year over three years) for PSH | NUMERIC GOALS No specific targets | NUMERIC GOALS No specific targets | NUMERIC GOALS No specific targets |
| (d) Other Stated Goals | <ul style="list-style-type: none"> Per the 10-year plan there is a goal to produce 2,200 units of Permanent Supportive Housing, 1,200 of these units will be new construction or rehab and 1,000 will be achieved through a rent buy-down of existing units Other goals: increase the supply of 0 – 30% units | | <ul style="list-style-type: none"> Homeownership. Provide stability to low- and moderate-income individuals & families through the Homeownership Program. Con Plan P. 291 | <ul style="list-style-type: none"> Individual URAs housing plans. Some of these URAs have their numerical targets associated with them Overall, PDC has an internally set goal of 20,000 units over 20 years, which is related to other policy frameworks, e.g. the No Net Loss Policy, URA Housing Strategies, | (Verbalized goals, not referenced in documents) <ul style="list-style-type: none"> Increased affordable housing stock Better defined roles within consortium County Housing Team’s success Re-examine Resolution A & B (through Sten’s workgroup) Increased family housing availability, |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|---|--|---|---|--|---|
| | <ul style="list-style-type: none"> • Close the minority homeownership gap | | | <p>and other initiatives from BHCD and/or Commissioner Sten’s office</p> <p>In practice, the top priorities are Central City Preservation and 1st Time Homebuyers.</p> <p>The Unit Production Report names specific goals for</p> <ul style="list-style-type: none"> • Preservation • New Low-Income Housing Development • New Market Rentals • New Homeownership units • New 1st Time Homebuyers • Homeownership Repairs <p>The fact that a goal is named in the Unit Production report does not necessarily mean that it is also funded.</p> | especially for those transitioning from the county jails |
| 3. Total Organizational Housing Resources | <p>2005-06 CDBG: \$3.1 Million <u>HOME \$3.0 Million</u> \$6.1 Million</p> <p>2006/07 CDBG: \$3.3 Million HOME \$6.3 Million</p> | <p>Moving to Work Budget:</p> <ul style="list-style-type: none"> • (Note to Beth: the MTW budget is not the same as our agency budget. HEG should look at the agency budget, which | <p>Total Resources: \$791,284 in FY 07/08 \$5,303,783 over prior 6 years</p> <p>No General Fund, “Some” TIF (for exterior apartment rehab</p> | <p>Administer portion of CDBG and HOME listed under BHCD</p> <p>TIF funds 2/28/07 staff recommendations adopted by council</p> | <p>Receive HOME and CDBG, allocated through City of Portland, with focus on East County</p> |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|--|---|--|---|---|---------------|
| | <p>Gen. Fund: \$ 6.5 Mil. ?? <u>HOPWA: \$279,000</u> \$16.379 M</p> | <p>is on our website, if they want a complete picture of our resources.) See budget- total 2008 Forecasted resources = \$60+ Million estimated</p> <ul style="list-style-type: none"> • Of this, Section 8 Subsidies = \$47.65 M a year • Operating Subsidy is approx. \$6.7 M of above • Rental income is estimated \$4.6 M of above <p>Special Purpose Funds (other):</p> <ul style="list-style-type: none"> • Estimated \$20+M total special purpose, including: <ol style="list-style-type: none"> 1. Rental income of \$8M + 2. Section 8 of \$ 4M + 3. HUD Grants of \$ 4 M+ 4. Development Fees of \$4M <p>Other rental (commercial?) of \$2M+</p> | <p>or opportunities).</p> <p>Only constant sources are HOME (\$582,932 in 06/07) and CDBG (\$208,352)</p> | <p>result in “approximately \$163M for affordable housing over a six year period”. This period is from FY 06/07 through FY 11/12. According to the staff report, this amounts to \$27M annually, as opposed to 14M annually during the previous 8 year period</p> | |
| 4. How are these resources allocated to each of the following areas (dollar amounts and percentages of total affordable housing resources)? | | | | | |
| a. Preservation | <ul style="list-style-type: none"> • None allocated specifically for | <ul style="list-style-type: none"> • Planned capital expenditures on | Adapt-A-Home (accessibility): \$120,000 for FY 06/07 and | Rolled into the total spending of \$134M on 0-60% rental housing. | |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|-------------------|--|--|--|---|---------------|
