



MULTNOMAH COUNTY OREGON

BOARD CLERK

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BOARD OF COUNTY COMMISSIONERS

BEVERLY STEIN •	CHAIR	•248-3308
DAN SALTZMAN •	DISTRICT 1	• 248-5220
GARY HANSEN •	DISTRICT 2	•248-5219
TANYA COLLIER •	DISTRICT 3	•248-5217
SHARRON KELLEY •	DISTRICT 4	•248-5213

MEETINGS OF THE MULTNOMAH COUNTY BOARD OF COMMISSIONERS

AGENDA

FOR THE WEEK OF
MAY 26, 1997 - MAY 30, 1997

Tuesday, May 27, 1997 - 9:30 AM - MCSO Budget Work Session..... Page 2

Tuesday, May 27, 1997 - 1:30 PM - DJACJ Budget Work Session..... Page 2

Wednesday, May 28, 1997 - 6:00 PM - Land Use Planning..... Page 2

Thursday, May 29, 1997 - 9:30 AM - Regular Meeting Page 3

Thursday, May 29, 1997 - 11:20 AM - Board Briefing..... Page 5

Tuesday, Wednesday and Thursday meetings this week will be cable-cast live and taped and can be seen by cable subscribers in Multnomah County on Channel 30 at the following times:

Tuesday, 9:30 AM live; playback Tuesday, 11:00 PM & Sunday, 10:30 AM, CityNet 30

Tuesday, 1:30 PM live; playback Wednesday, 1:30 AM & Sunday, 8:30 PM, CityNet 30

Wednesday - playback Monday 11:00 PM, Tuesday 3:00 PM & Thursday, 7:00 PM, Channel 30

Thursday, 9:30 AM live; playback Friday, 10:00 PM & Sunday, 1:00 PM, Channel 30

****Tuesday meetings produced through Portland Cable Access**

****Wednesday and Thursday meetings produced through Multnomah Community Television**

AN EQUAL OPPORTUNITY EMPLOYER

Tuesday, May 27, 1997 - 9:30 AM
Portland Building, Second Floor Auditorium
1120 SW Fifth Avenue, Portland

MCSO BUDGET WORK SESSION

WS-1 The Multnomah County Sheriff's Office Department 1997-98 Budget Overview and Highlights. MCSO Citizen Budget Advisory Committee Presentation. Measure 47 and Other Issues. Board Questions and Answers. 2 HOURS REQUESTED.

Tuesday, May 27, 1997 - 1:30 PM
Portland Building, Second Floor Auditorium
1120 SW Fifth Avenue, Portland

DJACJ BUDGET WORK SESSION

WS-2 The Department of Juvenile and Adult Community Justice 1997-98 Budget Overview and Highlights. DJACJ Citizen Budget Advisory Committee Presentation. Measure 47 and Other Issues. Board Questions and Answers. 2 HOURS REQUESTED.

Wednesday, May 28, 1997 - 6:00 PM
Corbett School District #39 Multi-Purpose Building
35800 E. Historic Columbia River Highway, Corbett

LAND USE PLANNING MEETING

P-1 First Reading of an ORDINANCE Adopting the East of Sandy River Rural Area Plan, a Portion of the Multnomah County Comprehensive Framework Plan. 2 HOURS REQUESTED.

Thursday, May 29, 1997 - 9:30 AM
Portland Building, Second Floor Auditorium
1120 SW Fifth Avenue, Portland

REGULAR MEETING

CONSENT CALENDAR

DISTRICT ATTORNEY'S OFFICE

- C-1 Renewal of Intergovernmental Agreement 700045 with the Gresham Police Bureau to Fund One Police Investigator Assigned to the Multi-disciplinary Child Abuse Intervention Team

SHERIFF'S OFFICE

- C-2 Renewal of Intergovernmental Agreement 800198 with the City of Portland Providing Fingerprints and Photographs of Individuals Arrested for Crimes for Fiscal Year 1997-98

REGULAR AGENDA

PUBLIC COMMENT

- R-1 Opportunity for Public Comment on Non-Agenda Matters. Testimony Limited to Three Minutes Per Person.

NON-DEPARTMENTAL

- R-2 PROCLAMATION Recognizing the Outstanding Achievements of Portland State University President, Judith Ramaley
- R-3 RESOLUTION Adopting an Updated Strategic Plan and 1997-99 Action Plan and Rural Action Plan and Submitting the Strategic Plan to the Governor and the Oregon Economic Development Commission for Consideration Under the Regional Strategies Program
- R-4 RESOLUTION Authorizing Extension of Franchise Agreement Between TCI of Oregon, Inc. and Multnomah County to July 31, 1997

BUDGET COMMITTEES

(Recess as the Board of County Commissioners and convene as the Dunthorpe Riverdale Sanitary Service District No. 1 Budget Committee)

- R-5 Selection of Budget Committee Chair and Secretary and PUBLIC HEARING to Consider and Approve the 1997-98 Dunthorpe Riverdale Sanitary Service District No. 1 Proposed Budget for Submittal to the Tax Supervising and Conservation Commission

(Adjourn as the Dunthorpe Riverdale Sanitary Service District No. 1 Budget Committee and convene as the Mid County Street Lighting Service District No. 14)

- R-6 Selection of Budget Committee Chair and Secretary and PUBLIC HEARING to Consider and Approve the 1997-98 Mid County Street Lighting Service District No. 14 Proposed Budget for Submittal to the Tax Supervising and Conservation Commission

(Adjourn as the Mid County Street Lighting Service District No. 14 Budget Committee and reconvene as the Board of County Commissioners)

DEPARTMENT OF LIBRARY SERVICES

- R-7 Budget Modification DLS 2 Authorizing Appropriation of \$20,000 in Grant Revenue from the Library Foundation for Specific Library Materials and Services

- R-8 Budget Modification DLS 3 Authorizing Appropriation of a \$500,000 Grant from the Library Foundation (Meyer Memorial Trust) to Enhance Specific Library Materials and Services

DEPARTMENT OF ENVIRONMENTAL SERVICES

- R-9 ORDER Authorizing Private Sale of Certain Tax Foreclosed Property to Lester L. Browning, Including Direction to Tax Title for Publication of Notice Pursuant to ORS 275.225

- R-10 First Reading and Adoption of an ORDINANCE Amending Multnomah County Code Chapter 11.15 to Limit Required Notification for Planning Commission and Hearings Officer Decisions to Persons Who Participated in the Hearings as Consistent with State Law, and Declaring an Emergency

DEPARTMENT OF SUPPORT SERVICES

- R-11 First Reading of an ORDINANCE Relating to the Pay Ranges and COLA Increases for Exempt Employees and to Make Special Adjustments

DEPARTMENT OF COMMUNITY AND FAMILY SERVICES

- R-12 PUBLIC HEARING and Consideration of a RESOLUTION Approving the 1997-98 Multnomah County Consolidated Plan and Annual Action Plan for the Community Development Block Grant Program and HOME Investment Partnership Program to be Submitted to the Department of Housing and Urban Development
- R-13 Notice of Intent to Apply to the Federal Department of Substance Abuse and Mental Health Services Administration for a Grant of \$1,470,669 to Study the Impact of the Crisis Triage Center on Jail Diversion for Persons with Co-occurring Mental Illness and Substance Abuse Disorders
-

Thursday, May 29, 1997 - 11:20 AM
(OR IMMEDIATELY FOLLOWING REGULAR MEETING)
Portland Building, Second Floor Auditorium
1120 SW Fifth Avenue, Portland

BOARD BRIEFING

- B-1 Summary of the January, 1997 Joint City County Audit of the Local Housing Delivery System Recommendations; Responses and Information; and Recommended Implementation Steps. Presented by Gretchen Kafoury, Gary Blackmer, Dick Tracy and Denny West. 30 MINUTES REQUESTED.

GARY HANSEN
Multnomah County Commissioner
District 2



1120 S.W. Fifth Avenue, Suite 1500
Portland, Oregon 97204
(503) 248-5219

M E M O R A N D U M

TO: Commissioner Tanya Collier
Commissioner Sharron Kelley
Commissioner Dan Saltzman
Chair Beverly Stein
Office of the Board Clerk✓

FROM: Juana Arredondo

DATE: May 28th, 1997

RE: Gary's absence from Board Meeting

Gary will not be able to attend Thursday May 29th Board Meeting because he will at a meeting with the Governor in Salem.

BOARD OF
COUNTY COMMISSIONERS
MULTNOMAH COUNTY
OREGON
97 MAY 28 PM 1:24

BOARD OF
COUNTY COMMISSIONERS
97 MAY 20 PM 12:29
MULTNOMAH COUNTY
OREGON

Housing:

Clarify Priorities,
Consolidate Efforts,
Add Accountability

January 1997

A joint City/County Audit of the
Local Housing Delivery System



Barbara Clark, City Auditor
City of Portland



Gary Blackmer, County Auditor
Multnomah County

Barbara Clark
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Gary Blackmer
Multnomah County Auditor
1120 SW 5th Ave., Room 1410
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January 31, 1997

TO: Mayor Vera Katz
City Commissioner Jim Francesconi
City Commissioner Charlie Hales
City Commissioner Gretchen Miller Kafoury
City Commissioner Erik Sten
Multnomah County Chair Beverly Stein
County Commissioner Dan Saltzman, District 1
County Commissioner Gary Hansen, District 2
County Commissioner Tanya Collier, District 3
County Commissioner Sharron Kelley, District 4
Steve Rudman, Portland Bureau of Housing and Community
Development
Jan Burreson, Portland Development Commission
Lorenzo Poe, Multnomah County Department of Children and
Family Services
Dennis L. West, Housing Authority of Portland
Janice Frater, Housing and Community Development Commission

SUBJECT: Joint audit of the housing delivery system

Attached is our joint City/County audit of the local housing system - "Housing: Clarify Priorities, Consolidate Efforts, Add Accountability." We appreciate your time and effort in reviewing the initial drafts and providing written responses. Responses are included at the back of this report.

We hope this report provides useful information to help elected and appointed leaders improve our local housing delivery system. In order to help us track the progress of implementation, we ask for a written status report on our recommendations in six months.

Thank you again for the constructive feedback and advice we received in the course of conducting our work. The final product is considerably improved due to your interest and cooperation.

Barbara Clark
Barbara Clark
Portland City Auditor

Gary Blackmer
Gary Blackmer
Multnomah County Auditor

Housing:
Clarify Priorities,
Consolidate Efforts,
Add Accountability

January 1997

A joint City/County Audit of the
Local Housing Delivery System

Barbara Clark, City Auditor
City of Portland

Gary Blackmer, County Auditor
Multnomah County

Audit Team

Barbara Clark, Portland City Auditor

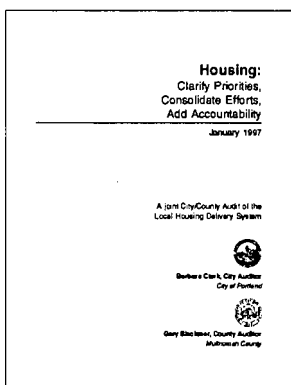
Gary Blackmer, Multnomah County Auditor

Richard Tracy, Director of Audits, Portland City Auditor's Office

Ellen P. Jean, Senior Management Auditor, City of Portland

Janis Hull, Management Auditor, City of Portland

Suzanne Fynn, Senior Management Auditor, Multnomah County



Production/Design

This report was produced in-house at the Portland Audit Services Division using desktop publishing software on Windows-based personal computers, and a Postscript laser printer. Adobe PageMaker 5.0 and 6.0 for Windows 95 was used to produce the finished product. Tables were created manually using Pagemaker, while Wordperfect for Windows 6.0, PageMaker 5.0, Harvard Graphics, Corel Draw and Quattro Pro 4.0 were used to enter text, produce graphs/figures, and produce charts and maps.

Desktop Publishing: Robert Cowan and Ellen P. Jean

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Mayor Vera Katz
County Chair Beverly Stein
Commissioner Gretchen Miller Kafoury
Steve Rudman, Portland Bureau of Housing and Community
Development
Jan Burreson, Portland Development Commission
Lorenzo Poe, Multnomah County Department of Community and Family
Services, and Rey Espana, Multnomah County Division of Community
Action and Development
Dennis L. West, Housing Authority of Portland
Janice Frater, Housing and Community Development Commission

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Summary

Governments in our region can play an important role in helping our community obtain sufficient, safe, attractive, and affordable housing. Public funds have improved neighborhood and city livability, and helped many low income people find shelter and acquire more affordable housing. The City, County and Housing Authority have budgeted over \$75 million in federal, state and local funds annually in past years, with an additional \$25 million in local funds allocated in the next two years.

Fragmented housing delivery reduces efficiency and effectiveness

The local housing delivery system is complex and fragmented. Three political jurisdictions, six public organizations, and numerous nonprofit agencies pursue a variety of missions and provide an array of housing services. At least six independent citizen commissions advise these groups, and many of the agencies have intertwined contracting and funding relationships.

Although there have been a number of efforts over the years that have improved the coordination of housing services, attempts to reorganize the delivery system have been unsuccessful. Housing services in the Portland area are

not planned, implemented or evaluated as a system. Dedicated housing professionals have compensated for the lack of coordination, but public funds for housing programs are not used as efficiently and effectively as possible. Specifically, our review found:

- *little assurance that housing goals are achieved.* The fragmented system does not produce complete, accurate information on the impact of housing programs. For example, “low income” programs may not always benefit low income people, the number and characteristics of homeless people needing help is unknown, and it is difficult to determine if the desired number of new units is built. Almost \$174 million may be spent to address housing problems over the next two years without reliable, objective information to determine if problems improve or worsen.
- *people with immediate housing problems have difficulty accessing the system.* Programs responsible for initial intake and referral rarely give useful information to help people solve their housing problems. A homeless family or individual would have difficulty determining the location and name of agencies responsible for providing housing services.
- *unnecessary administrative costs due to extensive planning, monitoring, and management of grants and loans.* Funds may be transferred through as many as five organizations before they reach the public. We estimate that more than 25 percent of housing funds go to administrative and support activities.

New problems and opportunities

The Portland area will also face some new problems and opportunities in the coming years that would greatly benefit from more systematic housing planning, management and evaluation. For example, 1,940 units of federally subsidized housing, a significant portion of the low rent housing in the County, may revert to market rate rents in the next 5 years. Loss of these units may further increase the need for inexpensive housing and contribute to the number of homeless. At the present time, only 271 of the at-risk units have been purchased by nonprofits to preserve their affordability for low income households.

In addition, reductions in federal HUD funding, changes in welfare laws, and continued population growth will affect the need for additional low and moderate income housing units in the County. However, housing organizations have not developed a coordinated response to these threats.

At the same time, considerable new resources for affordable housing may be available through the City of Portland's Housing Investment Fund and a proposed statewide real estate transfer tax. More coordinated planning, analysis of housing needs, and thoughtful selection of strategies are needed to ensure these resources are used optimally.

Barriers to integrated housing system

There are three major barriers to developing a more integrated and effective housing delivery system. Principally, political leaders may be unwilling to relinquish control and authority over existing funding sources to consolidate planning and resource allocation. Disagreements on housing

priorities, responsibilities, and strategies frustrate coordinated housing delivery. The City has put priority on improving structures and neighborhoods, and the County has focused on helping people solve problems that contribute to housing need. Second, housing organizations may be resistant to change and could be threatened by loss of turf, funding, and authority, as a more consolidated system should reduce administrative funding and staffing. Finally, lack of current data on housing needs and objective analysis on the impact of housing strategies contribute to disagreements on priorities and strategies to address housing problems. Better information and impartial evaluation can guide optimal allocation of public funds.

Recommendations

We make a number of recommendations on pages 57 to 63. In brief, we recommend that City and County officials designate a single countywide consortium to establish housing and community development goals and priorities, to allocate funds to operating agencies, and to evaluate and report on performance.

Introduction

This report evaluates the housing programs provided by Multnomah County and the City of Portland. It is the first joint audit conducted by the Office of the Portland City Auditor and the Office of the Multnomah County Auditor. The audit was approved by both the City and County Auditors and is included in their annual audit schedules. The joint City/County team conducted the audit in accordance with generally accepted government auditing standards. The audit objectives, scope, and methodology are described at the end of this chapter.

History of government housing and poverty programs

Over the past sixty years, the federal government has pursued a variety of programs aimed at improving the condition, availability, and affordability of housing for Americans. Two major strategies were employed, one to address the production of housing, and the other to provide direct assistance to those with housing needs. The first major federal public housing effort, the U.S. Housing Act of 1937, was passed to address the severe economic problems resulting from the Great Depression. The Act authorized subsidized public housing, created jobs in the beleaguered building trades, and helped people address housing needs.

The Housing Act of 1949 continued earlier efforts, authorized acquisition and renewal of blighted areas, and helped meet the demand for housing created by a growing population and the return of soldiers from World War II. During the 1940s and 1950s a variety of programs offered federal government assistance to increase the number of housing units for low-income families, individuals, elderly, and other special needs households.

In the aftermath of World War II, a major new effort was initiated to address the deterioration and blight of inner cities and urban areas. The Urban Redevelopment Program authorized federal funds to local authorities to acquire land, clear buildings, and offer parcels to private developers for redevelopment. These Urban Renewal programs were intended not only to help increase and renew housing stock but to upgrade deteriorated commercial and industrial property and to spur private investment in blighted urban areas. These efforts primarily addressed physical problems such as slums and dilapidated condition of buildings and property.

In 1965, five federal housing and community development agencies were consolidated into the Department of Housing and Urban Development (HUD). HUD programs are directed at increasing home ownership and revitalizing neighborhoods. HUD responsibilities also include rent assistance, public housing for low-income families, and funding to address homelessness.

