

Chapter 1: Introduction

Topic: Subrecipient Contracts at the Portland Housing Bureau

Summary

One of the key ways in which the Portland Housing Bureau (PHB) invests federal, state and local funds to support affordable housing and housing-related services is through written agreements with “subrecipients”. A subrecipient is a third-party organization that receives contracted funds from the City of Portland to carry out a specific activity. Depending on the funding source, different restrictions will apply regarding the activity, reporting, required contract language, etc.

This manual is written by PHB contract management staff as a reference guide to improve PHB subrecipient contracting activities in order to minimize risk and maximize program delivery. Please note that although some funding sources require designations other than subrecipient (e.g., grantee, sub-grantee, project sponsor) this manual will use the term subrecipient.

Procedures & Key Information

Current PHB goals for contract management incorporated in this guide include:

- Standardize the Bureau’s contracting process while recognizing that funding source, schedule and specific goals may necessitate variation from standard procedures;
- Ensure compliance requirements are met both by the bureau and by the subrecipient;
- Update and utilize formal templates for solicitations and contracts;
- Designate a single Contract Manager primarily responsible for solicitation, negotiation, managing, and closeout of each contract;
- Update this guide every two years;
- Support quarterly meetings of a work group comprised of PHB’s Contract Managers and other staff to review “lessons learned”, support “best practices”, and consider modifications to templates and processes;
- Continue to offer and improve training by Business Operations staff for any new Contract Manager;
- Implement the change from current data management/data storage systems to HDS and TRIM;
- Improve processes between Contract Managers and other PHB staff related to budget, reporting, and record-keeping; and
- Prioritize effective delivery of services to clients within the requirements of the funding source as the most important aspect of contract management at PHB.

When the word “contract” is used in this manual it refers to agreements used by PHB to allocate private and public funds to non-profit organizations, for-profit entities and local government agencies to perform human service and affordable housing-related activities. Other forms of PHB contract management not covered by this manual include: agreements used by the Bureau to finance affordable housing development; non-monetary agreements; leases; the contracts used by the bureau for its business operations; and contracts between other entities and PHB for services performed by the Bureau.

Chapter 1: Introduction
Topic: Funding Sources

Summary

Each contract at PHB contains funds from one or more specific sources. Each funding source has unique requirements, which change from time to time, and may require modification to the contract template. Contract managers will develop a strong working knowledge of the regulatory framework that applies to their contract funding sources.

Procedures & Key Information

The primary funding sources for contracts at PHB are summarized below.

- **Community Development Block Grant (CDBG)** – In 1974, the U.S Congress established the Community Development Block Grant Program through the enactment of the Federal Housing and Community Development Act. The program was created to enhance and maintain viable urban communities. The program gives communities an avenue to address a wide range of issues. Activities undertaken must accomplish at least one of three goals for low-to-moderate income individuals; 1) provide decent housing, 2) provide suitable living environments, and/or 3) expand economic activities.

Portland is an “entitlement” city and receives an allocation of CDBG funds annually under a population-based formula from the U.S. Department of Housing and Urban Development (HUD). All CDBG funds received by Portland are administered by PHB. No more than 20% of the sum of the annual CDBG allocation plus program income may be used for administration and planning, which is known as the “admin cap”. PHB uses most of the funds available under this “admin cap” to pay for staff working on CDBG programs. Some subrecipient services contracted for by PHB must be paid under the admin/planning cap due to the nature of the work. PHB can use an additional 15% (of the annual allocation plus program income) annually for “public services”. Public services include homeless services, job training, crime prevention and other social service activities. The remaining 65% are “program” funds that must be spent on what HUD defines as eligible activities.

- **HOME Investment Partnerships (HOME)** – The HOME Investment Partnership Program was created in 1990 through the Cranston-Gonzalez Affordable Housing Act. The sole purpose of this program is to create affordable housing for low-income individuals. HOME activities undertaken must accomplish at least one of two goals for low-income individuals; 1) provide decent housing and/or 2) provide suitable living environments. However, unlike CDBG, this program requires that the participating jurisdiction receiving the money have a match for each dollar awarded.

