

2013 Community Development Block Grant Priorities Working Group

Working Group Report

Date: May 2, 2013

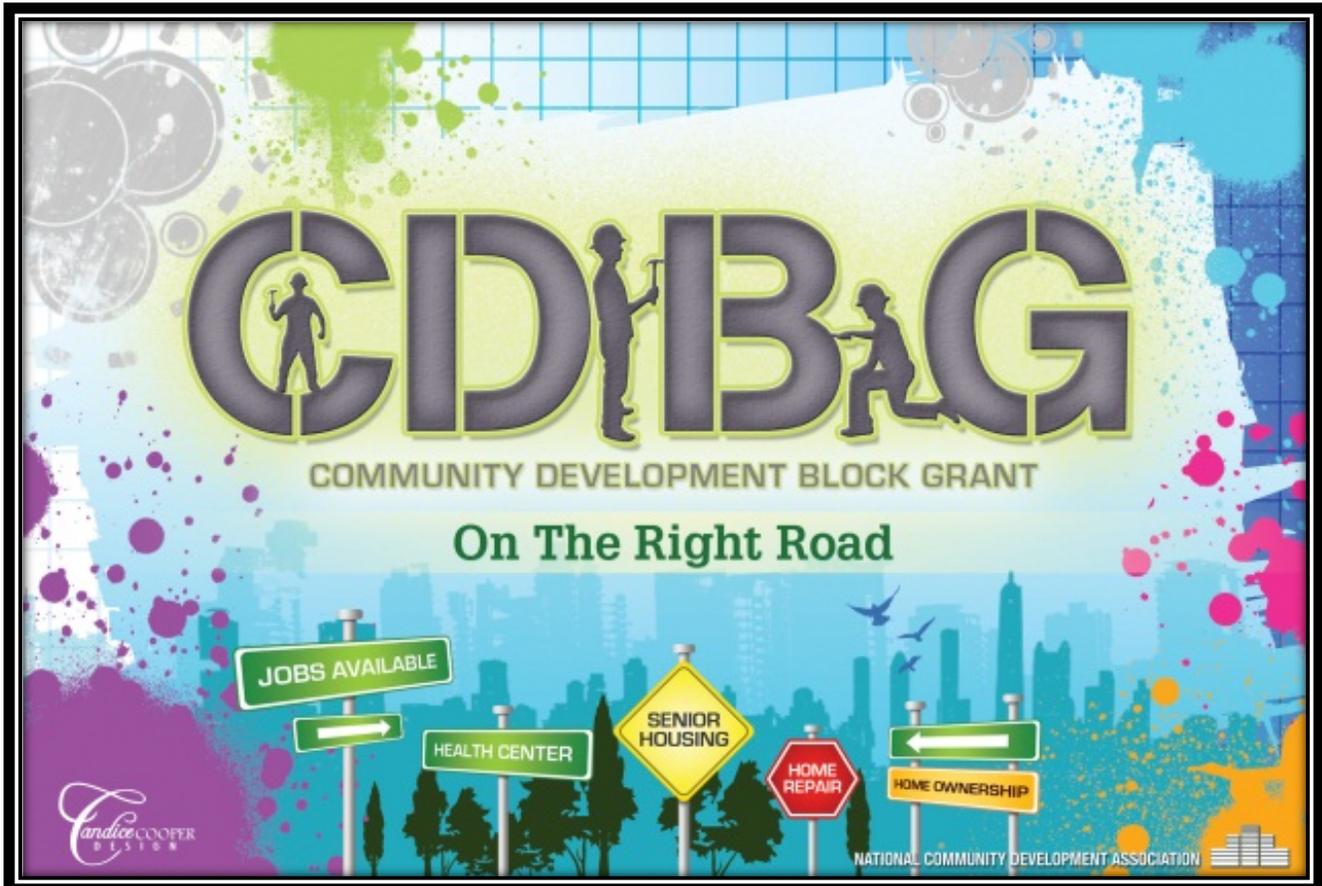


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EXECUTIVE SUMMARY - *Pilot CDBG Employment Development Program*

Faced with a growing demand for resources and a dwindling stream of funding, the City of Portland must redefine how federal Community Development Block Grant (CDBG) dollars are allocated in order to achieve greater successful and measurable outcomes and return on investment.

With this goal of more focused investing, the 2013 CDBG Priorities Working Group used the 2012 CDBG Priority Task Force recommendations to craft a new program using a portion of CDBG funds. The program recommendations include the following:

GOAL/ OUTCOMES

- Invest 1) in businesses to create net new jobs or 2) to create or expand microenterprise businesses.
- Fill 66% of the net new jobs with low to moderate income (LMI) Portland residents
- *Applicants that will hire or serve more LMI Portland residents, homeless persons, New Americans, or single-parent head of households will be given preference.

CONDITIONS/LIMITS

- Budget Requirements: Each applicant (except for microenterprise applicants) must request a combination of CDBG Development funds and CDBG Social Service funds. Development funds shall be used for expanding businesses or training workers in order to create new jobs, while Social Service funds shall be used to assist program participants to obtain and maintain the newly created jobs. CDBG should not be the sole resource, leveraged funds/other resources are expected.
- Microenterprise is defined as 5 or fewer employees, and the owner is an LMI Portland resident. Development funds can be used for creation, expansion, and support services.
- Amount of CDBG funds available/year: \$300,000 in Development, \$100,000 in Social Service
- Number of grants to be awarded: at least 2
- Number of years of funding: 1 or 2
- Tracking will be for one year after job creation, microenterprise business creation or expansion

METRICS

Demonstrated return on investment (ROI)

CRITERIA

- Number of net new jobs / businesses created
- Net return on investment (ROI) as a result of new jobs/ businesses
- Clearly defined and achievable project and work plan
- Identified partners with MOA, if applicable
- Priority given to: higher percentages of LMI individuals, homeless, New Americans, or single parent head of households served.

THRESHOLD POPULATIONS

- Unemployed – persons who are not employed but are *available for and actively seeking work*
- Underemployed - persons who are underutilized in terms of skills, experience or availability.
- Long-term unemployed - persons who have been unemployed for more than 6 months.
- Never employed - persons who have no known employment history
- Dislocated Worker – persons who have been laid off or received notice of termination, are not eligible for unemployment insurance, who were self-employed and the business is no longer viable, or a homemaker who is no longer being supported by a family member.

Goal: Invest in businesses to create net new jobs or to create or expand microenterprise businesses, and fill those jobs with low to moderate income, homeless, New American, or single parent Portland residents.