Concerns about the inefficiency and ineffectiveness of categorical grants (i.e., grant programs for very specific activities) led to the Housing and Community Develop-

ment Act of 1974. This act consolidated the Urban Renewal, Model Cities, and other categorical programs into the Community Development Block Grant (CDBG) program. CDBG provided a great deal of local control over the types of community development and housing programs that communities could pursue. The block grants gave local officials discretion to fund housing, economic development, social services, and infrastructure at their option. CDBG grants could therefore be used for almost any purpose related to community development.

In the 1990s more federal housing initiatives were passed. The 1990 National Affordable Housing Act created the HOME Investment Partnership program - a housing block grant program to be spent at local option for creating affordable housing for low-income households. Also, the Congress created the Empowerment Zones/Enterprise Communities Program to encourage private investment in low-income neighborhoods by offering tax breaks and additional social services dollars for designated areas. Other more specifically targeted grants were created such as the McKinney Homeless Assistance Act - Emergency Shelter Grant program for the homeless, and the Housing for People with AIDS grant which can fund housing, emergency cash assistance and social services.

In addition to federal housing programs, other federal initiatives addressed the social problems of the poor. In 1964, the Office of Economic Opportunity was created and the war on poverty was started. Programs such as Job Corps, Legal Services, Vista, Neighborhood Youth Corps, and Community Action were started. In the early 1970s the

Office of Economic Opportunity was dismantled and many of its programs were transferred to other federal agencies. The newly created Community Services Administration continued to fund community action agencies and in 1979, the Low Income Weatherization and Energy Assistance programs were added to its responsibilities. In 1980, to reduce administration costs, the Community Services Administration was abolished and administrative responsibilities were delegated to the states. Funding to the states was provided by the Community Services Block Grant (CSBG) for a variety of programs including nutrition, education, emergency assistance, housing, employment, family counseling, and outreach.

Figure 1 shows the major federal government housing and poverty programs. However, the future level of federal support for housing is uncertain. During this audit, HUD proposed major reorganization and streamlining; a decrease in expenditures for subsidized rental housing is expected.

**Our local
housing system**

Government housing programs in the Portland area have developed in response to housing initiatives by the federal government. The Housing Authority of Portland (HAP) was created by the City of Portland in 1941 to provide subsidized housing for working people in response to the federal Housing Act of 1937. HAP is a public, nonprofit municipal corporation authorized under state law. Through the forties, fifties, and sixties the Portland Housing Authority was the predominant provider, administrator, and operator of public housing. HAP received its major support from the federal Housing and Urban Development Depart-

Figure 1 Major federal housing and poverty initiatives

Act	Program / Product	Purpose
National Housing Act of 1934	F.H.A., F.N.M.A.	encourage home ownership
U.S. Housing Act of 1937	public housing	provide subsidized government housing
U.S. Housing Act of 1949	Urban Renewal Program	physical improvement in deteriorated areas; and encouragement of private investment
Economic Opportunity Act, 1964	Community Action Agencies (and numerous other programs)	to fight the "war on poverty" by organizing and building leadership in communities
Metropolitan Demonstration Cities & Development Act, 1966	Model Cities / grants for social projects	help poor people in targeted urban neighborhoods
Housing & Community Development Act, 1974	consolidation of earlier categorical programs into Community Development Block Grant (CDBG)	development of viable urban communities and help low-to-moderate income people
Community Services Block Grant, 1981	re-organization of funding for Community Action	help low-income persons to overcome poverty
Stewart B. McKinney Homeless Assistance Act of 1986	Emergency Shelter Grants program	improve the quality and number of emergency shelters, provide support and social services
National Affordable Housing Act of 1990	HOME investment partnerships program	fund affordable housing projects and programs
AIDS Housing Opportunity Act of 1992	Housing Opportunities for Persons with AIDS (HOPWA)	resources and incentives for long-term comprehensive strategies for AIDS housing
Empowerment Zones/ Enterprise Communities, 1992		encourage economic development in low-income neighborhoods

Source: Auditors' summary of federal legislation

ment under a variety of categorical grant programs. Major projects managed by HAP over the years included the City of Vanport which was built to provide housing for war workers moving to Portland to build ships. HAP also built and managed the first permanent, low-income public housing project, Columbia Villa.

During the 1950s HAP also served as the City's urban renewal agency but in 1958 relinquished this responsibility to the Portland Development Commission (PDC). PDC, created by a City Charter amendment approved by voters, became the central urban renewal and community development agency of the City. PDC provides loans and grants for low- and moderate-income housing, using federal CDBG, HOME, and other resources.

The City and County also administered programs directed at the low-income population. In response to Model Cities and other federal antipoverty efforts, various programs assisted youth, elderly, and other populations with needs in the 1960s and 1970s. With the consolidation of categorical programs into CDBG, Model Cities was discontinued but many of the responsibilities were assumed by the City's Bureau of Housing and Community Development (BHCD) and Multnomah County's Community Development (MCCD). With the dismantling of the federal Office of Economic Opportunity and creation of the CSBG, state agencies took on the responsibility of administering these funds. In 1988 the City community action agency was consolidated with the County community action agency and the County continued to provide these services through contracts with nonprofit organizations.

The Housing and Community Development Commission (HCDC) was established in 1992 by Portland, Gresham, and Multnomah County to coordinate policy recommendations and oversee planning. HCDC has been designated as the primary public forum to address affordable housing problems countywide through policy development, resource coordination and civil leadership.

Additionally, many others outside of government play a significant role in housing development, emergency shelter and social services. There is a growing number of nonprofits who develop low cost rentals and help first time homebuyers. Numerous churches provide emergency shelter, as does the YWCA. A wide range of charitable groups, like United Way, Red Cross, Salvation Army and Volunteers of America provide direct service to people in need of housing and/or support the many nonprofit, social service agencies throughout the County.

Figure 2 provides a simplified overview of the major local government housing activities, funding, and some reported activities.

Figure 2 Overview of housing services in Portland/Multnomah County

Housing services	Funding *	Major reported activities
City of Portland <ul style="list-style-type: none"> • low- to moderate-income housing loans (rental rehab - investors & non-profits, homeowner repairs, new construction, first-time homebuyers) • market-rate/mixed-income housing subsidy • homeless shelter construction & maintenance • other homeless and housing services <p><i>Other related services not included above:</i></p> <ul style="list-style-type: none"> • housing tax abatement & fee waivers • neighborhood improvements • community development • nuisance abatement • building code enforcement • zoning & land use reviews 	Federal: \$15.5 Local: \$1.7 Other: \$1.3	<ul style="list-style-type: none"> • Loans: \$6,000,000 (plus \$1,000,000 private funds) for 417 rental unit rehabs • \$1,000,000 for 207 homeowner repairs • \$450,000 for 7 homebuyer loans • \$481,000 for emergency shelter & maintenance
Multnomah County <ul style="list-style-type: none"> • low-income housing assistance (short-term intervention, rent assistance, motel vouchers, temporary housing, HAP referrals) • low-income housing weatherization <p><i>Other related services not included above:</i></p> <ul style="list-style-type: none"> • housing assistance for seniors & youth of all incomes • community development • tax-foreclosed property donations to non-profits • social services 	Federal: \$6.5 State: \$1.1 Local: \$1.4 Other: \$1.0	<ul style="list-style-type: none"> • 1,023 households given motel vouchers • 1,228 households given rent assistance • capacity for approximately 1,200 persons in emergency shelter or transitional housing (includes churches and other providers outside the County)
Housing Authority of Portland <ul style="list-style-type: none"> • low-income rent certificates & vouchers • low rent public housing • rent assistance • development & management of rental units • special needs housing 	Federal: \$37.3 Other: \$9.8	<ul style="list-style-type: none"> • approximately 15,000 people assisted with: <ul style="list-style-type: none"> - 5,160 certificates & vouchers - 2,800 public housing units - 2,000+ other low rent units
For-profit and non-profit developers <ul style="list-style-type: none"> • build, rehabilitate and/or manage single-family and multi-family units 	Private funding <i>(with some subsidies, included above)</i>	<ul style="list-style-type: none"> • approximately 1,700 new housing starts in City

* Attributed to the first recipient of funds in FY 1994-95

SOURCE: Auditors' summary

Major housing goals and policies

Based on our review of local housing programs, we believe that the housing system pursues four broad goals:

Maintain Portland as a vital urban area

To discourage urban sprawl, protect the environment, and retain the urban livability of the region and its neighborhoods, Portland officials have agreed to capture 20 percent of the region's projected population growth over the next 20 years within the City boundaries. It is estimated that about 2,500 additional housing units will need to be built annually to achieve this goal by 2015. In addition, the City is committed to increasing economic opportunities and creating healthy neighborhoods to help maintain a vital urban area.

Provide affordable housing for all income groups

All citizens, regardless of income level, need safe, decent, affordable housing. Comprehensive plans and strategic plans call for governments in the area to ensure an adequate variety of affordable housing for all income groups. A 1993 report indicated a deficiency of 10,600 housing units for very low-income households, and proposed the construction of 10,000 additional housing units by the year 2003 to begin addressing the shortage.

Care for and shelter the homeless

Governments in the area have recognized the need to help homeless people by providing shelter, helping them quickly access stable housing and addressing the underlying causes of the homelessness. For example, the 1993 Shelter Reconfiguration Plan called for a reduction in emergency

shelter bed capacity from 300 to 110 but proposed to serve another 160 in emergency, transitional, and permanent housing, for a total capacity of 270 each night.

Help individuals achieve self-sufficiency

Housing problems are often the consequence of poverty, mental illness, domestic violence, or other societal problems. In order to address these problems, the County pursues a number of goals to help people become self-sufficient.

Major housing policies and strategies

To accomplish goals, housing services are guided by numerous policy statements and comprehensive strategies. The most significant policies and their intended purposes are listed below:

Comprehensive Housing Affordability Strategy (CHAS)- The CHAS is the product of an intergovernmental effort of the cities of Portland and Gresham, and Multnomah County. This planning document, required of recipients of federal HOME funding, analyzed housing characteristics, housing affordability and needs, available housing resources, and described an annual plan and strategy.

Consolidated Plan - The Consolidated Plan is a combined plan and application to HUD for federal housing funds submitted jointly by the cities of Portland and Gresham and Multnomah County. The plan identifies housing needs in the area and describes jurisdiction strategies to address the needs of primarily low-income persons. The CHAS is incorporated into the Consolidated Plan.

Comprehensive Land Use Plans/Region 2040 Planning- Oregon land-use law requires cities and counties to prepare and adopt comprehensive land-use plans. Among other requirements, plans must establish urban growth boundaries that separate rural from urban areas, and that will provide an adequate supply of buildable land to accommodate 20 years of expected growth. Metro, a regional government in the Multnomah, Washington, and Clackamas County area, is responsible for managing the urban growth boundary, among other responsibilities. Metro intends to work with local jurisdictions to develop strategies to ensure sufficient and affordable housing is available to households of all income levels.

Livable City Housing Initiative - This initiative is intended to achieve the City's goal of building 50,000 additional housing units by the year 2015 to capture 20 percent of the regional growth within the City. City Council established an investment fund in FY 1994-95 to subsidize the construction of housing units.

County Omniplan - Community Action funding is received from various federal grants such as the CSBG and Low Income Energy Assistance and Weatherization programs through the State of Oregon. The Omniplan consolidated all categorical grant planning processes, workplans, and budgets that counties had previously had to complete for each funding source. The Omniplan requires counties to describe the planning process used to identify community needs, define program objectives, develop programs to address the needs, and submit an allocation plan for state, local and other funds. Programs

must fall into one of four categories: 1) emergency assistance, 2) maintenance or transitional, 3) self-sufficiency and 4) community development.

Integrated Service System Strategy - The County has adopted an integrated service model to better coordinate County services and deliver efficient and effective services. Six service districts were created with the intent to organize county services close to where people live. In this model the point of entry into the service system can be at any County or contractor service location. Case management staff are directed to work cooperatively to assure that services to the client are coordinated. The role of case management is quality control, coordination, counseling, review and referral. Four types of geographically located services -- Family Centers, Aging Services District Centers, Community Service Centers and Health Clinics -- comprise the Integrated Service District System.

**Audit objectives,
scope, and
methodology**

The overall objective of this audit was to assess the efficiency and effectiveness of the housing delivery system in Multnomah County and the City of Portland. Specific objectives included:

- to analyze the organization and delivery of housing services
- to assess housing spending and program accomplishments
- to evaluate the nature of housing problems and needs
- to identify opportunities for improvement

We concentrated our efforts on evaluating public programs managed and delivered by the City of Portland and Multnomah County. For purposes of this audit, we defined housing and housing services to include a full range of activities including counseling and case management, vouchers and cash assistance, operation of emergency shelters, subsidized public housing units, loans and grants for rehabilitation and building, and financing and production of housing units for all income levels.

We did not examine property tax abatements granted by local governments in support of housing goals or community development goals. Such abatements should be the subject of a separate performance audit in the future.

Although we did not conduct analyses of programs for comprehensive land use planning, we did review goals and objectives of these programs and we reviewed housing needs assessments. We also did not assess the adequacy of the development review process managed by the City of Portland. The Audit Services Division of the Office of the City Auditor is currently conducting a comprehensive audit of the development review processes in the City.

We conducted interviews, reviewed documents, or performed tests of activities in the City's Bureau of Housing and Community Development, the County Community Service Centers, and the Portland Development Commission. We also reviewed programs administered by the County's Department of Community and Family Services. We made a number of site visits to nonprofit agencies and County Community Service Centers. We reviewed the responsibilities and accomplishments of the Housing Au-

thority of Portland but did not perform on-site tests of operational methods and management.

The audit was performed by staff from the Office of the Multnomah County Auditor and the Office of the Portland City Auditor. We both followed generally accepted government auditing standards in planning, conducting, and communicating the audit. The joint audit team interviewed over 40 people, analyzed census and other data, reviewed a variety of resource documents, plans, and budgets, and visited over 15 housing delivery locations.

At the beginning of this audit, the Community Action Program Office (CAPO) and Community Development (MCCD) programs were two separate programs within the County's Community and Family Services Department. With the FY 1996-97 budget, these two programs were merged into the Office of Community Action and Development (OCAD). For the purposes of this audit, these two programs will be referred to separately as CAPO and MCCD.

1 Complex and Fragmented Delivery System

The local housing delivery system is a complex array of organizations and jurisdictions. Organizations from three separate governments, over a dozen nonprofits, and private for-profit developers are involved in low-income and market rate housing in the Portland area. At least six different citizen commissions and committees are involved in setting policies and advising agencies involved with government managed housing services. A variety of funding from federal and local sources flows between and among many of these agencies. Grants and contracting relationships are often intertwined and reciprocal. In some cases, programs carry out similar functions for the same clients.

Over the past several years, the governments in the Portland metropolitan region have taken a number of steps to coordinate their housing programs. Three principal changes have been 1) the broadening of the Housing Authority to a countywide agency, 2) the creation of the multi-jurisdictional Housing and Community Development Commission, and 3) giving the Portland Development Commission responsibility for the City Housing Investment Fund. However, housing programs are not planned, implemented, or evaluated as a system. Organizations pursue their

individual agendas without actively seeking opportunities to optimize spending effectiveness through coordination of efforts.

**Numerous
organizations and
services**

As shown in Figure 3, local government agencies have a variety of missions and goals related to helping develop or provide housing. Some emphasize service to low-income or special need populations, some focus on a vital economy with healthy neighborhoods, while others focus on low- and moderate-income housing development. Some have housing development as their primary responsibility and others have missions that relate to helping low-income people.

As shown in Figure 4, we also identified six active citizen committees and commissions involved in the housing delivery system. In addition to City Council and Board of County Commissioners, these commissions and committees influence the selection of priorities or programs and advise agencies on neighborhood or group needs. In some cases, agencies receive advice on housing policy from more than one citizen commission, and citizens may sit on more than one advisory committee.

Figure 3
Public organizations with missions related to housing

CITY OF PORTLAND

Bureau of Housing & Community Development

- to effectively steward the community development resources of the City and to serve as a catalyst to stabilize and improve neighborhoods and enable people to improve the quality of their lives

PDC Housing Dept.

