



## Executive Summary

# Metro Housing Bond 2020 Annual Report

May 2021

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# Production progress

In November 2018, greater Portland's voters took action to address the region's housing crisis, overwhelmingly passing the nation's first regional affordable housing bond with a goal of creating 3,900 affordable homes across the region; half (1,950) would be sized for families with two bedrooms or more and 1,600 would be affordable to households with very low incomes.

Metro and partners are more than **halfway to achieving the goal of 3,900 units with only one third of bond funds committed**. As of December 2020, there were four projects under construction and 15 more in the pipeline, collectively representing 2,045 affordable homes.



52%

● Homes in development

● Homes remaining



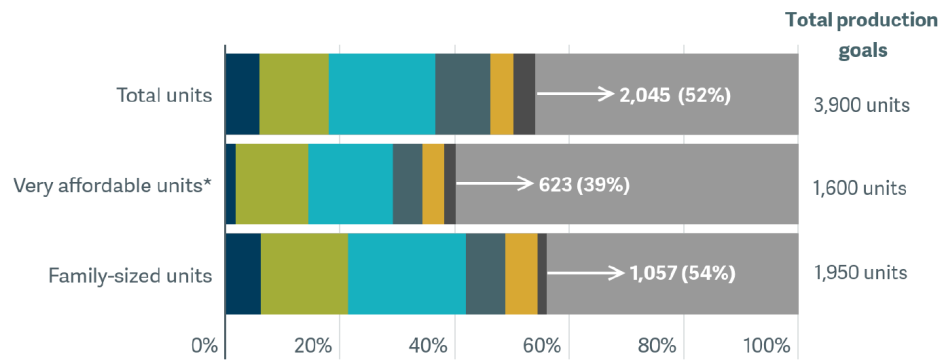
33%

● Funds used

● Funds remaining

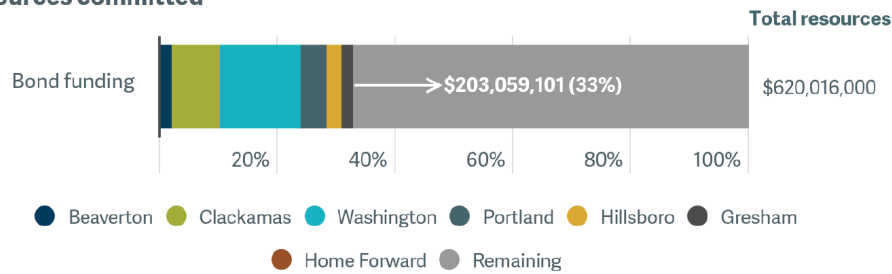


## Predevelopment underway as of December 2020

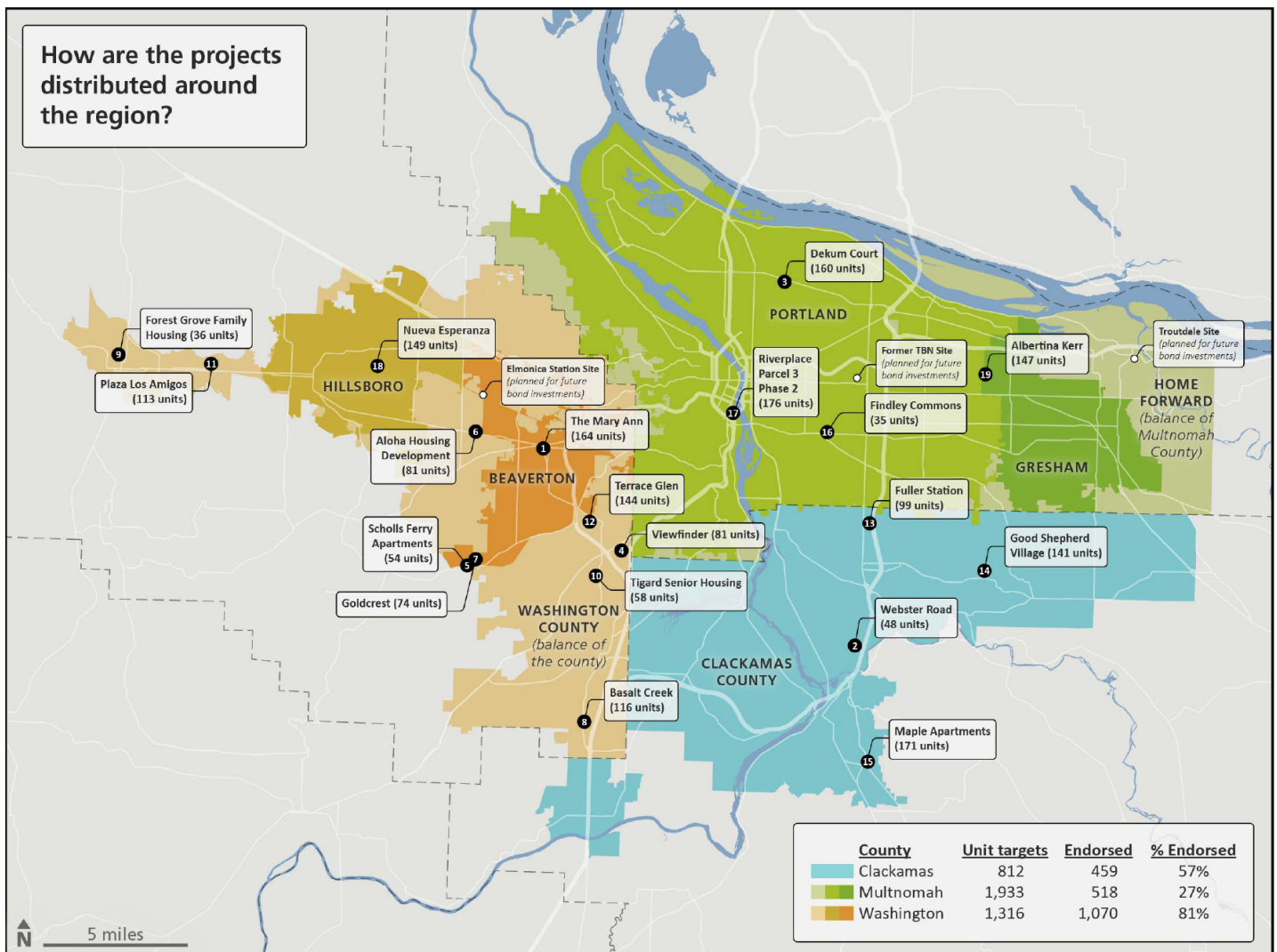


\*refers to households at 30% Area Median Income (AMI)

## Resources committed



## How are the projects distributed around the region?





# Policy goals

Decisions about where and how to invest in new affordable housing are guided by a set of core values and policy goals established through Metro-wide engagement in 2018 and further informed through local community engagement and planning from 2019 onward.

**The program seeks to ensure that investments serve people currently left behind by 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.

**Goal: Create housing opportunities throughout the region** in locations that (a) expand affordable housing options in neighborhoods that have not historically included sufficient supply of affordable homes, (b) increase access to transportation, employment, education, nutrition, parks and natural areas, and (c) help prevent displacement in changing neighborhoods where communities of color live today.

## **Outcomes:**

- Bond investments demonstrate **strong outcomes toward the goal of advancing fair housing and reducing segregation regionally**. Forty-six percent of units are in areas with lower than the regional average percentage of people of color, and 59% are in areas with a lower share of per capita regulated affordable housing. Four projects, representing 19% of the total units, have no existing regulated affordable housing within a one-mile radius.
- Bond investments are largely **located in areas with access to public transportation and in walkable areas**, including 69% of total units within either a quarter-mile of frequent service bus or a half-mile of MAX, and 70% with a walkscore of 50 ("somewhat walkable") or better.
- The distribution of bond investments across the region shows **substantial support for the goal of stabilizing communities at a higher risk for displacement**, particularly communities of color and people with limited English proficiency. Of the total units in the pipeline, 54% are located in areas that have a higher proportion of people of color, and 73% are located in places that have higher than average concentrations of either people of color or people who speak English less than "very well."



**Goal: Increase access and stability for priority communities**

**Outcomes:**

- All local implementation partners have reported on efforts to support the bond program's goal of advancing fair housing access through low-barrier screening and affirmative marketing in projects.
- Several projects have established partnerships with culturally specific service providers, many of which will support the marketing and lease-up process in addition to providing ongoing resident services.

**Goal: Create economic opportunities through the construction process**

**Outcomes:**

- All developers have committed to meeting, and many developers have committed to exceeding, the bond's goals for achieving a minimum of 20% of construction contracts for bond funded projects awarded to minority-owned, women-owned and service-disabled veteran-owned firms.

**Goal: Engage communities of color and other historically marginalized communities**

**Outcomes:**

- Efforts to engage communities of color and other historically underrepresented communities are resulting in meaningful engagement. Engagement themes that are shaping local implementation and project planning/design include the need for larger units, communal spaces, varied outdoor spaces and laundry facilities.

Date: April 2021

To: Metro Council

From: Metro Affordable Housing Bond Community Oversight Committee

Re: 2020 Annual Report

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## **A report to the community from the Metro Affordable Housing Bond Community Oversight Committee**

Over the past two months, the Metro Affordable Housing Bond Community Oversight Committee has reviewed progress reports from all eight implementation partner agencies, as well as an analysis of regional progress and performance presented by Metro staff. We are happy to report that, in a year of unprecedented challenges, the Metro affordable housing bond program is **on track to exceed the promises made to voters**. What's more—there are opportunities to go above and beyond. And we should.

So much has changed in the past year. The housing crisis has been intensified by the ripple effects of the global pandemic, increasing the urgent need for more affordable homes and other services to ensure that everyone in our community has access to safe, stable affordable housing.

The program is on track to exceed its goals due to a combination of policy and market forces, as well as early action from implementation partners. Federal policy changes have increased the value of 4% Low Income Housing Tax Credits, a major source of leveraged funding in the housing bond portfolio. Interest rates are low, meaning projects can leverage more private debt than initially anticipated. Finally, housing bond implementation partners have moved quickly to deploy resources; in addition to responding to the urgent need for housing, these rapid efforts to advance implementation are reducing the impact of construction cost escalation (although cost escalation is expected to increase the cost of delivering units later in implementation).

Combined, this early progress and market/policy changes impacting leveraged funding opportunities mean that the average per unit need for Metro bond funding required to achieve our targets is lower than initially forecasted.

From the passage of the Metro supportive housing services measure in May to economic recovery efforts at the state and federal level, there is an influx of new resources in the system of funding that layers and intersects with affordable housing development. Additional federal funding for housing development is anticipated in forthcoming federal infrastructure funding packages.

**With the region on track to exceed the unit production goals established for the measure, and new resources coming online, we believe there is not only an opportunity, but an imperative, to do more with these resources – whether that means going broader to achieve more overall units and/or going deeper to support the most challenging-to-fulfill needs** such as permanent supportive housing and larger, family-sized units. There are also opportunities to look for synergies that allow housing bond investments to leverage state/federal/other local funds and to be integrated with complementary investments, such as digital equity and co-location with early learning facilities. **We need to ensure that, as a system, we are working toward “doing more with more.”**

Along these lines, there is an important opportunity to **support integration of Metro supportive housing services funding with affordable housing bond investments to ensure that these**

**voter approved funding sources can fulfill their game-changing potential to address the needs of community members who are experiencing or at risk of homelessness.** It is essential that supportive housing implementation plans include prioritization of long-term rental assistance funding in the form of project-based vouchers that can be integrated early in the development process, so that we are designing and programming affordable housing buildings specifically to meet the needs of individuals and families exiting homelessness. There's a critical opportunity for ongoing coordination between Metro bond implementation and supportive housing implementation within each county, as well as between Metro and implementers.

As an oversight committee, we have been charged not only with ensuring progress toward the unit production targets, but also with ensuring that implementation is aligned with the core values established by the Metro Council, including the charge of leading with racial equity throughout implementation. Early indicators show that jurisdictional and development partners are taking these commitments seriously—with much more remaining to be seen as projects begin to lease up.

Key highlights of progress on advancing racial equity include:

- *Fair housing access:* Projects are distributed across the region and are incorporating strategies for fair housing access through thoughtful approaches to low-barrier screening and affirmative marketing—consistent with the expectations established in Metro's work plan. Continued monitoring will be needed to evaluate fair housing outcomes once projects start to lease up. Beyond lease up, Metro should work with partners to explore creative approaches to monitor stability and resident satisfaction over time.
- *Culturally responsive programming and services:* Local progress reports reflect robust community engagement throughout planning, and we believe this early engagement will help to improve resident livability throughout the life of the investments. It will be important for the relationships established through engagement to continue beyond development to operations. Implementing partners need to think about who is providing services for residents, as well as the need to invest in capacity building (i.e. cultural competency) among property managers.
- *Equitable contracting and workforce:* We are seeing strong commitments for equity in contracting, which was emphasized by the committee in the local implementation strategy review process. More work and investment is needed to support economic opportunities for women and people of color through construction. Tracking workforce diversity may be a positive first step, but requirements could have unintended consequences, particularly for smaller subcontractors. Workforce strategies are a priority area that should be considered for technical assistance.

The Metro affordable housing bond is already catalyzing new regional coordination and partnership to respond to the region's housing crisis. There are opportunities for Metro to engage local jurisdiction partners in a conversation about how to expand the impact of our investments beyond initial targets. These conversations need to acknowledge that jurisdictions face different challenges and are participating in implementation at varying scales and with varying internal capacity. **We recommend that Metro work with implementing jurisdiction partners to ensure that project investment decisions are being made with an eye toward maximizing collective impact of Metro bond and leveraged funds, as well as aligning with complementary investments, such as digital equity, early learning, and green building. We also recommend**

**that Metro provide funding and technical assistance to increase the region's capacity to implement permanent supportive housing and equitable workforce strategies.**

Finally, we want to underscore the need for Metro to further staff up to support this work. The housing bond team has accomplished so much with limited capacity, but, as noted in the recent audit, additional investments in staff are essential to ensure that Metro can take advantage of the opportunities outlined above. We are excited for the recent arrival of a new regional housing director, who can support those conversations with partner jurisdictions about opportunities to elevate commitments together, and for other staff who will join Metro's housing team soon to support program evaluation and administration. We look forward to continuing to build on this progress in 2021.

Housing Bond Community Oversight Committee:

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# Metro Affordable Housing Bond Program

**2020 Annual Report**

April 2021

If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we’ve already crossed paths.

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Project web site: [www.oregonmetro.gov/housing](http://www.oregonmetro.gov/housing)

## **ACKNOWLEDGEMENTS**

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## CHAPTER 1: INTRODUCTION

On Nov. 6, 2018, greater Portland's voters took action to address the region's housing crisis, overwhelmingly passing the nation's first regional affordable housing bond. Since that time, Metro and our partners in community, government and business have worked together to deliver the results sought by voters. And the news is good.

The purpose of this report is to summarize implementation progress for the Metro affordable housing bond, to support the Housing Bond Community Oversight Committee in its annual review of progress and report to the Metro Council. This is the first annual report of the housing bond program, reflecting the first year of active implementation following completion of local implementation strategies and intergovernmental agreements.

Beginning in early 2020, Metro program staff have produced quarterly progress reports summarizing implementation activities, progress toward targets and commitment and expenditure of bond funds. Supported by annual progress reports from local implementation partners, this report provides a more comprehensive analysis of activities, outcomes and progress through December 2020, including:

- Summary of local and regional progress toward unit production targets, funding commitments and expenditures;
- Analysis of progress to advance racial equity through unit production goals, community engagement, geographic distribution of investments, commitments for equitable contracting and hiring, and project plans for low-barrier screening, affirmative marketing and services to meet the needs of residents;
- Activities and outcomes for community engagement to ensure that communities of color and other historically marginalized groups have a say in shaping project outcomes to meet their needs; and
- Financial analysis of the current project pipeline to understand trends, challenges and opportunities related to cost efficiency and leverage.

## CHAPTER 2: KEY FINDINGS

### Unit production progress

- As of December 2020, Metro and partners were more than **halfway to achieving the total unit targets with only one-third of bond funds committed.**
- Metro and partners were **on track to exceed the program's overall goal of 3900 units and family-sized unit goal of 1950 units** and meet the goal of creating 1600 very affordable units.
- As of December 2020, for **five of seven local implementation partners, more than half the units in their production goals were already in development or under construction.** Several more funding solicitations are planned for 2021.

### Geographic distribution

- **Bond investments were geographically distributed across the three counties.** Of the current pipeline units, 22% are in Clackamas County, 25% are in Multnomah County and 52% are in Washington County. This reflects early action by Washington County and Beaverton to commit funding to projects. It is expected that Clackamas County and Multnomah County will add many more units to the pipeline in 2021.
- The distribution of bond investments across the region shows **substantial support for the goal of stabilizing communities at a higher risk for displacement,** particularly communities of color and people with limited English proficiency. Of the total units, 54% are located in areas that have a higher proportion of people of color, and 73% are located in places that have higher than average concentrations of either people of color or people who speak English less than “very well.”
- Bond investments demonstrate **strong outcomes toward the goal of advancing fair housing and reducing segregation regionally.** Forty-six percent of units are in areas with lower than the regional average percentage of people of color, and 59% are in areas with a lower share of per capita regulated affordable housing. Four projects, representing 19% of the total units, have no existing regulated affordable housing within a one-mile radius.
- Bond investments are largely **located in areas with access to public transportation and in walkable areas,** including 69% of total units within either a quarter-mile of frequent service bus or a half-mile of MAX, and 70% with a walkscore of 50 (“somewhat walkable”) or better. Many of the projects also have access to a range of amenities, including grocery stores, natural areas, schools and jobs.

### Economic opportunity through construction

- Many developers have committed to **exceeding the bond's goals for achieving a minimum of 20% of construction contracts for bond funded projects awarded to**

**minority-owned, women-owned and service-disabled veteran-owned firms.**

Outcomes are not yet available to evaluate performance toward these goals.

- **Efforts to support the program’s goal of advancing construction workforce diversity are limited in jurisdictions without a history of setting goals or tracking workforce diversity.** Capacity building and technical assistance may be needed to support these outcomes.

