

AGREEMENT NO.

An AGREEMENT between the CITY OF PORTLAND, OREGON (City) and the PORTLAND DEVELOPMENT COMMISSION (Commission) to produce housing and economic development projects and programs for FY 01/02, implementing activities under the Community Development Block Grant (CDBG) and HOME Investment Partnership Programs of the U.S. Department of Housing and Urban Development (HUD).

RECITALS:

1. The City of Portland's Bureau of Housing and Community Development (BHCD) has available to it funds from the Federal Department of Housing and Urban Development (HUD) for use as authorized under HUD regulations for the Community Development Block Grant (CDBG) Program. The City has entered or is about to enter into a contract with HUD to conduct a CDBG Program for certain areas pursuant to Title I of the Housing and Community Development Act of 1974 as amended.
2. The Portland HOME Consortium is the recipient of funding under the HUD HOME Investment Partnership Program (authorized by Public Law 101-625, Title II, November 26, 1990) for the development of affordable housing for low and moderate income households.
3. The City of Portland's Bureau of Housing and Community Development receives resources from the City of Portland Water Bureau for the administration of lead poisoning prevention activities. The Water Bureau funds lead poisoning prevention activities as part of compliance with the EPA Lead and Copper Rule for drinking water. BHCD will provide \$80,500 to the Commission to assist in lead poisoning prevention related to housing rehabilitation activities.
4. The Commission is capable and willing to implement a portion of the FY 01/02 HOME Program relating to affordable housing development in the amount of \$3,012,020 in base FY 01/02 allocation. There are sufficient funds in the approved FY 00/01 HOME Fund Base Budget for this Agreement.
5. The Commission is capable and willing to perform services for the Community Development Block Grant Program for the City for FY 01/02. The City Council has authorized \$6,237,844 through the Adopted FY 01/02 CDBG base budget to fund portions of the Commission's housing, neighborhood improvement, economic development, and community services programs.
6. The City of Portland's Bureau of Housing and Community Development receives resources from Tri-Met and allocated additional resources to the Brownfield redevelopment program. BHCD will provide \$125,000 for PDC to perform Brownfield redevelopment site assessments.

7. The Commission has also budgeted \$500,000 in private lender participation agreement (PLPA) funds. Through the City, the PLPA provides a credit line from a local bank in which loans are assigned to the bank at a pre-determined interest rate to augment federal funding of loans.
8. The Council now desires to enter into a formal agreement with the Commission in the amount of \$6,237,844 to implement a portion of the CDBG Program, and an additional \$3,012,020 base budget HOME Programs to implement a portion of the HOME Program, as well as \$500,000 in PLPA funds, \$80,500 in funding toward lead hazard reduction, and \$125,000 for Brownfield assessment for a total contract in the amount of \$9,955,364. Attachment C details the contract budget.

AGREED:

I. Definitions

- A. Community Housing Development Organization (CHDO): A community based non-profit housing organization as defined at 24 CFR 92.2.
- B. Integrated Disbursement and Information System (IDIS): The system for managing disbursement of funds in the HOME and CDBG programs.
- C. Period of Affordability: The length of time that HUD tenant guidelines, rent affordability, Housing Quality Standards and other compliance regulations apply to a particular project, or the length of time specified in the Rental Housing Development Program guidelines adopted by PDC on October 18, 1994 or any subsequently approved guidelines. The period of affordability for all HOME-assisted projects shall be sixty years from the date of project completion.

II. Scope of Services

- A. SERVICES: CDBG funds are made available to the Commission to assist in the elimination of neighborhood slum and blight, to increase the supply of safe and affordable housing for qualified individuals, and to help low and moderate income individuals become more economically self-sufficient.

Two primary program areas have been developed to meet these objectives: Economic Development and Housing. Both are major components in the City's targeting strategy, and are directed toward improving housing and employment opportunities for low and moderate income City residents.

HOME funds are made available to the Commission to increase the supply of safe, decent, and affordable housing.

The Commission's implementation of the CDBG and HOME Programs must be

guided by a) the adopted *2000-2005 Consolidated Plan* and b) City Council's adoption of recommendations made in the Fourth Annual Housing Evaluation Report July 1, 1999 to June 30, 2000 (Resolution No. 35968).

Key principles of the *2001-2002 Action Plan* include:

Principle I: Priorities should focus on developing and preserving housing for those with greatest needs.

Principle II: Both public and private resources are required to meet community needs.

Principle III: There should be a direct relationship between the amount of public investment and the number of units affordable for a minimum of 60 years.

Principle IV: The goals of public investment in non-housing community development ("community development") should be economic vitality; safe and stable neighborhoods; thriving families; and access to opportunity for all residents.

Allocation guidelines from HIF/HOME/CDBG funds in Resolution #35968 are:

Housing Type	Percentage	Targeted Income
Rental	81%	See table below
Home Owner Rehab	11%	0-80% MFI
Home Buyer	6%	0-100% MFI
Innovative	2%	No income target

Rental Housing Income Guideline Targets

Income Level	Target
0-30% MFI	35%
31-50% MFI	40%
51-60% MFI	18%
61-80% MFI	7%
81% + MFI	0%

At least 50% of the units subsidized shall be family-sized units with two or more bedrooms.

The Commission shall, in a satisfactory and proper manner as determined by BHCD, implement the programs and perform services described in conformance with the City's contract with HUD and all applicable rules and regulations relating thereto. The services to be provided are described in Attachment B.

- B. **REPORTING:** The Commission contract manager shall furnish quarterly reports detailing the financial and program performance for each program in comparison to its yearly goals. The reports are due . October 31, 2001, January 31, 2002, April 30, 2002, and July 31, 2002. The reports shall identify year to date spending for each program compared to goal, housing units closed, jobs created, and additional information that indicates the status of each program as well information on the income level, ethnicity, and residency of each beneficiary. All reporting shall be coordinated through the Commission Finance Department to enable project staff to focus on programmatic goals outlined in this contract.

The reports shall be in a format specified by BHCD and agreed to by both parties. The purpose of these reports is to accurately track performance for the City, to track compliance with all federal regulations of the CDBG and HOME Programs, and to provide information required by HUD's IDIS system. Both parties acknowledge that it is imperative that these reports and billings be submitted according to the times specified in the paragraph above.

It is understood that, where numerical goals are provided in this contract, these are to be interpreted as targets and are subject to modification by mutual agreement of both parties.

- C. **IMPLEMENTATION OF PROGRAMS TO ADDRESS DISPARITIES IN**

CONSTRUCTION CONTRACTING AND WORKFORCE: City Council and Commission have each approved policies intended to address disparities in local contracting and workforce. As such, the Commission will undertake the following actions in order to address disparities found in construction contracting and workforce:

1. Apply Commission-approved strategies that address disparities in local contracting and workforce to all Commission-assisted projects funded under this contract including construction contracts, development agreements, construction loans, and land transactions. These strategies include City programs to the extent they are compatible with Commission projects. The City programs include but are not limited to Workforce Training and Hiring, Good Faith Effort, Equal Employment Opportunity, and Sheltered Market.
2. The Workforce Training and Hiring Program will apply to direct-bid construction contracts of \$200,000 or greater and all other construction related contracts resulting in construction valued at \$1,000,000 or more. Such other contracts include construction projects related to development agreements, construction loans, and land transactions. The Good Faith Effort Program will apply to direct construction contracts and development agreements for construction amounts of \$200,000 and above.
3. Provide assistance with outreach; monitor pre-bid and post-bid activities; facilitate the relationship between M/W/ESB subcontractors and general contractors; assist with disparity program compliance; prepare quarterly reports; provide overall assistance to contractors and project staff; and evaluate the effectiveness of the program.