- maintain and expand a full range of housing opportunities

Livable City Housing Council *(inactive)*

- assure that Portland builds 50,000 new housing units by 2015 that people want to live in, that people can pay for, and that the development community can afford to build

Bureaus of Planning & Buildings

- develop and implement policies which guide development and protect livability; ensure a safe and healthful built environment and assist in the preservation of housing and the improvement of neighborhoods

Housing Authority of Portland

- to assure that the people of the community are sheltered

Housing & Community Development Commission

- increase the effectiveness of the public housing delivery system by providing coordination among diverse public agencies which implement housing programs

Metro

- responsible for growth management, transportation & land-use planning; also ... technical services to local government

MULTNOMAH COUNTY

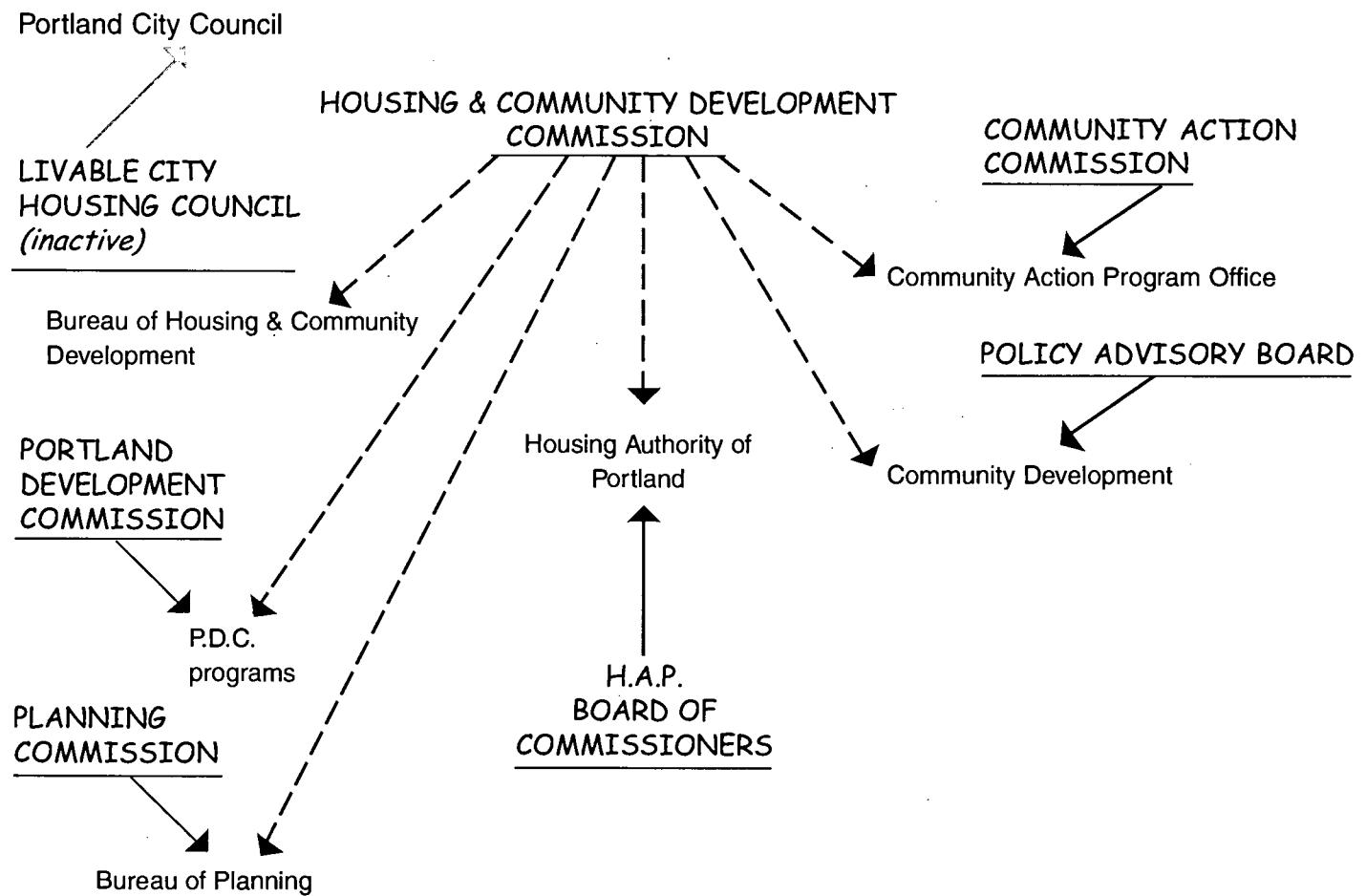
Community Action Program Office

- counteract the causes and consequences of poverty, including homelessness, hunger and excessive costs of basic needs . . . help low income households meet their basic needs, become stabilized, empower themselves and achieve self-sufficiency

Community Development

- develop viable urban communities, provide decent housing and a suitable living environment and expand economic opportunities, principally for low and moderate income persons

Figure 4
Multiple citizen commissions influence Portland area housing



**Intertwined funding
and contracting**

As shown in Figure 5, most federal funding sources are directed to a single local agency. "Section 8" rental subsidies are the province of the Housing Authority of Portland (HAP). Community Action dollars are received and administered by the Community Action Program Office (CAPO). Both the City Bureau of Housing and Community Development (BHCD) and Multnomah County Community Development (MCCD) receive CDBG and HOME funding.

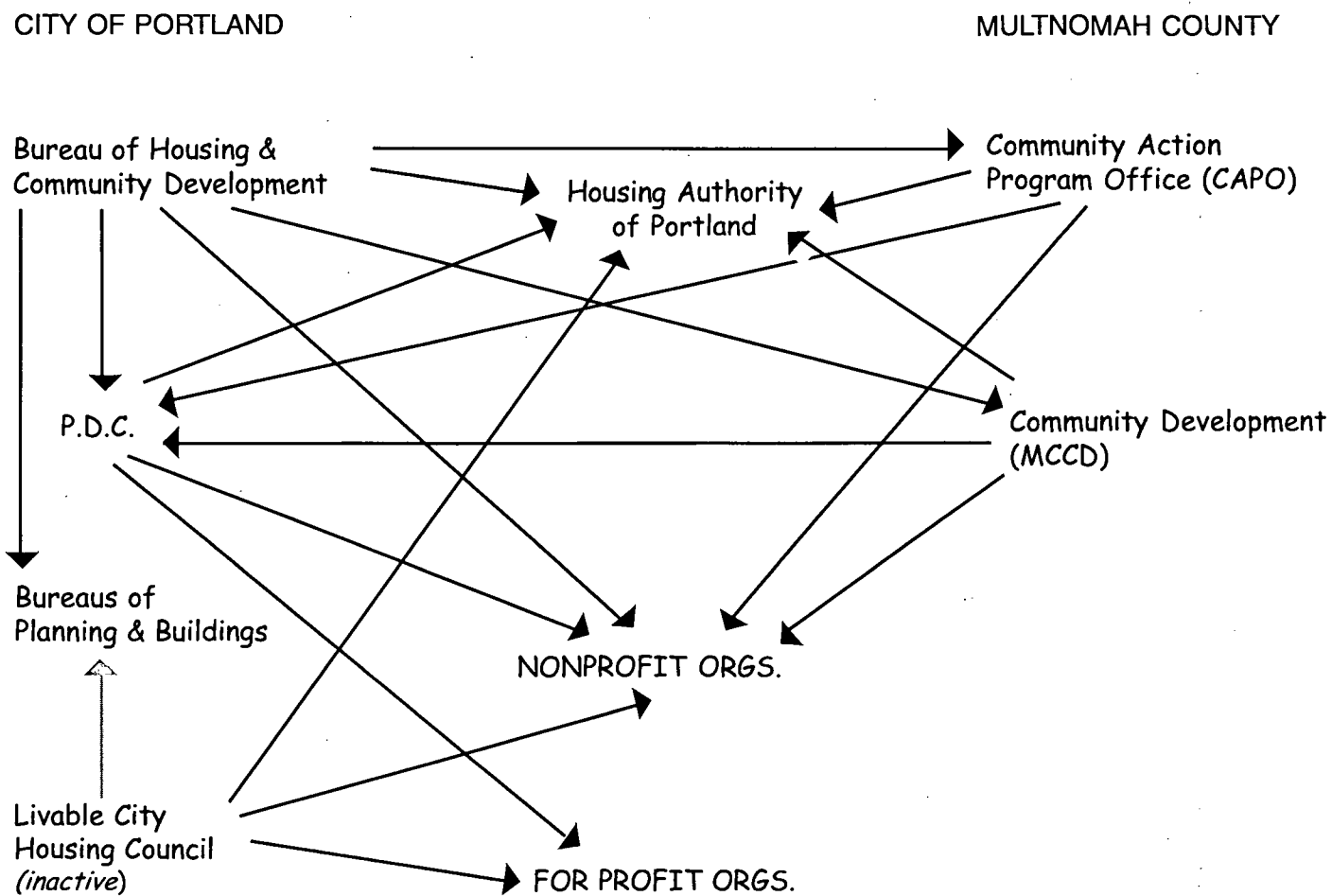
Figure 5 Federal funding* administered by local housing agencies

Funding source	Local housing agency			
	BHCD	MCCD	CAPO	HAP
Community Development (CDBG)	✓	✓		
HOME	✓	✓		
Community Action (CSBG)			✓	
Section 8				✓
Low Rent Public Housing (LRPH)				✓

* Funding attributed to original recipient

Figure 6 shows transfers of other public funds and the network of relationships in the housing delivery system. The lines indicate that housing agencies typically both provide and receive funding from other housing agencies in the Portland area delivery system. As shown, nonprofits also receive assistance from multiple sources.

Figure 6
Portland area housing organizations financial relationships



Similar functions and clients

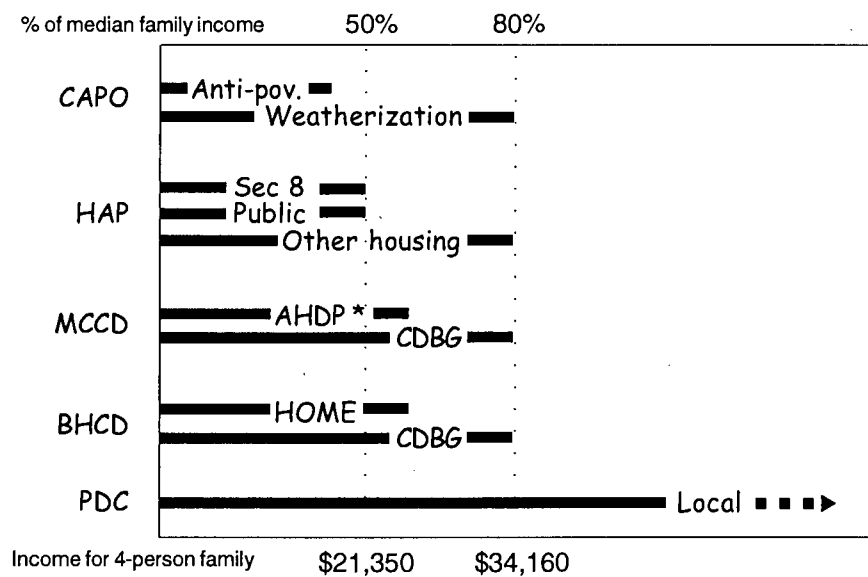
Government housing agencies in the area perform similar functions, often involving the same types of clients. Housing agencies provide services to people in need or to organizations for the construction or rehabilitation of housing. Within these two categories, efforts can either address a temporary emergency need, or provide assistance towards a long-term housing solution. As shown in Figure 7, agencies are involved in many of the same service areas and functions. For example, both CAPO and HAP provide vouchers and certificates to people who need housing. MCCD and PDC make loans to homeowners; BHCD, MCCD and PDC lend funds to developers, and both MCCD and PDC service loans. All of the agencies must do program and policy planning, grant management and administration of federal funds. HAP has the unique function of owner/operator, developer and property manager.

Figure 7 Similar functions conducted by organizations

	PDC	BHCD	MCCD	CAPO	HAP
Loans to develop housing	✓	✓	✓		
Loans to homeowners	✓		✓		
Grants to nonprofits		✓	✓	✓	✓
Housing vouchers/client subsidy				✓	✓
Case management/client referral				✓	
Housing owner/manager					✓
Admin, planning, grant management	✓	✓	✓	✓	✓

In addition, there is little specialization among the agencies regarding the income levels of the people served. Although HAP and CAPO serve special needs (aging, disadvantaged) and low-income people, there does not seem to be a distinction among the agencies regarding who serves various low-income levels. Figure 8 shows the range of income levels served by housing agencies under federal, state, and local funding criteria. As shown, PDC is the primary agency serving higher income levels (median income and above), while CAPO serves only low-income clients, below 44 percent of MFI. All of the agencies can provide service to clients with incomes below 44 percent of median family income.

Figure 8 Target income ranges, by funding type and local housing agency (FY 1994-95)



* Affordable Housing Development Program
(tax-foreclosure donations)

Dissimilar service areas

County service agencies provide services and funding in geographic areas that do not coincide. For example, in order to provide access for citizens who need housing and other social services, Multnomah County has established various centers in neighborhood locations around the County that are operated primarily by nonprofit agencies. This Integrated Service District System consists of six Family Centers, eight Aging Service District Centers, and seven Community Action Service Centers (see Figure 9).

Figure 9 Multnomah County Integrated Service District centers

CHILDREN AND FAMILY SERVICES

Community Action Program Office

7 Community Service Centers

(counseling, referral, temporary housing for low-income):

- Albina Ministerial Alliance
- Friendly House
- Human Solutions
- Neighborhood House
- Portland Impact
- St. John's YWCA
- Transition Projects, Inc.

3 Homeless Special Needs Providers (emergency shelter for homeless):

- Outside-In (youth)
- NW Pilot Project (elderly)
- Transition Project (singles)

Youth Program Office

6 Family Centers

(counseling & assistance for families with children of all incomes):

- Delauney Mental Health (North)
- Edgefield Childrens Center (East)
- Lutheran Family Services (Mid-Co.)
- Neighborhood House (West)
- Portland Impact (Southeast)
- Urban League (Northeast)

AGING SERVICES

Community Access

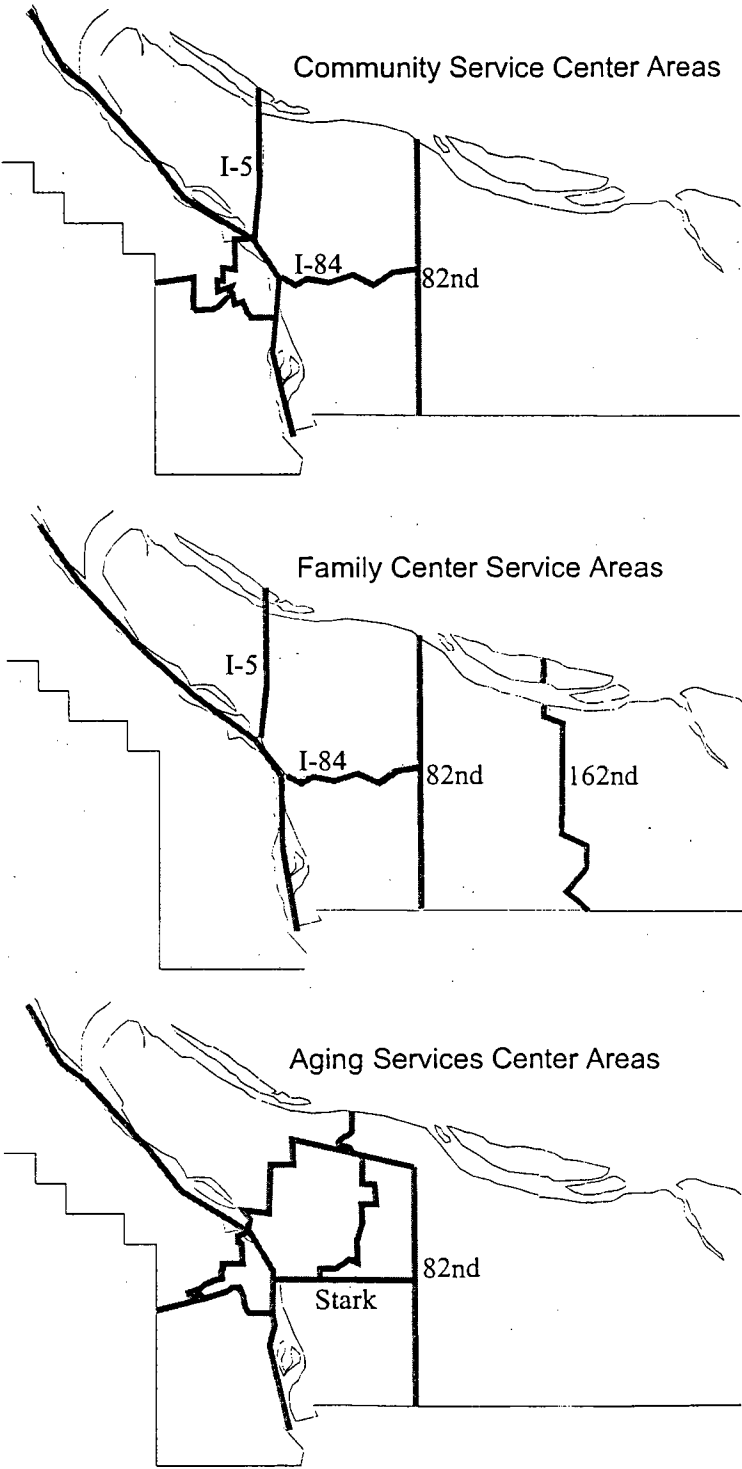
7 District Centers (assistance for seniors of all incomes):

- Friendly House
 - Hollywood Senior Center
 - Neighborhood House
 - NW Pilot Project
 - Portland Impact
 - St. John's YWCA
 - Urban League
-

However, as shown on the Map 1, boundaries only coincide in some areas and are different in other parts of the County.

City agencies have also identified area of town to receive special attention for various housing related services. The Bureau of Housing and Community Development has identified "target" areas for neighborhood revitalization or housing projects. These areas receive priority for community development funding. The Portland Development Commission also has "target" areas that have economic development, development or housing needs. The Planning Commission designates "distressed" areas. Although the agencies do work together when identifying special areas, the public may be confused by the different designations and varying geographic areas.

Map 1 County housing service areas



**Lack of systems
approach**

Over the past several years, local housing professionals have worked to improve coordination, planning, and delivery. The Housing Authority of Portland expanded services countywide in order to provide public housing and other services to residents living in unincorporated Multnomah County. The City gave the Portland Development Commission authority for managing the Housing Investment Fund that was previously the responsibility of the now inactive Livable City Housing Council. In addition, Portland, Gresham and Multnomah County created the Housing and Community Development Commission to help coordinate public efforts and monitor housing needs and accomplishments. Several studies of the housing delivery system were also conducted to improve coordination and implementation of housing programs.

Despite these efforts, the full range of housing programs are not planned, implemented, or evaluated in a systematic, coordinated way. While City and County agencies and the Housing Authority work hard at coordinating efforts, programs for people in need and programs for affordable housing are largely independent of each other. Agencies pursue agendas that stem from the specific priorities of their jurisdictions and the requirements of the funding stream. The HCDC attempts to coordinate public housing efforts but has had difficulty getting jurisdictions to agree on priority needs and take on specific responsibilities to address those needs. Housing programs cannot be efficiently and effectively planned and implemented without involving other agencies that have related missions, service areas, and functions.

