



CITY OF
PORTLAND, OREGON
PORTLAND HOUSING BUREAU

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To: N/NE Neighborhood Housing Strategy Oversight Committee

From: Kurt Creager, Director
Portland Housing Bureau

Re: N/NE Homeownership Programs Recommendation

Background

In January 2015, Portland City Council dedicated \$5 million of the \$20 million N/NE Neighborhood Housing Strategy resources to the creation of affordable homeownership opportunities for low-income families through down payment assistance, acquisition and rehabilitation, and the development of new homes, with the requirement that 30% of those resources (\$1.5 million) be used to secure permanent affordability so that these homeownership opportunities would remain affordable for future homebuyers.

Summary of RFP Process

On October 29, 2015, the Portland Housing Bureau (PHB) released a Request for Proposals (RFP) for the full \$5 million in homeownership resources, receiving two applications by the November 18, 2015 closing date. Portland Community Reinvestment, Inc. (PCRI) submitted a proposal for \$3.5 million of the \$5 million available. The African American Alliance for Homeownership (AAAH) submitted a proposal for the full \$5 million in a collaboration with Hacienda CDC, NAYA, Proud Ground, and Habitat for Humanity. Both applicants requested resources for down payment assistance as well as the construction of new affordable homeownership units. The AAAH proposal included \$1.5 million to finance permanently affordable units, while the PCRI proposal did not.

On December 3, 2015, an evaluation committee comprised of PHB staff and community members, who are listed below, met to review and score the applications. Their funding recommendation to PHB staff is detailed below.

- Dr. Lisa Bates, N/NE Oversight Committee
- Bisi Carter, Urban League of Portland
- Chris Guinn, Dwell Realty
- Cat Goughnour, Self Enhancement, Inc,
- Katrina Holland, N/NE Oversight Committee and CAT
- Sharon Maxwell, Community member
- Kimberlee Sheng, Black United Fund
- Damon Turner, Northeast Coalition of Neighborhoods

Recommendations

The key priority expressed by the RFP Evaluation Committee was that these resources be administered by an organization or organizations with a proven track record of helping long-time community residents at risk of displacement receive the benefits of homeownership. Additionally, the Committee placed a high value on the capacity to move forward immediately in identifying a specific development strategy. Their recommendation was therefore that the proposal submitted by PCRI be fully funded for \$3.5 million and that the portion of the AAAH proposal requesting resources to finance permanently affordable units be fully funded at \$1.5 million, allocating the full \$5 million available in the RFP.

While PHB will ultimately put forward a recommendation that allocates the funding amounts differently than what was proposed by the Committee, PHB's recommendation nonetheless reflects the values and priorities articulated in these discussions. The matrix below compares the proposed funding allocations in the two recommendations.

I do not make this departure from the Committee's valued input without significant and thoughtful consideration. Given the urgency of this issue, my recommendation, on behalf of PHB, is based primarily on the capacity of the proposers to fully and expediently expend these resources—in real terms, this translates directly into how quickly and effectively households will be able to access these opportunities and achieve homeownership. PHB has every confidence in the proven ability of both applicants to identify and address the barriers to homeownership that exist for low-income families at risk of displacement from N/NE neighborhoods, particularly given that the households assisted will be prioritized according to the preference policy.

Combined, both applicants have more than 270 low-income African American households in their existing pipeline of clients receiving homebuyer education and counseling services, 65% of which (177 households) would be served through the AAAH collaborative. Increasing the funding allocation to the AAAH proposal above the amount recommended by the Committee therefore maximizes collaborative strategies, leveraged resources, and the proven homeownership expertise of multiple community-serving organizations.

In their proposals, both applicants requested resources to develop new ownership units as well as to provide down payment assistance for prospective homebuyers to purchase existing homes in the community. However, given the dearth of affordable homes in the existing housing inventory in these neighborhoods, it is becoming clear that down payment assistance will not be our most effective tool in achieving the homeownership goals outlined for the community. To be successful, homeownership strategies will need to focus more on the development of new affordable ownership housing. The allocation of resources in PHB's proposal therefore reflects this necessary shift in focus, and would award funding to the applicants according to the funding requests in their proposals to support new development. .

Finally, I put forth this recommendation with the knowledge that additional homeownership resources in the Interstate Urban Renewal Area are likely to become available in the coming fiscal year and will provide opportunities to evaluate the outcomes from these funding decisions and dedicate or reallocate the new funding to the strategies and approaches that have been most effective in meeting program goals, for which these and other proposers would be eligible to apply.

Applicant	Funding Request	Evaluation Committee Recommendation	PHB Recommendation
PCRI	\$3.5 M	\$3.5 M	\$1,716,000
AAAH	\$5 M	\$1.5 M	\$3,284,000

In closing, on behalf of the Bureau, I would like to extend my gratitude and deepest appreciation to the members of the Evaluation Committee for their time in reviewing these applications and for the valuable insights they brought to these discussions. Their contributions sharpened and enriched this process—and the community perspective continues to inform the Bureau in its efforts to increase housing and homeownership opportunities for the North and Northeast Portland community.