| | <p>preservation; funding decisions are made opportunistically from General Fund (include Housing Bond)</p> <ul style="list-style-type: none"> Used to have a Preservation Line of Credit, which was used fully | <p>existing portfolio of \$3.28M (2008 and beyond).</p> <ul style="list-style-type: none"> Estimated need of immediate capital improvements of \$12.2 M Another \$13.8 M minimum anticipated between 2008-2012, for total five year need of \$26M (HAP reports that this number has been refined since its MTW plan was written, and is now higher.) Fairview conversion – use public housing operating subsidy in up to 40 units | <p>\$543,704 over the prior 6 years, all CDBG funded, rental and ownership.</p> <p>Mend-A-Home (repairs): \$80,000 for FY 06/07 and \$410,992 over the prior 6 years, all CDBG funded, ownership only.</p> | <p>Somewhere in there is money for Clay Tower. Otherwise, nothing specifically tied to preservation</p> | |
| b. Rental Housing | <ul style="list-style-type: none"> See total resources above. CDBG and HOME is offered through RFP semi-annually. This year it's on a rolling basis, and its all tied to PSH. General fund may also be offered through RFPs, but also reserved from unexpected requests. General Fund dollars | <ul style="list-style-type: none"> Complete Morrison Apartments, including 45 PSH units Humboldt Gardens HOPE VI Scattered site disposition Redevelopment of replacement housing Continue to maintain and operate existing public and affordable housing. | <p>No specifically allocated funds. Opportunistic (as projects are proposed and funds are available).</p> | <p>Rolled into the total spending of \$134M on 0-60% rental housing. Since Clay Tower is the only preservation project named, I presume that most of the \$\$\$ is for new housing. Note that there are ranges of proposed dollars to be spent (by income level) and ranges of numbers of units to be financed (based on assumptions of cost per unit.) The</p> | |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|---|---|---|---|---|---------------|
| | | | | income guidelines (i.e. percents of total TIF dollars to be spent in each URA, by income level) are policy. The number of units produced by these dollars is an estimate. | |
| c. Rental assistance to low-income households | <ul style="list-style-type: none"> \$650,000 made up of HOME and General Fund and is administered through HAP. Only short-term (all Long-Term through HAP) | <p>Moving to Work (public housing and Sec 8)</p> <ul style="list-style-type: none"> Housing Assistance Payments planned expenditures of \$45M + for 2007 (number has recently increased to \$48 million) Tenant services for public housing of \$50K + (not sure where this number comes from – we spend far more on our different tenant services programs.) <p>Short Term Rent Assistance</p> <ul style="list-style-type: none"> Coordinating six funding sources (incl. federal, state and local) Goals – 15% for immediate temp. shelter, 45% for PSH, 40% for eviction prevention. | <p>No increase HAP Rental Assistance: \$8,352 for FY 06/07 and \$51,805 over the prior 6 years, all CDBG funded and administered through HAP</p> <p>TBRA Rental Assistance: \$32,932 for FY 06/07 and \$204,252 over the prior 6 years, all HOME funded and administered through HAP</p> <p>Rental Assistance through Human Solutions: \$100,000 for FY 06/07 and funded only one year prior at \$99,064, all HOME funded</p> | Nothing. | |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. | | | | | | | | | | | | |
|---|--|--|--|---|---------------|-------|----------------------|------------|-------------------|-----------|-------------------|-------------|----------------------|------------------|--|-------------|--|
| | | Begin new unified system in July 2007, <ul style="list-style-type: none"> • 3% for severe weather • 55% for families • 45% for adults and unaccompanied youth | | | | | | | | | | | | | | | |
