

AFFORDABLE HOUSING AND JOB CREATION

Service Description

The City's affordable housing and job creation service retains, develops, and acquires affordable housing; provides housing rehabilitation loans; assists first time home buyers; and provides business loans that promote job creation/retention primarily for low-income people.

Affordable housing staff works to achieve the adopted HUD Consolidated Plan, the Planning and Development Department's Strategic Plan, and the City Council's goals related to housing and homelessness. The work is done in collaboration with various internal and external partners. The service acquires resources, including land, and provides financing to housing developers through distribution of federal and local monies. In addition, staff provide project management and land development expertise and facilitate relationships among different housing providers.

The business loan program seeks to improve the economic status and self-sufficiency of local residents by providing loans for local businesses. The program is structured to encourage additional private investment as well as create or retain jobs available to persons with low incomes. The program provides loans based on job creation potential, neighborhood revitalization and the promotion of diverse business ownership. The program also provides information and technical assistance in the area of small business development.

The FY07 budget for affordable housing and job creation is \$4,052,255. Total FY07 budgeted personnel for the above is 10.07 FTE.

Historic Perspective

- 1975 First Federal Community Development Block Grant (CDBG) was awarded to the City. Housing Rehabilitation Program created.
- 1983 City Council approved establishment of the Business Development Fund (BDF) revolving loan program using CDBG funds.
- 1983 Landbank for Housing program formally created
- 1987 City Council adopted first annual goal related to the affordable housing crisis.
- 1989 Emerging Business Loan Pool (EBLP) established to address extraordinary credit barriers.
- 1990 City Council adopted annual goal of creating 100 permanent affordable housing units.
- 1991 First HOME Investment Partnership Program grant was awarded to Eugene in consortium with Springfield.

- 1995 City Council adopted the guiding principles contained in ***Cracking the Housing Crisis*** - a comprehensive look at potential solutions to the affordable housing problem.
- 1996 Measure 20-54 defeated (proposed utility tax to support low-income housing)
- 1999 A consultant study concluded that Eugene's housing program and projects were exceptional and that local costs were consistent with similar developments in the Northwest.
- 2000 Micro-enterprise training and loan programs established.
- 2000 Homebuyer Assistance Program (HAP) was established to provide downpayment assistance to low-income households.
- 2001 Benchmark achieved: 1000 units of affordable housing created since 1990 (based on Council goal of 100 units per year on average).
- 2005 Council selected "Helping the Homeless" as a priority issue. This priority is renewed in 2006.
- 2005 Benchmark achieved: Provided financial assistance to over 200 businesses, resulting in the creation of over 1,000 jobs since program inception.
- 2006 HAP (downpayment assistance payment) amount increased to \$10,000 per purchase in response to market conditions.
- 2006 Five BDF loan program businesses participated in sustainable business demonstration project.

Citizen Involvement

Citizen review is based on a combination of City policy and federal requirements. Several citizen committees provide guidance to this service. The public reviews annual allocations, work plans, and objectives. The City Council approves expenditures for affordable housing and job creation service. The City exceeds federal minimum levels for citizen involvement and notification.

The Intergovernmental Housing Policy Board advises Eugene, Springfield and Lane County on affordable housing activities. The CDBG Advisory Committee provides direction to PDD on the use of CDBG funds. The Loan Advisory Committee advises the business loan program. The (intergovernmental) Human Services Commission allocates funding for social services, including responses to homelessness. The City Council, in collaboration with advisory groups, reviews emergency housing and homelessness issues to identify gaps and funding strategies.

Customer Input

Staff regularly meets with representatives of nonprofit agencies and other interested parties. Agencies and others work closely with staff on the allocation and administration of federal funds and housing programs. Staff surveys customers at the end of every rehabilitation project. Periodically, including the summer of 2006, staff surveys residents of assisted low-income housing projects to determine satisfaction and quality of management. The Intergovernmental Housing Policy Board and CDBG Advisory Committee welcome public comments at meetings and strive to work collaboratively with service providers.

Mission

To retain, support and increase very low- and low-income housing, revitalize neighborhoods, and improve income levels for the benefit of Eugene residents and their neighborhoods.

Outcomes

- Increased capacity of multiple providers of affordable housing.
- Increased housing for low-income households throughout the community.
- Increased financial support and public awareness related to affordable housing and City homelessness activities.
- Coordination with citizens and intergovernmental partners on housing policy development.
- Improved and preserved quality of housing stock for low-income people.
- New housing and service alternatives for homeless people.
- Prevented homelessness.
- Decreased conditions of slums and blight.
- New jobs created.
- Increased personal income and self-sufficiency for job recipients.
- Leveraged private investment in local, small businesses.
- A more diverse local economy.
- Increased protections for rental tenants whose apartments are converted to condominiums and for residents of manufactured home parks that close.
- Stable and functional resources offered through revolving loan funds.
- Increased access to capital by disadvantaged business owners.