## **Engagement of communities of color and other historically marginalized communities**

- Efforts to engage communities of color and other historically underrepresented communities are resulting in **meaningful engagement**, and **feedback is informing project implementation**.
- **Partnerships with community-based organizations are crucial to accomplishing community engagement goals** of reaching communities of color and other marginalized communities and ensuring their feedback informs projects in support of future tenant success. Compensating organizations leads to more effective partnerships.
- Major themes of engagement so far have included the **need for larger units, communal spaces, varied outdoor spaces and laundry facilities**.
- More work is needed to support **demographic and other data collection to understand engagement outcomes**.

## **Reducing barriers to access**

- All local implementation partners have reported on efforts to support the bond program’s goal of advancing fair housing access and culturally responsive programming through **low-barrier screening and affirmative marketing** in projects. Several projects have established **partnerships with culturally specific service providers**, many of whom will support the marketing and lease-up process in addition to providing ongoing resident services.

## **Efficient use of funds**

- The current affordable housing bond pipeline represents **over \$745 million in investments**, of which approximately 27%, or \$203 million, is affordable housing bond funding, and **over \$542 million is leveraged from other sources**.
- **In general, development costs for the Metro affordable housing bond portfolio are consistent with costs for similar affordable housing across the region and nationally.** The housing bond’s focus on family-size units and goals for equitable contracting and workforce, among other factors, contribute to higher costs than smaller units and/or those without contracting goals.

- Variation in local investment practices suggests that **stronger regional coordination** may be needed to ensure that bond investments are optimizing the use of Metro bond funding and leveraged public subsidy.
- **A combination of policy and market changes, as well as swift action by implementation partners, has enabled the program to exceed expectations in early phases of implementation.** The targets for the housing bond were established based on projections that reflected current conditions as of 2018. Since then, significant and unanticipated policy and market changes have occurred, enabling greater leverage of bank debt and federal tax credits than was initially anticipated. In addition, swift action by implementation partners is reducing the impact of construction cost escalation; while escalating costs will mean that more per unit funding is needed for projects built later in implementation, if implementation continues at the current pace, construction cost escalation is likely to have less of an impact across the portfolio than was initially forecasted.
- The federal economic recovery bill passed in December 2020 significantly **increases the value of 4% Low Income Housing Tax Credits (LIHTC) — the most significant source of leveraged funding in the bond portfolio.** While the increase in the value of 4% LIHTCs will likely be partially offset by a reduction in tax credit yields paid by investors, it is estimated that, on a net basis, this policy change will result in a \$30-45 million boost in leveraged equity across the portfolio. Metro will work with implementing jurisdictions and sponsors to evaluate opportunities to ensure that this unanticipated increase in equity available to pipeline projects results in expanded public benefits within the project and/or a reduction in the Metro bond contribution and other sources of local subsidy.
- The supportive housing services measure passed by greater Portland voters in May 2020 presents **opportunities to integrate rental assistance and supportive services** with housing bond investments to deepen affordability, expand overall unit production, and provide wraparound supportive services to meet the needs of people with disabilities who are experiencing or at risk of homelessness. Housing bond local implementation partners are exploring strategies to integrate this funding across their bond portfolios.
- Local funding and policy tools to support affordable housing investments — such as **land contribution, system development charge and other fee waivers, property tax abatements, density bonuses and local funding contributions — vary across the region.**

## CHAPTER 3: BACKGROUND

Implementation of the housing bond is guided by a framework that was developed through months of engagement with partners and community members leading up to the measure's referral to voters.

### Core values

The program framework includes four core values that guide implementation:

1. **Lead with racial equity.** Ensure that racial equity considerations guide and are integrated throughout all aspects of implementation, including community engagement, project location prioritization, tenant screening and marketing, resident and/or supportive services and inclusive workforce strategies.
2. **Create opportunity for those in need.** Ensure that program investments 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 and households at risk of displacement.
3. **Create opportunity throughout the region.** Ensure that investments are distributed across the region to (a) expand affordable housing options in neighborhoods that have not historically included sufficient supply of affordable homes, (b) increase access to transportation, employment, education, nutrition, parks and natural areas, and (c) help prevent displacement in changing neighborhoods where communities of color live today.
4. **Ensure long-term benefits and good use of public dollars.** Provide for community oversight to ensure transparency and accountability in program activities and outcomes. Ensure financially sound investments in affordable, high quality homes. Allow flexibility and efficiency to respond to local needs and opportunities, and to create immediate affordable housing opportunities for those in need.

### Leading with racial equity

Because people of color have been and continue to be among those most deeply impacted by housing discrimination and lack of access to safe, stable, affordable housing, the Metro Council directed the housing bond program to lead with racial equity in all aspects of the program. Explicitly focusing policies and investments to benefit communities of color can reduce racial disparities while benefiting the whole community.

The housing bond program addresses historic barriers first and foremost through its ambitious goals for family-size and deeply affordable homes. But this isn't enough. The program also prioritizes leading with racial equity throughout implementation — from community engagement that informs projects, to the geographic distribution of investments, to creating economic opportunity with the development of affordable housing,

to strategies for reducing barriers to access and promoting culturally appropriate services to meet the needs of future residents.

## **Implementation partners**

Metro is working to deliver the housing bond program in close partnership with seven local implementation partners: the cities of Beaverton, Gresham, Hillsboro and Portland; Clackamas and Washington counties; and Home Forward, as the implementation partner for east Multnomah County. In recognition of the unique knowledge, experience and opportunities in communities across the region, each partner has developed its own implementation strategy to meet local needs while serving the bond's overall regional goals. Jurisdictions are responsible for administering funding to invest in property acquisition and eligible development projects. Some projects will be developed and operated by public housing authorities but the majority will be public-private partnerships with third-party affordable housing developers, owners and property managers.

Metro is responsible for providing oversight and accountability, including reviewing each proposed investment at conceptual and final stages to ensure alignment with program requirements and contribution to the production outcomes committed to voters. In addition, Metro directly invests housing bond funding through the site acquisition program, which works to strategically acquire sites and invest in development of the sites as affordable housing in partnership with local implementation partners.

## **Work plan and local implementation strategies**

In 2019, Metro Council adopted a program work plan to provide operational guidance for program administration activities including roles and responsibilities, funding allocation and eligibility criteria and processes for funding approvals. In accordance with requirements set forth in the work plan, each implementing partner created a local implementation strategy informed by local engagement processes. Each strategy includes a development plan to achieve the local share of unit production goals and commitments for advancing racial equity and ensuring community engagement informs projects throughout implementation.

## **Housing Bond Community Oversight Committee**

Independent community oversight is a hallmark of accountability to voters and the community. The Metro Council appointed a community oversight committee in January 2019 to provide independent and transparent oversight of housing bond implementation, including evaluating local implementation strategies for consistency with program goals and guiding principles, monitoring investment outcomes and providing an annual report to the Metro Council. Throughout 2019, the committee reviewed and recommended local partners' implementation strategies to Metro Council for approval. The committee also identified considerations for ongoing monitoring and evaluation (see Exhibit A).

## Intergovernmental agreements

Intergovernmental agreements provide a foundation of cooperation between Metro and local partners. The Metro Council approved local strategies as part of intergovernmental agreements describing the terms and conditions for using bond funds for eligible investments and program administration. Intergovernmental agreements include these provisions:

- All projects selected for bond funding must demonstrate contribution to unit production targets and consistency with approved local implementation strategies as confirmed through Metro staff review at the concept endorsement and final funding stages.
- All funded projects will have a regulatory agreement ensuring long-term affordability and monitoring obligations for a term of 60 years (or 30 years for acquired buildings that are more than 10 years old).
- Implementing jurisdictions will submit annual progress reports to Metro, to support the oversight committee's annual review.
- Metro will disburse administrative funding to implementation partners annually based on a schedule established in the intergovernmental agreement. One exception is City of Portland, which will have its administrative share included in project funding, to be reimbursed to the City through a 'project delivery fee.'
- Implementing jurisdictions will submit annual end-of-fiscal-year reports to Metro summarizing direct project expenditures and program administrative expenditures, the latter of which is subject to the 5% administrative cap included in the housing bond measure.

The community oversight committee completed its review and recommendation of local implementation strategies between July 2019 and February 2020, and Metro Council approved strategies as part of intergovernmental agreements. The majority of intergovernmental agreements were executed between November 2019 and August 2020. The intergovernmental agreement for Home Forward was approved in March 2021; it was on a slower track because Home Forward, the implementation partner for east Multnomah County, only has a small funding allocation to complete one project and will not be seeking funds for that project until later in 2021.

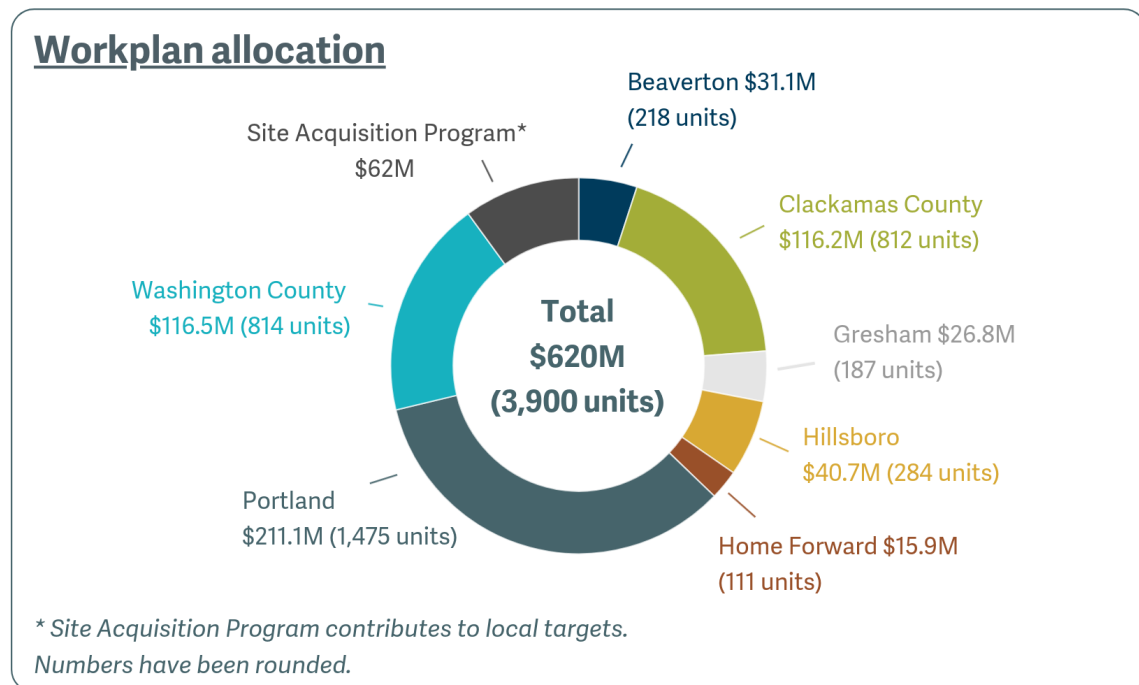
## Funding allocation

As stipulated in the housing bond measure framework adopted by Metro Council in 2018, funding is allocated region-wide based on assessed value of property in each of the three counties. A total of \$620,016,000 in funding is allocated to support investments in property acquisition and development.

Ninety percent of these funds, or \$558,000,000, is dedicated to local implementation, distributed on the basis of share of assessed property value to achieve a proportionate distribution of investments across the region (45% in Multnomah County, 34% in Washington County and 21% in Clackamas County).

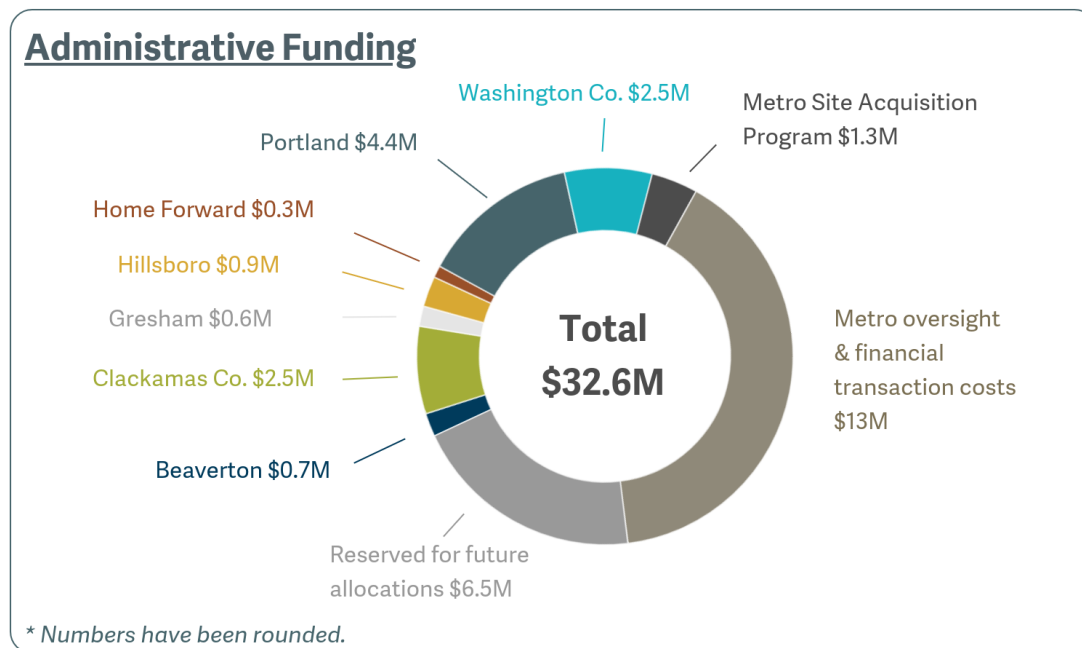
Ten percent of investment funding, or \$62,016,000, is reserved for investment by Metro's site acquisition program, which acquires regionally significant sites and supports their development in coordination with local implementing jurisdictions.

**Figure 3.1. Work plan distribution of funding and production targets**



The measure included an administrative funding cap of 5%, or \$32,640,000. Of these funds, \$13,056,000 is directed to Metro's regional oversight and accountability functions, and an equal amount is allocated for implementation partner administration costs across all eight implementation partners, including Metro's site acquisition program. Additionally, \$6,528,000 in funding within the 5% cap is designated as "reserved for future allocation as determined necessary to achieve targets."

**Figure 3.2. Work plan distribution of administrative funding**



## Targets and metrics

Defining success with clear metrics has been a vital regional conversation. From 2019 through 2020, Metro engaged implementation partners, stakeholders, practitioners and the community oversight committee to further define metrics for evaluating progress toward goals and targets in the measure.

Metro established the following goals for the program:

- Create 3,900 affordable homes.
  - Reserve 1,600 homes for people with very low incomes (30% or less of area median income, or about \$27,000 per year for a family of four).
  - Build half of the homes with two or more bedrooms — big enough to accommodate families.
  - Up to 10 percent of homes may be moderately affordable for people with below average incomes (61-80% of area median income, or about \$73,000 per year for a family of four).
- Distribute investments across the region to create 21% of homes in Clackamas County, 45% in Multnomah County and 34% in Washington County.
- No more than 5% of total funding may be spent on program administration activities.
- At least 20% of construction contracts for each project should be awarded to state certified minority- or women-owned and emerging small business (MWESB) firms, and

jurisdictions should demonstrate progress toward increasing equitable contracting outcomes over time.

In addition, Metro has established a number of other performance metrics to support program evaluation and future policy discussions. These include metrics related to the following topics:

- Community engagement outcomes, including demographics of participants
- Location outcomes related to access, fair housing and community stabilization
- Outreach to COBID/MWESB firms
- Construction workforce diversity
- People served and resident diversity
- Projects' cost and cost drivers
- Efficient use of subsidy and leveraged funding
- Affirmative marketing activities and outcomes (e.g., referral sources)
- Screening and lease-up outcomes (e.g., application denials)

A summary of outcome and performance metrics is included in Exhibit B. It is important to note that many metrics will not be reported until after projects reach completion (e.g., contracting/workforce outcomes) and lease-up (e.g., marketing/lease-up outcomes, resident demographics) and are therefore not discussed in this annual report.

Investments of this scale provide an opportunity to catalyze new practices in tracking and reporting on metrics in affordable housing development. Each metric is vital, but some — particularly around racial equity outcomes — do not have existing baseline data from which to establish a target. Metro expects that instituting new reporting practices on these metrics will ultimately establish a baseline that could inform future policy goals and targets, as well as providing benchmarks to support program evaluation and continual improvement in the near term.

## **Project and annual reporting**

Metro has developed guidelines and templates for implementing jurisdictions, in coordination with developers, to submit post-completion and post-lease-up reports for each project to Metro. Metro is also working on an intergovernmental agreement with Oregon Housing and Community Services to provide Metro with ongoing monitoring information for all properties that also receive state funding, regarding physical inspections, compliance and occupancy (including resident demographics) and asset management. Metro will receive similar reports from implementing jurisdictions for projects without state funding.

In fall 2020, Metro developed annual progress reporting templates to support consistent reporting on local progress toward goals and objectives outlined in local implementation strategies. Local implementation partners submitted reports in January 2021 covering

activities and outcomes through December 2020. The local progress reports are available on Metro's housing bond webpage.