| d. Other | | | Homeownership None funded in 06/07, but \$1,600,263 (\$976,607 HOME, \$623,656 CDBG) for SAMs in last 6 years. \$14,000 over last 6 years for homebuyer management services and \$22,350 for management of home Ownership program. | <table border="0"> <tr> <td></td> <td style="text-align: right;">Total</td> </tr> <tr> <td>Affordable Ownership</td> <td style="text-align: right;">18,418,946</td> </tr> <tr> <td>Low Income Repair</td> <td style="text-align: right;">2,746,096</td> </tr> <tr> <td>Affordable Rental</td> <td style="text-align: right;">134,267,779</td> </tr> <tr> <td>Community Facilities</td> <td style="text-align: right;"><u>5,540,000</u></td> </tr> <tr> <td></td> <td style="text-align: right;">160,972,821</td> </tr> </table> | | Total | Affordable Ownership | 18,418,946 | Low Income Repair | 2,746,096 | Affordable Rental | 134,267,779 | Community Facilities | <u>5,540,000</u> | | 160,972,821 | |
| | Total | | | | | | | | | | | | | | | | |
| Affordable Ownership | 18,418,946 | | | | | | | | | | | | | | | | |
| Low Income Repair | 2,746,096 | | | | | | | | | | | | | | | | |
| Affordable Rental | 134,267,779 | | | | | | | | | | | | | | | | |
| Community Facilities | <u>5,540,000</u> | | | | | | | | | | | | | | | | |
| | 160,972,821 | | | | | | | | | | | | | | | | |
| 5. How does your organization measure what it has accomplished in: | | | | | | | | | | | | | | | | | |
| Preservation | <ul style="list-style-type: none"> • # of units produced • # of dollars allocated • affordability levels • people served | HAP sets goals and tracks outcomes for each of its initiatives and programs | CAPER | Unit Production Report | | | | | | | | | | | | | |
| Development | <ul style="list-style-type: none"> • # of units produced • # of dollars allocated • affordability levels • people served | See above | CAPER | Unit Production Report | | | | | | | | | | | | | |
| Increased rental assistance to low-income households | <ul style="list-style-type: none"> • Measured in "Housing Stability" which is measure in months households remain in stable housing after receiving assistance. • Measurements are | See above | CAPER | Not applicable | | | | | | | | | | | | | |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|---------------------------------------|--|---|---------|---|---|
| | <p>taken 3, 6, and 9 months</p> <ul style="list-style-type: none"> • Housing stability is tracked per household and on average • In units, dollars and affordability as well | | | | |
| Other affordable housing goals | <p># of units produced # of dollars allocated affordability levels People served</p> | See above | | Unit Production Report, TIF income guidelines provide a roadmap for going forward | |
| 6. Biggest challenges you face | | | | | |
| | <ul style="list-style-type: none"> • Funding • Coordinating with Service Providers, especially PSH • Market forces | <ul style="list-style-type: none"> • “In 2007 it is likely that housing authorities will receive only 76 cents for every dollar that is necessary to support Public housing.” Plan, p. 3. (HAP now reports that the actual number was 83 cents) • Address unmet capital needs in public housing – considering using LIHTC, energy performance contracting • Build successful collaborations with services • Develop sustainable business models to ensure long-term financial viability: increase revenues from non-federal | | <p><i>The lack of a renewable funding source.</i> Funds used to trickle back in as project’s paid back their gap funding contributions to PDC. Now, with the emphasis on extremely-low income HH, it’s far less likely that dollars invested as gap funding will flow back to PDC to put into new projects.</p> <p><i>Creating sustainable CDCs at the same time serving extremely low-income households</i></p> <p><i>A need for service and rental assistance commitments to match our capital investment</i> This is especially true on PSH, where the city is dedicated its capital</p> | <ul style="list-style-type: none"> • Low housing stock – high demand • Need more living wage jobs • County relies on intergovernmental partnerships, cannot drive ultimate systems that effect wealth creation |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|--|------|---|--|--|---------------|
| | | sources and increase operating efficiencies | | <p>dollars and there's not enough service and rental assistance dollars available to match that capital investment. We've gotten good at doing the capital financing, and we need the other pieces of the puzzle (services and rental assistance) to make these projects truly work.</p> <p><i>On preservation, we're facing 1,000 expiring units of affordable housing with no city-dedicated, long-term preservation funding source.</i></p> | |
