



Local Implementation Strategy

For the Metro Regional Affordable Housing Bond
September 2019

Hillsboro Local Implementation Strategy (LIS)
Metro Affordable Housing Bond

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I. Introduction

Hillsboro is now home to nearly 102,000 residents, making it the largest city in Washington County and the fifth largest city in Oregon. Hillsboro residents are racially and ethnically diverse, with over 40% of the total population represented by communities of color. Hillsboro is often cited as the “economic engine” of the region, with high tech manufacturing and associated industries playing a prominent role in providing thousands of high wage jobs. Yet Hillsboro also has several of the lowest-income census tracts in Oregon and over 20% of renters are severely cost burdened. Even with an existing inventory of over 2,500 regulated affordable housing units, there is a clear need for more affordable housing in Hillsboro, particularly for our lowest-income community members.

This Local Implementation Strategy (LIS) will guide the efforts of the City of Hillsboro as it works to create affordable housing using the Metro Affordable Housing Bond. Hillsboro welcomes the opportunity to be an implementing jurisdiction in this program and expects that these resources will play a critical role in meeting a range of important housing needs in the community.

Principles of Autonomy & Collaboration for Participating Jurisdictions in Washington County

Three jurisdictions in Washington County will participate in implementation of the Metro Affordable Housing Bond—Washington County, the City of Hillsboro and the City of Beaverton. While each will have a separate LIS, the jurisdictions have agreed to several principles and practices with respect to the development and operation of their implementation strategies.

- The three jurisdictions will receive an allocation of bond resources based on the share of bond revenue generated by each of the three jurisdictions.
- Each jurisdiction will have autonomy in project selection, commitment of bond resources, and oversight of bond funded projects. The jurisdictions may choose to collaborate on specific projects that will serve their individual as well as collective community needs. This may result in actual expenditure of the bond across the three jurisdictions in a different blend than envisioned at the outset.
- Recognizing that many community partners serve the larger Washington County area, the three implementing jurisdictions will collaborate on community outreach efforts and on developing partnerships that will help to ensure the success of all bond projects in Washington County.

Metro Affordable Housing Bond Resources and Framework Targets

This LIS focuses on the City of Hillsboro’s efforts to deliver newly developed or acquired and rehabilitated affordable housing in Hillsboro with use of revenues from the Metro Affordable Housing Bond. It was formulated based on the input and needs of Hillsboro community members, policy goals of the Hillsboro City Council, as well as being guided by Metro’s Affordable Housing Bond Program Work Plan, approved by Metro Council in January 2019. The

Metro Bond Work Plan sets the regional goal of creating 3,900 regulated affordable units - 1,600 of which are for households earning 30% or less of the Area Median Income (AMI) and 1,950 housing units with two or more bedrooms.

From the regional total, **\$40,657,081** in bond revenues is dedicated to Hillsboro based on the percentage of assessed value (AV) generated by Hillsboro households and property owners. The overall goal for Hillsboro is to support at least **284 units of affordable housing** in the community with use of the bond revenues. These may be newly-built units or preservation of existing units that are at risk of rapidly rising rents. While many of these units are expected to provide rental housing, affordable homeownership projects may also be supported with the bond resources.

Recognizing that our lowest income neighbors have the greatest challenges in securing affordable housing, and consistent with the Metro Bond Framework, at least **117** of the Bond-funded units produced will be affordable for households with income at or **below 30% of area median income**. These units may serve people with special needs, people who earn low wages or live on fixed incomes. As least **43** of the deeply affordable units will be supported with rental assistance provided by the Housing Authority of Washington County, targeting the most fragile households. Hillsboro will encourage affordable housing developers, owners and operators to work with social service agencies and other community partners to link supportive services to the affordable housing to ensure that residents are stable and secure.

Because the need for affordable housing crosses many income levels, and because serving moderate-income households can effectively provide a source of cross subsidization for lower income households, Hillsboro may also explore options to include units appropriate for households with incomes from **61% to 80% AMI**. No more than **29** Bond-financed units at this income level (10% of regional target total) will be counted toward the regional targets, as outlined in the Metro Bond Framework.

The private rental housing market typically concentrates on producing smaller units, but the need for affordable housing crosses a range of household sizes. Particularly in Hillsboro where overcrowding is a key problem expressed by low-income communities of color and multigenerational households, the need for affordable housing with larger bedroom sizes is crucial. The Metro Bond Framework has set a goal that aligns with this local need - half of the units developed under the bond program must include two or more bedrooms. For Hillsboro, this means that at least **142 units** produced with the help of Bond funds will include **two or more bedrooms**.

The table on the following page outlines the unit production targets for Hillsboro to be produced with use of Metro Affordable Housing Bond revenues as per this Local Implementation Strategy, the Metro Affordable Housing Bond Framework, and Work Plan.

Hillsboro Unit Production Targets	
Total Affordable Units	284
Minimum number of 30% AMI Units (43 units with Project Based Section 8 rent assistance)	117
Maximum number of 60%-80% AMI Units	29
Minimum number of 2 Bedroom & Larger Affordable Units	142

These unit production targets are anticipated to be achieved through a portfolio of projects. Hillsboro expects that the Bond funds will provide support for approximately **two to five** affordable housing projects.

Advancing Racial Equity

As noted previously, Hillsboro is among the most racially diverse cities in Oregon, with two of every five residents identifying as a person of color. Notably, 50% of low-income residents and 65% of individuals living below the poverty line are people of color. The Metro Council and the City of Hillsboro have made advancing racial equity a priority for implementation of the Affordable Housing Bond. Decades of housing policy from the federal to local level have contributed to disparate outcomes for communities of color in housing. As a result, people of color struggle with housing cost burdens, displacement and homelessness. Local studies have indicated that Latino, African American, Vietnamese, Filipino and Slavic communities in Hillsboro have higher percentages of severe cost burdening, paying over half of household monthly incomes on housing expenses. The implementation of the Affordable Housing Bond provides an opportunity to work toward addressing these inequities and striving to better meet the needs of historically marginalized communities.