Development Funds

\$300,000 available

Outcome Option 1:

Creation or expansion of microenterprise businesses (5 or fewer employees, owner is LMI)

Eligible activities (570.201(o):

Assistance to recipient or through public/pvt org. to facilitate economic development by providing:

- i. Credit , including but not limited to grants, loans & financial support for establishment, stabilization and expansion of microenterprises
- ii. Technical assistance, advice & business support services to owners and persons developing a microenterprise
- iii. Support including but not limited to peer support, counseling, childcare, transportation and similar services to owners and persons developing a microenterprise

Outcome Option 2:

Creation of net new jobs as a result of expansion of existing businesses (more than 5 employees)

Eligible activities (570.203):

- b. Provision of assistance to private for-profit business including but not limited to grants, loans, technical assistance and other forms of support
 - c. Economic development services including screening, referral and placement of applicants for employment opportunities generated by CDBG eligible economic development for the costs of providing necessary training for persons filling positions.*
- *Must meet public benefit requirements

Social Services funds

\$100,000 available

Outcomes:

Employment for low income, homeless, New american, or single parent Portland residents
 Increase in income
 12 month job retention

Eligible activities: 570.201 (e):

Provision of public services (including labor, supplies and materials) including but not limited to those concerned with employment, child care, education, etc.

Program specific:

Job retention support (childcare, bus passes , work environment norms etc.)
 Career advancement services (job training, ESL, etc.)
 Financial services (improving financial literacy, etc.)

PARTICIPANTS

January – May 2013

Working Group Members

Chris Hall, Chair	Portland Regional Chamber, CEO
Joni Boissonneault	Portland Housing Authority, Manager Self-Sufficiency Programs
Bethany Campbell	Goodwill Industries, Workforce Development Director
Richard Cantz	Goodwill Industries, Vice President of Strategic Development & Public Policy
Julie Chase	Southern Maine Community College, Interim Dean of Business and Community Partnerships
Tae Chong	Coastal Enterprises, Inc., Former CMPAC Member, 2012 Priority Task Force Member
Karma O'Connor	Grants Consultant, CDBG Allocation Committee, 2012 Priority Task Force Member
Mike Roland	Portland Career Center, Manager
John Shoos	United Way of Greater Portland, Senior Vice President of Advocacy & Policy
Ed Suslovic	City Councilor
Rob Wood	Portland Adult Education, Director

Supportive Staff Members

Mary Davis	HCD Division Director
Amy Grommes Pulaski	HCD Program Manager
Maeve Wachowicz	HCD Office Assistant

Public Forum: April 3, 2013

The Working Group held a public forum on April 3, 2013, which drew about 21 attendees in addition to the members of the Working Group and staff. Many of the attendees were representing organizations, including the Milestone Foundation, Preble Street, Sacred Heart & Saint Dominic Parish, Bayside Neighborhood Association, Creative Portland Corporation, Iris Network, Women Unlimited, Peace Action, Abyssinian Meeting House, East Bayside Neighborhood Organization, New England Interpreter Services, Community Financial Literacy, CDBG Allocation Committee, MGI, LWP, and SMLA.

Attendees provided feedback on the Working Group recommendations thus far. One major point attendees made was that the funding criteria should be designed so that microenterprise proposals are not at a disadvantage compared to established businesses. Another suggestion was to extend job retention tracking beyond 6 months, as originally proposed.

Additional Opportunities for Community Input

The CDBG Working Group recommendations are expected to go to the Housing and Community Development (HCD) Committee on May 8, at 5:30pm in City Hall room 209. Pending approval the recommendations will be presented to the City Council in May. The HCD Committee and the Portland City Council will take public comment and have the capability to make changes to the recommendations before approval.

INTRODUCTION

The Community Development Block Grant (CDBG) is a federal funding program distributed to communities across the country at amounts determined by Congress. *Since 2010 CDBG funds have been cut by over 33%*. These federal cuts have resulted in approximately *\$775,000 less for the City of Portland CDBG program*, considerably impacting the number of programs and projects that are able to be funded locally. All projects that request CDBG funding would be beneficial to our City, however due to limited dollars not all of them can continue to be funded through this program. Therefore, in 2012, the CDBG Priority Task Force recommended narrowing the City of Portland's CDBG funding priorities to focus specifically on Workforce Development. Their vision was to:

Create Sustainable Workforce Development Programs that combine resources and build partnerships between public and private entities with a goal of moving Portland residents out of poverty into sustainable employment and financial stability, by 1) investing in Portland businesses to expand and create jobs and/or investing in the expansion or creation of microenterprise and 2) engaging Portland's residents in a continuum of services to increase their professional capacity, financial stability, and ability to maintain employment. Program participants (66% of which are low to moderate income Portland residents) will then be placed and supported in the newly created jobs in the partnering Portland businesses.

The 2013 CDBG Working Group has taken up this recommendation and refined the priorities identified by the 2012 Priority Task Force, developing conditions, limits, metrics, criteria and priority populations for a new *Pilot CDBG Employment Development Program*.

GOAL OF THE 2013 CDBG PRIORITY WORKING GROUP

The 2013 CDBG Priorities Working Group was tasked with defining a CDBG “sustainable workforce development program”, as recommended by the 2012 CDBG Priority Task Force. The goal of the new program is to focus diminished funds on targeted desired outcomes through partnerships, and to continue to support a funding process that is both objective and transparent.

PROCESS

The CDBG Priorities Working Group began meeting on January 17, 2013. The members of the Working Group have held nine working meetings. In addition they held a public forum on April 3 at 7:00pm in the State of Maine room in City Hall. Representatives from twenty-one organizations attended. The recommendations from the CDBG Working Group will be presented to the Housing and Community Development Committee on May 8 at 5:30pm in room 209 City Hall.

HISTORY

The Working Group is the latest in a series of efforts to continually focus and improve the City's use of CDBG funds. Prior groups such as the Priorities Task Force of 2012, the Priorities Task Force of 2008, the HCD Task Force of 2007, and the Shapiro-Boxer Memo to the City Manager in June of 2006 were all part of an ongoing process that has been examining and improving how Portland utilizes CDBG funds.

SHAPIRO-BOXER MEMO OF 2006

This memo made vital observations about the program and recommendations which ultimately led to the creation of the HCD Task Force, and eventually the CDBG Priority Task Forces.

The Shapiro-Boxer Memo identified the following challenges to the program:

The program lacks a clear, defined process to make fair funding distribution choices.

[This]... *scattershot approach to funding public services means that:*

- *Meaningful, measurable outcomes are difficult to quantify*
- *Selection process funds favored agencies, not desired outcomes...*

- Shapiro and Boxer-Macomber. *Housing and Community Development 2006 Program Review*, June 15, 2006

HCD TASK FORCE

In the spring of 2007 the Portland City Council created the Housing and Community Development (HCD) Task Force with the goal of providing recommendations to Council regarding process, priorities and public participation for the HCD Program. The HCD Task Force was also to solicit public input to encourage civic discourse aimed at enhancing broad public acceptance of the revised process, priorities and public participation.

