



HOUSING & ECONOMIC DEVELOPMENT COMMITTEE

DATE: Tuesday, September 21, 2021

TIME: 5:30 PM

LOCATION: Via Zoom Link Below

1. Zoom Public Meeting Information

- a. Please click the link below to join the webinar:
<https://us06web.zoom.us/j/93002473828?pwd=YVdmL1g4ZThhMS9Md3J2eHQzMzNBdz09>
Passcode: 295064
Or One tap mobile :
US: +16465588656,,93002473828# or +13017158592,,93002473828#
Or Telephone:
Dial(for higher quality, dial a number based on your current location):
US: +1 646 558 8656 or +1 301 715 8592 or +1 312 626 6799 or +1 720 707 2699 or +1 253 215 8782 or +1 346 248 7799
Webinar ID: 930 0247 3828
International numbers available: <https://us06web.zoom.us/u/khe73JVzN>

2. Review and accept Minutes from September 7, 2021, Committee meeting.

- a. See attached draft Minutes.

3. Public Hearing and Vote to Recommend to City Council the CDBG Priority Task Force Report – Mary Davis and Kelley Walsh.

- a. Presentation by Jim Hall, Co-Chair of the CDBG Priority Task Force

4. Committee Workshop - Housing Policy Ideas for Missing Middle Housing.

- a. Committee member discussion.

Next Meeting Date: October 5, 2021

Minutes

Remote Housing and Economic Development Committee

September 7, 2021

NOTE: This meeting was held via Zoom and can be viewed at this link:

<http://www.portlandmaine.gov/1695/Economic-Development-Committee> These

Minutes provide a record of those in attendance, general discussion taking place, and motions made.

A remote meeting of the Housing and Economic Development Committee (HEDC) of the Portland City Council was held on Tuesday, September 7, 2021, at 5:30 p.m. via Zoom. Present from the Committee was its Chair Councilor Spencer Thibodeau and members Councilors Pious Ali, Tae Chong, and Andrew Zarro. Also present from the City Council was Mayor Kate Snyder. Present from the City staff were Acting Housing and Economic Development Division Director Mary Davis, Housing Program Manager Victoria Volent, and Senior Executive Assistant Lori Paulette. Invited panelist included Mark Wiesendanger, Director of Development at Maine Housing, and Jonathan Culley, Managing Partner at Redfern Properties.

Item #1: Zoom Meeting Information – no Committee action required.

Item #2: Review and vote on August 31, 2021, draft meeting Minutes.

On motion made by Councilor Chong, seconded by Councilor Zarro, the Committee voted unanimously (4-0) to accept the Minutes as published.

Item #3: Discussion on Housing Policy Options for Missing Middle Housing with a panel discussion, and City staff presentations, followed by Committee discussion and direction to staff – Mary Davis and Victoria Volent.

Mary Davis introduced the item by noting in June the Committee began a discussion regarding housing policies for missing middle households. The Committee asked staff to

coordinate input from stakeholders and identifying programs and policies from comparable communities across the country. Victoria Volent discussed the search for comparable communities, and explained the history and meaning of the term “Area Median Income”. She concluded by noting, local municipalities cannot make changes to the calculation of AMI as defined by HUD. However, there is no specific prohibition to creating a Portland specific median income level (PMI). If created, the PMI would have very limited applicability and in many cases would make an already complex process even more complex. Additionally, as an alternative, local municipalities are adopting auxiliary policies to create more affordable housing at different income levels. Those policies will be discussed in detail during a future meeting of the Housing and Economic Development Committee.

The Committee asked follow-up questions and determined the difference between the HUD and Portland Area Median Income is approximately \$15,000.

Mary Davis introduced the panelist, Mark Wiesendanger and Jonathan Culley.

Mark Wiesendanger stated there is a huge need for housing for the missing middle which is typically described as earning between 60% and 120% of the Area Median Income. He described the programs offered by MaineHousing and noted they are required to use the HUD AMI levels. MSHA does not have funding for units above the 60% AMI level. State legislature is looking at ways to assist with programs (funded by the State government) that may provide that assistance.

Jonathan Culley concurred the housing shortage is acute and dire. The region is seeing COVID-9 migration from Boston and New York, climate migration from California due to fires and Arizona due to droughts. The tremendous demand for housing is only going to get worse. Outlying communities such as South Portland, Westbrook and Scarborough are less expensive locations in which to create housing and do not have inclusionary zoning ordinances to follow.

Mr. Culley said the definition of missing middle should be broken down by rental units (60% to 80% AMI) and homeownership units (100% to 120% AMI)

Councilor Ali asked how the panelists would build missing middle housing and where it should be located.

Mr. Culley and Mr. Wiesendanger agreed housing should be built everywhere with a focus on the most walkable neighborhoods. A transparent, predictable regulatory framework, supportive relations with City-departments, and subsidies are key.

Councilor Thibodeau asked what type of policies/strategies are working and what are not working

Mr. Wiesendanger mentioned density measures allow for economy of scale, and if the city could offer property for sale it would make a huge difference as land in Portland is really expensive. Mr. Culley noted a review of fees (for example the tree replacement fee) should align with the Comprehensive Plan.

Council Chong asked if households in affordable housing developments, or accessing Section 8 housing vouchers are cycling out of the programs. Mr. Wiesendanger did not know the answer but will inquire of their Asset Management Team.

The Committee and panelists discussed the potential implications of the recently passed referendums. More funding may be necessary to counter the costs imposed by the changes. The panelists noted that the City should expect to see housing created outside of Portland where costs are lower.

Councilor Chong asked how many Section 8 vouchers are used in Portland compared to other communities. Mr. Wiesendanger indicated the Asset Management Team would have that information.

Councilor Thibodeau asked what two changes you would make to address creating more

housing of every type. Mr. Wiesendanger would change the amendments to the Inclusionary Zoning Ordinance and recommended reaching out to developers for their input on regulatory barriers. Mr. Culley suggested the City articulate a vision for a much larger city of 100,000 people by putting forth housing production goals; communicating to citizens the urgency to address this problem; and emphasizing with every level of government the need to be pro-housing and partner with developers.

Chair Thibodeau thanked the panelist and indicated the Committee would continue the discussion in their next meeting (September 21). Members are asked to bring their suggestions to the next meeting to workshop ideas so as to leave a framework for the next Council.