Efforts and opportunities to address racial equity occur at many points in the implementation of the Affordable Housing Bond. The selection of projects, inclusion of minority and women-owned contractors in building housing, the formation of culturally specific partnerships for outreach and services, accessible tenant selection processes, and ongoing reporting of outcomes all provide opportunities to advance racial equity. Specific implementation strategies that Hillsboro will employ to advance racial equity are discussed in various sections throughout this plan.

II. Local Implementation Strategy Development – Phase I Community Engagement

Meaningful community engagement, especially with communities of color and marginalized communities, serves as the basis of the Local Implementation Strategy. Washington County, Hillsboro and Beaverton jointly developed and implemented an outreach plan that focused on regional and local nonprofit partners as well as localized outreach to residents within communities. The collaborative work of the three jurisdictions resulted in hearing from over 500 community members and over 50 agencies, which provided perspectives on housing needs

across Washington County that targeted racially-diverse, low-income and special needs populations.

As nearly one of every four Hillsboro residents identifies as Hispanic and/or Latino, the City of Hillsboro focused its efforts on community listening sessions with low-income Latino community members to discuss affordable housing needs and preferences. These sessions were conducted entirely in Spanish with translation available for English speakers. Two sessions were held with residents of Bienestar affordable/farmworker housing properties. The first was comprised of approximately 20 resident leaders in the *Promotores* program who provided feedback and distributed a housing survey to residents of multiple sites. This survey resulted in input from over 200 Bienestar residents. A second follow up session was held with approximately 35 Bienestar residents from various properties both in and outside of Hillsboro.

Themes and feedback from the surveys and sessions included the following:

- Overcrowding is a problem in Hillsboro, especially with low-income Latinos - there is a real need for family-sized affordable housing units;
- New affordable housing is preferred to be located within close access to public transit, health services, child care, shopping, schools, and parks;
- Challenges in affordable housing access include long wait lists, rent amounts, credit scores, legal immigration status, and application requirements (such as social security numbers);
- There is a strong interest in affordable homeownership, especially for families with steady employment and incomes who want to build wealth/equity and take pride in ownership.
- Challenges to being successful in affordable rental housing include rent increases, other cost of living increases and property rules that are too strict, especially for households with children.
- Many community members find out about affordable housing opportunities largely by word of mouth through family, friends and neighbors, and also through community organizations like churches and service providers.

Another affordable housing listening session was conducted with Latino parents from the Hillsboro School District with approximately a dozen total participating attendees. The feedback themes were similar to those listed above but also included a clear preference for family-friendly housing types, such as single-family homes, townhomes and duplexes and in geographic locations that provide ample opportunities and proximity to MAX transit, parks, family services and schools. The performance or reputation of individual schools was one key driver for the geographic preference of housing at this session.

The feedback provided by all of these key stakeholders, focused on low-income communities of color, directly informs the racial equity components of this LIS relative to geographic site and project selection, affirmative and culturally competent marketing and services, and in approaches to low barrier screening criteria.

As mentioned previously, community engagement also included discussions with homeless and special needs communities, multiple community-based organizations, service providers, non-profit and for-profit developers and other groups. The attached Exhibit I details this community engagement activity and provides summary themes, which have been incorporated to develop this LIS.

III. Implementation Timeline and LIS Review

Implementation of Bond-funded projects is expected to occur over a period of **five to seven years**. This timeline will allow for the identification of sites and acquisition as needed, securing needed resources for capital and services, developing partnerships with developers and service providers, and completing construction.

During this period, community needs and opportunities may change. New census data will become available, new community planning efforts will be initiated or completed (for example, the development of Washington County's 2020-2024 Consolidated Plan in which Hillsboro is a participant), and new resources or opportunities may become available while other resources or opportunities may not materialize as anticipated. In addition, certain framework goals may be easily fulfilled while others may prove more challenging. Because of the dynamic nature of this work, Hillsboro proposes to periodically review, and potentially reset, this Local Implementation Strategy.

Hillsboro proposes to monitor and adjust this LIS based on the commitment and/or expenditure of bond resources to specific projects. Hillsboro will use a tracking worksheet to monitor bond investments made into individual projects, the project's yield of unit production targets, and the overall portfolio of unit production relative to bond investments. This will provide an ongoing, up-to-date evaluation to guide selection of subsequent projects and keep resource investments on track with unit production. Another area of monitoring and review will be racial equity outcomes – namely, the performance of each project and the overall project portfolio in achieving the racial equity components contained in this LIS. If these ongoing reviews indicate that a modification to the LIS is advisable, the amendment process will include community outreach and engagement, review and amendment by the Hillsboro City Council and submittal to Metro for review and approval.

IV. Organizational Plan for Implementation

Hillsboro will use a combination of staff and consultants to administer this Local Implementation Strategy. In-house staff will be responsible for community engagement and outreach, project selection, project documentation and funding processes, overall program

implementation, monitoring and reporting. Hillsboro may engage consultants with expertise in financial packaging of affordable housing to review proposed projects during the selection and commitment phases. Similarly, Hillsboro may engage consultants or partner with other project funders to leverage their expertise in construction management to help oversee project development. Some aspects of implementation will require the development of systems that are new to Hillsboro or that are not efficient for the handful of projects expected to be funded with Bond revenues. In these situations, Hillsboro may work with consultants and/or other jurisdictions for various components of project implementation.

Metro has committed a total of \$856,000 available in administrative funds over five-seven years to support Hillsboro's bond implementation. Initially, Hillsboro anticipates that these funds will support work related to project implementation (for example, contracting for underwriting and compliance).

