




CITY OF
PORTLAND, OREGON
PORTLAND HOUSING BUREAU

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To: Mayor Charlie Hales
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Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman
Auditor LaVonne Griffin-Valade

From: Traci Manning 

cc: City Budget Office

RE: Portland Housing Bureau's Spring BMP Submittal

Date: March 28, 2013

The Portland Housing Bureau (PHB) has prepared the attached report for the Spring Budget Monitoring Process (BMP) as requested by the City Budget Office (CBO). PHB's submission includes three categories – budget status reporting, decision package reporting and budget amendment requests.

Budget Status Reporting

In short, PHB forecasts that the bureau will remain within budget across all bureau funds through the end of FY 2012/13.

General Fund expenditures are trending near full expenditure. This is due to several factors:

- the bureau has focused General Fund resources on service delivery, contracted through community-based organizations, and away from discretionary and administrative expenses,
- costs needed to be shifted from Community Development Block Grant (CDBG) to the General Fund to meet requirements of the US Department of Housing and Urban Development (HUD) for sub-recipient, administration and planning costs,
- continued costs for prior year layoffs, and
- adjustment to the new union contract.

Many of these factors have also pushed expenditures in the Housing Investment Fund to full expenditure, as have a couple of unanticipated portfolio asset management expenses.

On the other hand, the bureau has experienced savings in federal CDBG and HOME funds as staff vacancies impacted those funding sources more. In addition, some staff costs needed to be shifted from CDBG to the General Fund to meet HUD requirements for sub-recipient administration and planning costs (as noted above). These savings will, in a small way, blunt the cuts to housing development funds caused by sequestration in

2013-14. Unfortunately, they are not the type of CDBG funds that we are allowed to use for the homeless programs being impacted.

Decision Packages

PHB reports substantial progress towards the goals and outcomes of the decision pages, within established timelines. The status report is attached.

Budget Amendment Requests

PHB's Spring BMP submission includes five request packages for adjustments to the current year budget, funded by both federal and local sources.

1. **HC_019 - Rebudget Non-General Fund Resources:** Reduce bureau appropriation by \$11.9M in order to carry housing project and grant budgets forward to FY 2013/14 in line with forecasted project spend-down. The resources involved with this request are made up primarily of tax increment financing (\$9.9M from various urban renewal districts) and federal grants (\$1.3M HOME grant and \$526,533 CDBG grant).
2. **HC_020 - Appropriate Additional Revenues:** Increase bureau appropriation by \$1.60M for various affordable housing projects and programs, including:
 - a. \$510,000 increase in the Interstate URA fund to realize pre-development loan payoff revenue for the King/Parks project (project pending Council approval April 24, 2013)
 - b. \$448,600 increase in the HOME fund to realize unanticipated revenue associated with an affordable housing loan payoff. These funds have been programmed into the bureau's current year Rental Housing NOFA (Notice of Funds Availability)
 - c. \$186,000 increase in the Federal grants fund to appropriate entire NSP-3 grant award resources for homeownership projects that were more successful in the current year than budgeted
 - d. \$83,500 increase in the Headwaters operating fund revenues (largely offset by operating expenses)
 - e. \$73,316 increase in the homeowner limited tax exemption program to realize greater than anticipated fee revenue this fiscal year, due to a large project by a nonprofit organization outside of the cap. Funds are primarily passed through to Multnomah County
3. **HC_021 - Reduce Appropriations:** Reduce bureau appropriation by \$107,725 to reflect actual project spending requirements. Projects include Otesha (\$107,744 CDBG) and Los Jardines (\$3,981 Section 108 Loan Guarantee Program).
4. **HC_022 - Section 108 Program Fund Realignment:** Amend PHB budget appropriations in order to transfer budget and resources associated with the Section 108 Loan Guarantee Program from the Housing Investment Fund to the CDBG Grant Fund. This request is necessary to effectively comply with accounting best practices and Federal compliance requirements.
5. **HC_023 - Technical Adjustments:** Approve adjustments to PHB appropriations with no budgetary impact at the bureau, fund or programmatic level.

Should you have any questions about the PHB BMP submittal, please contact Mike Johnson (823-4176) or Paul Stewart (823-2389).