The HCD Task Force was driven by a collective desire to improve the process and its accountability. The expectation is to have enhanced objectivity and transparency in both the priority setting process and annual allocation of resources.

- Introduction, HCD Task Force Report, 9/10/07

Through months of discussions, key informant presentations, and public forums, the HCD Task Force created and recommended to Council a Ten Point Plan. The Plan had several recommendations regarding process and public participation. The HCD Task Force did not feel that they had adequate time or experience to fully research and recommend a full set of priorities. However they did make the following recommendations in that regard:

1. *All proposals will meet or exceed HUD and City requirements, be outcome driven, and reflect the priorities identified in the City of Portland's HUD Consolidated Plan. These priorities will be developed every three years through a Priority Setting Process.*
2. *Priority will be given to proposals providing direct benefit to low and moderate income persons and proposals contributing to a comprehensive revitalization of targeted neighborhoods identified in the HUD Consolidated Plan...*
4. *Restructure CMPAC to create two Council appointed committees:*
 - a. *Priority Setting Task Force to establish priorities for the HCD Program Funds.*
 - b. *Annual Scoring Committee to rate, rank, score and make recommendations for the allocation of HCD resources*
9. *The Priority Setting Task Force will set a minimum grant amount to ensure a measurable outcome can be tracked. ...*

- City of Portland's HCD Ten Point Plan, HCD Task Force Final Report, 9/10/07

CDBG PRIORITY TASK FORCE OF 2008

Implementing the fourth recommendation of the HCD Task Force, a CDBG Priority Task Force was created in 2008. This Priority Task Force recommended:

*... a **Holistic Approach** that is multi-dimensional, coordinated, collaborative, and targeted to specific locations in neighborhoods. Vibrant neighborhoods are multi-dimensional -- they include opportunities for housing, work, shop, mobility, social and retail services, open space, social interaction – all within a safe environment. A holistic approach supporting the multi-dimensional nature of neighborhoods is essential for revitalization. This type of approach to revitalization is more likely to produce long term impacts and stretch CDBG dollars for maximum impact. Preference would be given to collaboration or partnerships between entities, multi-category initiatives, entities that provide multiple complimentary services, and proposals that impact identified needs.*

To help define this model further the Task Force has recommended goals, principles, priority impact initiatives and structural changes.

Goal

- *The primary goal of the program is to build strong, self-sustaining neighborhoods.*

Guiding Principles

- *Consistent and Coordinated. All projects and programs will be reviewed with respect to HUD requirements, city objectives, plans, goals, and other CDBG, and or HOME investments. Proposals should be coordinated with all relevant city departments and be directly connected to these objects and plans.*
- *Measurable Community Impact. Applicants will be evaluated based on how well they create a significant and measurable community impact.*
- *Location. Projects and programs should focus on targeted locations within the eligible neighborhoods, for example: neighborhood commerce districts, proximity to new affordable housing development and identified troubled areas in the neighborhood.*
- *Diversity and Inclusiveness. We live in a community full of unique talents, beliefs, backgrounds, and capabilities, therefore projects and programs should address our diversity and be inclusive to engage differences and create a culture of belonging.*
- *Priority to Lower Incomes. Priority will be given to projects and programs that serve the lowest income persons.*
- *Leveraged Funding. CDBG cannot be the only source of funding for a program or project, leveraging other funds is essential.*
- *Sustainability. Projects and programs must determine whether they are good for the environment, economically sounds (financially feasible), and supportive of the community. In addition, energy efficiency will be rewarded.*

Priority Impact Initiatives

- *Housing. Maintain persons living in their homes/create places for persons to live in town.*
- *Work and Shop. Create or support places for people to work and shop within their neighborhoods.*
- *Mobility and Accessibility. Create the connection between home, work, shop, education and services.*
- *Safe Neighborhoods. Create safe and livable neighborhoods.*

Set - Asides

- *Basic Needs set aside for up to 10% of the total grant.*
- *Capacity Building set aside to be determined.*

Structural Changes

- *A minimum grant award of \$20,000 is recommended.*
- *Two year grant awards are recommended, contingent on performance and HUD allocation.*

CDBG PRIORITY TASK FORCE OF 2012

The next task force made the following recommendation for CDBG funds:

Create Sustainable Workforce Development Programs that combine resources and build partnerships between public and private entities with a goal of moving Portland residents out of poverty into sustainable employment and financial stability, by 1) investing in Portland businesses to expand and create jobs and 2) engaging Portland's residents in a continuum of services to increase their professional capacity, financial stability, and ability to maintain employment. Program participants will then be placed and supported in the newly created jobs in the partnering Portland businesses.

Goal: *Create Sustainable Workforce Development Program(s) that move Portland residents out of poverty into sustained employment and financial stability.*

Beneficiaries: *All Program Participants will be Portland residents, of which two-thirds (66%) qualify as low to moderate income by HUD standards.*

Objectives: *1) Invest in businesses with Portland locations to enable them to expand and create jobs, as eligible by HUD regulations.*
2) Provide a continuum of services to increase a Program Participant's professional capacity, financial stability, and ability to maintain employment, through:

- *Career Advancement Services to increase an individual's professional capacity; examples include education, job training, GED attainment, ESL, etc.*
- *Financial Stability Services to improve an individual's financial literacy and long term stability; examples include budgeting, financial planning, taxes etc.*
- *Job Retention Support Services that help persons maintain employment; examples include childcare, housing counseling, transportation, etc.*

Outcomes: *Place Program Participant's in newly created sustainable Portland-based jobs.*

Partnerships: *Create partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, with goals, objectives, responsibilities and financial distribution of resources outlined in a Memorandum of Understanding.*

Time frame: *Applicants will have three years to achieve their goals and expend the funds.*

Grant Amount: *A minimum grant request (amount to be determined) to span the three year grant period, possibly combining social services and development funds.*

Implementation: *1) No changes for Program Year 2013-2014, but fully implemented in 2014-2015.*
2) Create a Working Group to further define and implement the proposed changes.
3) Offer workshops to help educate potential applicants and assist them in applying.
4) Convene the next CDBG Priority Task Force in 2017.

IMPLEMENTATION OF CHANGES TO DATE

As suggested by Shapiro and Boxer-Macomber in the *Housing and Community Development Program Review Memo of 2006*, the goal has been “Transition not Transformation.” For that reason the recommendations from the HCD Task Force and the CDBG Priority Task Force were incorporated into the program through a phased approach. The recommendations from both Task Forces were fully implemented by 2010. Afterwards the Staff, the CDBG Scoring Committee and/ or Council Committees made recommendations for minor improvements that were eventually approved by the City Council and implemented into Portland’s CDBG Program. A summary of the implementation of the changes by year is listed below.