II. Program Operations

The Commission shall implement and operate programs in accordance with the Commission-approved resolutions on file with BHCD.

A.	<u>Economic Development Programs</u>	Res. 3278 & CRD 85-45, Res. 3494, 5145
B.	<u>Housing Programs</u>	
	Single Family Rehabilitation Loans	CRD 83-19 and Res.3149, 3031, 3030, 4960, 5082, 5106, 5109, 5150
	Affordable Rental Loans (RHP Loans)	Res. 3102, 2992, 2945, 2809, 2476, 2318, 2240, 4637, 4996, 4961, 5056, 5189, 5489
	Non-Profit Facility Rehabilitation Loans	Res. 2947
	Technical Assistance & Neighborhood Marketing	Res. 3113

Urban Homestead Res. 3445, 3253, 2895
Private Lender Participation Agreements Res. 5105, 5481

C. Administration

PCRI Obligation Res. 5130
Disparity Study Implementation Res. 5066, 5171, 5149
Loan Review Committee Res. 5027

D. Amendments

Changes to the Single Family Policies and Procedures or Rental Housing Loan Guidelines pertaining to CDBG or HOME funds need to be approved by the Director of BHCD.

E. Policy Questions

If a policy issue arises that is not covered by any of the adopted documents cited, and/or if disagreements in interpretation arise that cannot be settled by the project managers, then the issue will be referred in writing first to the Director of BHCD and then to the City Commissioner responsible for BHCD for guidance.

IV. Compensation and Method of Payment

- A. The Commission will be provided \$6,237,844 in new CDBG funding.
- B. The Commission will have access to \$500,000 in Private Lender Participation Agreement funds.
- C. The Commission will be provided \$3,012,020 in base HOME funds to carry out the services described in Attachment B by the City of Portland through the HOME Program.
- D. The Commission will be provided \$125,000 for Borwnfield redevelopment site assessments.
- E. The Commission will be provided \$80,500 for lead-based paint hazard reduction.
- F. Payments to the Commission for eligible expenses will be made upon submission of an itemized statement of actual or anticipated expenditures. Both parties, prior to expenditure under new budget categories or amounts, must approve changes to the approved budget in writing. It is agreed that the total compensation under this agreement shall not exceed \$9,955,364.
- G. Billings shall be submitted to BHCD quarterly and will include expenses accrued in each calendar month. BHCD will review, modify if necessary, approve, and then forward them to the Grants Compliance Division in the Office of Finance and Administration for payment. Periodic requests between quarterly draws may be made on an interim basis as approved by both PDC and BHCD.
- H. In order to assure adequate cash flows under this Agreement, Private Lender Participation Agreement placements should occur at least once each quarter prior to submission of the CDBG draw request for that period and be reflected as an offset to the billing.
- I. All project set-ups and draw-downs will be processed by the City through the HUD IDIS systems. The Commission will generally be responsible for preparing necessary forms for the IDIS systems for project set-up, project draw-down, and project completions. The City will process these forms and will work with the Commission to make available standardized blank forms for these purposes and to establish time frames for their submission to the City. If the City finds that any transaction can not be processed, the City will return the documents to the Commission for correction.
- J. All funds received by the Commission must be disbursed within 15 days of receipt.
- K. All repayment income generated from HOME funded activities will be returned

by the Commission to the Local HOME Account maintained by the City. Repayment income will be re-programmed for eligible activities under the HOME Program as determined by the City.

- L. HOME program income shall be reported and accounted for on a monthly basis.
- M. CDBG program income may be retained to be used only for CDBG-eligible activities included in this contract. All CDBG program income shall be reported during the quarter and shall be traced and reported on the quarterly billings submitted to BHCD. The program income reported will be subtracted from the actual expenditures for the net draw on federal funds.

V. Project Managers

- A. The City Project Managers for the CDBG Program shall be Trell Anderson (housing) and Howard Cutler (economic development); and for the HOME Program shall be Andy Miller, or such other persons as shall be designated in writing by the Director of BHCD. The City Project Managers are authorized to approve work and billings hereunder, to give notices referred to herein, to terminate this agreement, as provided herein, and to carry out all other city actions referred to herein. All formal, written communication to BHCD regarding the contract should be directed to the appropriate Project Manager.
- B. The Contract Manager for the Commission for the CDBG and HOME programs shall be Jim Raleigh and Barbara Brennan or such other person as may be designated in writing by the Executive Director of the Commission. All formal written communication regarding the contract should be directed to the project manager. The Commission's Project Manager is authorized to approve all financial and performance reports and to coordinate all monitoring activities that involve Commission staff or records.

VI. Monitoring and Audits

The City will monitor performance under this Agreement during the period of the Agreement and during the period of affordability for each project funded under the Agreement. Monitoring will include a review of written records and reports, and may include site visits to projects. Monitoring reports will be prepared and provided to the Commission noting any deficiencies and required corrective actions.

HUD may also conduct monitoring or audits of projects funded under this Agreement. Should HUD make any findings which require the repayment of funds to HUD, the Commission will repay such funds to the City for transmittal to HUD to the extent that the Commission was negligent in carrying out its responsibilities for funding, monitoring or enforcement regarding the project at the time of the events which caused the finding requiring repayment.

VII. General Contract Provisions

- A. **TERMINATION FOR CAUSE.** In accordance with 24 CFR 85.43, if, through any cause, the Subrecipient shall fail to fulfill in timely and proper manner his/her obligations under this Contract, or if the Subrecipient shall violate any of the covenants, agreements, or stipulations of this Contract, the City may avail itself of such remedies as cited in 24 CFR 85.43 by giving written notice to the Subrecipient of such action and specifying the effective date thereof at least 30 days before the effective date of such action. In such event, all finished or unfinished documents, data, studies, and reports prepared by the Subrecipient under this Contract shall, at the option of the City, become the property of the City and the Subrecipient shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents.

Notwithstanding the above, the Subrecipient shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of the Contract by the Subrecipient, and the City may withhold any payments to the Subrecipient for the purpose of setoff until such time as the exact amount of damages due the City from the Subrecipient is determined.

- B. **TERMINATION FOR CONVENIENCE.** In accordance with 24 CFR 85.44, the City and Subrecipient may terminate this contract at any time by mutual written agreement. If the Contract is terminated by the City as provided herein, the Subrecipient will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Subrecipient covered by this Contract less payments of compensation previously made.
- C. **ENFORCEMENT AND REMEDIES.** In the event of termination under section A hereof by the City due to a breach by the Subrecipient, then the City may complete the work either itself or by agreement with another subrecipient, or by a combination thereof. In the event the cost of completing the work exceeds the amount actually paid to the Subrecipient hereunder plus the remaining unpaid balance of the compensation provided herein, then the Subrecipient shall pay to the City the amount of excess. Allowable costs shall be determined in accordance with 24 CFR 85.43(c).

The remedies provided to the City under sections A and C hereof for a breach by the Subrecipient shall not be exclusive. The City also shall be entitled to any other equitable and legal remedies that are available.

In the event of breach of this contract by the City, then the Subrecipient's remedy shall be limited to termination of the contract and receipt of payment as provided in section B hereof.

In the event of termination under Section A, the City shall provide the

Subrecipient an opportunity for an administrative appeal to the Bureau Director.

