



Metro



Regional Investment Strategy

Affordable homes for greater Portland

Metro Chief Operating Officer Recommendation

June 7, 2018

oregonmetro.gov/housing

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This version updated to reflect Metro Council direction.



A stable, affordable home provides a foundation for a lifetime of opportunity and well-being.

Greater Portland is changing. Fast.

Whether we have sought it or not, change has remained a constant throughout the history of greater Portland. The economy has boomed, busted and boomed again. Our population has grown and become significantly more diverse. Floods, storms, fires and even volcanic eruptions have disrupted thousands of lives and reminded us of the importance of respecting our natural surroundings.

Through it all, the people of this region have proven resilient. They have repeatedly reassessed and realigned their priorities, learning from experience and innovating in response to changing circumstances and new imperatives. This region has remained focused on a greater purpose: ensuring that our decisions and actions will benefit our children, and our children's children.

Even during the Great Recession, the people of greater Portland doubled down on their long-term vision and continued to invest in the future. Today, hundreds of people move to the region every week, attracted by a lively urban center, thriving neighborhoods and suburban communities, ample economic opportunity, a vital and creative cultural scene, and an unmatched natural setting that encourages an active lifestyle.



Six desired outcomes for greater Portland

Equity The benefits and burdens of growth and change are distributed equitably across the Portland region.

Vibrant communities

People live, work and play in vibrant communities where their everyday needs are easily accessible.

Safe and reliable transportation

People have safe and reliable transportation choices that enhance their quality of life.

Economic prosperity

Current and future residents benefit from the Portland region's sustained economic competitiveness and prosperity.

Clean air and water

Current and future generations enjoy clean air, clean water and healthy ecosystems.

Leadership on climate change The Portland region is a leader in minimizing contributions to global warming.

Greater Portland's economy is remarkably strong today. But not all boats have been lifted by the rising economic tide. Rapid growth and change have exposed and exacerbated longstanding economic and racial inequality, inundating many in our community and threatening to undermine the broader benefits of economic revival, as well as our quality of life.

Moreover, we increasingly recognize our obligation to redress longer-term inequities that have prevented too many members of our community from fully enjoying the benefits of living here. This need is intensifying as greater Portland grows more racially and ethnically diverse.

As we take stock of where we are and look forward to the decades ahead, it is time to reaffirm our commitment to working with the people of the region to create communities that give everyone the opportunity to fulfill their potential and to feel a part of this place we call home.

- **We must address a historic housing crisis affecting thousands of families and individuals.** Middle-income jobs lost during the recession have failed to reappear or have been replaced with jobs at lower wages. Meanwhile, residential construction ground to a halt during the recession, even as people continued to move here – meaning our supply of homes has not been able to keep pace. It's up to us to respond.
- **We must reform our approach to funding transportation.** Inconsistent federal investment in roads and transit, combined with population and job growth, have led to chronic traffic congestion that chokes the economy, pollutes our air and plays havoc with people's lives. Meanwhile, thousands of our residents – particularly communities of color – still await safe streets and access to reliable transit.
- **We must continue to protect critical natural areas and provide better access to these treasured places for communities of color and low-income residents.** Rapid population growth heightens the urgency of this work.

This is a time for shared action. Metro is uniquely positioned to lead on these critical issues.

Working closely with partners throughout the region, we envision a strategy that will ensure the promise of a livable region endures and extends to all – today and for generations to come.

Recommendation: Affordable homes for greater Portland

In this report I am recommending that the Metro Council take immediate action to address an urgent challenge facing our region.

Everyone deserves a safe, affordable home. Yet across greater Portland, thousands of people and families, especially communities of color, are unable to afford the high cost of housing and still have enough money for groceries and other necessities.

We must create new housing opportunity for families and individuals for whom the private market will never be able to provide affordable homes. That's why, after years of collaboration through the Equitable Housing Initiative, the Metro Council directed staff in late 2017 to work with partners to develop a potential regional investment framework that would create affordable homes throughout the region.

Emerging from the voices of partners and stakeholders, this recommendation is built upon shared priorities and common goals. It defines specific goals for people to serve and homes to create in places that provide opportunity and prevent displacement. It ensures accountability and community oversight through an implementation structure advancing shared goals while providing local flexibility. Most of all, it sets us on a path to create affordable homes for people who need them.

An affordable home, along with nearby nature and transportation choices, is part of the full life each of us deserves. By looking at the big picture and working together, we can ensure



these critical qualities are available to everyone in our community long into the future.

I am pleased to present this recommendation to you as a major milestone in our ever-renewing commitment to the people of the greater Portland region.

Let's get to work.

A handwritten signature in purple ink, which appears to read "M. Bennett". The signature is stylized and cursive.



After years spent in low wage careers, the disappearance of pension funds, and the devastation of the Great Recession, many Baby Boomers are entering their senior years vulnerable to housing instability. Elsie Johnston lived on the streets before finding a home at The Knoll, an apartment community in Tigard created and maintained by Community Partners for Affordable Housing

The big picture and the richness of community

The people of the Portland metropolitan region established Metro to think about the big picture – not only by adopting policies that transcend city and county lines, but also by considering the impacts of the decisions we make today on the place our children will inherit tomorrow. By adopting a charter directing us to plan for the future, the people of the region acted on some of Oregon’s most deeply held values: fairness, a voice in community decisions, and the need to serve as responsible stewards of our environment.

A quarter-century later, our values remain constant. However, as the needs and demands of our communities have evolved, so have Metro’s specific activities and responsibilities. We now provide four categories of service to the region [see box, next page]. Within each service, we make specific decisions, deliver discrete projects, and purchase and manage individual public assets. We do all this in a constant conversation with our partners in local government, as well as the businesses, community groups, and people of the region.

“We, the people of the Portland area metropolitan service district, in order to establish an elected, visible and accountable regional government that is responsive to the citizens of the region and works cooperatively with our local governments; that undertakes, as its most important service, planning and policy making to preserve and enhance the quality of life and the environment for ourselves and future generations; and that provides regional services needed and desired by the citizens in an efficient and effective manner, do ordain this charter for the Portland area metropolitan service district, to be known as Metro.”

Metro Charter
November 1992

But while Metro's services necessarily are organized within distinct categories, they are connected by their roots in the land and natural resources of our corner of the world. Each service plays a role in protecting and shaping the region's built and natural environment, and each is informed by an ethic of caring for both place and people over the long term.

Nor is it always clear where one category of service ends and another begins: A closed solid waste landfill becomes a natural area, a trail serves both commuters and nature lovers, a creek is clean because of the care we take in disposing of toxic chemicals, a convention center and a performance hall are models of sustainability.

In this way, Metro's work reflects the way people experience our dynamic region. Life is lived not in discrete categories of activity, but in the spaces where home, work, school, shopping, civic life, culture and the outdoors overlap and collide to create the richness of community. It is up to those of us who serve the public to remember that no matter how we structure our work, our job is to improve the everyday experience of the people we work for, in the places where they live their lives.

While our region's vision of how we will live, grow and prosper over the long term still resonates, it needs to be updated to embrace the complexity of people's lives – as well as the concerns of those who have not been included in the past.

As we prepare to propose significant new public investments help achieve the region's desired outcomes, we will engage the community in a conversation about the challenges we face so we can make conscious choices together about how best to move forward.

That's why Metro is renewing and refreshing its commitment to the people of greater Portland.

Metro's service areas

Land and transportation

To meet the challenges of growth, Metro ensures land is available for homes and jobs where it makes sense, and provides choices in where we live and how we get around.

Garbage and recycling:

To minimize our environmental impact, Metro manages the garbage and recycling system and helps people to reduce and safely dispose of waste.

Parks and nature

To protect clean air and water, restore fish and wildlife habitat and connect people to nature, Metro manages 17,000 acres of parks, trails and natural areas, as well as the Oregon Zoo.

Arts and events

To enrich our communities and support our economy, Metro operates the Oregon Convention Center, Portland Expo Center and Portland's 5 Centers for the Arts.



A Metro employee waves a garbage truck forward at Metro Central transfer station.

Making the most of what we have

For decades, our region's approach to growth has been based on the common-sense premise that it is better to plan for growth than to react to it.

We have not followed the typical path of unchecked urban expansion and endless highway construction. Instead, we have built a region that attracts talented and determined people by investing in our communities: creating walkable neighborhoods that support human-scale interaction, building a variety of housing options, providing land for employment within our existing urban footprint, and connecting it all with choices in how to get around, including a robust transit system.

In addition to enhancing the health of our main streets and the stability of our neighborhoods, this approach has protected clean air and water. This, in turn, benefits not only public health, but also our economy.

Focusing on our existing communities also helps to get the best value for the public's hard-earned dollars. Efficient use of land means we do not have to spend as much money connecting pipes and pavement to far-flung areas. Good planning also ensures that regional investments are coordinated with each other, as well as with the goals and investments of local communities.



What affordable housing looks like in greater Portland: Creekside Woods

Creekside Woods houses a vibrant senior citizen community. The thriving affordable-living community is tucked in the lush, verdant woods of Wilsonville. Behind the community is a small valley leading to Boeckman Creek. Murase Plaza Park is across the street and offers winding trails, picnic areas and an amphitheater. Many there live on fixed incomes and would not be able to afford market-rate rent.

Protecting and creating special places

Our relationship with our surroundings remains at the heart of every resident's experience of life in this evolving region. The places that enrich our lives may be at the edges of the region or right around the corner. They may be different for one person than they are for another. But taken together, they define our sense of ourselves and our place in the world.

Since its creation, Metro has worked to prevent urban development from spilling unnecessarily onto the irreplaceable farm and forest lands that surround the region.

For more than two decades, the people of the region have also directed Metro to purchase and restore important natural areas to protect water quality and wildlife habitat in perpetuity, as well as to invest in local and regional parks and trails to provide our residents access to nature.

Because of these efforts, our region does not resemble most other large urban areas in America. The ability to actually see where city ends and country begins, or to find a natural

respite in the middle of a bustling urban area, provides a tonic to our souls and a boost to our collective prosperity.

Other Metro activities contribute to distinctive places of a more urban character. Our innovative transit-oriented development program supports investments that have provided homes and business opportunities in bustling town centers around the region. Cultural facilities like the Portland's Centers for the Arts provide opportunities to engage with artists and thinkers from around the globe. The Oregon Zoo's educational mission provides fun even as it enables people to support a better future for wildlife in the Pacific Northwest and worldwide.

With this recommendation, I am calling on Metro to elevate our commitment to making the most of what we have and protecting the region's special places by making transformative new investments that will improve the lives of the people we serve.



Putting down roots

Several years ago Richard and Linda Edwards and their two young children experienced homelessness after the house they were renting went into foreclosure. With help from the nonprofit JOIN, the Edwards family eventually found an apartment that's protected from rent increases. "The kids run around playing... free to be children," Linda Edwards said. "I love being here. I think this is probably one of the most happiest (sic) times in my life."

Focusing our investments through the lens of racial equity

As we dedicate ourselves anew to achieving a better future for the people of the region, we must acknowledge a major fault that has tarnished such efforts in the past: their failure to recognize or redress discrimination and racism.

Historically, decision makers created laws and policies that hurt and excluded people of color. We have articulated and pursued a vision in which many of our neighbors, especially communities of color and people with low incomes, do not see their lives reflected.

As a result, communities of color do not have the same opportunities for health, prosperity and education as many of their neighbors. People of color have less access to neighborhoods with good schools and nearby nature, fewer safe and reliable transportation choices, and often longer commutes. They are also more likely to live in parts of the region with poor air quality and unsafe streets.

As the region grows more diverse, these gaps in opportunities and outcomes hamper our ability to achieve any of the region's desired outcomes.

It is time for that to change.

A decade ago, Metro and the region committed to pursuing a future where the benefits and burdens of growth and change are shared equitably among residents and communities. This principle – one of the six desired outcomes for a successful region – constituted an important statement of intent.

Addressing the many disparities that stem from institutionalized inequity and exclusion will require much more than aspirational statements. That's why, in 2016, the Metro Council approved its Strategic Plan to Advance Racial Equity, Diversity and Inclusion.



Leading with racial equity improves opportunities and outcomes for all historically marginalized communities in greater Portland.

The strategic plan acknowledges that inequity takes many forms; many of the barriers faced by people of color also affect other groups, including people with disabilities, the LGBTQ community, people with low incomes, women, seniors and young people.

But because those barriers most deeply affect people of color, removing them for communities of color will also effectively benefit other disadvantaged groups. The Strategic Plan recognizes that leading with racial equity is the cornerstone of good governance that can ensure the success of everyone.

Moreover, because past and current government actions contribute directly to the ongoing disparities faced by people of color, it is critical that we explicitly pursue policies and investments that will reverse these dynamics.

For these reasons, I am directing Metro staff to lead with racial equity and include communities of color in all investment decisions, from planning and oversight through execution and evaluation.

Ensuring equitable access to the opportunities provided by these investments and making sure we leave no one behind is central to Metro's mission and to our region's future success.

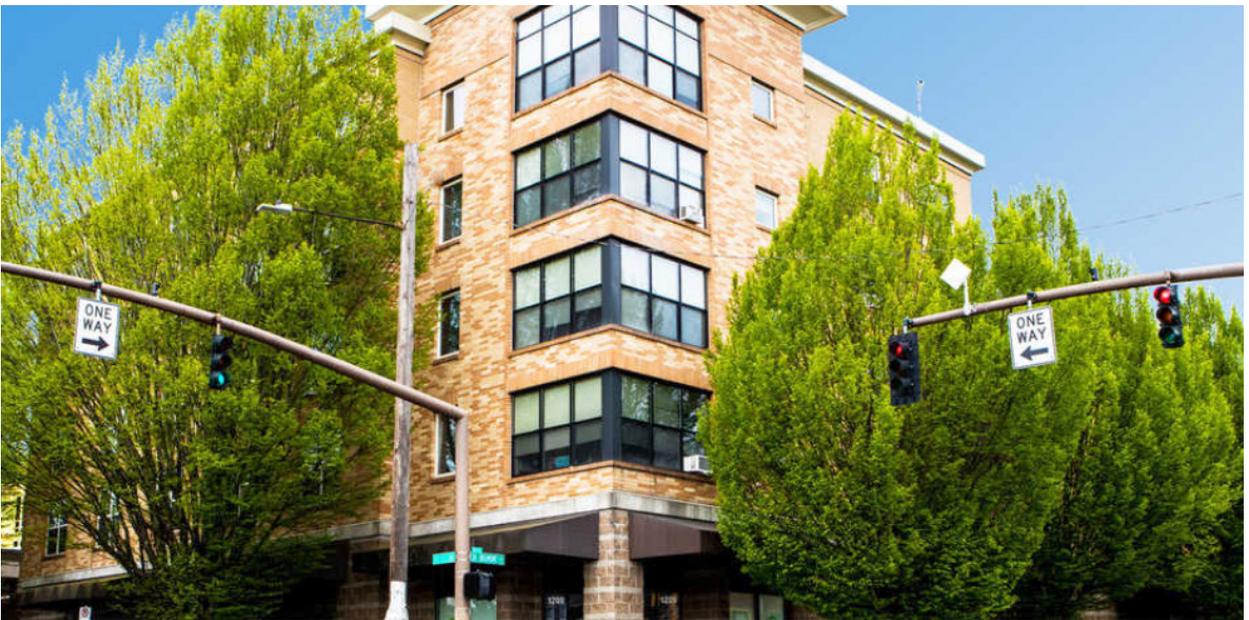
Transformative investments for an equitable, prosperous and sustainable future

Those of us fortunate enough to live here today benefit not only from the foresight of our predecessors, but from the prudent investments they made to build a community they would be proud to pass on to those who followed.

Like the investments of earlier generations, our actions today must create a better future for ourselves and our children. Our world is immeasurably more complex than that of our forebears, but the fundamentals still apply: we all need stable and affordable homes, safe and

reliable ways to get around, and a natural environment that nourishes and sustains our bodies and souls.

Without any one of these factors, our prospects are diminished, both individually and collectively; with them, we can advance the fairness, livability and economic health of our entire community.



What affordable housing looks like in greater Portland: Ritzdorf Court

In the heart of Portland's Buckman neighborhood lies the Ritzdorf Court apartments. The five-story, tan and coral brick building provides a refuge of affordable housing amidst a sea of skyrocketing rents. Ritzdorf Court houses people who are transitioning out of homelessness or have experienced homelessness within the last two years. It is more than just a stable place to stay, it provides social services to enable residents to keep their housing and eventually transition out. The community offers 90 units of housing, mostly studios, which are rented for \$427 per month.