In **2008** the following steps were implemented:

Council Order 70-7/08 (HCD Task Force Ten Point Plan)

- Creation of the CDBG Priority Task Force
- Creation of the CDBG Annual Scoring Committee
- Funded projects are to be completed within two years of award

In **2009** the following steps were implemented:

Council Order 70-7/08 (HCD Task Force Ten Point Plan)

- CDBG Application process is to comply with the City’s Purchasing Ordinance

Council Order 91-08/09 (CDBG Priority Task Force Recommendations)

- Application and scoring reflect the goal of building strong, self-sustaining neighborhoods by having applications address the priority impact initiatives and guiding principles.

In **2010** the final recommendations by the CDBG Priority Task Force were implemented, including:

Council Order 91-08/09 (CDBG Priority Task Force Recommendations)

- \$20,000 minimum request.
- Small grants in the amount of \$7,500 are available to social services for capacity building and to small businesses and microenterprises for technical assistance
- Social service basic needs set aside for up to 10% of the HUD allocated CDBG grant
- Social service multi-year initiatives requests guidelines defined and encouraged
- Economic development job creation request guidelines defined
- The administration and planning request would be presented to and reviewed by the Committee, but would not be voted upon in a competitive environment

In **2011**, the Council further reviewed the program and the implementation of all of the recommendations. Based on this review, the City Council implemented the following changes:

- *Eliminate* the small grants award of \$7,500 made available to social services for capacity building and to small businesses and microenterprises for technical assistance
- *Eliminate* the social service basic needs set aside, previously set to be up to 10% of the HUD CDBG allocation
- *Lower* the minimum grant request from \$20,000 to \$10,000
- *Create* a maximum grant request per applicant:
 - \$150,000 for Social Service applicants
 - \$250,000 for Development Activities applicants

- *Create a Maximum Cumulative Grant Allocation for City Applications at:*
 - 45% of funding available for Social Services
 - 85% of funding available for Development Activities
- *Create an economic development set aside/ cap for job creation for \$100,000*
- *Create a Priority Focus for Program Year 2011-2012:*
 - For Social Services additional points can be allocated for applications meeting the Work and Shop priority criteria
 - For Development Activities additional points can be allocated for projects located in Libbytown, Census Tract 20.02

In **2012** minor adjustments were made to improve the program and process.

- Based on pressure and direction from HUD, grantees were paid based on a cost per unit of service, as defined by the applicants. This payment structure does not apply to construction projects.
- Staff administered bonus and penalty points on the applications.
- Priority for Social Service applications was child care. Priorities for Development Activities were job creation and projects located in Libbytown or Census Tract 20.02.
- The 2012 CDBG Priorities Task Force reviewed all of the recommendations and changes that have been made to date and made recommendations to reset priorities for the future. They recommended the development of a new sustainable workforce development program and the creation of a Working Group to further define and refine the proposed program.

In **2013** additional adjustments were made including:

- Applicants were required to address one of two program goals in their responses:
 - Build strong, self-sustaining neighborhoods.
 - Transition individuals and families out of poverty into self-sufficiency, to stability, to productivity and beyond, so each member of our community can reach their full potential and contribute to community life.
- Priority for Social Services is child care, to receive an additional 3 bonus points.
- Priority for Development Activities is job creation, which has a \$100,000 set aside.
- Partnerships, Collaboration or Outreach points are allocated on a tiered basis:
 - Partnership with a Memorandum of Agreement (MOA), that includes specific details concerning the allocation of funds, shared goals, objectives, space, employees, and/or other resources; *maximum 15 possible points*
 - Collaboration of Service Providers including (a) letter of support(s); *maximum 12 possible points*
 - Outreach to the community, including dates and times for community meetings, etc.; *maximum 9 possible points*
- Penalty Points were redefined, and allocated by staff.
- Applicants were asked to submit a list of their Board of Directors

RECOMMENDATIONS AND RATIONALE: 2013 WORKING GROUP

In the current era of high unemployment rates, increased poverty, and falling revenue from HUD, more collaboration, leverage, and focus is needed to stretch CBDG dollars to create maximum impact. To that end, the CBDG Working Group of 2013 recommends that a portion of CBDG funds be used to:

Goal:

- Invest a) in businesses to create net new jobs or, b) to create or expand new microenterprise businesses.
- Fill 66% of the net new jobs with low to moderate income (LMI) Portland residents.
* Applicants that hire or serve higher percentages of LMI Portland residents, homeless persons, New Americans, or Single-parent head of households will be given preference.

Outcomes:

- Create net new jobs as a result of businesses expansion.
- Create or expand microenterprise businesses, which will be tracked for 12 months.
- Fill jobs with 66% low to moderate income Portland residents, which will result in increased income and 12 month job retention.

Conditions/Limits:

- The total amount of CBDG funds set aside for this program are \$300,000 in Development Activities, and \$100,000 in Social Services per year, accounting for approximately 20-25% of the total CBDG funds allocated to Portland.
- Grantees can apply for either 1 or 2 years of funding. The second year funding is subject to HUD allocation, progress and performance.
- A minimum of 2 grants shall be awarded the first funding cycle. There is an expectation that multiple grants will continued to be funded each cycle, dependent on available funding.
- Tracking will be for one year after each job is created, the microenterprise is established, or the microenterprise is expanded.
- Financial need, underwriting and public benefit standards apply to businesses requesting CBDG funds for the expansion of a business for job creation, including grants, loans, technical assistance or other forms of support.
- Public benefit standards apply to businesses requesting CBDG funds for screening, referral and placement of applicants for employment opportunities and the costs of providing necessary training for persons filling those positions.
- Microenterprise is defined as a business with 5 or fewer employees where the owner is a low to moderate income resident of Portland.
- Microenterprises or persons seeking to develop a microenterprise may not directly apply for funding, but public and private organizations (either for profit or nonprofit) may apply to facilitate the creation or expansion of microenterprises.
- Each applicant (except for microenterprise requests) must request a combination of CBDG Development funds and CBDG Social Service funds.
 - Development funds should be used for:
Job Creation: Eligible activities (570.203):

- b. The provision of assistance to private for-profit business including but not limited to grants, loans, technical assistance and other forms of support, for any activity where the assistance is appropriate to carry out an economic development project.

* Financial need, underwriting, and public benefit requirements apply.

- c. Economic development services including but not limited to screening, referral and placement of applicants for employment opportunities generated by CDBG eligible economic development *including costs of providing necessary training for persons filling positions.*

* Public benefit requirements apply.