### **Supportive housing services measure**

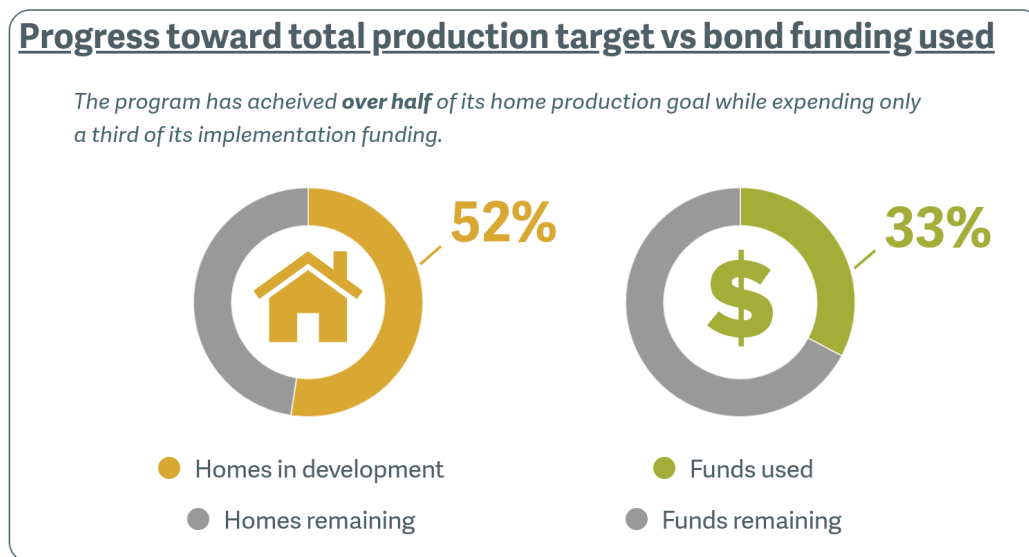
In May 2020, greater Portland voters passed a supportive housing services measure, an unprecedented effort to direct funding toward investments in rental assistance and supportive services for people experiencing or at risk of homelessness. The program aims to provide services for as many as 5,000 people experiencing prolonged homelessness with complex disabilities, and as many as 10,000 households experiencing short-term homelessness or at risk of homelessness.

This measure, which will be implemented by the three Metro area counties (Clackamas, Multnomah and Washington), presents an opportunity to integrate rental assistance and supportive services funding with capital investments through the bond program to maximize the ability of both programs to serve the region's most vulnerable residents. As part of the annual progress reports, each jurisdiction has also submitted an addendum describing anticipated approaches to integrating supportive housing services funding with housing bond investments.

## CHAPTER 4: UNIT PRODUCTION PROGRESS

The bond program is on track to exceed the goal of creating 3,900 affordable homes and the goal of 1,950 family-size homes, and to meet the goal of 1,600 very affordable homes. As of December 2020, over \$203 million in bond funding, or 33% of allocated funding, had been committed to support 2,045 new affordable homes, or 52% of the total production target.

**Figure 4.1. Regional progress toward unit production goals relative to funding commitment**



A combination of policy and market changes, as well as swift action by implementation partners, has enabled the program to exceed expectations in early phases of implementation. The targets for the housing bond were established based on projections that reflected conditions in 2018. Since then, significant and unanticipated policy and market changes have occurred, enabling greater leverage of debt and tax credits than was initially anticipated. In addition, swift action by implementation partners is reducing the impact of construction cost escalation; while escalating costs will mean that more per-unit funding is needed for projects built later in implementation, if implementation continues at the current pace, construction cost escalation is likely to have less of an impact across the portfolio than was initially forecasted.

The program is on track to exceed the 1,950 unit goal for homes with two or more bedrooms, with 1,053 family-size units already in the pipeline (54% of the target for family-size homes).

The program is on track to meet the goal of 1600 very affordable (30% AMI or below) units, with 625 units currently planned to serve households with incomes at or below 30% AMI (39% of the target). (In greater Portland, 30% of AMI is an annual income of

\$19,410 for a household with one person, or \$27,650 for a household of four.) As anticipated, the targets for very affordable units have been the most challenging to achieve. These units require additional subsidy because their rental income is lower and their operating expenses can be higher, creating operating funding gaps and limiting projects' ability to carry debt. Additionally, buildings serving very low income households often require investment in ongoing services that are beyond the scope of traditional real estate related operating expenses.

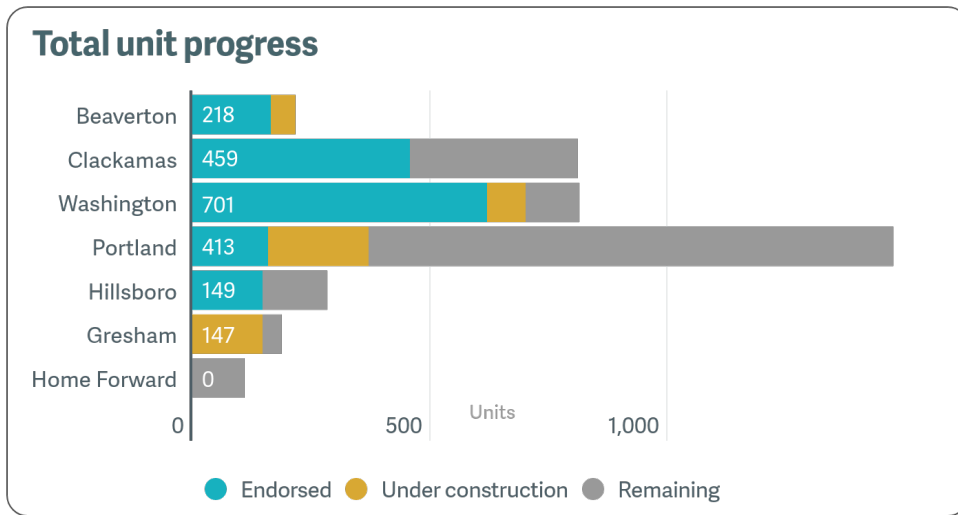
**The pipeline portfolio includes a significant number of greater bedroom sizes and larger units designated for families with very low incomes** — both needs consistently identified in community engagement themes. The pipeline currently includes a total of 1,053 family-size units, of which 752 (69%) are two-bedroom, 317 (29%) are three-bedroom and 24 (3%) are four-bedroom units. Of the 1,053 total family-size units, one-fifth are regulated for affordability at 30% AMI.

This report does not reflect changes to projects that occurred after December 2020, including: reduction in the Metro contribution to Fuller Road Station and Albertina Kerr due to the impacts of federal policy changes on the value of 4% Low Income Housing Tax Credits (LIHTC), concept endorsement and final approval of Rockwood 10, concept endorsement of Aloha Inn, and a reduction in the number of units and proportionate reduction in the Metro bond funds anticipated for Dekum Court. For this reason, some information for projects provided in local jurisdiction progress reports may vary from that included in this report.

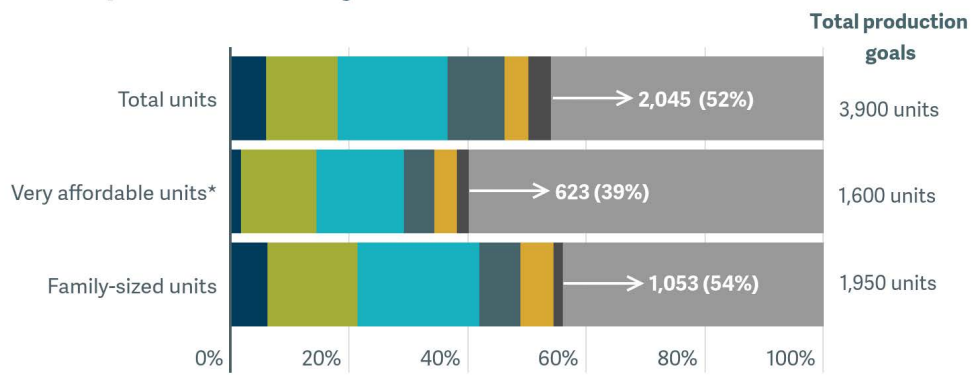
## **Local progress**

As of December 2020, five of seven local implementation partners have more than half their total unit production goals already in development or construction. Several more funding solicitations are planned in 2021.

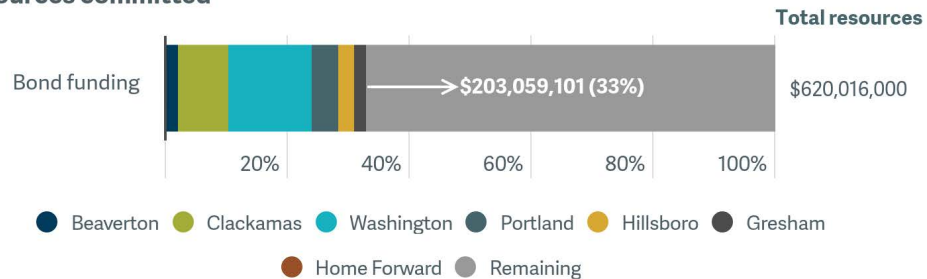
**Figure 4.2. Local progress toward unit production goals**



### Predevelopment underway as of December 2020



### Resources committed



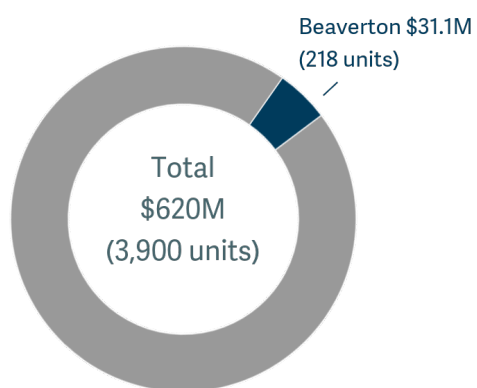
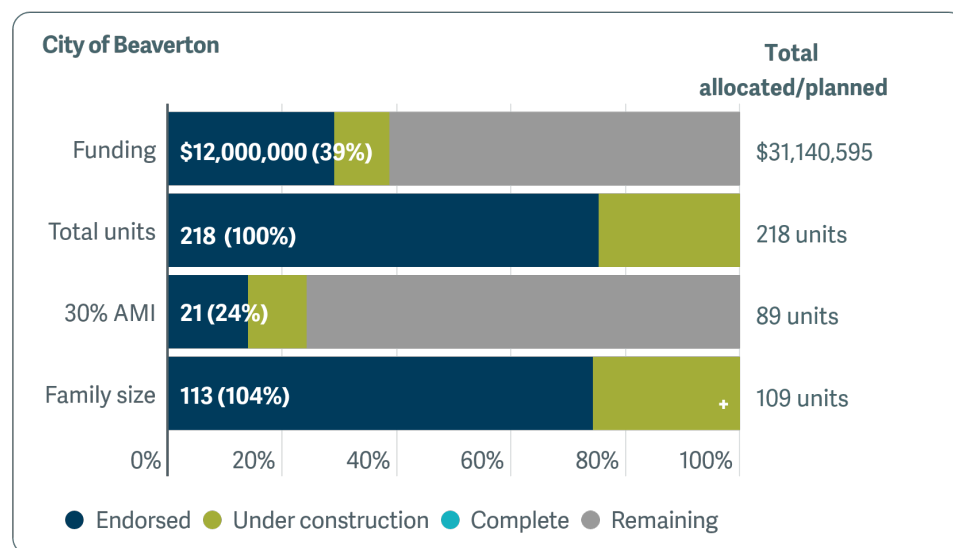
## Beaverton



Beaverton has achieved its total and family-size unit production targets in its first two projects, with \$19.1 million in remaining funds not yet committed to projects. In November, Beaverton and Metro's site acquisition program issued a joint RFQ to select a

developer for the Metro-owned Elmonica site. Beaverton plans to issue another solicitation later in 2021 for development of a city-owned property; it is expected that this project will include a significant focus on very affordable units.

**Figure 4.3. Beaverton progress toward unit production goals**



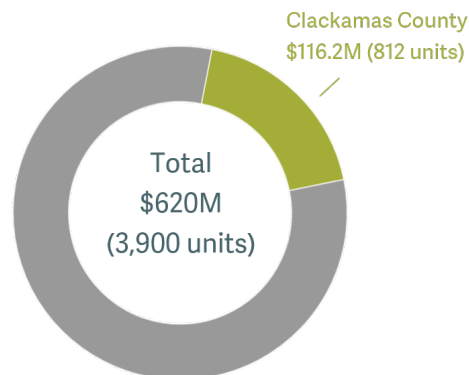
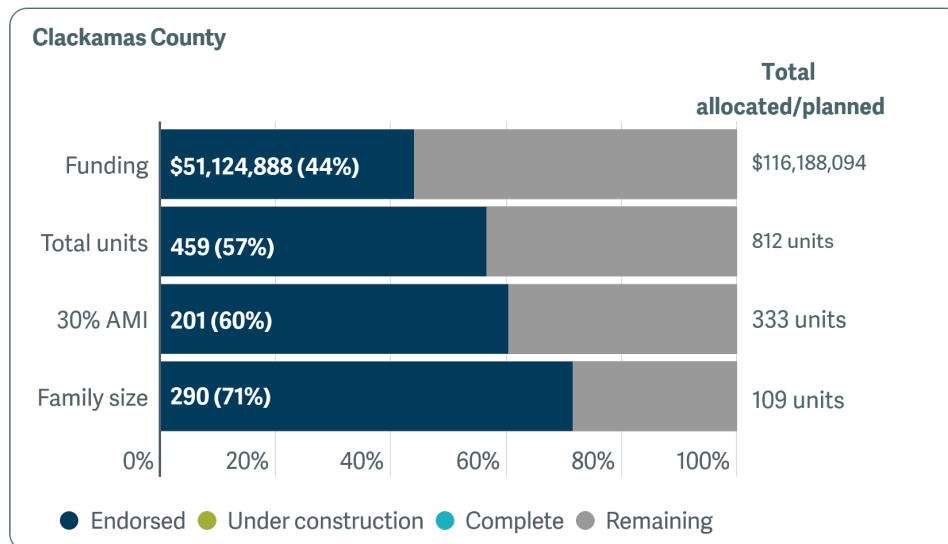
## Clackamas County



Clackamas County was 57% of the way toward its overall unit production targets in December, with 44% of funding committed toward four projects. Clackamas County's portfolio includes a former residential care facility in Gladstone acquired by the Housing Authority of Clackamas County with bond

funding as a Phase I project which will be converted to supportive housing for older adults, and three projects selected through a solicitation in spring 2020. Clackamas County is exploring strategies to invest bond funding to support its housing authority's redevelopment of the Hillside Park public housing complex, which could facilitate the development of up to 400 new affordable homes. The county plans to allocate any remaining funding through a solicitation in 2022.

**Figure 4.4. Clackamas progress toward unit production goals**



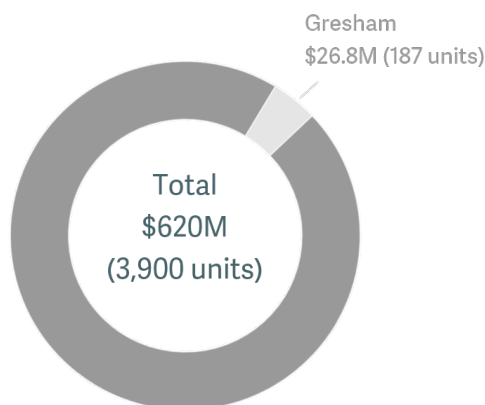
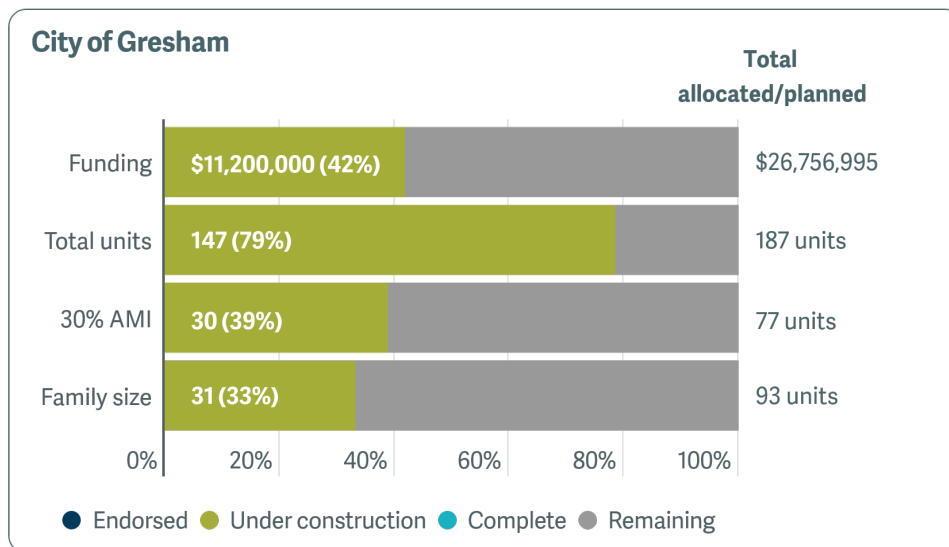
## Gresham



As of December 2020, Gresham was 79% of the way toward meeting its overall unit targets through the Albertina Kerr project, which began construction in February 2021. Gresham had \$15.6 million in remaining funds not yet committed to projects. A total of \$5.15 million has since been committed to the Rockwood 10 project, which is under construction and will use Metro bond funds to support the

conversion of 47 units initially planned for affordability at 60% AMI to be made affordable for households making 30% or less AMI. The Rockwood 10 project will bring Gresham to 100% of its total goal for very affordable units.

**Figure 4.7. Gresham progress toward unit production goals**

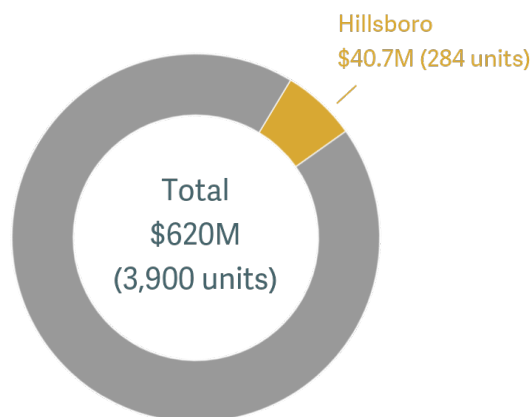
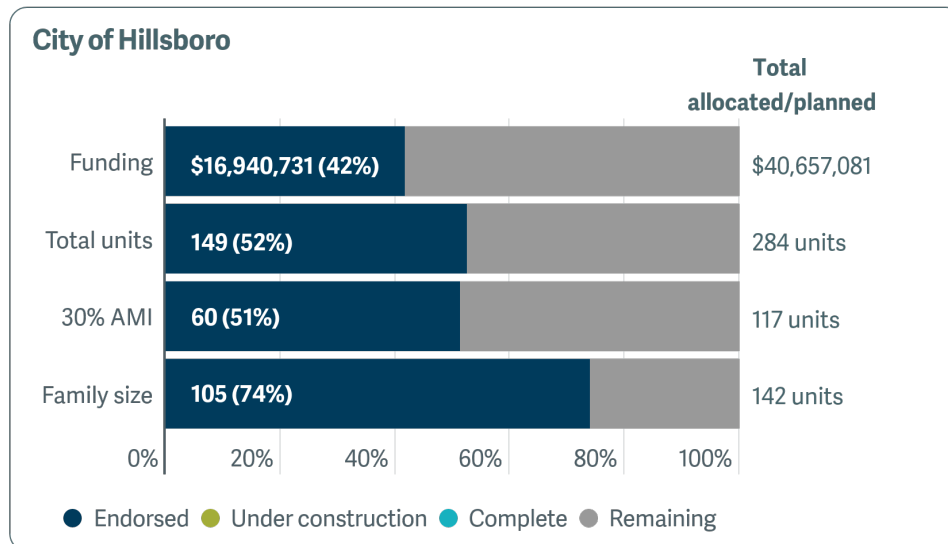


## Hillsboro



Hillsboro was 52% of the way to its overall unit production in December, after committing funding to the development of the 149-unit Nueva Esperanza project on the city-owned 53<sup>rd</sup> Avenue site. Hillsboro has \$23.7 million in remaining funds not yet committed to projects.