V. Leveraging Other Affordable Housing Resources

While the Metro Bond resources are substantial, in order to accomplish the unit targets of the Bond Framework, the funds will need to be blended with other public and private funding sources. There are a number of principles that will guide our efforts to leverage the Bond funds:

- **Maximize the use of non-competitive resources.** The 4% LIHTC program is available on a non-competitive basis to provide equity for affordable housing development. This program is especially useful for larger projects or scattered site projects that can be bundled to achieve the scale desired by equity investors. Developing projects in Hillsboro's Qualified Census Tracts (QCTs) or Difficult to Develop Areas (DDAs) can maximize the usefulness of the 4% tax credits.
- **Maximize use of private resources.** Many projects will generate sufficient rental income to be able to make debt service payments on loans from private banks or other conventional financing. While ensuring that projects have appropriate operating budgets and reserves, private debt should be secured for projects whenever feasible. In the case of affordable homeownership projects, this could include home mortgages.
- **Maximize local resources.** A variety of local resources may be available to support capital and operating expenses:
 - **Project based rental assistance.** The Housing Authority of Washington County (HAWC) has committed project-based Section 8 assistance for 43 units to Hillsboro Bond projects. This assistance will allow residents to pay based on their household income, while the project will receive a set rental income based on their Section 8 payment standard. The City, in partnership with HAWC, will allocate available project-based Section 8 assistance in an approach that works to achieve the goals of this Local Implementation Strategy and Metro Bond Framework.

- **Affordable Housing Property tax exemption.** The City offers property tax exemption to developer/owners that are non-profits under the provisions of ORS 307.540.
- **Publicly owned land.** The City will prioritize projects that are developed on City-owned sites. The ability of the City to donate some portion of the value of the sites may vary, but discounted values would likely be available.
- **Seek other existing affordable housing resources (Federal, State and County resources).** The City recognizes that despite the availability of Bond funding, private equity and applicable resources from the City, projects may have financing gaps that are best filled with other traditional affordable housing program resources. Sources such as HOME funds, Oregon Affordable Housing Tax Credits, Local Innovation and Fast Track (LIFT) funds and other sources may be needed to complete financing packages for specific projects. Hillsboro and project developers will work with other funders in a transparent way to find the most effective and efficient way to bring these resources to Bond funded housing projects.
- **Complement existing regulated housing and support pipeline of other affordable housing projects.** This LIS and associated bond-funded projects are anticipated to help complement Hillsboro's base of existing affordable housing through new construction of projects especially in neighborhoods that do not currently have significant amounts of regulated affordable housing. While much of Hillsboro's efforts during the implementation of the Affordable Housing Bond will be focused on moving the pipeline of Bond funded projects forward, the ongoing availability of other Federal and State affordable housing resources will mean that there is a likelihood of other projects moving forward during the same timeframe. The City will monitor the pipeline of projects being proposed and funded in Hillsboro and will collaborate with developers to identify the most appropriate funding packages and other support that can be provided to those projects.

VI. Project Selection Process

Hillsboro will work in partnership with developers/property owners that have demonstrated experience, skills and success providing and operating affordable housing. The City of Hillsboro itself does not intend to be a developer, owner, or operator of affordable housing. The primary role of the City in Affordable Housing Bond implementation will be to provide financing to private and nonprofit development partners for affordable housing projects through use of the allocated Bond funds. As indicated, the City expects that the Bond funds may provide support for approximately **two to five affordable housing projects**. The attached Exhibit 2 outlines a hypothetical Bond-funded portfolio of three projects that, in combination, achieves Hillsboro's unit production targets. The actual number of projects may vary.

The project selection process will be made through public and open solicitations via Notice of Funding Availability (NOFA), Requests for Qualifications (RFQs), and Requests for Proposals (RFPs). An initial City RFP/NOFA process is anticipated in the first quarter of 2020. Unsolicited proposals that conform to this Local Implementation Strategy and the Metro Bond Framework and Work Plan may also be considered as described on Page 10 under the heading “Sites Proposed by Developers.” The City of Hillsboro will create an Affordable Housing Project Advisory Committee that will provide feedback to staff on the solicitation and selection of affordable housing projects, with particular emphasis on reviewing all projects proposed to include Bond funds. The Project Advisory Committee will review proposed projects before consideration of approval by Hillsboro City Council.

Each solicitation and project selection process will include a set of expectations of developers/owners to ensure that selected projects align with this Local Implementation Strategy and help achieve both the Framework goals and racial equity outcomes. These requirements include but are not limited to:

- a 60-year affordability covenant for new construction and a 30-year covenant for acquired and rehabilitated projects
- the inclusion of Minority-owned, Women-owned, and Emerging Small Business (MWESB) contractor participation in the development process
- the use of best practice marketing, engagement and outreach to communities of color
- low-barrier tenant selection criteria.

Other requirements are described in the Project Selection Criteria and Project Implementation sections below.

Sites Identified by the City

The City affordable housing team is exploring sites that the City already owns, controls or may purchase that have potential for bond-financed affordable housing projects. The City will prioritize such sites if they are viable for affordable housing development and will help to fulfill Local Implementation Strategy goals.

The City will take into consideration:

- the significant beneficial leverage of already controlled/owned land;
- high opportunity areas, defined by access to transit, schools, services and other amenities
- opportunities to meet community development goals, LIS and Bond Framework goals, and/or to develop beneficial service partnerships;
- opportunities to use 4% or 9% Low Income Housing Tax Credits (LIHTC) resources, especially in Difficult to Develop Areas, Qualified Census Tracts and Opportunity Zones.

Should the City identify, acquire or make available City-controlled development sites under this Local Implementation Strategy with associated Bond resources, the developer/owner of such sites will be chosen based on the competitive project selection processes described herein. As previously indicated, an initial City RFP/NOFA process is anticipated by the first quarter of 2020 related to this category.

