



PHB Budget Advisory Committee

Scott Andrews
Gale Castillo
Stacy Chamberlain
Jennifer Cooperman
Rey España
Mardiça Hicks
Beckie Lee
Bradley Perkins
Jim Smith
Brian Wilson

Date: February 1, 2010

To: Mayor Sam Adams
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Randy Leonard
Commissioner Dan Saltzman

Re: PHB FY 2010-2011 Requested Budget

We represent ten members of the Budget Advisory Committee who worked over several months with Portland Housing Bureau Director Margaret Van Vliet and her senior staff to develop PHB's FY 2010-2011 requested budget.

These are extraordinarily difficult times for many local families. While PHB funds a wide array of programs, those that assist individuals and families with emergency shelter, deeply affordable housing, and housing stabilization services have all experienced significant increases in demand. Accordingly, we write to express our strong support for full funding of PHB's budget request.

We are glad that Council has invited bureaus to transition established, successful programs from one-time only funding to on-going funding. PHB is requesting \$4.7 million dollars in new **on-going** General Fund to pay for the current programs listed in its 11 Add Packages.. **Shifting these programs to on-going funding acknowledges that the City has an important role in providing housing and emergency shelter to people experiencing homelessness.** For the last several years, we have cautioned that funding these activities with one-time-only (OTO) money is not sustainable.

PHB's total budget request is in line with its current vision¹ and goals.² We expect that, over the next year, management will continue to consolidate the

¹ The Bureau will be launching a strategic planning process this Spring, building on the community-wide conversation about the City's role in housing that Commissioner Fish convened in 2009 to inform the creation of the Portland Housing Bureau. The working mission of the PHB is: "Creating home for Portlanders through influencing the larger livability agenda, and delivering housing and service investments where the market does not."

² PHB is responsible for implementing a variety of City initiatives that were originally tasked to the PDC Housing Team or the BHCD. These include, e.g., Central City No Net Loss, the 10-Year Plan to End Homelessness, the TIF Affordable Housing Set-Aside, the Preservation Agenda, and Operation Home, focused on closing the minority homeownership gap.

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operations of the former Bureau of Housing and Community Development (BHCD) and the Portland Development Commission's Housing Department (including Affordable Housing Finance, Asset Management, and Neighborhood Housing) to eliminate duplication and streamline processes. Management is committed to ensuring that the emerging organization will be:

- Results-driven and aspirational
- Highly skilled and effective in the performance of its work
- Effective, efficient and lean in its business operations

Approving the Bureau's total request will maintain service levels at the FY 2009-10 levels. Our community partners are continuing to see marked increases in need, well beyond what we have funded them to address. As the recession tightens its grip locally, the Bureau's programs and services remain necessary to avert widespread homelessness and its attendant social costs.

1. *The BAC completed a core ranking exercise of PHB programs.*

Per the instructions issued by the City's Office of Management and Finance, the Bureau constructed its base budget and the add packages with reference to two scales: how central is each program to the Bureau's mission, and what programs do stakeholders believe are most urgent or necessary for the City to fund at this time.

The Bureau's Executive team ranked program areas on a scale from most core to least core. We want to remind you that BHCD previously eliminated all non-core programs from its operation and budget. In 2004, BHCD slashed its program areas from seven to three, and focused its resources on three initiatives: ending homelessness, expanding affordable housing choice, and increasing access to economic opportunity. In 2009, Council shifted most public safety activities out of the PHB, and moved economic opportunity programs to PDC, while asking PHB to take on housing development and homeownership activities that had been PDC's province.

PHB asked the public to complete an exercise allocating 100 "PHB dollars" among our eleven programs, based on the services they believe are most urgent or necessary for the City to fund at this time. The results of this exercise are included in PHB's Requested Budget submission.

2. *We do not support the reduction of any of PHB's core general fund services.*

In order to achieve the 4% GF reduction target, PHB has proposed reductions to short-term rent assistance. This has a certain logic, because PHB intends to use \$2.1 million in federal Homeless Prevention and Rapid Re-housing (HPRP) stimulus funds to fund short-term rent assistance in FY 2010-11, just as it did in FY 2009-10. While we understand that PHB has to forward a cut, we do not support reducing the GF allocation to the short-term rent assistance program at this time. Short-term rent assistance is a very cost-effective homelessness prevention strategy. It supports

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family stability and school stability. The high unemployment rate locally has generated much more demand for this resource than we can meet, even at current funding levels.

3. *The BAC supports the ranked Add Packages that the Bureau has proposed.*

The Bureau has given the highest priority to program elements necessary to provide safety off the streets to people experiencing homelessness, and to maintain and continue implementation of the Ten Year Plan to End Homelessness, including funds to operate the new Homeless Resource Access Center.³ The BAC whole-heartedly supports this. The Bureau has also assigned a high priority to programs that prevent homelessness as well as programs that support culturally-specific agencies in efforts to provide outreach and marketing, education, and counseling to potential homeowners.⁴ Both strategies seem entirely appropriate in current market conditions. The Bureau also has prioritized \$500,000 of new rental development leverage. These funds are critical to leverage other PHB/PDC controlled funds, in the absence of a vigorous private tax credit market.

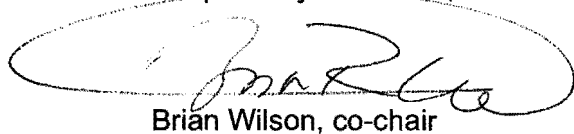
The Bureau also seeks to secure funding for housing inspection services to ensure that housing meets basic health and decency standards. In the current tight rental market, we believe this is a wise investment.⁵ The residents of East Portland assigned this a high priority in the East Portland Action Plan.

Conclusion

The BAC is encouraged that the City Council has shown interest in providing stable, on-going funding to several PHB programs that relied on one-time resources for many years. At the same time, the BAC asks Council to note that PHB's FY 2010-11 budget for short term rent assistance includes \$2 million in federal stimulus funds (HPRP).. This funding will maintain the safety net only through June 30, 2011. If there is not a second stimulus, and if high rates of unemployment persist, Council must be ready to make up this shortfall.

We strongly encourage the Mayor to include PHB's base budget and 11 Add Packages in his proposed budget, as on-going City programs.

Respectfully submitted,



Brian Wilson, co-chair



Jennifer Cooperman, co-chair

³ These program elements are in Shelters and Emergency Services, Rental Assistance, and Housing Access and Services.

⁴ The foreclosure crisis and the tight credit market have had a particularly harsh impact on minority households. PHB remains committed to advancing equity by increasing the rate of homeownership among households of color. Our data shows that graduates of homeownership education programs are much less likely to purchase sub-prime loans or to face foreclosure.

⁵ Portland continues to have a severe shortage of affordable housing. The entire rental market has been experiencing historically low vacancy rates, as people who would like to purchase homes put off the investment until housing prices stabilize and credit becomes more available.