

HOUSING INVESTMENT FUND

FUND OVERVIEW

The Housing Investment Fund (HIF) supports the City's housing initiatives, all of which serve to develop or preserve affordable housing in Portland or help low- and moderate-income individuals to access affordable housing. These programs include the Section 108 loan guarantee program, the Risk Mitigation Pool, fee-supported activities (e.g., administration of City limited tax abatements and system development charge waivers) and other PHB programs and activities.

Managing Agency

Portland Housing Bureau

SIGNIFICANT CHANGES FROM PRIOR YEAR

The Housing Investment Fund Requested Budget is substantially smaller in FY 2011/12 for the following reasons:

- Section 108 loan guarantee program resources will be fewer in FY12 as compared to the FY 2010/11 Fall Revised Budget, reflecting bureau's success in utilizing this finite resource to fund affordable housing projects.
- PHB budgeted a \$2.1M cash transfer to the TIF fund. This was necessary to provide operating capital (i.e., cash flow) because PHB must bill PDC for reimbursement for TIF-funded expenditures. This transfer is one-time; thus, PHB did not budget this expense in FY 2011/12. The Risk Mitigation Pool and other landlord guarantee program budgets are substantially less in FY 2011/12. These appropriations are in line with prior year claims activity.
- PHB made a one-time allocation of \$500k to HOPS (Homeownership Programs and Services) subrecipient contracts from the HIF in FY 2010/11 after City Council decided not to fund this program with General Fund one-time dollars. As these funds are being spent in the current year, they are not available for the FY 2011/12 Requested Budget. The bureau is requesting one-time General Fund resources to support the program.

The following changes are also notable:

- Effective with the July 1, 2010 transition of affordable housing operations from PDC to the City, PHB began processing loan activity directly. This includes processing loan disbursements, recording loan receivables and receipting program income associated with loan repayments.
- PHB established sub-funds in the HIF to track the following:
 - Limited Tax Abatement Program Fees
 - System Development Charge Program Fees
 - Private Lender Participation Agreement Program Income

Summary of Fund Budget

	FY 2008-09 Year-End Actuals	FY 2009-10 Year-End Actuals	FY 2010-11 Revised Budget	FY 2011-12 Requested Without DP's	FY 2011-12 Requested Budget
Housing Investment Fund					
Expenditures					
Unappropriated Fund Balance	2,514,567		0	0	0
Personal Services	59,485		724,308	797,657	723,425
External Materials and Services	11,484,564		14,890,887	5,320,392	5,320,392
Bond Expenses	7,287,608		0	0	0
Fund Transfers - Expense	893,928		2,238,572	67,666	67,666
Contingency	0		751,227	897,162	971,394
Total Expenditures	22,240,152		18,604,994	7,082,877	7,082,877
Resources					
Budgeted Beginning Fund Balance	5,678,365		3,518,306	974,762	974,762
Charges for Services	0		248,766	260,800	260,800
Intergovernmental Revenues	147,738		1,601,922	50,319	50,319
Interagency Revenue	0		11,500	0	0
Fund Transfers - Revenue	958,149		0	0	0
Bond and Note	6,801,725		12,529,000	5,079,596	5,079,596
Miscellaneous	8,654,175		695,500	717,400	717,400
Total Resources	22,240,152		18,604,994	7,082,877	7,082,877

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

FUND OVERVIEW

Revenues

The Community Development Block Grant (CDBG) Fund accounts for the City's CDBG entitlement from the United States Department of Housing and Urban Development (HUD), loan repayments, lien payments, revenue generated from CDBG-funded activities, carryover funds from prior years, private leveraged resources, and interest and repayments for float activities.

Structure

This fund is an annual entitlement grant fund that is reimbursed by the federal government for actual expenditures less any program income received. Because requests for reimbursement cannot exceed expenditures less program income, the fund will not have an ending balance. Effective with the affordable housing transition from PDC to PHB, the bureau began processing CDBG loan activity directly. This includes processing loan disbursements, recording loan receivables and receipting loan repayment program income.

Carryover

Entitlement appropriations remaining at the end of the fiscal year are carried over in the fall supplemental budget process of the following fiscal year. The supplemental budget includes obligated carryover, appropriation for projects that have been authorized and budgeted in the prior year, and carryover appropriation for expanded projects or new requests.