Core values

Our regional investment can create thousands of affordable homes for people who need them. We must build from a foundation of strong values. Metro started the conversation with our stakeholders and partners by focusing on values. We also looked to existing Metro policies, heard input from jurisdictional partners, and applied lessons learned from past regional and local investment measures.

Through these efforts, we found remarkable consensus around the values that should be reflected in a regional housing investment, from creating an investment framework to building homes and helping people access them. These values are described below.

Lead with racial equity.

Leading with racial equity benefits all of us, regardless of our family background or the unique challenges we have faced. Through this investment, we can take a major step to improve racial equity across the Portland region – which strengthens and enriches our entire community.

Across the region, communities of color struggle disproportionately with unaffordable housing costs, displacement and homelessness. The history of housing in America, and greater Portland, is marked by systemic, ongoing racism and discrimination. We are grappling with the legacy of decades of policy designed to prevent people of color from finding affordable, quality homes in livable neighborhoods. Over time, these policies have concentrated poor people of color, reduced public investment in neighborhoods where they live, and in many cases then displaced them.

Metro’s racial equity strategy explicitly includes stable and affordable housing in its definition of racial equity: “Our region is stronger when all individuals and communities benefit from quality jobs, living wages, a strong economy, stable and affordable housing, safe and reliable

transportation, clean air and water, a healthy environment and sustainable resources that enhance our quality of life.”

To advance racial equity, our regional housing investments will:

- Focus on deep affordability for those most vulnerable and least likely to be served by the market
- Emphasize family sized and multi-generational homes
- Invest to serve those experiencing or at risk of homelessness
- Create homes in places where communities of color live today to prevent further displacement
- Create homes in neighborhoods historically not accessible to communities of color, reflecting Metro’s intention to affirmatively further fair housing under federal policies
- Ensure diverse representation of impacted community members in all oversight and ongoing implementation activities of the bond.



People with disabilities may live on low fixed monthly incomes that can easily be outpaced in a heated rental market. After his mother died, Murray Ruhland was unable to remain in the apartment they had shared in east Portland. Murray and his dog, Jenny, spent close to a year living in his car in a WalMart parking lot before his sister helped him find a permanent affordable home.

Create opportunity for those in need.

The private housing market is best equipped to serve families who earn average or above-average incomes. But the market is unable to create affordable homes for many with low or very low incomes.

Our regional investment will seek foremost to serve people currently left behind in the region's housing market, especially:

- Communities of color
- Families with children and multiple generations
- People living with disabilities
- Seniors
- Veterans
- Households experiencing or at risk of homelessness
- Households at risk of displacement

The framework reflects a firm commitment to these members of our communities.

Create opportunity throughout the region.

A home is more than rooms and a front door. It is part of a community – and the communities where we live determine much of our ability to access quality education, good-paying jobs and personal well-being. Metro's investments will create more opportunities to live in vibrant communities.

Through our investments, we aim to:

- Increase access to transportation, employment, education, nutrition, parks and natural areas
- Create affordable housing opportunities across the region
- Invest in mixed-income communities and a variety of housing types
- Prevent displacement in changing neighborhoods



Ensure long-term benefits and good use of public dollars.

The impacts of our investments go beyond the life of this bond – and beyond any of our lifetimes. A number of values will be further reflected throughout implementation of the bond measure. These include the following:

- Create high-quality homes with permanent affordability
- Ensure that investments are financially sound and make good use of public dollars
- Allow flexibility and efficiency in responding to local needs and opportunities throughout the region, as long as local strategies contribute to measurable progress toward regional goals and targets
- Include many partners and types of expertise in implementation decision-making and oversight, including housing providers and builders, culturally-specific organizations, nonprofits and business representatives, and impacted residents
- Be accountable to the region's taxpayers through community oversight that monitors impacts, assesses changing circumstances and confirms measurable progress is made toward regional goals and key values
- Require regular public reporting and annual auditing

Recommended housing bond framework

The next section contains my recommendations for the targets, commitments, implementation guidelines and next steps that should guide our work going forward.

These recommendations were developed through close collaboration with many stakeholders, jurisdictions, housing providers and other partners. Following the release of a draft measure framework in April 2018, staff further refined this framework based on additional input from partners and stakeholders.

Regional impact

Most importantly, we are taking action as a region to create impact for people – families, seniors, communities of color, people living with disabilities, and others who have been left behind in a period of intense growth and demand for housing. Our first attention, then, is to the people we will serve.

Our goal is to create affordable homes for about 12,000 people if a constitutional amendment is approved by Oregon voters in 2018, or 7,500 people if the amendment is not approved.

This means we seek to create approximately 3,900 affordable homes with the constitutional amendment, or 2,400 homes without.

For the people who can find a home because of our investment, this is life-changing. For our communities, it's a major investment in stability and opportunity. For our region, it's a clear statement of our values and ambitions.

Our investment will focus particularly on people and families for whom even traditional affordable housing sources often fall short.

We have a unique opportunity through a general obligation bond to serve these most vulnerable members of our community, those who earn less than 30 percent of area median income – about \$24,400 for a family of four or \$17,100 for a single individual. These are often people with disabilities, seniors on fixed incomes, or families on the brink of homelessness. People of color are disproportionately represented in this income bracket as a result of decades of systemic job and housing discrimination.

Our goal is to see approximately 1,600 homes created for households with 30 percent of area median or less if the constitutional amendment passes, or 1,200 homes for these households if the amendment does not pass.

Our investment will also create housing opportunity for families.

Our goal is that at least half of the affordable homes created through the bond will have two to five bedrooms.

These will create safe, stable homes for parents, children and often other extended family members who wish to live together. For these families, the benefits of such a home will multiply through school achievement, improved health, and stable neighborhoods.

A small portion of affordable homes created through the bond will be available to residents with more moderate incomes who also struggle to find quality affordable homes.

Our goal is that a maximum of 10 percent of the regional investment's affordable homes for people with 60 to 80 percent of area median income.



A stable, safe and affordable home has helped Cheranda Curtis find employment and tackle health and addiction challenges. She's saving to buy a home – something she never imagined.

This April marks Curtis' two-year anniversary in her studio apartment – the longest she's ever lived in one place since she was a teen. She calls it her "sanctuary."

These are common incomes for preschool teachers, carpenters and families with two minimum wage earners. Rents in these units can help provide additional services or offset some of the public investment needed to support residents in the very low income units. All affordable homes created through the measure will be for households making 80 percent of median family income or less.

We are grateful for the preliminary commitment of 400 rental assistance vouchers to help support deeper affordability of bond-funded homes in Clackamas and Washington counties.

We recognize that further local operating subsidy will be needed to reach the affordability goals outlined in this framework. Creating homes affordable for those with the lowest incomes is a goal shared among all jurisdictions in Oregon, and Metro is committed to working in partnership to achieve these outcomes.

Creating housing opportunity for people with very low incomes can require greater long-term attention and coordination with supportive services to help people keep their home and use it as a springboard to further success.

Metro is committed to working with our partners on coordinating housing investments with supportive services over the long term. These members of our community deserve no less.

Ultimately, the homes we create must be accessible to the people we seek to serve. Additional actions through local implementation and regional oversight will seek to reduce barriers to finding and securing affordable homes created by our investment, particularly for communities of color. These are described in the "long-term benefit" section below.

The right scale: measure scope

We seek to create affordable homes swiftly, tangibly and efficiently. In short, we want to serve as many people as we can, as quickly as we can.

Informed by local capacity and opportunity around the region, **a \$652.8 million general obligation bond provides strong confidence that our targets are achievable and realistic, and can be accomplished within five to seven years.** Through collaboration with partners and the community, we can do this.

A bond of this size would present an average annual cost to Portland-area homeowners of roughly \$60 per year.

Creating affordable homes: eligible activities

Through our investment, affordable homes will be created in several ways. Clearly, partners may build new affordable homes. They may also acquire, renovate and protect existing low-cost housing on the market which is at risk of spiraling rents and displacement of current residents. Finally, local partners and Metro may purchase land on which to build affordable homes. These activities will work together to help achieve our desired outcomes.

If the constitutional amendment does not pass, all homes created through the bond would need to be owned by public entities, such as housing authorities. If the amendment does pass, affordable homes created through the bond could also be owned by nongovernmental entities, such as non-profit community development corporations. If the amendment passes, affordable homeownership programs would also be eligible as part of local implementation.

The purpose and singular focus of this regional investment measure is to create affordable homes. A general obligation bond must only be spent on capital costs. However, some costs of bond administration and oversight, including transaction costs of buying land and buildings, will occur through regional and local implementation. To focus bond dollars on creating the most homes possible, we propose that no more than 5 percent of bond dollars be used for administration, oversight and transaction costs at the regional and local level. This cap is incorporated into the distribution described below.

Opportunity throughout greater Portland: distribution

A regional bond measure presents a unique opportunity to create affordable homes for people throughout the region, helping people find affordable homes in communities where they have historically been scarce. At the same time, the regional investment can enhance communities' cultural and social capital by countering displacement that has disrupted too many communities in the region, especially communities of color.

Recognizing the spread of need and opportunity throughout the region, we propose that affordable homes created by the bond be distributed region-wide based on assessed value of each of greater Portland's three counties within the Metro district .

This means that approximately 45 percent of homes created through the bond would be in Multnomah County, 34 percent in Washington County and 21 percent in Clackamas County.

About the proposed constitutional amendment

The Oregon Legislature recently referred a constitutional amendment to statewide voters for consideration on the November 2018 ballot. If this amendment passes, a regional affordable housing bond measure can leverage additional funding and partnerships with cities and nongovernmental entities, such as nonprofit housing providers. If Oregon voters do not approve the proposed amendment, only government agencies could own affordable homes built and acquired with proceeds from a regional bond measure.

A regional housing bond measure would be implemented differently based on the outcome of the statewide vote on this constitutional amendment. Either way, the measure can create affordable homes for thousands of people.

Partners in each county will create homes according to local needs and opportunities, while also advancing regional outcomes and goals. Under the current Oregon Constitution, the three public housing authorities are best positioned to achieve these goals by developing, owning and operating affordable homes within their respective counties. Other public partners, including cities, may also develop this capacity and thus could be eligible for bond funds. If the constitutional amendment passes, cities that have more than 50,000 residents and that administer their own federal community development block grant allocations will be eligible to help create affordable homes through gap financing for construction, acquisition and renovation of affordable homes in partnership with private and nonprofit entities.

In addition to local action, a strategic regional approach to acquiring land for affordable homes will help create housing opportunity in neighborhoods where affordability is scarce or threatened by rapidly rising land prices. With its unique experience in land acquisition, transit planning and transit-oriented development, Metro will establish a strategic regional land acquisition program. Through this program, Metro will purchase land for affordable homes, including in areas with current or planned frequent service transit, in collaboration with local jurisdictions. This program will be subject to the same community oversight as local implementation, described below.

Ten percent of the bond's programmatic funds will be dedicated to this regional program.

Long-term benefit: implementation and oversight

A regional housing measure will be guided by regional goals and oversight, but implemented primarily through the expertise of local jurisdictions. Local jurisdictions are best able to listen to their communities and create affordable homes that meet their unique needs. Successful implementation requires flexibility for local jurisdictions to create and nimbly

pursue strategies that make sense for them. At the same time, regional oversight must monitor commitments to the region's voters as well as Metro's fiduciary obligations, so these local strategies and actions can together advance desired regional outcomes and goals.

Local implementation strategies

Implementation will be focused at the local level. Each participating jurisdiction will produce an implementation strategy focused on their community's affordable housing needs and development opportunities. Strategies will outline local goals and commitments to achieve regional targets, and identify local opportunities, needs and location priorities.

Participating local jurisdictions must describe how they will advance regional racial equity and affirmatively further fair housing – that is, ensure that homes created help provide new opportunity to people of color, people with disabilities, seniors and others who have experienced historic discrimination in the housing markets. Jurisdictions will also describe their project selection and approval process, including community and Metro input.

If regional voters approve the bond measure, participating local jurisdictions will conduct community engagement beginning in November 2018 to inform the development of their local implementation strategies. By March 2019, strategies will be reviewed by a community oversight committee described below, and incorporated into intergovernmental agreements between Metro and jurisdictions.

Once this process is complete, participating jurisdictions will begin identifying potential investments to create affordable homes. Investments that comply with the local implementation strategy, bond financing rules, and regional goals will be eligible to receive bond funding. Participating jurisdictions will have access to a pool of funding necessary for their share of the regional targets, as described in the distribution section above.

Intergovernmental agreements

Intergovernmental agreements will provide clarity and certainty for each partner. Following a Metro Council referral of the bond measure, participating jurisdictions will begin preliminary discussions to develop Intergovernmental Agreements with Metro. These agreements will identify eligible program activities, funding needed to achieve the local share of regional housing targets, and a local strategy for implementation that advances regional policies and goals, including racial equity, community engagement and inclusive decision-making.

Regional accountability and oversight

Greater Portland does best when we bring together diverse voices to monitor and advance shared goals. Metro is also committed to accountability to the region's taxpayers, to ensure that progress is made on regional outcomes.

If voters approve the bond measure, the Metro Council will appoint a regional community oversight committee in early 2019. The oversight committee's diverse membership will include people with experience in affordable

housing finance, construction and need, as well as members of communities we are seeking to serve. The oversight committee – from member recruitment to committee action – will adhere to the policies, recommended actions and practices derived from Metro's Strategic Plan to Advance Racial Equity, Diversity and Inclusion.

The oversight committee will make recommendations to Metro and participating jurisdictions to help ensure that local investments build up to regional goals and desired outcomes. Participating jurisdictions will present progress reports to the oversight committee annually. With input from the oversight committee and the Metro Council's approval, local strategies and regional targets may be amended annually to respond to changing circumstances and opportunities.

If a participating jurisdiction is unable to create homes consistent with the targets described in its implementation strategy and defined in intergovernmental agreements, the Metro Council, with input from the oversight committee and the Metro COO, may decide that other partners be identified to create affordable homes to advance regional goals.



What affordable housing looks like in greater Portland: Sunset View Apartments

Every apartment at Sunset View serves residents in need of affordable housing. In this case, people earning at or below 60 percent of the area median income; \$44,820 for a family of four. Sunset View houses tenants with Section 8 and project-based vouchers. These programs help people who make less than 30 percent of the area median income, or \$22,410 for a family of four.

Expectations for local implementation

Metro needs to ensure that local investments reflect adopted Metro Council policy, and that we incorporate feedback from community partners to advance racial equity and other key values.

Metro will include such values and policies in intergovernmental agreements with participating jurisdictions. Jurisdictions will reflect their intentions to achieve these values in their implementation strategies.

- Project selection and decision-making structures will include consideration of racial equity and affirmatively furthering fair housing.
- Local implementation and regional oversight will include impacted

communities.

- Bond-funded investments will include screening criteria that reduce barriers for vulnerable communities to access housing opportunities.
- Partnerships with culturally specific organizations and community groups will inform project selection, design, marketing and service. Marketing plans will seek to help immigrants and communities of color access affordable homes created through the bond.
- Regional and local partners will have targets for equitable construction contracting and workforce participation in developing and operating homes created through the bond.

These will be further refined after additional conversation with stakeholders and partners.

Next steps

A great deal of conversation, feedback and engagement has shaped this framework. If the Metro Council decides to refer a bond measure to the region's voters, it will initiate further steps to prepare regionally and locally to begin creating affordable homes.

Families, seniors and vulnerable members of our community need affordable homes to be created as soon as possible. Should the region's voters approve a regional housing measure, Metro and partners will move quickly to complete local implementation strategies, identify investments and create affordable homes. That said, we will also be diligent to ensure our strategies and investments reflect the specific desires and needs of people and communities we seek to serve.

As such, we propose these next steps moving forward:

June 2018

Metro Council consideration of a resolution to refer a bond measure to regional voters on the November 2018 ballot

June to November 2018

Metro staff provide public information about the measure; work with local jurisdiction partners to pre-develop IGAs, local implementation strategies and community engagement plans for post-election; maintain ongoing dialogue with community partners

November 2018 to February 2019

Regional community oversight committee appointed; local implementation strategy development, including community engagement; community oversight committee appointed by the Metro Council

March 2019

Local implementation strategies reviewed by oversight committee and incorporated into final intergovernmental agreements approved by local governing bodies and the Metro Council

April 2019

Implementation begins

Engagement summary

An issue as fundamental as creating affordable homes merits a thorough public conversation. From the establishment of the Equitable Housing Initiative in 2015, Metro has convened and engaged many partners to understand housing need and potential solutions. Creating this measure recommendation continued this commitment.