- D. **CHANGES.** The City or Subrecipient may, from time to time, request changes in writing in the scope of services or terms and conditions hereunder. Such changes, including any increase or decrease in the amount of the Subrecipient's compensation, shall be incorporated in written amendments to this contract. Changes to the scope of work, budget line items, timing, reporting, or performance measures may be approved by the Project Manager.

Significant changes to the scope of work, performance measures, or compensation must be approved by ordinance of the City Council.

- E. **NON-DISCRIMINATION.** During the performance of this Contract, the Subrecipient agrees as follows:
1. The Subrecipient will comply with the non-discrimination provisions of Title VI of the Civil Rights Act of 1964 (24 CFR 1), Fair Housing Act (24 CFR 100), and Executive Order 11063 (24 CFR 107).
 2. The Subrecipient will comply with prohibitions against discrimination on the basis of age under Section 109 of the Act as well as the Age Discrimination Act of 1975 (24 CFR 146), and the prohibitions against discrimination against otherwise qualified individuals with handicaps under Section 109 as well as section 504 of the Rehabilitation Act of 1973 (24 CFR 8).
 3. The Subrecipient will comply with the equal employment and affirmative action requirements of Executive Order 11246, as amended by Order 12086 (41 CFR 60).
 4. The Subrecipient will comply with the equal employment and non-discrimination requirements of Portland City Code Sections 3.100.005 (City Policies Relating to Equal Employment Opportunity, Affirmative Action and Civil Rights), 3.100.042 (Certification of Contractors), and Chapter 23 – Civil Rights.
- F. **SECTION 3:** The Subrecipient will comply with the training and employment guidelines of Section 3 of the Housing and Urban Development Act of 1968, as amended (12U.S.C. 1701a), and regulations pursuant thereto (24 CFR Part 135).
- G. **ACCESS TO RECORDS.** The City, HUD, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, general organizational and administrative information, documents, papers, and records of the Subrecipient which are directly pertinent to this contract, for the purpose of making audit or monitoring, examination, excerpts, and transcriptions. All required records must be maintained by the Subrecipient for

four years after the City makes final payments and all other pending matters are closed.

H. **MAINTENANCE OF RECORDS.** The Subrecipient shall maintain fiscal records on a current basis to support its billings to the City. The Subrecipient shall retain fiscal as well as all records relating to program management and operation, program beneficiaries, demographics and eligibility for inspection, audit, and copying for 4 years from the date of completion or termination of this contract. The City or its authorized representative shall have the authority to inspect, audit, and copy on reasonable notice and from time to time any records of the Subrecipient regarding its billings or its work here under.

I. **AUDIT OF PAYMENTS.** The City, either directly or through a designated representative, may audit the records of the Subrecipient at any time during the 4-year period established by Section H above.

If an audit discloses that payments to the Subrecipient were in excess of the amount to which the Subrecipient was entitled, then the Subrecipient shall repay the amount of the excess to City.

J. **INDEMNIFICATION.** The Subrecipient shall hold harmless, defend, and indemnify the City and the City's officers, agents and employees against all claims, demands, actions, and suits (including all attorney fees and costs) brought against any of them arising from the Subrecipient's work or any subcontractor's work under this contract.

K. **LIABILITY INSURANCE.**

(a) The Subrecipient shall maintain public liability and property damage insurance that protects the Subrecipient and the City and its officers, agents, and employees from any and all claims, demands, actions, and suits for damage to property or personal injury, including death, arising from the Subrecipient's work under this contract. The insurance shall provide coverage for not less than \$200,000 for personal injury to each person, \$500,000 for each occurrence, and \$500,000 for each occurrence involving property damages; or a single limit policy of not less than \$500,000 covering all claims per occurrence. The limits of the insurance shall be subject to statutory changes as to maximum limits of liability imposed on municipalities of the state of Oregon during the term of the agreement. The insurance shall be without prejudice to coverage otherwise existing and shall name as additional insureds the City and its officers, agents, and employees. Notwithstanding the naming of additional insureds, the insurance shall protect each insured in the same manner as though a separate policy had been issued to each, but nothing herein shall operate to increase the insurer's liability as set forth elsewhere in the policy beyond the amount or amounts for which the insurer would have been liable if only one person or interest had been named as insured. The coverage must apply as to claims between insureds on the

policy. The insurance shall provide that it shall not terminate or be canceled without 30 days written notice first being given to the City Auditor. If the insurance is canceled or terminated prior to completion of the contract, Subrecipient shall provide a new policy with the same terms. Subrecipient agrees to maintain continuous, uninterrupted coverage for the duration of the contract. The insurance shall include coverage for any damages or injuries arising out of the use of automobiles or other motor vehicles by Subrecipient.

(b) The Subrecipient shall maintain on file with the City Auditor a certificate of insurance certifying the coverage required under subsection (a). The adequacy of the insurance shall be subject to the approval of the City Attorney. Failure to maintain liability insurance shall be cause for immediate termination of this agreement by the City.

In lieu of filing the certificate of insurance required herein, Subrecipient shall furnish a declaration that Subrecipient is self-insured for public liability and property damage for a minimum of the amounts set forth in ORS 30.270.

L. WORKERS' COMPENSATION INSURANCE.

(a) The Subrecipient, its subcontracts, if any, and all employers working under this Agreement are subject employers under the Oregon Worker's compensation law and shall comply with ORS 656.017, which requires them to provide worker's compensation coverage for all their subject workers. A certificate of insurance, or copy thereof, shall be attached to this Agreement and shall be incorporated herein and made a term and part of this Agreement. The Subrecipient further agrees to maintain worker's compensation insurance coverage for the duration of this Agreement.

(b) In the event the Subrecipient's worker's compensation insurance coverage is due to expire during the term of this Agreement, the Subrecipient agrees to timely renew its insurance, either as a carrier-insured employer or a self-insured employer as provided by Chapter 656 of the Oregon Revised Statutes, before its expiration, and the Subrecipient agrees to provide the City of Portland such further certification of worker's compensation insurance as renewals of said insurance occur.

(c) If Subrecipient believes itself to be exempt from the worker's compensation insurance coverage requirement of (a) of this subsection, the Subrecipient agrees to accurately complete the City of Portland's Questionnaire for Worker's Compensation Insurance and Qualification as an Independent Contractor prior to commencing work under this Agreement. In this case, the Questionnaire shall be attached to this Agreement and shall be incorporated herein and made a term and part of this Agreement. Any misrepresentation of information on the Questionnaire by the Subrecipient shall constitute a breach of this Agreement. In the event of breach pursuant to this subsection, City may terminate the agreement

immediately and the notice requirement contained in subsection (A), TERMINATION FOR CAUSE, hereof shall not apply.

- M. **SUBCONTRACTING AND ASSIGNMENT.** The Subrecipient shall not subcontract its work under this contract, in whole or in part, without the written approval of the City. The Subrecipient shall require any approved subcontractor to agree, as to the portion subcontracted, to fulfill all obligations of the Subrecipient as specified in this contract. Notwithstanding City approval of a subcontractor, the Subrecipient shall remain obligated for full performance hereunder, and the City shall incur no obligation other than its obligations to the Subrecipient hereunder. The Subrecipient agrees that if subcontractors are employed in the performance of this contract, the Subrecipient and its subcontractors are subject to the requirements and sanctions of ORS Chapter 656, Workers' Compensation. The Subrecipient shall not assign this contract in whole or in part or any right or obligation hereunder, without prior written approval of the City.

The subcontractor shall be responsible for adhering to all regulations cited within this contract.

