



CITY OF
PORTLAND, OREGON
PORTLAND HOUSING BUREAU

Commissioner Nick Fish
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Re: Update on FY 2010-11 PHB Budget Process

Dear Contractor:

As you are probably aware, Mayor Sam Adams released his proposed budget last Friday and PHB programs were highlighted as critical priorities for Portland. Given the magnitude of the budget challenges facing the City, the level of general fund support targeted for safety net housing and homelessness services proposed by the Mayor is great news for PHB and for members of our community who do not enjoy housing stability.

With this memo, I hope to give you a high-level overview of how the PHB budget will benefit from the Mayor's proposals. In the coming weeks we will provide additional details as they become available.

You may recall that our requested budget – submitted February 1, 2010 – sought to convert \$4.2 million of general fund from one-time to ongoing to render some of our core programs more sustainable than they've been in the past.

The Mayor's proposed budget does not provide any additional ongoing general funds beyond what we received in the current year, but it does appropriate \$2.5 million in one-time only resources. The proposal also allocates \$1.3 million to fund an emergency campaign to create additional shelter capacity and rapid housing placement services for people experiencing homelessness.

While the proposed budget will result in some cut-backs to program offerings, I am happy to report that much of our existing safety net can be maintained with this level of funding. Here's how:

- Subsequent to the submittal of our requested budget, PHB learned from HUD that our federal fund appropriations will be higher next year than this by approximately \$800,000. This means that some programs can be funded with federal Community Development Block Grant (CDBG) funds rather than City general funds.
- We are at the point in our fiscal year where we can predict with a fair amount of certainty how existing contracts will be expended. We can realize some savings from service providers who will not utilize their entire contract amounts in the current year. We can thereby effectively "roll" these unexpected contract resources into next year's anticipated contracts.
- We are realizing cost savings from the transition of two bureaus into one, so can carry forward some non-general fund monies to cover next year's priorities.
- The \$500,000 general fund request to support rental development will not be funded, but we have confidence that our remaining rental development finance resources will be adequate to support the existing pipeline of projects.

Portland Housing Bureau Budget Process

The net result of these shifts and changes is that the shelter and emergency services we hoped to provide in the coming fiscal year will have close to what we had anticipated, and that we will be able to maintain safety net services at current levels. This is a huge achievement in the current budget climate.

That said, the overall budget causes us concern. Next year, we will run through the federal stimulus funds we are using for short-term rent assistance, and if replacement funds are unavailable, this important and effective part of our system will necessarily shrink. And as you well know, the needs of people in poverty and with unmet housing needs continues to grow such that our existing systems are stretched beyond capacity. We do not believe that Portland has seen the worse of the foreclosure crisis, and our ability to provide assistance to all homeowners in need is severely limited. And while we have many new and preservation projects in the pipeline through our partner developers, the perennial shortage of affordable rental housing underlies much of the homelessness problem we see each day. We sorely wish we could do more.

PHB is working diligently to focus our resources, and streamline for efficiency as quickly as possible. Recently, we announced a reduction in force and the elimination of seven positions from the bureau as a result of a steep decline in tax increment financing, which will reduce our TIF spending on administration by 17% as compared to the current year. These cuts, and absorbing the decrease in City general fund, mean difficult choices for PHB. We take seriously our need to sharpen our focus, improve accountability, and deliver value to the taxpayers and residents who depend on our services.

To view the Mayor's proposed budget, visit <http://bit.ly/PDXBudget>. The proposed budget will be presented to City Council on May 19, and a public hearing will be held from 6 to 8:30pm on Thursday, May 20, at the University Park Community Center (9009 N. Foss Ave.). This is an opportunity for members of the community to testify directly before City Council. The budget is slated to be adopted June 17.

We will be sharing more about how the budget scenario will impact PHB operations in the coming weeks. Thank you for your continued support of the work we do in pressing for better housing services and ensuring access for people who need it most.

Very truly yours,



Margaret Van Vliet
Director
Portland Housing Bureau

cc: Commissioner Nick Fish