**Figure 4.6. Hillsboro progress toward unit production goals**



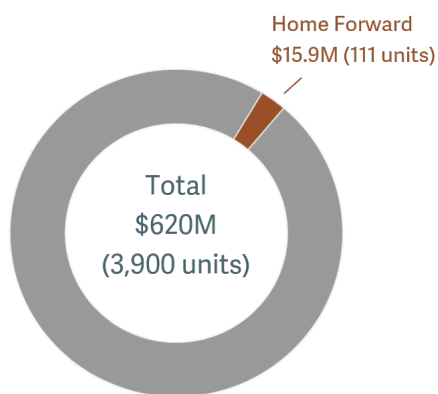
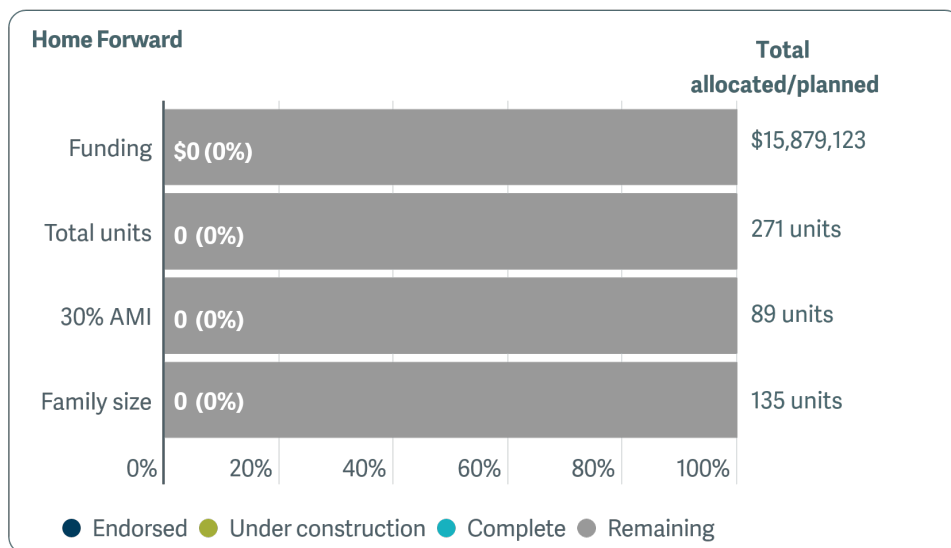
## Home Forward



As the housing authority for Multnomah County, Home Forward is responsible for implementation in portions of east Multnomah County not covered by Portland and Gresham. Home Forward may also serve as the developer for projects in Gresham and Portland, as in the case of Dekum Court, Portland's Phase 1 project. Home Forward is advancing plans

to achieve its overall unit production target for east Multnomah County on a 3.5-acre, county-owned parcel of land in Troutdale. In summer 2021, Home Forward plans to break ground on Dekum Court, Portland's Phase I project which received a concept endorsement in 2019 to create 160 net new affordable homes through the redevelopment of an existing public housing site.

**Figure 4.9. Home Forward progress toward unit production goals**



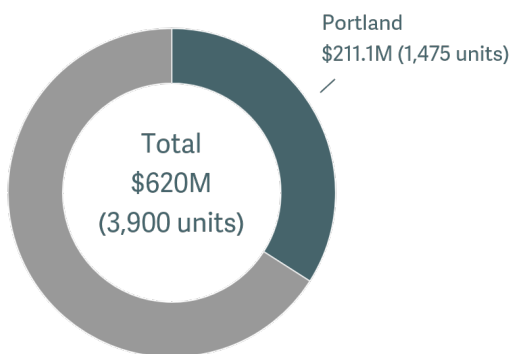
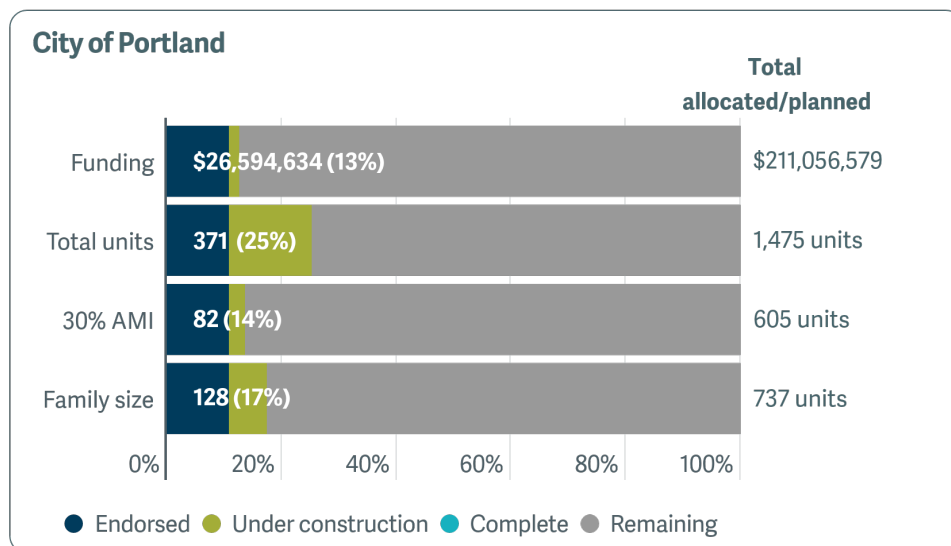
## Portland



Portland was one-fourth of the way toward meeting its overall unit target as of December, with one project in predevelopment (Portland's Phase I project, Dekum Court, sponsored by Home Forward) and two projects under construction. The two projects that are under construction (Findley Commons and RiverPlace Parcel 3) are part of "Phase 2" of Portland's

implementation plan, which identified up to 10 percent of its Metro bond funds to fill small funding gaps in their existing pipeline. In the fall, Portland released an RFQ for supportive housing, which will result in additional project funding commitments this spring. Starting in 2021, Portland will issue annual Metro bond solicitations that include aligned SHS program funds and supportive housing goals. Portland has \$184.4 million in remaining funds not yet committed to projects.

**Figure 4.8. Portland progress toward unit production goals**



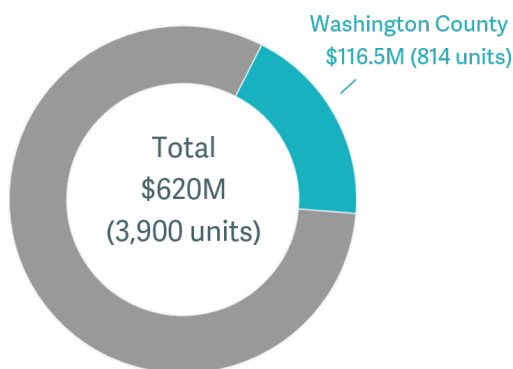
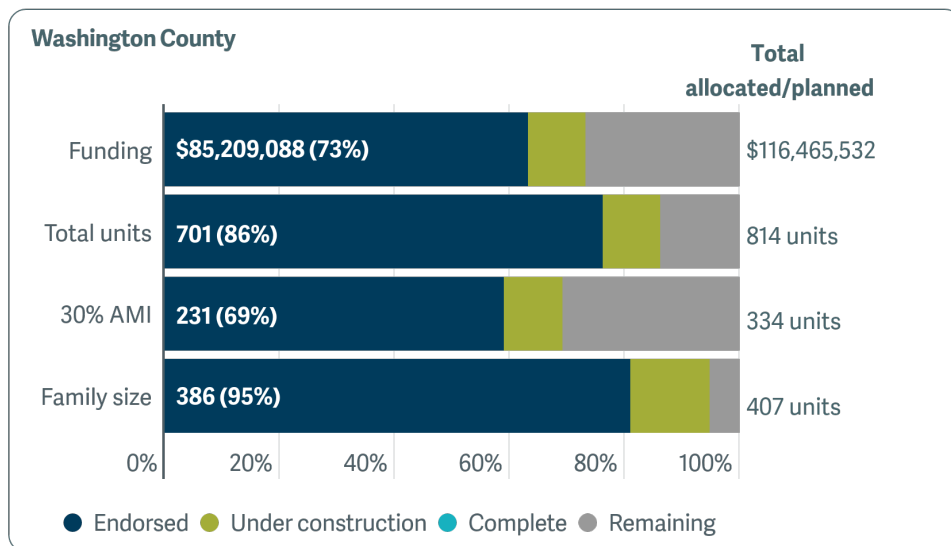
## Washington County



Washington County was 86% of the way toward its unit production targets with 73% of funds committed in December. Seven projects were in predevelopment and one (the Viewfinder in Tigard) under construction. The county's pipeline includes 334 very affordable units regulated for 30% AMI

affordability. Of these, 58 will be permanent supportive housing (PSH) — supporting a county goal of achieving 124 PSH units in their housing bond portfolio. As of December, the county had \$31.2 million in remaining funding not yet committed to projects, of which \$8.5 million has since been committed to support the acquisition of the Aloha Inn in Forest Grove and its rehabilitation to produce 54 studio units of permanent supportive housing designated for individuals with very low incomes who are exiting homelessness.

**Figure 4.5. Washington County progress toward unit production goals**



## **Metro site acquisition program**

Metro's site acquisition program is pursuing acquisition and development of several properties throughout the region. In the near term, the program is actively preparing for the development of two sites previously acquired with funding from Metro's transit oriented development program. These sites include the Elmonica Station property at 17030 Baseline Road in Beaverton and the former Trinity Broadcasting Network property at 432 NE 74th Avenue in Portland.

The program is under contract to purchase a property on SW Barbur Blvd. in Portland. This property is currently being utilized as a COVID-19 shelter run by the Portland/Multnomah County Joint Office of Homeless Services. If the transaction is finalized, site acquisition program and joint office staff anticipate that it will continue to be operated as a shelter until the existing building is demolished and the site developed into permanent affordable housing in partnership with City of Portland utilizing Metro housing bond funds.

The site acquisition program also anticipates developing a Metro-owned site near Gresham's Civic Drive MAX station and a property on SW Boones Ferry Road in partnership with Clackamas County and the city of Lake Oswego. The program continues to pursue opportunities to acquire property for affordable housing development, working in close coordination with local jurisdiction partners.

The site acquisition program's implementation strategy aims to invest its funds proportionately in implementing jurisdictions based on the share of regional assessed value. Projects developed on Metro-acquired properties will contribute to each jurisdiction's unit goals. In most cases, projects developed on Metro-acquired properties will require additional funding assistance from each implementing jurisdiction's bond allocation. The following table shows the estimated number of property acquisitions Metro currently anticipates in each jurisdiction and progress toward identifying investments.

**Figure 4.10. Metro site acquisition program LIS plan and current progress to distribute investments proportionately**

<b>Implementation Partner</b>	<b>Metro site program funds</b>	<b>Estimated acquisitions</b>	<b>Notes</b>
Beaverton	\$3,460,066	1	Funds will be invested in development of the Metro-owned Elmonica Station property.
Clackamas County	\$12,909,788	1-2	Pursuing MOU with City of Lake Oswego and Clackamas County for Boones Ferry Rd. property acquisition. Seeking and evaluating additional sites in coordination with county staff.
Gresham	\$2,972,999	1	Evaluating Metro-owned parcel at Gresham Civic Drive MAX Station.
Hillsboro	\$4,517,453	1	Seeking and evaluating sites in coordination with City staff.
Home Forward (balance of Multnomah County)	\$1,764,347	NA	Given insufficient funds to acquire and provide gap financing for a site, funds will be transferred to Home Forward to support Troutdale development—the only project that will be implemented in East County.
Portland	\$23,450,731	2-3	Funds will be invested in development of the 74th & Glisan site. Due diligence underway on the SW Barbur site.
Washington County	\$12,940,615	1-2	Seeking and evaluating sites in coordination with County staff.

## CHAPTER 5: PROJECTS IN PIPELINE – DETAILS

As of December 2020, there were 19 projects in the regional housing bond pipeline. Four projects were under construction; 15 projects plan to break ground in 2021.

### Phase I projects

While local implementation planning was underway, each local implementation partner was invited to submit up to one “Phase 1” project. In 2019, the Metro Council endorsed preliminary reservations of funding for four of these Phase 1 projects, subject to final approval to demonstrate consistency with each partner's local implementation strategy.

**Figure 5.1. Phase I Projects endorsed in 2019**

Project name, location	Implementing jurisdiction	Project team	Total cost / Metro bond*	Description
<b>Mary Ann Apartments, Beaverton</b>	Beaverton	REACH, Walsh	\$21.9M / \$3M	54 units of new affordable housing in downtown Beaverton, including 29 family-size units. Walking distance to high school, library, farmer’s market, MAX and bus. Under construction and planned to open this summer.
<b>18000 Webster Road, Gladstone</b>	Clackamas County	Housing Authority of Clackamas, Walsh	\$10.8M / \$6.9M	Acquisition and conversion of a former residential care facility to provide 48 units of deeply affordable single room occupancy and studio housing for older adults – the only SRO housing in Clackamas County. Construction will begin in 2021.
<b>Dekum Court Apartments, North Portland</b>	Portland	Home Forward, Walsh	\$65.9M / \$22.9M	Redevelopment of an existing public housing site to create 160 net new affordable homes, including 80 family-size homes and 65 deeply affordable homes. Partnership with Faubian Elementary and Head Start facility on site. Construction will begin in 2021 and will be phased to avoid displacing existing residents during construction.
<b>Viewfinder, Tigard</b>	Washington County	CDP, Bremik	\$32.9M / \$11.5M	81 units of new affordable housing in the Tigard Triangle, including 55 family-size units and 33 deeply affordable homes, with eight deeply affordable units for veterans at risk of or experiencing homelessness. Under construction and planned to open this summer.

*\*Project costs reflect preliminary estimates for projects not yet under construction. Total cost and Metro bond contribution are subject to change during final approval process.*

## Projects endorsed in 2020

Metro's work plan delegates approval authority for funding requests to its Chief Operating Officer, following staff evaluation of projects at a concept and final stage. In 2020, partners collectively released competitive solicitations that resulted in the selection of 15 projects that have been endorsed by Metro. All plan to start construction by end of 2021.

**Figure 5.2. Projects endorsed in 2020**

Project name, location	Implementing jurisdiction	Project team	Total cost / Metro bond*	Description
<b>17811 Scholls Ferry Rd, Beaverton</b>	Beaverton	Wishcamper, Colas	\$53.7M/ \$9M	Located in the up and coming South Cooper Mountain development area, three new buildings with 164 affordable units, including 84 units dedicated to seniors, with ground-floor amenities.
<b>Aloha Housing, Beaverton</b>	Washington County	BRIDGE, LMC	\$27.8M/ \$10.2M	82 units of new housing near TV Highway, 62 of which will be two- or three-bedrooms. Amenities include gardens, playgrounds and a community room.
<b>Goldcrest, Beaverton</b>	Washington County	BRIDGE, Colas	\$28.1M/ \$8.7M	The second of two bond projects in South Cooper Mountain, comprised of 75 units. Mostly one- and two-bedrooms with some three-bedrooms, the project will offer resident services by Hacienda CDC including housing stabilization, food pantry, youth and family services and economic opportunity services.
<b>Basalt Creek, Tualatin</b>	Washington County	CPAH, LMC	\$43.6M/ \$14.3M	116 units of housing in the planned urban expansion area spanning Wilsonville and Tualatin. Includes a community building, education space, expansive landscaping and elevators in each three-story building so each unit can be adapted for ADA access.
<b>Forest Grove Family Housing, Forest Grove</b>	Washington County	DCM Communities, LMC	\$11M/ \$3.8M	36 units featuring several three-bedroom townhomes as well as one- and two-bedroom units. Five two-story buildings will cluster around community amenities and outdoor spaces including playground, gardens, sitting area and ample space for culturally specific social activities.