Microenterprise Assistance: Eligible activities (570.201(o)): Assistance to recipient or through public or private organizations or agencies (including for-profit and non-profit recipients) to facilitate economic development by:

- i. Providing credit, including but not limited to grants, loans & financial support for the establishment and expansion of microenterprises;
- ii. Providing technical assistance, advice & business support services to owners of and persons developing a microenterprises; and
- iii. Providing general support including but not limited to peer support programs, counseling, childcare, transportation and similar services to owners of and persons developing a microenterprises.

Note: “Persons developing microenterprises” means such persons who have expressed interest and who are, or expected to be actively working toward developing businesses, which is expected to be a microenterprise at the time it is formed.

- o ***Social Service funds*** should be used for:

Eligible activities: 570.201 (e): Public Services: Provision of public services (including labor, supplies and materials) including but not limited to those concerned with employment, child care, education, etc.

Program specific goals:

- Assist low to moderate income Portland residents to fill these net new jobs (income verification required)
- Participants receive increase in income (documentation required)
- New employees are documented and retained for at least 12 months (documentation required)
- Support services:
 - o Job retention support such as childcare, bus passes, workplace environment training, etc.
 - o Career advancement services such as job training, ESL classes, etc.
 - o Financial services such as financial literacy classes, etc.

Threshold Populations:

The Working Group, following the direction of the 2012 Task Force, decided to focus on a targeted population instead of creating a geographic or industry focus for the program, as has been done in the past. HUD requires that 51% of persons assisted with CDBG in any given program be low to moderate

income (LMI) Portland residents. This Working Group recommends that 66% of persons assisted through this program be LMI Portland residents.

Additionally, in order to be served by this program, individuals must fall in to one of the following categories:

- Unemployed - people who are not employed but are *available for and actively seeking work*. Included are those who are waiting to be called back from a lay off or are waiting to report to a new job within 30 days.
- Underemployed - persons who do not meet the official definition of unemployed but, for various reasons, are underutilized in terms of skills, experience or availability.
- Long-term unemployed - people who have been unemployed for more than 6 months.
- Never employed- people who have no known employment history
- Dislocated Workers - persons who:
 - Have been terminated or laid off, or have received a notice of termination or layoff from employment;
 - Are eligible for or have exhausted unemployment insurance;
 - Have demonstrated an appropriate attachment to the workforce, but are not eligible for unemployment insurance and are unlikely to return to a previous industry or occupation;
 - Have been terminated or laid off or received notification of termination or layoff from employment as a result of a permanent closure or substantial layoff;
 - Are employed at a facility where the employer has made the general announcement that the facility will close within 180 days;
 - Were self-employed (including employment as a farmer, a rancher, or a fisherman) but are unemployed as a result of general economic conditions in the community or because of a natural disaster;
 - Are displaced homemakers who are no longer supported by another family member.

Metrics:

All applicants must demonstrate a return on investment (ROI). Return on Investment is the comparison between the amount of funds invested and the amount of funds generated. For job creation applicants (Option 2), the amount of funds generated will be calculated based on the cumulative amount of income the resulting employees will make. For microenterprise business applicants (Option 1), the amount of funds generated will be calculated based on a) the total amount of revenue generated by the new business or b) the net increase in revenue generated by an existing microenterprise.

Allocation Criteria:

Applications will be judged on the following criteria:

- Number of net new jobs or businesses created.
- Net ROI for both the business and individuals as a result of new jobs or businesses.
- Clearly defined and achievable project and work plan.
- Identified partners with MOA, if applicable.
- Demonstrated financial need, including business partners.

- Priority will be given to projects that serve a higher percentage of LMI Portland residents, homeless individuals, New Americans, or single parent head of households.

IMPLEMENTATION OF WORKING GROUP RECOMMENDATIONS

- The Working Group recommendations will go into effect for CDBG fiscal year 2014-2015.
- The applications for this program will be reviewed by the same Allocation Committee as the other CDBG applications.
- Technical assistance will be provided to applicants of this program.

ADDITIONAL CONSIDERATION

The CDBG Working Group focused solely on workforce development initiatives and creating a pilot program to implement the new initiative and priority. During discussions other topics were raised and discussed but are not part of this report or recommendations from this Task Force. Other topics for consideration are:

- Tracking time for new jobs for the Employment Development Program is 1 year. Under current City of Portland CDBG guidelines tracking for economic development or job creation projects is 5 years. The Working Group is recommending that the timeframe be reduced throughout the CDBG program for tracking of jobs for one year from creation.

CONCLUSION

Through re-prioritizing and redirecting a portion of CDBG funds towards job creation, this initiative seeks to expand or create businesses in Portland in order to create new jobs, especially for low to moderate income, homeless, New American, or single parent Portland residents. This innovative approach to creating new jobs and businesses through partnerships between public, private, non-profit, and educational institutions will reduce poverty, and increase the prosperity and well-being of our community in these uncertain economic times.

APPENDIX: City Council Orders

Order 70-07/08

Amended & Passage: 10/1/07 9-0

NICHOLAS M. MAVODONES (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
DONNA J. CARR (3)
CHERYL A. LEEMAN (4)

CITY OF PORTLAND
IN THE CITY COUNCIL

JAMES I. COHEN (5)
JAMES F. CLOUTEIR (A/L)
JILL C. DUSON (A/L)
EDWARD J. SUSLOVIC (A/L)

**ORDER ADOPTING HOUSING & COMMUNITY DEVELOPMENT
TEN POINT PLAN RE: CDBG FUNDING**

ORDERED, that the City of Portland Housing and Community Development Ten Point Plan for Allocation of the Community Development Block Grant funding, as recommended by the HCD Task Force, is hereby approved as provided in the Attachment A.

CITY OF PORTLAND HCD TEN POINT PLAN

1. All proposals will meet or exceed HUD and City requirements, be outcome driven, and reflect the priorities identified in the City of Portland's HUD Consolidated Plan. These priorities will be developed every three to five years through a Priority Setting Process.
2. Priority will be given to proposals providing direct benefit to low and moderate income persons and proposals contributing to a comprehensive revitalization of targeted neighborhood identified in the HUD Consolidated Plan.
3. Staff will enhance communication and planning with neighborhood and community members throughout the year. HCD public participation should be a year long process of open communication discussing needs and coordination of projects. Modes for engaging public input can include but are not limited to meetings, studies, focus group discussions, and surveys. This ongoing communication replaces the traditional, annual, once –a-year HCD Meetings.
4. Restructure CMPAC to create two Council appointed committees:
 - a. Priority Setting Task Force to establish priorities for the HCD Program Funds. Priorities will be set in all three funding categories: planning/ administration, public services, and other public improvement projects. Recommended priorities will be reviewed by a Council Committee prior to City Council review and adoption. This group should consist of 9-16 Portland residents representing diverse and eligible populations and expertise.
 - b. Annual Scoring Committee to rate, rank, score and make recommendations for the allocation of HCD resources. This group should consist of 7-10 Portland residents, who will serve staggered three year terms. Conflict of interest should be minimized; no staff, board members, contractors or anyone receiving financial gain from an applicant's proposal can participate on this committee. HNS staff will conduct a threshold review of applications and forward all that comply with HUD guidelines to the appointing authority. The Mayor shall appoint the initial Annual Scoring Committee for the FY 2008 HCD budget (City FY 2009 budget) and thereafter the appointments will be made through the normal Council appointment process, following threshold review by HNS staff.