- N. **INDEPENDENT CONTRACTOR STATUS.** The Subrecipient is engaged as an independent contractor and will be responsible for any federal, state, or local taxes and fees applicable to payments hereunder.

The Subrecipient and its subcontractors and employees are not employees of the City and are not eligible for any benefits through the City, including without limitation, federal social security, health benefits, workers' compensation, unemployment compensation, and retirement benefits.

- O. **CONFLICTS OF INTEREST.** No City officer or employee, during his or her tenure or for one year thereafter, shall have any interest, direct, or indirect, in this contract or the proceeds thereof.

No board of director member or employee of the Subrecipient, during his or her tenure or for one year thereafter, shall have any interest, direct, or indirect, in this contract or the proceeds.

No City Officer or employees who participated in the award of this contract shall be employed by the Subrecipient during the contract.

On CDBG-funded projects, the Subrecipient shall further comply with the conflict of interest provisions cited in 24 CFR 570.611.

- P. **CONTRACT ADMINISTRATION, 24 CFR 570.502(b).** The Subrecipient shall comply with the applicable provisions of OMB Circular Nos. A-122, A-21, A-133 and A-110 as described by 24 CFR 570.502(b) and 570.610.

- Q. OREGON LAWS AND FORUM. This contract shall be construed according to the law of the State of Oregon.

Any litigation between the City and the Subrecipient arising under this contract or out of work performed under this contract shall occur, if in the state courts, in the Multnomah County court having jurisdiction thereof, and if in the federal courts, in the United States District Court for the State of Oregon.

- R. AVAILABILITY OF FUNDS. It is understood by all parties to this contract that the funds used to pay for services provided herein are provided to the City through a grant from the U.S. Department of Housing and Urban Development. In the event that funding is reduced, recaptured, or otherwise made unavailable to the City as a result of federal action, the City reserves the right to terminate the contract as provided under Section B hereof, or change the scope of services as provided under Section D hereof.

- S. PROGRAM INCOME/PERSONAL PROPERTY. For Community Development Block Grant-funded projects, the Subrecipient shall comply with provisions of 24 CFR 570.504 regarding program income. Program income shall be retained by the Subrecipient provided that it shall be used only for those activities identified in the Scope of Services, and shall be subject to all provisions of this contract.

- T. COMPLIANCE WITH LAWS. In connection with its activities under this contract, the Subrecipient shall comply with all applicable federal, state, and local laws and regulations. For Community Development Block Grant-funded projects, the Subrecipient shall carry out its activities in compliance with 24 CFR 570 Subpart K, excepting the responsibilities identified in 24 CFR 570.604 and 570.612.

In the event that the Subrecipient provides goods or services to the City in the aggregate in excess of \$2,500 per fiscal year, the Subrecipient agrees it has certified with the City's Equal Employment Opportunity certification process.

- U. PROGRAM AND FISCAL MONITORING. The City through the Bureau of Housing & Community Development shall monitor on a regular basis to assure contract compliance. Such monitoring may include, but are not limited to, on site visits, telephone interviews, and review of required reports and will cover both programmatic and fiscal aspects of the contract. The frequency and level of monitoring will be determined by the City Project Manager.

- V. EXPIRATION/REVERSION OF ASSETS. For Community Development Block Grant-funded projects, the Subrecipient shall comply with the Reversion of Assets provision of 24 CFR 570.503 (b)(8).

- W. RELOCATION, ACQUISITION AND DISPLACEMENT. The Subrecipient agrees to comply with 24 CFR 570.606 relating to the acquisition and disposition

of all real property utilizing grant funds, and to the displacement of persons, businesses, non-profit organizations and farms occurring as a direct result of any acquisition of real property utilizing grant funds. Subrecipient agrees to comply with applicable City of Portland ordinances, resolutions and policies concerning displacement of individuals from their residences.

- X. PROGRAM ACCESS BY THE DISABLED. The Subrecipient shall, to the maximum feasible extent, follow the Bureau of Housing and Community Development's guidelines on ensuring interested persons can reasonably obtain information about, and access to, HUD-funded activities.
- Y. SEVERABILITY. If any provision of this agreement is found to be illegal or unenforceable, this agreement nevertheless shall remain in full force and effect and the provision shall be stricken.
- Z. INTEGRATION. This agreement contains the entire agreement between the City and the Subrecipient and supersedes all prior written or oral discussions or agreements.
- AA. LABOR STANDARDS. The Subrecipient agrees to comply with the requirements of the Secretary of Labor in accordance with the Davis-Bacon Act as amended, the provisions of Contract Work Hours, the Safety Standards Act, the Copeland "Anti-Kickback" Act (40 U.S.C 276, 327-333) and all other applicable federal, state and local laws and regulations pertaining to labor standards insofar as those acts apply to the performance of this contract. The Subrecipient shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the City of Portland for review upon request.

The Subrecipient agrees that, except with respect to the rehabilitation or construction of residential property designed for residential use for less than eight (8) households, all contractors engaged under contracts in excess of \$2,000.00 for construction, renovation or repair of any building or work financed in whole or in part with assistance provided under this contract, shall comply with federal requirements adopted by the City of Portland pertaining to such contracts and with the applicable requirements of the regulations of the Department of Labor, under 29 CFR, Parts 3, 15 and 7 governing the payment of wages and ratio of apprentices and trainees to journeymen; provided, that if wage rates higher than those required under the regulations are imposed by state or local law, nothing hereunder is intended to relieve the Subrecipient of its obligation, if any, to require payment of the higher wage. The Subrecipient shall cause or require to be inserted in full, in all such contracts subject to such regulations, provisions meeting the requirements of this paragraph, for such contracts in excess of \$20,297.00.

- BB. FLOOD DISASTER PROTECTION. The Subrecipient agrees to comply with the requirements of the Flood Disaster Protection Act of 1973 (P.L.-2234) in regard to the sale, lease or other transfer of land acquired, cleared or improved under the terms of this contract, as it may apply to the provisions of this contract.
- CC. LEAD-BASED PAINT. The Subrecipient agrees that any construction or rehabilitation of residential structure with assistance provided under this contract shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35, and in particular Sub-Part B thereof. Such regulations pertain to all HUD-assisted housing and require that all owners, prospective owners, and tenants or properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning.
- DD. FUND-RAISING. City-funded dollars may be used to cover expenses directly related to the contracted project. Costs associated with general agency fund-raising activities are not eligible.
- EE. PUBLICITY. Publicity regarding the project shall note participation of the City through the Bureau of Housing & Community Development.
- FF. LOBBYING. No Federal appropriated funds have been paid or will be paid, by or on behalf of the Subrecipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Subrecipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Subrecipient shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans and cooperative agreement) and that all Subcontractors shall certify and disclose accordingly.

- GG. CHURCH/STATE. The Subrecipient agrees to comply with the applicable provisions of 24 CFR 570.200(j) or 24 CFR 576.22 regarding the use of federal funds by religious organizations.