<b>Tigard Senior Housing, Tigard</b>	Washington County	NHA, Walsh	\$19.2M/ \$6.3M	58 units of new housing for seniors, near Fanno Creek Park, Tigard Public Library and Tigard Senior Center. Universal design principles are included with ADA accessibility in every unit and throughout common spaces, some units with special auditory and visual accommodations.
<b>Plaza Los Amigos, Cornelius</b>	Washington County	REACH, LMC	\$39.2M/ \$12.8M	113 units, including 16 units of supportive housing with a specific focus on serving Latinx families. A park and trailhead for a planned regional trail system are also slated for development here.
<b>Terrace Glen, Tigard</b>	Washington County	Related NW, Walsh	\$48.4M/ \$17.5M	144 units located in the Metzger neighborhood within the Washington Square District along Greenburg Road. Adjacent to retail, grocery and rapid transit, the building will have a multipurpose room for informal resident gatherings which will also flex as an art center.
<b>Fuller Road Station, Happy Valley</b>	Clackamas County	GSA, GRES, R&H	\$47.3M/ \$10M	100 units located on the MAX Green line. The project will include a mix of one-, two, and three-bedrooms, including 25 units designated for individuals and families who are homeless or at-risk of homelessness, including youth who have exited the foster system.
<b>Good Shepherd Village, Happy Valley</b>	Clackamas County	Caritas, Catholic Charities, Walsh	\$53.9M/ \$18.3M	Happy Valley's first affordable housing development, with 141 units, including 15 units prioritized for veterans and seniors and eight supportive housing units.
<b>Maple Apartments, Oregon City</b>	Clackamas County	CDP, Hacienda CDC, LMC	\$53M/ \$15.9M	171 units around a central green space designed as a publicly accessible park and located minutes from Clackamas Community College. Includes 70 very affordable units, with 12 set aside for agricultural workers and 9 designated for individuals and families transitioning out of homelessness.
<b>Findley Commons, Portland</b>	Portland	Home First, Beaudin	\$7M/ \$2M	A large and under-utilized church-owned parking lot will be transformed into 35 supportive housing units for veterans who are homeless or at risk of homelessness. Construction underway, anticipated completion in fall 2021.
<b>Riverplace, Portland</b>	Portland	BRIDGE, Walsh	\$80.3M/ \$1.7M	176 affordable units next to a streetcar station in South Waterfront. Impact NW will provide resident services onsite, with focus on serving veterans and households with very

				low incomes. Under construction, anticipated completion in fall 2022.
<b>Nueva Esperanza, Hillsboro</b>	Hillsboro	Bienestar, HDC, LMC	\$47.9M/ \$17M	149 affordable units across 12 buildings, the design configures buildings in three distinct neighborhoods or colonias, each with their own unique identities, to foster a sense of community for residents.
<b>Albertina Kerr</b>	Gresham	Kerr, Edlen and Company, Pence	\$45.2M/ \$11.2M	The 4th largest multifamily Net Zero project in the U.S. 146 units of new affordable housing of which 30 units will be for adults with intellectual and developmental disabilities and restricted to 30% AMI, and 117 units for direct service professionals.

*\*Project costs reflect preliminary estimates for projects not yet under construction. Total cost and metro bond contribution are subject to change during final approval process.*

## CHAPTER 6: ADVANCING RACIAL EQUITY THROUGH PROJECT LOCATIONS

Metro’s bond work plan required local implementation strategies to include a **location strategy that considers geographic distribution of housing investments; access to opportunity; strategies to address racial segregation; and strategies to prevent displacement and stabilize communities**. Local implementation strategies were consistent in describing prioritization for project locations that consider geographic distribution and access to public transportation, groceries, schools, jobs and open spaces.

For this annual report, Metro analyzed the pipeline project locations to assess how they are distributed and how they support goals for advancing racial equity. Each implementing jurisdiction’s progress report provides additional detail on access to transportation, employment, education, nutrition and parks and natural areas for the specific project locations.

The following table summarizes which projects support each location-based metric and the percentage of the total eligible units that support each metric. See Exhibit E for a more detailed table. Each metric is described in more detail after the table, including how it supports the program’s core values and how it has been measured for this analysis.

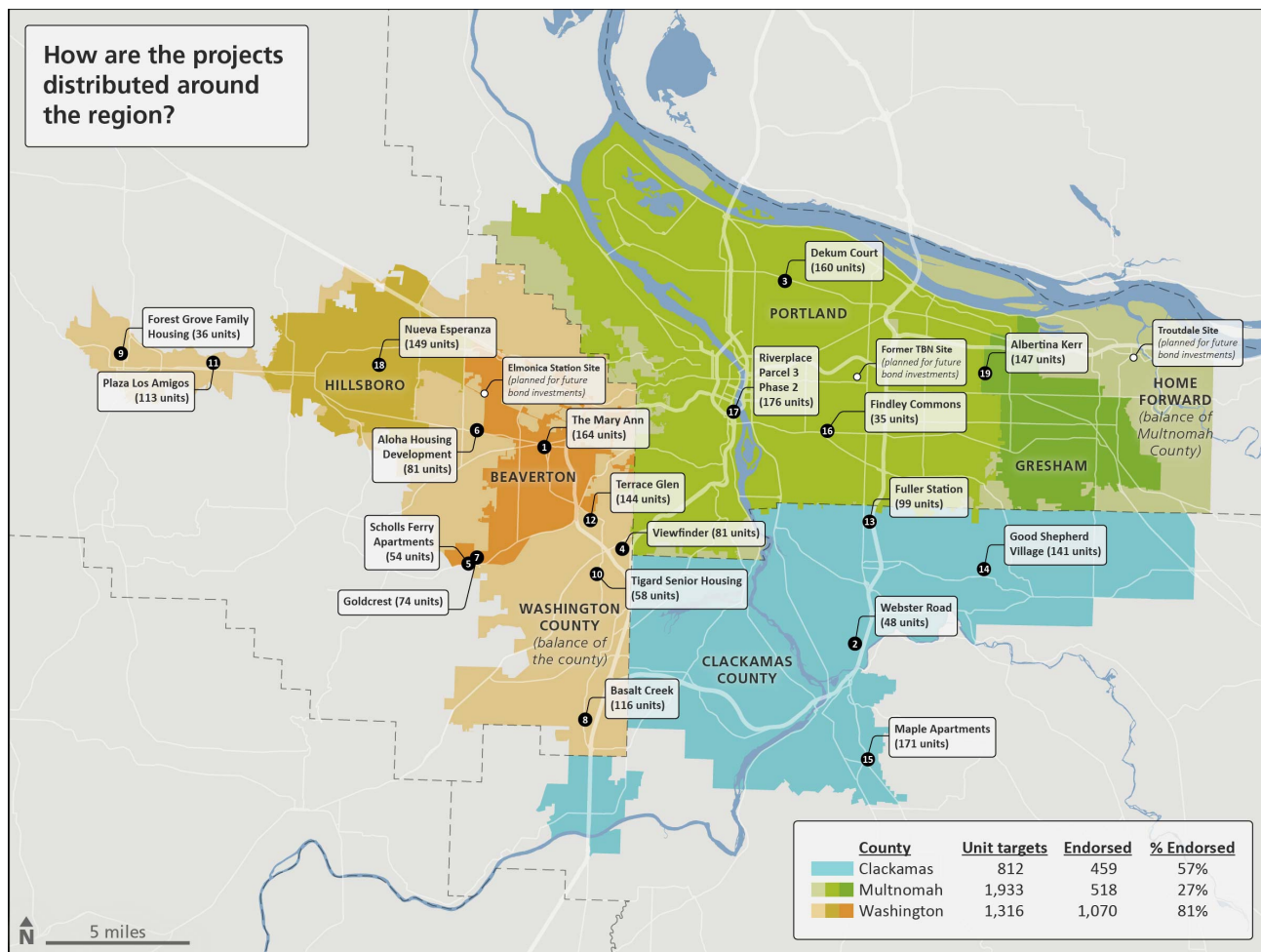
**Figure 6.1. Summary of project location metrics**

Project	County	Eligible units	Areas where communities at risk of displacement live today	Areas historically inaccessible to comm. of color	Areas with limited regulated affordable housing	Areas with access to transit	Walkable areas
The Mary Ann	Wash.	54	X		X	X	X
Webster Road	Clack.	48		X	X		X
Dekum Court	Mult.	160	X		X	X	X
Viewfinder	Wash.	81		X		X	X
Scholls Ferry Apartments	Wash.	164	X		X		
Aloha Housing Development	Wash.	81	X			X	X
Goldcrest	Wash.	74		X	X		
Basalt Creek	Wash.	116		X	X		
Forest Grove Family Housing	Wash.	36		X			X
Tigard Senior Housing	Wash.	57	X	X		X	X
Plaza Los Amigos	Wash.	112	X		X	X	X
Terrace Glen	Wash.	144	X	X	X	X	X
Fuller Station	Clack.	99	X			X	X
Good Shepherd Village	Clack.	141	X		X		
Maple Apartments	Clack.	171		X			
Findley Commons	Mult.	35		X	X	X	X
Riverplace Parcel 3 Phase 2	Mult.	176	X	X		X	X
Nueva Esperanza	Wash.	149	X		X	X	
Albertina Kerr	Mult.	147	X			X	X
Percent of total eligible units			73%	46%	59%	69%	66%

## Geographic distribution across the three counties

**Project locations are distributed throughout the three counties.** Of the total units, 22% are in Clackamas County, 25% are in Multnomah County and 52% are in Washington County. This reflects early action by Washington County and Beaverton to commit funding to projects. It is expected that Clackamas County and Multnomah County will add many more units to the pipeline in 2021.

**Figure 6.2. Distribution of project locations**



## Preventing displacement and stabilizing communities

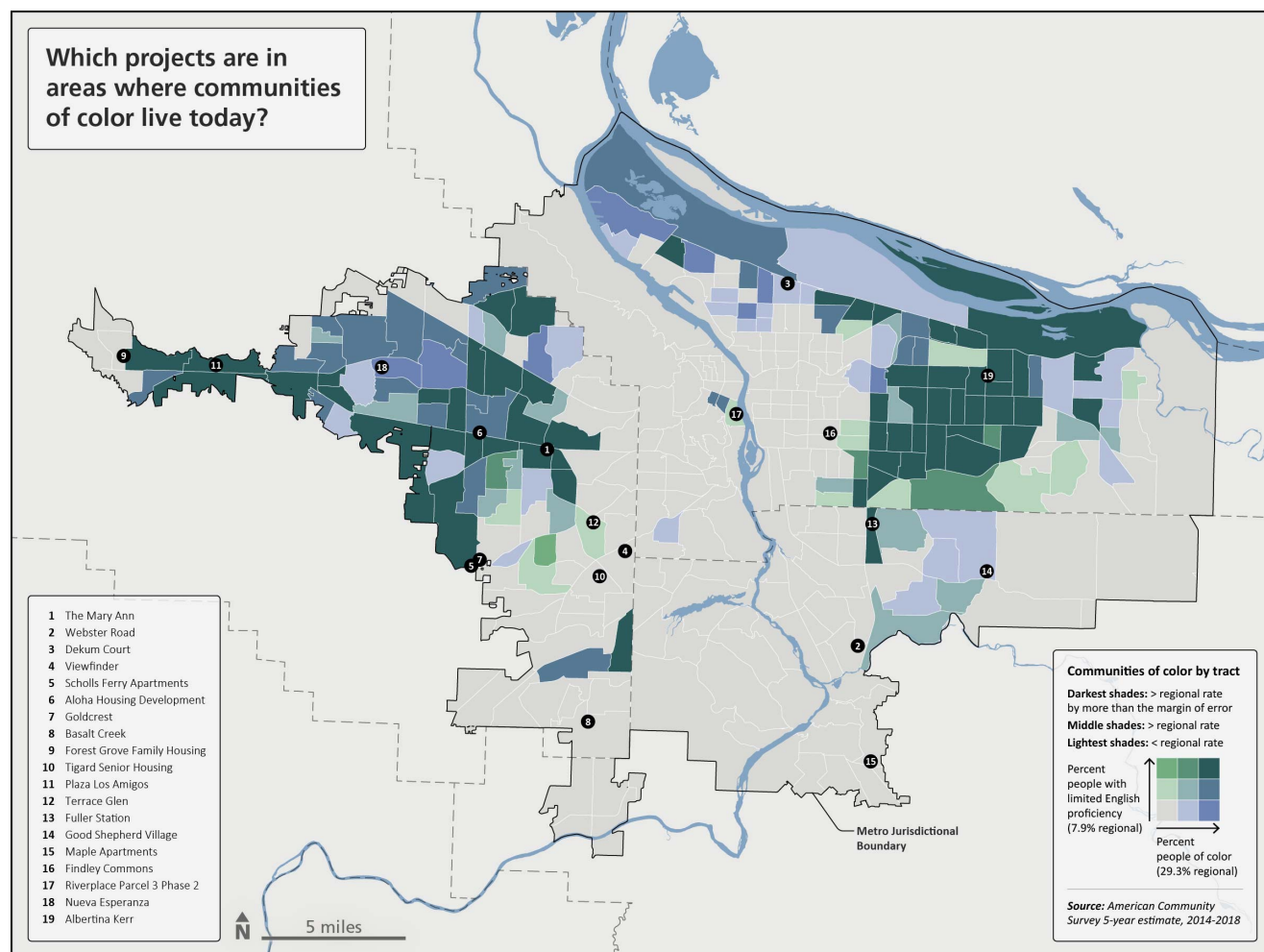
The distribution of units across the region shows substantial support for the goal of stabilizing communities at a higher risk for displacement, which was measured by identifying which projects are located in areas where the population has a high proportion of communities of color and/or people with limited English proficiency. Of the total eligible units, 73% are located in census tracts with higher proportions than the region of either people of color or people with limited English proficiency (people age 5 or older who speak

English less than “very well”) based on recent American Community Survey (ACS) estimates.

Because there is considerable error in ACS estimates, the analysis also identified areas where the percent of people of color or people with limited English proficiency exceeds the regional average by more than the margin of error. These represent areas where there is more certainty of concentrations of communities of color and people with limited English proficiency: census tracts with up to 49% people of color and up to 16% people with limited English proficiency, compared to region averages of approximately 29% people of color and 8% people with limited English proficiency. See the detailed table in Exhibit E for more information.

Figure 6.3 illustrates these areas across the region overlaid with the project locations.

**Figure 6.3. Projects located in areas where communities of color live today**



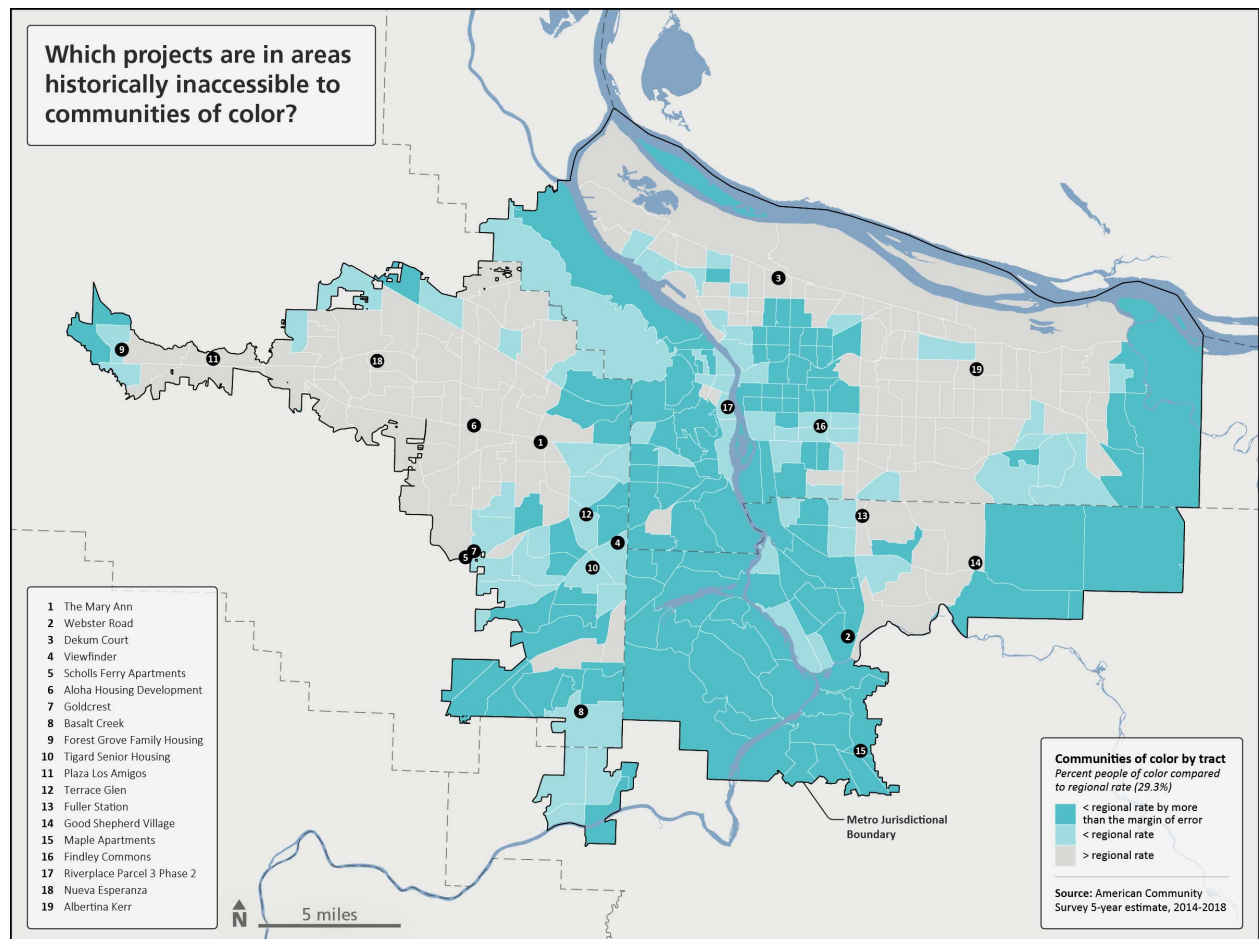
## Advancing fair housing access and reducing segregation

The projects also demonstrate strong outcomes for advancing regional fair housing goals and reducing segregation, by locating affordable homes in areas that have been historically inaccessible to communities of color. This goal was measured by identifying which projects are located in areas where the population has a lower proportion of people of color than the region, based on recent ACS estimates. Of the total eligible units, 46% are in areas with a lower proportion of people of color than the regional average.

As with the measurement of areas at risk of displacement above, the analysis has identified areas where the percent of people of color is lower than the regional average by more than the margin of error in the ACS data. See the detailed table in Exhibit E for more information.

Figure 6.4 illustrates the areas with a lower percentage of people of color than the region overall, overlaid with the project locations.