Sites Identified by Metro

The allocation of Affordable Housing Bond funds includes an allocation for land acquisitions carried out by Metro rather than by the implementing jurisdictions. Metro has allocated an estimated \$21 million for acquisition of sites in Washington County. While it is uncertain whether any such sites will be in Hillsboro, the City is committed to working closely with Metro should such sites be identified and agreed upon by both parties. If such sites are identified and meet LIS criteria, Hillsboro would plan to select a developer/owner and/or project through a competitive project selection process.

Sites Proposed by Developers

As described, Hillsboro will conduct periodic NOFA, RFQ or RFP processes to competitively select projects with sites proposed or controlled by developers for funding under the Bond program. The City of Hillsboro may also consider unsolicited proposals from developers on a rolling basis for projects with potential for use of bond funds in some circumstances. In consideration of such proposals, the City expects that affordable housing developers will have site control on a proposed property through outright ownership, a long-term lease, or at a minimum, through an option to purchase the property through a purchase and sale agreement or other documentation. In addition, any unsolicited proposals will be expected to demonstrate the need for expediency in market or development conditions or other unique circumstances. Examples would include land or building acquisition opportunities subject to active market competition and/or for qualifying affordable homeownership development opportunities. Developers should be aware that, depending on progress against the Bond framework, such proposals may need to achieve specific targets for income levels, unit types, geographic area, racial equity, or other characteristics. To ensure transparency, the City will document findings and justifications for any project selection or endorsement awarded through an unsolicited proposal.

Developer/owners are encouraged to work closely with the City to ensure that their proposals are responsive to the evolving needs of the Hillsboro's Local Implementation Strategy and comply with all LIS, Bond Framework and Work Plan requirements.

VII. Project Selection Criteria

Metro Framework Unit Production Targets

Hillsboro will take a number of factors into consideration in the selection of Housing Bond-funded projects. The first consideration will be how each project contributes to the

accomplishment of the unit production targets of the Metro Bond Framework (outlined on page 4). The City does not expect that each project will reflect the exact unit ratios expressed by these targets, but instead that the overall portfolio of funded projects in Hillsboro will achieve this mix.

The ratio of unit bedroom sizes will reflect the characteristics of the target population of specific projects, and that in turn should reflect characteristics of the site in terms of suitability to individuals, smaller or larger families. The City does expect that most projects will include units that are two bedroom or larger in order to reflect local need and the Bond Framework production target requirements.

The City also anticipates that all multifamily rental projects will include some units with rents at or below 30% AMI. In some cases, projects will be targeted to low wage earners or people on fixed-income, while others may be targeted to people with disabilities or other special needs, or people who have experienced homelessness. Some projects may include higher concentrations of 30% units so long as there is an identified funding source for the corresponding supportive services needed.

Hillsboro anticipates including 60%-80% AMI units for mixed-income projects when appropriate for the project and depending on the project's place in the bond-funded portfolio. As mentioned previously, inclusion of these units may also help to cross subsidize lower income units or reduce the amount of Bond financing needed for a given mixed-income project. Hillsboro also hopes to see mixed-income and/or mixed-use projects where only a portion of the project is supported with Bond funds.

Furthering Hillsboro's Affordable Housing Goals

In addition to fulfilling the Metro Framework, the City will work to align the affordable housing developed with Bond revenues to support a number of local goals and policies. These goals and policies are enumerated primarily in the Hillsboro Affordable Housing Policy and Action Plan, the Hillsboro Comprehensive Plan, as well as in this Local Implementation Strategy. Each of these policies and strategies is based on feedback provided through extensive community engagement.

Consistent with these plans and community needs, the City of Hillsboro:

- Will focus its Bond-financed affordable housing on new construction of affordable rental projects especially in neighborhoods that do not currently have significant amounts of regulated affordable housing. This will promote the dispersal of new affordable housing to help create mixed-income neighborhoods and communities.
- May consider new construction as well as acquisition/rehabilitation projects to prevent rent increases and displacement in low-income areas, especially in the downtown core area.

- Will prioritize projects in geographic locations with proximate access to public transit, schools, parks, shopping options, health care and other services as per the needs and preferences expressed by low-income communities engaged through outreach.
- Will consider investing bond resources in the development of affordable homeownership units with consideration given to how the proposed project adheres to this LIS and contributes to the accomplishment of the unit production targets of the Metro Bond Framework.

Racial Equity

Hillsboro's approach to racial equity in project selection will take into consideration factors such as:

- Increasing regulated affordable housing opportunities in areas with existing underserved diverse populations, especially in areas that may be subject to displacement.
- Providing new affordable housing in high opportunity neighborhoods and sites. This would include sites that have good access to public transit, jobs, quality schools, commercial services, parks & open space, etc.
- Supporting project teams that have a proven track record of:
 - Outreach, engagement and ensuring participation of minority and women-owned contractors in predevelopment, construction, and ongoing maintenance and operations of the building
 - Engaging targeted and/or marginalized communities including communities of color as part of its leasing process
 - Creating an inclusive tenant screening criteria process that minimizes barriers to communities of color and other underserved groups
 - Providing culturally specific resources and services. Hillsboro recognizes that culturally specific programs can achieve strong outcomes for diverse groups in the community.

Hillsboro will prioritize projects addressing historical racism and lack of housing access experienced by communities of color, whether that is represented by projects sponsored by culturally-specific organizations, projects in which culturally-specific organizations have a meaningful role in project design, resident services and operations, or when project sponsors provide proof of their ability to serve communities of color.

Connection to Resident/Tenant Services

Hillsboro expects that some level of Resident Service Coordination will be provided at all projects, appropriate to the level of need of the target population. Resident Services will generally focus on eviction prevention, helping residents access mainstream services for which they may be eligible, and community building activities.