Managing Agency

Portland Housing Bureau

SIGNIFICANT CHANGES FROM PRIOR YEAR

Federal Entitlements

PHB assumes 5% less entitlement funding for the FY 2011/12 Requested than it in the FY 2010/11 Adopted. This conservative approach is due to indications that the Federal government may eventually pass a budget that significantly cuts Federal domestic discretionary spending.

Stimulus Funding

The Portland Housing Bureau anticipates spending the last of CDBG-R / ARRA stimulus funding during FY 2010/11 and does not expect any additional allocation of stimulus from the Federal government. PHB's FY 2010/11 Revised Budget includes \$1.9M of this resource -- \$500k for Economic Opportunity Programs at PDC and \$1.4M for affordable housing projects.

Other Changes

The following changes are also notable:

- PHB also began making principal and interest payments for section 108 loans from CDBG entitlement resources. This program pledges CDBG entitlement resources as collateral against affordable housing development loans. This serves to leverage the CDBG entitlement resource and stimulate additional development. Loans are repaid by a combination of income on the section 108 loan and PHB entitlement resources.

Summary of Fund Budget

	FY 2008-09 Year-End Actuals	FY 2009-10 Year-End Actuals	FY 2010-11 Revised Budget	FY 2011-12 Requested Without DP's	FY 2011-12 Requested Budget
Community Development Block Grant Fund					
Expenditures					
Unappropriated Fund Balance	911,074		0	0	0
Personal Services	1,327,955		2,107,709	2,215,284	1,780,920
External Materials and Services	8,418,934		13,536,680	7,701,123	8,135,487
Internal Materials and Services	307,546		1,896,105	173,880	173,880
Bond Expenses	0		516,128	400,000	400,000
Contingency	0		0	0	0
Total Expenditures	10,965,509		18,056,622	10,490,287	10,490,287
Resources					
Budgeted Beginning Fund Balance	0		0	0	0
Intergovernmental Revenues	10,953,061		18,056,622	10,490,287	10,490,287
Miscellaneous	12,448		0	0	0
Total Resources	10,965,509		18,056,622	10,490,287	10,490,287

HOME FUND

FUND OVERVIEW

The HOME program is a federal entitlement program of the United States Department of Housing and Urban Development. The purpose of the grant is to assist local governments with the development of affordable housing.

Portland HOME Consortium

The Portland HOME Consortium consists of the City of Portland, the City of Gresham, and Multnomah County. Portland is the lead partner of the consortium and is responsible for receiving and administering the HOME grant.

Structure

The HOME Grant Fund is reimbursed by the federal government for actual expenditures less program income. Since requests for reimbursement cannot exceed expenditures less program income, the fund will not have an ending balance. Effective with the transition of affordable housing operations from PDC to PHB, the bureau began processing HOME loan activity directly. This includes processing loan disbursements, recording loan receivables and receipting program income associated with loan repayments.

Managing Agency

Portland Housing Bureau

SIGNIFICANT CHANGES FROM PRIOR YEAR

Entitlement

PHB is assuming 5% less in federal entitlement funding for the FY 2011/12 Requested Budget than it did in the FY 2010/11 Adopted. This conservative approach is due to indications that the Federal government may eventually pass a budget that significantly cuts Federal domestic discretionary spending.

Summary of Fund Budget

	FY 2008-09 Year-End Actuals	FY 2009-10 Year-End Actuals	FY 2010-11 Revised Budget	FY 2011-12 Requested Without DP's	FY 2011-12 Requested Budget
HOME Grant Fund					
Expenditures					
Unappropriated Fund Balance	(351,530)		0	0	0
Personal Services	350,957		389,725	398,537	381,449
External Materials and Services	3,661,908		7,220,304	5,106,159	5,123,247
Total Expenditures	3,661,335		7,610,029	5,504,696	5,504,696
Resources					
Budgeted Beginning Fund Balance	0		0	0	0
Intergovernmental Revenues	3,661,335		7,610,029	5,504,696	5,504,696
Total Resources	3,661,335		7,610,029	5,504,696	5,504,696

TAX INCREMENT FINANCING REIMBURSEMENT FUND

FUND OVERVIEW

Structure

The Tax Increment Financing (TIF) Reimbursement Fund accounts for the reimbursement of housing-related costs that are funded from tax increment proceeds in the various Portland Development Commission (PDC) urban renewal areas. Eligible costs will be incurred by the Portland Housing Bureau (PHB) for each individual urban renewal area, and then reimbursed by PDC.