Mary Davis noted the State has established a legislative commission to increase housing opportunities in Maine by studying zoning and land use restrictions. The commission is asking for input from municipalities. Mary and Christine Grimando are sitting on a working group to provide that information and background material.

Item #4: Presentation on the HCD/CDBG Priority Task Force Report – Kelley Walsh and Mary Davis

This item was not taken up and will be moved to the next meeting of the Committee.

On a motion was made by Councilor Chong, seconded by Councilor Ali, the Committee voted unanimously (4-0) to adjourn the meeting at approximately 7:03 p.m.

Respectively submitted, Victoria Volent



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Mary P. Davis, Acting Director

TO: Councilor Spencer Thibodeau, Chair
Member of the Housing and Economic Development Committee

FROM: Mary Davis, Acting Director
Kelley Walsh, HCD Program Manager

DATE: September 2, 2021

SUBJECT: Public Hearing and Recommendation to City Council
Goals and Priorities & Allocation Process and Procedure for the
HUD 5-Year Consolidated Plan (HUD PY22 – PY26) (City FY23 – FY27)

SUMMARY OF ISSUE

The U.S. Department of Housing and Urban Development (HUD) requires that communities receiving HUD funding (CDBG, HOME, ESG) undertake a planning process every three to five years to review local affordable housing and community development needs. This process is designed to help communities develop priorities and multi-year goals in coordination with other community plans and resources to make a greater impact within the community.

The 5-Year Consolidated Plan will be submitted to HUD in May, 2022. As you may be aware, the Consolidated Plan was initially due to be submitted in May 2021. After reviewing the Task Force Report and the City Manager's recommendations regarding the report in October 2020, the Housing Committee recommended that staff seek a one-year extension to submit the Consolidated Plan. The extension was granted by HUD to allow the City to (1) implement a public outreach strategy that meets CDC social distancing guidelines; and (2) evaluate the report to be drafted and submitted in 2021 by the Racial Equity Steering Committee.

Staff is seeking Council approval of the Community Development Goals and Priorities, as well as, changes to the CDBG allocation process. Staff is seeking changes at this time so they can be incorporated into the FY 22/23 CDBG Allocation Process which begins at the end of October. The needs, goals, and priority activities are outlined in the staff analysis section. In addition, the structural changes to the allocation process have been highlighted. Lastly, the needs, goals, priorities table and the CDBG Priority Setting Task Force Report are attached.

A letter from the City Manager detailing his recommendations regarding the 2020 CDBG Priority Setting Task Force Report is attached. There are several recommendations that the City Manager does not support. In his letter to the City Council, the City Manager indicates that it would be his preference that council accept the 2020 CDBG Priority Task Force Report along with the 2021 Addendum and vote to adopt the Task Force recommendations with the exception of the recommendations noted in his letter.



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REASON FOR SUBMISSION

The needs, goals and priorities outlined in the 5-Year Consolidated Plan, as well as changes to the allocation process requires council approval.

INTENDED RESULT

If approved, the City will follow the established priority activities when making decisions regarding the investment of CDBG, HOME and ESG funding. In addition, the changes to the process and procedure for CDBG allocations will be approved prior to the application and scoring process, thus providing transparency and predictability to applicants.

COMMITTEE GOAL/COUNCIL GOAL ADDRESSED

The proposed goals and priorities align with all of the 2021 City Council Common Goals.

FINANCIAL IMPACT

The proposed goals and priorities would become the guiding document for the allocation of CDBG, HOME and ESG funding. In FY22 the City received \$1,948,754 in CDBG funding, \$991,679 in HOME funding, and \$164,857 in ESG funding.

STAFF ANALYSIS

Consolidated Planning Process

The City's current U.S. Department of Housing and Urban Development (HUD) 5-Year Consolidated Plan, was approved by the City Council on March 28, 2016. The Plan established 4 main goals and objectives: 1) Create strong, safe, accessible, and vibrant neighborhoods; 2) Increase housing availability and affordability; 3) Create economic opportunities to transition people out of poverty; and 4) Prevent and reduce homelessness.

It is time to re-assess the goals and priorities for the next 5 year HUD Consolidated Plan. The plan outlines how the City and the Cumberland County HOME Consortium will allocate federal funding. In addition to funded projects meeting national objectives and eligibility criteria, the plan requires projects to meet local level goals and priorities. Lastly, HUD requires public input in establishing the goals and priorities for the City of Portland.

On February 9, 2020, the City Council approved the re-establishment of the CDBG Priority Setting Task Force to review priorities, structural changes, and administrative changes to the allocation process.

Data Collection

HCD Staff created a robust outreach campaign to generate community feedback on the City's needs, goals, and priorities. The outreach efforts included targeted forums with stakeholders, tabling events at the farmer's market downtown, and a survey day in conjunction with Portland Adult Education's Census event. Unfortunately, COVID-19 forced HCD Staff to^{2 of 24}



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revise their outreach plan and take it entirely online. HCD staff created a targeted [website](#) to provide residents, business owners, and service providers with information regarding the consolidated planning process as well as multiple platforms to provide feedback. The website contained targeted surveys for the general public, business owners, social service providers, and past applicants and subrecipients of CDBG funding. The City highlighted the website multiple time throughout the spring and summer (2020) on their website and social media platforms. In addition, HCD staff partnered with Portland Downtown, the Chamber of Commerce, and Social Service provider networks to spread the word and encourage participation. At the time of survey close, there were 477 responses. This data was used to inform the Task Force decisions on priority activities.

With the one year extension from HUD, staff created a second survey which was specific to the changes recommended by the task force. Using the same outreach process mentioned above, there were 612 responses to the survey. HCD staff, in partnership with the Cumberland County Community Development Department, held a virtual community forum on April 14, 2021, to review the consolidated planning process, promote surveys offered by the City and County, describe program goals and priorities and solicit community input. Sixty-one people registered for the forum and 27 residents, interested parties and service providers from throughout Cumberland County participated in the forum.

CDBG Priority Setting Task Force Process and Work Plan

The Task Force had a strict work plan that covered changes to the CDBG Allocation process. The Task Force met 12 times between March and September 2020, twice a month for two hours. The majority of these meetings had to take place over Zoom due to COVID-19.