- HH. **TARGETING.** Each year the City designates target areas, which receive focused services through the Bureau of Housing & Community Development. As appropriate, the Subrecipient may be asked to provide marketing and outreach for its services and/or collect demographic information on its clients, relative to these target areas. Boundaries of target areas will be provided to any Subrecipient who is asked to provide such information and assistance.
- II. **TRAINING.** The Bureau of Housing & Community Development will provide training for all new Contractors and for Contractors who have experienced significant organizational changes, which would warrant training. This training may be carried out on an individual basis or as part of a general training program, at the discretion of the City.
- JJ. **INDEPENDENT FINANCIAL AUDITS/REVIEWS.** Any subrecipient receiving \$300,000 or more in federal funds, from all sources, in any program year is required to obtain an independent audit of the federally funded program(s), in compliance with federal OMB Circular A-133. Any subrecipient receiving between \$25,000 and \$300,000 in federal funds, from all sources, in any program is required to obtain an independent financial review. Additionally, contractors receiving between \$25,000 and \$300,000 in federal funds may be required to obtain an A-133 audit, if the City believes it is warranted. Two copies of all required financial audits or reviews will be submitted to the designated City Project Manager within thirty days of their completion.

VI. Period of Agreement

The term of this Agreement shall be effective as of July 1, 2001 and shall terminate effective June 30, 2002. The obligations and duties of this Agreement shall be binding on the Commission during any period the Commission has control of CDBG or HOME funds or program income under this Agreement, or during any period of affordability relative to any project funded under this Agreement.

Dated this _____ day of _____, 2002

CITY OF PORTLAND

**PORTLAND DEVELOPMENT
COMMISSION**

Erik Sten
Commissioner of Public Works

Don Mazziotti
Executive Director

APPROVED AS TO FORM:

Jeffrey L. Rogers, City Attorney

_____, Legal
Counsel

DETAILED SERVICES**I. HOUSING PROGRAM****Policy Overview**

The objective of the Housing Program is to improve, preserve, and increase the City's housing stock, targeting the housing needs of low and moderate income households in accordance with Consolidated Plan priorities. The Housing Program includes programs and projects which improve the livability of Portland neighborhoods through developing new housing and rehabilitating the existing housing stock, providing home ownership opportunities, affordable rental housing and service-enriched housing for special needs citizens. These programs are coordinated with targeting efforts of BHCD.

The Housing Programs are guided by the adopted *2000-2005 Consolidated Plan*, the updated *2001-2002 Action Plan*, with particular reference to the adopted priorities, and City Council Resolution No. 35968 that adopts recommendations from the *Fourth Annual Housing Evaluation Report July 1, 1999 to June 30, 2000*.

These policies have been used to guide the allocation of resources and the design of programs funded under this Agreement. They should also be used to guide day-to-day decisions regarding project selection, financing terms and other operational practices. Questions regarding application of these policies should be directed to the Director of BHCD through the Contract Manager.

A. Neighborhood Housing Preservation

1. The Neighborhood Housing Preservation (NHP) includes a variety of products to assist current homeowners rehabilitate their homes and to create opportunities for first-time homebuyers. Funding sources include CDBG, HOME and PLPA, and FY 01/02 will be the first full fiscal year where NHP program implementation must include addressing hazards in the home related to lead-based paint, as required and stated in 24 CFR Part 35.
2. BHCD will work with the NHP Manager and staff to monitor the effectiveness of NHP's work processes and performance goals. BHCD staff will meet with the NHP Manager and staff on a quarterly basis to determine needed policy and process change. The Commission will provide an NHP performance supplement to the quarterly report detailing the following performance goals: the number of loans closed, the average time from application intake to loan closing, the average administrative cost per loan, the number of loans in process, the status of outstanding applications and resources, and the number of loans provided where 51% or more of the work performed was to address lead-based paint hazards in the home (identified as "lead loans").
3. As stated in the City's 2000-2005 Consolidated Plan, objectives of the single-family

rehab program supported by CDBG funding serve several policy objectives:

- a) **Principle I:** Priorities should focus on developing and preserving housing for those with the greatest needs.

Those with the greatest need include people who are homeless, living in dangerous environments, or in substandard housing that violates safety codes.

- b) **Principle II:** Both public and private resources are required to meet community-housing needs.

Public housing resources should be directed to housing for those with the greatest need.

Public moneys may also be used to stimulate private investment and fill affordability gaps.

- c) **Principle IV:** The goals of public investment in non-house community development should be economic vitality; safe and stable neighborhoods; thriving families; and access to opportunity for all residents.

Public investment in community development at the neighborhood level should focus on neighborhoods that have not shared in the recent economic expansion, and on residents who have faced or are facing involuntary displacement as a result of neighborhood revitalization.

- 4. PDC NHP has proposed to undertake resource development activities in FY 01/02 to enhance home improvement lending products and services. BHCD has agreed to allow these activities under the FY 01/02 Agreement with the following objectives:
 - a) Leverage of the base funding (CDBG) to expand resources;
 - b) Program delivery and expenditures that comply with federal rules and regulations; resources directly leveraged also comply with federal rules and regulations;
 - c) Fill gaps in the market where private lending institutions are not serving lower income households;
 - d) Develop ongoing partnerships with community-based organizations;
 - e) Rehab of housing units to stabilize individual households and prevent displacement from their homes in neighborhoods west of I-205; and
 - f) Rehab of housing units to revitalize neighborhoods east of I-205.
- 5. PDC staff will undertake research and program development activities to enhance home improvement products and services. HMDA data for 2000 indicates that 2,100 home improvement loans totaling \$54,200,000 were originated within Portland city limits, averaging \$25,500 per loan. PDC will research and analyze the following information to determine how the NHP rehab program can successfully produce additional loan volume while maintaining its current (FY 01/02) staffing level:
 - a) Trends in home improvement lending;

- b) Loan products available in the market;
 - c) Customer needs and preferences;
 - d) Underserved populations;
 - e) Organizational capacity and structure;
 - f) Existing loan processes and systems;
 - g) Investment sources;
 - h) Access points to clients in specific neighborhoods and potential partnerships with community-based organization.
6. This research and analyses will lead to recommendations for new product concepts, how PDC NHP should be repositioned in the market to be competitive and meet Consolidated Plan objectives; identifying what systems, structures and resources (both internal and external) are necessary to achieve goals, and a timeline for implementation of product, program and/or system changes. Recommendations will be presented to BHCD staff by May 1, 2002 in preparation for contract development for FY 02/03.
7. Production goals for NHP for FY 01/02 are:
- a) Single-Family Rehabilitation Program:
Provide 100 loans to households below 50% AMI - citywide.
 - i) CDBG funds may be used to leverage other private or public resources to provide loans to households below 80% AMI – citywide.
 - ii) Marketing and promotion of the products should be in the following neighborhoods:
 - a) BHCD Target Area neighborhoods include – St. Johns, Portsmouth, Humboldt, Boise, Kerns, Parkrose, Foster-Powell, Mt. Scott-Arleta;
 - b) Neighborhoods east of 82nd Ave. – Lents, Powellhurst-Gilbert, Hazelwood, Parkrose, Parkrose Heights, East half of Montavilla, Madison South, and Argay-Parkrose;
 - c) PDC NHP shall provide a report on program marketing and lending activities in these neighborhoods;
8. In an attempt to provide additional annual program income, adjust the program to become partially self-sustaining, and structure loan practices more closely to private market practices, NHP will initiate the following measures:
- a) All deferred payment loans will carry a below-market fixed, simple, non-accruing interest rate.
 - b) All loans will re-capture actual 3rd party costs of loan origination (appraisal, credit, flood, title, escrow, recording) by adding the fees to the loan amount, with no out of pocket expenses to borrower.
 - c) All loans will carry a nominal loan fee, to be included in the loan amount, with no out of pocket expense to borrower.
 - d) All amortized loans will carry fixed rates of 4-6%, for terms not exceeding 30 years. Rate and term will be structured to provide maximum affordability to each borrower.