Projects serving high needs populations will require more robust supportive services to ensure resident stability and positive outcomes. While the City is not a provider or funder of supportive services, it is available in partnership with Washington County, to help connect developer/owners to public and private service providers in the community to create needed partnerships. Hillsboro will evaluate each project's target population and service plan to help ensure that it is appropriate and durable.

Project Cost/Leveraging Funds

The City plans to use Bond funds to support a portfolio of projects that provide the best return on investment in the form of long-term, sustainable affordable housing. These projects will be characterized by quality design and durable construction. Wherever possible, they will use cost effective sustainable building measures to create efficient use of energy and water and select materials to create healthy living environments. They will be well-aligned with the needs of the target households in terms of space, amenities and service requirements, and will be valuable assets in the communities in which they are located.

The blend of funding sources will have an impact on both hard and soft costs. Hard costs will be impacted by development standards of investors, lenders and other public funders. Soft costs will vary with requirements for specific legal, accounting, reserve requirements, and fees. Leverage will also be impacted by the service needs of the residents.

The City will evaluate all proposed projects to ensure that the costs are reasonable and appropriate to the specific project, focusing on the amount of Bond funds requested relative to the housing product(s) delivered. This evaluation may consider:

- Scale appropriate to the target population and income levels of tenants.
- Scale appropriate to the size of the units, including number of bedrooms.
- Scale appropriate to the neighborhood in which the project is located.
- Costs associated with mixed-use or mixed-income projects.
- Quality of construction materials.
- Costs associated with service needs of the target population.
- Resident amenities and other services provided.
- Project-related public infrastructure costs.
- Reasonable fees and reserves.

The City recognizes that in order to accomplish the overall unit production target, it will need to have an average Housing Bond expenditure per unit of **approximately \$143,000**. Hillsboro expects that some projects may receive significantly less Bond funds than this amount, while

others may receive significantly more, depending in part on the factors listed above. Hillsboro will monitor the overall pipeline of projects to ensure that the target number of units will be achieved.

Capacity/Readiness to Proceed

Hillsboro recognizes that the development of affordable housing differs in many ways from market rate housing or other real estate development. Hillsboro will seek to partner with non-profit, for-profit, or governmental organizations that have demonstrated skills as affordable housing developer/owners. Expertise with the framework target unit types and with the specific population proposed by a project will also be considered.

Timely implementation of the Housing Bond is critically important. In its project selection process, Hillsboro will prioritize projects that have a clear path to timely completion. This may include a priority for projects that have appropriate zoning, have secured much or all of the other financing sources, have secured needed service partnerships, and have a clear and achievable racial equity plan. While Hillsboro may not make a funding commitment until projects meet “ready to proceed” and all other applicable criteria, Hillsboro suggests that interested developers begin conversations with the City at the earliest stages of pre-development to ensure that project programming aligns with the Implementation Strategy.

VIII. Project Implementation

Review & Approval of Projects

Bond funded projects will go through a multi-stage review and approval process as follows:

- Hillsboro concept endorsement. To be considered for City of Hillsboro concept endorsement, a project must at a minimum have site control, a preliminary development plan, preliminary estimate of total development costs, preliminary estimate of needed Housing Bond funds, an identified development team and a preliminary racial equity plan. Hillsboro will process and determine recommendations for concept endorsements utilizing the Affordable Housing Project Advisory Committee and will present recommended projects to the City Council. If Council approves the concept endorsement, staff will submit the project to Metro for concept endorsement.
- Metro concept endorsement. Hillsboro staff, in conjunction with Metro staff, will present the project to Metro for endorsement by the Metro COO. Metro will review the project for conformance to the adopted Local Implementation Strategy and Bond Framework.
- Hillsboro project approval & funding authorization. As the project completes due diligence and moves to financial closing, Hillsboro will consider project approval by presenting final project details to the Affordable Housing Project Advisory Committee for final review and recommendation. These recommendations will be presented to

City Council for formal action appropriate to the project (for example, authorizing a Disposition and Development Agreement (DDA), funding commitment, etc.)

- Metro project approval & funding authorization. Hillsboro staff, in conjunction with Metro staff, will present the project to Metro for final approval and funding authorization.
- Release of Funds. Once a project has received approval by the Hillsboro City Council and Metro, funds will be released to the City of Hillsboro and disbursed to the project in accordance with the provisions of the project documents.

Project Closing

- Metro-Approved Regulatory Agreement. All projects will be required to execute a Metro-approved Regulatory Agreement that acknowledges the use of Metro Housing Bond funds and the restrictions associated with the use of such funds. The Regulatory Agreement shall be recorded against the project at or prior to closing.
- Period of Affordability. The Regulatory Agreement will generally specify a 60-year period of affordability for new construction projects. For acquisition projects that are more than 10 years old, the City may consider a shorter period of affordability, but no less than 30 years. The Regulatory Agreement will provide a first right of refusal for qualified nonprofit organizations or government entities to acquire the project upon expiration of the affordability period.
- Accomplishment of Framework Targets. The Regulatory Agreement will also specify the level of affordability of the units and the unit bedroom sizes of the project.
- Reporting Requirements & Monitoring During Operations. The Regulatory Agreement or similar agreement will also provide requirements for the developer or owner/operator to periodically provide information relating to the project's financial performance, physical condition, occupancy, tenant income verification, and voluntarily collected tenant demographics. The agreement calling for these reports shall provide that reports will be made for the benefit of both Metro and the City of Hillsboro. The agreement shall also provide physical access to the property when requested by Metro, the City of Hillsboro, or other project financing partners.
- Jurisdiction Documents. The City of Hillsboro will require a variety of other documents relating to the project. These may include:
 - Disposition & Development Agreements. In the case of properties controlled by the City of Hillsboro, the City will develop agreements relating to the transfer of property to the developer/owner and associated development commitments.
 - Hillsboro will develop documents relating to the form of investment of Bond Funds. These may vary depending on projected cash flow of different projects and may take the form of cash flow dependent loans or grants. In general, Hillsboro will support the allocation of modest amounts of program income to restricted reserve accounts dedicated first to the provision of Resident Services.