HUD also awards HOME funds by formula grant to the Portland HOME Consortium. (The Consortium includes the City of Gresham and Multnomah County). This resource funds a wide range of activities that build, buy and/or rehabilitate affordable housing for rent or homeownership, or provide direct rental assistance to low-income people. PHB allocates most of the City’s HOME allocation as loans and grants for housing construction or renovation. However, PHB also uses a portion of its HOME allocation for tenant-based rent assistance implemented through a contract with Home Forward. In addition, PHB uses HOME to fund operating support to eligible Community Housing Development Organizations (CHDOs).

- **Housing Opportunities for Persons with AIDS (HOPWA)** – HOPWA is a Federal program dedicated to addressing the housing needs of persons living with HIV/AIDS and their families. PHB administers the HOPWA Program for the seven-county Portland Eligible Metropolitan Statistical Area (EMSA) that includes Multnomah, Washington, Clackamas, Yamhill, Columbia, Clark and Skamania counties. PHB currently uses HOPWA to fund contracts with nonprofit organizations and Home Forward to provide housing and support to beneficiaries. In FY 2011/12, PHB allocated approximately \$1.4 million in HOPWA funds through seven contracts.
- **General Fund** – The City of Portland’s General Fund comes primarily from local property tax and business license revenues. The City Council allocates this resource annually, on either an on-going or a one-time basis. On-going allocations are considered part of the following year’s base general fund allocation (i.e., budget process starting point) while one-time allocations are not. PHB uses the majority of its general funds for subrecipient contracts delivering services to persons experiencing homelessness as well as homebuyer education and counseling, and foreclosure prevention.
- **Tax Increment Financing (TIF)** – TIF is a local source of funding the City generates by borrowing against future growth in property taxes within defined Urban Renewal Areas (URA’s). TIF can only be used in the URA in which it is generated. The City’s TIF set-aside policy requires that a minimum of 30% of expenditures across all Urban Renewal Areas (URA) of the City be targeted for affordable housing. The Portland Development Commission (PDC) is the City’s designated urban renewal agency. As such, the PDC manages this resource and passes TIF funds to PHB on a reimbursement basis through an intergovernmental agreement. PHB allocates most of its TIF to fund loans and grants for the development and renovation of affordable housing, but also contracts some to community partners providing home repair services and down payment assistance to households living within URA boundaries.
- **Emergency Solutions Grant (ESG)** – ESG funds are allocated by HUD through formula grants providing funds for basic shelter and essential supportive services for the homeless. ESG also provides short-term rent assistance to persons who are homeless or at imminent risk of losing their housing due to eviction, foreclosure, or utility shutoffs.
- **Continuum of Care (CoC) Program** – Formerly known as McKinney Grants, this funding was established by the McKinney-Vento Homeless Assistance Act and amended by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act). The CoC Program is designed to assist individuals and families experiencing homelessness and to provide the services needed to help such individuals move into transitional and permanent housing, with the goal of long-term stability. More broadly, the program is designed to promote community-wide planning and strategic use of resources to address homelessness; improve coordination and integration with mainstream resources and other programs targeted to people experiencing homelessness; improve data collection and performance measurement; and allow each community to tailor its program to the particular strengths and challenges within that community. The program brings approximately \$12M/year into the community, including about \$1M via PHB.

- **Housing Investment Fund (HIF)** – The City established the Housing Investment Fund (HIF) in the mid-90s to meet affordable housing development goals in rental housing, special needs housing and homeownership. The resources came from the City’s General Fund. This fund – originally \$35M – has largely been exhausted; the remaining balance is made up of program income proceeds from earlier loans made from the fund.
- **Risk Mitigation Pool** – The City established the “Risk Mitigation Pool” as part of 10-Year Plan to End Homelessness using approximately \$800,000 of the HIF. Its purpose is to offset unexpected and/or increased costs associated with operating permanent supportive housing (PSH), such as (e.g., physical damage beyond normal wear and tear, emergency social services intervention, loss of rent and deposits because of frequent vacancies).
- **Lead-Based Paint and Healthy Homes** – The lead-based paint grant funds education programs and rehabilitation activities related to lead-based paint risk mitigation. The Healthy Homes grant funds programs intended to addresses multiple childhood diseases and injuries in the home by taking comprehensive approach rather than rather than addressing a single hazard at a time. Both are competitive three-year HUD grants.
- **Neighborhood Stabilization Program (NSP)** – Federal grants program established with the purpose of stabilizing communities that have suffered from large numbers of foreclosures and abandoned properties. Program is designed to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight.