9. Local Improvement District Program:
Provide grants for very low-income homeowners residing in local improvement districts to fund improvements such as sidewalks and streets. The grants are available to homeowners who are required by a local improvement district to participate in assessment.

Outcomes: Provide grants for 5 owner-occupied single family homes.

10. Sewer On Site Loan Program:
Provide deferred payment loans to low and moderate income homeowners to pay for sewer hook-up expenses. Loans are available to households earning up to 80% MFI residing in homes located within the boundaries of the Mid-County Sewer Connection Project.

Outcomes: Commit or close at minimum 25 loans.

B. Rental Housing Development

1. The Housing Development Finance (HDF) program provides loans for acquisition, refinance, new construction and rehabilitation to owners or prospective owners of residential rental properties. Funding sources include Housing Investment Funds, CDBG, PLPA, Rental Rehab Program Income, HOME funds and Tax Increment Funds. In order to maximize the use of public subsidy, housing funds should be allocated by use and income group to be served, not by funding source. Target goals related to federal funds have been established by the Housing and Community Development Commission for certain housing types including large families and special needs populations. Guidelines adopted by City Council in Resolution No. 35968 apply to the use of CDBG, HOME and HIF funds over different housing types and income levels served. A new guideline resolution may be adopted during the term of this agreement, in which case it will supercede Resolution No. 35968.
2. The HDF program will be administered according to the Rental Housing Development Financial Products Manual, adopted October, 1999. BHCD will participate in the monitoring and modification of guidelines through the Program Guidelines Committee and the Housing Evaluation Group.
3. Funding under this Agreement will be used to support projects that comply with all regulations governing the Community Development Block Grant program and/or the HOME Program.
4. The Commission will target fifty percent of the available, non-designated, rental federal and HIF funds to serve families, defined as housing units with two or more bedrooms. Twenty to thirty percent of the non-designated available funds will be targeted for special needs housing.
5. A portion of the available HIF and Federal Rental Housing Financial Assistance for

FY 01/02 will be designated for special types of rental projects "Designated Funds" as follows:

- a) Lead Hazard Reduction: If properties are identified which are occupied by a child or children with a document elevated blood level, or which are determined to be hazardous through a risk assessment, and are owned by a non-profit or otherwise obligated to long term affordability, PDC will prioritize rehabilitation funding to address the lead hazards to the extent that resources are available.
- b) Special needs: Efforts shall be made, including consultation with BHCD staff, to ensure that the allocation target of 20-30% of rental housing funds to special needs units is met and that a diverse array of special needs projects are developed and underwritten. Units funding with CDBG and HOME Program funds must comply with the laws governing physical accessibility including but not limited to the Fair Housing Act and its implementing regulations.
- c) Rosemont Infrastructure: \$50,000 shall be budgeted and programmed for water main extension and laterals per the intergovernmental agreement (July 12, 2000, Ordinance No. 174664) between PDC, BHCD and the City's Department of Transportation for the Rosemont project.
- d) Loan Guarantees: PDC may request authorization to make loan guarantees or other pledges backed by the CDBG or HOME loan portfolios or future program income to support affordable housing projects consistent with City program objectives. BHCD will consider and approve loan guarantee agreements on a case by case basis.

6. Production goals for rental housing development are:

- a) Provide financial assistance to 300 affordable rental housing units serving low and moderate-income households, inclusive of all referenced funding sources (except TIF). This goal may be amended depending upon the income level targeted and served.
- b) Rental Housing Preservation

A number of existing multi-family rental properties are subject to HUD's expiring use and are at risk of being lost as affordable housing. PDC staff may be requested to investigate acquisition of selected properties and serve as the interim owner of acquired properties. PDC staff will provide real estate, property management, and financing services necessary to acquire and own property, and to finance and transfer ownership to a selected property owner. A property may be located in or outside urban renewal districts and funding for acquisitions may use any combination of sources made available to the Commission.

Outcomes: Preserve up to two properties by June 30, 2002. Acquire, manage, and prepare for the transfer to selected owners.

c) Non-Profit Facility Program

This program provides loans for rehabilitation or development of non-profit facilities.

Outcomes: Complete two on-going projects from past years and make significant progress on two new projects.

d) Other Housing Activities

e) General Housing Program Implementation Activities - This contract provides staff and operating costs to the Commission to serve as a primary implementing entity for housing activities on behalf of the City. Activities to carry out this responsibility include:

- i) Provide information to the Housing and Community Development Commission as specified in this agreement or as mutually agreed upon.
 - ii) Work with BHCD and other constituencies and stakeholders to monitor the HDF Program.
 - iii) Serve as the entity that receives property on behalf of the City for redevelopment.
 - iv) Initiate and manage the Private Lender Participation Agreements.
 - v) Implement the Smart Growth Fund.
 - vi) Participate in the development and amendments to the Consolidated Plan.
- f) Technical Services to Support Housing Projects Not Receiving Commission Financing - The City may refer to the Commission approximately five projects being developed by community development corporations, Community Initiatives grantees, recipients of Portland Neighborhood Development Support Collaborative grants, or HOPWA grants for technical services. Upon receipt of a written request from the BHCD project manager, the Commission shall undertake, or subcontract (without prior written permission) to undertake, the technical services in the following area:
- i) Environmental review, including historic preservation compliance.
 - ii) Lead paint notification and follow-up.
- iii) Compliance with the Uniform Real Property Acquisition and Relocation requirements including Section 104(d).
- iv) Review of work write-up to conduct a cost analysis and assure cost reasonableness and compliance with federal regulations and City codes.

Outcomes: Technical services shall be completed within a time frame and cost negotiated at the time of referral.

g) Lead Hazard Control Activities:

BHCD will support a risk assessor position using funding from the Portland Water Bureau. The risk assessor will perform appropriate functions related to compliance with federal lead regulations and associated with hazard reduction work funded by the HUD Lead Hazard Control Grant.

- i) PDC housing staff will assist with the implementation of the Portland Lead Hazard Control Program Rental EBL Intervention Pilot program. When the Multnomah County Health Department refers a rental household with a child with a blood lead level of 10 mg/dL, PDC will coordinate with the County, BHCD, private land lords, and tenants to assist in reducing exposure to lead hazards for the household. PDC's role includes:
 - a) Performing risk assessments on individual rental units if requested by a family with an child with a blood lead level of 10 mg/dL.
 - b) Providing the household and the property owner with information on resources available from the Portland Lead Hazard Control Program.
 - c) Performing risk assessments on potential relocation units if it is deemed that the household should be relocated.

- ii) PDC will coordinate with BHCD to administer the City's HUD Lead Hazard Control Grant in accordance with grant policies, procedures, and related contracts. The PDC housing staff will coordinate applications, bids and contracts between homeowners and lead-certified contractors, oversee construction coordination of units assisted with the City's HUD Lead Hazard Control Grant, and coordinate clearance inspections and approval of the completion of contractors' work for final funding.

- iii) Clearance tests performed by PDC staff should be available to community-based organizations on an as-needed basis in order to comply with Federal lead regulations. The amount of staff time needed to perform the clearance tests will be monitored and evaluated quarterly to determine if available staff resources are sufficient.

- iv) PDC staff will also participate in program planning and in on-going program evaluation to further enhance the effectiveness of the program and assist the City of Portland in compliance with federal lead regulations.

- h) Loan Servicing & Portfolio Management
 - i) This Agreement provides staff/operating costs and outside contract funding for Leader Mortgage Loan servicing to generate approximately \$1,000,000 million of loan repayments.