2 Consequences of Fragmented Housing System

Although local government housing programs provide valuable services and produce a range of housing for various income groups, the fragmented delivery system obscures accountability for results and reduces effectiveness and efficiency. The current system affects the accessibility and quality of services to people in need, creates frustration among providers of housing services, and increases administrative costs.

The Portland area is also facing some significant problems and opportunities in the coming years that the current housing system will have difficulty addressing. Specifically, local governments may not be able to adequately respond to the possible loss over 1,650 units of federally assisted housing. Governments also have not planned how to replace declining federal HUD funds or appropriately allocate potential new local and state funds.

Poor accountability for results

The complex housing system obscures accountability for results and fails to produce complete and accurate information on accomplishments. Although the City, County, HAP and other housing providers have identified housing pri-

orities in the Comprehensive Housing Affordability Strategy, 2040 Growth Plan, and other service plans, it is difficult to determine the impact of housing programs on priority needs. Data are not compiled and collected systematically, and there is no system-wide evaluation of impacts.

Officials at various levels told us that there is a lack of adequate data to assess the efforts and accomplishments of the system in meeting the needs of low-income people and addressing the requirements of growth. Individual agencies provide valuable data on parts of the delivery system, but comprehensive information on the entire system is not available. As a result, we were unable to determine how well public and private spending is meeting policy goals.

In order to determine the success in achieving goals, we attempted to evaluate the accomplishments of housing programs in helping low-income populations and producing a desired number of housing units. We found a lack of reliable, complete, and accurate data to determine if housing programs are achieving goals. Specifically,

- there is no assurance that priority households have benefited from housing projects
- the number and characteristics of homeless people needing help is unknown
- data on service effectiveness is incomplete
- the number of affordable units built cannot be reliably determined

No assurance priority households have benefited from projects

In order to test what income levels benefited from housing activities, we reviewed the reported accomplishments of BHCD and PDC housing efforts using financing sources such as CDBG grants, HOME grants, Rental Rehab loans, and tax abatements. We also reviewed the development of tax foreclosed properties and the Nehemiah Grant project administered by the nonprofit Northeast Community Development Corporation. In total, loans were made to rehabilitate approximately 3,000 rental units and repair about 1,000 homes over the past five years.

We found that, except for local programs involving foreclosed and tax abated properties, federal regulations have not required PDC and BHCD to determine what income level households actually live in the units produced. Without this data, there is little assurance that local, low-income priorities are addressed. Past monitoring reports by federal HUD auditors revealed that households above moderate income were in fact residing in some units produced to serve lower income people. The Nehemiah grant project was criticized by federal auditors in 1994 because they could not confirm that low-income households were benefiting from the program. HUD auditors found that at least four houses had been purchased by people with incomes above limits.

When PDC monitors projects that received federal funds or tax abatements, the monitoring does not verify that low-income people in fact live in the units. Rather, PDC simply reviews landlords' reports on the income generation of their property. If the owner charges too much rent or

exceeds income generation limits, PDC requires faster loan payoff but does not require the owner to lower the rent.

PDC has made improvements in the last two years. Long-term affordability of assisted rental projects is now a requirement and tenants are required to certify their income. However, enforcement strategies are not yet in place and managers told us they are uncertain how they can enforce the requirement.

Number of homeless people needing help is unknown

While the County and its contractors appear to be serving the highest priority populations, agencies could not provide information about the number of homeless persons, their characteristics, and the services they receive. There are no consistent counts of the homeless population to track the needs in the community. To better understand the number of homeless persons in the community, HAP prepared a 1989 comprehensive report on homelessness which included the first estimate of the homeless population and their needs. The 1990 census counted the homeless population but was recognized as limited in its accuracy. Since 1987 the County has also conducted several semiannual one-night counts of the homeless population in public and private shelters.

However, data on the number of homeless population and their characteristics is not reliable due to changes in collection methods. The County attempts to maintain consistency from count to count, but variations have occurred in agency reporting methods and in the number of agencies reporting. Over the years the number of emergency shel-

ters included in the report has increased and definitions of homeless have changed. Persons are likely to be counted more than once if they are turned away from one shelter and attempt to find shelter at other locations. As a result, we could not determine if government programs have helped reduce the homeless population.

Data on service effectiveness is incomplete

Housing organizations do not gather sufficient information to understand the populations needing assistance, the types of services provided to them, or the results of the services. For example, three different programs in the County gather information on housing services, but the data is incomplete and inconsistent. Demographic information is gathered by CAPO about individuals who get assistance, but not about those who are turned away. Without this information it is difficult to determine the extent of housing needs and the characteristics of those needing assistance.

The County's fiscal monitoring program collects information about housing services such as counseling, referral, and cash assistance, but the information cannot be associated with particular clients or their demographic information. In addition, the County's new Contracts and Evaluation Unit collects data on clients who successfully moved to permanent housing, but not about those who do not succeed. While this information is an indicator of program results, it cannot be linked to the characteristics of the individuals served, or to the types of services they received. A better understanding of all clients and how they were served could help identify reasons for ineffectiveness.

Number of affordable units built cannot be reliably determined

Based on our review of housing production reports produced by the HCDC and Livable City Housing Council, we believe information on the number of housing units built in the area is unreliable and incomplete. HCDC production reports provide annual information on the number and affordability of units built with federal funding that flows through the City, the County and Gresham, but these reports do not give a complete picture of the number of units produced without local government subsidy.

When active, the Livable City Housing Council produced status reports on the results of projects supported by their funding to assess the number of units created. However, many of the projects included in these reports are also included in the HCDC reports because they also receive funding from federal block grant programs. Consequently, the two reports double count units.

The LCHC also used data on building permits issued by the City Bureau of Buildings to evaluate progress in meeting housing unit production goals. However, building permit data are not accurate indicators of production because builders may not use the permits to actually build. In addition, building permits do not contain information on the rent or purchase price of the units planned for construction. Consequently, permit data is not useful for determining if a desired mix of affordable housing units is being produced.

**Access to services
and funding is
difficult**

Individuals needing housing and housing developers may have difficulty finding and getting services, primarily due to the fragmented nature of housing programs.

Homeless access

To assess how people in need get help, we made phone calls to the seven County Community Service Centers posing as a homeless, single male; a family living in a car; and an elderly person at risk of homelessness due to a rent increase.

Usually we had to make more than one call to a Community Service Center before we talked with an individual who could answer questions and give help. Several Centers did not answer the phone during business hours and one Center used an answering machine to field calls from clients needing housing. The message on the answering machine stated that the agency was out of funding for the current month and asked the caller to leave a name and phone number to be called next month.

Although Community Service Centers are responsible for explaining the housing delivery system, providing assistance, and making referrals, we found that the centers:

- offered to set up an office visit only once (1 of 21 calls)
- mentioned other housing resources only 38 percent (8 of 21) of the time
- explained the housing delivery system 0 percent of the time
- gave inaccurate or misleading information 14 percent of the time (3 of 21)

When we followed up on referrals given during the initial calls, none resulted in assistance or useful help, with the exception of the Metro Crisis Line. Counselors at Metro Crisis Line, a County contractor for after-hours help, explained the difference between shelter and housing services, helped assess which service would be appropriate, and helped determine the next steps to take.

During our interviews with housing agencies and non-profit organizations, officials repeatedly told us that the single point of access system for people in need of housing services was not working as intended. One official was concerned that individuals in need of service would have difficulty knowing where to go to get housing assistance.

Multnomah County is aware of some of the weaknesses in the information and referral system. A study was completed in December, 1995 regarding single entry access. A training program on housing resources and referral methods is being offered by the County to the staff of nonprofit agencies. However, the County has not developed regular monitoring activities to ensure that information and referral services are offered, or that persons needing emergency shelter or transitional housing have an effective entry point.

Developer access

Nonprofit organizations and developers revealed that they also have difficulty working within the housing system. We were told that the housing delivery system is characterized by competition for limited resources, confusion about responsibilities, and frustration with administrative and regulatory requirements.

For example, our discussion with nonprofit community development agencies revealed considerable dissatisfaction with the administrative paperwork requirements of government agencies. In order to develop and manage housing for low-income people, these agencies must obtain funding from a variety of sources and agencies. They told us that it was very inefficient and time-consuming to obtain funding from so many organizations. Often nonprofit community development agencies must submit to different monitoring and reporting criteria and varying funding timelines depending on the source of funding. Officials said that larger funding amounts would speed financing of projects and improve accountability for results. One nonprofit representative believes that government lenders would rather provide smaller amounts because it increases the number and amount of dollars they can claim to have "leveraged" on behalf of low-income housing.

Neither housing developers nor individuals needing housing will find the phone book a useful tool to get help from the housing delivery system. The general index for government offices in the blue pages has a "housing" listing but it only refers to Washington County. There is no referral to Multnomah County, the Housing Authority, or the City of Portland. The "Community Services" listing has 10 numbers for emergency social services and shelter, no numbers for housing information, and no numbers for the housing authorities in the tri-county area. Under "Housing", there is only a referral to Emergency Social Services. For the most part, housing telephone numbers relate to organizations but not to the type of services provided, such as available low rent housing, cash rental assistance, or loans for rehabilitation or building.

**Service gaps and
inequity**

Despite the number of knowledgeable, committed providers offering a range of housing services, we found gaps in services to some groups and inequity in service delivery. In order to help understand how the geographically based County social service centers help individuals in need of housing services, we visited each center and interviewed managers and key personnel. We again found considerable misunderstanding of their roles and responsibilities regarding helping individuals find housing assistance. Managers often did not understand referral for senior citizens and singles. More significantly, we found that some groups cannot easily get housing services from service centers. Specifically, because most centers focus efforts on families and children, we were told by managers that single individuals, teen parents, and couples without children have more difficulty getting help. Our calls to the seven Community Service Centers confirmed that single individuals and couples received limited help and referral from the centers.

We found that little or no housing assistance is available after the first part of each month. It is common practice among Community Service Centers to accept new clients for housing assistance at the beginning of the month until they reach capacity of funding and then to turn away qualified applicants. As a result, families seeking emergency housing may have to wait until the beginning of the next month to obtain assistance. Housing personnel indicated that this was one method of rationing scarce resources. However, families may not be informed that they can call back when resources are again available.

In addition, several policies followed by housing agencies and nonprofits create service gaps or barriers to assistance. CAPO procedures require that recipients of service have a high likelihood of housing stability and eligibility for a housing subsidy or a source of income. HAP has special agreements with the Community Service Centers to give referred clients priority access to subsidized housing, but the clients must be "housing ready." Case managers at the Community Service Centers must first assist the person to resolve any problems that led to a loss of housing, such as substance abuse, domestic violence situation, or landlord/tenant relations, before HAP will provide assistance. Although this is a rational approach to allocating scarce resources, these policies create barriers for persons most in need of housing, relegating them to temporary shelters or the street.

For certain programs, the PDC and HAP also offer housing assistance on a first-come-first-served basis. For example, PDC loans for rental rehabilitation and homeowner repairs are available to applicants on a first come, first served basis. Until recently, PDC did not reserve funding to ensure that priority populations as defined in the Comprehensive Housing Affordability Strategy were served. Consequently, individuals that most clearly meet defined housing priorities may not have received services before others of lesser need. Similarly, HAP has waiting lists for those wanting public housing or vouchers for as long as six months. Individuals can only receive these services when funding becomes available. However, people may receive housing in less time from HAP if they are referred from certain County Community Service Centers.

This approach to distributing housing services is characterized as a lottery, one of the criticisms of federal housing programs identified by Peter Salins in his book, *Housing America's Poor*. According to Salins, housing programs in general have never been designed as an entitlement for people in need but rather a rationed form of assistance that may or may not be available to people that need services. Unlike other assistance programs, housing is often a matter of chance for people who need it and "prizes vary enormously in value... some who win have much higher incomes than those who don't."

**Higher administrative
workload**

We believe that the fragmented housing system requires a greater administrative effort. Our discussions with managers and review of operations indicate that public and nonprofit agencies involved in housing delivery perform a variety of duties that appear duplicative. The major areas of administrative duplication are in planning, applying and awarding grants and loans, monitoring and reporting. We estimate that 15 to 18 percent, or about \$5 million, of public funding received by the audited agencies went to administration and other support activities. With the addition of nonprofit costs, we estimate that over 25 percent of housing funds go to administration and operating costs rather than to the public.

Because of the number of agencies and funding sources in the housing system, a great deal of coordinated planning is required. Planning efforts are required by the federal regulations to receive HOME, CDBG, and other federal block grants and awards. These efforts resulted in the

Comprehensive Plan and the Comprehensive Housing Affordability Strategy. Other planning and coordination efforts happen throughout each year in order to clarify and determine roles and responsibilities. For example, the recent siting of the second men's shelter on the eastside of town involved PDC, BHCD, CAPO and HAP.

Several managers complained that a great deal of time is wasted in planning and coordinating the fragmented system. We were impressed with the dedication of personnel to provide quality housing services despite the fragmentation. They indicated that the planning helps clarify roles but it is wasteful, time consuming, and would not be necessary in a more consolidated and simplified delivery system. Moreover, one official believes that despite the time and effort expended to coordinate and plan the system, the plans have not been very successful in clarifying roles and improving services. Another official was concerned about the number of staff in City and County agencies who are involved in planning.

A great deal of time is also spent on grant and loan application, review, and award processes. Several agencies have separate and distinct grant and loan application processes despite the fact that the services and recipients they fund are very similar. For example, BHCD, PDC, and MCCD have established separate loan and grant systems for the same federal funding sources. MCCD, however, has coordinated with the City of Gresham in awarding contracts. Nonprofit agencies often apply to all agencies and must undergo different review and award procedures in order to receive money for the same purpose. Similarly, in

the County, Community Service Centers must apply to the Community Action Program, the Child, Youth and Family Program, the Aging Services Division, and sometimes the BHCD for housing-related funding grants and assistance. Several low-income housing projects we reviewed were financed by up to three separate local public funding sources.

Each of these agencies has developed special funding criteria and application review methods for selecting and awarding grants and loans. BHCD has developed a competitive process that is based on neighborhoods identified as having moderate- and low-income residents. PDC has developed a process that identifies target areas for funding based on area needs for multiple commission services. Community Action has developed an RFP process that is based on the Community Action Commission's allocation priorities. Extra staff time and effort are needed to perform these functions.

Each of these agencies must also monitor and report on how grant funds are used by recipients. Staff from BHCD, CAPO, and MCCD have not coordinated monitoring visits to recipients of grants and loans. Some nonprofits are subjected to a number of monitoring visits and must submit monitoring reports to a variety of agencies. Within the County itself, a contractor must prepare three separate monitoring reports, one to the Community Action program, monthly billing statements to the Fiscal Unit of Community and Family Services, and one to the Contracts and Evaluation Unit. Local agencies which receive grants and loans from the federal government also produce annual reports to HUD on each program from which they receive funds.

**Unprepared for new
problems and
opportunities**

Over the next several years, the Portland area will face some new housing problems and opportunities that would benefit from more systematic planning, management, and evaluation. These problems include loss of subsidized housing units, reduction in federal housing funding, potential reductions in the current welfare benefits, and continued population growth and housing demand. In addition, local housing strategies at HAP and CAPO are shifting away from serving the poorest, and towards serving people who are more able to help themselves. Collectively, these changes could significantly reduce government's involvement in shelter for those least able to help themselves. Opportunities to address these problems include the City of Portland Housing Investment Fund and the possibility of a state-wide real estate transfer tax that will produce funding for the production of affordable housing. However, the current housing system cannot ensure these new resources will be used to address impending problems in a systematic and coordinated way.

Expiring federal assistance

In Multnomah County, more than 1,650 low-income units are at risk. More than 900 units of low-income rental housing may revert to market rate as federal contracts with landlords expire in the next five years, as will 766 units of public housing. An additional 2,837 units of public housing are at risk in the years following 2001. According to HAP, the loss of these subsidized units will dramatically impact low-income housing needs in the area. Although HAP has initiated discussions with the federal government and local housing providers, only 271 units have currently

been preserved through purchase by local nonprofits. Our discussions with other housing organizations revealed no solution to this problem.

Reductions in federal benefits

Housing agencies in the City and County expect that federal funding for housing and income support will decline over the next several years as the federal government searches for ways to achieve a balanced budget. HUD funding has not kept pace with inflation over the past several years and funding is not expected to continue at the same levels. Currently federal dollars comprises almost 80% of all public funding for housing spent by agencies countywide. In addition, federal welfare reform legislation may also have an impact on housing needs. Specifically, as families and individuals receive less income support in the form of welfare or food stamp benefits, housing and shelter needs will increase.

Continued population growth and housing demand

Metro projects a population increase of 645,000 in the region by the year 2015. Metro's "2015 Regional Forecast" predicts an increase of 243,000 households in the tri-county area. Allocations of new housing needed within local jurisdictions include approximately 55,000 additional units in Portland, 12,000 additional in Gresham, and 10,000 in unincorporated Multnomah County by 2015.

Potential for new state and local revenues

New state and local revenues may be available to address some of the threats discussed above. The City of Portland

created the Housing Investment Fund with the potential of \$24 million in local tax revenues over the next two years. This Fund is currently managed by the Portland Development Commission and is directed toward addressing both low-income and market rate housing unit development. City Council approved a plan to combine approximately 70% of the Fund (\$17.5 million) with other federal HOME and CDBG resources (\$19.2 million) to produce 1,800 housing units for incomes below 60% of the median family income. In addition, there is a legislative proposal to create a statewide real estate transfer tax that would dedicate some revenue to local affordable housing. Although the proposal is still in the discussion stage, it is possible that this tax would initially produce almost \$20 million annually for affordable housing statewide, with local jurisdictions getting *pro rata* allocations.