| 7. What would you like to see happen regarding affordable housing in the near and long term for your jurisdiction | | | | | |
| | | | Reverse the community's negative perception of affordable housing. | <ul style="list-style-type: none"> Any new city affordable housing resources focused on operating support rather than capital investment. (Capital is not sufficient supported.) A city-wide preservation agenda that comes with money A broad discussion of where rent subsidy should be directed (families? singles?) | |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|--|------|-----|---------|--|---------------|
| | | | | PSH? low-income generally?) <ul style="list-style-type: none"> • Completion of old initiatives before beginning new ones (PSH) | |
| 8. What do you know about what other jurisdictions are doing? | | | | | |
| | | | | Leah says... She knows the least about Gresham. She doesn't think that Gresham has a strong interest in affordable rental housing. Not sure what happens with services at the county, or how the county prioritizes affordable housing and services. HAP has all the roles—funder and owner. HAP is looking to diversify its portfolio and maintain sustainability. There is a commitment from HAP to provide some vouchers—maybe 150—towards PSH efforts. Not sure how HAP and the city view that commitment. OHCS prioritizes preservation and homelessness and is starting to talk to HUD Seattle re: preservation | |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|--|------|-----|---------|--|---------------|
| 9. Please describe policy development, budgetary development and implementation coordination efforts in the following policy areas with other jurisdictions (HAP,PDC,BHCD, Mult. Co.) | | | | | |
| | | | | <p><i>In Portland...</i> In terms of policy development, there's good coordination with HAP. On PSH, PDC wasn't in on the 10 Year Plan to End Homelessness until it was rolled out. The biggest potential area of disconnect with BHCD is about housing's role as a revitalization tool (i.e. PDC's mandate to provide non-affordable housing). Remember that PDC is technically not a housing agency or a policy agency. And it faces the challenge of being place-based. Structurally, there is staff coordination between PDC/BHCD/HAP that happens at a project level. At the policy level, there's disconnect on who has responsibility for different roles.</p> <p><i>Elsewhere...</i> With the county, there aren't really discussions about housing. Talk is usually driven by other</p> | |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|--|------|-----|---------|--|---------------|
| | | | | needs, like a courthouse. There some coordination about schools | |
| 10. What would you like to see other jurisdictions do about preservation, new affordable rentals, rental assistance, other? | | | | | |
| | | | | <p>Generally—focus on the sustainability of our housing with industry partners. Get to holistic policy thinking</p> <p>Rental assistance—how do we increase resources? Can BHCD focus flexible non-capital resources on rent subsidy?</p> <p>Can BHCD find a way to leverage private landlords?</p> <p>For the County—are there other types of special needs housing that isn't getting met? Can we project-base services?</p> <p>For HAP—have the conversation about long-term affordability versus wealth creation</p> <p>State—how do we keep the pipeline going?</p> | |
| 11. Looking back at last year's efforts in the following areas, what do you feel best about? | | | | | |
| | | | | Getting out the joint RFP with HAP. The | |

| | BHCD | HAP | GRESHAM | PDC | MULTNOMAH CO. |
|--|-------------|------------|----------------|--|----------------------|
| | | | | <p>ideal next step would be to do the same with the county</p> <p>A discussion about preservation leading to a better understanding of the liabilities, if not a funding mechanism</p> <p>The Housing Alliance work—this is the first year that the governor put housing in his budget</p> <p>The dedication of Tri-Met resources for affordable housing in Interstate (Crown) and Lents</p> | |