



Portland Housing Advisory Commission

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Date: January 31, 2011

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

Re: PHB FY 2011-2012 Requested Budget

The recently appointed Portland Housing Advisory Commission (PHAC) appreciates the opportunity to comment on the Portland Housing Bureau's (PHB's) FY 2011-2012 requested budget. This is the first budget issued under the Bureau's newly developed Strategic Plan and Investment Priorities, the first to include TIF Set-aside resources in the Bureau's base budget,¹ and the first we have reviewed as a group. City Council made a difficult decision when it brought together the City's housing resources under one Bureau. However, we believe that the resulting alignment of talent, resource, and mission has resulted in a stronger, more effective, and more efficient City housing system that will yield better outcomes for the City of Portland.

For FY 2011/2012, a reduction in TIF combined with the expiration of Federal stimulus resources will reduce the Bureau's total budget by \$36.8 million (or 30%). We believe PHB has made sound choices to focus these community resources on the most serious unmet housing needs. We strongly support fully funding the base budget and Decision Packages 1 through 10, and ask that you support it as well.

We also ask you to back the Bureau's progress towards a sustainable budget, by transitioning the Bureau's established programs with demonstrable outcomes from Serial One Time Only Funding to on-going funding. This request is consistent with the recommendations made by our predecessor budget advisory committees.²

¹ Last year, the TIF Affordable Housing Set-Aside resources initially appeared in the PDC budget. They were added into the PHB budget later in the process.

² The letters submitted by PHB Budget Advisory Committee in 2010 and the BHCD Budget Advisory Committee in 2008 and 2009 all make the point that established, successful programs should be funded with on-going resources.

We have endorsed the Bureau's Proposed Budget and Decision Packages 1-10 for the following reasons:

- A. Addressing unmet housing needs and ending homelessness should continue to be a priority for City resources.

Local unemployment remains above 10%; local underemployment is estimated to be even higher in this third year of recession. The rate of residential homes in foreclosure continues to set records. The Homeless Count conducted in the last week of January is expected to show that more than 1,600 men, women, and children have no place to call home. Although national commentators have proclaimed the end of the recession, local observers have documented an increased demand for emergency shelter, rent assistance, and permanent affordable housing that community-based non-profits provide by leveraging City funding with other federal, state, local, and private funds. Portland City Council has made housing a priority in its budgets for almost twenty years, in recognition of the fact that safe, stable homes are the foundation for students' school success, the building blocks for healthy neighborhoods, the anchor for local businesses and the magnet for attracting businesses seeking a place their workers will thrive. To be positioned for prosperity, Portland families need quality, affordable homes.

Community conversations convened during the last year regarding health equity, the Portland Plan, and Sustainable Communities have repeatedly confirmed that where a family lives determines, to a large degree, its opportunities for education, transportation, recreation, and employment. Since a stable home in a well-served neighborhood can be a gateway to a better life, we must invest in expanding access to those homes for households of color, and others facing significant barriers.

- B. The Proposed Budget is in concert with community priorities, as reflected in the specific goals and investment priorities in PHB's new Strategic Plan.

PHB commenced an accelerated Strategic Planning process in the spring of 2010. It hosted numerous hearings and focus groups, and accepted extensive public comment before posting the final draft in December, 2010.³ The Mission, Vision, and Values of the agency are clear and sharp. The Strategic Plan responds to the community's call for the development and preservation of more affordable housing; for programs that allow low-income Portlanders to access, retain, and repair their homes; and for the development of new resources to meet ongoing needs. A commitment to equity permeates the document to assure communities of color and others in our community disadvantaged by health, poverty, language and other barriers that they will share in all the benefits that flow from PHB, ranging from contracting opportunities to access to programs and services. The Plan underscores the importance of increasing the transparency and accountability of the Bureau, by

³ There may be further edits to the Final Draft to create a plain-language version for the public.

measuring the efficacy of investment of public dollars by the outcomes generated for our community, and improving communications with the public.

Since PHAC was convened this fall, we have focused on refining the Plan, and understanding its potential ramifications for PHB's current budget and operations. Some of the shifts do not have obvious budget impacts. For example, putting more emphasis on resource development and outcome measurement can be accomplished by redeploying existing staff. However, an important element of the Strategic Plan is addressed in its four investment priorities:

1. Increase the production and preservation of rental housing, with an emphasis on rental homes for households who face the greatest challenge finding housing in the private market.
2. Invest in programs with a proven ability to transition people quickly and permanently from homelessness to housing and in programs that efficiently and sustainably prevent homelessness.
3. Invest in programs and strategies proven to assist low- and moderate -income families from Portland's communities or color to sustainably purchase a home or retain a home they already own.
4. Maintain a community safety net that provides short-term shelter, information and referral services that help low-income Portlanders facing homelessness or housing crisis.

PHAC endorses these priorities wholeheartedly. PHAC also endorses the PHB proposed base budget and Decision Packages that were structured to align with these investment priorities as follows:

- The largest investment is to rental housing preservation and development.
- The next largest investment is in proven programs that prevent and end homelessness.
- The Bureau has been very conservative in its proposed investment in homeownership this year, and has chosen to emphasize long-standing programs that allow low-income homeowners to remain in their homes since uncertain market conditions discourage investments in creating new homeowners at this time.
- The Bureau will continue to fund a range of shelter services in recognition of the continued demand for emergency and transitional housing. The Bureau will also continue to support 211 to facilitate the needs of Portlanders in crisis to obtain timely information and referral services.

The Base Budget also reflects a clearer alignment of roles and responsibilities with Multnomah County and the Housing Authority of Portland. PHB and its jurisdictional partners will continue to work over the coming year to streamline the local housing system, and to ensure it is focused on achieving common goals.

C. Reductions to PHB's core services are unwarranted.

Along with most other City bureaus, PHB was required to cut its On-Going General Fund expenditures by 1.5%. We do not support this cut, because of its impact on core services. Even if other community partners have additional resources to put towards short term rent assistance, the City should not cut its support to STRA. The STRA program needs more resources to meet burgeoning community need resulting from the poor economy.

D. Some reduction to administrative overhead is appropriate.

In light of the 30% reduction in the Bureau's total budget from all sources, we support PHB's proposal to reduce its administrative overhead by \$343,000. The decision to meet this target by eliminating some staff positions is appropriate for a young agency seeking to "right size" itself to the available resources, and to maximize funds invested to meet community needs.

E. Established programs with demonstrable outcomes should be funded with on-going resources.

We hope that City Council will once again provide stable, on-going funding to strong PHB programs that currently rely on one-time-only resources. Decision Packages 2, 4, 5, & 6 all fit this description. In particular, we ask Council to provide stable funding for Package 2 (Prevention and Rapid Re-housing). The federal stimulus funds that paid for this important and useful program run out on June 30, 2011, and there is no prospect of a new Federal funding infusion for this purpose. Short-term rent assistance is a very economical way to prevent homelessness. It avoids the expense of relocating people who have become homeless and mitigates the emotional toll on families.

Conclusion

The PHAC urges City Council to continue its commitment to addressing the unmet housing needs of members of our community by fully funding both the PHB Base Budget and Decision Packages 1-10. Together, the Base Budget and Decision Packages provide a balanced, pragmatic and strategic approach appropriate for these hard times.