Although this new funding creates significant opportunities to address housing threats, our current housing delivery system is unprepared to make optimal use of the resources. Housing problems and solutions are interconnected, and the best use of resources may require individual agencies to coordinate efforts rather than pursue individual agendas. Housing agencies in the area currently do not allocate resources or implement programs in accordance with a consolidated and coordinated plan. In addition, more coordinated analysis of housing needs and selection of best strategies is needed to ensure available resources are used efficiently and effectively.

3 Barriers to a More Effective Housing System

There are several barriers to developing a more coordinated and integrated housing system in Portland and Multnomah County. These barriers include the lack of consensus on housing goals and priorities, political and organizational resistance, and unreliable data to set priorities and monitor progress. The following sections discuss these barriers.

Lack of consensus on goals and priorities

Policy makers have not yet reached clear consensus on the area's most important housing goals, strategies and spending priorities. Federal funds allow considerable local discretion in deciding where the funds will be applied to address housing problems and local officials have not set clear priorities reflecting a consensus on needs. When we reviewed budget documents, mission statements, operational plans, and other descriptions of housing agency activities, we found that goals were often vague and unclear. We could not always determine the actual intent of the activities and the priorities among them.

The lack of consensus on goals and priorities is most clearly illustrated in two areas. First, there is no agreement on the relative emphasis on helping people versus

building structures. While the City has put priority on improving structures and neighborhoods, the County has focused on helping people solve problems that contribute to housing need. We believe that these two efforts are inextricably connected and need to be addressed together in a planned way. For example, if low-income neighborhoods are "revitalized" and become medium-income neighborhoods but low-income residents are displaced, has a City priority been addressed by worsening a County problem?

Second, there has been disagreement on the importance of building affordable new housing for low-income people versus affordable housing for all income levels. The need to provide public subsidy to encourage development of more housing in response to population growth competes with the need to develop affordable units for groups with the lowest incomes. While low-income people may be the most in need of assistance, housing for this group needs greater subsidy than is needed for higher income households, so fewer units can be built with available funding. Both goals are important but governments in the area have not determined their relative priority nor identified those strategies that would be most effective in achieving them.

**Political and
organizational
resistance**

Attempts to rationalize and consolidate housing delivery is hampered by the number of political jurisdictions and housing organizations throughout the County. Political leaders and housing managers are naturally resistant to relinquishing control over a specific funding stream that has historically been used to address their own interests. Widely

distributing these funds to several political jurisdictions builds support for the program and allows political leaders to direct resources for the benefit of their specific constituencies.

In addition, housing organizations also have investments in people and structures that are difficult to change. There may be resistance to transfers of personnel and responsibilities due to the prospect of added workload, dislocation, or job loss. Accomplishing changes often requires additional efforts to overcome administrative obstacles. For example, operating procedures and complex relationships among agencies need to be reviewed and modified. Facilities may be too small for additional staff. Laws and collective bargaining agreements may also constrain personnel transfers.

However, because the housing problems and solutions are not limited within political and organizational barriers, optimal use of the funding is not assured. Without a broader understanding of housing needs and solutions, leaders may have a too limited and self-serving view, and pursue less than effective approaches.

**Inadequate data to
set priorities and
monitor progress**

The effectiveness of housing efforts is hindered by the lack of data. Individual agencies gather information about their areas of responsibility but there is little information to show policy makers the entire range of needs in the community, how money is allocated systemwide to address those needs, and whether efforts are successful.

The data that has been used to support the need for additional, and more affordable, housing has not been as good as possible. Complete U.S. Census data, which is the most consistent and reliable, is only available every ten years; the smaller American Housing Survey census project is done every five or six years. Therefore, the current data used comes from diverse sources which do not cover the same geographic areas or types of housing units. These data sets usually cannot be broken down to the most useful subcategories, cannot be combined and are not comparable to one another.

In addition, better information at a general level on housing expenditures is needed. Currently, policy makers allocate resources to particular agencies without a systemwide understanding of allocations by other jurisdictions. Further, expenditures cannot easily be disaggregated by client characteristics, types of activities or other categories of interest in setting priorities. For example, our analysis of FY 1994-95 financial reports indicates that 96% of spending was for long-term housing and client stabilization, and 4% for emergency, short-term services. This type of information has not been available to policy makers when they allocate funds. While current policies emphasize long-term housing strategies and activities, this compilation of spending across agencies may provide better information for planning and evaluation, and ensure that budgets are calibrated to policies and priorities.

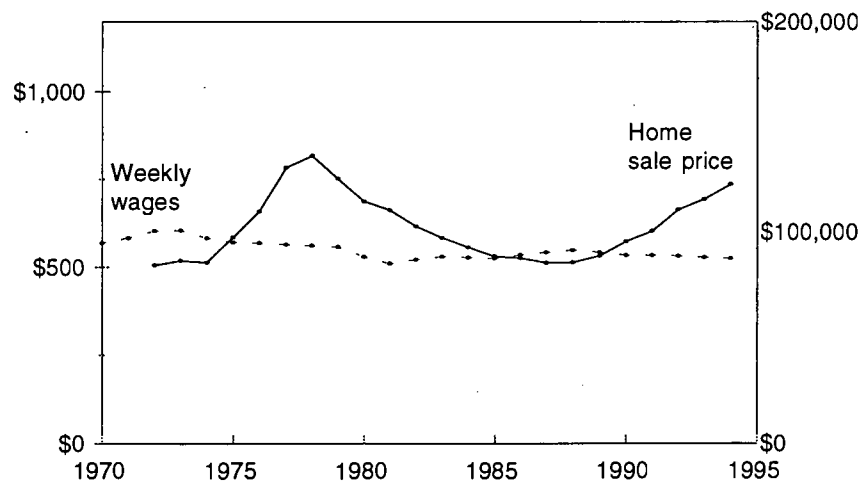
To help achieve a consensus on priorities, we urge the reassessment of several assumptions and beliefs about the housing needs and conditions in the area.

Information on affordability

The most common measure of housing affordability is the relationship of income to housing costs. Federal, state, and local agencies generally consider housing to be unaffordable if families or individuals pay more than 30% of their income for housing. Households are said to have a "cost burden" if they pay more than 30% of their income for housing and a "severe cost burden" if more than 50%. Our review of data on costs and income shows that while housing costs have increased over the past several years, they have been higher in the past. Declining incomes have had a very important impact on household cost burdens.

As shown in the Figure 10, home sale prices have increased by 60 percent since 1972, but current highs are not unprecedented. The average sales price rose steeply from 1974 to 1978, followed by almost 10 years of decline, with

Figure 10 Average home sale prices in Portland and average weekly wages, 1970 to 1995 (adjusted for inflation)



SOURCE: *Real Estate Report*, Neal Higgins, ed; and *Oregon Covered Employment and Payrolls*, State of Oregon

prices in 1995 not yet returning to 1978 levels. According to Census Bureau data, rental costs in Portland have grown more slowly, from an average of \$412 per month in 1970 to \$458 in 1990, an 11 percent increase. In the Southeast and North areas of Portland, rents were actually lower in 1990 than in 1979, after adjusting for inflation. Census data is not available for the years after 1990. Reports from the real estate industry show apartment rents slightly (2%) higher than in 1990.

During this same time period, however, inflation-adjusted household incomes for homeowners declined by 6% and rental household incomes declined by 10%. Therefore, the affordability of the area's housing has gotten worse and could be described as an earning power problem, which is a broader concern than just the cost of housing.

While Portland has been characterized by the National Association of Home Builders as one of the least affordable cities in the country and in the western region, it may not be an accurate portrayal. Their conclusion is based on homebuying only, not renting, and it includes (and excludes) a number of tax factors that make comparisons difficult. As shown in Table 1, Portland home sale prices are relatively low compared to other western cities while the other cities have relatively higher average incomes.

Table 1 Comparison of home sale prices and incomes, all western metro areas (1995)

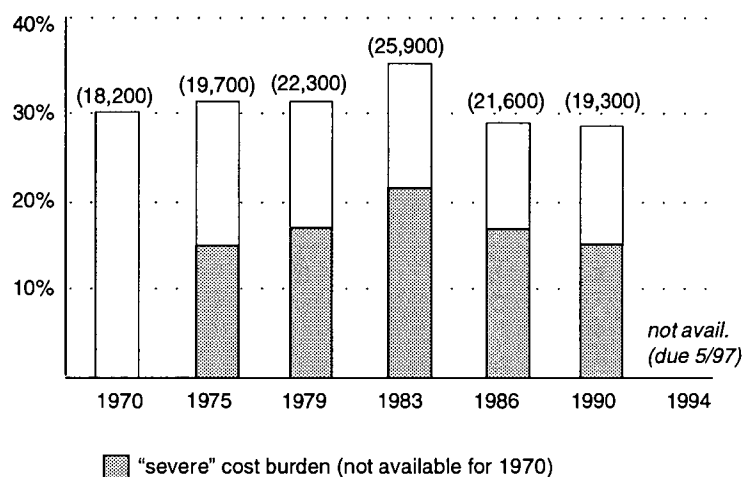
	Price	Income	RANK *		
			Price to income	Price	Income
Denver	\$120	\$48.6	1	3	6
Riverside	\$112	\$42.3	2	1	11
Phoenix	\$114	\$41.8	3	2	13
Seattle	\$150	\$51.5	4	7	5
Sacramento	\$132	\$45.2	5	6	8
Portland	\$127	\$42.7	6	4	10
Salt Lake City	\$130	\$42.2	7	5	12
Orange County	\$197	\$59.1	8	11	2
Oakland	\$195	\$55.4	9	10	4
San Diego	\$160	\$45.4	10	9	7
Los Angeles	\$160	\$45.2	11	8	9
San Jose	\$230	\$64.2	12	12	1
San Fransisco	\$283	\$58.8	13	13	3

* 1 = best, 13 = worst

SOURCE: National Association of Homebuilders,
Housing Opportunity Index, 2nd Quarter, 1995

The area's current housing cost burdens are not unprecedented. The number of households with cost burden (spending more than 30 percent or 50 percent of their income on housing) has fluctuated over the past 20 years, but generally households are paying about the same percent of their income for housing as they did in the early 80s. Figure 11 shows how the percent of renters with cost burdens in Portland has changed over the 20 years. During

Figure 11 Percent (and number) of Portland renter households with housing cost burden, 1970 to 1990



NOTE: cost burden = more than 30% of income spent on housing;
severe cost burden = more than 50% of income on housing.

SOURCE: *American Housing Survey*, 1986 & 1990, U.S. Census Bureau

this time, the proportion of renters and homeowners has remained substantially unchanged.

In addition, the housing cost burden appears to be concentrated in lower income households. As shown in Table 2, households with severe cost burdens in Multnomah County are almost exclusively in very low-income groups.

We conclude that the current housing affordability problem in the Portland region is not unprecedented and that, if a housing "crisis" exists, it is confined to the very low-income housing range.

Table 2 Percent (and number) of households with severe cost burdens by income level (Multnomah County, 1990)

Income level *	RENTER	OWNER
Very low income		
0-30% MFI	61% (13,870)	51% (4,600)
30-50% MFI	20% (3,700)	18% (2,030)
Other low income		
51-80% MFI	2% (510)	4% (910)
Moderate income		
81-95% MFI	1% (100)	1% (125)

* expressed as percent of the area's Median Family Income (MFI)

NOTE: severe cost burden = more than 50% of income on housing.

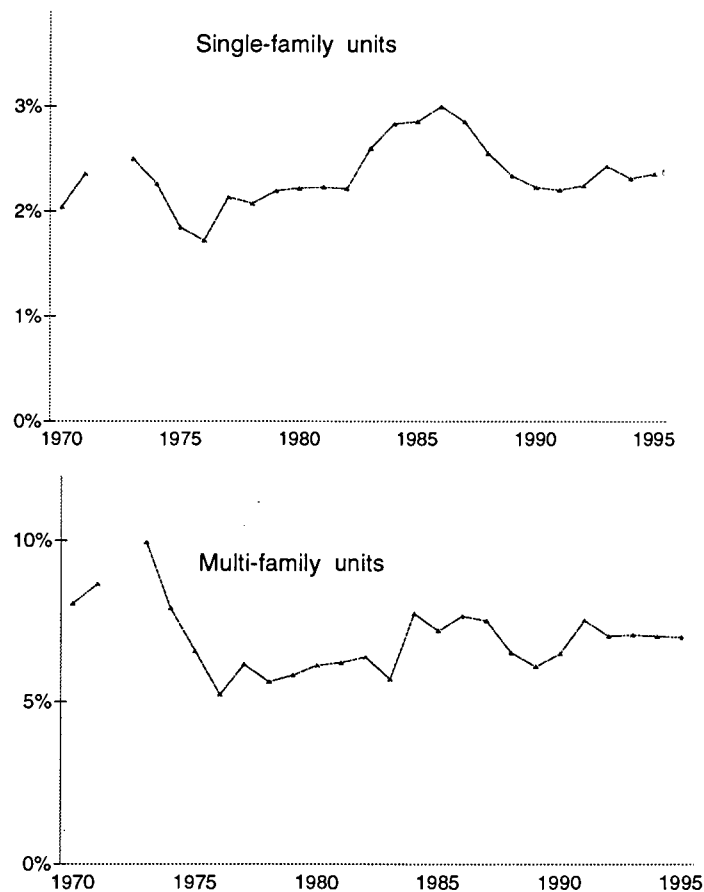
SOURCE: CHAS: A County-Wide Housing Affordability Strategy, December 1993

Information on production and availability

According to a recent report by Market Trends, Inc., Portland is not keeping pace with the production goal of 2,500 new units annually. This study estimates that 1,646 units were built in 1994 and 1995, an average of 823 each year. This is 1,677 units short of the annual production goal. However, the information in this report is inconsistent with other sources of production data, and may not be reliable. For instance, the Bureau of Buildings reports they issued permits for 2,136 new housing units in 1995 alone; this is more than the Market Trends study covered in their two year period. Comparison with a recent HCDC "Rental Housing Production" report also suggests an underestimate of rental units (265 a year versus 965).

However, despite this shortfall in Portland and the increasing population, regional vacancy rates (an indicator of housing availability) seem to be in an acceptable range. The City of Portland's Comprehensive Plan contains vacancy rate goals for single- and multi-family units, using Portland General Electric's (PGE) monthly meter status reports. The goal for single-family units is between 2.5% and 2.7%; the goal for multi-family units is 7%. As shown in Figure 12, vacancy rates throughout PGE's service area (in parts of 7 Oregon counties) for single- and multi-family

Figure 12 Single- and multi-family vacancy rates in PGE service area (1970 to 1995)



SOURCE: Portland General Electric monthly meter status reports, *Real Estate Trends*, Neal Higgins, ed.

units have fluctuated, but are not on a negative trend. However, this data covers such a wide area it may not be appropriate for local planning and evaluation. The most recent Census Bureau data is for 1990; Table 3 shows rental vacancy rate trend inside Portland city limits.

Table 3 Rental vacancy rates in Portland and the balance of the Metropolitan Statistical Area (1970 to 1990)

	1970	1975	1979	1983	1986	1990
Portland *	6.8%	9.2%	7.8%	11.7%	9.6%	7.8%
balance of MSA	8.1%	5.3%	7.5%	6.0%	6.4%	6.2%

* 1970 city limits

SOURCE: *American Housing Surveys*, U.S. Census Bureau

Broaden consideration of appropriate housing strategies

There are a number of strategies that policy makers can pursue to address housing production and affordability goals. Government agencies in the area build public housing and operate shelters, provide income subsidies and loans to individuals, and provide subsidized financing and development assistance to profit and nonprofit builders to encourage production of low-income units. However, it is difficult to determine the most successful strategies for achieving these multiple goals. There are a variety of economic and demographic factors such as low interest rates, strong economic growth, and smaller household sizes that may have more influence on the achievement of hous-

ing goals than specific government housing programs. For example, it appears that the area's relatively low average income has an important influence on housing affordability in addition to the cost of housing. Efforts to improve incomes may have as significant an effect on improving housing affordability as building subsidized low-income housing.

We believe that more analysis and discussion is needed both to prioritize goals and to select the strategies most appropriate to the goals. More assessment of housing problems, desired outcomes, and program strategies may help use public funds more efficiently and effectively. Care should be taken to avoid funding expensive, new, short-term programs to address problems that may be more cyclical in nature. Strategies that address more fundamental underlying causes should be emphasized. In addition, there may be simpler and less-costly approaches to producing affordable housing units for all income levels. For example, streamlining and improving the development review process may be a more cost-effective way to increase production of new units than subsidizing private development activities. Finally, public officials should explore a range of strategies to address housing goals, including education, training, and economic development activities may have significant impact in addressing the underlying problem of low average incomes in the area.

Recommendations

We believe that poor organization and lack of coordination reduce the efficiency and effectiveness of local government housing programs. While some problems can be addressed by existing organizations, programs cannot deliver optimal benefits to the community until local organizations take a systems approach to planning, delivering and evaluating of housing efforts. Probable reductions in federal support and continued regional population growth require an integrated response by jurisdictions in the area. We recognize that there are political, organizational, and statutory barriers to change. However, these barriers are not insurmountable and changes should improve accountability, service delivery and results. Local leaders should look beyond political and organizational boundaries to ensure that housing funds are spent effectively and efficiently.

No agency currently has responsibility for comprehensively planning, allocating resources, and monitoring housing efforts. Although past actions have attempted to develop a more integrated system, the area still lacks a single agency with a broad view of all housing needs and jurisdictional interests. Because housing problems require an integrated response, we recommend that the Multnomah County Board of Commissioners and the Portland City Council take the following actions:

1. **Consolidate and reorganize public agency roles and responsibilities for planning, funding, implementing, and evaluating housing and community development services.**

Specifically, we recommend that consolidations and coordination occur in the following four areas. Figure 13 illustrates the proposed reorganization.