 - ii) During FY 01/02, the Commission will continue to develop a comprehensive portfolio management system. This will include data collection and review mechanisms to insure that borrowers are complying with all terms and conditions of funding agreements. This system will provide valuable information to maximize the value and use of the portfolio in resource development, and provide important feedback for program design and refinement. BHCD will participate on an advisory committee overseeing this project. PDC will provide written quarterly reports on the status of program design and implementation.

- iii) In addition, in FY 01/02 the Commission and BHCD will work together to maximize the resources represented by the CDBG and HOME funded loan portfolio. This will include work to improve the information system relating to the status and revenue projections from the portfolio, and exploration of opportunities to sell, securitize, or otherwise use the portfolio as a source of security or credit enhancement to access new capital to further the City's housing and community development objectives. PDC will work with BHCD to develop a work plan for portfolio analysis that will establish specific work products including research, analysis or reports, and timelines for completion of each task. A summary report on progress under this initiative will be included in the quarterly report.
- iv) PDC will provide routine quarterly reports on income generated by the portfolio.
- v) BHCD must approve in writing any proposals (such as assignment, sale, securitization, guarantees or pledges) with respect to the CDBG and HOME portions of the Commission loan portfolio.

7. HOME Program Specifics

The following provisions apply to the use of HOME funds in both the Rental Housing Development and Home Ownership Initiative program areas.

- a) Rental Housing Development
 - i) The number of HOME-assisted units will be a subset of the overall rental housing development goal number. All HOME-assisted units must meet the requirements for the maximum subsidy and conform to the regulations contained in 24 CFR 92.
 - ii) 90% of the HOME-assisted units must be occupied upon project completion by households below 60% of the area median income.
 - iii) At least 15% of the Portland Consortium HOME allocation must be provided to projects which are owned, sponsored or developed by CHDOs certified by the Bureau of Housing and Community Development in accordance with the regulations contained at 24 CFR 92.300. In order to meet this requirement, the Contractor must reserve at least \$1,318,424 of the HOME funding allocated under this contract to FY 99/00 projects, which are owned, sponsored or developed by CHDOs.
- b) HOME Regulation Compliance
 - i) All activities carried out with HOME funds shall comply with 24 CFR Part 92.
 - ii) The Contractor will be responsible for performing all actions necessary to comply with the environmental review requirements contained in 24 CFR 92.633. The Contractor may not commit any HOME funds to projects nor

allow any activities that would have an adverse environmental impact or limit the choice of reasonable alternatives until the environmental review requirements contained in 24 CFR 92.633 and 24 CFR Part 58 have been met. The Contractor will be responsible for preparing all review documents and publishing all required public notices on behalf of the City and shall identify the City to receive any public comments. The City is the Certifying Officer for purposes of these requirements. The City will process all necessary Requests for Release of Funds (RROF). When HUD has approved the RROF, the City will notify the Contractor that funds may be committed to the project. All review documentation, correspondence, public notices and other documents pertaining to environmental review shall be maintained by the City.

- iii) Funds under this Agreement must be obligated, committed, set up and expended in the IDIS System according to the timelines described in the HOME regulations.

8. Monitoring for Regulatory Compliance

- a) The Contractor will be responsible for monitoring all projects developed under this Agreement for compliance with HOME regulations contained in 24 CFR 92 including all other applicable federal regulations such as Davis-Bacon, Lead Based Paint, etc.
- b) The Contractor shall monitor each project throughout the pre-development, development and rent-up phases to insure that the project initially complies with the HOME and all other applicable federal regulations. No less than 90% of rental units developed under this Agreement must be occupied by households whose annual incomes are at or below 60% of the area median income at initial occupancy. The remaining units must be occupied by households at or below 80% of area median income.
- c) The Contractor shall also be responsible for ongoing monitoring during the HOME period of affordability for each project. This monitoring shall include required housing quality inspections, compliance with rent guidelines, and on-site inspection of tenant income certifications, as well as any other periodic monitoring requirement under the HOME regulations. The Contractor shall allow for inspection or provide copies of reports of monitoring findings to the City as requested by the City.
- d) If at any time during the HOME period of affordability a project is found by HUD not to qualify as affordable housing, the Contractor will be responsible for repaying to the City any funds required to be repaid to HUD if the Contractor was responsible for monitoring and enforcement regarding that project at the time of the disqualifying event, subject to first

pursuing corrective and remedial actions and sanctions authorized by 24 CFR 92.551 and 552.

II. ECONOMIC DEVELOPMENT PROGRAM (CDBG)

Policy Overview

CDBG-funded economic development efforts center primarily on Northeast and Outer Southeast Portland, with an emphasis on physical development activities that support the revitalization and job creation goals of these community areas.

PDC programs that stimulate physical revitalization include Pre-Development Assistance, Business Development Financing, and Storefront Improvement. In general, these programs are intended to address blighted conditions in target areas by focusing resources toward creating business ownership and job opportunities for community residents.

BHCD-designated target areas include the Foster, St. Johns, Humboldt, NE 42nd and Mississippi Target Areas, as well as MLK Blvd./Alberta (outside of the existing urban renewal area).

Commission staff will participate in community planning and economic development activities in these areas in order to bring its expertise in redevelopment, planning, commercial development and business finance. Staff will work on commercial, industrial and mixed use projects with community groups, city bureaus, other public agencies, developers, and property owners in order to develop strategies and provide direct project support for a broad range of development activities.

During FY 01/02, PDC staff will complete work on Alberta from FY 00/01. Additionally, staff will continue to collaborate with BHCD to evaluate the most effective means of: providing technical/financial assistance for small businesses, of minimizing involuntary displacement, and of increasing local wealth creation opportunities in low-income areas.

BHCD and PDC staffs will meet within 15 days following the submission of the quarterly reports to discuss the progress and rate of expenditures for each program. These meetings may serve as a forum to discuss the possible transfer of funds between programs. Meetings will commence in October 2001.

A. Business Development Financing

1. Business development financing provides financial resources and technical assistance to companies expanding, relocating or beginning operations. Funds may be used for the acquisition of a business, land and/or buildings, renovation/ rehabilitation of a building, acquisition/installation of machinery or equipment, inventory, and working capital. The loan program is intended to assist small businesses within designated neighborhoods, by making financial assistance available to qualified borrowers whose needs are not being

met by private lenders and existing programs. PDC will leverage CDBG with other lending partners' funds to the best of its ability, to the benefit of the loan recipient.

2. Although the priority of the loan program primarily has been the revitalization of TADs, additional FY 01/02 priorities for CDBG loans are to create employment opportunities, build the local wealth of long-time merchants, and to increase the success rates of start-up businesses. As such, PDC staff may choose to structure loans where CDBG funds are deferred for up to three years; in such cases, PDC may require that the borrower participate in technical assistance opportunities. PDC may utilize CDBG funds for job creation projects in the N/NE Enterprise Zone per recommendations by the Commission and BHCD staff, and which create jobs for low/moderate income residents.
3. Loans for businesses in the Humboldt, Mississippi, St. Johns, NE 42nd and Foster Target Areas qualify under the slum/blight criterion; elsewhere, job creation is the criterion for loans outside these areas. The wage standard for job creation is that the jobs pay an average of \$12.50/hr. plus benefits.
4. As a general rule, loans are not available to be used as the match component for a storefront improvement grant unless BHCD approves the allocation based on the site's strategic importance in furthering the revitalization efforts of a Target Area.
5. **Scope of Activities and Outcomes**
Approval of 5-7 loans, resulting in either new private investment in 5-7 development projects on sites that have been vacant or blighted, or job creation at an average wage \$12.50/hr. plus benefits.
6. **Reporting Items**
 - a) Under the revitalization objective category, a listing of each BHCD loan recipient and the amount of financial assistance provided.
 - b) Under the job creation objective, a listing of each BHCD loan made, the amount of assistance, and the number of low-mod jobs expected to be created.
 - c) Amount of private dollars leveraged.
 - d) The number of non-CDBG loans PDC has made excluding the CCEIP and Quality Jobs Programs.