Since early 2018, Metro heard and incorporated input from a variety of stakeholders, jurisdictions, housing and service providers, and the public. Additional information and input received will be available at oregonmetro.gov/housing.

Developing a strategy and key goals

In January Metro staff identified an approach and set of activities to effectively engage and raise awareness among a broad range of regional geographic and cultural groups. Metro focused on engaging communities of color and lower income populations who have faced greater systemic barriers to finding safe, affordable housing.

During this time, two discussions were held with community partners active in advancing racial equity throughout the region, many of whom partner with Metro on a variety of initiatives. These discussions shaped the overall engagement goals and approach, and gave specific input into the structure of the community partnership grant program.

Engagement and communications goals included:

- Inclusive engagement to inform key decisions
- Elevate historically marginalized groups
- Build and strengthen relationships and trust with decision makers
- Build capacity of the community to engage on housing issues
- Inform and engage the public to raise awareness and share knowledge
- Coordinate with other Metro engagement



Dawn Swan, pictured here with her daughter in their home in Beaverton, waited nearly a decade to get a Section 8 housing voucher.

Advisory Tables

Two advisory tables convened by Metro staff provided essential insight and advice about values and considerations that should be incorporated in the recommended measure framework. The tables' members are listed on pages 24 and 25. This recommendation is considerably stronger thanks to their time, experience and energy.

Stakeholder Advisory Table

Nearly 30 members representing a variety of perspectives on housing need, opportunity, development and community served on a Stakeholder Advisory Table from January to May 2018. The group's provided input to Metro staff on key elements of the housing measure framework by articulating community values to guide program activities and providing feedback on program scenarios.

During the first two meetings in January and February the group focused on collectively developing priority values that the group wanted to guide the development of the framework. These values were employed throughout stakeholder discussions to help the group evaluate possible investment scenarios.

At the March and April meetings the committee reviewed draft investment scenarios. The



Keith Schulz was born with cerebral palsy, which affected his ability to find living-wage work. He describes his job prospects as limited and said his Social Security Disability checks would not have covered rent in an apartment building in the private market. After his wife died, Schulz lived with his in-laws while he raised his young son.

Schulz applied for a Section 8 housing voucher when he was ready to move out on his own. He waited about a year for his voucher. "It's helped out immensely," he said. He wants to get more involved advocating for affordable housing, after he received a no-cause eviction last year, which put him on the verge of homelessness.

committee considered the priority values, technical input and community feedback to discuss who would be served by the measure and what type of housing would be built. The group also heard presentations and gave input and reactions to proposals for distribution formula, oversight and implementation considerations.

The committee reviewed a draft framework in early May and had dialogue and specific recommendations for the number and size of homes that could be created, income level targets, and distribution of new home versus purchase of existing properties.

At the committee's last meeting on May 21, the Stakeholder Advisory Table discussed refinements to the measure framework and shared hopes and advice for implementation with Metro's chief operating officer and staff. The committee also shared suggestions for local implementation strategies and next steps.

Technical Advisory Table

More than 20 representatives of local jurisdictions, housing agencies and housing developers participated in a Technical Advisory Table from January to May 2018. The committee advised Metro staff, consultants and stakeholders on technical and operational components of the housing measure framework, as well as capacity and tools and next steps for successful implementation.

In January and February, the committee grounded their work in examples from other jurisdictions, discussed the values articulated by the Stakeholder Advisory Table, and made recommendations for important data sources to include in the process. At meetings in March and mid-April, the committee provided feedback on the assumptions and inputs used to create draft scenarios, and made recommendations to refine draft scenarios for consideration. The committee also reviewed and recommended approaches for distributing housing resources throughout the region.

At the group's final meetings in late April and May, discussion continued about specific elements of the draft and refined measure framework.

Metro-funded community partnerships

Metro sought to hear directly from communities impacted by the housing crisis, particularly communities of color. Metro also sought to increase the capacity of community-based organizations to conduct engagement and create awareness of housing need and opportunity.

Seven community partner organizations were selected to receive more than \$110,000 to implement projects that advanced Metro's broader engagement goals. The funded projects engaged a diverse range of cultural communities in each of greater Portland's three counties, including Latinos, African Americans, Native Americans, Asian Pacific Islanders, mobile home park residents, immigrants and refugees, seniors and low-income renters. Activities supported by these funds included community discussion groups, forums and workshops, leadership development, door-to-door engagement and home visiting, community education and mobilizing organizations and individuals to engage in affordable housing efforts (more detail below).

Six partners were selected through a competitive application process in February. Two additional partners were selected in early May to conduct further targeted engagement.

Metro staff worked with each partner to create opportunities for the input and feedback received to be directly connected to project stakeholders and decision makers. Funded groups included:

- Asian Pacific American Network of Oregon
- Black Parent Initiative
- Latino Network
- Native American Youth and Family Center
- Rosewood Initiative
- Unite Oregon
- Verde
- Welcome Home Coalition

Activities funded through the partnerships included the following:

Leadership development and training

Three partners leveraged existing leadership development groups to build members' capacity to understand and engage in regional housing work. Verde worked with its Cully Housing Action Team (CHAT) and Mobile Home Repair and Organizing group through monthly meetings and an all-day leadership training to build skills on canvassing, phone banking, giving public testimony and meeting facilitation. Participants in Unite Oregon's BOLD leadership program (Beaverton Organizing and Leadership Development) held a small group discussion to share their ideas with Metro Councilors and integrated affordable housing policy into their ongoing leadership curriculum. Rosewood Initiative hosted Guerreras Latinas members for a leadership development workshop to build skills on housing outreach and advocacy.

Community discussions

Several partners held multiple discussion groups and led door-to-door outreach to share resources and learn more about affordable housing barriers and solutions from those experiencing the greatest challenges.

Culturally-specific discussion groups facilitated by Latino Network, NAYA, Rosewood Initiative, Verde and the Black Parent Initiative were held in Tigard, Gresham, Portland, Cornelius and Hillsboro. Verde leaders and Community Health Workers from Rosewood Initiative visited with residents of the Cully neighborhood and East Multnomah County to gather their ideas about housing needs and community wellness.

Connect with staff and decision makers

Metro Councilors and staff attended many of the events hosted by community partners to help build relationships and share up-to-date information on the work to develop a regional affordable housing bond framework. In addition partners were invited to present to Metro Council and the Stakeholder Advisory Table. Members from Unite Oregon's BOLD program and Community Health Workers with Rosewood Initiative coordinated small group discussions with Metro Councilors.

Informing key elements of the framework

Information gathered from the partnerships activities above was shared with advisory tables and Metro staff. In addition, the Welcome Home Coalition engaged its 80 members in monthly phone calls, survey and in member meetings on key steps of the bond development process.

Opt In online survey

More than 2,660 people responded to an online Opt In survey between April 30 and May 18. The survey sought to generate feedback on housing priorities identified in the draft housing measure framework and to inform implementation of the housing measure should it be approved by voters. While non-scientific, the survey results provide valuable insight into the priorities, concerns and expectations of area residents. Nearly two-thirds of respondents described investments in affordable housing as "very important." Most also prioritized creating homes for those in most need, and creating affordable homes in well-established communities with good access to transportation, jobs, community centers and other opportunities.

A report on the survey's findings will be posted at oregonmetro.gov/housing.

Public partner engagement

Metro sought regular, open engagement with local jurisdictions, housing authorities and other public agencies that will be key partners in implementing a regional investment in affordable homes. Early in the process, Metro staff presented at more than a dozen public meetings, including MPAC, city councils, county commissions and coordinating committees. Staff also individually briefed many other local elected officials and agency staff members. Metro heard concerns and opportunities raised at these conversations and worked to incorporate them into the draft measure framework released in late April.

After the draft framework's release, Metro staff presented and heard feedback at more than a dozen public meetings, including MPAC, numerous city councils, all three county commissions, and all three county coordinating committees. Metro staff also presented and heard feedback through individual briefings with elected officials and staff from key partner jurisdictions.



Patti Jay felt "exhausted with having to move again" after she received a no-cause eviction. She's grateful she found a place to live close to her son's high school, which means he didn't have to switch schools.

Communications and storytelling

In addition to direct engagement, Metro shared information and raised awareness to a wide range of regional residents including monthly Interested Parties email updates that reached more than 750 people. Staff posted regularly on Facebook and Twitter, and published several Metro News stories describing the process to develop a housing measure framework and sharing the lived experiences of those impacted by the housing crisis in our region.

An online Regional Snapshot on Affordable Housing was published in late April. The Regional Snapshot provided information on the current supply and shortage of affordable homes throughout the region and who is most at risk for housing displacement or homelessness. The Regional Snapshot also provided a tour of modern affordable homes throughout the region and shared personal stories of individuals and families who have struggled or are experiencing challenges finding affordable homes.

Metro staff engagement

The project team also held opportunities for Metro staff to be engaged through lunchtime discussions on the root causes of homelessness, details on the process to develop the housing bond measure, and presentations of this COO recommendation.



Low-income families, the elderly, and people with disabilities receive housing assistance primarily through two different means. They may be able to rent an apartment with rent limits; or they may receive a voucher that helps them bridge the gap between what they can afford and the cost of apartments in the private market.

Waiting lists to get a regulated apartment or a voucher are years long.

In the tri-county area, nearly 11,500 individuals or families are on the waiting lists for regulated housing. That's more households than there are in the entire city of Tualatin.

People in dire circumstances may receive priority, but most could expect to be waiting anywhere from one to 14 years for an apartment.

Stakeholder Advisory Table

Jesse Beason
Northwest Health Foundation

Renée Bruce
Community Action of Washington County

Michael Buonocore
Home Forward

Denny Doyle
Mayor of Beaverton

Ernesto Fonseca
Hacienda CDC

Mark Gamba
Mayor of Milwaukie

Sheila Greenlaw-Fink
Community Housing Fund

Ashley Henry
Business for a Better Portland

Hannah Holloway
Urban League of Portland

Mitch Hornecker
Portland Business Alliance Board of
Directors

Duncan Hwang
APANO

Marc Jolin
Joint Office of Homeless Services

Komi Kalevor
Washington County Housing Authority

Roy Kim
Central Bethany Development Company

Eva Rippeteau
AFSCME Council 75

Anneliese Koehler
Oregon Food Bank

Allan Lazo
Fair Housing Council of Oregon

Dani Ledezma
Coalition of Communities of Color

Kari Lyons-Eubanks
Welcome Home Coalition

Nate McCoy
National Association of Minority
Contractors -- Oregon Chapter

LaQuisha Minnieweather
Momentum Alliance

Dave Nielsen
Home Builders Association of
Metropolitan Portland

Maria Caballero Rubio
Centro Cultural

Margaret Salazar
Oregon Health and Community Services

Jill Sherman
Gerding Edlen

Bandana Shresthra
AARP Oregon

Jamie Stasny-Morgan
Westside Economic Alliance
Land Use Committee

Richard Swift
Clackamas County Health, Housing and
Human Services

Ana del Rocío
David Douglas School Board

Dan Valliere
Reach CDC

Bob Walsh
Walsh Construction

Technical Advisory Table

Julie Cody
Oregon Housing and Community Services

Devin Culbertson
Enterprise Community Partners

Ryan Deibert
Joint Office of Homelessness Services

Karl Dinkelspiel
Portland Housing Bureau

Rachael Duke
Community Partners for Affordable
Housing

Ernesto Fonseca
Hacienda CDC

Chris Hartye
City of Hillsboro

Sean Hubert
Central City Concern

Jennie Protcor
Washington County Housing Authority

Anneliese Koehler
Oregon Food Bank

Martha McLennan
Northwest Housing Alternatives

Ed McNamara
Turtle Island Development

Brian Monberg
City of Gresham

Jeff Owen
TriMet

Nicole Peterson
BRIDGE Housing

Cadence Petros
City of Beaverton

Chuck Robbins
Clackamas County Housing Authority

Emily Schelling
Housing Development Center

Sarah Stevenson
Innovative Housing Inc.

Jonathan Trutt
Home Forward

Bill Van Vliet
Network for Oregon Affordable Housing

Consultants:

Mike Andrews
Steve Rudman
Structure PDX

Appendix 1

Caption: Bonds to fund affordable housing in Washington, Clackamas, Multnomah counties.
(10 words max) (10 words)

Question: Shall Metro issue bonds, fund affordable housing for low-income families, seniors, veterans, people with disabilities; require independent oversight, annual audits? (20 words max) (20 words)

If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

Summary: Measure authorizes \$652.8 million in general obligation bonds to fund affordable housing in Washington, Clackamas, and Multnomah counties.
(175 words max)

Bonds will be used to build affordable housing for low-income households; purchase, rehabilitate, and preserve affordability of existing housing; buy land for affordable housing; help prevent displacement.

Affordable housing means land and improvements for residential units occupied by low-income households making 80% or less of area median income, which in 2018 for a family of four was \$65,120; improvements may include a mix of unit sizes; spaces for community and resident needs and services. Some units will be accessible for people with disabilities and seniors; flexibility for existing tenants and hardship.

Requires community oversight and independent financial audits. Creates affordable housing function for Metro, implemented by Metro and local housing partners. Local and regional administrative costs capped at 7% of bond proceeds. Bond costs estimated at 0.24 cents per \$1,000 of assessed value annually, approximately \$5.00/month for the average homeowner. Bonds may be issued over time in multiple series. (167 words)

Appendix 2

MEMORANDUM

To: Elissa Gertler, Metro Planning and Development
Megan Gibb, Metro Planning and Development
Emily Lieb, Metro Planning and Development

From: Mike Andrews

Subject: Regional Housing Bond
Financial Modeling Summary Memorandum

The purpose of this memorandum is to describe the underlying logic of the financial model created to determine likely outcomes from a regional housing bond, and describe the rationale for key inputs used within the model. Goals for unit production established in the Framework have been established using this model and inputs.

Logic behind the model:

The regional housing bond will provide development capital for the creation of affordable rental housing. This type of capital is typically used to fill the gap that exists between the total project cost (land, constructions costs, soft costs, reserves) and the amount of capital the project is able to attract through permanent loan or tax credits.

Ability of a project to borrow a permanent loan is based on the revenue or rents being sufficiently greater than operating expenses. This is called the Net Operating Income (“NOI”). Borrowing typically relies upon 80% of the NOI as debt service payments. Interest rate, loan amortization period, and debt service payment determine the amount of money that can be borrowed.

Policy and practical real estate factors will influence the amount of revenue collected through rents and the cost to operate a project. As a result, these choices have a direct bearing on the borrowing capacity reflected in this model.

The Low Income Housing Tax Credit (“LIHTC”) is a federal tax incentive used to attract equity to residential rental projects. The amount of credit created by each project is a function of its basis, or those capital costs that are depreciable. Investors will purchase the tax credits from developers, who use this equity to create the affordable housing project. The premise of this federal tax incentive is that affordable housing projects intentionally keep rents low, typically well below market. As a result, these project do not generate sufficient revenue to provide a



lender and investor a market return. The LIHTC creates a benefit to investors that doesn't rely on revenue to attract equity to affordable housing. Therefore rents can be kept low while also generating a return for the LIHTC investor.

Typical affordable rental housing uses debt and LIHTC to generate capital for the project. When these two sources are not sufficient to develop the project, development subsidy is used. Each project solves for the amount of development subsidy needed.

The regional housing bond is a source of development subsidy. However, the approach used in modeling realistic outcomes from a regional housing bond is reversed. Starting with the size of the bond, and then relying upon inputs that define key economic drivers for debt and equity, the model solves for the number of units that can be created based on the size of the bond.

Once fully deployed, the bond will have financed a variety of projects, each with its own development and operating budget profile. In order to capture the variation anticipated with individual projects, weighted averages were used for several key inputs. These averages (primarily construction cost, acquisition cost and operating expenses) were tested against actual recent costs for validity.

We have assumed the bond will be deployed over five years. Recognizing escalation impact on construction and acquisition costs was important to achieving a reasonable estimate of unit production. Escalation was applied to the construction and acquisition costs for a five year period, and then a flat line expenditure of bond funds was used to determine impact of escalation.