- *Designate a single countywide consortium responsible for establishing housing goals and priority needs, allocating funds to operating agencies and coordinating countywide housing efforts.* This organization would assume the duties and responsibilities of the Housing and Community Development Commission, the City Bureau of Housing and Community Development and Multnomah County community development activities. We also believe that the other cities in the County which receive federal housing and community development funds could benefit from participating in this coordinated agency, and should consider participating.

The consortium should perform the following duties for all jurisdictions in the County:

- prioritize all housing goals and needs
- prioritize populations and geographic service areas
- receive all federal, state and local housing and community development (including Strategic Investment) funding, and allocate funding in accordance with goals, needs, and legal authority

- identify housing and community development strategies and activities to be conducted by individual agencies
- specify desired housing outcomes and program performance measures
- monitor and evaluate countywide housing programs and report on accomplishments and progress meeting goals
- *Consolidate the delivery of emergency shelter and low-income housing in one countywide agency.* Responsibilities should include assessment of client housing needs, operation and management of emergency shelters, provision of housing vouchers, management of temporary and transitional housing, and management of longer term public housing. Housing services managed by the County Community Action Program Office should be assumed by this agency. We believe that the Housing Authority of Portland would be an appropriate agency to provide the full range of housing and housing services to low-income populations.
- *Continue contracting for production.* Housing production should continue to be performed by a wide range of organizations in a market environment. This market-like environment encourages competition to meet the needs of a wide range of housing types, purposes, and neighborhoods. To that end, the organizational capacity and construction experience of HAP, PDC, community development corporations, for-profit developers,

and landlords should be encouraged. The countywide housing and community development agency should monitor these efforts to ensure that they are coordinated to the needs of the community.

- *Consolidate economic and neighborhood development responsibilities in one countywide agency.* Responsibilities of this agency would include regional and neighborhood economic development, business retention and job expansion, and project financing. Project financing activities conducted by Multnomah County should be assumed by this agency. We believe that the Portland Development Commission would be an appropriate organization to perform these duties.
- *Reorganize Multnomah County access and referral to social services leading to housing.* Specifically, align the service boundaries of family, aging, and community service centers to better coordinate intake and counseling of individuals needing social services, and ensure referral to agencies providing housing and other assistance. Multnomah County should retain its role of providing health, alcohol, drug, and other social services to help people achieve self-sufficiency.

2. Phase the implementation of the reorganized housing system over several years.

Political leaders from the cities and the County should reach agreement on creation of a countywide housing and community development consortium by July, 1997. Specifically, these leaders should:

- express support for a consolidated housing effort led by a single consortium representing countywide housing interests
- commit to delegate responsibility for housing administration, planning, evaluation and monitoring to this consortium
- commit to transfer housing funds to the consortium in accordance with a five year plan
- appoint a task force to develop and recommend implementation steps

The task force should study and address legal, policy and administrative actions needed to develop the countywide housing and community development consortium. In order to obtain ideas on how to organize and structure the new consortium, the task force may wish to consider existing examples of regional cooperation such as the regional water supply consortium and the regional transportation planning council.

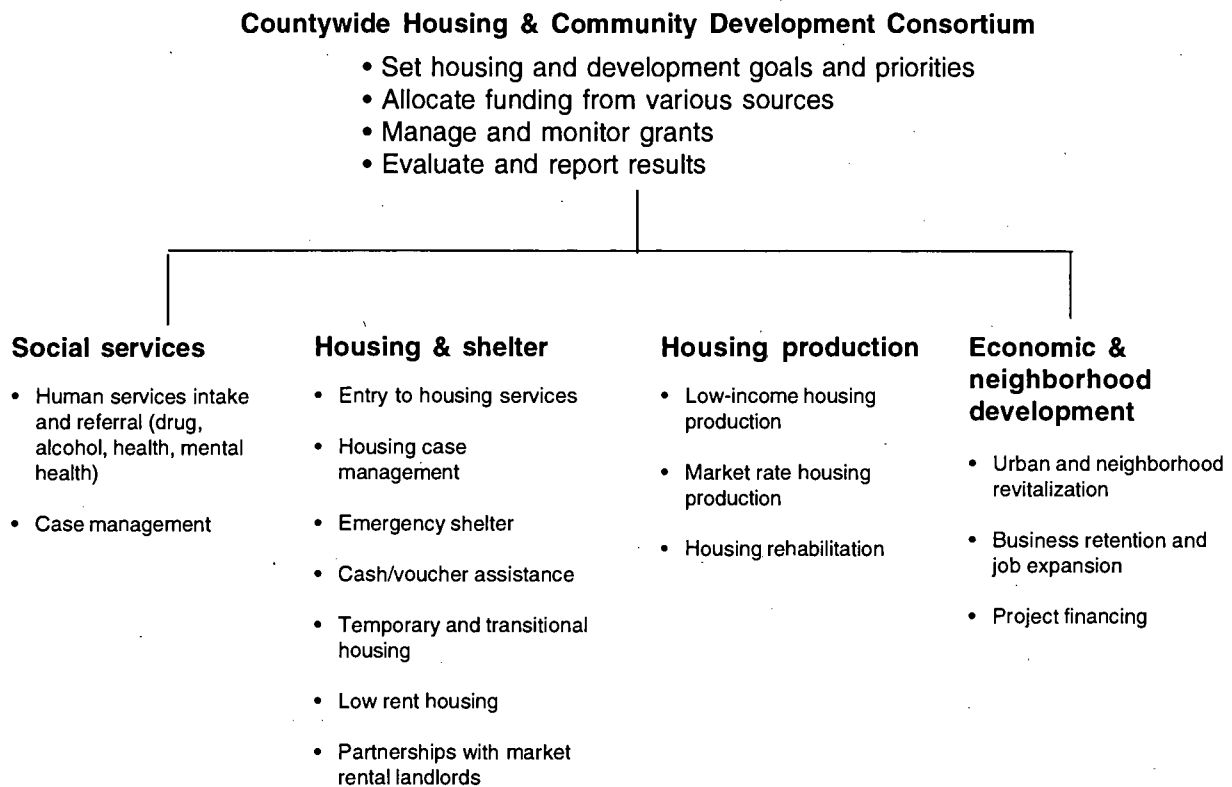
The task force should address the following by January 1998:

- composition and appointment of the consortium board
- recommendations for statutory changes
- clarification of roles and responsibilities of the agency
- methods for transferring staff to the new agency
- proposed first year budget and five year plan

Begin operation of the countywide consortium July 1, 1998. Within the first year of operation, the consortium should involve representatives from all housing and community organizations to:

- develop mission and goals
- develop a comprehensive operating and financial five year plan
- establish funding and performance agreements with political jurisdictions and housing organizations
- establish a reporting and evaluation process

Figure 13 Proposed housing and community development system





Responses to the Audit



City of Portland
Vera Katz
Mayor

January 22, 1997

Gary Blackmer, Auditor
Multnomah County

Barbara Clark, Auditor
City of Portland

Dear Gary and Barbara:

Thank you for sending me the final draft of the joint housing audit. I am comfortable with most of the recommendations you have made, with the following exceptions:

The proposed Countywide Housing and Community Development Consortium must be held accountable by elected officials. The Consortium under your model is responsible for allocating large amounts of federal funding. I would advise that elected officials serve either as members, or at a minimum, the City Council and the County Board of Commissioners should have direct oversight regarding the expenditure of federal funds. It is also important that the membership of the consortium represent a broader perspective than the current Housing and Community Development Commission (HCDC). The charge goes well beyond advocating for low-income housing, the current mission of the HCDC. The consortium will be responsible for all segments of the housing market, as well as efforts to tie jobs and housing together as a vehicle for raising the median income. Its members need to share this broader view.

Thank you for soliciting my comments. I look forward to seeing the final document.

With warm regards,

Vera Katz
Mayor

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Beverly Stein, Multnomah County Chair

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Portland, Oregon 97204

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E-Mail: mult.chair@co.multnomah.or.us

MEMORANDUM

TO : Gary Blackmer, Auditor
FROM : Beverly Stein *BS*
DATE : January 24, 1997
RE : Housing Audit

Thank you for the countless hours of work and thoughtful analysis of our current service delivery system for housing services. As you know, achieving a less fragmented housing system has been a priority of mine. I am glad you were able to work out a plan with the City Auditor's office to tackle these problems jointly.

I think your work is invaluable in focusing local elected officials on the fragmentation in the current system and the lack of consistent direction in our housing policy. The County Board and the City Council need to recognize and agree that change must occur. That recognition is as important as the specifics noted in the audit. I am prepared to do my part. There are multiple options to achieve better coordination and I think we must explore all of them.

Your finding that the real problems in housing and related services in our community are with the low income community is most encouraging. Recent growth in the area and the rapid escalation of housing costs has created a crisis in affordable homes and rentals for low income members of our community. In addition, the County has responsibility for serving the needs of many populations that are often ignored in the public dialogue on housing needs - women with small children, disabled citizens, mentally ill residents, offenders trying to reverse a pattern of criminal behavior and in need of work and a drug free living space. These populations are a priority for me and I will be focusing my efforts in these areas.

I am also excited about the potential to reexamine our local service delivery system in order to make information and services more accessible to citizens. For example, we currently have parallel service systems (Family Centers, Community Action Centers, Aging Centers) that have grown up around different funding streams and the needs of different populations. We can do a better job of coordination. I am anxious to begin the



MEMORANDUM

TO: Gary Blackmer

January 24, 1997

Page Two

dialogue with the cities and non-profit housing agencies to move toward a consensus of how best to improve coordination. As you can see by the Community and Family Services response, there is much discussion to be had about specifics of coordination. After a thoughtful review by affected agencies and staff, I will work with the our Board, the Mayor, City Council, and other stakeholders to implement the most effective and efficient services we can provide.

The final factor driving my interest is the necessity to make cuts under Ballot Measure 47. Effective delivery of services that can provide affordable housing and support services to make our citizens more self sufficient is a key part of meeting our long term benchmarks of reduction of child poverty, increasing school completion, and reducing crime. I do not wish to cut heavily in these service areas. However, if we are presented with opportunities to reduce administrative costs, we will make those cuts.

In closing, I would like to thank you again for helping us raise the housing issues to a position of prominence in discussions among local housing agencies and local governments.

Housaudi.doc



CITY OF

PORTLAND, OREGON

Gretchen Miller Kafoury, Commissioner
1220 S.W. 5th Avenue
Portland, Oregon 97204
Telephone: (503) 823-4151

MEMORANDUM

TO: Barbara Clark, Portland City Auditor
Gary Blackmer, Multnomah County Auditor

FROM: Gretchen Miller Kafoury, Commissioner

DATE: January 22, 1997

SUBJECT: Response to Final Draft of Joint Housing Audit

I commend you on the breadth and conscientiousness of your housing study. It's a complicated and confusing arena -- certainly an ambitious undertaking for the first joint City/County Audit Study. You've gathered and compiled information not readily available and have made it useful and accessible. Thank you for incorporating issues from my earlier memo into the final draft. The changes I noted have corrected and improved the document.

In general, the information and analysis is responsible and clear. I was pleased that you noted that we have made significant progress in recent years. The creation of the Housing Investment Fund, the extension of the Housing Authority of Portland to a county-wide agency, and the formation of the CHAS as a community-generated plan to establish priority needs are all steps in closer integration of housing services. Most significantly, perhaps, is the creation and exemplary functioning of the Housing and Community Development Commission created by the Cities of Portland and Gresham and Multnomah County. Here we have the framework for cooperative work and complementary allocations. We have found that although cooperation and mutual partnerships may have some inefficiencies, there are inherent rewards and strengths in that kind of approach.

The value of working partnerships and my concern about the distraction, time, and effort that structural change requires argue for less far-reaching and more incremental changes than the Consortium you propose. However, I am persuaded that, in this case, consolidation does have merit and I support further analysis of the concept. I am particularly interested in exploring functional consolidations in appropriate areas as a test of whether we can achieve other efficiencies and structural changes over time. For instance, City-County consolidation may be a topic for consideration in the next few years. Perhaps the formation of a Housing and Community Development Consortium could be a pilot project for other major changes ahead.

If the proposed Consortium is not achievable, I fully support efforts to improve efficiencies and accountability through other means. Let me briefly list those areas where I believe we can make

some progress. Some of these changes we can begin immediately :

- Improve access to services through the County's integrated service system strategy. People should be able to get accurate helpful information even if a requested resource is not available. I think you underestimate the problems created by inadequate resources to meet crucial needs. There is, unfortunately, a rationing method that influences access. However, improvements in this area are in order.
- Looking at duplicative administrative functions and eliminating/consolidating whenever possible. Double monitoring, for example, is wasteful. Similarly, reporting requirements should be aligned and simplified. The number of applications for funding projects should be reduced whenever possible or at minimum there should be a standard form adopted by the funders. Whatever can be done to ease the duplicative administrative requirements on agencies is supported.
- Strengthen jurisdictional support for HCDC. Relationships with HAP and PDC each of whom have their own commission or board need some particular attention in understanding mutually supportive roles.
- consolidation of MCCD functions with BHCD is a minor change but at least would align the two block grants. I don't know about the prospects of aligning Gresham's too but I doubt this idea would gain much support.
- The Housing Authority does not have the charge or capacity to manage homeless services at this time. The changes occurring in HUD are more than enough for the agency to deal with now. That BHCD and CAPO need either a closer alignment or more separation on homeless services is true.
- discretionary grant funds of BHCD, CAPO, Neighborhood Enhancement, other funds within city and county bureaus should be correlated and networked better.
- the idea of combining HCDC and the Community Action Commission has been raised before but perhaps we should take another look at it. As you know, both Commissions are stipulated by federal requirements. In fact, much of the confusion you note is a result of differing federal mandates and funding streams. The homeless service system for example is a patchwork of 27 different funding sources received by the City and County. It may be a miracle anything works!

In conclusion, your work serves as a catalyst for changes that we can make, points out the improvements that have been made over the last few years, and encourages us to imagine other possibilities. As a "first", this joint undertaking of a City/County audit indicates good prospects for future efforts to increase the effectiveness of local government.



CITY OF

PORTLAND, OREGON

BUREAU OF HOUSING AND
COMMUNITY DEVELOPMENT

Gretchen Kafoury, Commissioner
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Portland, Oregon 97204
(503) 823-2375
FAX (503) 823-2387

January 23, 1997

TO: Barbara Clark, City Auditor
Gary Blackmer, County Auditor

FROM: Steve Rudman, Director *SR*
Bureau of Housing and Community Development

RE: Joint City/County Audit of the Local Housing Delivery System

We have appreciated the opportunity to work with you and your staff on this audit. The audit team has worked hard to understand the issues of affordable housing and community development, and to make positive recommendations for system improvements. This audit contributes to the ongoing effort of the Bureau of Housing and Community Development and other stakeholders to continuously improve delivery of housing and services to low income people and neighborhoods.

Consolidation

The key recommendation of the Audit Report is the consolidation of planning, resource allocation and evaluation of all housing and community development resources in the County under a new Housing and Community Development Consortium. The concept of consolidation of this program area has been discussed for many years. As the audit identifies, the increasing complexity and vulnerability of funding, the challenges of an escalating market, and the growing needs of low income families make the idea of consolidation more timely than ever before.

A guiding principle contained within the recommendation is the separation of the planning, allocation and evaluation responsibilities from program implementation. The Bureau of Housing and Community Development currently operates under this model and fully supports this concept. We believe that objectivity is maximized when the agency responsible for system management does not also have a vested interest as a program implementer.

We support the recommendation that all housing and community development resources be channeled through the Housing and Community Development Consortium, and that this Consortium be charged with system wide planning, prioritization of needs, identification of strategies and activities, establishment of desired outcomes and performance measures, and evaluation and monitoring. This would include responsibilities for federal and local resources committed to housing, neighborhood revitalization, community economic development and community services.

Selection of Implementing Agencies

The report identifies the PDC, HAP and Multnomah County as possible implementers in their respective program areas because of their expertise. We support the audit team in recognizing the skill of these partners but also note the skill and unique abilities of community based organizations to deliver services. We see substantial benefit in working with community based providers to build grassroots involvement and capacity as well as leverage resources. The ultimate selection of program providers should be within the charge of the Housing and Community Development Consortium.

The report recommendation suggests the use of conduit or intermediary agencies to coordinate major program areas, but the report findings also note this may add unnecessary layers of administration. In some program areas the best efficiency may be realized if the Consortium itself contracts with provider agencies rather than working through a conduit.

We have concerns about the recommendation that the Housing Authority act in an intermediary role for all homeless programs and housing services. The Housing Authority is facing many challenges as the federal government redefines funding mechanisms for public housing and rent subsidy programs. While there may be opportunities to consolidate some programs where HAP already has a role, the assignment of new program responsibilities may not be appropriate at this time.

Operating Costs

After attempting to quantify resources used for program administration and operations the report posits that the current administration rate is unnecessarily high. The audit team also gathered information that suggests there is duplication in the areas of planning, awarding grants and loans, monitoring and reporting. The recommendation for system reorganization is perceived by the audit team as the key to increase cost efficiency in this area. Whether the recommended reorganization occurs or not, we are interested in working with the Auditors to define terms, set benchmarks and develop a methodology to improve accountability and evaluate progress in program efficiency.

Monitoring and Evaluation

As noted in the audit the goals of housing programs have evolved over the past several years from a focus on neighborhood revitalization to an increased concern with affordability both at project completion and over the long term. Increasingly resources are committed to specific income levels and developers are required to commit to lengthy periods of affordability. We share the audit team's concern that historical practices of monitoring are inadequate to evaluate performance given current program objectives. We are committed to continuing our work with the HCDC to improve reporting, and with PDC to develop appropriate long term monitoring systems.