The Task Force focused their analysis and review of the CDBG priorities and process in three distinct parts; structural, administrative, and guiding principles/priorities. Structural changes encompass the application guidelines and distribution of set asides and allowable grant requests. Administrative changes deal with priority points, penalty points, and the appeals process. Lastly, the guiding principles and priorities speak directly to the types of activities the money should be invested in.

The Task Force reconvened in August 2021 for one meeting. The Task Force reviewed the City Manager's recommendations following the release of the initial report last fall, the Racial Equity Steering Committee Report, and a second round of survey data. Seven of the original members were able to attend the August 2021 meeting, where they discussed in detail their previous recommendations. The Task Force did not make any changes to their initial recommendations; however, an addendum to the initial report was added to elaborate on the use of the Community Policing set-aside.

Structural Recommendation

- (1) The Task Force voted to reduce the maximum grant request for Development Activities from \$250,000 to \$200,000. This change was based on a historic review of grant requests over the last 5 years, the average request for that time period was \$127,000.



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- (2) The Task Force made a handful of recommendations to the funding set-asides and City funding caps in both the construction/development and social services categories. The City funding caps state a percentage that is allowed to go to City programs in a given funding year. The Task Force voted to reduce the City funding cap by 5% in each category, these recommendations would result in a 40% funding cap in social services and an 80% funding cap to construction/ development. These recommendations were based on a historic review of City funded programs.
- (3) The Task Force also recommended the elimination of the 60% public infrastructure set-aside within the City funding cap in the construction/development category.
- (4) In addition, a new set-aside was recommended for new programs that have not received CDBG funding. The recommendation would set-aside up to 20% of the previous year's allocation within the respective funding categories; construction/development and social service. The set-aside would be awarded to new programs that score 75 points or higher. If there are not enough eligible new programs to use the full 20%, the remainder would go back in to the general allocation fund.
- (5) In their initial report, the Task Force recommended that funding for the Community Policing program be transitioned into the City's budget. When the Task Force met again in August of this year (see 2021 Addendum), they made one additional recommendation which would allow the set-aside to be used in the community policing program or another alternative response program managed by the Police Department.

As noted in the City Manager's September 2, 2021 letter to the City Council, he does not support (1), (2) and (3) noted above and is recommending that the City Council not support these recommendation. While the City Manager does not support the initial recommendation to transition funding for community policing into the City's budget, as noted in (5) above, he does support the recommendation made in the 2021 Addendum.

Scoring Recommendations (the revised scoring matrix is included in the Task Force Report)

The Task Force voted to recommend changes to the priority activities from two categories to three categories; HIGH, PRIORITY, and ELIGIBLE ACTIVITY. The categories are given priority points as follows; High 5 points, Priority 2 points, and Eligible Activity receives 0 points.

- (1) The Task Force recommended significant changes to the scoring structure as well as the sub categories. The intent was to streamline the scoring, make it more predictable for applicants and the allocation committee, and decrease arbitrary point value assignments to the subcategories. The Task Force is recommending that each category be a multiple of 5 with a score of a 1 being poor and 5 being excellent. The Task Force did express concern that the Allocation Committee may feel the need to use half and quarter points, for example, an applicant may not deserve a perfect 5 but a scorer may feel they are above a 4 and award a 4.5. The Task Force feels the scoring structure should allow for this flexibility. In addition to simplifying the scoring structure the Task Force of 24



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recommends the removal of the sub category for “consistent with city goals, plans, or initiatives”. The group feels that the subcategory is redundant and can be absorbed by “goals”.

Guiding Principles and Priority Recommendations

The largest part of the Task Force work focused around the City’s “Needs-Goals-Priorities” table, with a specific focus on high priority and priority activities. This work was informed by the community outreach effort taken by the HCD office. Overall, the Task Force suggested changing the priority activities to an alphabetical order format. The Task Force felt that this would make it clear to applicants and the public that the order of the activities do not relate to their importance, aside from the high priority and priority distinction.

(1) Neighborhood Investment and Infrastructure

The Task Force voted to move “Parks and Recreation Activities” to the high priority category. In addition, they voted to remove “Historic Preservation” from the priority activity list. Historic Preservation will remain an eligible activity, but will not receive priority points.

(2) Housing Availability

The Task Force recommended that “Rental Assistance” be renamed “Housing Start-up Assistance”. The purpose of this change is to encompass a broader range of housing activities, i.e. security deposit, rental payments, application fees.

(3) Economic Opportunity

- a. The Task Force recommended the removal of “Façade Improvements” and “Financial Stability Services” from the priority list. These activities are still eligible, but will not receive priority points.
- b. In addition, the Task Force recommended moving “Job Creation” and “Microenterprise Assistance” from high priority to priority, allowing them to receive two priority points.

As noted in the City Manager’s letter to the City Council, he does not support (3).b. noted above and is recommending that the City Council not support these recommendation

(4) Addressing the Needs of the Growing Homeless Population

- a. The Task Force voted to combine “Mental Health Services” and “Substance Abuse Services” in to one category labeled “Behavioral Health Services”. It is recommended that this newly named activity remain a high priority activity. Task Force members that are also service providers stated that these two activities often go hand in hand and programs are designed to address both mental health and substance use disorders in tandem. Staff echoed this sentiment and stated that a majority of the social service programs address both issues.



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- b. As noted above, the Task Force recommended that “Rental Assistance” be renamed “Housing Start-up Services” in order to encompass a broader range of housing activities for homeless individuals, i.e. security deposits, rental payments, housing case management, application fees. This activity remains a high priority activity.
- c. Lastly, the Task Force recommended that “Food Assistance” be moved from High Priority to Priority, allowing applications to earn 2 priority points. The Task Force believes that there are many other federal funding sources for food assistance and therefore it does not need to remain a high priority for funding.

