1. Meeting Summary

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CDBG Working Group

DRAFT Meeting 5 Summary: March 7, 2013

Members: Chris Hall, Karma O'Connor, Tae Chong, Beth Campbell, Joni Boissonneault, Rob Wood, John Shoos, Mike Rolland, Julie Chase

Staff: Amy Pulaski, Maeve Wachowicz (note taker)

Welcome:

Amy goes over the packet, which includes input on LMI from Greg Mitchell and CDBG allocation data.

Meeting Summary:

John moves to accept the summary, Tae seconds. All approve.

Review of target populations and desired outcomes:

Amy reviews some of the discussion from last week, such as the threshold populations and priority populations. Numbers of the foreign born population in Portland based on the American Community Survey is 7,000 (Portland total population is about 66,000). According to the Director of Social Services, Bob Duranleau, the number of homeless in Portland is 4,000, with 30% being chronically homeless (those who spend 200-300 days a year in the shelter system). Nightly homeless population counts are 500. Amy suspects that the 30% of chronically homeless is of 500 nightly (not the 4,000 yearly). The group discusses that this chronically homeless group will probably not be a target for this program.

Amy presents an email from Greg Mitchell, the City's Economic Development Division Director about the required LMI percentage. HUD guidelines are 51%, and the priority task force recommended to increase it to 66%. In his email Greg advocates for 51%, as it is less restrictive on the business community. He also recommends a two year monitoring period of programs, as opposed to five years. On the other hand, Doug Gardner, Health and Human Services director, advocated for 100% LMI served. Rob comments that he would like to see the group go with the 66% number.

The group discusses capping the income of individuals participating in the program, so that those with high incomes are not able to participate. Amy confirms that HUD defines LMI as 80% of area median income. For Portland, area median income for a family of four is $76,400, making the 80% LMI income $61,100 for a family of four and $42,800 for a single person.

Beth moves to have a requirement of 66% LMI served. Rob seconds. The group discusses whether this is too limiting for business choice, and the benefits of keeping the program more flexible for appropriate candidates. Amy reminds the group that the requirement would only apply to the net new jobs/or to the particular scope of work defined by the applicant, not necessarily to an entire business's hiring practices.

Amy also explains that funding for net new jobs can pay for working capital or salary, but those jobs need to be self sustaining at some point since the funding is not permanent. Or it can pay for improvements that would enable an employer to have funds to create a new position etc. The group discusses getting feedback about percentage requirements in the public input session. Chris also indicates that he could reach out to those in the hospitality industry for feedback.

Tae says he would like the requirement that enables us to help the most people and advocates for 100% LMI. He comments that for the jobs the program is likely to create, the LMI number is relatively high anyway, so he does not think a higher LMI requirement would be overly burdensome for businesses to reach. The group talks about setting a lower threshold, and giving preference to those that have a higher percentage of LMI served.

The group votes on Beth's motion (to have a requirement of 66% LMI served) ; 8 vote in favor, 1 opposed.

Tae moves to give preference to higher percentages of LMI Portland residents people and/or preference to programs that provide more jobs to LMI Portland residents. The motion is seconded. The group discusses whether the jobs should only be for Portland residents, or whether these preferences are too prescriptive overall. *All vote in favor*.

Discussion of metrics and time frames:

The group then discusses metrics for success in the program. Some options include percentage change in income, length of time off of subsidies, percent increase in employment (i.e. half time to full time, increase in benefits). The group discusses how specific metrics should be as long as the applicant can show a return on investment (ROI). The group then discusses the definition of ROI. One suggestion is that the RFP could say the applicant must prove how you would accomplish one of these metrics (off/decrease subsidies, change in income, % of employment).

Mike suggests measuring an individual's income after leaving the program, at employment, and after some determined period of time. The group discusses how these calculations would be made for self-employment. Amy mentions that CEI has a definition of when they consider a business to be in existence. The group then discusses microenterprises, their definition and how the LMI requirements would work for them.

Discussion of conditions and limits:

The group talks about the need to have a vetting process for microenterprises to check on the validity of their business plan and their chances for success. Microenterprises could work with SMCC/other partners for technical assistance/vetting, then those partners would be the applicant, not the start-up/microenterprise.

Julie moves that only organizations that provide business incubator/assistance programs would be eligible for CDBG's microenterprise development funds, not individual start-ups. Jon seconds. All approve.

Discussion of time frames:

The group looks at past years funding allocations. The federal funding has decreased significantly over the years. Economic Development/Job Creation funding is a more recent category in recent funding cycles. When taking money out of the Development category for this program, it will come out of the pot that provides funds for non-profits that apply for building, public infrastructure projects, and residential rehabilitation.

Mike asks whether success in this new program should come with an expectation of getting funding again. Amy talks about multi-year grants, but says that success is not a guarantee of getting funded again. The group talks about appropriate time frames in this context and that 2 years is a short time frame for this kind of initiative, but at the same time, funding less frequently would exclude applicants or projects getting started in a non-funding year.

The group then talks about funding allocations and whether it should be a "winner take all" scenario, or if projects should define their funding requests, or if there should be several smaller allocations available. Tae suggests since this program is in its pilot stages, it would be beneficial to start off with a funding model that would allow several programs to get started and see what is successful. Then after that, the funding can become more competitive. Karma comments that smaller funding allocations can be less effective. Beth talks about having a range of possibilities so that the RFP would state a minimum or maximum possible and say that there is potential for 3 awards to be given, for example.

Amy explains how much funding might actually be available. Since 2010, the Social Services program has received a 33% cut and there are certain key services funded that the Council would not want to see go away. Amy goes over the charts provided by staff. Based on funding trends, $400,000 would need to stay for Social Services, so the group could recommend taking between $100,000 - $150,000 from the Social Services pot for this program. A reasonable recommendation from the Development pot would be $300,000 - $450,000. The group discusses how flexible allocations and time frames should be and the benefits/drawback of funding over several years as opposed to a lump sum one year.

Amy suggests recommending a pot of $100,000 from Social Services and $300,000 from Development for this program, to allow for growth in future years. Not funding every year could mean missing funding certain projects. Jon comments that 3 years seems too limiting, while two years (every other year) seems better.

Chris moves for funding the whole pot to one program ever two years. Jon seconds. All vote in favor.

Beth moves to have a minimum allocation of $100,000 and a maximum of $400,000 with the potential for 1 to 3 proposals funded and the funding coming from $300,000 of Development and $100,000 from Social Services. Rob comments that one program should not be able to receive the whole pot. Tae asks about taking more money from the Development pot. Karma says there are many ADA projects that would not get funded in that case and it would be better to be conservative for the first year. *Beth amends her motion to be a potential for 2-3 proposals. Mike seconds the amendment. Rob calls the question. 8 vote in favor, 1 opposed.*

Next meeting:

March 28th 2:00 -4:00 pm, room 209. The group will solidify draft recommendations for the public input session.
Public Input session: Wednesday April 3rd at 7pm. The group will meet following the session on April 4th at 2:00pm in room 209.