B. Pre-Development Assistance:

1. Pre-Development assistance is intended to promote and carry out commercial, industrial and mixed-use projects that conform to the aspirations of the community. Assistance is primarily accomplished through feasibility studies and other pre-development studies/tasks designed to encourage development at strategically important sites, or opportunities that will result in job creation for local residents at living wages. The program provides grants, usually at a 3-to-1 ratio, to assist individual owners in developing plans for their property and determining the feasibility of potential development projects.

2. Staff will actively work with the Mississippi, Humboldt, St. Johns, NE 42nd and Foster Target Area coordinators so they can effectively market the program to potential developers in these areas. Staff will complete work that is underway or committed in FY 2000-01 areas. If carryover funds are not available to cover the staff costs on these carryover projects, the following projected outcomes will have to be reduced accordingly.
3. Scope of Activities and Outcomes
 - a) Oversee the carrying out of 14 BHCD funded feasibility studies, with the anticipation that 7 of these sites will progress forward in a significant way towards development within 24 months of completion of the study.
 - b) It is anticipated that at least 2 studies will be conducted on Foster, Mississippi, Humboldt, NE 42nd, and St. Johns.
4. Reporting Items
 - a) Number of approved feasibility studies, identified by target area.
 - b) Number of sites with feasibility studies that are progressing forward in a significant way towards development within 12 and 24 months of completion of the study.
 - c) Amount of private dollars leveraged on sites under development.

C. Storefront Improvement Program

1. The Storefront Improvement Program assists property owners and business owners in rehabilitating their commercial storefronts and revitalizing neighborhood commercial areas by providing 50/50 matching grants to owners/merchants to rehabilitate their building facades. The program also provides a limited number of hours of design assistance to owners/merchants.
2. TAD coordinators are primarily responsible for marketing the program to their individual areas. PDC staff is responsible for providing technical assistance to the coordinators, then processing applications, and ensuring each award complies with programmatic and federal regulations.
3. Areas eligible for the FY 01/02 Storefront Program include the Humboldt, Mississippi, Milwaukie, St. Johns, NE 42nd and Foster Target Areas. Staff will complete work that is underway or committed during FY 00/01 in the Milwaukie and Alberta TAD. However, if carryover funds are not available to cover the staff costs of these carryover projects, the projected outcomes below will have to be reduced accordingly.
4. Scope of Activities and Outcomes
 - a) Provide design assistance to 10 applicants.
 - b) Approve matching grants, and oversee the program's regulations, to

approximately 14-16 businesses in the designated Target Areas.

- c) It is anticipated that 2-3 awards s will be approved for Mississippi, Humboldt, and NE 42nd, 3-4 for Foster, and 5-6 for St. Johns.

5. Reporting Items

- a) Number of applicants receiving design assistance.
- b) Number of storefront applications received and approved, broken out by Target Area.
- c) Number of storefronts completed.
- d) Amount of private dollars leveraged.

D. Other

1. PDC will utilize other available funding sources as appropriate - including EDI-108 and CDBG floats - in order to support its economic development efforts in Northeast and outer Southeast Portland.

E. Brownfield Assessments:

1. Brownfield assessments are intended to assist in the revitalization of underutilized properties that have been referred by the Portland Brownfield Showcase Program. Assistance is generally accomplished through a level I and/or II environmental assessment undertaken by a consultant selected and overseen by PDC.
2. PDC shall utilize assessment funds of the Portland Brownfield Showcase and Tri-Met Brownfield Demonstration programs to fund these assessments.
3. Scope of Activities and Outcomes.
 - a) Provide level II environmental assessments to 3-5 properties in the Interstate URA to be funded by the Tri-Met Brownfield Demonstration program.
 - b) Provide level II assessments to 5-7 properties elsewhere, to be funded by the Portland Brownfield Showcase program.
4. Reporting Items.
 - a) Number of assessments begun, number completed, per program.

PDC/BHCD FY01-02 Contract Budget

	Contract Budget
Homebuyer Program	
Development/Financial Asst.	\$ -
PLPA	\$ -
Program Delivery	\$ 34,726
Subtotal	\$ 34,726

Sources:	01-02 HOME	Water Bur.		Brownfield	Brownfield
CDBG	Base	Lead	PLPA	Tri-Met	BHCD
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 34,726	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 34,726	\$ -	\$ -	\$ -	\$ -	\$ -

Homeowenr Rehab	
Rehab Loans	\$ 1,090,000
PLPA	\$ -
Program Delivery	\$ 655,795
Lead Poisoning Prevention	\$ 80,500
Subtotal	\$ 1,826,295

\$1,090,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 655,795	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 80,500	\$ -	\$ -	\$ -
\$1,745,795	\$ -	\$ 80,500	\$ -	\$ -	\$ -

Rental Housing	
Development/Loans	\$ 4,352,020
PLPA	\$ 500,000
Program Delivery	\$ 729,645
Afford Hsng 0-30% MFI	\$ 500,000
Subtotal	\$ 6,081,665

\$1,340,000	\$ 3,012,020	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -
\$ 729,645	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 500,000		\$ -	\$ -	\$ -	\$ -
\$2,569,645	\$ 3,012,020	\$ -	\$ 500,000	\$ -	\$ -

Loan Servicing/Admin	
Loan Servicing	\$ 485,000
Housing Admin	\$ 183,536
Subtotal	\$ 668,536

\$ 485,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 183,536	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 668,536	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL HOUSING	\$ 8,611,222
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\$5,018,702	\$ 3,012,020	\$ 80,500	\$ 500,000	\$ -	\$ -
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Neighborhood Improvement	
Sewer Hook-up	\$ 120,000
LID Subsidy	\$ 20,000
Rosemont Infrastructure	\$ 50,000
NP Facilities	\$ 258,132
Subtotal	\$ 448,132

\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 258,132	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 448,132	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL Neighborhood Impvmnt	\$ 448,132
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\$ 448,132	\$ -	\$ -	\$ -	\$ -	\$ -
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Economic Development	
Redev. Planning (DOS)	\$ 171,829
Bus. Dev. Finance/EDI/108	\$ 316,769
Storefront Improvement	\$ 253,717
Brownfield Assmts - N. Interstate	\$ 50,000
Brownfield Assmts - City-wide	\$ 75,000
Subtotal	\$ 867,315

\$ 171,829	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 316,769	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 253,717	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000
\$ 742,315	\$ -	\$ -	\$ -	\$ 50,000	\$ 75,000

Loan Servicing and Admin.	
Loan Servicing (ec.dev.)	\$ 11,926
EcDev Admin	\$ 16,769
Subtotal	\$ 28,695

\$ 11,926	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 16,769	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 28,695	\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL Economic Development	\$ 896,010
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\$ 771,010	\$ -	\$ -	\$ -	\$ -	\$ -
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TOTAL PDC CONTRACT	\$ 9,955,364
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\$ 6,237,844	\$ 3,012,020	\$ 80,500	\$ 500,000	\$ 50,000	\$ 75,000
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