Key inputs will dictate the economic feasibility and public benefit of the projects funded with the bond. The remainder of this memo will summarize the key inputs and the rational basis for the value used in the model.

Key Inputs:

Bond Amount	\$652,800,000 Gross bond amount achievable at an average cost of \$60 annually to homeowners.
New or Acquisition	50 / 50 split This balance was selected to allow for immediate production, lesser cost related to acquisition, and preservation of unregulated low cost housing.
Administrative fee	7% or \$52,224,000 Cost of Issuance, legal requirements and programmatic functions related to implementing the regional housing bond were assembled. Staffing levels and durations were estimated



based on the estimated deal flow and length of the program. This information was used to create an estimated staffing cost for implementation (within Metro and jurisdictional partners). Estimated cost for staffing and direct costs are within this administrative budget.

Affordability targets	42% at 30% AMI, 48% at 60% AMI, 10% at 80% AMI Affordability targets are used to set rent restrictions for units. Additional affordability is anticipated through rent subsidy that will reduce the tenant paid rent for households living in a 60% rent unit to 30% to achieve the targets.
Area Median Income	\$81,400 2018 median family income for a four person family for the Portland-Vancouver-Hillsboro OR-WA MSA. Set by U.S. Department of Housing and Urban Development.
Rents	18% at 30% AMI, 62% at 60% AMI, 10% at 80% AMI, and 11% at Payment Standards assuming Project Based Vouchers.
Project Based Vouchers & local rent subsidy	400 Project Based Vouchers (“PBV”) – 200 from Washington County and 200 from Clackamas County. An additional 193 PBV will be needed from Washington County and 41 from Clackamas County. From Multnomah County, local rent subsidy is assumed to cover the difference between 60% AMI rents and tenant paid rents affordable to households at 15% AMI. The value of this local rent subsidy is \$4.136MM in the first year.
Utility Allowances	\$117 average Utility Allowance (“UA”) for all units. Schedule is based on UAs published by the housing authorities in the region. Actual UAs will vary depending upon efficiency of projects, fuel source, and decision for tenant or building to pay utilities.
Vacancy Factor	5% Industry standard for underwriting.
Operating Expenses	\$6500 per unit per year Existing actual expenses were provided by public partners who currently invest in affordable housing and owners of affordable housing. Actual expenses reflect a significant range based on building characteristics, population, and income level. \$6300 reflects a weighted average for modeling that allows for a range of actual expenses that capture most of the actual expenses indications gathered.
Replacement Reserves	\$250 for new construction and \$350 for acquisition Industry standard for underwriting.



Escalation	2% for revenue, 3% for expenses Industry standard for underwriting.
Construction Costs	\$253,186 as the trended construction cost per unit. Assumed \$215,000 in 2018 construction costs trended at 5.5% annually for 5 years. The 2018 number is based on input from builders and review of projects recently completed. The \$215,000 reflects a weighted average for wood frame, slab on grade buildings and podium construction. Bedroom sizes range from 0 to 4 bedrooms.
Cost to acquire buildings	\$179,260 as the trended acquisition cost per unit. Assumed \$150,000 in 2018 dollars trended at 6.0% annually. Input based on review of sales data and ECONorthwest review of Costar data for the region
Rehab of acquired:	\$45,920 as trended rehab cost per unit. Assumes \$40,000 in 2018 dollars trended at 5.0%. Discussed with Technical Advisory Table. Acquisitions will need to carefully considered for capital needs prior to purchase.
Soft Costs	30% of depreciable basis. Assumed based on norms for LIHTC projects ratio of soft cost.
LIHTC Utilization:	95% of total projects Input based on desire to leverage additional capital and retain some funds for smaller projects. Only 4% LIHTCs are assumed in the model due to the competition and scarcity of 9% LIHTCs.
LIHTC pricing	\$0.98 per credit LIHTC pricing is shifting and difficult to predict. Portland has the benefit of being a strong desirable market for investors. Recent projects have secured pricing greater than \$1.00, and smaller projects receive pricing in the low \$0.90 range. This input reflects judgement about future market conditions.
Debt Pricing	6.0%, 30 year fixed amortization, 1.27 DCR Debt markets are also changing. Current rates for a 30 year fixed are sub 5.5%. Rates will likely rise over the duration of the bond deployment. 30 year fixed is conservative as 35 or 40 year amortizations are becoming more regular with use of credit enhancement programs.
Other Development Subsidy	\$0 No additional development subsidy has been assumed from local jurisdictions or the state. It is very likely additional capital will be available.



Appendix 3

MEMORANDUM

To: Elissa Gertler, Metro Planning and Development
Megan Gibb, Metro Planning and Development
Emily Lieb, Metro Planning and Development

From: Steve Rudman
Mike Andrews

Subject: Local Jurisdiction Capacity Assessment for Regional Housing Measure

The purpose of this memorandum is to examine the current capacity within the region to successfully deploy a \$652.8 MM regional housing bond. The focus of this initial assessment of local capacity is on factors important to successfully implement a regional housing bond. It is not the aim or intent of this assessment to address capacity of jurisdictional partners to carry out their current programs.

1. Background

Within Metro's service district, two in three low-income families are unable to find an affordable rental home. As the need continues to grow, it is increasingly clear a coordinated regional approach to creating affordable housing is necessary.

Across the region, city and county staff are being directed by their governing bodies to identify new policy and funding solutions to address growing local concerns about homelessness, displacement vulnerability for renters, and the need for permanently affordable housing to serve households at a range of income levels.

In fall 2017, Metro Council directed staff to work collaboratively with local governments to explore the potential for a November 2018 ballot measure to create and protect permanently affordable homes throughout the greater Portland region.

It has been determined the best available option is a General Obligation Bond of \$652.8 MM. Metro would issue bonds to be repaid with property tax revenue and guaranteed by Metro.

State and federal statutes control use of general obligation bond proceeds for the creation of rental housing. Existing Oregon constitutional limitations on general obligation bonds issued by local governments effectively require the real estate funded with proceeds of the bond to be owned by a governmental entity. Metro has determined it does not want to add owning and operating affordable housing to its current functions. The ideal governmental entities to own affordable housing are the three countywide public housing authorities.



In November 2018, Oregon voters will be asked to amend their constitution to allow private ownership of affordable housing financed with general obligation bonds. This would significantly change the role of jurisdictional partners in the implementation of a regional bond from a developers, owners, and operators to primarily serving as gap funders. With an amendment, bond proceeds would be accessible to non-governmental entities (non-profit and private developers) and provide a new gap investment source to be paired with other equity and debt sources commonly utilized in the affordable housing industry.

2. Jurisdictional Partners

Successful delivery of affordable housing to achieve the goals established for the regional housing bond will require cooperation between Metro and jurisdictional partners, and among jurisdictional partners within each county. Affordable housing needs differ across the region and most localities have been working on plans and strategies tailored to their community. Additionally, locally controlled resources such as project-based Section 8 rental subsidy, tax abatements, fee waivers, or development subsidy (e.g. CDBG, HOME, general funds, tax increments, Construction Excise Tax, or fee waivers) offer potential for greater leverage of the regional bond resources.

Based on meetings with local staff, many smaller jurisdictions feel they do not currently have the staff and/or technical capacity to facilitate affordable housing development, and some interest has been expressed in a regional technical assistance program. Several larger jurisdictions felt they had significant staff expertise but currently lacked the financial resources and/or staff capacity needed for implementation.

Below are the Jurisdictional partners identified as core to the delivery of a regional housing bond. In addition to these partners, Metro is also an important regional implementer of the bond whose past performance with land acquisition and gap funding for transit-oriented development projects is relevant to future success in implementation.

Cities	Counties	Public Housing Authorities
<ul style="list-style-type: none"> • Beaverton • Gresham • Hillsboro • Portland 	<ul style="list-style-type: none"> • Clackamas (Department of Health and Human Services and Housing) • Washington (Department of Housing Services) 	<ul style="list-style-type: none"> • Home Forward • Housing Authority of Clackamas County(HACC) • Housing Authority of Washington County (HAWC)

Since Multnomah County is not an affordable housing development implementer, it is not included in the scope of this assessment. However, it is important to note, the Joint Office of Homeless Services is the lead entity responsible for overseeing the delivery of services to people experiencing homelessness in Multnomah County.

Under existing constitutional limitations, the three public housing authorities are recommended to be eligible partners, given their capacity and experience owning and



operating affordable housing. If the constitutional amendment were to pass, Metro has determined that the four cities that administer their own Community Development Block Grant (CDBG) funding should also be eligible to participate in program administration. Cities with more than 50,000 people are eligible to administer their own CDBG. These include Portland, Gresham, Beaverton, and Hillsboro.

Housing authorities (PHA) have historically administered federal funding in their communities for the provision of public housing and rent assistance housing choice vouchers (HCV, also known as section 8). Most HCV are tenant-based, meaning families can use them to rent any private apartment that meets program guidelines. Project-based vouchers (PBV), in contrast, are attached to a specific unit whose owner contracts with a local PHA to rent the unit to low-income families. Across the country, PBV's have been an increasingly important development tool to provide an operating subsidy that enables very low-income households to reside in affordable housing apartments. Housing authorities, such as Washington and Clackamas counties, can use up to 20 percent of their Housing Choice Vouchers for Project-Based Vouchers plus an additional 10 percent to assist veterans or people experiencing homelessness, to provide supportive housing to seniors or people with disabilities, or in low poverty areas. Home Forward has a federal deregulation status that provides them the opportunity to tailor locally-designed strategies without setting a federal limit on the number of project-based vouchers.

Roles played by these jurisdictional partners and their relative geography or service area is an important consideration is determining capacity to implement this program throughout the entire region. The table below reflects the jurisdiction partners organized by the county within which they operate.

Clackamas County	Multnomah County	Washington County
<ul style="list-style-type: none"> • Clackamas County • Housing Authority of Clackamas County 	<ul style="list-style-type: none"> • Gresham • Portland • Home Forward 	<ul style="list-style-type: none"> • Beaverton • Hillsboro • Washington County • Housing Authority of Washington County

A board or council governs each partner. In the case of the Housing Authority of Washington County ("HAWC") and the Housing Authority of Clackamas County ("HACC"), both are within departments of the larger county government. The boards for HAWC and HACC are their respective county commissions, plus a resident representative.

Home Forward, a public corporation, is the housing authority serving all of Multnomah County. A separate volunteer board appointed by the Cities of Portland and Gresham, and Multnomah County serves as the governing body.

The relationship of partners and geographic coverage varies by county. These differences are important to acknowledge as they have potential implications for the underlying mechanics necessary to administer the regional housing bond.



Clackamas County: The housing authority and the department of Health and Human Services cover the same geography and share an administrative and leadership structure. This commonality simplifies the implementation (both with and without an amendment) of the housing bond in Clackamas.

Multnomah County: Portland encompasses much of the county and controls significant resources for affordable housing. Gresham is the next largest city in the county and is also a CDBG entitlement city. There are small parts of the county not within either city, leaving potential gaps in geographic coverage for a gap funding (amendment) option. Coordination between Portland, Gresham and Home Forward may present additional implementation questions. Home Forward provides an ownership implementation option as the housing authority for the entire county and currently serves as an implementation partner on the Portland housing bond.

Washington County: Beaverton and Hillsboro are each CDBG entitlement cities in Washington County and represent a portion of the county geography. Coordination is important as Washington County provides housing program (HOME) and finance services for the county. HAWC provides an ownership implementation option for the entire county.

3. Synopsis of Factors relevant to capacity / requirements:

Clackamas County

- The Board of County Commissioners (BCC) has adopted a goal of 2,000 new units across the affordability continuum by 2024.
- An Affordable Housing and Homelessness Task Force is now working to explore affordable housing incentives such as tax abatements and fee waivers.
- In FY17-18, the county received about \$700,000 in HOME and \$2.2 million in CDBG.
- The County Commission is considering investing more than \$1 million general fund in FY18-19 for affordable housing.
- Efforts are underway to borrow additional funds (\$10 million) {section 108 federal loan guarantee} for housing development and land acquisition, particularly in unincorporated urban county areas.
- Current staffing for housing development include two project managers in the Housing and Community Development division.
- In the past 5 years, the County has worked with private and non-profit partners to develop almost 400 affordable housing units in six projects as gap lender and co-owner (HACC).

Housing Authority of Clackamas County

- HACC currently owns 545 units of public housing and 400 units of affordable housing and administers almost 1700 Section 8 vouchers, of which 92 (about 5.4%) are currently project-based.
- HACC uses a combination of in-house and third-party property management companies for units owned or controlled.



- HACC currently owns 40 acres of land (containing public housing) that underpins the County's goal of 2000 units by 2024. Significant planning efforts are underway to redevelop public housing communities in Oregon City and Milwaukie to provide additional 30% AMI units and a range of options affordable at different levels.
- Currently there 2 FTE of development coordinators at HACC.
- HACC has limited experience with joint ventures and partnership with private developers. Recently HACC partnered with a private developer to deliver affordable housing units, a model they have interest in replicating.

Washington County

- The Department of Housing Services' 2017-2027 strategic plan outlines a goal of developing 1,000 units by 2027.
- For FY17-18, \$1.6 million is budgeted for housing development, of which approximately \$ 1 million is from Federal HOME, \$50,000 in CDBG and \$500,000 local general funds. The Office of Community Development funds 1-2 projects per year with its HOME funds, depending on its federal allocation.
- Washington County recently committed \$500,000 in general funds toward gap financing by creating a Housing Production Opportunity Fund.
- Additionally, over the past 5 years, the County has provided gap funding and supported 14 developments with over 1000 affordable units.
- Current department staff include 6 FTE directly involved in various aspects of site selection, housing development and/or gap financing with private and non-profits partners.

Housing Authority of Washington County ("HAWC")

- A Housing strategy adopted by Washington County also provides direction for the HAWC.
- HAWC owns 890 units of housing (public housing and affordable housing), and administers 2803 section 8 vouchers, of which 152 (5.4%) are currently project based.
- Currently there 2 FTE of development coordinators at HAWC.
- HAWC has experience as owner and operator and uses a combination of in-house and third-party property management companies for units owned or controlled.
- HAWC has extensive experience with joint ventures with private developers.

City of Beaverton

- Beaverton adopted a comprehensive 5-year Housing Action Plan (FY17 -22) which addresses strategies across the housing continuum, from homelessness to market rate housing. Housing has become a high priority for the City of Beaverton.
- FY 2017-18 Budget for housing development is over \$1.2 million including general fund, CDBG and tax increment financing (TIF) sources.
- Current staff include 3 FTE working on housing, including policy and program development, project evaluation for gap financing, and CDBG administration.
- Beaverton also invests both CDBG and general fund dollars in resident services and homelessness support services.



- In recent years, the City of Beaverton has provided gap-funding assistance to several housing projects resulting in over 400 affordable units, as well as market rate developments.
- No experience owning affordable housing and limited underwriting experience to date.

City of Hillsboro

- Rental housing costs have risen dramatically in Hillsboro in the past five years and City Council recently directed staff to explore opportunities and tools to take a more active role on housing affordability concerns.
- Hillsboro will begin to directly administer its own CDBG allocation beginning this July (FY18-19), with a CDBG budget of approximately \$650,000. Previously Hillsboro's federal entitlement awards were administered by Washington County. Additionally, City General Fund budgeted for Affordable Housing is about \$1.8 million.
- Current staff include approximately 2.5 FTE working on affordable housing related issues focused primarily on policy development and CDBG administration. Hillsboro is interested in building a department to administer housing resources.
- No direct underwriting experience to date, and no experience owning affordable housing.

City of Gresham

- Gresham has some of the highest urban concentrations of poverty in Oregon (Census tracts with a poverty rate over 40%).
- The City has not identified the creation of affordable housing as a priority but has interest in stimulating market rate housing development and mixed income neighborhoods.
- Gresham also seeks to ensure the habitability of existing housing with a mandatory, fee -supported, rental housing inspection program.
- In FY17-18, Gresham received about \$1.5 million in HOME and CDBG funds.
- Current staffing includes 2 FTE for work on housing policy and federal grant administration. Additionally, staff from community development/planning and urban renewal assist on development selections.
- The City recently partnered with Metro to seek qualifications from firms to develop land in the Civic Neighborhood and is working on the Rockwood Rising redevelopment project which will include mixed-income housing opportunities.
- Gresham has no experience owning affordable housing and little underwriting experience.