Needs Assessment

We agree on the need for improved data to serve as the base for prioritizing needs and program planning. As the audit reported, consistent and reliable data, which is updated frequently is not available. System-wide needs assessments and review of resource allocation is not done. Within the current fragmented delivery model, it is difficult for any one agency to undertake an effort of this magnitude. With a consolidated agency assigned responsibility for planning, it would be possible to undertake more sophisticated analysis and utilize this data to truly inform decision making.

Thank you again for the work of the audit team. We appreciate their thorough and thoughtful efforts. We look forward to the lively dialogue and opportunities for system improvements that this report will stimulate.

MEMORANDUM

DATE: January 27, 1997

TO: Barbara Clark, Portland City Auditor
Gary Blackmer, Multnomah County Auditor

FROM: Jan Burreson, Executive Director *Jan Burreson*

SUBJECT: Response to Final Draft of Joint Housing Audit

We appreciate the opportunity to work on this audit and we're impressed with your success in describing the complexity of our housing delivery system. Your conclusions and recommendations have contributed to our understanding of portions of the system that we don't regularly interact with and it's helped to confirm our understanding about the appropriate role for PDC.

One of the key conclusions of your audit is that Portland's relatively low average income is as important a factor in housing affordability as the cost of housing. As the City's economic development and workforce agency we agree that efforts to improve income are as critical to ensuring housing affordability.

We also agree with your conclusion that lack of clarity on housing priorities and responsibility has generated confusion in our community and frustrated the coordinated delivery of housing services. Specifically, there continues to be confusion about the relative priority of delivering housing for the most needy versus developing higher density housing to meet Region 2040 goals. We share your concern that policy priorities need to be clarified before the system can work in a fully efficient and coordinated manner.

Your key recommendation called for consolidation of planning, resource allocation and evaluation of the City and County's housing and economic development resources under a new Housing and Community Development Consortium. We support this recommendation with the caveat that all resources for housing and associated social services should be channeled through this system including the Federal Community Services Block Grant, and other funding dedicated to services for low income and homeless people.

Carl B. Talton
Chairman

Martin Brantley
Commissioner

Gale Castillo
Commissioner

John D. Eskildsen
Commissioner

E. Kay Stepp
Commissioner

Vera Katz
Mayor

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In addition, your report left open the composition and the reporting relationship of the Consortium to Portland City Council. These issues will need to be clarified in a manner that ensures that city residents are served according to the City's own priorities and policies, including policies related to economic development and job creation.

We support your recommendation for consolidation of economic and neighborhood development with housing project finance in one organization. As the City's housing finance and economic development agency PDC believes that this would be an appropriate role for our agency.

Your report notes that there is a general lack of data on which to base allocation of resources and evaluation of housing programs. This has long been true. The Portland Development Commission and the Bureau of Housing and Community Development have already recognized the difficulties posed by this lack of information. Over the last twelve months PDC has designed and installed a new Housing Management Information System to provide the information necessary for sound decision-making by ourselves and the organizations who are charged with evaluating our programs. In future years we believe that this system will make a substantial contribution toward understanding the impact of our programs and the areas where gaps in services exist.

Finally, it is important to reiterate the comment we made on the preliminary draft of your report regarding the cost effectiveness of continual monitoring of the occupancy in past projects. You have noted that PDC does not routinely monitor the actual occupancy of units financed with City funds to determine whether the tenants are uniformly low income.

All affordable housing projects financed by PDC carry requirements that the projects are kept affordable throughout the term of our loan. In addition, most of those projects carry other financing that also requires the owner to verify that tenants meet income qualifications. Past experience has shown that the vast majority of owners keep rents within the allowed guidelines to avoid penalties associated with PDC loans and other financing sources on their property. Therefore, we have concluded that the potential benefit of identifying the few out-of-compliance units is outweighed by the ongoing administrative cost of long-term monitoring.

Thank you again for the thoroughness and thoughtfulness of this audit, which contributes substantially to identifying areas for improvement in the housing delivery system. We look forward to the new opportunities you've identified for improving services to our community.

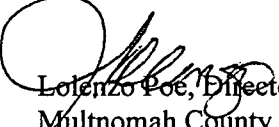



MULTNOMAH COUNTY OREGON

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TO: Beverly Stein
Multnomah County Chair

FROM:  Lorenzo Poe, Director
Multnomah County Department of Community & Family Services

Rey España, Manager 
Multnomah County Division of Community Action and Development

SUBJECT: Response: *Joint Audit of the Housing Delivery System*

DATE: January 23, 1997

This memo is the Multnomah County Department of Community and Family Services (DCFS) response to the final draft of the *Joint Audit of the Housing Delivery System*. The stated purpose of the audit was to assess the efficiency and effectiveness of the housing delivery system in Multnomah County and City of Portland. The audit defined the housing delivery system as a broad array of activities, from housing production to access to housing, counseling, and case management.

The Department, in general, agrees that regional housing production and services could be made more effective and efficient and that improvements should be made in the way planning and policy development occur.

The Department's concerns and areas of agreement with the audit are as follows:

1) **Policy Consensus:** The primary issue documented in the audit is one of lack of consensus regarding housing policies in the community. For example, there is a lack of consensus around the development of housing for families at 30% to 50% of area median income, which is clearly identified in the audit as being the population at greatest need; City of Portland revenues are not generally being spent on housing for this population, as indicated in the audit. Decisions on tax abatements, urban growth densities, and urban revitalization grants are being made in absence of discussions on the impacts of those activities on availability of housing affordable by people in the lower income ranges.

The audit makes a compelling case for changes in the existing housing system, which would be founded on collaboration and partnership of local jurisdictions. However, those changes need the policy direction and consensus currently lacking. The Department recommends that the first step in such change process should be the development of a countywide consensus regarding the housing priorities and approaches to best serve our community, including how housing fits into the other social and economic agendas of the jurisdictions. Once a regional, binding housing policy is established, the agencies charged with responsibility for carrying out such policy can determine whether administrative consolidation is the best solution to achieving greater compliance to the policy consensus.

2) **Centralization:** The audit proposes consolidation of most of the housing system functions under a single agency. The audit assumes that centralization of diverse focuses not only saves money but is the most efficient and effective way to manage resources and meet service objectives. The audit combines the disparate activities of housing production and social services (housing access) into one supposed "system" of housing. There is some question as to whether these disparate activities should be combined into one organization and whether they are, in fact, one system, since they call for a different focus and have different administrative and service delivery needs. The audit estimates, but does not document, the supposed administrative costs of a decentralized housing delivery system. There is no analysis to support the presumed cost savings of centralization; other studies have indicated centralization does not automatically result in cost savings, nor does it, by itself, result in greater effectiveness in achieving program objectives, particularly when those program objectives address such different issues as bricks and mortar development and access to housing and support services by vulnerable people.

3) **City/County Separation of Duties:** Resolution A established the policy framework that separates the duties of housing production and housing access between the City of Portland and Multnomah County, with urban services, including housing production, being assigned the responsibility of the City and social services, which includes housing access, to the County. This type of separation of duties is supported at the federal level, between HUD and HHS, and there is a strong programmatic logic behind the split. Housing production, access and availability, and housing support services are all related parts of a continuum to achieve social outcomes. Access, availability, and support services should be the County's responsibility, necessary to achieve its mission. Housing is also bricks and mortar, which pertains more closely to the City of Portland's urban services and urban infrastructure responsibilities.

4) **Strengthened HCDC:** The audit speaks to more coordinated planning and an accountability structure for housing in the region. The Department supports a full empowerment of the Housing and Community Development Commission as the focal point for such policy development and coordination, with a change in membership and charge to accommodate this increased responsibility.

5) **Audit Inaccuracies and Limited Focus:** The Department had an opportunity to address inaccuracies in the original draft audit and submitted an extensive response. The final draft has not corrected the errors nor addressed the issues raised earlier. A copy of the earlier memo is attached to this response; its concerns are incorporated herein to this more formal response. Of major concern is the apparent lack of understanding around the role of housing in achieving the social agenda of economic self-sufficiency for low income people. The Department, through its Division of Community Action and Development, is putting a greater emphasis on reducing poverty through helping low income people become economically self-sufficient. Availability of and access to affordable housing is a key, but not sole, component of this endeavor. The audit suggests a greater fragmentation of social support services, by removing housing access from the County's purview. While the Department recognizes the audit's limitations in addressing only housing, this restricted focus in a world of integrated services and service approaches does not lend itself to effective recommendations for an improved delivery system targeted at reducing poverty through integrated services.

Thank you for the opportunity to respond to the housing audit. We look forward to the greater direction and policy consensus around housing that might come from this process.

JOINT AUDIT OF THE HOUSING DELIVERY SYSTEM

Analysis and Response

Multnomah County Department of Community and Family Services
Division of Community Action and Development
December 6, 1996

1. The audit should provide complete and accurate information, including citing data, specifics, and sources. Much of the data is aggregated, which obscures the issues and findings; therefore, not all of the statements are accurate or complete. For example:
 - Page ii, page 33: The audit report implies that fragmentation is the primary, or only, reason people are being turned away from services. There is no indication of funding limitations that affect the number of people getting service, nor is there any financial analysis of what it may take to provide access to housing for all people who ask for it. The system does have a rough number of turnaways; this could have been used to estimate the need for assistance.
 - Page 30: The problems in access cited in the report can be attributed largely to lack of resources. For instance, the community service center for outer Southeast/E. County, Human Solutions Inc., receives an annual client assistance allocation of \$56,000, which provides enough funds to assist approximately 16 families at risk of homelessness each month with rent assistance (at an average of \$300 per family). Many more eligible families request this resource after funds have been expended for the month.
 - Figure 8, page 23: The report states that there is duplication in contracting with non-profit agencies. The report does not, however, specify whether funders are buying the same services from the same non-profits. There may in fact be contracts that purchase different services from the same or from different agencies. The findings, as presented, do not allow one to know to what extent duplication of the identified services exists. Additionally, it is not clear from the report whether every non-profit agency contracts with PDC, HAP, BHCD, CAPO and MCCD; or if only a few have both housing development/operations and housing services. Some non-profits have multiple programs with different funders, which does not represent a problem in duplication.
 - Pages 24, 25: The section on clients and functions does not include a description of the income levels the various agencies are actually serving, only what they *could be* serving. This leads to the question of whether the identified duplication of services among agencies might actually result from an ineffectual response on the part of some housing agencies to the needs of certain populations. Without hard data as to which programs serve which income levels, how much is expended per client/client family, average time of service provision, etc. there is no way to use this information to determine whether service is actually being targeted to those most in need, whether re-targeting among existing resources is possible, and the extent to which absolute gaps in service parity exists. PDC, for instance, has a reputation of serving higher income households and not responding effectively to the needs of low income households. The report should offer data to counteract or substantiate this perception.

- Page 40: The report discusses high administrative costs without specifying what data were reviewed to reach this conclusion. The section starts out with "*We believe* that the fragmented housing system contributes to higher administrative costs." (Italics added) The lack of data and actual fiscal analysis do not improve the credibility of this report. CAPO limits administrative costs to about 6%. Which agencies are higher? The aggregation of information serves to hide true findings. Without knowing the individual costs, one cannot evaluate the recommendation to consolidate funding. It could well be that the agency recommended for regional status has the highest administrative costs. Why then would it make any sense to consolidate housing programs in that agency?
 - Page 42: The report states that contractors need to provide three billing statements each month for the County, one to fiscal, one to CAPO, and one to Contracts and Evaluation. This is not a true statement. Contractors prepare one set of monthly invoices, with supporting narrative information. The bill goes to Contracts and Evaluation, where it is processed and sent to fiscal for payment. Program is alerted to any problems and receives a report from CEU on year-to-date spending.
 - The housing production and cost data are not complete and are misleading. For example, on page 48, the report indicates that the current housing cost burden is not unprecedented, but does not state whether it is too high. On page 49, the report indicates that severe cost burdens are "almost exclusively in very low income groups." This should indicate the desperate need for affordable housing, not the reverse, as implied in this report. This raises an additional concern as to the focus of PDC in its role of primary housing developer, and whether PDC is able to sufficiently prioritize housing development for very low income groups in order to meet the need identified in this report. Moreover, without information as to how housing dollars are currently targeted with regards to the income of clients by agency, not as general statements based on aggregation of data, it is not possible to know to what extent the system has problems, and where such problems are located.
 - The report's accountability concerns did not include the recent work of the Housing and Community Development Commission to record and evaluate housing activities in the community through collection of data on unduplicated counts, housing size, income targeting and special need.
- 2. The report should provide recommendations on key findings that affect quality of programs. Practices were labeled as problems, but there are no recommendations to change those practices and illustrate how they could be changed. For example:**
- Page 31: The report states that it is a problem that agencies must have multiple financing sources for housing development. The leveraging policy is cited as a reason, but the subsequent narrative does not illustrate the problem. Is this truly an issue? If not, why is it alluded to as a problem? If it truly is an issue, then what changes in policy do the auditors recommend?
 - Page 33-34: The report suggests the first-come-first-serve practice is a problem ("service gaps and inequity") but does not suggest any change in intake policies. If this practice is a problem, how can limited access be resolved more equitably?

- Page 33: The "housing readiness" practice of CAPO and HAP is cited as creating barriers for persons most at need. CAPO is moving away from the housing readiness concept, but HAP's operating policies will also need to be changed. Further, there is no recognition in the report that "housing readiness" is a strategy that has been developed to deal with tenant abuses and the need to prioritize limited resources towards greater effectiveness and outcomes. What is recommended as a policy to assure appropriate and effective use of housing funds in lieu of the housing readiness formula?
- 3. The recommendations should come from and tie into findings. The recommendations appear to be unrelated to the findings; the narrative does not provide the information that supports the recommendations. For example:**
- The report recommends a regional approach to housing. The body of the findings does not address regional issues, nor does it substantiate that lack of regionalism is part of the problem. Fragmentation itself is not a regional issue. The report notes that there are 4 agencies within the City of Portland which have overlapping mandates.
 - The report recommends that housing functions be centralized. The report states that the current system unnecessarily increases the costs of the programs. The centralized system is intended to reduce administrative costs and improve accountability. The audit needs to provide back up to substantiate the anticipated benefits to centralization. Our discussion with the audit team indicated that they felt the accountability concern was more important than the cost issue; however, the audit did not reflect this emphasis. It should be noted that during the 1989 Housing Management Study process, it was specifically stated that no administrative savings resulting from regional housing delivery should be assumed. This report fails to cite any hard data as to why the assumption would now be valid. In fact, centralization leads to gaps in service with a concomitant proliferation, over time, of alternatives to fill those gaps. As noted in the report there is a pendulum swing to consolidate multiple programs into a centralized, consolidated approach, and a reverse pendulum swing to again fill gaps in the centralized approach. The report would be stronger if it had recognized and learned from the history it cited, and not attempted to centralize where decentralization serves a valid purpose.
 - The report recommends centralizing a regional housing system in a City of Portland agency. If regionalism were truly the most effective approach, it would then appear more logical to have the responsibilities lie in a regional, e.g., County or State, governmental body, rather than one limited to a geographical subset of the region.
 - Combining housing and economic development policy, planning, and implementation into one government, or one agency of one government, does not provide for adequate checks and balances. Just as reasonable financial procedures require different people to perform different fiscal transactions, there needs to be some separation of duties to assure meaningful citizen input, as well as a measure of neutrality with regard to ensuring proper regulatory oversight, compliance monitoring and measurement of outcomes.
 - Page 36: The report notes that "Low income households may not always benefit from projects." The lack of income verification is cited as a problem for PDC and BHCD. The report does not address whether and how income verification policies should change.

Further, the recommendation that PDC, which does not concentrate on serving the low income segment, should assume more responsibility is contrary to the concern raised by this finding that resources should be more targeted to low income households.

- The report's recommendations focus on implementation of housing programs and not on the planning stages. Implementation without proper planning leads to the fragmentation cited in the report. The report also ignores the mandates of funding sources: Community Development addresses both housing and economic development as interlinked strategies for community revitalization; and Community Action addresses economic development and affordable housing as means to overcome poverty.
- The report states that certain programs *publicly describe* their projects as serving very low income families (50% of area median), and *actually serve* families up to 80% of the area median. The audit team assured us that Multnomah County programs were not found problematic in regards to this concern; however, the audit *nonetheless* recommends transfer of county programs, to the same agencies where this problem is apparently occurring. This does not follow logically and appears likely to compound rather than resolve the concerns raised.
- Consolidation of programs into agencies that have not demonstrated success in developing and operating affordable housing also runs contrary to reason. PDC has not demonstrated a strength in low income programs, as evidenced by findings in the report. Therefore, it does not follow that PDC would be the logical home for low income housing development.
- The report fails to recognize the fiscal and administrative responsibilities that are mandated by funding sources. These responsibilities will continue to lie within the agencies receiving the funds. Without fiscal data it is difficult to evaluate savings from the proposals, however it seems likely, that entities which receive funds will have to maintain some monitoring responsibilities for basic risk management, which may well result in little or no savings.
- The audit does not recognize the ongoing coordination between the County and the City of Gresham. In fact it fails to recognize Gresham programs at all. Thus it does not consider the important coordination problems caused by shifting county programs away from the established intergovernmental coordination occurring in east Multnomah County.
- Regarding the local need for affordable housing, the report states that if there is a crisis, "it is confined to the very low income housing range". We continue to recommend strongly that the audit team revisit this issue, in discussion with the Housing and Community Development Commission staff. All contemporary housing reports, and the Strategic Investment Program (SIP) planning of the last year indicate this is a problem that is rapidly getting worse.