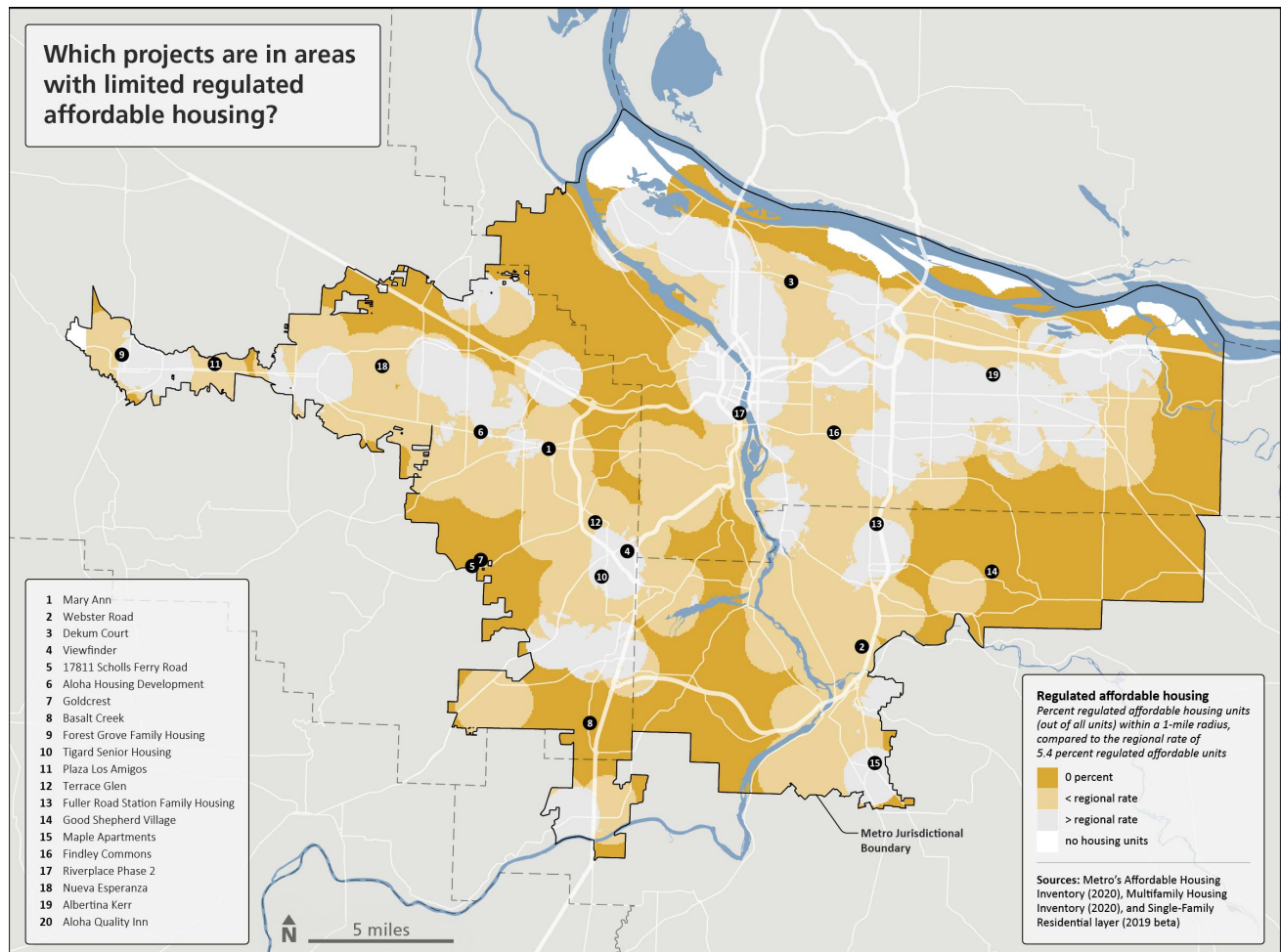
**Figure 6.4. Projects located in areas that have been inaccessible to communities of color**



**The projects improve the distribution of affordable housing across the region by locating over half of the total pipeline units in areas with a relatively low share of affordable housing nearby.** This was measured by calculating the share of housing units within 1 mile of each project that are regulated affordable units. Of the total eligible units, 59% are in areas with less than the regional rate of regulated affordable housing (5%) within a 1-mile radius. Four projects, representing 19% of the total units, have no existing regulated affordable housing within a 1-mile radius.

Figure 6.5 illustrates the areas across the region with no nearby regulated affordable housing, less than the regional rate, and more than the regional rate, overlaid with the project locations. The detailed table in Exhibit E shows the percent of housing units that are affordable within 1 mile of each project location.

**Figure 6.5. Project locations relative to existing regulated affordable housing**



## **Access to transit and amenities**

Projects to date are largely located in areas with access to public transportation and in walkable areas. Of the total eligible units, 69% are within either ¼ mile of a frequent service bus stop or ½ mile of a MAX station, and 70% are rated with a walkscore of 50 (“somewhat walkable”) or better. The detailed table in Exhibit E provides the walkscore and the distance to the nearest frequent service bus stop or light rail station for each project location.

Many of the projects also have access to a range of amenities, including grocery stores, natural areas, schools and jobs. Each implementing jurisdiction’s progress report provides additional detail on nearby amenities.

## CHAPTER 7: ADVANCING RACIAL EQUITY THROUGH OPPORTUNITY IN CONSTRUCTION

Metro's work plan required that local implementation strategies include strategies and/or policies, such as goals or competitive criteria related to diversity in contracting or hiring practices, to increase economic opportunities for people of color. In June 2019, while local implementation planning was still underway, the Housing Bond Community Oversight Committee submitted a memo to Metro Council expressing that simply requiring goals or criteria was not enough; the committee urged Council to establish an expectation that local implementation strategies should set expectations for a minimum goal of 20% MWESB participation. In response, the Metro Council directed jurisdictions to ensure that their local implementation strategies describe a path to get to 20% COBID participation in a reasonable timeframe.

The oversight committee and Metro Council further articulated that Metro's Construction Career Pathways Project (C2P2) could be useful in informing workforce development strategies and capacity that will support the implementation of the housing bond program, and further encouraged all participating jurisdictions to consider participating in the C2P2 program, including "setting workforce goals, tracking and reporting on workforce diversity, requesting workforce diversity plans for contractors, and building partnerships with workforce development providers that serve communities of color."

### **Equitable construction contracting**

All local implementation partners have established 20% COBID/MWESB goals, and the city of Portland has a goal of 30% for the Metro bond (it was already exceeding 20% participation). Metro has established a primary metric of the amount and percentage of total payments above \$250,000 made to COBID certified firms by category (MBE, WBE, DBE, SDV, ESB) and by construction trade.

**While outcomes will not be available until projects begin to reach completion, project level goals for equitable contracting demonstrate commitments to achieve, and in several cases exceed, local goals.** The two Phase I projects under construction are both on track to meet or exceed local goals; the Viewfinder is tracking at 26% and the Mary Ann at 23% COBID participation.

### **Expanding construction workforce diversity**

**Efforts to support construction workforce diversity are limited in jurisdictions without a history of setting goals or tracking workforce diversity.** Currently, no pipeline projects located outside the City of Portland have established project-specific goals for workforce diversity. However, 12 of 19 projects have committed to tracking workforce outcomes, creating opportunities to establish baseline data that could inform future goals. With the exception of two projects in Beaverton, most projects planning to track workforce outcomes are projects with prevailing wage requirements which create a need for projects to use a certified payroll system (making tracking easier).

**Figure 7.1. Summary of equitable contracting goals, workforce tracking commitments and prevailing wage requirements**

Project	Implementing jurisdiction	Developer & general contractor	Total cost/ Metro subsidy (millions)	COBID goal	Workforce tracking?	Prevailing wage
<b>The Mary Ann</b>	Beaverton	REACH, Walsh	\$21.9 / \$3.0	20%	X	
<b>Webster Road</b>	Clackamas	Housing Authority of Clackamas, Walsh	\$32.9 / \$10.8	20%	X	DB
<b>Dekum Court</b>	Portland	Home Forward, Walsh	\$66.5 / \$22.9	28%	X	DB
<b>Viewfinder</b>	Washington	CDP, Bremik	\$32.9 / \$11.5	20%	X	DB
<b>Scholls Ferry Apartments</b>	Beaverton	Wishcamper, Colas	\$53.7 / \$9.0	20%	X	
<b>Aloha Housing Development</b>	Washington	BRIDGE, LMC	\$27.9 / \$10.2	25%		
<b>Goldcrest</b>	Washington	BRIDGE, Colas	\$28.1 / \$8.7	25%		
<b>Basalt Creek</b>	Washington	CPAH, LMC	\$43.6 / \$14.3	25%		
<b>Forest Grove Family Housing</b>	Washington	DCM Communities, LMC	\$11.0 / \$3.8	35%		
<b>Tigard Senior Housing</b>	Washington	NHA, Walsh	\$19.2 / \$6.3	30%	X	DB
<b>Plaza Los Amigos</b>	Washington	REACH, LMC	\$39.2 / \$12.8	35%	X	DB
<b>Terrace Glen</b>	Washington	Related NW, Walsh	\$48.4 / \$17.5	20%		
<b>Fuller Station</b>	Clackamas	GSA, GRES, R&H	\$47.3 / \$10.0	20%	X	DB, BOLI
<b>Good Shepherd Village</b>	Clackamas	Caritas, Catholic Charities, Walsh	\$53.9 / \$18.3	25%	X	DB
<b>Maple Apartments</b>	Clackamas	CDP, Hacienda CDC, LMC	\$53.0 / \$15.9	20%	X	DB
<b>Findley Commons</b>	Portland	Home First, Beaudin	\$7.0 / \$2.0	24%	X	DB
<b>Riverplace Parcel 3 Phase 2</b>	Portland	BRIDGE, Walsh	\$80.3 / \$1.7	30%	X	BOLI
<b>Nueva Esperanza*</b>	Hillsboro	Bienestar, HDC, LMC	\$47.9 / \$17.0	20%		
<b>Albertina Kerr</b>		Edlen and Company,	\$45.2 / \$11.2	20%		
<b>Total projects</b>					12	10

*\*The Nueva Esperanza project will include informal tracking of workforce participation with narrative reporting.*

## **Increasing capacity to advance construction diversity**

Local implementation partners have noted the need for capacity building and technical assistance to support successful outcomes in both contracting and workforce diversity. Several implementation partner jurisdictions lack software systems to support tracking of contracting outcomes and/or workforce diversity. Additionally, local implementation partners and stakeholders have identified a need for technical assistance to support outreach and networking among established developers/contractors and MWESB contractors and workforce organizations — as well as the need to invest in minority- and women-owned firms to support a pipeline of diversity in the construction trades.

Currently, two local implementation partner jurisdictions (City of Portland and Clackamas County) have signed on to Metro’s Construction Career Pathways Program and two others (City of Beaverton and Washington County) are considering signing on. The initiative brings together stakeholders from public agencies, private industry, apprenticeship programs, unions and community-based organizations to develop reliable career pathways for women and people of color in the construction trades.

## CHAPTER 8: ADVANCING RACIAL EQUITY: MARKETING, SCREENING AND SERVICES

Metro's work plan required that local implementation strategies include fair housing strategies/policies to eliminate barriers in accessing housing for communities of color and other historically marginalized communities, as well as plans to align culturally specific programming and supportive services to meet the needs of tenants. While the success of these strategies will ultimately be evaluated based on the outcomes (e.g., resident diversity and stability) reported to Metro after buildings are leased up, early reports provide some information about implementation partners' activities to support these outcomes.

**All local implementation partners have reported on efforts to ensure low barrier screening and affirmative marketing in projects, and several projects have established partnerships with culturally specific providers, many of whom will support the marketing and lease-up process in addition to providing ongoing resident services.**

### **Ensuring equitable access through low barrier screening and affirmative marketing**

While all bond projects have submitted an affirmative fair housing marketing plan complying with federal standards, local implementation partners' annual progress reports varied in the level of detail provided regarding specific plans to reduce barriers through marketing and screening. A lesson learned from Washington County is to provide specific sample screening criteria rather than simply requiring "low barrier screening," so developers, owners and managers can work with concrete examples and gain familiarity with ways to approach this crucial equity issue. Metro's site acquisition program also included competitive criteria to address low barrier screening in their Elmonica solicitation.

All implementation partners reiterated their commitment to create an inclusive tenant screening criteria process and minimize barriers to housing often experienced by communities of color. The cities of Hillsboro and Gresham provided the most specific examples of how they plan to reduce barriers to access, including:

- Management will consider relevant individualized evidence of mitigating factors throughout the process, and approach it through the lens of proactive fair housing and equity
- Management will not deny an applicant for negative rental history or prior evictions if they were based on excessive rent burden
- Criminal conviction review process has removed any crimes that are no longer illegal at the state or federal level
- Applicants are encouraged to provide professional letters to assist in the review process
- Lower income-to-rent and credit history requirements

- Lower application fees and deposits

One of the most common strategies partners reported to further their affirmative marketing goals was engaging service providers who work with priority and/or marginalized communities and communities of color as part of their leasing process. Tools such as distribution of multilingual/multicultural marketing materials through partnerships, leveraging service partners' peer and community-based networks for direct referrals, in-person outreach and community meetings were the most mentioned strategies in local progress reports. Both Clackamas and Washington Counties required bond funded projects to include partnership with a culturally specific organization (as co-developer or service provider).

### **Plans to align culturally responsive programming and supportive services**

A common theme in early engagement activities was a need for on-site services to meet the needs of tenants, helping to support their stability and ability to prosper. In the local implementation strategies, all partners committed to the integration of culturally specific services. While some pipeline projects have already established relationships with on-site service providers, others are less clear on their plans to integrate culturally specific programming and supportive services to meet the needs of residents.

Across the pipeline of housing bond projects, several projects have already established partnerships with culturally specific service providers, with plans to provide a range of services including:

- providing language translation services
- hiring on-site staff with cultural competencies
- providing asset building and educational opportunities
- increasing food access through on-site pantries
- creating community building events in communal spaces
- hiring case managers to connect tenants with other supportive services

Of the partners who have turned to community organizations with established roots in priority populations, Hillsboro's partnership with Bienestar on the Nueva Esperanza project is an excellent example of the strengths of partnership with community organizations. As a culturally specific organization working within Latinx and immigrant communities, Bienestar is well positioned to provide services they know community members need to succeed. Bienestar's unique promotores program recruits and trains residents from each housing site to act as "connectors" for their community, facilitating relationships with neighbors to assess needs and connect residents to crucial services while advocating for important community issues.

Projects are at different stages of development and it is anticipated that partners will be integrating more detailed plans for tenant services as projects progress.

## **Sustainability**

Although Metro has not developed sustainability related metrics or requirements for projects, the program still tracks any information our partners highlight related to a project's sustainability features. The project that most exemplifies the commitment to sustainability in the program's portfolio is the Albertina Kerr project in Gresham. It will operate as one of the largest net-zero multifamily affordable housing developments in the nation. In order to achieve the goal of net-zero energy use, developers utilized multiple energy conservation techniques, as well as developing onsite renewable energy. Based on estimated onsite energy consumption, developers included energy efficient appliances, cooling and heating systems, as well as an energy conserving building design. In tandem with these energy conservation efforts, there will be an onsite solar PV system. This solar PV system will be the largest on any affordable housing project in the Pacific Northwest and is projected to generate about 727 megawatt-hours of electricity annually. Utility cost savings will be passed on to tenants in the building, making their housing even more affordable and accessible.

## CHAPTER 9: COMMUNITY ENGAGEMENT OUTCOMES

Metro’s work plan described elements required of each implementing jurisdiction regarding community engagement. To remedy decades of disinvestment and displacement, a priority focus is effectively engaging communities of color and other marginalized groups (including people with low incomes, seniors and people with disabilities, people with limited English proficiency, immigrants and refugees, existing tenants in acquired buildings and people who have experienced or are experiencing houselessness or housing instability) and ensuring their input informs project outcomes to support the success of future tenants. Local implementation strategies, responding to this guidance, laid out community engagement approaches describing what was already known about communities of color and other marginalized groups in their area, how these groups would be reached, how partnerships would support engagement efforts and how feedback would inform solicitations and specific projects. Each jurisdiction submits plans for and reports on this community engagement, including participant demographic information, description of outreach and activities, themes from engagement and how feedback informed implementation of the project.

In annual progress reports, each implementing jurisdiction provided information on community engagement completed to date. Metro staff evaluated progress on these requirements, reviewing information submitted in relation to work plan and local implementation strategy goals and identifying themes and best practices at a regional level.

### **Engagement of communities of color and historically marginalized groups**

**Engagement has effectively reached Black, Indigenous and other people of color.** It has been moderately effective at reaching immigrants and refugees, seniors and people with disabilities, and less effective at reaching (or documenting participation by) people with low incomes, people with limited English proficiency and people with experience of houselessness. See appendix (Exhibit F) for more information on demographics of participants in engagement activities.

### **Engagement methods**

Local progress reports included a description of engagement activities and the outreach methods that garnered participation. Engagement has occurred during local implementation strategy planning, creation of solicitations (both broad and project-specific) and to inform specific projects. Engagement to inform local strategies and solicitations was typically done by jurisdictions. Project specific engagement was typically done by developers, with some exceptions. In many cases, culturally specific and other community-based organizations collaborated on engagement in partnership with jurisdictions and developers.

Though jurisdictions did not report challenges specific to the pandemic, it must be mentioned that COVID 19 complicated engagement and outreach during the past year. Many

*“The number of staff members present in each listening session was limited with engagement partners leading the sessions to help create a safe, comfortable space for participants to share their experiences. Engagement partners helped determine best ways to facilitate discussion in a virtual setting.” – Housing Authority of Washington County*

activities were adapted to occur online, and though reporting regarding bridging the digital divide was not requested, it is clear that several implementing partners made efforts in this area.

Engagement activities included (in order of most frequently mentioned): neighborhood meetings, focus groups, listening sessions, surveys, meetings with established boards and commissions particularly those with BIPOC and/or disability focus, public and resident meetings.

Outreach methods included: coordination with community-based organizations, coordination with schools/school groups and neighborhood associations, fliers to immediate neighbors, contact with businesses, email, social media posts, text and Whatsapp.