City of Portland

- The affordable housing crisis has been a top-tier priority of the City of Portland. Since 2015, the City Council declared a State of Emergency for Housing and Homelessness. This has led to a significant increase in dedicated funding for affordable housing development through the Portland Housing Bureau (PHB).
- The City's FY 2017-18 budget for housing development is over \$130 million from TIF, Federal, bond and general funds.



- PHB administers two other delivery program areas: homeownership and indirect financing assistance, which includes property tax abatements, fee waivers and Inclusionary Zoning.
- Approximately 25 affordable rental projects are in the current pipeline with 2,200 units.
- In 2016, Portland voters approved \$258 million General Obligation (GO) Bond for Affordable Housing. The bond program has a goal of producing 1,300 units (at 60% of median income and below) by 2023. Of these: 600 units will be affordable for households at 0-30% AMI, including a target of 300 units of Permanent Supportive Housing (PSH). Also, 650 units will be family size.
- The PHB staff has extensive experience as a gap lender. The rental housing finance team (11 staff) is responsible for underwriting, construction oversight, closing and project management. PHB also has experience managing a public-sector loan portfolio. Finally, staff also perform housing policy planning functions. There are also 2 city attorneys assigned to support PHB's work.
- Limited experience owning affordable housing. Asset management functions for bond funded housing provided by Home Forward through an IGA.

Home Forward

- Home Forward, which is the housing authority serving Multnomah County, is the largest provider of affordable housing in Oregon. Its focus is the development, management and operations of housing for very low-income households and providing rent subsidy (predominately Section 8) to assist households.
- Home Forward owns over 6400 units of housing (public housing and affordable housing) and administers over 9000 rent assistance vouchers of which about 2800 (31.1%) are project-based.
- Home Forward uses a combination of in-house and third-party property management companies for units owned or controlled.
- Currently Home Forward has a development department of approximately 12 FTE focused on acquisition, rehabilitation and construction of affordable housing.
- Home Forward is currently acting as the City of Portland's asset manager and developer for the city's housing bond.
- Significant experience working with nonprofit and for-profit developers.

Metro

- Metro's Transit-Oriented Development (TOD) Program has been a tool designed to help realize the region's 2040 growth management plans. It is designed to provide modest gap investments, acquire property, and facilitate development of higher-density, mixed-use and affordable projects located near transit corridors.
- In total, the program has facilitated the development of over 3,500 housing units, over 700 of which are income restricted, and has committed funding to an additional 1,500 units currently in design or under construction, of which over 800 will be income restricted.
- The TOD budget is approximately \$3 million annually from federal regional flexible transportation funds that come to the program through an agreement with TriMet.



- Program staff manage a regional search for properties that meet acquisition criteria and contract with a commercial broker to facilitate negotiations. The TOD Program has completed property acquisitions in Gresham, Portland, Milwaukie, Hillsboro, and Beaverton.
- The TOD program has 2 FTE that underwrite real estate projects for TOD Program financing, manage a regional property search, and prepare development solicitations for Metro-owned parcels. The TOD Program also has legal and administrative support to help with environmental remediation, development agreements, and miscellaneous property due-diligence.

4. Analysis

Based on information collected, interviews and knowledge of the local housing delivery system, the following conclusions have been reached.

- a) Throughout the region, cities and counties, including smaller cities not within the scope of this assessment, are creating strategies, employing regulatory tools and allocating local funds for affordable housing. This groundswell of support and prioritization of affordable housing provide great opportunity for a regional bond to leverage local support.
- b) There are concerns among some jurisdictions about ability to provide deeply affordable housing. Others are concerned that bond resources could further concentrate low income housing in already impoverished areas. Strategies that would ensure an equitable regional distribution may be needed.
- c) Currently, within the Metro region, there's a range of jurisdictional experience, expertise, and readiness to implement a regional housing bond program at the local level.
- d) Without an amendment, the three countywide housing authorities are willing partners who have the capacity for public ownership, and to oversee development. Technical assistance may be needed in Washington and Clackamas housing authorities to support development of bond supported projects.
- e) With an amendment, experience lending public sector development funds exists, but is minimal outside of Portland. The recommended local partners do not currently have all of the capacity needed to perform the tasks for successful bond implementation (e.g., real estate due diligence, underwriting and documentation).

The primary reason is the level of existing development subsidy is small (but growing). There has not been much money to lend / invest, and staff capacity (both in size and knowhow) varies. Outside of Portland, experience underwriting and lending public development capital is very limited. Current experience is largely tied to administration of federal entitlement funds. Most of the federal requirements associated with these funds will not apply to the regional housing bond.



- f) Concurrent to housing bond discussions, the region has been increasingly recognizing the importance of permanent supportive housing opportunities as key to addressing chronic homelessness. A targeted affordable housing bond program could advance systems and align efforts to provide combinations of housing and services designed for people with serious mental illnesses or other disabilities, who need support to live stably in their communities. As part of their local implementation strategy, counties should be required to identify mainstream support services which would be linked to housing their most vulnerable populations.
- g) An affordable housing finance intermediary may be able to provide the delivery system with transparency, efficiency, data consistency, and value-for-money through aggregation. Centralization of some functions within such an intermediary could facilitate coordination of Metro resources with implementation partners as well as with state tax credits, locally controlled funds, and private capital.

5. Recommendations

- a) Soon after referral, facilitated efforts should to be undertaken to improve cooperation, collaboration, and partnership among governments. Guiding principles for implementation should be developed and agreed to by Metro and local jurisdictional partners as a foundational exercise to design a regional affordable housing delivery framework.
- b) Metro should build into the Implementation Framework expectations for outcomes tied to resources and milestones. If the region or an individual jurisdiction is not on track to achieve these outcomes, Metro should maintain flexibility to allow for alternative methods to achieve regional goals.
- c) As a key aspect of Intergovernmental Agreements (IGA), participating jurisdictions will be required to produce a “local implementation strategy” (which should be part of an overall affordable housing plan) to illustrate their commitment to meet their share of regional goals. Partners should reference how they will support the bond program goals with local leverage or explain how they will use their resources in parallel with the bonds to further affordable housing opportunities in their community.
- d) Additional staff capacity and/or technical assistance resources will likely be needed to ensure an effective and consistent regional delivery system.
- e) Metro should establish parameters for the lending of funds to ensure consistency across the region (important for program delivery, monitoring, system efficiency).
- f) Metro should explore the feasibility and potential benefits of working with a financial intermediary to help underwrite projects. An intermediary organization could also possibly bring other fund sources for pre-development, bridge and permanent loans, as well as provide technical assistance to borrowers.

Appendix 4

Regional housing measure: Comment report

An appendix to the Metro COO recommendation | May 29, 2018

During the development and refinement of a regional housing bond framework, Metro received a variety of feedback and input from jurisdictions, community organizations, housing providers and the general public. This appendix describes the key themes of that feedback and how Metro staff incorporated it into the development of a final measure framework recommendation.

Most input during the development of a draft framework came directly from the two advisory tables. The stakeholder advisory table articulated priority values to guide the measure development, while the technical advisory table provided feedback on inputs and considerations for modeling the potential outcomes of the measure. Both committees used these frames to assess and respond to potential measure scenarios to guide the targets and outcomes described in the measure framework.

Following the release of the draft framework, the two advisory tables commented directly on its elements and potential refinements. Notes from the Stakeholder and Technical advisory table meetings will be available on the project website at **oregonmetro.gov/housing**.

Preceding and following the release of a draft measure framework in late April 2018, Metro received a variety of comments in person and in writing on the framework's elements. These were primarily focused on several themes described below.

TARGETS AND OUTCOMES

Most comments received supported the draft framework's commitment to deep affordability – that is, the share of units proposed to be reserved for households earning less than 30% of area median income (AMI). Support for this level of affordability was heard from elected officials, jurisdiction staff and community advocates. Several commenters stated that Metro should seek to reserve a greater percentage of units for these households.

Several jurisdictional partners and providers raised concerns about the difficulty of achieving the draft targets for deep affordability, particularly due to ongoing operating costs and necessary supportive services for many of these households, which cannot be funded through the bond. Some felt that the ability to cross-subsidize rents with rents from moderate income units (60-80% AMI) would be insufficient given the draft framework's cap on the number of these units and potential cash flow issues in the event of a constitutional amendment.

The final framework recommendation retains a commitment to deep affordability, but the targets for homes affordable to households earning less than 30% AMI has been updated to a numerical target rather than a percentage of total unit production, reflecting concerns that existing commitments for Section 8 project-based rental assistance vouchers from Clackamas and Washington counties will not increase as the overall targets increase in the event that the constitutional amendment passes. Accordingly, the recommended targets for 0-30% AMI units reflect different percentages based on whether or not the constitutional amendment passes: 41-42% in the case of the amendment passing and 50% if it does not.

The framework recommendation acknowledges that some additional operating subsidy will be needed to achieve the targets for deeply affordable units, and commits to ongoing collaborative work to develop tools and strategies to address this need. Metro also commits to continue working with partners to align housing investments with supportive services and develop strategies to seek additional ongoing funding for these services.

Relatedly, some commenters requested that Metro confirm the development and operations cost assumptions used in its modeling to ensure that the outcomes described are indeed achievable and realistic. In response to these comments, staff have collected additional data on recent projects and average operating costs.

Based on these data, cost assumptions related to development, acquisition, and annual operating costs have all been increased within the model to increase confidence in the feasibility of delivering on the targets for unit production and deep affordability.

MEASURE SIZE

Metro received a number of comments requesting that the overall measure scope be greater than the draft framework proposal. In response to these comments and further assessment of potential outcomes, the final framework recommendation enhanced the measure scope to serve more people in both the amendment and non-amendment scenarios. This increased the measure size as well, within an amount that staff feel is achievable within five to seven years and affordable to Portland-area taxpayers.

IMPLEMENTATION

Many comments received concerned implementation processes. Some sought as flexible and nimble a local implementation process as possible, to allow for responding to unique needs and opportunities around the region. Additionally, these commenters sought to ensure that regional process does not unintentionally lead to lost local opportunities due to extraneous steps.

Others called for close regional and community oversight to ensure that the bond implementation advances desired outcomes and makes progress on stated targets.

Metro staff believe the implementation approach described in the measure framework represents an effective response to these comments, allowing for a nimble implementation

process guided that serves local strategies and allows for quick action, while also advancing regional priorities and outcomes, incorporating community voices, and ensuring sufficient flexibility to respond to changing circumstances.

ELIGIBLE ACTIVITIES

Some comments concerned eligible activities for bond funds. In particular, commenters sought to clarify that housing created through the bond could be eligible for ownership as well as rental. In response, the recommended measure framework clarifies that if the constitutional amendment passes, the bond can be used for the capital construction costs of units that could be intended for homeownership under a land trust model..

LAND ACQUISITION PROGRAMS

Several comments sought clarity on the proposed land acquisition activities in the measure framework. Some requested more details on Metro's proposed regional land acquisition program, and whether local jurisdictions can also use bond funds to acquire land for affordable homes.

In response, Metro further clarified the regional program's purpose in the recommended measure framework and specified that it will be subject to the same community oversight as local implementation programs. Metro also clarified that local jurisdictions are eligible to acquire land for affordable homes as befits their local implementation strategies.

DISTRIBUTION

During the development of the draft measure framework, Metro received many comments on potential approaches to distributing targets for homes created through the bond across the region.

Commenters and advisory table members variously called for distribution based on regional housing need, focusing investments in high-opportunity communities, distributing homes based on county population, distributing homes based on assessed value or some combination of the above. Metro explored many potential options for assessing, measuring and blending these potential approaches with available data.

Ultimately, based on the quality of available data and complexity of some potential approaches, Metro staff proposed a distribution of homes created through the bond measure based on assessed value in each of the Metro District's three counties. This approach, staff believe, is an effective approximation of affordable housing need and opportunity in each county, supporting the creation of affordable housing in areas with high need today while also creating new opportunities in high-opportunity communities that have not historically had as much affordable housing availability and investment. Such an approach also affirmatively furthers fair housing regionally.

The distribution approach is a target for each county. During further implementation strategy and IGA development, Metro and jurisdictional partners will further articulate how targets will be achieved within each county in amendment and no-amendment scenarios.

Following the release of the draft framework, staff heard broad support for this proposed distribution approach.

RACIAL EQUITY

Throughout the development of the draft framework and following its release, staff heard support for leading with racial equity throughout the bond framework and implementation. Some commenters noted that a racial equity strategy may have different characteristics in different parts of the region based on local populations and histories.

Metro believes that local implementation strategies will allow for racial equity approaches that reflect local needs, while community oversight regionally will help ensure that these strategies build up to advance racial equity at a regional scale.

ADMINISTRATIVE FUNDING

Several comments received concerned the proposed cap on bond funds used for administration and oversight. All commenters agreed that this cap should be as low as realistically possible to ensure that the bond focuses foremost on creating affordable homes. Some felt that the cap should be lower than the initial recommendation of a 7% cap. Others sought clarity on whether administrative funds would be available at the regional and local levels, and how these costs were reflected in the overall cap.

In response, Metro staff recommend retaining the proposed cap in the final recommendations, but clarifying that it applies to local as well as regional administration, transaction and oversight costs. The distribution of these funds will be further clarified during development of local implementation strategies and intergovernmental agreements between Metro and the participating jurisdictions.

BALLOT MEASURE LANGUAGE

Several commenters sought to ensure that the language of the ballot measure avoiding being overly prescriptive. Metro staff clarified that the framework's unit targets and affordability commitments are part of the recommendation the Metro Council will use in determining what to refer to the region's voters; however, most of the framework will not be specifically articulated in the ballot measure itself. Instead, the framework recommendation, including targets and outcomes, will guide community oversight and development of local implementation strategies and intergovernmental agreements.

The remainder of this appendix contains written comments received by Metro staff following the release of the draft and refined frameworks, in order of date received.

April 24, 2018

Metro Council
600 NE Grand Ave
Portland, Oregon 97232

Dear President Hughes and Members of the Metro Council:

We applaud Metro's interest and leadership in taking action to address the affordable housing crisis in the region. A successful bond measure has the potential to make a significant difference in our shared effort to make more affordable housing available throughout our communities.

At the same time, we have significant concerns with the proposed distribution and implementation approach presented to the staff technical team on April 12th and to the stakeholders' team on April 16th. We believe this approach, if adopted by Metro Council, will not meet the spirit of a working partnership with local governments and housing agencies and result in a framework that will not meet housing goals or create broad support from the public. For example:

1. **Allocation Method** – The proposed allocation method uses an average of several factors, including population, revenue generation, and an attempt to define need and equity using a mix of variables. This is problematic for several reasons:
 - Defining need and equity is important but difficult given the inherent limitations of our data sources. Metro's proposal attempts to combine a mix of data points in the absence of a better method resulting in a complex metric that presents challenge to usefulness and ability to communicate the complexity with voters.
 - The message to voters needs to be clear, transparent, and direct. Revenue generation is the more straightforward and understandable approach. In addition, it honors Metro's commitment to local control and flexibility in the development of affordable housing since it will allow jurisdictions to meet local needs using revenue generated by their communities.

2. **Requirement for Project-By-Project Approval** – The proposed implementation process includes a problematic requirement for project-by-project approval by Metro:
 - This process adds a direct role in affordable housing development and construction to Metro's future, something that has very little support across the region.
 - It will add unnecessary layers of bureaucratic process between implementing organizations and matching affordable housing that meets the local priorities, resulting in project delays and missed opportunities. We fear it will hinder our ability to take advantage of private and non-profit partnership opportunities that might be possible if the constitutional referral passes. A failure to meet community needs and expectations will risk future local and regional opportunities to raise funds for affordable housing.

Our jurisdictions care deeply about affordable housing and have prioritized it locally. We have collectively engaged at the highest levels with Metro staff and elected leadership throughout this process. We have dedicated significant time participating in the stakeholder and technical advisory groups and informal discussions. At every step, Metro has reinforced its commitment to local

implementation and efficient deployment of bond funds while meeting its bond oversight obligation. We agree that this is critical to successful bond implementation and the ability of local governments to support this bond measure. We are deeply concerned that the proposed distribution and implementation approach does not honor this basic commitment from Metro.

In the coming weeks, we urge Metro to work with us to complete the draft bond measure, revising the distribution formula and implementation framework so that it can be supported by all regional partners. This approach is critical to helping us achieve all of our goals and that will allow us to move forward together on a measure that we can all confidently take to voters.