As noted in the City Manager’s letter to the City Council, he does not support (4).c. noted above and is recommending that the City Council not support this recommendation

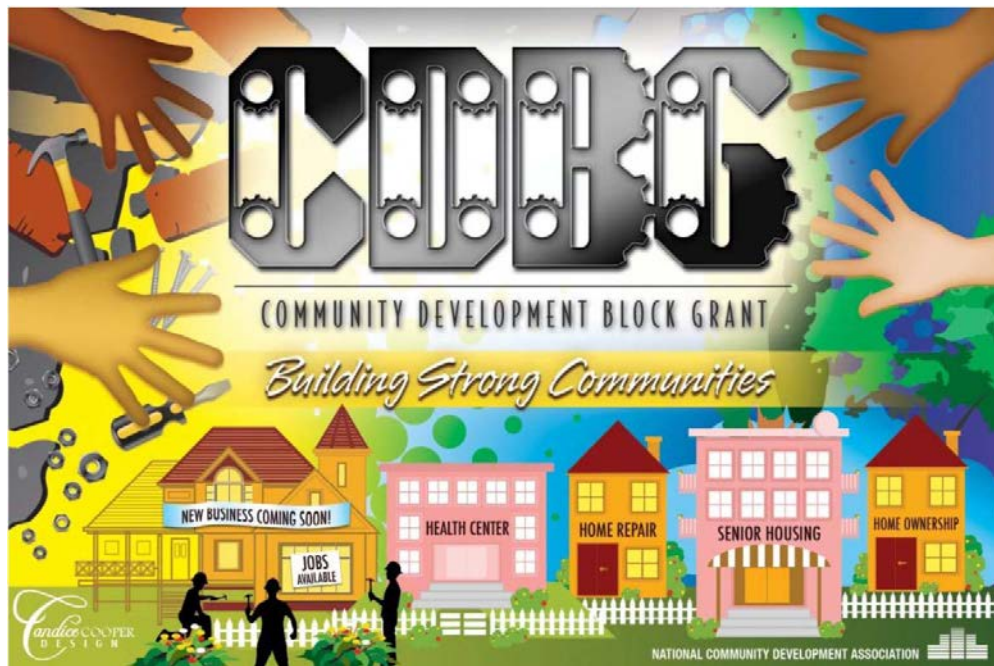
RECOMMENDATION

Staff is requesting that the Housing and Economic Development Committee vote recommend to the City Council acceptance of the 2020 CDBG Priority Task Force Report and the 2021 Addendum and adoption of the Task Force recommendations with the exception of the recommendations noted in the City Manager’s letter.

ATTACHMENTS

2020 CDBG Priority Setting Task Force Report
2021 Addendum
Letter from the City Manager

2020 CDBG PRIORTIY SETTING TASK FORCE REPORT



Updated August 2021

2020 CDBG PRIORITY TASK FORCE REPORT

PARTICIPANTS

Adam Cohen
Andrew Ouellette
Ashish Shrestha
Ben Strick
Brad Hanscom
Chase Hewitt
Don Harden
Grace Braley
Jim Hall (Chair)
Julia Sheridan
Lucas Blom
Mark Adelson (Chair)
Matt Dubel
Sam Heck

INTRODUCTION

The 2020 CDBG Priority Task Force is pleased to present its final report to the Portland City Council for your consideration.

We found that the current system is extremely well run, and allocations continue to be made that meet important city needs. City staff are to be highly commended for their organization and knowledge, as well as, the hard work and commitment they bring to the effort of planning, distributing and monitoring the use of these funds. The changes we are recommending are intended to increase efficiency, fairness and transparency, to make minor evidence-based adjustments, and to target the city's highest priorities in a time of growing demand for resources and a dwindling stream of funding.

SUMMARY OF RECOMMENDED CHANGES:

- Create a capped set-aside to promote smaller new programs
- Adjust city funding caps to better match survey data with historical data
- Focus the city's "high priority" list on housing and employment
- Simplify the scoring process and subcategories
- Increase communication amongst funding sources
- Remain open to emerging needs

BACKGROUND

The Community Development Block Grant (CDBG) is a federal program from the Department of Housing and Urban Development (HUD) that distributes funding based on allocations from Congress to its entitlement communities, comprising over 1,200 cities and counties throughout

the country. Historically the City of Portland has received approximately \$2 million in CDBG funds annually.

For the past ten years this funding has decreased. There has also been increased scrutiny over the past few years of the Department of Housing and Urban Development and the CDBG program nationally. The need for focus and accountability is greater than ever before. The City of Portland must redefine how federal CDBG dollars are allocated to emphasize, to the greatest extent possible, successful and measurable outcomes.

The City's establishment of the CDBG Priority Task Force of 2020 stemmed from the City's commitment to re-evaluate every three to five years the priorities identified by the CDBG Priority Task Force of 2008 and 2012 and the CDBG working group in 2013. This process began with the Housing and Community Development (HCD) Ten Point Plan, approved by the City on October 1, 2007. The HCD Ten Point Plan, a product of the HCD Task Force, required the creation of the CDBG Priority Task Force, followed by the Annual Allocation Committee.

PROCESS

Positions on the 2020 Taskforce were advertised on the City website as a newsflash, as well as, on the Boards and Committees page. The advertisement included a description of the taskforce, along with the roles and duties of the members. Lastly, the application was available online with contact information attached if a paper copy was needed.

HCD Staff directly advertised the opportunity to participate to all past committee members, including the City Manager's Policy Advisory Committee, HCD Task Force, CDBG Priority Task Force, CDBG Annual Allocation/Scoring Committee, past applicants and awardees of CDBG and HOME funds, and interested parties from the 2019 District Meetings. In total, invitations were sent via email to 380 individuals and organizations.

HCD Staff received 18 applications by the January 24th deadline. Members were diverse in their skill sets, represented all of the demographics listed in the taskforce guidelines, and every neighborhood in Portland. At the February 19th, 2020 Council Meeting, the City Council approved an order to reinstate the task force and approved the applicants as members. Four members of the task force resigned due to unforeseen circumstances caused by COVID-19.

WORK PLAN

The Task Force had a strict work plan that covered three sections: priorities and principles, structural changes, and administrative changes to the CDBG allocation process. The Task Force met 12 times between March and September, twice a month for two hours. The majority of these public meetings had to take place remotely via Zoom due to COVID-19.

The largest part of the Task Force work focused on the City's "Needs-Goals-Priorities" table, with a specific focus on high priority and priority activities.

