



Mary Davis

Division Director, Housing & Community Development Division

TO: Councilor Duson, Chair
Members of the Housing Committee

FROM: Mary Davis, Division Director
Housing and Community Development Division

DATE: February 23, 2018

SUBJECT: 2018-2019 Housing Program Budget

SUMMARY OF ISSUE – Review and recommendation to the City Council of the 2018-2019 Housing Program Budget.

REASON FOR SUBMISSION - The Housing Committee recommends the Housing Program Budget to the City Council for final approval.

HOME Program: The Home Investments Partnerships Program (HOME) was established by Congress in 1992. Since 1992, the City of Portland and the Cumberland County HOME Consortium have received over \$19.7 million dollars in HOME funding. In 2009 the City became the lead entity in the Cumberland County HOME Consortium (CCHC). The Consortium is a partnership of the communities in Cumberland County that administers HOME Program funds in Cumberland County. The creation of the consortium expanded the financial resources for affordable housing activities in the region. The City retains independent operation of its HOME program. Because the City serves as the “Lead Entity” and City staff administers the County portion of the funding, all administrative funds are retained by the City. The County’s Municipal Oversight Committee controls the allocation of the County’s portion of the HOME funds.

When the Consortium was formed in 2009, it included a “hold harmless” clause to ensure that the City, as an existing HOME grantee, would continue to receive funding equal to its allocation prior to the formation of the consortium. The “hold harmless” formula was based on a comparison ratio to the HOME funding for the Lewiston/Auburn (L/A) Consortium. The formula identified Portland’s “hold harmless” amount at 118% of the HOME allocation for the L/A Consortium. The Cumberland County HOME Agreement did allow for adjustments to be made if the current level of funding to the L/A HOME Consortium varied from historic levels. Over the years the L/A allocation has decreased which has resulted in the Portland “hold harmless” amount to decrease. As a result, by agreement with the other members of the CCHC, the annual allocation is divided with 57% of allocation, after the administrative set-aside, to the City and 43% of the funding to the County.



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As a point of reference, if the City were a stand-alone grantee, the estimated HOME allocation for Portland (using a HUD HOME Allocation estimated calculation) would be approximately \$429,000. Of that amount 10% would be set aside for administrative costs (\$42,900) leaving \$386,100 for program funding. Under the current consortium agreement, the city receives the administrative set-aside along with approximately \$427,000 in program funds. Participation in the HOME consortium benefits Portland as well as the county as a whole.

HUD has not announced the allocation amount for FY 2018-2019. As we have done in the past, we are estimating the HUD HOME allocation at the same level as the previous year which is \$824,856. \$319,219 of this amount is reserved for County projects. The budget proposal was developed after a historical review of HOME funding allocations, previous year's budget allocations, program expenditures and program income (loan repayments) received. Currently, the City's HOME Program is divided into four funding categories:

1. Administration
2. Housing Rehabilitation (single family and multi-family housing)
3. Tenant Based Rental Assistance (TBRA)
4. Affordable Housing Development [including the required Community Housing Development Organization (CHDO) set-aside mandated by HUD]

HOME Program Budget	FY 2017-2018 Budgeted (entitlement + program income)	FY 2018-2019 Budget proposal (entitlement + program income)
Administration	\$98,151	\$94,486
Housing Rehabilitation	\$141,639	\$100,000
Tenant Based Rental Assistance	\$130,000	\$137,000
Affordable Housing Development includes CHDO requirement	\$324,651	\$325,064

CDBG/HOUSING DEVELOPMENT FUND: Housing and Community Development Division did not request funding in the FY 18/19 CDBG process. Staff and housing program costs normally funded through CDBG, are being funded through the Housing Development Fund (HDF). HDF is the program income account funded by CDBG housing loan repayments. These funds can only be used for CDBG eligible housing activities. Currently, the HDF fund is divided into two funding categories, administration and housing rehabilitation.



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Housing Development Fund (HDF) Budget	FY 2017-2018 Budgeted	FY 2018-2019 Budget Proposal
Administration	\$50,348	\$51,826
Housing Rehabilitation	\$311,765	\$172,270

LEAD SAFE HOUSING (Program Income): Lead Safe Housing Program Income is generated through repayment of loans given under prior Lead Safe Housing Grants. These funds can only be used for lead safe housing eligible activities.