Sincerely,



Andy Duyck, Chair
Washington County Board of Commissioners



Jim Bernard, Chair
Clackamas County Board of Commissioners



Steve Callaway, Mayor
City of Hillsboro



Denny Doyle, Mayor
City of Beaverton



Shane Bemis, Mayor
City of Gresham



Dan Holladay, Mayor
City of Oregon City



Kent Studebaker, Mayor
City of Lake Oswego

Technical Advisory Table Feedback on Metro Housing Bond Draft Framework and Implementation Approach – Chris Hartye, May 4th, 2018

Below are some initial comments and questions on the proposed Draft Framework and Implementation Approach distributed on April 26th. These questions, comments and opinions are from my perspective as a participant at the Technical Advisory Table (TAT) representing the City of Hillsboro. They are primarily based on a constitutional amendment scenario and are subject to modification as more information and clarity becomes available. I am hoping that at least a good portion of these questions can be addressed at the May 17th TAT meeting - thanks.

General Issues

Questions/Comments/Concerns: What elements of the draft framework and implementation approach will Metro Council be considering on June 7 when they vote on referring the measure? Please clarify what specific elements of the draft framework and implementation approach will be included or referenced with the ballot referral vs. elements that can be modified by Metro and implementing jurisdictions after referral.

Draft Framework Summary

Regional Outcomes

“Serving 10,000 people by creating 3,200 affordable homes if a statewide constitutional amendment is approved (see below); 6,300 people and 2,000 homes if amendment disapproved \$516.5 million general obligation bond, less than \$50 annually for average Portland-area homeowner.”

Questions/Comments/Concerns: If referred, are these numbers going into ballot materials? If so, please explain what that means for compliance with bond issuance – both for Metro and for implementing jurisdictions. Has Metro considered unit production goals or a range instead of fixed numbers?

Strong accountability and oversight

Seven percent of funds will be reserved for administration of the bond.

Questions/Comments/Concerns: Please confirm 1) whether implementing jurisdictions will receive bond funds for administration of local programs associated with implementing the bond 2) how much of the administration percentage will be available to each jurisdiction vs. the amount retained by Metro and 3) the process by which those administrative funds will be available.

In order to implement the bond, stimulate local unit production/preservation and develop a healthy pipeline and deal flow, administrative funds should be made available annually through allocation to implementing jurisdictions. This will help cover associated land acquisition, pre-development, environmental, engineering, land-use, legal and other costs borne by the implementing jurisdictions associated with bond implementation.

Homes throughout the Region

Approximately 10 percent of funds will support a Metro program to buy land for affordable homes near transit.

Questions/Comments/Concerns: Will bond funds (also) be available to implementing jurisdictions specifically for land and property acquisition? Cities and counties are best equipped to identify appropriate sites and properties, perform due diligence, conduct site evaluations, environmental assessments and other analysis, and execute procurement and disposition. We support bond implementation programming that provides counties and cities with bond funding for land and property acquisition. The distribution method to implementing jurisdictions needs to be efficient, especially for land and property acquisition, in order to be competitive in the private real estate marketplace. To that end, an annual upfront allocation to implementing jurisdictions governed through an intergovernmental agreement is preferred.

Most affordable homes to be created through local jurisdictions and providers. Homes are planned to be created throughout the region:

Clackamas County: 21%

Multnomah County: 45%

Washington County: 34%

This approximate distribution is based on assessed property value.

Questions/Comments/Concerns: If referred, will these numbers be included in any ballot or campaign materials? Are these unit production percentage targets by County – stated above as “homes planned to be created”? For example, for Washington County, are we saying that the regional target is 34% of 3,200 or 1,088 units? Or is this the percentage of the \$516.5M to each County? (\$175M total for Washington County jurisdictions)? How will these percentages be applied not only to counties but to CDBG entitlement cities? As discussed at the TAT, jurisdictional representatives don’t recommend a framework where cities and counties are somehow competing or restricted in project eligibility based on what our neighbors are, or are not, producing.

Percentages representative of the funding proceeds should be allocated and available to each implementing jurisdiction (county and cities) based on assessed value. As previously stated, an annual allocation of bond funds to implementing jurisdictions for bond implementation and project development is the most efficient approach (this topic also covered later).

Affordable homes for families’ needs

- *45% of homes reserved for households at 30% median family income (MFI) or below*
- *Half of homes large enough for families (2+ bedrooms)*
- *All homes affordable for families and individuals with less than 80% MFI.*
- *Maximum 10% of homes reserved for 60-80% MFI*

Questions/Comments/Concerns: If referred, will these numbers be included in any ballot or campaign materials? It is good to see a provision for 2+ bedroom units, which we believe, in part, helps address racial equity and will better serve families in need. Development feasibility for larger unit sizes is an important consideration. We also appreciate the integration of units up to 80% MFI, both for “workforce” housing opportunities and to allow for deeper affordability within mixed-income projects.

While there is no question that the highest income level of need is 0-30% MFI, we do have concerns about a 45% production requirement at this level strictly from a development economics perspective. As the TAT has discussed, achieving affordability at 30% and below is very challenging for housing providers especially without some type of housing voucher. Over-reliance on vouchers to help reach those numbers is also concerning. Using any more than 8 project-based vouchers (PBVs) per project triggers prevailing wage requirements which can significantly impact development costs. Using PBVs in projects also has to pass muster with HUD from an environmental compliance perspective. An affordable housing project site in Hillsboro, in a highly-served transit area, was recently deemed too loud by HUD for the PBVs - double/triple-paned windows and/or other compliance measures would have been needed which would have significantly increased project costs. As a result, the development team decided to forgo use of the PBVs entirely.

It is suggested that Metro consult even more closely with affordable housing developers, especially ones that are active in Washington and Clackamas Counties, who have the same concerns about the development cost assumptions and the 45% production requirement for deep affordability. Consider that a number of these nonprofit housing providers operate with different models than Home Forward and other Portland-based entities and adjust that provision to better align with region-wide development feasibility.

We were pleased to hear a verbal reference to eligibility of homeownership opportunities – please describe how those units/homes will be integrated into the framework. One idea would be a homeownership “carve out” in the funding allocation in an amount to be determined for each implementing jurisdiction based on local priorities and needs.

How we'll create affordable homes

Through regional programs and supporting local action, the bond will create affordable home opportunities in several ways:

- *Buying land for affordable homes Questions/Concerns - covered previously*
- *Buying and renovating low-cost market rate housing to create permanently affordable homes*
- *Construction of new affordable homes*
- *Public ownership of affordable homes without Constitutional amendment; potential private/non-profit ownership with amendment*

Questions/Comments/Concerns: The language above: “regional programs and supporting local action” is concerning and does not reflect Metro’s pledges for its role in the bond to be a pass-through to local implementing jurisdictions.

Metro has already heard concerns about acquisition/rehabilitation programming relative to acquisition and repair costs and the issues of relocating tenants. Encourage flexibility relative to targets in this area.

Who to serve, and where to invest

- *Prioritize people least well-served by the market, including communities of color, veterans, seniors, families, people with disabilities and people experiencing or at risk of homelessness*
- *Increase access to transportation, jobs, schools, parks and other opportunities*
- *Support mixed-income and mixed use communities with a variety of housing types*
- *Prevent displacement in changing neighborhoods*

Questions/Comments/Concerns: We are supportive of all of these areas and have several of them already reflected in our local policy.

Looking to the future

Several strategies can help ensure regional investments are efficient, equitable and responsive as the bond is implemented, including:

- *Prioritize racial equity and advance fair housing in project selection*
- *Work with local governments to identify and act on local needs and opportunities*
- *Require projects to have screening criteria and marketing that reduce barriers to marginalized groups finding a home*
- *Partner with culturally-specific organizations and community partners for project selection, design and evaluation*
- *Create equitable workforce targets for investments*

Questions/Comments/Concerns: We would like more detail for the highlighted sections and would want to work with affordable housing developers to ensure that we are not creating burdensome requirements or hurdles that further increase project cost and reduce development feasibility. If we are considering project screening criteria, and basing production targets on existing community needs, perhaps allow for consideration of residency preferences to prioritize income-qualifying community members that are here in-state (Oregon-based).

Implementation Approach

Questions/Comments/Concerns:

IGA Agreements – we need more specificity as referenced previously on how regional targets will be applied to eligible implementing jurisdictions. Getting a clear understanding and agreement amongst partners will be critical to the implementation success or failure of the bond. Rather than project by project funding, these IGA agreements could be the basis for annual allocations to implementing jurisdictions.

Local Implementation Strategy – This section implies local prioritization and goal setting, but functionally it reads to me as though local control really only applies to initial project *selection*. We will continue to press for eligible jurisdictions to not only determine local implementation strategies but to also use bond funds to acquire land and properties, some administrative capacity building, and other project delivery activities. We would like to iron out a Metro staff involvement piece and appropriate mechanisms to ensure compliance on all bond issuance legalities. To do that, we need more information and candid dialogue relative to Metro’s legal requirements for bond compliance and the flexibilities for cities and counties to implement the bond.

Regional Oversight Body – this is potentially problematic on a few different fronts, but in general, it is not likely to represent an “efficient and nimble” implementation structure. Incorporating community involvement and review is more efficiently accomplished at the local level. Again, I think implementing jurisdictions want more dialogue with Metro on how we achieve bond oversight compliance while also leveraging local programming, expertise and efficiencies.

Project Selection and Conditional Commitments: As articulated at a recent TAT meeting, we feel this project-by-project selection process does not align with Metro’s ongoing pledges to be a pass through

entity. It also does not represent an efficient and nimble implementation structure – especially for land acquisition and/or acquisition/rehab projects. Again, our understanding and preference all along is for an allocation of funding, rather than Metro-held funding in reserves pending project-by-project approval. We believe that bond compliance can be ensured with an allocation methodology through clear Intergovernmental agreements and compliance-based reporting. Cities and counties already comply successfully with HUD funding allocations - the same will hold true with regional bond funding. We look forward to dialogue whereby Bond compliance can be ensured, while providing implementing jurisdictions resources to efficiently get projects catalyzed through land and property acquisition and getting bond (and other) funding into projects – good first steps in producing a number of the affordable housing units that the region needs.

From: [Shrestha, Bandana](#)
To: [Jes Larson](#); [Emily Lieb](#); [Craig Beebe](#); [Raahi Reddy](#)
Cc: [Noelle Dobson](#); [Hal](#)
Subject: Regional Bond
Date: Sunday, May 06, 2018 11:02:12 AM

Hi Metro friends,

I was sorry to have missed the Regional Bond SAT last week, but also know that Hal represented us well and shared some of our comments. He mentioned he gave Jes a hard copy of our more complete thinking on the current draft framework. So I am pasting it here again for your convenience.

- We support measures to ensure accountability and transparency through the establishment of a community oversight committee representing diverse stakeholders.
- Bond funded new construction and renovations should meet basic accessibility standards (no step entry, wider doorways and hallways, usable bathroom, kitchen and living area) and be designed to meet the future needs of people of all ages and abilities today and in the future.
- Increasing property taxes are of concern for lower income homeowners, including older adults living on fixed incomes at risk of housing insecurity. Bond monies should be invested in affordable homes to meet the needs of families and households most vulnerable to homelessness and those at risk of housing insecurity. We support allocating 45% of bond monies for household at or under 30% MFI, 35% to 31-60% MFI, and 20% to 61-80% MFI.
- Bond monies should support a variety of housing sizes and types, meet the needs of people of all ages and abilities, including single families, older adults living alone and multigenerational families. We support 65% allocation for 2+ bedroom homes, 35% for 1 bedroom and studios.
- Housing investment should be in diverse communities throughout the region, in neighborhoods with access to amenities, services, and transit, and aligned with anticipated future transportation investments.
- We support a continued commitment to equity that seeks to eliminate disparities, especially among historically marginalized communities, and inequities that address intersectionality of experience including age and ability.

I also want to take the opportunity in this email to share my feedback on the Opt-in survey currently out. I already emailed Noelle about it, but want to share my thoughts with you as well.

I was surprised to see the survey asking if people want to help kids OR old people. This is a false choice. It just perpetuates the scarcity mindset which dictates one set of vulnerable people will have to loose for another to do well. It does not build community. I am sorry to say it is disappointing. Yes, trade-offs and choices have to be made, and we don't have limitless resources and we have to prioritize, and I understand Metro wants to know people's priorities. But there are better ways to do it. I think we can find common ground based on caring and compassion and not by posing which hungry group gets to eat the proverbial pie and who has to starve.

I have great appreciation and respect for the work you all are doing. It is important and timely and difficult. Thank you. I hope you also understand what I am saying here.

Thank you again.

Bandana Shrestha
Director of Community Engagement
AARP Oregon
Cell: 503-784-1789
Office: 503-513-7368

Sent from my iPhone. Please excuse autocorrect blunders.

-----Original Message-----

From: Dennis Doyle [<mailto:ddoyle@beavertonoregon.gov>]
Sent: Thursday, May 10, 2018 4:46 PM
To: Kate Fagerholm; Jes Larson; Elissa Gertler
Cc: Martha Bennett
Subject: Thought on bond

Good morning Kate,

I appreciate the opportunity to provide feedback on the draft framework and implementation approach in advance of our next Stakeholder meeting and I appreciate all the hard work that has gone into this.

This is an exciting opportunity for all of us to raise funding regionally and implement locally to ensure success in the delivery of much-needed affordable housing to our communities and constituents. At the end of the day, that is what is most important: successfully getting more of the affordable housing our communities need.

Through the course of our conversations, I see several positive improvements toward that end:

- * Using a distribution formula based on Assessed Property Value that is simple, equitable and easy to explain to voters.
- * Focusing on affordable units that are most challenging for the private market to produce, such as family-sized units and 0-30% Area Median Income (AMI) units.
- * Allowing for investments in housing that serves workers making up to 80% AMI, helping them live closer to their place of employment.
- * Including homeownership, as well as rental housing, as an appropriate bond use, is a critical part of an equity strategy.

At the same time, there are more revisions that need to be made to ensure an effective and implementable program that will lead to better outcomes for low-income residents our communities and ensure taxpayer dollars are efficiently well-spent:

Regional Housing Targets

While it's perfectly appropriate to have affordable housing targets in the IGAs, both for what is developed in each county and for significantly needed housing, such as 0-30% AMI or family units. At the same time, the proposed targets are too aggressive, given the total unit production proposed and the realities of financing and cash-flow for these projects.

For example, family-sized units are targeted for half of the units produced, in reflection of the shortage being created in the private market. At the same time 45% of the units are reserved for 0-30% AMI. Since no more than 10% of the units can be 60-80% AMI, this would require the majority the family-sized units to be less than 60% AMI. This is not a reasonable target if the overall unit goal remains 2,000-3,200.

In addition, the draft framework should consider the additional cost of social services that are often required to properly serve community members at 0-30% of AMI, yet can't be funded with bond resources. Although Beaverton is proposing to increase its general fund allocation in the next budget to deliver our overall housing plan, the potential costs for supportive services required if 45% of all homes must be reserved for 0-30% AMI are significant.

An alternative approach, might be to:

- * Reduce the number of required units at 0-30% AMI to reflect project-based voucher availability and cash-flow feasibility, or reduce the unit production targets accordingly to ensure projects serving our most needy residents can pencil, and

- * Reduce the number of required family-size units in a local jurisdiction's plan and allow 3+ bedroom multifamily units to be counted as three units toward the overall target. This type of allocation is currently used by the City of Portland in its Inclusionary Housing and MULTE programs to increase project viability.

Project By Project Funding

The current implementation approach calls for Metro to hold bond funds in reserve and allocate funds on a project-by-project basis. This approach seems very restrictive and will likely result in project delays and missed opportunities. Particularly considering the partnerships that we hope will be possible with the constitutional referral, holding up a project with multiple funding streams for Metro funding approval seems less effective than accountability through audits and reporting. County Boards and City Councils have years of expertise and connection to their community and should be able to approve projects that are within an agreed upon policy framework set in the IGAs.

An alternative approach, might be to:

- * Allocate funding annually to implementing jurisdictions, with accountability to Metro through annual reporting of progress towards their individual strategies set in IGAs, and auditing. This approach will allow implementing jurisdictions to incorporate these critical new resources into their existing affordable housing strategies and to be nimble when opportunities arise to invest in the development or preservation of affordable homes.