Operating Principles

- Base decisions on public participation and consideration of alternatives.
- Tailor services delivered to our customers and stakeholders.
- Diversity of opinions is a strength and should be encouraged.
- Empower staff by providing information. Be aware, communicate fully and honor commitments to both internal and external customers.
- Be positive and responsive to requests for help.

Current Operating Environment

External Trends

More People Experiencing Housing Hardships

Over 70 percent of Eugene's low-income households (defined as households earning below \$28,680 per year) have a moderate housing hardship. Over 40 percent of Eugene's low-income households have a severe housing hardship. This is one of the highest rates of housing hardship in the nation in comparison to other cities of Eugene's size and larger.

Regulatory Environment

New state and federal regulations and systems require more administrative time and strong project management skills from both the staff and outside recipients of federal funds. These new requirements increase the work load of existing staff making it difficult to maintain the existing level of service..

The Oregon Bureau of Labor and Industries (BOLI) has broadened the interpretation of public projects resulting in the possibility of increased labor costs associated with new publicly assisted housing development.

Available land for multiple family housing is in short supply and increasingly more expensive than in previous years. The scarcity and increased price are partially due to the regulatory environment related to land-use and zoning, environmental, and growth management policies.

The City instituted a rental housing code in 2004 to provide additional protections for tenants who experience sub-standard conditions.

Cost of Housing Increasing

Availability, cost, and quality of sites have grown to be major challenges. The cost of developing new housing continues to rise. Recent labor and material increases are unprecedented. Other increases can be traced to the rising cost of land and requirements added by providers of some subsidies. Increased public subsidies are therefore needed to achieve affordable housing goals.

Intense Competition for Affordable Housing Funding

The capacity of developers now exceeds the limited resources available because the competition for affordable housing funding at the state and federal levels has become intense.

Public Acceptance

As the quality of new low-income housing becomes documented and recognized, the degree of neighborhood opposition has decreased.

Local Economic Conditions

Eugene's personal income level is below state and federal averages and the gap is widening. The number of homeless in Eugene is at an all time high.

State Funding

Revenue issues at the State will have broad impacts on social service agencies and housing development organizations.

Internal Conditions

Federal Funding

Funding is available to the City through entitlement grant programs determined by federal policy. In recent years, federal funding levels have been decreased by 10% annually. The long-term availability of the CDBG and HOME Program funds is unknown.

Lack of Current Economic Development Policy

The City does not have a current economic development policy. If this policy is developed the role of the small business loan program should be clarified.

Staff

Staff continually realign to accommodate changes in work load. Five new staff have joined the service and have brought new skills and vision.

Performance Measures

Core Processes

Analyze, allocate and distribute resources

- Public subsidy: Locally controlled subsidies (not including tax exemptions) spent per unit ensure compliance with funding sources and policies.
- Number of unresolved audit findings from HUD and City audits.

Total System

Effectiveness

- Total number of units and per unit value of local subsidy for newly built or acquired housing units per year.
- Dollars loaned per full-time permanent job created.

Efficiency

- Number of total units and bedrooms per \$100,000 distributed of low- and very low-income housing created or rehabilitated.

Financial

- Percent of service budget spent on program administration.
- Amount of portfolio income (loan repayment, fees, etc.) by type: Housing Development, Housing Rehabilitation Loans, Business Development Fund.

Customer satisfaction

- Survey of residents in affordable housing supported by the City that indicates satisfaction levels.

Strategy 1: Provide assistance in the creation, acquisition and rehabilitation of low income housing units.

Objective: Provide resources to create, acquire or rehabilitate an average of 100 low income housing units per year.

Maintain an average of 10 acres in the landbank.

Work Activities:

- Landbank property for future development.
- Establish and maintain partnerships among key stakeholders.
- Offer low interest loans for the preservation of affordable housing
- Coordinate activities with nonprofit organizations and intergovernmental partners to create an array of housing related services and implement housing projects.
- Provide incentives including SDC waivers, property tax exemptions, Lane County Road Funds, federal funds and other sources that have not yet been identified.
- Establish a stable functional set of long-term housing development resources through a revolving loan fund.

Strategy 2: Assist in the creation of jobs available to low-income individuals and promote diversity of business ownership through small and micro-enterprise lending.

Objective: Maintain a ratio of one full-time job per \$35,000 loaned, based on the HUD standard.

Lend 25% of total available funds to qualified Emerging Business Loan Pool applicants or for micro-enterprise activities.

Work Activities:

- Establish partnerships with other agencies to promote targeted job creation.
- Provide technical assistance to borrowers.
- Provide a stable, functional set of job creation resources through a revolving loan fund.
- Seek opportunities to work with companies that are moving towards more sustainable business practices and/or that produce sustainable products.