Projects that are expected to have more significant program income may have requirements for cash flow dependent distributions to the City.

- Hillsboro will specify requirements relating to implementation of Racial Equity Strategies. Strategies will be developed for each project, and requirements will be documented in agreements with the City. This will include:

- **MWESB Contracting.** Project sponsors will be requested to achieve an aspirational goal of 20% of total development costs for contracts to certified minority, women, and emerging small businesses. Specific NOFAs, RFQs, or RFPs may have additional goals and/or requirements. Project sponsors will be required to provide documentation of contracting efforts and results.
- **Workforce Participation.** Hillsboro is interested in encouraging participation in project workforce hours by minorities, women and disabled veterans. Hillsboro will work with Metro, other implementing jurisdictions, and with project sponsors to explore ways to maximize participation in project workforce hours.
- **Affirmative Marketing, Tenant Selection & Lease-Up.** Consistent with the Bond Framework and with community feedback, Hillsboro will work with developers/owners to ensure that Bond financed housing serves communities of color, families with children and multiple generations, people living with disabilities, seniors, veterans, households experiencing or at risk of homelessness, and households at risk of displacement. Hillsboro will require that project developers/owners make units available to minorities and disadvantaged populations using best practices.

In general, this will require:

- Affirmative outreach and marketing to target populations. Developers/owners, and their property management companies (if applicable) will be expected to engage in proactive efforts to make disadvantaged populations aware of the availability of units, and the process and timeline for application. The City will work with project sponsors to help identify specific target populations for each project and will review the proposed outreach and marketing strategy for each project. Consistent with the feedback provided in the community engagement phase, affirmative marketing may include working with community-based organizations that serve communities of color, low-income and/or special needs populations.

- Hillsboro will require that project sponsors use low barrier screening criteria that balances access to target populations, project operations, and community stability. Typical requirements may include less than standard market apartment income-to-rent ratios, reduced credit history requirements, and criminal history requirements that are most directly tied to tenant success. Project sponsors will be required to review appeals to denials of standard screening criteria that take into consideration efforts of applicants that demonstrate stability and potential for tenant success. Project sponsors are also required to review appeals if the disqualifying aspects of a denial are related to a disability and make reasonable accommodations as appropriate.

Project Monitoring

Projects will be subject to monitoring throughout the development process and period of affordability. The monitoring process and expectations will be documented in agreements with the City. In general, this will include:

- Monitoring During Development & Lease Up. Hillsboro will require monthly reports during the project development and will conduct monthly site inspections in coordination with other funding partners to ensure progress to on-time and on-budget completion. Hillsboro will sign off on any change orders and on monthly draw requests.
- During Operations. Hillsboro will require annual reports that include information about project physical condition, fiscal condition, occupancy, tenant income verification, and voluntarily collected tenant demographics. Hillsboro will conduct periodic site inspections in coordination with other funding partners.

IX. Ongoing Community Engagement – Phase II

The completion and approval of this LIS will initiate the beginning of Phase Two for community engagement related to Bond implementation. Phase Two is the long-term and ongoing community engagement directly related to planning, identification and development of affordable housing projects. For this future effort, the City may partner with other jurisdictions such as in Phase I community engagement and/or may contract with a community engagement practitioner to provide additional capacity to continue efforts to engage under-represented communities, neighborhoods living in the area of the new affordable housing developments and the community in general.

The City will work to ensure that the ongoing community engagement will be timely, transparent and include materials in all appropriate languages and interpretation as needed.

Community engagement will target:

- Underrepresented communities who have historically faced systemic barriers to affordable housing such as communities of color, people with low incomes, seniors, people with physical or mental disabilities, people involved with the justice system, people with limited English proficiency, immigrants and refugees, tenants of affordable housing, people at risk of displacement, and people experiencing homelessness. Engagement will focus on community members providing advice about how the City can address and reduce these systemic barriers both in regard to a specific project(s) and also on an ongoing basis.
- Neighbors living in the area or adjacent to the new affordable housing developments – Engagement strategies will be focused on neighborhoods where a specific housing project is proposed. These efforts may coincide with, or may be separate from, outreach and notifications associated with land use processes.

To ensure that impacted communities are involved in decision-making the City will:

- Maintain an interested and affected group contact list.
- Promote, publish and share opportunities and updates in multiple formats and languages as needed. This may include electronically, hard copy, social media, and by telephone (as requested.)
- Ensure that in-person engagement opportunities are accessible to all by being held in the evenings and/or on weekends, in different community locations and places where people naturally convene, and include community support such as food, child care and translation services.

The City will also develop evaluation measures that allow adjustments to community engagement approaches related to ongoing bond implementation.

X. Reporting on the Implementation Strategy

Annual Report

Hillsboro staff will prepare an annual report to the Hillsboro City Council on the progress of the Local Implementation Strategy. This report will be made available to the public and interested stakeholders. The report will include information on committed and completed projects (e.g. project status, Bond funding amounts, total project cost, and units produced by unit size, type and income level served). The report will also include information on overall progress toward achievement of the framework goals and the balance of Bond funding available.

Reporting to Metro

Hillsboro will submit annual reports to Metro in accordance with the Intergovernmental Agreement.

Exhibit I

Phase I Community Engagement Report

The City of Hillsboro Affordable Housing and Community Services Team conducted numerous community engagement activities to discuss the Metro affordable housing bond and listen to community feedback on housing needs - focusing on listening sessions with low-income communities of color. Throughout the engagement process, the City presented information about the bond resources, goals, and targets and included the following questions for discussion:

1. What are the things that are most important to you and/or your family when you think about where you want to live?
2. What do you think are the biggest challenges people have with keeping their housing?
3. What types of services, programs, and/or activities are needed to overcome these challenges?
4. What do you think are the biggest challenges people face when trying to find a place to live?
5. What is the best way for you to find out about available housing?
6. Is there anything else you'd like to share about your experience or the need for housing in your community?