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January 23, 1997

Gary Blackmer
Auditor, Multnomah County
1120 SW 5th, Room 1410
Portland, OR 97204

Barbara Clark
Auditor, City of Portland
1220 SW 5th, Room 202
Portland, OR 97204

Dear Mr. Blackmer and Ms. Clark:

RE: Joint audit of the housing delivery system

Let me commend you for taking the initiative to do a joint City-County audit and having the courage to do so first on the difficult but very important issue of affordable housing. I also want to thank you for including HAP in your considerations and, though we were not audited, giving us the chance to comment before the audit is published. In the time available to us, the HAP Board has not had a chance to review or discuss the audit, so please accept what follows as staff comments.

To begin with, it's very discouraging to be reminded one can't demonstrate what this community is accomplishing in the field of affordable housing because the data aren't there. One doesn't have to talk long with people around the country who develop and operate housing or who provide the services associated with it to learn that Portland's governmental and nonprofit organizations are considered leaders in innovation, collaboration, and model programs in the field in a time of increasingly dear resources. All of us involved have plenty of ideas about what we can do to serve people better, but it's a shame key data aren't there to give local credence to our achievements or help focus improvement. We agree, that needs to change.

In addition to the lack of auditable data, your report makes clear the importance of more adequate policy and priorities, lines of authority, and accountability. In our view, the strongest part of your report deals with weaknesses in the policy process. These obviously imply clarification by the City and County of policy responsibilities and the authority to determine direction and priorities, if not consolidation of these functions. However, such clarification will not be effective without a significant change in the approach to the planning and policy processes.

January 23, 1997
Gary Blackmer
Barbara Clark
Page 2

You seem to recognize the need for a significant change in your section entitled "Inadequate data to set priorities and monitor progress," but we would make the point more strongly as follows:

- Federal programs and their planning guidelines for the allocation of federal housing and community development funds are not an adequate basis for optimizing the community's investments in affordable housing and community development projects.

- Planning must calculate as precisely as possible how scarce public resources -- local, state, and federal -- can be invested to make a measurable difference in the way people who need help are housed.

It must seek to leverage private investment in every way possible.

It must take into account the long-term implications of our current local conditions of economic and population growth combined with dramatic divergence between housing costs and the incomes of those who struggle to find their place in the emerging economy.

It must seek to prevent or offset the effects of the possible loss of 3,000 to 4,000 federally subsidized housing units for the poorest and the loss of other existing low-income units through redevelopment.

It must define ways that the community's investment in stable, affordable housing can increase people's chances of self-sufficiency and independence and augment the effectiveness of public and private social service expenditures.

Federal planning requirements should be only a subset of this work.

- With this planning, policy makers must face the challenge of wisely investing public resources across the spectrum of affordable housing.

Segmentation of this spectrum between housing for the poorest (0 - 50 percent of median income) and other housing that is "affordable" (above 50 percent) has been at the heart of the complexity and fragmentation that frustrated your audit efforts.

This has been reinforced by separate federal planning requirements, separate organizations (HCDC and LCHC), and the significantly greater cost of housing the poorest households.

It is not clear to us, however, that the wholesale consolidation of organizations and responsibilities you recommend is the place to begin the effort to achieve stronger housing programs. With some initial policy consensus, thoughtful consolidation would unquestionably be helpful at the policy and priorities level. In the absence of even a provisional effort at policy guidelines, however, it will likely be a struggle for the consortium you propose to devise a large scale organizational consolidation without focusing more energy on issues of power, jurisdiction, and access to money than on housing results. In the end, there would be a good probability that form would, as so often, control function rather than vice versa.

January 23, 1997
Gary Blackmer
Barbara Clark
Page 3

If such a result was the outcome of an effort to consolidate the production and operation of housing, it would be particularly unfortunate. For all its imperfections, what now exists in these areas is generally a lively, creative set of relationships capable of changing direction, stimulating innovation, building consensus, and drawing a wide variety of the community's people and organizations into the process. In a time of diminishing resources, many of these qualities are essential to success.

We believe there would be a great benefit to the community if we found ways to preserve these creative relationships and still achieve accountability. You seem to recognize this in your recommendation that a "market-like environment" be preserved in the area of housing production. We believe a similar, valuable environment exists in the management of emergency shelter, transitional housing, longer term low income housing, and related housing services which you recommend be consolidated under HAP's direction.

That is not to say that, if the City and County asked us to take on consolidated responsibility for these services, we would be likely to refuse. But we want to be clear that we have serious reservations. In particular, we believe organizational diversity and specialization in these services has very positive effects on the responsiveness and quality of service received by a very, very diverse population of people in need of help and advocacy. We don't see why ways can't be devised to lead a reasonably diverse set of organizations to deliver those services accountably and at a reasonable cost.

A related point to be considered is that, as you describe, the complexity, fragmentation, and administrative burdens that now exist are substantially driven by the unbelievably complex, fragmented, and often contradictory ways the federal government and other funders dispense money and require reporting. But, whatever changes one may make in policy and organization, the ways of funders are unlikely to change much. Thus any consolidated organizational model developed will have to be capable of dealing internally with the funder-driven complexity, fragmentation, and administrative burden that now exists in an unconsolidated environment. HAP already has experience with trying to manage multiple programs and diverse sources of funding with low administrative costs. In short, a consolidated operations and service environment may not produce the results you expect, and we recommend that the idea be approached with caution and great attention to detail.

In summary, our basic points are as follows:

- Thoughtful consolidation would unquestionably be helpful at the policy and priorities level if guided by some basic policy agreement.
- A stronger planning, policy, and priorities effort is the key to future effectiveness, efficiency, and accountability.

January 23, 1997
Gary Blackmer
Barbara Clark
Page 4

- Consolidation of operations and services may produce little if anything beyond control.
- If it comes to any consolidation of operations and services, remember, there are some pretty talented babies in the present complex, fragmented, confusing bath water!

We hope these comments are as constructive and helpful as your joint audit. They are in no way intended to diminish the importance of that effort or to indicate anything but enthusiasm on HAP's part for participating fully in any effort it generates to improve the community's housing and development programs. We believe that, as an organization that works with and is responsible to both the City and County, we can be helpful.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'D. L. West', with a long horizontal stroke extending to the right.

Dennis L. West
Executive Director

cc: HAP Board of Commissioners

HOUSING & COMMUNITY DEVELOPMENT COMMISSION



808 SW Third Avenue
Room 600
Portland, Oregon 97204-1966

January 24, 1997

Gary Blackmer
Multnomah County Auditor
1120 SW 5th Ave., Room 1410
Portland, OR 97204

Barbara Clark
Portland City Auditor
1220 SW 5th Ave., Room 202
Portland, OR 97204

Dear Mr. Blackmer and Ms. Clark:

On behalf of the Housing and Community Development Commission, I want to thank you for meeting with us and our staff several times during the review stage of your joint Portland/Multnomah County Housing Audit. The Final Draft, dated January 1997, reflects many of the concerns we expressed and clarifications we requested. On the whole, we agree with your assessment of the current fragmented system and are intrigued by your recommendations to achieve a more efficient, effective, and accountable housing delivery system in Multnomah County.

As you note, HCDC has continued to work toward a higher degree of coordination consistent with our mission, as well as refine the data collection activities that would highlight performance and accountability. The proliferation of agencies reporting to different authorities has hampered our efforts in the past. In short, we strongly support the consolidation of housing and related services including neighborhood revitalization and community economic development programs that can best be administered within a consistent policy framework.

However, consolidation of the currently fragmented system has been attempted before. We hope that this time there is sufficient political will to accomplish what have been elusive goals in the past. As the only citizen-based group formally reviewing this Draft, we hope that our comments are taken into account during the crucial next steps.

In this spirit, we would urge that you consider these additional comments expressed by HCDC members.

We believe that you have wisely foregone the temptation to specify a detailed organizational structure within this Report and instead have recommended a phased transition within a broadly outlined framework of consolidation. We agree that an appointed Task Force is appropriate to sort out the details. However, the composition of this Task Force is of supreme importance if we are to avoid the protection of turf which characterizes most attempts at reorganization. We believe that the Task Force should consist mostly of citizens with sufficient independence from agencies with a stake in the outcome. At the same time participation and full cooperation of these agencies with the Task Force will be critical.

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City of Portland



Multnomah County



City of Gresham

The outcome should result in a Consortium that reflects a diverse range of interests and be of sufficient size to represent many viewpoints.

Ideally, every affected agency should be willing to place all cards on the table and step aside for the sake of responsible stewardship of limited resources and improved service to low income citizens. The Task Force must be able to work with full information and knowledge of funding sources and be free to propose a reorganization that makes the most sense. We recognize the difficulty of attaining this ideal.

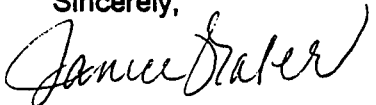
We wonder what kinds of distinctions can be made between Multnomah County social services that are associated with housing from those which presumably stand alone and would not be part of the reorganization. We assume that it would be left to the Task Force to determine exactly how existing City and County agencies merge, are subsumed, or remain intact as part of the larger Consortium.

As you indicate, serious questions will need to be answered about how the Consortium will function under various jurisdictions with separate elected bodies and how that will affect its ability to monitor and track accountability. A strong governing board and clear lines of authority to the agencies performing the activities described in the recommendations will be essential.

Finally, we hope that complete organizational reform can occur much sooner than the five year time line proposed in your report. The affordability problems affecting low income citizens persist as the costs of addressing them increase.

Again, we thank you for your report and stand ready to assist you in any way we can to help achieve a more effective system of housing services for low income residents.

Sincerely,

A handwritten signature in cursive script, appearing to read "Janice Frater".

Janice Frater, Chair
Housing and Community Development Commission

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GARY HANSEN
Multnomah County Commissioner
District 2



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TO: Interested participants in the Housing Audit presentation

FROM: Commissioner Gary Hansen

DATE: May 29, 1997

I am very disappointed that I am unable to be here for this important briefing.. The issue that have been raised by our auditors are important and need to be addressed. I had considered postponing this briefing to a time when I could be in attendance. However, it is more important that we move forward and begin the process of addressing these important issues.

Good, safe and affordable housing is basic to our community. I do not have to be at this meeting to convince you of the importance of the issue. This Board of Commissioners does not need to be reminded of the importance of good housing or the extent of the unmet needs of our citizens. The auditors have done an excellent job of sorting out the issues of duplications, lack of coordination, unnecessary overhead and lack of policy focus. Our job will be to respond in a timely and wise manner.

Good housing policy is not only about sticks and bricks. How we can weave strong workforce, health and public safety issues together with housing policy should be our objective. It is no longer good enough for Multnomah County to defer leadership on housing issues to others and hope that good things will occur. We need to lead in advocacy. We need to lead in coordinating housing and social services. And we need to lead the way in breaking down barriers between people and the services they need. We need to lead the way to a realization that no one government or agency can solve a problem as complicated as housing by itself. And we need to lead by example in showing that cooperation works.

To these ends, I hope that this Board of Commissioners by means of an elaborate systems of head nods and rousing rhetoric, asks me to work with Commissioner Kafoury to bring back to this body by the 1st of July a task force with a charge, members and a date of completion.



CITY OF

PORTLAND, OREGON

Gretchen Miller Kafoury, Commissioner

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April 3, 1997

TO: Portland City Council
Multnomah County Commissioners
Interested Parties

FR: Gretchen Miller Kafoury

RE: **Housing Audit Task Force Proposal**

As you know, the City County Housing Audit recommends the formation of a county-wide consortium to coordinate housing policy, funding, and programs. In order to develop this consortium, the Audit proposes the formation of a Task Force to design implementation measures. At the Housing Informal on April 8, I will ask for City Council's support to begin the formation of a Task Force in order to explore this consortium proposal further. Following is the draft charge and scope of work.

I believe that this is an opportunity to address a wide range of policy and program issues related to housing as raised in the joint Audit. This is also an opportunity to resolve policy conflicts and program duplication *in our overall housing agenda, which includes both market rate and subsidized housing production*. While this is an ambitious agenda, a reorganized system would be phased in over several years commensurate with the Audit's perspective. This will allow us to address a broad range of housing policy issues, while maintaining current service outcomes, in a rapidly changing environment.

Charge to the Task Force:

Develop recommendations for City Council and the Board of County Commissioners which address the intended improvements of the Housing Audit; assess the Audit's recommendation of **a single countywide housing and community development consortium**; design appropriate implementation steps based on this assessment.

1. Assess the recommendation of the Audit to establish a consortium; determine the consortium's purview -- short and longer range.
2. Determine the responsibilities and the role of the consortium board in developing a unified housing policy;
3. Clarify the appropriate roles and responsibilities of each agency;

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4. Research examples of other successful consortiums;
5. Analyze legal, policy, and administrative actions necessary for implementation;
6. Determine necessary statutory changes;
7. Analyze financial resources and propose first year budget for consortium.
8. Determine composition of the consortium board/governing structure;

Timeline:

Task force formed by July 1, 1997; initial report by October, 1997; implementation steps begin January, 1998.

Composition:

Co-chaired by City Commissioner Gretchen Kafoury and County Commissioner Gary Hansen. Appointments will be made by the County Board of Commissioners and the City Council, as recommended by the co-chairs. The Task Force will be comprised of 11-15 members with representation drawn from the Housing Authority of Portland, the Housing and Community Development Commission, the Portland Development Commission, the Planning Commission, the Liveable City Housing Council, and other community and citizens' groups such as Portland/Multnomah Commission on Aging, the Community Action Commission, the Community Development Network. Staffing will be provided by City and County.

Note: After the informal, Commissioner Hansen and I will be bringing a joint resolution to the City Council and the Board of County Commissioners to begin implementation of the Audit recommendations.

REALIGNMENT OF SERVICE RESPONSIBILITIES: HOMELESS SINGLES & DOMESTIC VIOLENCE INTERVENTION

RATIONALE FOR PROPOSAL:

Local funding for urgently needed services will be even tighter in the coming years; the situation will be exacerbated by federal housing and welfare policies. Every opportunity should be used to improve efficiencies and effectiveness of services for vulnerable people. This proposed concentration of efforts encourages these improvements and supports accountability. It addresses several concerns raised by the Housing Audit. An interim step manageable within a relatively short time frame, the process is one step in further implementation of that Audit. The challenging task may also provide an instructive example for other City/County consolidation efforts.

PROCESS:

City and County staff to analyze financial implications of each jurisdiction focusing on and assuming primary responsibility for specified target populations: City would manage homeless singles services and the County would assume responsibility for domestic violence intervention services. Staff would develop a transition plan for the changeover and determine issues which need further discussion between the two jurisdictions.

TIMELINE:

Discussion and analysis has begun. Initial financial assessment available mid-April. McKinney application for 98-99 in preparation immediately; both jurisdictions will participate with City having lead responsibility.

Changeover anticipated to begin July 1997. SHAC continues as County operated program until Spring 1998.

PRINCIPLES/ ASSUMPTIONS:

1. Clarification of responsibilities will result in a more effective partnership between City and County with increased accountability.
2. Maintaining stability of agreed upon base services will be a priority for both jurisdictions. FY 96-97 funding levels will serve as index for discussions.
3. Best interests of homeless people and other populations impacted by change will be a priority consideration.

p. 2, Realignment

4. New alignment will require less combined staff between the two jurisdictions thereby allowing more funding for program implementation.
5. Duplication of staff effort reduced. At the same time, good communication between the jurisdictions is essential for successful transition and improvements in services.
6. Accessibility for clients will be improved (taking into account the current resource limitations.)
7. Concentration/focus of efforts will result in improvements in each component of services (homeless families, singles, youth, domestic violence victims).
8. Separation of roles is an interim step to improve cohesiveness and reduce fragmentation.
9. Better data will be available for decision-making/ priority setting.
10. A significant shift in federal funding will place all ongoing McKinney dollars into one entitlement program which will be block granted to the City. This block grant will replace much of the project by project funding of the past. This change will require thoughtful, cooperative priority setting.
11. Appropriate division of responsibilities is not clear in all instances; staff will need to use given policy intentions, functional coherence and common sense in their recommendations/ development of the transitional plan.
12. Analysis and recommendations of the Housing Audit provide a general framework for the realignment; Periodic reports on progress will be made to the Housing Audit Task Force.

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RESOLUTION NO.

WHEREAS, a joint City/County Housing Audit was completed in January, 1997;

WHEREAS, the Audit found that there is a need to take a systems approach to establishing housing goals, strategies, spending priorities and evaluation of activities;

WHEREAS; the joint City/County Housing Audit recommends broad changes in the housing and related services systems to consolidate and reorganize public agency roles and responsibilities for planning, funding, implementing, and evaluating housing and community development services;

WHEREAS, the Audit recommends formation of a joint City/County task force to bring about change in the housing and related services delivery system;

WHEREAS, there are a range of policy and program issues to be investigated and resolved in the overall housing agenda which includes both market rate and subsidized housing production;

WHEREAS, it is in the interest of both jurisdictions to improve effectiveness and efficiencies of services, and to increase accountability;

WHEREAS, anticipated federal changes combined with severe local funding constraints require that the available resources and the identification of urgent priorities receive careful attention and coordination of efforts;

WHEREAS, the Task Force should examine the most efficient means of utilizing all federal, state and locally generated resources for housing and related services;

WHEREAS, the Task Force should include in its examination other housing programs such as Fee Waivers, Limited Tax Abatements, regulatory barriers and incentives for housing development across market segments;

WHEREAS, the Housing Audit provides a framework for consolidating functions which may also serve as a model for other City/County discussions/negotiations about combining additional activities of local governments;

p. 2 task force resolution

NOW, THEREFORE, BE IT RESOLVED that City Commissioner Gretchen Miller Kafoury be authorized to work with the designated County Commissioner to determine membership, activities, and scope of the Task Force;

BE IT FURTHER RESOLVED that the Task Force be formed by July 1, 1997 and begin its analysis;

BE IT FURTHER RESOLVED that the Implementation Task Force report their recommendations to the Portland City Council and the Board of County Commissioners by October 1997.