5. Recommendations for the HCD Budget from the Annual Scoring Committee will be sent to the City Manager for review. The City Manager will submit his or her budget recommendations, plus a description of budgetary impact on the General Fund. Council can accept the HCD budget as recommended by the scoring committee, adjust them to reflect changes recommended by the City Manager, or develop a Council decision on a recommended budget.
6. All proposals from agencies, organizations, and City Departments requesting funding are required to submit an annual budget and proposed work plan that communicates the outcomes, objectives and deliverables for the year.
7. All physical improvement, public infrastructure, housing, and economic development project proposals should be adequately funded to complete proposed scope of work. Proposed projects are to be completed within two years or funds will be reallocated.
8. All applicants must demonstrate administrative and financial history and capacity to complete the proposed scope of work.
9. The Priority Setting Task Force will set a minimum grant amount to ensure a measurable outcome can be tracked. The current \$5,000 minimum grant allotment would remain for FY08-
10. Revamp the HCD Program's Request for Proposals (RFP) process to be in compliance with the Purchasing Ordinance. In a competitive process scoring criteria should be based on the priorities development by the Task Force (and approved by Council) and included in the RFP. Create a pre-application process for public improvement projects, both in-house and outside, to screen for Environmental Review Requirements, specifically Historic Preservation.
11. The process for the HCD Budget in the City FY2008 shall be as currently established and the process established in this plan shall be implemented following the passage of that budget.

Order 91-08/09
Passed 10/17/08 9-0
EDWARD J. SUSLOVIC (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
DANIEL S. SKOLNIK (3)
CHERYL A. LEE MAN (4)

CITY OF PORTLAND
IN THE CITY COUNCIL

JAMES I. COHEN (5)
JOHN M. ANTON (A/L)
JILL C. DUSON (A/L)
NICHOLAS M. MAVODONES (A/L)

**ORDER APPROVING CDBG PRIORITY
CDBG PRIORITY TASK FORCE RECOMMENDATIONS**

ORDERED, that the CDBG Priority Task Force Recommendations in Attachment 1 are hereby approved.

CDBG PRIORITY TASK FORCE RECOMMENDATIONS

The recommendations from the CDBG Priority Task Force go beyond the initial goal of identifying priorities. They are recommending a fundamental shift in the program model for the CDBG Program.

The Task Force recommends a **Holistic Approach** that is multi-dimensional, coordinated and collaborative, and targeted to specific locations in neighborhoods. Vibrant neighborhoods are multi-dimensional. They include opportunities for housing, work, shop, mobility, social and retail services, open space, and social interaction for all community members within a safe environment. A coordinated approach based on the multi -dimensional nature of neighborhoods is essential for revitalization. Our intent is to produce **long term impacts** and **stretch CDBG dollars for maximum impact**. Preference would be given to collaboration or partnerships between entities, multi-category initiatives, entities that provide multiple complimentary services, and proposals that impact identified needs.

To help define this model further the Task Force has recommended a goal, principles, priority impact initiatives and structural changes.

GOAL

- The goal of the program is to **build strong, self-sustaining neighborhoods**.

GUIDING PRINCIPLES

- **Consistent and Coordinated.** All projects and programs will be reviewed with respect to HUD requirements, city objectives, plans, goals, and other CDBG, and or HOME investments. Proposals should be coordinated with all relevant city departments and be directly connected to these objectives and plans.
- **Measurable Community Impact.** Applicants will be evaluated based on how well they create a significant and measurable community impact.
- **Location.** Projects and programs should focus on targeted locations within the eligible neighborhoods, for example: neighborhood commerce districts, proximity to new affordable housing development and identified troubled areas in the neighborhood.
- **Diversity and Inclusiveness.** We live in a community full of unique talents, beliefs, backgrounds, and capabilities, therefore projects and programs should address our diversity and be inclusive to engage differences and create a culture of belonging.
- **Priority to Lower Incomes.** Priority will be given to projects and programs that serve the lowest income persons.
- **Leveraged Funding.** CDBG cannot be the only source of funding for a program or project, leveraging other funds is essential.
- **Sustainability.** Projects and programs must determine whether they are good for the environment, economically sounds (financially feasible), and supportive of the community. In addition, energy efficiency will be rewarded.

PRIORITY IMPACT INITIATIVES

- **Housing.** Maintaining persons living in their homes or creating places for persons to live in town.
- **Work and Shop.** Create or support places for people to work and shop within their neighborhoods as well as the means to gain and maintain employment.
- **Mobility and Accessibility.** Create the connection between home, work, shop, education and services.
- **Safe Neighborhoods.** Create safe and livable neighborhoods.

SET – ASIDES

- Basic Needs set aside for up to 10% of the total grant.
- Capacity Building set aside to be determined tied to the results of a community needs assessment.

STRUCTURAL CHANGES

- A minimum grant award of \$20,000 is recommended.
- Two year grant awards are recommended, contingent on performance and HUD allocation.

IMPACT

The recommendations herein propose a fundamental shift in the thinking and allocation of resources for the Community Development Block Grant. It will impact the agencies, organizations, and city departments that have utilized this funding in the past. However everyone can participate in this new model.

IMPLEMENTATION

- The Task Force recommends partial incorporation of the new model, goal, principles and priorities into this year's funding cycle. Partial incorporation will include: 1) substituting the current priorities listed in the CDBG Funding Application with the newly adopted principles and priorities, 2) revising the point system that was used in last year's CDBG Application to reflect the new goal, principles, and priorities, and 3) revising the last year's CDBG Application questions to reflect the new goal, principles and priorities.
- The Task Force recommends full implementation of the Council adopted model, goal, principles and priorities for next year, FY 2010.
- After the first year of implementation the Task Force recommends that the City Council reconvene the CDBG Priority Task Force to review the program and adjust as necessary.