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Portland Housing Bureau

SIGNIFICANT CHANGES FROM PRIOR YEAR

Decline in TIF Resources

Due to the combined impact of expiring urban renewal districts and weaker-than-previously-forecast growth in property values, PHB is projecting a steep decline in available TIF resources for affordable housing over the next five years. (Refer to PHB Five-Year Forecast for additional detail.)

The PHB FY 2011/12 Requested Budget for external materials & services is substantially smaller than the FY 2010/11 Fall Revised. However, PHB requested approximately \$27M in reductions in the Winter BMP that correspond to appropriations added to the FY 2011/12 Requested. This shift reflects updated project timelines and feasibility on Veterans Housing, the Resource Access Center, the Yards At Union Station, Grant Warehouse, the McCoy Apartments and University Place. The net of these shifts brings FY 2010/11 Winter Revised roughly in line with the FY 2011/12 Requested. However, the broader trend in the TIF fund is nonetheless one of declining resources.

The FY 2011/12 Requested Budget for personal services is also notably less than the FY 2010/11 Fall Revised. This reflects administrative reductions PHB is executing in FY 2011/12 to right-size the organization in light of the projected decline in bureau resources. (Refer to PHB Five-Year Forecast for additional detail.)

Lastly, the FY 2010/11 Fall Revised Budget included one-time cash transfer revenues of \$2.2M from the Housing Investment Fund. This was necessary to provide operating capital (i.e., cash flow) because PHB must bill PDC for reimbursement for TIF-funded expenditures. This transfer is one-time; thus, PHB did not budget this expense in FY 2011/12.

Other Changes

Effective with the transition of affordable housing operations from PDC to PHB, the bureau began processing TIF loan activity directly. This includes processing loan disbursements, recording loan receivables and receipting program income associated with loan repayments. TIF affordable program income is netted from TIF reimbursements from PDC.

Summary of Fund Budget

	FY 2008-09 Year-End Actuals	FY 2009-10 Year-End Actuals	FY 2010-11 Revised Budget	FY 2011-12 Requested Without DP's	FY 2011-12 Requested Budget
Tax Increment Financing Reimbursement Fund					
Expenditures					
Personal Services	0		2,332,782	2,242,401	1,925,757
External Materials and Services	0		82,623,160	49,187,911	49,187,911
Internal Materials and Services	0		1,475,946	1,047,895	1,034,895
Fund Transfers - Expense	0		0	73,774	73,774
Contingency	0		2,118,572	0	0
Total Expenditures	0		88,550,460	52,551,981	52,222,337
Resources					
Intergovernmental Revenues	0		85,444,498	45,610,219	45,280,575
Fund Transfers - Revenue	0		2,118,572	0	0
Miscellaneous	0		987,390	6,941,762	6,941,762
Total Resources	0		88,550,460	52,551,981	52,222,337

HEADWATERS APARTMENT COMPLEX FUND

FUND OVERVIEW

This fund reflects expenses and revenues for the City-owned Headwaters Apartment complex.

Managing Agency

Portland Housing Bureau

SIGNIFICANT CHANGES FROM PRIOR YEAR

No significant changes.

Summary of Fund Budget

	FY 2008-09 Year-End Actuals	FY 2009-10 Year-End Actuals	FY 2010-11 Revised Budget	FY 2011-12 Requested Without DP's	FY 2011-12 Requested Budget
Headwaters Apartment Complex Fund					
Expenditures					
External Materials and Services	0		487,658	487,700	487,700
Bond Expenses	0		775,294	775,300	775,300
Fund Transfers - Expense	0		0	1,828	1,828
Contingency	0		100,000	100,000	100,000
Total Expenditures	0		1,362,952	1,364,828	1,364,828
Resources					
Intergovernmental Revenues	0		1,362,952	1,364,828	1,364,828
Total Resources	0		1,362,952	1,364,828	1,364,828