This was also the focus of a large community outreach effort planned by the HCD office. Unfortunately, due to COVID-19 was revised and conducted entirely online. HCD staff created a targeted website with information regarding the consolidated planning process as well as multiple platforms to provide feedback. The website contained targeted surveys for the general public, business owners, social service providers, and past applicants and subrecipients of CDBG funding. The City highlighted the link multiple times throughout the spring and summer on their website and social media platforms. In addition, HCD staff partnered with Portland Downtown, the Chamber of Commerce, and social service provider networks to spread the word and encourage participation. At the time the survey closed there were 477 responses. The Task Force used this data to inform their decisions regarding priority activities.

RECOMMENDATIONS

At a high level, the Task Force is generally recommending increased communication with other funding sources, both within the City government and outside in the community, so as to optimize similar outcomes and coordinate achievements together.

Analysis of prior applicant pools indicated that many specific CDBG processes are having the desired effect. For example, the minimum allowable grant request in both social service and construction / development has ensured an appropriate level of commitment required to run and report on a CDBG funded program. In addition, application penalties have reduced the number of difficult submissions that previously required intensive staff involvement in order to process. For brevity, we have not listed all the topics which the Task Force reviewed and ultimately decided should remain unchanged.

PRIORITIES

**see appendix for full table of needs / goals / priorities*

The task force recommends the following high priorities:

- Neighborhood Investment and Infrastructure: Public Infrastructure in targeted neighborhoods, including parks and recreation facilities, Accessibility/ADA Compliance, alternative modes of transportation, and Community Policing Administration.
- Housing: construction of new housing (HOME funds only), the adaptive reuse of buildings for housing, rehabilitation of existing housing, housing retention, housing start up assistance. Housing Start-up Assistance has replaced Rental Assistance to allow for a broad range of housing assistance services, i.e. security deposits, utilities, housing application assistance and fees.
- Economic development: career advancement services, job retention support services
- Homelessness: Housing Services for long term stayers, emergency services to prevent homelessness, shelter services, housing start up assistance, Behavioral Health Services. Housing Start-up Assistance has replaced Rental Assistance to allow for a

broad range of housing assistance services. Behavioral Health Services has replaced mental health and substance abuse services.

The above list represents adjustments to previous “high priority” activities. Most notably, we are recommending a combined category of “behavioral health” that captures both mental health and substance use services. This recognizes the co-occurring nature of mental health and substance use, and that best practice involves addressing both simultaneously.

SCORING

SCORING CATEGORY	POSSIBLE POINTS
Goal, Priority Impact Level & Community Need	30 Total
• Goal	15
• Priority impact (5pts high Priority, 2pts priority, 0pts eligible activity)	5, 2, or 0
• Community need	10
Guiding Principles:	30 Total
• Measurable community impact	10
• Diversity and inclusiveness	5 Construction/ 10 Social Service
• Priority to lower incomes	5 Construction/ 10 Social Service
• Location (construction only)	5
• Sustainability (construction only)	5
Capacity to deliver:	25 Total
• Financial need	5
• Leveraged funding	5
• Experience providing service	5
• Readiness to proceed	5
• Financial stability	5
Partnership/Collaboration	15 Total

PENALTY	POINTS DEDUCTED
Missing section/s	1 point deducted per item
Failing to follow Submission Guidelines , section I.C.3 (including but not limited to: application not typed, page limits, max/min request amounts, etc)	0.25 point deducted per instance
Errors (e.g. in budget calculation)	0.25 points deducted per instance

The task force reviewed subcategory scoring from several prior years, and recommends an adjustment to the overall scoring structure. The goal of the changes is to streamline the process, make it more approachable and predictable for applicants and the allocation committee, and decrease arbitrary point value assignments to subcategories.

Under this scheme, each subcategory will be ranked on a universal scale of 1-5 (poor to excellent), with multipliers applied to especially important categories, resulting in a total 100 possible points per application. For example, the “Goal” scoring category is worth 15 total points. The Allocation Committee will score it 1-5 and that number will be multiplied by 3 to get the total points awarded out of 15. The Task Force feels this structure should allow for flexibility, and defers to HCD Staff and the Allocation Committee for minor changes. For example, the Allocation Committee may determine a need to apply fractional ranks (such as 4.5 out of 5.0) in order to achieve higher precision comparisons amongst applicants, or staff later recommends adjustments to category multipliers to catch up to changes in city priorities.

Relative weights have been simplified while attempting to respect the overall levels of importance that had been determined during prior scoring rounds.

- 15% of the overall score is weighted toward “Goal”, and 15% toward “Collaboration”
- 10% toward each of the following: Community Need, Measurable Outcomes, Diversity, and Lowest Income Served
- Each remaining subcategory contributes 5% to the overall total score.

The task force is also recommending a few fine-grained adjustments to scoring subcategories. The goal of these changes is to reduce redundancy and a neutralizing effect to the scoring. In addition, we felt that expanding the scoring and page limits for collaboration will result in quality outreach and partnership efforts. The taskforce chose to increase the page limits for the collaboration section from two pages to eight pages. Lastly, expanding priority activities to include all eligible activities will open up the applicant pool, while still giving preference to the aforementioned priority activities.

- “Consistent with City Plans” will now be captured under “City Goals” in both scoring and the narrative of the application
- Collaboration will be a single overall score rather than tiered scoring for Outreach, Letters of Support, and Memorandum of Understanding
- Priority Activity will include three categories for scoring, “High”, “Priority”, and “Eligible Activity”

SET-ASIDES AND GRANT RANGES

The Task Force analyzed average allocations and requests from year to year, and it became clear that there are hurdles for small, new, and innovative programs. Through this analysis and discussion the Task Force recommends the creation of a set-aside of up to 20% for new programs that can meet a minimum score of 75 (out of a possible 100), with any remainder to be allocated toward the general pool. We hope to create a balance between new applicants and

veteran programs that provide essential services. This dilemma and balance has been a consistent discussion between staff and the yearly allocation committee.

Based on review of average grant requests over the last 5 years, the Task Force is recommending that the maximum allowable request in the construction / development category be reduced from \$250,000 to \$200,000 per program. Very few applicants request the maximum, and the average request was well below, at \$127,000.

The Task Force also recommends a slight reduction in the City funding caps:

- Reduce the maximum City funding cap in Social Services from 45% to 40%
- Reduce the maximum City funding cap in Construction and Development from 85% to 80%
- Simplify the overall calculation by eliminating the 60% public infrastructure cap.