Lead Safe Housing Program Income	FY 2017-2018 Budgeted	FY 2018-2019 Budget Proposal
	\$170,866	\$256,185

HOUSING TRUST FUND: Revenue for the Housing Trust Fund is generated from fees triggered by the City's Housing Preservation and Replacement Ordinance, and fee-in-lieu contributions from the Inclusionary Zoning Ordinance. Including the current balance of the Housing Trust Fund in the Housing Program Budget gives budget authority for the use of the funds. There are no projects or activities currently identified for these funds.

Housing Trust Fund (HTF) Budget	FY 2017-2018 Budgeted	FY 2018-2019 Budget Proposal
	\$468,551	\$913,502

STAFF ANALYSIS AND RECOMMENDATION – The proposed Housing Program Budget can be adjusted if necessary when HUD announces the fiscal year allocation for the HOME Program. This budget, as may be amended by the Housing Committee, will be forwarded to the full City Council for two Public Hearings, as part of the overall HCD budget. The final budget allocations and Annual Action Plan are submitted to HUD on March 19 and April 18 for the fiscal year beginning July 1, 2018.

At this time staff is requesting Committee approval and recommendation to the City Council of the FY 18/19 Housing Program Budget as outlined above and summarized in the attached spreadsheet. If the HUD allocation amount is different from the estimate used in this budget, program budgets will be adjusted proportionately.

FY 18/19 Housing Program Budget - Attached

2018-2019 HOUSING PROGRAM BUDGET HUD Final Allocation Date:

Total HUD HOME Entitlement Allocation	824,856
Portland Program Portion	423,151
Portland Admin Portion	82,486
County Program Portion	319,219

Recommended by HC (x-x) February XX, 2018
Approved by Council April XX, 2018
HUD Allocation XXXXXXXX, 2018
Adjusted for Final HUD Allocation xx.xx.18

REVENUES- Housing Programs

	HOME	CDBG	HDF**	LEAD Safe Housing Program Income***	Housing Trust Fund***	TOTAL BUDGET
2018-19 HOME Consortium Admin (10% of allocation)	82,486					82,486
2018-19 HOME Consortium Programming	423,151					423,151
2017-18 HOME Program Income	120,000					120,000
2017-18 HOME Program Income Recaptured Funds	31,247					31,247
2017-18 HOME Program Income Deduction for County	-334					-334
Re-Allocated HOME Funds (funding from previous years)						0
2018-19 CDBG Administration						0
2018-19 CDBG Programming						0
2017-2018 Housing Trust Fund					913,502	913,502
2017-18 HDF Program Income			224,096			224,096
2017-18 Lead Safe Housing Program Income				170,866		170,866
REVENUE TOTALS (Portland)	656,550	0	224,096	170,866	913,502	1,965,014

2018-19 HOUSING Budget by Activity (Portland)

	HOME	CDBG	HDF**	LEAD Safe Housing Program Income***	Housing Trust Fund***	TOTAL BUDGET
Administration PL1801/QS1801	94,486		51,826			146,312
Housing Rehabilitation (18 Units @ \$15,000/unit) QM1800/QB1800	100,000		172,270			272,270
Homeownership Assistance QJ1800	0					0
Tenant-Based Rental Assistance QT1801	137,000					137,000
Affordable Housing Development QK1800/IN1114	254,539				913,502	1,168,041
CHDO QL1800	70,525					70,525
Lead Safe Housing PLL036	0			170,866		170,866
	656,550	0	224,096	170,866	913,502	1,965,014

** Balance of Previously Budgeted Amounts + New Revenue

*** Balance of Previously Budgeted Amount

2018-19 HOME Consortium COUNTY - approved by MOC on xx.xx.2018

County HOME Program budget provided for reference only; **adjusted for final HUD Allocation xx.xx.18**

Allocation of County funds is done by the County's Municipal Oversight Committee

REVENUES- Housing Programs

2018-19 HOME Consortium Non-Portland Programming	319,219
2017-18 HOME County Program Income	334
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	319,553

2018-19 HOUSING Budget by Activity

Housing Rehabilitation (8 projects @ \$15,000/project) QP1800	100,000
Home Ownership QQ1800	0
Affordable Housing Development QD1800	166,350
CHDO QR1800	53,203
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	319,553