## **Partnerships for engagement**

**All implementing jurisdictions described partnerships; working with community-based groups was crucial to accomplishing community engagement goals.**

Partnerships with culturally specific community-based organizations were most common. Partnerships with other community-based organizations (often those providing mainstream social services to houseless people, people with mental health needs, low income people, etc.) were used almost as frequently. Partnerships with faith-based organizations were also mentioned. Some implementing partners reported compensating their partners and others did not report on this aspect. **Fair compensation for partnerships with community-based groups increases effectiveness of engagement activities and is recommended.**

## Engagement themes

All reports described themes from engagement; most indicated what feedback came specifically from communities of color and other historically marginalized community members.

Most frequently reported feedback, especially from BIPOC and immigrant/refugee communities (see appendix Exhibit F for a full summary of all engagement themes):

Larger units	Communal spaces	Outdoor spaces	Laundry facilities
Metro's "family size" designation of two or more bedrooms must be complemented with creation of even larger units to effectively serve marginalized communities.	Community rooms, parks and green spaces, libraries, spaces for communal cooking, family celebrations, gatherings and to celebrate cultural heritage.	Varied; especially gardens, playgrounds, age-specific play areas, sports courts and covered spaces.	Washer/dryers in unit, or hookups so households can use own machines; mix of washer/dryers in larger units and communal laundry for use by smaller households; concern about cost burden of pay laundry.

**Some of the feedback has already informed projects; for others, it is too soon to know specific outcomes.** Of the above themes:

- Four-bedroom units were added to Hillsboro's Nueva Esperanza project.
- Communal/community space, especially for cultural celebrations, has been incorporated in the Nueva Esperanza project, as well as Washington County's Forest Grove Family Housing project.
- Varied outdoor spaces have been included in the Nueva Esperanza project as well as City of Portland and Home Forward's Dekum Court renovation.
- Innovative laundry solutions were reached through collaboration with the community advisory committee for Dekum Court.

From Washington County's report: "The Forest Grove Family Housing project is the closest to beginning construction... feedback suggested that family-sized units should be closest to the outdoor space so parents can easily look out of their units and monitor children playing outside. It was also suggested that play areas be divided to provide age-specific play areas. Additionally, feedback indicated that onsite community space was very important for larger gatherings such as birthday parties and other celebrations. This feedback was incorporated into the design with the unit configuration shifted to allow for family-size units closest to outdoor play areas, age-specific play areas, and addition of community space."

The Nueva Esperanza project in Hillsboro "was explicitly conceived within the framework of racial equity... The focus on family-sized units at Nueva Esperanza, including 4 bedroom

units, is a foundational integration of the feedback from communities of color... The development team intentionally created a distinctive neighborhood feel within the development... Bienestar added thoroughfares that will connect the surrounding community to the property and increase an atmosphere of inclusivity and broader camaraderie... The team will also provide boot washing stations so that residents who do agricultural labor can wash away pesticides and other hazards before coming home to their families.”

## **Metro’s role**

**Metro provides support to partner jurisdictions in developing and carrying out effective engagement.** This has included consultation and coaching on best practices (particularly for developing effective partnerships and reaching marginalized communities) and processing feedback to inform project implementation, convening and facilitating regular peer mentorship meetings, support on adapting engagement activities to safer methods during a pandemic and co-leading developer information sessions on Metro’s community engagement requirements. As described in Clackamas County’s progress report, in the developer session “we discussed best practices for collecting demographic data and highlighted the importance of collecting this data to help measure outcomes. Project sponsors seemed to understand the importance of data collection and showed a willingness to incorporate this in their outreach efforts moving forward. HACC anticipates more participation demographics will be collected as these projects progress through predevelopment and programming.” Metro also gathered and published (with their consent) a list of community-based organizations open to potential partnerships on engagement, service provision and beyond.

**Metro has identified best practices for effective engagement, particularly with marginalized communities.** These practices should be replicated for future projects.

- **Language access** is an important practice for effective engagement (including translation of outreach/written materials and interpretation of engagement activities) and was described in half the reports. This was most commonly for Spanish and Arabic, and Clackamas County also reported Russian, Ukrainian, Vietnamese and Mandarin.
- **Compensating participants** is a helpful practice. Three reports described using stipends; other incentives such as gift cards, transit tickets, food and childcare are helpful as well.
- **Long-term relationship building** was mentioned explicitly once, and can be a very beneficial practice for effective engagement. Beaverton is currently contracting with Unite Oregon for multicultural engagement on bond projects and general housing education and engagement, and anticipates extending the contract through 2023.

## CHAPTER 10: EFFICIENT USE OF FUNDS

Good use of public funds is a core guiding principle of the regional housing bond for Metro and its partners. When a significant new source of funding is infused into an existing affordable housing delivery system, monitoring and regional coordination is essential to ensure maximum public benefit from this limited public funding source. To support evaluation of system-level outcomes for efficiency and stewardship, Metro hired a consultant with 31 years of experience in affordable housing financial analysis to evaluate financial performance across the existing Metro affordable housing bond pipeline portfolio. A full summary of findings from the pipeline analysis is provided in Exhibit C.

This analysis is based on real estate development pro formas received for 18 of the 19 projects that had received a Metro endorsement as of December 2020. Clackamas County's Webster Road property was not included due to the fact that a full rehabilitation budget was not reviewed as part of the Phase I approval which provided bond funding to the county to acquire the property. Additionally, as noted above, this report does not reflect changes to projects that occurred after December 2020, including: reduction in the Metro contribution to Fuller Road Station and Albertina Kerr due to the impacts of federal policy changes on the value of 4% Low Income Housing Tax Credits, concept endorsement and final approval of Rockwood 10, and a reduction in the number of units and proportionate reduction in the Metro bond funds anticipated for Dekum Court. For this reason, some information for projects reported in local progress reports may vary from that included in this report.

### Development costs

The housing development industry recognizes two general categories of cost: *hard costs*, which are focused on construction itself; and *soft costs*, which include a variety of project development, permitting and financing costs. Affordable housing is widely recognized to have higher per-unit soft costs, due to the need to combine various public and private funding sources, and greater regulatory and compliance requirements.

The bond program's priority focus on family-size units also contributes to higher hard costs per unit. For this reason, cost per square foot and cost per bedroom are important metrics. Similarly, the program's priority focus on advancing racial equity was made with an understanding that prioritizing equitable contracting and workforce diversity may mean additional costs. Finally, the use of federal funding, including rental assistance vouchers, is an essential tool to achieve the program's targets for deeply affordable units, and triggers prevailing wage requirements which also impact costs. A number of other factors impact costs including project size, construction type, parking and more.

The Metro affordable housing bond portfolio includes 19 projects ranging in size from 13,000 to 191,000 square feet, with an average size of 122,000 square feet. Projects are configured with a range from one to 12 buildings, with an average of three buildings. Projects include a range from 35 to 200 apartment units, with an average of 133 units.

**In general, the Metro affordable housing bond portfolio's development costs align with general and historic costs for development of similar affordable housing in the**

Portland metropolitan area, which also aligns with patterns in other regions in the Pacific Northwest and across the nation.

*Figure 10.1. Weighted average total project cost and Metro bond funds*

	Minimum	Maximum	Weighted average
<b>Metro bond funds per unit</b>	\$9,771	\$143,000	\$95,883
<b>Total cost per unit</b>	\$192,620	\$471,751	\$342,214
<b>Total cost per bedroom</b>	\$134,910	\$317,819	\$199,251

## Leveraged funding

Building affordable housing is almost always an exercise in layering funding from a variety of sources. The current affordable housing bond pipeline represents over \$745 million in investments, of which approximately 27%, or \$203 million, is affordable housing bond funding and over \$542 million is leveraged from other sources.

The average per unit investment of Metro bond subsidy is \$96,000, which is considerably lower than the average of \$143,000 per unit in Metro bond subsidy available to achieve the goals. The program is on track to exceed the goals due to several trends favorably impacting leveraged funding and costs across the portfolio, most significantly: **unanticipated federal policy changes positively impacting leveraged funding** through the 4% Low Income Housing Tax Credit (LIHTC — commonly pronounced “lie-tech”), **low interest rates** enabling more leveraged debt than anticipated, and **early action by implementation partners** to commit funds to projects quickly, thereby minimizing the impact of construction cost escalation across the portfolio.

Seventeen of the 18 projects included in the pipeline analysis are financed using federal LIHTC. The exception is the smallest project in the portfolio, which lacks sufficient scale to effectively use these tax credits and which has instead used substantial grant funding.

Of the seventeen projects financed with tax credits, one project is financed using 9% LIHTCs, a highly competitive resource that is subject to an annual limit. The remaining 16 LIHTC financed projects utilize 4% LIHTCs. While the availability of 4% LIHTCs is not limited, they must be used in conjunction with tax-exempt, private activity bond debt, which is subject to an annual statewide cap of \$467 million that effectively limits the use of the tax credits. Although this cap has not historically been met, it may become a constraint in the future. Additionally, the federal economic recovery bill passed in December 2020 significantly increases the value of 4% LIHTCs (the impact of this change is discussed below). This increase in available 4% LIHTCs is expected to, correspondingly, increase the demand for tax-exempt, private activity bond debt.

LIHTC equity and permanent loan debt are the primary sources of leveraged funding for projects in the Metro bond portfolio. LIHTC equity ranges from 47% to 60% of project funding, with an average of 52%, and permanent loans range from 0% to 47% of project funding, with an average of 25%. Other funding sources include grants and subordinated

loans, sponsor contributions including cash investment, contributed land, and/or deferred developer fees, and Metro bond funding. As the gap funding for the projects in the portfolio, bond funding provides the balance of funding needed to fully fund the projects, representing 27% of the portfolio's funding.

## Local affordable housing policy tools and incentives

There are affordable housing policy tools or incentives in place in the region that can support development of affordable housing, including housing bond projects. Tracking these policies helps the program anticipate what resources and incentives exist to encourage the development of affordable housing throughout the region, and which are being leveraged in Metro affordable housing bond projects. To gather this information, the housing team distributed a survey to all 24 cities in the Metro region, to which 15 cities responded. The following table summarizes the results of that survey:

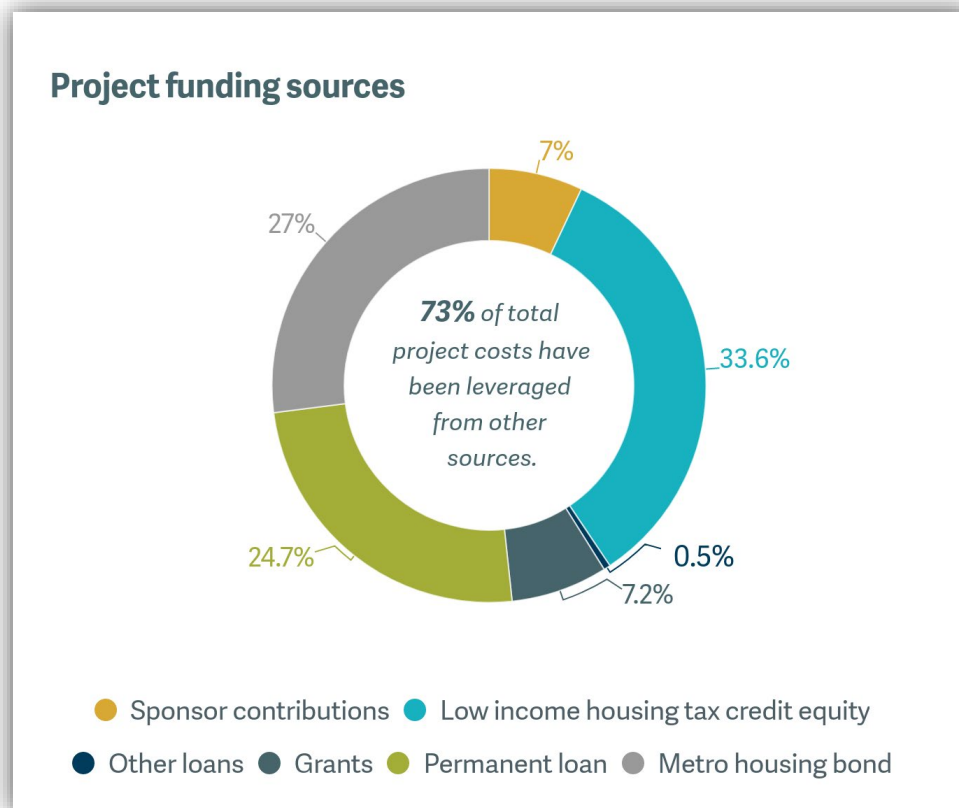
**Figure 10.2. Incentive/policy profile of city**

Responding Jurisdiction	Property tax abatement or exemption	SDC waiver	Local general funding for affordable housing	Public land availability	Reduced parking requirements	Density bonus	Vertical Housing Tax Credit	By right-development or accelerated approvals	Flexible design	Inclusionary zoning
Beaverton	X	X	X	X	X		X			
Cornelius	X									
Durham						X				
Forest Grove						X				
Gladstone										
Happy Valley		X			X	X		X		
Hillsboro		X			X	X		X		
King City								X	X	
Milwaukie	X	X	X	X			X			
Oregon City						X		X	X	
Portland	X	X	X	X	X	X	X	X	X	X
Rivergrove										
Tigard	X	X	X	X	X	X	X	X	X	
Troutdale										
West Linn										

*\*\*The following jurisdictions did not respond to the survey: Fairview, Johnson City, Lake Oswego, Sherwood, Tualatin, Wilsonville, Wood Village, Gresham and Maywood Park.*

Exhibit G provides a breakdown of leveraged funds by type of source for each project in the portfolio. LIHTC is the most common leveraged funding source in bond projects, followed by weatherization funds, OHCS multifamily energy program, Metro transit oriented development funds and SDC waivers. The Mary Ann project in Beaverton has leveraged up to nine different sources of funding, including local, state and federal sources.

**Figure 10.3. Average leverage across the portfolio**



Analysis of the current Metro housing bond pipeline shows variation in investment practices due to a lack of regional guidance to standardize practices. **Stronger regional coordination may be needed to ensure that bond funding investments are optimizing leveraged funding.**

**Additionally, the federal economic recovery bill passed in December 2020 significantly increased the amount of 4% Low Income Housing Tax Credits — the most significant source of leveraged funding in the bond portfolio.** While the increase in these credits will likely be partially offset by a reduction in tax credit yields paid by investors, on a net basis this policy change could result in a \$30-45 million boost in leveraged equity across the portfolio. Metro will work with local implementation partners to evaluate opportunities to reduce the Metro bond contributions previously reserved for projects in light of this unanticipated increase in equity available to projects.

### **Operating costs and subsidy**

Metro's affordable housing bond program includes ambitious goals for very affordable units, defined as those affordable to households making less than 30% of the area median income. (In greater Portland this is an annual income of \$19,410 for a household with one person, or \$27,650 for a household of four.) Providing deeply affordable units requires

additional subsidy. Rental income from these units is lower and their operating expenses can be higher, creating operating funding gaps and limiting projects' ability to carry debt.

Additionally, buildings serving very low income households often require investment in ongoing services that are beyond the scope of traditional real estate related operating expenses and require external operating funding to be financially feasible. Lender and/or tax credit investors may also require the capitalization of reserves to mitigate the risk that these operating expenses may not be able to be adequately funded from projects' operating revenue.

**Of the pipeline portfolio's current 625 units serving households with very low incomes, 285 have project-based rental assistance that funds some or all of the monthly rent, making the assisted units affordable to households with very little or no income.**<sup>1</sup> The vast majority of these units have federal project-based rental assistance vouchers administered by a local housing authority. A few of the units will be the first to use rental assistance provided through the Metro supportive housing services program.

### **Planning for integration of Metro supportive housing services funding**

**The supportive housing services measure passed by Metro voters in May 2020 presents opportunities to integrate rental assistance and supportive services with housing bond investments.** Funding is expected to provide services for as many as 5,000 people experiencing prolonged homelessness with complex disabilities, and as many as 10,000 households experiencing short-term homelessness or at risk of homelessness.

Clackamas County and City of Beaverton are exploring opportunities to infuse supportive housing services funding throughout their portfolios, including options to deepen affordability and expand production in addition to integrating supportive services. City of Portland and Washington County expect to integrate supportive housing services funding in future housing bond investments to support progress toward their local implementation strategy goals for permanent supportive housing (300 units in Portland and 100 units in Washington County); they are not currently evaluating opportunities to utilize funding to increase or exceed these goals. Other jurisdictions are exploring the use of supportive housing services funding to fill operating gaps and provide additional services across their housing bond portfolio.

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<sup>1</sup> Includes Clackamas County's Webster Road project, which will create 48 deeply affordable, voucher supported units. This project was not included in the pipeline analysis provided in Exhibit C.

***Figure 10.4. Anticipated approaches to integrating supportive housing services funding in housing bond portfolio***

<b>Jurisdiction</b>	<b>Anticipated approach</b>
<b>Washington County</b>	No plan to increase targets or integrate supportive housing funding into existing seven projects with existing concept endorsements. Will explore opportunities to integrate supportive housing funding in future projects, including plan to leverage supportive housing for rental assistance and services on the planned acquisition of the Aloha Inn in Forest Grove, which the county plans to convert to 54 units of permanent supportive housing.
<b>Hillsboro</b>	No plan to increase targets; anticipated use of supportive housing rental assistance to fill identified operating gaps and provide supportive services in future solicitations.
<b>Beaverton</b>	Evaluating opportunities to utilize supportive housing funding to expand unit production, increase the number of 30% AMI units and integrate supportive services on existing and future pipeline projects.
<b>Clackamas County</b>	Evaluating opportunities to utilize supportive housing funding to expand unit production, increase the number of 30% AMI units and integrate supportive services on existing and future pipeline projects.
<b>Portland</b>	No plan to increase targets; focus on meeting existing local implementation strategy goal of 300 PSH units as part of bond implementation.
<b>Gresham</b>	No plan to increase targets; interest in future exploration of supportive housing funding for expansion of services in Rockwood 10 and Albertina Kerr projects.
<b>Home Forward</b>	No plan to increase targets; use of supportive housing only for rental assistance to fill operating gaps in Troutdale project.
<b>Metro site acquisition program</b>	Coordination with local plan and approaches.