Land Acquisition Program

Land acquisition and land banking are important strategies to plan for future investments in affordable housing, however, implementing jurisdictions already have the expertise and a mature infrastructure in place to do that work. The ten percent (\$50,000,000) reserved in the framework for Metro to acquire land would

be more effectively done by the implementing jurisdictions as a part of their implementation plan.

An alternative approach, might be to:

- * Put the \$50,000,000, or a sizable portion of it, into the distribution formula and allow jurisdictions to acquire land as needed and opportunities arise. Require implementing jurisdictions to account for the use of the funds through annual reporting and auditing memorialized in IGAs. This gives local communities flexibility to account for their local needs and goals while meeting accountability needs.

Administrative Costs

While I appreciate there may be some additional administrative load at Metro for the bond management, the draft framework identifies seven percent off the top to account for costs associated with administering the bond. Although not explicitly stated in the framework, I believe that it is intended to flow through to implementing jurisdictions, which is the right way to go.

However, it's not clear if the intent is to transfer those funds on a project by project basis. If that were the case, implementing agencies would not be able to build sufficient capacity to accommodate and prepare for a more robust pipeline of projects. In addition, \$35,000,000 for administrative overhead seems high, although I know that different local jurisdictions have different existing capacity for implementation.

Yet combined, the proposed reserves for land acquisition and administration would take nearly a fifth of the bond funds (\$85 million) away from affordable housing provision and preservation. That seems high and harder to defend in the community.

I hope that Metro and implementing jurisdictions can collaborate on an approach that limits administrative expenses and maximizes project funding, such as:

- * Consider reducing bond funds earmarked for administration to a cap of up to five percent (\$20,000,000), distributed annually by formula to implementing jurisdictions for capacity building, planning and administrative overhead. This should help communities prepare to efficiently deliver more affordable housing with a low overhead, while maximizing the funding for affordable housing. Parameters for administrative funding use would be negotiated and reflected in the IGAs.

Community Oversight Committee

As I mentioned at the last Stakeholders meeting, community oversight is critical to a successful bond measure and that communities of color should play a central role in decision-making and oversight of local investments. At the same time, a

Metro-appointed region-wide oversight committee may not be appropriately connected to local communities.

An alternative approach that keeps racial equity and local communities of color at the center of the process might be to:

* Require the governing body of implementing jurisdictions to appoint their own community oversight committees comprised of local communities of color, community leaders, housing experts, and affordable housing developers. Furthermore, require each implementing jurisdiction to develop a plan in collaboration with its local oversight committee that advances racial equity, prevents displacement in changing neighborhoods and reduces barriers to historically marginalized groups in finding a home. These plans could be formally adopted by the implementing jurisdictions as a part of their IGAs.

This regional affordable housing bond is so important that it's worth it to get a truly workable framework. We are getting closer, but the current draft is not there yet.

I appreciate that Metro has reached out to the metro area mayors to set up a meeting the end of this month, as well as one with city staff. I hope those meetings will also help move the draft framework and implementation approach in a direction that leverages the expertise, experience, and existing infrastructure of implementing jurisdictions, and results in a bond measure we can all support and confidently take to voters in November.

And if more meetings with implementing jurisdictions are needed to work through these issues and arrive at a final framework and implementation approach, I really encourage us all to make the time to get that work done so we can put forward the strongest referral possible to the voters.

I am excited about the progress we are making towards this essential first step in working on the affordable housing issue. Please let me know of next steps and I'll be happy to help!

Denny

Denny Doyle
Mayor, Beaverton

Sent from my iPhone

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HOUSING SENIORS | CREATING HOPE | PILOTING CHANGE

May 15, 2018

Dear Metro Staff:

Northwest Pilot Project is a social service agency helping address the housing needs of low income seniors in Multnomah County. We applaud you for referring a housing bond measure to the ballot. We encourage you to hold firm on the current plan that 45% of bond proceeds are used to create housing opportunities for individuals and families below 30% of median family income. For a single individual, this would be a monthly income below \$1,425. For a family of four, this would be a monthly income below \$2,034.

The private housing market is not able to provide housing opportunities at a price point that is affordable to our lowest income neighbors. The very poor must depend on public investment to create truly affordable housing options. This includes seniors and disabled individuals on low fixed incomes and families employed in low paying jobs.

It is the lack of truly affordable housing for the poorest individuals and families that leads to homelessness, enormous personal stress, and higher health care costs. The lowest income households struggle the most to retain a foothold in the current rental market and are at highest risk of homelessness.

Targeting the lowest income households for a minimum of 45% of the bond proceeds will reduce homelessness and stress leading to substantial societal savings in the cost of providing emergency shelter, health care, and social services.

The seniors we serve have monthly income between \$750-\$1,200. They are not able to afford apartments in the private market. We are receiving 80 calls per week from low income seniors in a housing crisis. These seniors would greatly benefit from the addition of Metro bond-funded truly affordable apartments to the rental market.

Please maintain the commitment to spend at least 45% of Metro bond proceeds on housing for our neighbors with the lowest incomes – those below 30% of median family income.

Sincerely,

Laura Golino de Lovato
Executive Director

To: Emily Lieb
From: Cadence Petros
Date: May 16, 2018

Subject: Metro Equitable Housing Bond – TAC Comments

Thank you for the opportunity to discuss the draft affordable housing bond distribution and implementation proposal presented at the last TAC meeting. This letter reflects comments I made in the meeting and in our discussions thereafter. My hope is that we can continue to work together to craft an implementable process based on realistic communications to the public about what can best be achieved with bond proceeds. My comments reflect this objective.

Bond Measure Language

The promises Metro makes to the public in the bond measure language - and any related campaign documents - impact Metro and every local jurisdiction within the Metro region. It's in all of our interests not to over-commit what the bond proceeds can accomplish, as a failing to meet public expectations may jeopardize the ability of all jurisdictions within the region to garner support for any future affordable housing measures. To mitigate this possibility, the stated production goals should reflect conditions on the ground and be doable, given the process and restrictions imposed by Metro on the bond.

The current financial model takes a regional portfolio approach when analyzing production and cash flow. While I understand the underlying logic, I am concerned this approach does not adequately consider how actual implementation will take place. For example, the model assumes projects with higher rents will essentially subsidize projects with less net operating income. While this *might* work in a no-amendment scenario on a jurisdiction by jurisdiction basis, it is infeasible to assume that projects in one jurisdiction can subsidize projects in another, let alone in an amendment scenario—the one we all want—where each project will have to cash flow on its own because there simply won't be a single portfolio to cross subsidize. In addition, the significant proposed percentage of 0-30% AMI units overstates the capacity of project-based vouchers and supportive services to serve those projects. Both of these factors result in an

overstatement of what can be feasibly achieved with bond proceeds in the near and long term.

The actual bond language should allow flexibility on the total units anticipated and in how the bond unit production goal is met. The bond measure (and its accompanying marketing collateral) should not require a certain percentage of new construction or a hard target for income distribution other than an upper limit of what will be considered affordable. Individual intergovernmental agreements can certainly be more prescriptive and hold local jurisdictions to negotiated production goals; the bond language should have flexibility on production targets so expectations can be met or exceeded.

Implementation Process

Metro is uniquely situated to make regional funding available to local jurisdictions for affordable housing, which can help alleviate a severe problem that crosses all localities. Convening a regional conversation and sharing best practices are additional important roles that Metro is expert at and have ongoing value. Local jurisdictions, on the other hand, have the development experience and relationships with their residents, property owners and developers. They have the ability to best address housing affordability needs in their communities. Any implementation process should reflect these respective roles. Further, the process must be efficient, implementable, and of course, meet Metro's bond oversight responsibilities.

While the draft project by project approval process makes an attempt to provide for local implementation, its current configuration is unwieldy. I suggest Metro's Intergovernmental Agreements with local jurisdictions be the primary oversight mechanism. The IGAs could outline underwriting criteria, project eligibility standards, production goals, community engagement and participation, local implementation plans, and other considerations pertinent to bond covenants and regional (as well as local) objectives. To meet its bond oversight requirements, Metro could engage a regional oversight body to periodically review all jurisdictions' compliance with the terms of the IGA and deployment of annually allocated funds. If Metro –and/or its oversight body – determine funds are have been used in a manner consistent with the IGA, the next installment of funds would be made available to a local jurisdiction.

It is critical that each jurisdiction only be held to its obligations under the IGA and not be required to make up for other jurisdiction's failure to perform. While we are

all hopeful bond proceeds will be deployed efficiently and effectively region-wide, we must be held to only our performance rather than that of jurisdictions we have no authority over.

Finally, to meet racial equity standards, as well as other program specific goals, a local, rather than regional oversight committee should be created in each jurisdiction to ensure that the bond funds respond to local communities of color and projects are tailored to the needs of individual communities, rather than respond to the diffused goals of a diverse region.

In addition to the bond targets and implementation process, I have additional concerns that impact the ability to deploy bond proceeds effectively and establish consistent roles and responsibilities. They are as follows:

Administrative Fees

The administrative fee cap is high and Metro has indicated these funds will not be allocated on the same pro rata share as bond proceeds. This is problematic because most jurisdictions will need to ramp up activities in order to ably deploy the funds. If Metro retains the bulk of administrative funds or only distributes funds after jurisdictions successfully submits projects to be funded, Metro may unintentionally impede implementation. We need to find an equitable and practical way to ensure administrative funds are distributed to implementing jurisdictions quickly before projects are funded. Given Metro's need to oversee compliance, I suggest Metro determine the amount it needs for this purpose and then allocate the remainder of administrative funds to local jurisdictions based on the same percentage breakdown as bond funds are distributed. I also recommend that the cap be reduced to 5% to maximize the dollars used to fund housing projects.

Metro Land Acquisition

It is unclear how Metro will utilize 10% of bond proceeds to fund Metro's land acquisition program. What kinds of projects will Metro fund with these funds? How will Metro contribute to the overall bond housing targets and how will this contribute – or not – to a local jurisdiction's production goal requirement? Will Metro be held to the same timeframe for project delivery as local jurisdictions? How will Metro ensure consistency with local goals and plans? These questions and my concern about appropriate and efficient roles and responsibilities between Metro and local jurisdictions lead me to suggest that local jurisdictions

be the entities responsible for acquiring property for housing development, and Metro should negotiate transit oriented development objectives in the individual IGAs with each participating jurisdiction.

Given the comments above, and our collective need to ensure the proposed bond measure is successful and implementable, I strongly recommend we work through these issues before referring the bond to the voters. While the bond referral meeting is already calendared for the Metro council in early June, I understand the technical deadline for referral is mid-August. Let's use some of that time to ensure we all will have a successful housing bond program that helps meet our communities' needs, even if it means deferring the referral vote. We all know that these funds are essential to making a dent in the housing crisis, yet they can only help if we can actually deliver on the promises in the bond.

Thank you for taking leadership on this issue, and for your willingness to make changes to the program to ensure its effectiveness.

From: Kari Lyons-Eubanks [<mailto:kari@housingoregon.org>]
Sent: Friday, May 18, 2018 5:16 PM
To: Kate Fagerholm; Andy Shaw; Noelle Dobson
Subject: Feedback on Proposed Framework

Hey folks,

I wanted to send along a few key feedback points as you gather all the public comment. The Coalition voted in consensus in support of the current framework with a hope that Metro can make a strong commitment to the recommendations under income guidelines. I will be sharing a larger report with you on May 31st as a result of our funding that will provide more feedback regarding racial equity and implementation.

Income guidelines

Recommendations:

- Build political support for a regional solution to the supportive services and housing voucher funding gap to ensure the aspiration to house those 0-30% MFI can become a reality.
- Maximize the number of people housed versus units built. Consider a target number or a percentage range to leave some flexibility to account for unknowns and risks.

•

Acquisition versus new construction

Recommendations:

- Housing development is extraordinarily based on opportunity and circumstances in a dynamic market which will require flexibility in rehab versus new construction
- Add specific language that ensures acquired units will be rehab units that would have been lost so that there is a net unit gain with either method.

Bedroom unit allocation

Recommendations:

To best suit the community need of family sized bedrooms (3+ bedrooms), we might be require a heavier reliance on new construction for units with more than two bedrooms.

--

Kari Lyons (she/her/hers)
Director, Welcome Home Coalition
1435 NE 81st Avenue
Portland, Oregon 97213

P: 503-317-7524 E: Kari@HousingOregon.org



JOIN

Connecting the street to a home.

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Hasson Company

Vice President
Margaret Bryant
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Oregon Environmental
Council

Kevin Kaufman
CBRE, Inc.

Evelyn Liu
Asian Pacific American
Chamber of Commerce

Aaron Nawrocki
Capital M Lending

Sara Westbrook
Portland Police Bureau

Paulette Wittwer
Community Volunteer

Ms. Martha Bennett
Chief Operating Officer
Metro Regional Government
600 NE Grand Avenue
Portland, OR 97232

Dear Ms. Bennett,

JOIN exists to support the efforts of our neighbors experiencing homelessness to move back into stable, affordable housing. We operate on the front lines of this housing crisis, serving people across our community. While based in and funded by the Cities of Gresham and Portland and Multnomah County, we support people transitioning back into housing throughout the Tri-County Region. As such, we see the need for apartments that are affordable to our lowest income neighbors in Multnomah, Clackamas, and Washington Counties. Oftentimes, peoples' homelessness is prolonged due to the lack of affordable housing and they continue to be unstably housed due to market rate rents far exceeding their minimum wage or social security income. Much of the resources in our communities is used to build housing for people at 40-80% AMI which does not serve this lowest income population. The Metro Bond provides a unique opportunity to fund housing development for those whom there exists no other funding mechanism.

We urge Metro to use, at a minimum, 45% of Bond dollars to build for our neighbors at 0-30% AMI. Additionally, we urge Metro to take lessons learned from our Portland Bond process and create family units at 3+ bedroom sizes. This not only meets the need expressed by the Homeless Family System of Care, where 31% of households waiting for housing services are over 4 people, primarily in 1 parent households, but also meets the need expressed by communities of color, including immigrant and refugee communities and intergenerational families. As an example, JOIN recently housed 2 families of 13 people. These households preferred to live together and we were fortunate to locate a building with 3 apartments next door to each other so they could provide the childcare and financial support across nuclear households. While this is anecdotal evidence, I can say they are not unique families, the solution we found was unique and not available to many of the large families falling into homelessness.

Metro has the unique opportunity to learn from the Portland Bond process and has done a good job of bringing in community voice to help design the framework

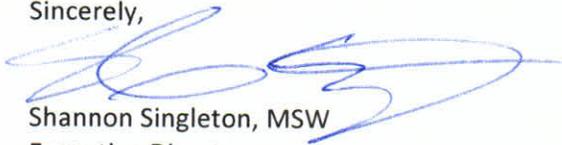
Mailing address: JOIN PO Box 16490 Portland, OR 97292 Website: www.joinpdx.org
Physical address: JOIN 1435 NE 81st Ave, Ste 100 Portland, OR 97213 Tel: (503) 232-7052 Fax: (503) 232-4640

for this bond. JOIN encourages you to listen to that community voice and implement the framework they've designed—at least 45% of the units at 0-30%AMI with family sized units. Holding to these goals and values will not only begin to rebuild trust with these marginalized communities, but also will serve a large number of people. When we focus on people and not units, we believe that the Metro Bond is poised to make a significant impact on the people experiencing homelessness and housing instability in an extremely volatile housing market.

Thank you for your leadership on this Bond and helping to address the unmet housing needs of our most vulnerable and lowest income neighbors in our community. We look forward to working together to be a part of creating lasting change for many of the people we serve. We know this is not the only resource needed to address the housing crisis and we will continue to work with local jurisdictions to address their unique housing needs and ensure housing access for people across the income spectrum.

Thank you for your time. Please feel free to contact me with any questions or comments.

Sincerely,



Shannon Singleton, MSW
Executive Director
JOIN

Ms. Martha Bennett
Chief Operating Officer
Metro Regional Government
600 NE Grand Ave.
Portland, OR 97232

Dear Ms. Bennett,

Oregon Food Bank holds people experiencing hunger at the center of all we do. The issues and concerns facing the people we serve guide our programmatic decisions and direct our public policy efforts.

More and more, we hear from our clients about the strong connection between housing and hunger. They tell us about making the tough choice between paying for rent or for food and the struggle to find an affordable place to live. They tell us that the reason they visit food pantries and emergency meal sites is because of housing issues. In fact, the number one reason cited by clients for why they seek our services in the Portland metro area is housing. Housing issues are driving too many of our neighbors to experience hunger.