The hope with these changes is to allow a larger number of applications to receive funding through the initial allocation process, rather than requiring a redistribution intervention by the City Manager or City Council.

ADDITIONAL CONSIDERATIONS

It became clear from the beginning that we were working at an extraordinary time in Portland's history, and this would need to be reflected in our recommendations to the Council even if specific responses remain unknown at this time. It's critically important that the overall funding process can balance the need for structure with an ability to remain open and flexible to address new emerging priorities and needs the City will be facing throughout the 5 year timeframe of the plan. The task force identified three emerging areas that may impact how CDBG funds are allocated in coming years.

COVID-19 and Portland's response to the ongoing health crisis:

It's likely COVID-19 will impact the City and its residents for many years to come and in every facet of life in Portland. As we've learned, the City's lower income and non-white populations are hurt the most by the pandemic. The economy, business growth, employment opportunities, housing, education, health care, food security, human services, and transportation are all in some form of change or limbo due to this health crisis. CDBG funding will have a future role in mitigating some of the impacts, and the City needs to begin planning now on how best to face these challenges.

New Homeless Service Center:

Preventing and alleviating homelessness remains an important priority for the City. CDBG funding can have an important direct or indirect role in making the City's plan for the new Homeless Service Center a reality, in cooperation with the state's ongoing development of more regional solutions. Although generally the task force valued more permanent solutions over

temporary, we agreed that emergency shelter needs to remain a high priority at this time. This could be revisited if a more stable situation were to prevail.

Racial Equity and Inclusion :

The Task Force had initial discussions at the beginning of this process regarding funding for Community Policing. The item was tabled, and discussed again in light of the national spotlight on racial justice and equity, and local community outcries for increased social service funding. The Task Force believes the City's Community Policing efforts are valuable and successful, and should remain a high priority. However, a majority of the Task Force believes that the City should begin to plan for funding Community Policing administration from the City's budget, both to ensure stability of ongoing critical services, and to free up additional CDBG funds for human services that complement these efforts. We understand the strain the city's budget is under and how difficult it might be to absorb 100% of this function, so at this time we are not recommending immediate removal of the CDBG set-aside for community policing administration.

APPENDIX

- I. Needs-goals-priorities table
- II. Summary of motions and votes

NEED	GOAL	PRIORITY IMPACT LEVEL
Neighborhood Investment & Infrastructure: <u>Description:</u> Public safety and mobility are key components to improving the livelihood of Portland neighborhoods. There is a significant need to build neighborhood sidewalks where none exist, improve ADA compliance, and increase access to alternative modes of transportation. Additionally, there is a need to increase resident's ability to remain or become active and engaged members of their neighborhoods through community based services and programs. <u>Basis for Relative priority:</u> In 2019 & 2020 the Portland City Council identified four goals that identified this need: 1) 15 buses for 15 minutes: Add 15 buses to our fleet allowing us to reduce peak hour wait times to an hour to 15 minutes. 2) Light Hybrid rail to the eastern waterfront: install hybrid electric rail cars to come into Portland's eastern waterfront to reduce traffic. 3) Implement a plan for installation of solar arrays. 4) Increase public transit infrastructure and capacity in the City. The 2030 Comprehensive plan lists the following strategy: Full Service City: 2. Provide services to all residents. Operate City facilities and services in an efficient and effective manner that is responsive to all segments of the community. Resource: City of Portland 2019 & 2020 City Council Common Goals. and the 2030 City of Portland Comprehensive Plan	Create strong, safe, accessible and vibrant neighborhoods: <u>Description:</u> Invest in infrastructure to improve neighborhood assets and build strong, safe, accessible and vibrant neighborhoods. Improve accessibility and livability through age-friendly designs and ADA compliance. Build sidewalks and trails to improve connectivity, increase the use of bicycles as a mode of transportation, and redevelop streetscapes to create shared streets for cars, bikes, and pedestrians that integrate with the fabric of the neighborhood. Support programs that increase safety in neighborhoods for residents and visitors. Invest in programs and services that address the specific needs of members of the community. Encourage programs that build a sense of inclusiveness, safety, and security within individual neighborhoods.	Including but not limited to (in alphabetical order, not in order of priority): HIGH PRIORITY • Accessibility/ADA compliance • Alternative modes of transportation • Community policing • Park and Recreation Facilities • Public infrastructure in targeted neighborhoods PRIORITY • Community centers and engagement programs • Disability Services • Non-profit rehab • Public infrastructure outside of targeted neighborhood • Senior Services • Tree planting

UPDATED 9.21.2020

NEED	GOAL	PRIORITY IMPACT LEVEL
Housing Availability: <i>Description:</i> In the 2019 Housing report it was reported that Portland has an affordability gap of \$255,796. In addition, there is a lack of affordable rental housing within Portland’s housing supply. The City Council continues to make housing availability and affordability their goal. <i>Basis for Relative priority:</i> In 2019 & 2020 the Portland City Council identified the following goal to address this need: Increase access to rental and home ownership that is safe, affordable, and accessible. Resources: 2030 Workforce Housing Demand Study 2019 City of Portland Housing Committee, Interim Housing Report 2019 & 2020 City Council Common Goals.	Increase housing availability & affordability: <i>Description:</i> Increase housing availability and affordability to all Portland residents regardless of income, race, ethnicity, and family size. Encourage housing development by removing barriers to traditional urban housing types while ensuring the inclusion of workforce and age-friendly housing in significant development projects.	Including but not limited to (in alphabetical order, not in order of priority): HIGH PRIORITY • Adaptive reuse for housing • Construction of new housing (HOME funds only) • Housing Retention • Housing Start up Assistance • Rehabilitation of existing housing PRIORITY • Environmental testing and remediation • Energy efficiency/weatherization • Fair housing activities • Heating and fuel assistance • Legal services Tenant/landlord counseling services