Order 46-10/11

Amended and Passed (8-0) (Skolnik absent) 10/4/10

NICHOLAS M. MAVODONES (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
DANIEL S. SKOLNIK (3)
CHERYL A. LEEMAN (4)

CITY OF PORTLAND
IN THE CITY COUNCIL

JOHN R. COYNE (5)
JOHN M. ANTON (A/L)
JILL C. DUSON (A/L)
DORY RICHARDS WAXMAN (A/L)

**ORDER APPROVING REVISIONS AND INCORPORATING THEM
INTO THE CITY OF PORTLAND'S CDBG PROGRAM**

ORDERED, that the policies, goals and objectives of the City's CDBG Program shall be revised in substantially the same form as shown on Attachment 1 hereto and incorporated into the City of Portland's CDBG Program.

ATTACHMENT 1



Memorandum

Housing and Neighborhood Services Division
Planning and Urban Development Department
Community Development Block Grant Program

To: Mayor Mavodones and Members of the City Council
CC: Joseph E. Gray, City Manager
From: Penny St. Louis Littell, Planning & Urban Development Director and
Amy Grommes Pulaski, HCD Program Manager
Date: September 20, 2010
Re: CDBG Update

HISTORY

A City Council workshop was held on June 14, 2010 to discuss the CDBG Program. After discussion, Council decided to ask the Community Development Committee (CDC) to review the CDBG program and its policies and processes. On July 14, 2010, the CDC reviewed and voted on the items below. As a result of the CDC meeting, additional staff comment have been added where noted.

ITEMS UNDER REVIEW

FUNDING

1. Basic Needs Set- asides

The Allocation Committee and staff recommend eliminating the basic needs set aside.

The CDC voted 2-1 in favor (Anton opposed) of eliminating the basic needs set aside.

Council adopts the recommendation.

2. Social Service Capacity Building, Small Business Start Up Grants, and Minimum grant

The Allocation Committee and staff recommend eliminating the \$7,500 Social Service Capacity Building Grant and the \$7,500 Small Business Start-up Grant.

The CDC voted 3-0 in favor of eliminating the \$7,500 Social Service Capacity Building Grant and the \$7,500 Small Business Start-up Grant.

Council adopts the recommendation.

3. Minimum and Maximum grants

The Allocation Committee recommends lowering minimum grant award from \$20,000 to \$10,000. The issue of a grant maximum was raised by the Allocation Committee. No consensus was reached. Staff does not recommend a maximum grant award but at the request of the CDC sets forth possible cap scenarios below.

The CDC voted 3-0 in opposition to lowering minimum grant award from \$20,000 to \$10,000.

The CDC voted 2-1 in favor (Leeman opposed) of staff recommending a maximum cap amount for city applications for both social service and development activities.

The last four years of City of Portland applications funded in whole or in part with CDBG funds is outlined in the table below.

	Planning/Administration	Development Activities*	Social Services**
2007-2008	Funded: \$435,528 Available: \$435,528 Percent: 100%	Funded: \$862,535 Available: \$1,234,535 Percent: 70%	Funded: \$240,840 Available: \$750,121 Percent: 32%
2008-2009	Funded: \$421,803 Available: \$421,803 Percent: 100%	Funded: \$1,054,997 Available: \$1,208,873 Percent: 87%	Funded: \$281,000 Available: \$750,121 Percent: 39%
2009-2010	Funded: \$421,932 Available: \$421,932 Percent: 100%	Funded: \$942,139 Available: \$1,179,270 Percent: 79%	Funded: \$271,666 Available: \$727,186 Percent: 37%
2010-2011	Funded: \$470,796 Available: \$470,796 Percent: 100%	Funded: \$980,646 Available: \$1,336,865 Percent: 73%	Funded: \$307,796 Available: \$785,569 Percent: 39%

* Development Activities include: sidewalks, trees, parks, handicap access ramps, façade program, Reiche school renovations, code enforcement, housing rehabilitation program, East Bayside basketball court, Boyd street trail, etc.

** Social Service programs include: health care for Portland’s homeless/ behavioral health program, after hours emergency program, and community policing.

For a maximum cap allowance requested by the CDC, staff would suggest a percentage cap, rather than a dollar cap. The following maximum percentages may be considered by the Council:

- Planning and Administration: 100%
- Development Activities: 85%
- Social Services: 45%

Council adopts the recommendation of

- a) **Lower minimum grant award from \$20,000 to \$10,000**

AND

Council adopts the recommendation of (CHOOSE ONE)

- b) **A Maximum Cap for City Applications as follows:**

- Development Activities: 85%
- Social Services: 45%¹

4. Strategies

The CDC voted 2-1 in favor (Waxman opposed) of fully funding applicants based on their

¹ Planning and Administration is presently allocated 100% of the designated Planning and Admin fund as previously approved by the Council and there is no proposal to alter that allocation.

request, provided a cap request is established.

Maximum cap allowance for City applications was discussed in item 3.

Council adopts the CDC recommendation that the Committee recommend full funding of applications, but the Council is not bound to fully fund applicants.

5. Discretionary spending

The CDC voted 3-0 in opposition of having discretionary spending allocated to the Council.

Council adopts the CDC recommendation not to provide for discretionary spending by the Council.

PRIORITIES AND SCORING

1. Economic Development

The CDC voted 3-0 in favor of using CDBG to fund economic development. Discussion was had that the DPC should create a program and apply for funding to assist businesses in economic development opportunities.

a) Staff would like to clarify, that the DPC would be required to apply and compete for funding.

b) Staff is recommending a set aside of \$110,000 for an economic development program (with funding parameters to be established through DPC and City staff) to which businesses would apply directly.

Council adopts the recommendation that \$100,000 be set aside/cap for economic development job creation.

2. Child care

The CDC voted 3-0 in opposition to prioritizing child care.

The CDC expressed concern that child care was being prioritized rather than having all factors promoting a return to work reviewed, i.e. job training, financial literacy, and child care as one part of that. For this reason staff is recommending the City choose, on an annual basis, one of the priority impact areas to prioritize in both the Social Service and Development Activities category. There are five priority impact areas: 1) Housing, 2) Work & Shop, 3) Mobility & Accessibility, 4) Safe Neighborhoods, and 5) Basic Needs. Priorities would receive additional points. For the priority this year staff would recommend the following priority categories:

Social service: **Work & Shop**, relevant applications would include but not be limited to: education, job training programs, and child care.

Council adopts the recommendation to prioritize “Work & Shop” under social services.

3. Guiding Principle: Location

Staff recommends eliminating the Guiding Principle “Location” as a priority for Social Services, only. Location will still apply for Development Activities projects.

