

Multnomah County Auditor's Office

City of Portland Auditor's Office

Audit Team

Gary Blackmer, County Auditor
Barbara Clark, Portland City Auditor
Richard Tracy, Director of Audits, City of Portland
Ellen P. Jean, Senior Management Auditor, City of Portland
Janis Hull, Management Auditor, City of Portland
Suzanne Flynn, Senior Management Auditor, Multnomah County

January, 1997

Summary

Housing:

*Clarify Priorities,
Consolidate Efforts,
Add Accountability*

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

Fragmented housing delivery reduces efficiency and effectiveness

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

Although there have been a number of efforts over the years that have improved the coordination of housing services, attempts to reorganize the delivery system have been unsuccessful. Housing services in the Portland area are not planned, implemented or evaluated as a system. Dedicated housing professionals have compensated for the lack of coordination, but public funds for housing programs are not used as efficiently and effectively as possible. Specifically, our review found:

- *little assurance that housing goals are achieved. The fragmented system does not produce complete,*

accurate information on the impact of housing programs. For example, "low income" programs may not always benefit low income people, the number and characteristics of homeless people needing help is unknown, and it is difficult to determine if the desired number of new units is built. Almost \$174 million may be spent to address housing problems over the next two years without reliable, objective information to determine if problems improve or worsen.

- *people with immediate housing problems have difficulty accessing the system.* Programs responsible for initial intake and referral rarely give useful information to help people solve their housing problems. A homeless family or individual would have difficulty determining the location and name of agencies responsible for providing housing services.
- *unnecessary administrative costs due to extensive planning, monitoring, and management of grants and loans.* Funds may be transferred through as many as five organizations before they reach the public. We estimate that more than 25 percent of housing funds go to administrative and support activities.

New problems and opportunities

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

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

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

Barriers to integrated housing system

There are three major barriers to developing a more integrated and effective housing delivery system.

Principally, political leaders may be unwilling to relinquish control and authority over existing funding sources to consolidate planning and resource allocation.

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

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

To read the entire report The entire audit and responses from housing agencies is available in Adobe Acrobat format at the City of Portland Auditor's Office Website. The file is about 500k. They also have a link to Adobe to download the free viewer to allow you to read the Housing Audit.

Printed copies of the audit are also available on request.

[Go to the City Auditor's page to get the audit \(In 1997, Report 210\)](#)