NEED	GOAL	PRIORITY IMPACT LEVEL
Economic Opportunity: <u>Description:</u> Portland has a well-developed employment support system with many established providers. However, the system is fragmented, providers work in silos, there is insufficient funding to cover needs of potential workers, and career planning and financial stability are often prioritized less than job placement. Employment retention support is scarce and turnover results in economic uncertainty for employees and higher costs for employers. <u>Basis for Relative priority:</u> In 2019 & 2020 the Portland City Council identified the following goal: Promote Economic Development in the City in a manner that provides for increased property values, diversification across industry sectors and high paying jobs. Specifically, as it relates to HUD programming and objectives, the Council further identified the need to advance work on the “Minority and Women-owned Business Development Initiative” and secure City Council approval to invest CDBG funds in workforce development. Resources: <i>Portland Economic Development Vision and Plan</i> Portland Community Chamber of Commerce: <i>Portland’s Economic Scorecard 2014-2015</i> Muskie School of Public Service: <i>The State of Infant Pre-K Childcare in Portland, Maine 2015</i> GPCOG 2014-2018 Economic Development Action Plan	Create economic opportunities to transition people out of poverty: <u>Description:</u> Invest in Portland businesses to enable them to expand to create jobs. Invest in persons wanting to create microenterprises. Engage job seekers in a continuum of services to increase their professional capacity, financial stability, and ability to maintain employment. Focus on difficult to employ populations including homeless, new Americans and single parent head of households. Combine resources and build partnerships between public and private entities to provide opportunities to transition Portland residents out of poverty to sustainable employment and financial stability.	Including but not limited to (in alphabetical order, not in order of priority): HIGH PRIORITY • Career advancement services • Education • Job training • GED attainment • ESL • Job retention support services • Childcare vouchers • Housing counseling • Transportation assistance PRIORITY • Job Creation • Microenterprise Assistance

UPDATED 9.21.2020

NEED	GOAL	PRIORITY IMPACT LEVEL
Address the Needs for Growing Homeless Population: <u>Description:</u> The shelter system in Portland is beyond capacity. Staff and local organizations struggle to deal with overflow strategies to meet increasing need. Data from 2019 showed that 79% of the shelter consumers were new consumers, the average length of stay at the shelter is under 60 days. Homeless Prevention and Rapid Rehousing are key components to help reduce shelter usage and homelessness. Additionally increased case management is needed for those who have mental illness and substance abuse issues to help them navigate the service delivery system. <u>Basis for Relative priority:</u> In 2019 & 2020 the Portland City Council identified the goal: Continue the effort to reduce homelessness, assist people experiencing homelessness through City, Regional, and State efforts. Resource: 2020 City Council Common Goals 2019 Health and Human Services Shelter Report	Prevent and Reduce Homelessness: <u>Description:</u> Prevent individuals and families from becoming homeless and entering into the shelter system. Rapidly rehouse those who enter the shelter system. Provide necessary resources to assist vulnerable population's transition out of homelessness, including housing opportunities for chronically homeless or long-term stayers at homeless shelters.	Including but not limited to (in alphabetical order, not in order of priority): HIGH PRIORITY • Behavioral Health Services • Emergency services to prevent homelessness • Housing and Housing Services for long-term shelter consumers • Housing Start up Costs • Shelter services PRIORITY • At risk youth services • Food Assistance

II. SUMMARY OF APPROVED MOTIONS

- Motion to keep the Social Service Application minimum request at \$10,000
 - o Passed 14-0, 1 abstained
- Motion to keep the Community Policing \$150,000 set-aside
 - o Passed 11-1, 2 abstained
- Motion to reduce the Construction and Development Application maximum request from \$250,000 or 30% of the prior years allocation to a flat number of \$200,000.
 - o Passed 12-1, 1 abstained
- Motion to keep the Construction and Development Application minimum request at \$10,000
 - o 14-0, 1 abstained
- Motion to eliminate the 60% infrastructure cap and reduce the City funding cap from 85% to 80% for construction and development programs
 - o Passed 14-0, 1 abstained
- Motion to reduce the City funding cap in social services from 45% to 40%
 - o Passed 9-0, 1 abstained
- Motion to keep penalty points as is
 - o Passed 13-0
- Motion to move park and recreation activities to high priority category and keep all other neighborhood investment and infrastructure the same
 - o Passed 10-0
- Motion to remove historic preservation from priority activities list
 - o Passed 6-5
- Motion to rename rental assistance to start up assistance and move from priority to high priority, everything else stays the same. Discussion, member clarified calling the activity rental housing start up assistance.
 - o Passed 11-0
- Motion to remove façade improvements from priority activities
 - o Passed 7-4
- Motion to remove financial stability services from priority activities
 - o Passed 10-1
- Motion to move job creation from high priority to priority activity
 - o Passed 6-5
- Motion to move microenterprise assistance from high priority to priority activity
 - o Passed 8-3
- Motion to allocate 0 points to non-priority activities, 2 points to priority activities, and 5 points to high priority activities.
 - o Passed 9-1
- Motion to combine mental health and existing substance abuse disorder activity in to one activity, labeled 'Behavioral Health', with a designation of high priority
 - o Passed 13-0
- Motion to make 'housing start up services' a high priority activity
 - o Passed 13-0
- Motion to change food assistance from high priority to priority activity
 - o Passed 13-0
- Motion to allocate category points in both Social services and Development as follows:

- o 30 points - Goal, Priority Impact Level & Community Need
 - o 30 points - Guiding principles
 - o 25 points - Capacity to deliver
 - o 15 points – Collaboration
 - o Passed 11-0
- Motion to allocate Goal, Priority Impact Level, & Community Need sub-categories points, in both Social Services and Development Activities, as follows:
 - o 15 points - Goal
 - o 10 points - Community need
 - o 5 points - Priority
 - o Passed 9-2
- Motion to remove Guiding principles sub-category consistency with city goals, plans, and initiative (4 points) and include this subcategory with the Goal, Priority Impact Level and Community Need, Goal Subcategory
 - o Passed 10-0
- Motion for to allocate measurable community impact, diversity and inclusiveness, Priority to lower income as follows in social service
 - o Measurable Community Impact 10
 - o Diversity and Inclusiveness 10
 - o Priority to Lower Incomes 10
 - o Passed 7-3
- Motion for to allocate measurable community impact, diversity and inclusiveness, Priority to lower income as follows in Development
 - o Measurable Community Impact 10
 - o Diversity and Inclusiveness 5
 - o Priority to Lower Incomes 5
 - o Location 5
 - o Sustainability 5
 - o Passed 9-1
- Motion to allocate Capacity to deliver subcategory point distribution as follows:
 - o 5- Financial need
 - o 5- Leveraged funding
 - o 5- Experience Providing Service
 - o 5- Readiness to Proceed
 - o 5- Financial Stability
 - o Passed 9-1
- Motion to create a single scoring line ‘Partnership/Collaboration’ with a maximum of 15 points.
 - o Passed 9-0, 1 abstention
- Motion to expand page limit to 8 pages for the collaboration section for both narrative and supporting materials
 - o Passed 10-0
- Motion new applicants be required to score a minimum of 75 points to be considered for the set-aside.
 - o Passed 10-0