The CDC voted 2-1 in favor (Leeman opposed) of eliminating the guiding principle “Location” for social services, only, but keeping it for development activities. Additional Staff

Recommendation

Staff recommends the location priority for Development Activities this year to be Libbytown. This would apply to all development infrastructure (place-based) improvements.

Council adopts the recommendations of the CDC and staff to Prioritize Libbytown under development activities.

4. Energy efficiency

Staff recommends that all building renovation projects must include an energy efficiency component (unless the project is to specifically provide handicap accessibility).

The CDC voted 3-0 in opposition that all renovation projects funded by CDBG include an energy efficiency component

Council supports the recommendation from the CDC.

5. Established Programs vs. New Initiatives

Staff does not have a recommendation, but rather is identifying an issue. No action is necessary.

The current system evaluates past performance, readiness, preparedness, and experience in providing a service. Those who can prove they performed well and have provided the service in the past, score better than those that are offering a new service, or are a new organization without experience. The trend has been that organizations that have been funded in the past tend to score better, and therefore receive funding, than organizations who have not participated in the CDBG program previously.

The CDC did not vote on this item.

6. Financial Stability vs. Financial need

The current scoring system evaluates financial stability and matching funds. Applicants who are financially secure and have significant matching funds (greater than 50%) score better than those who are less financially established and do not have the resources to provide the same level of matching funds. The trend has been that larger organizations are more financially stable and smaller organizations, who have greater financial need, do not receive funding. S

Staff recommends including an evaluative criteria for financial need for all applications

The CDC did not vote on this item.

7. Competing grants

Staff will work internally to review and revise the current scoring system to address the tight margins between competing grants. No action is necessary.

The CDC did not vote on this item.

8. Formal Appeal Process

During the public comment period of the CDC meeting, it was requested that applicants have a formal appeal process to contest or correct scores they received.

The CDC voted 3-0 in favor of staff recommending a formal appeal process for applicants.

Staff does not recommend an appeal process different from the one presently employed. Any applicant may 'appeal' to the City Council on the evening of the public hearings to voice any concern over an alleged grievance in the scoring or allocation process. At that time the Council

has the ability to modify or change any of the recommendations made to it, and to allocate the funds as needed so as to be in keeping with the goals and objectives of the CDBG program. It is believed that any additional appeal process will unduly and unnecessarily burden the process and stymie the allocation of funds.

Council adopts the recommendation to have an appeals process.

Attachments

Memo to Council June 14, 2010

Memo to the Community Development Committee July 14, 2010

Order 53-12/13

Passage: 7-0 9/5/12 (Duson and Leeman absent)

MICHAEL F. BRENNAN (MAYOR)
KEVIN J. DONOGHUE (1)
DAVID A. MARSHALL (2)
EDWARD J. SUSLOVIC (3)
CHERYL A. LEEMAN (4)

**CITY OF PORTLAND
IN THE CITY COUNCIL**

JOHN R. COYNE (5)
JOHN M. ANTON (A/L)
JILL C. DUSON (A/L)
NICHOLAS M. MAVODONES (A/L)

**ORDER APPROVING THE RECOMMENDATIONS OF THE COMMUNITY
DEVELOPMENT BLOCK GRANT PRIORITY TASK FORCE OF 2012 AND
CREATING A WORKING GROUP TO FURTHER WORK ON THE
RECOMMENDATIONS**

ORDERED, that the recommendations of the Community Development Block Grant Priority Task Force of 2012 are hereby approved for implementation for application year 2014 – 2015 as stated in the Task Force Report attached hereto as Attachment 1, subject to further changes as recommended by the Working Group on the Task Force’s recommendations; and

BE IT FURTHER ORDERED, that a Working Group is hereby established to further define the recommendations of the CDBG Priority Task Force of 2012, create a phased implementation plan, address the financial impact concerns raised by the City and the community and educate potential applicants for the 2014-2015 application year; and

BE IT FURTHER ORDERED, that the Working Group shall report its recommendation back to the Housing and Community Development Committee on or before February 1, 2013.

2012 CDBG PRIORITY TASK FORCE RECOMMENDATIONS

Adopted by Council September 5, 2012 as Council Order 53-12/13

EXECUTIVE SUMMARY

Faced with a growing demand for resources and a dwindling stream of funding, the City of Portland must redefine how federal Community Development Block Grant (CDBG) dollars are allocated to emphasize, to the greatest extent possible, successful and measurable outcomes.

With this in mind, the members of the 2012 CDBG Priorities Task Force agreed that CDBG funding should be focused on: Sustainable Workforce Development that moves Portland residents out of poverty into sustained employment. Toward that end, the 2012 Priorities Task Force makes the following set of recommendations with respect to how CDBG funds should be allocated and spent in the coming years. To maximize impact, the Task Force is also recommending increased communication with other funding sources within the City government and outside in the community to focus on similar outcomes and achievements.

RECOMMENDATIONS

Create Sustainable Workforce Development Programs that combine resources and build partnerships between public and private entities with a goal of moving Portland residents out of poverty into sustainable employment and financial stability, by 1) investing in Portland businesses to expand and create jobs and 2) engaging Portland's residents in a continuum of services to increase their professional capacity, financial stability, and ability to maintain employment. Program participants will then be placed and supported in the newly created jobs in the partnering Portland businesses.

Goal: *Create Sustainable Workforce Development Program(s) that move Portland residents out of poverty into sustained employment and financial stability.*

Beneficiaries: *All Program Participants will be Portland residents, of which two –thirds (66%) qualify as low to moderate income by HUD standards.*

Objectives: *1) Invest in businesses with Portland locations to enable them to expand and create jobs, as eligible by HUD regulations.*

2) Provide a continuum of services to increase a Program Participant's professional capacity, financial stability, and ability to maintain employment, through:

- *Career Advancement Services to increase an individual's professional capacity; examples include education, job training, GED attainment, ESL, etc.*
- *Financial Stability Services to improve an individual's financial literacy and long term stability; examples include budgeting, financial planning, taxes etc.*
- *Job Retention Support Services that help persons maintain employment; examples include childcare, housing counseling, transportation, etc.*

Outcomes: *Place Program Participant's in newly created sustainable Portland-based jobs.*

Partnerships: *Create partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, with goals, objectives, responsibilities and financial distribution of resources outlined in a Memorandum of Understanding.*

Time frame: *Applicants will have three years to achieve their goals and expend the funds.*

Grant Amount: *A minimum grant request (amount to be determined) to span the three year grant period, possibly combining social services and development funds.*

Implementation: *1) No changes for Program Year 2013-2014, but fully implemented in 2014-2015.
2) Create a Working Group to further define and implement the proposed changes.
3) Offer workshops to help educate potential applicants and assist them in applying.
4) Convene the next CDBG Priority Task Force in 2017.*