In order to end hunger, we need to address housing.

We appreciate all of Metro's efforts to address the affordable housing crisis in our region. We know that it will take a myriad of solutions to solve it, and we are grateful that Metro is stepping up and responding to the needs of the region. In particular, we applaud Metro's consideration of a general obligation bond to build and acquire affordable housing, an essential need in our community.

Metro has an opportunity to design a housing bond that does the most possible for our most vulnerable community members. We know that while our entire community is in a housing crisis, it is particularly impacting our community members most in need. We urge Metro to design a housing bond that is bold, robust, and works to address our largest affordable housing gap.

While we appreciate the initial draft framework of \$516.5 million bond, we urge Metro to design a more robust solution. We know that the need is so great, despite our entire community – government, community organizations, the private sector, individuals – prioritizing resources to address this crisis. We know we are short an estimated 48,000 affordable homes in the greater Portland area, and we need robust solutions to address that shortage. We urge Metro to design a solution that raises the most resources possible to address the needs of our community: go BIG!

Additionally, we also know that our community members most in need are disproportionately impacted by the housing crisis. When rents are raised sky-high and evictions are common, our community members with the least amount of resources are the most impacted. And the solutions

for meeting their housing needs are the most limited. Research shows us that the largest metro area affordable housing supply gap is for those making 0-30%MFI, and that government subsidy is the only tool to serve them. While we appreciate the draft framework target of 45 percent of units designated for 0-30%MFI, it should be the floor, not the ceiling. We urge Metro to design a solution that focuses on deep affordability and works to ensure that our most vulnerable community members have a safe, stable place to call home.

Metro has the ability to make a significant impact on the lives of our community members struggling to pay rent and find an affordable place to call home. Oregon Food Bank urges Metro to design a housing bond that does the most possible for our most vulnerable community members and helps to ensure more of our neighbors and community members have a safe, stable place to call home.

Sincerely,

Anneliese Koehler
Public Policy Advocate, Oregon Food Bank

CC Elissa Gertler
Andy Shaw
Jes Larson
Emily Lieb





Deborah Kafoury
Multnomah County Chair

501 SE Hawthorne Blvd., Suite 600
Portland, Oregon 97214
Phone: (503) 988-3308
Email: mult.chair@multco.us

May 21st, 2018

Metro Council
600 NE Grand Ave.
Portland, OR 97232

Dear Metro President Hughes and Metro Council Members,

As you move closer to referring the proposed regional housing bond to voters, I want to thank you for the framework you've proposed for how to invest the money it would raise, especially your commitment to ensuring that at least 45 percent of all units funded will have rents affordable for households earning 30 percent of the area median income (AMI) or below.

Metro's recent snapshot documents the largest deficit in housing affordable for people earning 30 percent of AMI or less. These households include tens of thousands of extremely vulnerable people surviving on small fixed incomes, like Supplemental Security Income (SSI), Social Security or Veterans benefits. These households also include thousands of families working full time at minimum wage.

Given the way rents have skyrocketed in our region, these households are no longer just struggling with untenable rent burdens of 60 or 70 or 80 percent of their incomes; they are increasingly becoming -- and staying -- homeless. Every day we see these neighbors on our sidewalks, living in their cars and crowding into our shelters.

I'm well aware that it's hard to finance units with rents that someone making 30 percent of AMI can afford. I also know that financing those deeply affordable units may reduce the overall number of units the bond can produce. But this is a trade-off we have to make.

In fact, given the need on our streets, given the hardships facing our lowest-income families, I'm urging you to go even further -- to go above the currently proposed 45 percent share of deeply affordable units. Because right

now, even with that many units set aside for extremely low-income families, more than half of the units this bond would produce would go to households earning between 50 and 80 percent of AMI.

Like you, I have heard concerns that the 30 percent AMI units won't work unless we find additional resources for support services, based on the presumption that the extremely low-income households who rent these units will all need intensive ongoing support to succeed as tenants.

But that simply isn't the case. The average hospitality job in Multnomah County pays just \$21,000 a year, approximately 30 percent of AMI. Most of the workers in the region's 30,000+ minimum wage jobs don't need support services to be successful tenants. They just need a rent payment they can afford.

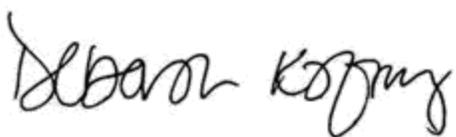
Similarly, more than 80 percent of families living on Home Forward's Housing Choice Vouchers fall under the 30 percent AMI threshold, and the vast majority are able to succeed as tenants, without intensive support services, because their rents are affordable.

It's true that some tenants in those deeply affordable units really will need ongoing support services -- a subpopulation of highly vulnerable people who need permanent supportive housing (PSH). And we also have to answer and address that critical need as a region. The bond, and the commitment to providing at least 45 percent of the units for neighbors making 30 percent AMI, is a tremendous opportunity to meet this challenge.

The fact that we have not yet identified a clear way to pay for those support services isn't a reason not to go big when it comes to providing deeply affordable housing. It's why we have to redouble our efforts to find dedicated services funding so that we can maximize the number of bond units that can be dedicated to PSH.

Thank you for your leadership in bringing this bond to the voters of Multnomah County and the region.

Sincerely,



Deborah Kafoury
Multnomah County Chair

CC: Martha Bennett
Roger Gonzales
Jes Larson

From: [Bill Van Vliet](#)
To: [Emily Lieb](#)
Subject: RE: Regional Housing Measure Technical Advisory Group: framework recommendations, fact sheet, final feedback and comments
Date: Monday, May 21, 2018 5:04:05 PM

Hi Emily,

Thanks for this updated information, I'll review it again for any last comments.

Near the end of the last meeting one of the jurisdictional partners, maybe Chris Hartye, raised concern about Metro's need to evaluate projects a second time. I may have misinterpreted, but I sensed concern that Metro might change something after initial approval. That seems like an easy concern to address. We do it at NOAH on nearly every transaction—we evaluate and approve loans and then don't fund them for 24 months after we complete another evaluation. Everyone is comfortable with this structure (borrowers, construction lenders, and NOAH), because we issue a formal commitment letter after the first review. That letter is a legal commitment to fund once certain conditions are met (essentially that the project is built and operates as expected). Our second review is simply to confirm those certain conditions were met. Metro could propose a similar process.

The issue raised by Martha about projects "tipping over" once a certain concentration of PSH units is more challenging and I'm not sure how to address it other than somehow build in flexibility in case some adjustments need to be made. I need to understand the dynamic that Martha discussed better.

--bvv

Bill Van Vliet
Executive Director
Network for Oregon Affordable Housing
1020 SW Taylor St., Suite 585
Portland, OR 97205
503.501.5680



www.noah-housing.org

From: Laura Dawson-Bodner [mailto:Laura.Dawson-Bodner@oregonmetro.gov] **On Behalf Of** Emily Lieb
Sent: Monday, May 21, 2018 12:54 PM
To: 'Jonathan.Trutt@homeforward.org' <Jonathan.Trutt@homeforward.org>; 'Komi Kalevor' <Komi_Kalevor@co.washington.or.us>; 'chuckrob@clackamas.us' <chuckrob@clackamas.us>; 'cmoylan@beavertonoregon.gov' <cmoylan@beavertonoregon.gov>;

May 22, 2018

Regional housing funding
Metro
600 NE Grand Avenue
Portland, OR 97232

This letter provides comments from City of Gresham staff regarding the regional housing measure draft framework summary. While City Council has not taken a position on the proposed bond measure, the City of Gresham has spent considerable staff time participating in the technical advisory team and related meetings.

The draft framework was presented on the April 26, 2018 technical advisory team meeting. This framework was also shared at the final technical advisory team meeting on May 17, 2018. After reviewing, I would like to offer the following considerations.

Local implementation: The City has an existing process for housing investments. Any future regional measure oversight needs to support local decision making and allow for the timely and efficient distribution of funds. This includes:

- Oversight: Existing local oversight committees will be more effective than a single regional committee.
- Funding allocation: Making funding contingent on a project-by-project basis will slow project delivery and lead to inefficiencies. A better approach would be to provide funding upon an executed IGA and subject to annual review. This will allow for implementing jurisdictions to effectively appropriate funds in a dynamic market environment.

Commitment to racial equity: Staff appreciates the draft framework language emphasizing a commitment to equity. This framework would be stronger by acknowledging the need to abide by fair housing legislation. To that end, bond measure resources should not increase segregation or concentrations of poverty. Investments must affirmatively further fair housing, and the framework would be stronger by explicitly stating that.

Who to serve, and where to invest: In addition to the items identified in this category, bond funds should be prioritized in high opportunity neighborhoods in the region. The framework should acknowledge opportunities for ownership housing. The framework should also allow for partnerships to create services, retail, office, and other investments that support neighborhood and community development.

Regional housing model: Metro developed a regional model to develop production targets in units created and people served. I identify the following concerns:

- The model does not adequately reflect the funding necessary for services and operating expenses, particularly for homes at 30% MFI or below, which have typically required greater investment in services and operating costs.
- The model does not adequately capture variations in land acquisition costs. The price of land varies considerably across the region. However, Metro's model lacks the precision in land cost at a smaller than county-wide scale. While this may have been adequate for a regional production target estimate, it will complicate actual project development and implementation, particularly concerning decisions about where to invest.

I would like to see this feedback incorporated into the finalized framework. Thank you for your consideration.

Sincerely,

Brian Monberg
Senior Manager
Office of Governance and Management
City of Gresham

To: Emily Lieb
From: Cadence Petros
Date: May 24, 2018

Subject: TAT Comments to Updated Bond Framework

Thank you for the opportunity to comment on the updated framework and Metro's continued collaboration with stakeholders to refine the concept. I appreciate the increased housing bond amount, the cost modifications to the model, and the assessed value distribution. Thanks also for removing the draft implementation process from the Metro council documents. This will provide needed flexibility to negotiate implementation IGA's in the coming months.

While these changes are helpful, more work remains to be done to ensure the bond measure can be implemented effectively. Some of my concerns relate to the number of 0-30% AMI units combined with the number of family sized-units, the implementation process, and the unknowns regarding administrative funding disbursement. I understand that in the past several days many stakeholders have been discussing the model and opportunities to make additional deeply affordable units possible. As we continue to refine the framework and process, I hope we will find ways to fully deliver on the promises included in the measure.

I remain concerned about the proposed implementation of the land acquisition funds to be retained by Metro. It is unclear how Metro will deploy those funds, what "land acquisition" means in the context of providing units, and how Metro will coordinate with local jurisdictions. This uneasiness is not a jurisdictional posturing issue but a real concern about Metro's role in an already crowded field of housing funders. As we move forward, I strongly suggest Metro include local partners as it identifies how its \$65M will be spent towards meeting bond goals.

Finally, the bond should provide local jurisdictions the right to opt-in to implementation if the constitutional amendment does not pass. As Metro will retain an implementation role in either constitutional scenario, local jurisdictions should have a similar ability.

A regional housing bond – if workable – will be a significant benefit to our community. Again, thank you for your ongoing commitment to providing regional funding for this much needed resource.

VIA EMAIL

Date: May 28, 2018

To: Emily Lieb

Cc: Robert Davis, Washington County
Kathryn Harrington, Metro Councilor
Martha Bennett, Metro

From: Komi Kalevor, Housing Authority of Washington County/Department of Housing Services
Jennie Proctor, Office of Community Development

RE: Metro Housing Bond Draft Framework

Thank you and your colleagues for convening and gathering valuable input from the Technical Advisory and Stakeholder Committees. The Metro affordable housing bond is a bold initiative that will help create needed housing for lower income families in the metropolitan area.

This memorandum is provided in good faith and intended to help with setting 'realistic' goals while not forgetting the 'aspirational' ones. We may have additional comments as this important initiative moves forward.

The Housing Authority of Washington County (HAWC) administers HUD-funded housing programs for the most vulnerable county residents. However, the HAWC is also a developer of housing which positions staff well to offer feedback from a technical perspective about what unit mixes are realistically achievable given the development and the operational costs allowed by the bond. We urge you to revisit the framework's firm requirement that 45% of the homes be reserved for households at 30% or below median family income and revise it downwards to 20%, which will be more realistic and in alignment with known rental assistance subsidies such as Project-based Vouchers (PBV). As you know, the PBV's are not guaranteed as they are subject to congressional budget authority, extensive HUD requirements and environmental reviews. For perspective, 0-30% Median Family Income (MFI) in year 2018 translates to: \$15,690 for single person, \$17,940 for two person family, \$20,190 for three person family, and \$22,410 for a family of four. Generally, not in all cases of course, this population is referred to as 'hard to house' because of associated disabling conditions. This means the housing must be linked with sustainably funded supportive services to be successful.

The second point we wish you to consider is that the expectation of rental income from higher income units to shore up or cross-subsidize extremely low income units may not materialize fully, which will create a rental subsidy gap for jurisdictions with limited soft funding sources such as tax increment, program income and general funds.

As can be seen from the table on the next page, for Washington County projects, that rental assistance gap is estimated at \$1.8 million annually without a constitutional amendment and as high as \$2.6 million with a constitutional amendment.

Even if cross-subsidization happens as envisioned, there is the question of a stabilization period rental assistance need that may be from one, two or even three years. Furthermore, if the constitutional amendment passes, available cash flow will be maintained on a project by project basis which will further constrain ability to cross subsidize rents. There currently are no other operating subsidies in Washington County beyond PBV's (County or City).

Failure to provide needed supportive services or adequately cross subsidize extremely low-income units may likely embolden neighborhood groups to oppose future projects. Opposition to projects cause long delays and drive up costs in a market where construction cost increases can be as high as 1% per month. A recent local project experienced a year-long delay due to just such fierce opposition resulting in construction costs anticipated to be much higher than originally proposed.

We urge you to consider a range for the 0-30% targets (example: between 20%-45% of the units will be between 0-30% MFI) in line with what we know will be available from the PBVs. To reiterate, there currently are no other operating subsidies in Washington County beyond the PBVs available.

		With Constitutional Amendment	<u>Without Constitutional Amendment</u>
Unit production per Metro model		3,200	2,000
# of persons to be served		10,000	6,300
Washington County share	0.34	1,088	900
Households reserved at 0-30% MFI	0.45	490	405
Rental Assistance (PBV) under discussion		200	200
Gap		290	205
Estimated rental assistance needed before project stabilization assuming \$750 pupm (Minimum \$500 needed for operating costs per METRO model)	750	\$2,606,400.00	\$1,845,000.00
Wraparound Resident Services Funding Sources		TBD	TBD
Rental Income		Project by project basis	Portfolio basis

A second area of concern is the “Administration and Oversight.” Washington County has provided feedback at meetings with Metro staff on which we remain concerned. The local community partner (Housing Authority or local government) should have oversight of the project selection and approval process based on factors that are outlined in the Intergovernmental Agreement (IGA). Metro has indicated that requirements of the bond dictate this overlay because Metro, as the bond issuer, is ultimately responsible. We believe there may be other ways of providing this oversight to Metro via the IGA and believe that bond counsel can design a process that conforms with bond requirements while avoiding a drawn out conditional/final hierarchical system of approvals within Metro. The local jurisdictions are best suited to knowing the needs of their community and the Local Implementation Strategy (LIS) will be developed to meet those needs. An annual performance report can provide the feedback to Metro. The LIS can be linked to the IGA, which will allow us to choose/design projects that meet the goals of the bond.

Also under this issue area, we are greatly concerned about an allocation process that distributes the administrative dollars on a project-by-project basis. Jurisdictions will require that the necessary infrastructure and capacity be in place to handle the sheer volume of development that will come from this funding. Funding administration on a project-by-project basis will not allow this to

happen. We propose allowing the agreed upon percentage for administration to be allocated to participating entities at the start of each year of the bond. Allowable administrative costs can be outlined within the IGA.

While we have not yet seen the ballot measure language, we believe that the language must be formulated to allow the maximum flexibility for the partners. Setting unit goals may be required so that voters are able to envision what they are supporting. However, further granular detail than this in the ballot measure should be reserved for the IGA. Any unit goals stated in the ballot measure should include a range of units or phasing that allows maximum flexibility.

In closing, we would like to thank you for the hard work you have put into this effort. We look forward to continuing to work with you to find a path forward so that we may collectively serve the members of our regional community to the greatest extent possible.