2021 ADDENDUM TO 2020 CDBG PRIORITY TASK FORCE REPORT

CONTEXT

The 2020 CDBG Priority Task Force presented its final report at the Housing Committee's Oct 14th 2020 meeting. The committee delayed action and directed staff to request a one-year extension, which HUD granted. The task force reconvened Aug 4 2021 to review its report before resubmitting to the now combined 2021 Housing and Economic Development Committee.

Three items of interest were (a) the City Manager's 2020 recommended amendments to the Task Force report, (b) additional community feedback that the Housing & Community Development Department has gathered via online survey with specific questions targeting task force recommendations, and (c) the Racial Equity Steering Committee's report currently under review by the council and staff.

The task force also discussed several timely topics in the context of its prior recommendations, such as the termination of covid emergency measures, new federal funds available, the loss of emergency day shelter, and changes to the emergency food service model.

RECOMMENDATION

After review the task force **stands by its 2020 report** as consistent with all of the above, and would like to offer **one additional recommendation**.

Given ongoing work in alternative crisis response, and rapidly evolving understanding of best practices in this field, the task force recommends an adjustment to the wording of the community policing set-aside to allow the department flexibility throughout the upcoming 5-year plan.

- \$150,000 set-aside for Community Policing, or another alternative response program the department manages – non-competitive.

This way the Portland Police Department may allocate its alternative response set-aside based on unfolding data, whether continuing the current model, or applying under another program it manages internally, in collaboration with other city departments, or subcontracted to an outside organization.



CITY OF PORTLAND
Executive Department
Jon P. Jennings, City Manager

September 2, 2021

Members of the Portland City Council:

As you know, the CDBG Priority Task Force was re-established in 2020 to assist with the creation of a new 5-Year Consolidated Plan which was originally scheduled to be submitted to HUD in May, 2021. At the suggestion of the Housing Committee, city staff requested a one year extension to file the Consolidated Plan. HUD approved the extension. The new 5-Year Consolidated Plan is now due in May 2022.

The Task Force was charged with reviewing the current CDBG allocation process and making recommendations for improvement. The Task Force work plan covered three areas: (1) Review of priorities and guiding principles, (2) Review of the structural framework of the program, and (3) Review of the administrative framework of the CDBG allocation process.

I would like to take this opportunity to thank the members of the Task Force for their work during this unprecedented time. The Task Force met 12 times between March and September of 2021 and one additional time in August 2021, with all but one of their meetings occurring remotely due to the COVID-19 pandemic. I commend them for their dedication in performing their work in these unusual circumstances.

You may remember that during the CDBG funding recommendations over the last several years, I noted my desire to see new and innovative programs benefit from CDBG assistance. I am pleased to see that the members of the Task Force agreed and I enthusiastically support their recommendation to create a set-aside for new and innovative programs. However, while I applaud the work and effort the Task Force put into the recommendations outlined in the *2020 CDBG Priority Task Force Report*, there are several recommendations that I do not support.

(A) Priorities and Guiding Principles:

The Task Force made several recommendations in the high priority and priority impact areas of the City's CDBG Program. I do not support three of the recommendations in the Priority Impact Level. I feel strongly that Job Creation, Microenterprise Assistance and Food Assistance should remain as high priority activities. Year after year during the annual CDBG allocation process, I have been consistent in my recommendations that food security is a basic necessity and integral service provided to the most vulnerable in our community. In light of the ongoing impacts of the COVID-19 pandemic, ensuring that funding is available for businesses in Portland will be key to economic recovery in the City.

(B) Structural Changes**(1) Set-asides:**

- (a) While the Task Force did not recommend immediate removal of the CDBG set-aside for community policing, they did recommend that funding for the program be transitioned into the City's budget. I do not support this recommendation and the potential impact it may have on the City's ability to continue to provide this valuable community service. When the Task Force met again in August of this year, they made one additional recommendation which would allow the set-aside to be used in the community policing program or another alternative response program managed by the Police Department. I support this recommendation as it gives the Police Department flexibility on how these funds are best utilized.
- (b) The ability to use CDBG resources to fund public infrastructure projects in low to moderate income neighborhoods of the city is extremely important. The Task Force is recommending elimination of the set aside for city public infrastructure projects. Currently the set aside allows up to 60% of the maximum funding available to city programs in the development activities category to be set aside for public infrastructure projects. I do not support the Task Force's recommendation to eliminate this set-aside. The City will be dealing with the financial impacts of the COVID-19 pandemic for several years. Elimination of this set-aside at this time will have negative impacts on the City's ability to address the public infrastructure needs throughout the city and particularly in CDBG eligible neighborhoods.
- (c) Many CDBG entitlement communities retain all of their CDBG funding for municipal use. In fact, most communities are required to cap CDBG funding to social service agencies at 15% of the total CDBG allocation. Portland is an exception and is allowed to provide up to 33% of the total CDBG allocation to social service agencies. For this reason along with others mentioned previously in this letter, I do not support the Task Force recommendations to reduce the maximum City funding cap in Social Services from 45% to 40% of the allocation and the maximum City funding cap in Construction and Development from 85% to 80% of the allocation.

(2) Maximum cumulative grant requests:

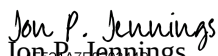
The Task Force recommended a reduction in the maximum grant request for Development Activities from \$250,000 to \$200,000. As noted above (1(b)), I do not support the Task Force Recommendation.

It would be my preference that council accept the 2020 CDBG Priority Task Force Report and the 2021 Addendum and vote to adopt the Task Force recommendation with the exception of the recommendations noted above.

I thank you for the opportunity to share my thoughts and recommendations.

Sincerely,

DocuSigned by:


Jon P. Jennings
City Manager