

ORDINANCE No. 185778

Delegate authority to write down portions of loans in the Portland Housing Bureau portfolio in order to maintain a sustainable inventory of affordable housing assets and ensure continued public benefit to our community (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City consolidated the housing functions of the Portland Development Commission (PDC) and the City's Bureau of Housing and Community Development through Ordinance No. 182465 on January 7, 2009, and established the Portland Housing Bureau (PHB).
2. The new Portland Housing Bureau is charged with making sure all Portlanders have access to a safe, stable, and affordable home.
3. The City, through Resolution No. 36787 on May 19, 2010 and Resolution No. 36796 on June 23, 2010 established guidelines for PHB investments.
4. Over the last 25 years, the City has invested more than \$300 million in over 8,000 affordable units across our community.
5. In exchange for City funding, community partners are contractually obligated to provide 60 years of affordable rents to low-income Portlanders.
6. The City, through Ordinance No. 183836 on May 26, 2010 and Ordinance No. 183932 on June 23, 2010, delegated investment authority to PHB and established the Housing Investment Committee (HIC) to review and recommend investment decisions to the PHB Director.
7. The HIC includes staff from PHB, PDC, and the City's Office of Management and Finance (OMF). City Attorney staff provide legal guidance.
8. Pursuant to Ordinance No. 183836, the PHB Director and Commissioner-in-Charge are currently authorized to approve financial assistance up to \$2 million and \$3 million, respectively.
9. The primary return on the City's investment in affordable housing assets is the public benefit of affordable homes for low-income individuals and families.
10. In a 2012 Audit of PHB, City Auditor Lavonne Griffin-Valade recommended that "the Bureau should develop robust tools to guide and manage investments and loans."
11. In 2011, in a fiscal sustainability audit, Auditor Griffin-Valade recommended that the City Council "take care of current assets before adding new ones."

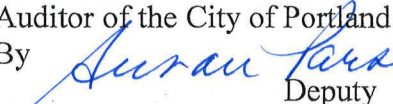
12. In order to maintain affordable housing assets and the public benefit they provide, PHB requires appropriate tools to manage its portfolio.
13. Pursuant to Ordinance No. 183836, PHB is authorized to restructure loans held by community partners by lowering the interest rate, extending the term of the loan, or by changing the type of loan to reduce or eliminate the near-term repayment obligation.
14. After review of the PHB portfolio, PHB and the City's Office of Management and Finance concluded that an additional tool is necessary in cases where the existing restructure options are not sufficient to guarantee continued public benefit.
15. PHB and OMF jointly propose that the City Council grant PHB and OMF the authority to write down portions of loans in the PHB portfolio.
16. To promote accountability:
 - a. The City Council will be asked to approve write-downs of \$2 million or more; and
 - b. PHB will provide annual written reports to the City Council.

NOW, THEREFORE, the Council directs:

- a) The Portland Housing Bureau and Office of Management and Finance are hereby authorized to write down loans, in accordance with the investment guidelines set forth in Resolution No. 36787 and Resolution No. 36796, through the process described in Exhibit A.
- b) Authorization levels are as follows:
 - i. Up to \$250,000: PHB Director.
 - ii. \$250,000 up to \$1M: PHB Director and OMF Chief Administrative Officer (CAO) or designee.
 - iii. \$1M up to \$2M: PHB Director, OMF CAO or designee, and Commissioner-in-Charge.
 - iv. \$2M or more: City Council.
- c) PHB will provide annual written reports to the City Council.

Passed by the Council: DEC 05 2012

Commissioner Nick Fish
 Prepared by: Sonia Schmanski
 Date Prepared: November 10, 2012

LaVonne Griffin-Valade
 Auditor of the City of Portland
 By  Deputy

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<p style="text-align: center;">INTRODUCED BY Commissioner/Auditor: Nick Fish</p> <hr/> <p style="text-align: center;">COMMISSIONER APPROVAL</p> <p>Mayor /Finance and Administration - Adams</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish <i>[Signature]</i></p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p> <hr/> <p style="text-align: center;">BUREAU APPROVAL</p> <p>Bureau: Portland Housing Bureau Bureau Head: Traci Manning <i>[Signature]</i></p> <p>Prepared by: Sonia Schmanski Date Prepared: 11/10/2012</p> <p>Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p> <p>Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Council Meeting Date November 28, 2012</p> <p>City Attorney Approval</p> <p style="text-align: right;"><i>6F</i></p>	<p>CLERK USE: DATE FILED <u>NOV 20 2012</u></p> <hr/> <p style="text-align: right;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <i>[Signature]</i> Deputy</p> <hr/> <p>ACTION TAKEN:</p> <p>NOV 28 2012 PASSED TO SECOND READING DEC 05 2012 9:30 A.M.</p>
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AGENDA
<p>TIME CERTAIN <input checked="" type="checkbox"/></p> <p>Start time: 2:00 pm</p> <p>Total amount of time needed: 30 minutes (for presentation, testimony and discussion)</p> <p>CONSENT <input type="checkbox"/></p> <p>REGULAR <input type="checkbox"/></p> <p>Total amount of time needed: _____ (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz <input checked="" type="checkbox"/>	
2. Fish	2. Fish <input checked="" type="checkbox"/>	
3. Saltzman	3. Saltzman <input checked="" type="checkbox"/>	
4. Leonard	4. Leonard <input checked="" type="checkbox"/>	
Adams	Adams <input checked="" type="checkbox"/>	