City of Hillsboro Engagement with Communities of Color

As nearly one of every four Hillsboro residents identifies as Hispanic and/or Latino, the City focused its efforts on listening sessions with low-income Latino community members to discuss affordable housing needs and preferences. These sessions were conducted entirely in Spanish with translation available for English speakers. The discussions were held in the evening to provide better convenience for working families and each event included food and refreshments.

Two sessions were held with residents of Bienestar affordable/farmworker housing properties. The first was conducted on April 8th and was comprised of approximately 20 resident leaders in the Promotoras program who provided feedback and distributed a housing needs survey to residents of multiple sites. This survey resulted in input from over 200 Bienestar residents. A second follow up session was held on April 25th with approximately 35 Bienestar residents from various properties both in and outside of Hillsboro.

Key themes and feedback from these surveys and sessions included the following:

- Overcrowding is a problem in Hillsboro, especially with low-income Latinos - there is a real need for family-sized affordable housing units;

- New affordable housing is preferred to be located within close access to public transit, health services, daycare, shopping, schools, and parks;
- Challenges to access for affordable housing include long wait lists, rent amounts, credit scores, legal immigration status, and application requirements (such as social security numbers);
- There is a strong interest in affordable homeownership, especially for families with steady employment and incomes who want to build wealth/equity and take pride in ownership.
- Challenges to being successful in affordable rental housing include rent and other cost of living increases and property rules that are too strict, especially for households with children.
- Many community members find out about affordable housing opportunities largely by word of mouth through family, friends and neighbors, and also through community organizations like churches and service providers.

Another affordable housing listening session was conducted on May 7th with Latino parents from the Hillsboro School District with a dozen total participants in attendance. The feedback themes were similar to those listed above but also included a clear preference for:

- Family-friendly housing types, including single-family homes, townhomes and duplexes
- Geographic locations that provided ample opportunities and proximity to transit, parks, family services and good schools.

At the end of this session, a map of Hillsboro was provided and participants were asked to place a sticker on the areas of the city where they would most like to live. The results showed a variety of locations throughout the city, primarily near MAX transit stops. The performance or reputation of individual schools was another key driver for the geographic preference of housing, as was the proximity to parks and other family destinations.

The feedback provided by these discussions focused on Latino low-income communities of color directly informs the racial equity components of Hillsboro's Local Implementation Strategy. The findings help shape components such as geographic site and project selection criteria, affirmative and culturally competent marketing and services, and in approaches to low barrier screening criteria.

City Engagement with Homeless and Special Needs Community Members

Hillsboro staff also hosted a breakfast at the Shute Park Library inviting homeless community members in the Downtown area and conducted a one-on-one interview with "Sammy," a homeless veteran living with HIV who shared his housing needs and insights. Although he has income from retirement and help from the Veteran's Administration and Cascade Aids project, Sammy has faced recurring barriers to permanent affordable housing due to eviction and past debt. He cited that there are lack of shelters for individuals throughout the County. When asked about resident services that may help him be successful in permanent housing, Sammy

cited help with the administrative process of paying bills each month and other money management help. He also mentioned the importance of comradery and emotional support in remaining stable in housing. Sammy's feedback will help inform the delivery of deeply affordable units in Hillsboro's Bond implementation and the associated services that will be necessary to ensure tenant success.

City Engagement with Affordable Housing Development Community

Hillsboro staff met in person with affordable housing developers and industry professionals and discussed various elements of the Metro Bond. These conversations helped shape project selection and financing components and identified other issues relevant to the delivery of new affordable housing and the acquisition and rehabilitation of housing. The following table represents the sponsors/developers and other agencies contacted and the dates of the meetings.

Organization	Date
REACH CDC	1/29/19
Habitat For Humanity	2/8/19
Inland Construction	2/12/19
Housing Development Center	2/14/19
Community Partners for Affordable Housing (CPAH)	3/15/19
African American Alliance for Homeownership (AAAH)	3/6/19
Network for Oregon Affordable Housing (NOAH)	3/6/19
PedCor Companies	3/6/19
Cardno Engineering	3/7/19
LRS Architects	3/20/19
Hacienda CDC	3/29/19
Bienestar	5/2/19
Cascade Housing	5/12/19
Colliers International	5/30/19
Northwest Housing Alternatives	6/5/19

Collaboration on Community Engagement with Washington County Participating Jurisdictions

The City of Hillsboro also partnered with Washington County and the City of Beaverton in a collaboration for engagement and outreach. By collaborating with Washington County and Beaverton, the City gained feedback from nearly 300 additional people representing over 50 agencies. At each opportunity, the team provided a brief overview of the Metro Affordable Housing Bond and its impact in Hillsboro, Beaverton and Washington County and a description of the collaborative community engagement conducted between the three jurisdictions.

Discussions were based on the six questions listed previously, with agency staff largely representing the perspectives of their clients which include mentally ill, homeless, low-income, and other underrepresented special needs groups.