Chapter 1: Introduction

Topic: Division of Responsibilities

Summary

PHB's subrecipient contracting operations are primarily executed by two PHB work areas – "Program Delivery" and "Business Operations". The content below describes the major responsibilities in each area.

Procedures & Key Information

The Program Delivery teams are responsible for the programmatic aspects of the contract. These tasks are typically managed by a single "Contract Manager" assigned to each contract. The Contract Manager is a functional role at PHB often assigned to individuals in the Program Coordinator classification, but may be assigned to employees holding other job classifications as well. The Contract Manager is the point person for all interactions with subrecipients, including:

- negotiating program design with subrecipients
- determining appropriate budgets
- establishing performance standards and appropriate reports
- drafting contracts using the PHB templates
- receiving and reviewing performance reports
- performance monitoring
- reviewing and approving requests for payments
- maintaining a professional relationship with the subrecipient that enables effective problem solving, and
- ensuring subrecipient compliance

The Program Delivery staff shares responsibility with the Business Operations team for administrative aspects of the contract including:

- file management / record keeping
- integration of contract budgets with the overall PHB budget
- federal reporting including IDIS, Consolidated/Action Plan, and the Consolidated Annual Performance Evaluation Report (CAPER)
- fiscal monitoring of subrecipients
- overseeing insurance, business license, and Equal Employment Opportunity (EEO) requirements of subrecipients
- processing payments

Other City Bureaus play a role in PHB contract management. After PHB approval, the Office of Finance and Management (OMF) ultimately pays subrecipient requests for reimbursement. The City Attorney's and the Auditor's offices also approve each contract at the time of execution. The primary channel for contract-related communications between PHB and other City bureaus is via PHB Business Operations.

Additionally, the City of Portland has a Grants Management office located within OMF. This staff has management responsibility for all grant agreements in which the City is the recipient. PHB's primary channel for communication with the Grants office is via the Finance & Accounting

Department within Business Operations, although the Contract Manager still plays a significant role in the content of those communications.

Chapter 1: Introduction

Topic: Contract Manager Training

Summary

In order to ensure consistency of process, quality of outcomes and adherence to compliance requirements, PHB policy requires Contract Managers to read and attend a number of different training resources and materials.

Procedures & Key Information

PHB's policy regarding Contract Manager (CM) training is as follows:

- **New Contract Manager Training** - PHB requires new Contract Managers meet the following training requirements:
 - This subrecipient contract management manual serves as a critical piece of orienting education. Contract Managers will read this manual within the first month of their employment with PHB. The new CM will direct questions to the manager-in-charge or to a more experienced Contract Manager colleague.
 - New CM's will also attend the PHB Finance & Accounting department's series of trainings. A new CM will contact a member of the F&A team to determine the date of the next training. In the meantime, however, these training modules are available under the "Training Materials" header on the F&A section of the PHB website at tinyurl.com/8jwtcqb. Contract managers should read these materials within the first month of their employment with PHB unless they are able to attend training within that time period.
 - New CM's must also familiarize themselves with CDBG program requirements unless there is no likelihood of managing CDBG resources. The following training materials will orient the Contract Manager to CDBG.
 - Managing CDBG – <http://tinyurl.com/96dvuyr>
 - CDBG: Playing By The Rules – <http://tinyurl.com/9p6shww>
 - CDBG Allowable Costs – www.tinyurl.com/9rss07q
 - New CM's need to learn the process for filing ordinances with City Council, as this is required in the course of executing subrecipient contracts. These training materials are available at <http://www.tinyurl.com/92atgqd>. Contract managers will read this manual prior to executing any contracts for PHB.
 - New CM's need to learn to use the TRIM electronic file management software. At the time of publishing of this manual, PHB is transitioning to TRIM for electronic file management.
- **Ongoing Contract Manager Training** - PHB requires each Contract Manager to attend at least one training event per year. This training should be selected strategically based upon the programmatic focus (or focuses) and funding sources managed by the individual Contract Manager. Trainings should include those sponsored by HUD (e.g., "Basically CDBG," "CDBG By The Numbers," etc.)

When possible, PHB will pursue opportunities to bring HUD staff to train multiple PHB staff locally. PHB will pay for higher cost (i.e., out-of-town) training as necessary, but this is contingent upon budget availability and other management priorities. The Contract Manager will work with the manager-in-charge to request approval to attend training.