The table below outlines the community engagement opportunities conducted through city of Hillsboro, Beaverton and Washington County collaboration:

Date	Stakeholder Group	Location	Total Participants	Agencies
02/07/2019	Coalition of Housing Advocates	Beaverton	12	11
02/06/2019	Housing Support Services Network	Beaverton	57	42
02/13/2019	Washington County Resident Advisory Board	Hillsboro	20	
03/11/2019	Self Determination Resources Inc.	Beaverton	5	1
3/14/2019	SOAR Immigration Legal Services/EMO	Hillsboro	3	1
3/14/2019	Marjorie Stewart Senior Center	Sherwood	22	
3/18-3/27	Homeplate Youth Services	(survey)	10	1
3/18/2019	Consolidated Plan Workgroup	Hillsboro	31	17
3/25/2019	Washington County Parole and Probation	Hillsboro	11	2
3/26/19	OR Law Center	(survey)	15	1
3/27/2019	Community Action/CPOs Homeless Forum	Cornelius	43	2
4/4/2019	Community Action – Family Advocates & Housing Specialists	Hillsboro	15	1
4/12/2019	Centro Cultural/DAVS Seniors and Tribal Community	Cornelius	24	
4/16/2019	Head Start Policy Council (parents)	Hillsboro	23	
4/15-4/17	Con Plan Focus Groups (6)	Hillsboro	38	4
5/22/19	Behavioral Health Council	Hillsboro	20	8
		TOTAL	349	91

Through this outreach, the City and its partners were able to reach affected residents and stakeholders to discuss priorities for the Metro housing bond, provide education and awareness around the impact of the bond, and build community trust. Staff is developing and maintaining an interested parties contact list that will be utilized as the City moves into later phases of community engagement associated with Metro bond implementation.

The input and suggestions received during the community engagement opportunities substantiated the findings from housing-related documents reviewed. Documents reviewed include:

- Coalition of Communities of Color – Leading with Race, Research Justice in Washington County
- Metro Equitable Housing Report and Housing Inventory
- Washington County Consolidated Plan 2015-2020

Evaluation Summary

Since the same questions were utilized by each of the participating jurisdictions, staff was able to compile, code, and analyze responses for some key themes. The key themes illustrated throughout community responses included barriers to housing, service needs, location, marketing, and a small number of answers did not fit into any of these categories necessitating an “other” category. A detailed description of each theme is listed below and the percentage of responses that spoke to each theme. Overall the feedback was largely consistent with the City’s specific outreach to Latino residents cited previously.

Washington County, City of Beaverton and City of Hillsboro Engagement Opportunities Results:

Input from all of the engagement opportunities was compiled, coded and analyzed for key themes related to the following 5 categories:

- Barriers (46% of total)
- Service Needs (24% of total)
- Location (16% of total)
- Marketing (11% of total)
- Other (2% of total)

Barriers

This category includes a variety of factors that prevent people from being able to secure or maintain housing. Specifically, these responses fell into one of the following categories:

- Cost (41%) – affordability of rent; application fees; costs to move; deposits; costs related to past rental history, criminal history, and credit history; and utility costs
- Screening Criteria (24%) – rental history; criminal history; credit history; citizenship status; and understanding what purpose screening serves and why it is necessary
- Navigation (12%) – complex system of finding and securing housing; complex application process; ability to understand and follow through with finding and securing housing; bureaucracy is overwhelming; mobility/transient nature of clientele;
- Housing Needs (10%) – unit size; accessibility for developmentally delayed people; safety/livability of units; spaces not trauma informed
- Cultural and Trust (8%) – Cultural differences in understanding of norms and compliance; and fear or distrust about stability of housing, neighbors, environment

Service Needs

This category includes factors that are related to specific services that could be offered onsite or ways in which services could better meet the needs of tenants. For the most part, responses were categorized as the following:

- Education (28%) – skills building for self-sufficiency, housing sustainability; vocational training and mentorships; and renter education related to navigating the system, understanding tenant rights, and compliance with rules
- Service Alignment (22%) – coordination between community-based organizations, agencies and other service providers; coordination of services specific to families and seniors;
- Addictions/Mental Health or other Case Management (15%) – onsite mental health and addictions services as well as case management for others who need that level of support
- Other mentions included accommodations within the physical space such as community rooms, common space, and storage space

Location

This category includes specifics about where housing is located, proximity to things people may need to thrive and the environment in which housing is situated. Responses primarily fell into the following groups:

- Services (24%) – proximity to grocery stores, employment, medical providers, and other supportive services
- Safe/Sense of community (45%) – good schools; sense of community; and safe, quiet, walkable neighborhood
- Transit (17%) – close to public transportation; and accessible for special needs transportation (LIFT)
- Other comments included equitable distribution of housing in mixed-income areas with broad geographical dispersal

Marketing for Housing Opportunities

This category was specifically focused on how people hear about housing and considerations in how to share information about housing with communities. This was a smaller number of comments that predominately focused on sharing information through community based organizations and other word-of-mouth opportunities as well as communicating information in multiple languages and formats.

Phase II Community Engagement

As the City of Hillsboro enters Phase two of community engagement for the Metro affordable housing bond and beyond, the City will seek to target audiences that include communities of color, underrepresented and historically marginalized communities, and neighborhood residents proximate to potential affordable housing projects.

EXHIBIT 2

Hillsboro Example Bond-Funded Project Portfolio - with Estimated Development Outcomes

The following table represents a hypothetical Bond-funded Hillsboro affordable housing portfolio consisting of three example projects. It is provided for illustrative purposes to demonstrate how a project “portfolio” or group approach could achieve Hillsboro’s affordable housing production targets under the Bond Framework. This preliminary project portfolio is subject to change in a variety of ways: the number of bond-funded projects could be increased or reduced, the project types could differ, the number of units and income targets per project may be adjusted dependent on individual project conditions, and the estimated Metro Bond funds utilized per project is also variable as described in the Local Implementation Strategy. The projects and outcomes listed are conceptual, are not site or geography-specific, and are also subject to change and variability as described above.

Project	Project Type	Total Estimated # of Units	30% AMI Units	30-60% AMI Units	60-80% AMI Units	Target Population	2+ bedroom Units	Estimated Metro Bond Funds
Project #1	Regulated Affordable Apartments	125	50	65	10	Individuals and families	63	\$16 Million
Project #2	Regulated Affordable Apartments	50	20	25	5	Individuals and families	25	\$7 Million
Project #3	Regulated Affordable Apartments	120	48	60	12	Individuals and families	60	\$17 Million
Total		295	118	150	27		148	\$40 Million