## CHAPTER 11: ADMINISTRATIVE FUNDING

The Metro affordable housing bond measure included a 5% cap on administrative funding, or \$32,640,000, allocated to support administration needs of Metro and all seven local government implementation partners. As of December, only \$5,525,011 (17% of the administrative cap) had been expended. Below is a summary of administrative expenditures to date.

**Figure 11.1. Administrative funding for implementation partners**

Jurisdiction	Work plan funding allocation	Amount disbursed or expended	% Disbursed or expended
Beaverton	\$655,591	\$223,898	34%
Clackamas County	\$2,446,065	\$489,213	20%
Gresham	\$563,305	\$140,826	25%
Hillsboro	\$855,939	\$171,188	20%
Home Forward (balance of Multnomah County)	\$334,297	\$0	0%
Portland*	\$4,443,296*	\$84,094	2%
Washington County	\$2,451,906	\$1,068,690	44%
Metro site acquisition program	\$1,305,600	\$3,869	0.3%
<b>Total implementation programs</b>	<b>\$13,055,999</b>	<b>\$2,097,684</b>	<b>16%</b>

\* Portland's administrative funding is allocated through a "project delivery fee" charged to each project and recovered through a fee paid to Portland by each project.

**Figure 11.2. Administrative funding for Metro oversight, accountability and financial costs**

Jurisdiction	Work plan funding allocation	Amount disbursed or expended	% Disbursed or expended
One-time financial issuance costs	\$13,056,000	\$655,591	5.0%
Ongoing financial management costs		\$2,446,065	18.7%
Accountability and oversight (staff, materials and services)		\$563,305	4.3%
<b>Total oversight, accountability and financial transaction costs</b>	<b>\$13,056,000</b>	<b>\$3,427,328</b>	<b>26%</b>

The work plan designated \$6,528,000 in funding within the administrative funding cap as “reserved for future allocation” as determined necessary to fulfill the program goals. This funding is subject to future allocation by the Metro Council.

## EXHIBIT A: COMMUNITY OVERSIGHT COMMITTEE CONSIDERATIONS FOR LOCAL IMPLEMENTATION

During their review of local implementation strategies between July 2019 and February 2020, prior to their recommendation to Metro Council, the Affordable Housing Bond Community Oversight Committee identified the following considerations for all partnering jurisdictions for ongoing implementation and monitoring of outcomes. Following the considerations listed for all jurisdictions are additional considerations for two of the jurisdiction partners.

- Further define strategies and outcomes that will be measured to demonstrate the advancement of racial equity, including low-barrier screening criteria, affirmative marketing, universal design, voucher prioritization, wraparound services and contract and workforce diversity.
- When describing strategies to advance racial equity, be specific about prioritization among various strategies.
- Expand the impact of the affordable housing bond program by seeking ways to achieve more than the minimum housing unit production targets.
- Work with your own jurisdiction and overlapping jurisdictions to identify local regulatory tools and financial incentives that could be implemented to support affordable housing. Examples could include property tax abatements or exemptions, SDC and fee waivers, local construction excise tax, reduced parking requirements, etc.
- Use language that acknowledges intersectionality of populations; avoid differentiating between homelessness, disabling conditions including physical and mental health, and addiction.
- Identify screening criteria not relevant to likelihood of successful tenancy that should not be considered.
- Provide further information about jurisdiction commitments to fund supportive services as needed to meet the needs of certain tenants.
- Additional resources need to be identified to successfully serve tenants who need permanent supportive housing.
- Consider further specificity about family size unit production that includes goals or requirements to ensure three bedroom and larger homes.
- Measuring outcomes regarding workforce equity should include all workers, not solely apprentices.
- Many minority owned businesses need additional support to successfully participate in the COBID certification program.
- Consider sustainability/durability and life cycle costs, and incorporate findings from the 2015 Meyer Memorial Trust study on cost efficiencies in affordable housing in evaluating project costs.

## **Washington County**

The committee identified the following additional considerations for the county's implementation:

- The county should provide further clarification regarding intentions for geographic distribution as part of project solicitations.
- The county should provide a plan and measurable outcomes that demonstrate progress toward reaching the 20% MWESB participation goal.

## **City of Portland**

The committee identified the following additional consideration for the city's implementation:

- The city should make a good faith effort to identify opportunities to accelerate the implementation timeline to commit funding to projects within the 5-7 year timeline committed to voters in 2018.

## **EXHIBIT B: HOUSING BOND PROGRAM METRICS**

This document summarizes metrics that will be used to evaluate performance and outcomes for Metro’s affordable housing bond program. Metro has worked with implementing jurisdiction partners to develop reporting standards and templates for gathering data from project sponsors and owners at different points in the development process (funding approval, construction completion and post-lease-up). In addition, Metro is identifying metrics for regional analysis such as outcomes related to project location. Finally, Metro is working with Oregon Housing and Community Services and implementing jurisdictions to ensure plans for ongoing monitoring of properties throughout the term of the regulatory agreement.

These metrics are intended to align with the affordable housing bond framework and work plan adopted by Metro Council, and to align with strategies and plans described in local implementation strategies. They have also been informed by research regarding emerging best practices for advancing racial equity in affordable housing, and through conversations with community stakeholders, practitioners and the community oversight committee that occurred between 2018-2020.

In addition to the below metrics, Metro is tracking a range of financial and budget metrics to ensure that expenditures are aligned with allocations in the work plan and with the 5% administrative cap in the measure.

### **Outcomes metrics**

The following metrics directly measure primary program outcomes related to goals and priorities in the affordable housing bond framework and work plan. The definitions describe the specific metric to be tracked, and “what constitutes success” describes established or proposed approaches to evaluating outcomes based on those metrics.

In some cases, “what constitutes success” is goals or program targets established by the work plan or in local implementation strategies. In other cases, this has not been defined due to lack of baselines for establishing a meaningful goal. For the latter, the annual review process will include a discussion of what constitutes success and/or jurisdictions will demonstrate progress over time, using the first year’s metrics as a baseline.

Some metrics are noted as “optional/if applicable.” These refer to targets or goals that are described in some local implementation strategies and not in others. These are included so Metro can help ensure consistent tracking and reporting when multiple jurisdictions report on a metric that does not relate to a regionally required metric or target.

Category	Definition	What constitutes success
Unit production	<i>Total units:</i> Number of new regulated affordable homes	Achieve or exceed unit production targets (jurisdiction, region)
	<i>Deeply affordable units:</i> Number of new affordable homes restricted for households making 30% AMI	
	<i>Family sized units:</i> Number of new affordable homes with 2+ bedrooms	
	<i>Units regulated at 61-80% AMI:</i> Number of new affordable housing units restricted for household making 61-80% AMI	Remain within cap of 10% of total local unit production target (jurisdiction)
	<i>Creation of homes in areas where communities of color live today:</i> Number/percentage of homes created in Census tracts with higher than average non-white population	
	<i>Creation of homes in areas where communities of color live today:</i> Number/percentage of homes created in Census tracts with higher than average population of people with limited English proficiency	Annual review will include a discussion of what constitutes success
Location (fair housing)	<i>Creation of homes in areas that have historically been inaccessible to communities of color:</i> Number/percentage of homes created in areas with lower than the regional average of non-white residents	No established targets due to lack of baseline  Annual review will include a discussion of what constitutes success
	<i>Creation of homes in areas with limited regulated affordable housing supply:</i> Number/percentage of homes created in or adjacent to Census tracts with lower than average per capita regulated affordable housing units	
Location (physical access)	<i>Access to transit:</i> Number/percentage of units located within 0.25 miles of frequent service bus or 0.5 miles of light rail transit stop	No established targets due to lack of baseline
	<i>Walkscore:</i> Average walkscore weighted by number of units, broken down by county	Annual review will include a discussion of what constitutes success
	<i>Quantitative or narrative data regarding additional location/access outcomes:</i> <ul style="list-style-type: none"> <li>Proximity to parks/green spaces/trails</li> <li>Proximity to public elementary/middle/high schools</li> </ul>	

	<ul style="list-style-type: none"> <li>Proximity to other types of schools and groceries (not setting specific definitions to allow for flexibility in reporting)</li> <li>Proximity to employment centers</li> </ul>	
Equitable contracting	<i>Equitable participation in construction contracts:</i> Percentage goal, percentage outcome, and amount of total payments above \$250,000 made to COBID certified firms by category (MBE, WBE, DBE, SDV, ESB) and by construction trade	Achieve or exceed LIS goals for equitable contracting (jurisdiction)
Workforce participation (if applicable based on LIS/project goals)	<i>Participation of apprentices:</i> Number/percentage of hours worked by apprentices, disaggregated by race	Achieve or exceed LIS goals if applicable (only some jurisdictions have targets or existing infrastructure and capacity for tracking)
	<i>Participation of women:</i> Number/percentage of hours worked by women, disaggregated by race	
	<i>Participation of people of color:</i> Number/percentage of hours worked by people of color, disaggregated by race	
Number of people served	<i>People initially served:</i> Number of people occupying the building following initial lease up	12,000 people
	<i>People served over time:</i> Number of people who have live in the building over time (includes new occupants as units turnover)	No established targets
Resident diversity (people served/ equitable access)	<i>BIPOC residents:</i> Number and percentage of residents who identify as non-white, disaggregated by race	Percentage of non-white occupants (disaggregated by race) equals or exceeds comparable population percentages in the County where the project is located
	<i>Age/family makeup:</i> Number and percentage of households with senior (62+), children 18 and under, and families with multiple generations*	
	<i>Veterans:</i> Number of residents who are military veterans	
	<i>Percentage of households experiencing homelessness prior to moving into bond-funded housing:</i> Number of people referred to housing through the county's "coordinated entry" system	No established targets

## Key performance metrics

In addition to the above outcomes metrics, Metro will also work with implementing jurisdictions to gather data about the following performance metrics for each project approved for bond funding. These metrics and qualitative data points are intended to support collective understanding about cost/subsidy efficiency and effective strategies to

achieve goals for advancing racial equity and ensuring participation of historically marginalized communities in shaping project outcomes.

Category	Definition	What constituted strong performance
Efficient use of resources	<i>Subsidy efficiency</i> : Metro bond subsidy per bond eligible unit	Portfolio averages \$143,000 or less in bond funding per unit (jurisdiction, region)
	<i>Cost efficiency (units)</i> : Total cost per total units by project, jurisdictions, and region	Compare individual projects to portfolio averages
	<i>Cost efficiency (bedrooms)</i> : Total cost per total bedrooms, by project, jurisdiction and region	
	<i>Cost efficiency (per square foot)</i> : Total cost per total residential square foot	
	<i>Use of vouchers</i> : Number and percentage of 30% AMI units with/without vouchers	
	<i>Leverage</i> : Amount of funding leveraged by bond investments	
Prevailing wage	<i>Prevailing wage</i> : Number of project and number of units subject to federal (Davis Bacon) or state commercial (BOLI) prevailing construction wages	No target; understand trends and inform future policy discussions
Community engagement	<i>Participation of people of color and historically marginalized community members</i> : Participant information, including demographics or other information to demonstrate participation of people of color and other historically marginalized community members, including (all disaggregated by race): <ul style="list-style-type: none"> <li>• people with low incomes</li> <li>• seniors and people with disabilities</li> <li>• people with limited English proficiency</li> <li>• immigrants and refugees</li> <li>• existing tenants in acquired buildings</li> <li>• people who have experienced or are experiencing housing instability</li> </ul>	Qualitative/narrative data intended to ensure people of color and other marginalized community members have meaningful access to informing project outcomes and to understand best practices for ensuring that projects are planned, designed and programmed to meet the needs of historically marginalized groups
	<i>Event/outreach summary</i> : Description of engagement events/activities and outreach strategies used to encourage participation	
	<i>Engagement partnerships (if applicable)</i> : Description of partnerships for engagement including organization name and type (culturally specific,	

	community-based, faith, etc.), how they participated, and lessons learned	
	<i>Summary of feedback received, and how feedback from communities of color and other historically marginalized community members informed project implementation and outcomes:</i> Description of engagement themes and how they informed the project. Examples of “project outcomes” include solicitation selection criteria, location, unit composition, individual project design principles or specific features (e.g., community space, landscaping), development of service partnerships, and property management practices	
	<i>Evaluation (optional):</i> Evaluation of effectiveness of engagement efforts	
Equitable contracting	<i>Outreach:</i> Description of outreach methods to reach COBID-certified firms and lessons learned	Qualitative/narrative data intended to further collective understanding about effective approaches to achieve desired outcomes for COBID certified firms
Marketing and referrals	<i>Affirmative marketing:</i> Total number of applicants referred by culturally specific organizations (only tracks formal referrals through established partner agencies)	No targets; understand effectiveness of strategies and develop baseline to inform future targets
	<i>Marketing partners:</i> List of community contacts and/or partners that directly supported affirmative marketing activities and description of role played by each organization	
	<i>Source of information/referral:</i> Summary of how applicants heard about the project	
	<i>Marketing evaluation:</i> Evaluation of effectiveness of affirmative marketing efforts	
Screening and lease up	<i>Low barrier screening:</i> Percentage of applications screened that resulted in initial acceptance	No targets; understand effectiveness of strategies and develop baseline to inform future targets
	<i>Low barrier screening:</i> Percentage of applications denied, disaggregated by reason for denial	
	<i>Accessibility:</i> Percentage of accessible (Type A/ADA) units matched to tenant requesting accessible unit	

## EXHIBIT C: FINANCIAL ANALYSIS SUMMARY TABLES

**To:** Metro

**From:** John Warner

Affordable housing finance consultant

**Date:** March 16, 2021

**Subject:** Metro affordable housing bond pipeline analysis through December 2020

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### Introduction

This memorandum summarizes my analysis of the financial pro formas for 18 of the 19 projects that have received Metro concept endorsement as of December 2020.

Clackamas County's Webster Road project was not included in this analysis because the rehabilitation budget for the project was not reviewed as part of the Phase I approval, which provided bond funding to the county to acquire the property.

Additionally, this analysis does not reflect changes to projects that occurred after December 2020, including: reduction in the Metro contribution to Fuller Road Station and Albertina Kerr due to the impacts of federal policy changes on the value of 4% Low Income Housing Tax Credits (LIHTC), concept endorsement and final approval of Rockwood 10, and a reduction in the number of units and proportionate reduction in Metro bond funds anticipated for Dekum Court. For this reason, some information for projects provided in local jurisdiction progress reports may vary from that included in this report.

### Project portfolio description

The Metro affordable housing bond portfolio includes 18 projects with a range of building sizes, configurations and densities, as summarized in the following table.

### Project characteristics

	Site area	Total sq ft	No. of buildings	Total units	Avg unit size	Density (units/acre)
Weighted average	4.71 Ac.	123,681 SF	3	135	756 SF	54
Minimum	0.43 Ac.	13,150 SF	1	35	314 SF	11
Maximum	11.00 Ac.	191,106 SF	12	200	981 SF	220

## Development costs

### Total project costs

It is well documented that the cost for construction and development of affordable rental housing — that is developed through public-private partnerships, using layered public financing mechanisms including Low Income Housing Tax Credits (LIHTC), tax-exempt debt and grants from private foundations and local and state government, and which must adhere to layered public sector regulatory compliance and public benefit requirements — is typically higher than the cost for privately developed, market-rate rental housing that is financed using conventional debt and equity sources.

The Metro affordable housing bond portfolio of projects conforms to this general pattern of higher construction and development costs for affordable rental housing, in alignment with the general and historic cost for development of similar affordable housing in the Portland Metropolitan region, which is also aligned with patterns in other regions in the Pacific Northwest and across the nation.

The weighted average cost per square foot, per unit and per bedroom for the projects in the Metro affordable housing bond portfolio are included in the following table.

<b>Total project costs</b> (Weighted average)				
	% of total	\$/sq. ft.	\$/unit	\$/bedroom
Acquisition	4.2%	\$16.38	\$15,045	\$8,760
Construction	63.5%	\$245.77	\$225,652	\$131,384
HC contingency	3.1%	\$12.00	\$11,022	\$6,417
FF&E	0.3%	\$1.11	\$1,017	\$592
Development costs	9.9%	\$38.12	\$35,010	\$20,385
Cash developer fee	7.3%	\$28.14	\$25,818	\$15,032
Deferred dev fee	3.7%	\$14.39	\$13,218	\$7,696
Financing	5.5%	\$21.16	\$19,405	\$11,299
SC contingency	0.8%	\$3.15	\$2,899	\$1,688
Lease-up/relocation	0.3%	\$1.31	\$1,199	\$698
Reserves	1.4%	\$5.60	\$5,146	\$2,996
Total dev cost	100.0%	\$387.12	\$355,432	\$206,947
(-) Deferred dev fee	-3.7%	-\$14.39	-\$13,218	-\$7,696
Net total dev cost	96.3%	\$372.74	\$342,214	\$199,251
Minimum net total dev cost		\$295.26	\$192,620	\$134,910
Maximum net total dev cost		\$512.68	\$471,751	\$317,819

Note that total project costs are presented on a gross basis, including deferred developer fees, as well net of deferred developer fees, because deferred developer fees are not paid out of capitalized development sources for the project (see developer fees section below for additional information). Minimum and maximum total development costs are also presented net of deferred developer fee.

## Construction costs

Project attainment of Metro policy framework goals, including production of family-size units and implementation of equitable contracting/workforce participation goals, increases construction (“hard”) costs. Use of nine or more Section 8 project-based vouchers to increase a project’s very low income affordability triggers federal Davis-Bacon prevailing wage requirements (PWR) for project construction. Construction five stories or higher or mixed use development, including uses other than affordable housing, triggers state Bureau of Labor and Industry (BOLI) PWR.

The weighted average cost per square foot, per unit and per bedroom for construction with and without PWR costs for the projects in the Metro affordable housing bond portfolio are included in the following table.

**Impact of prevailing wage requirements on construction cost**  
(Weighted average)

	\$/sq. ft.	\$/unit	\$/bedroom
Without PWR	\$229.93	\$210,960	\$127,154
With PWR	\$259.91	\$238,844	\$134,945
Variance	\$29.97	\$27,883.96	\$7,790.35
% Variance	13%	13%	6%

## Development costs

Development (“soft”) costs vary based on jurisdictional requirements (land use approvals, building permits and fees, system development charges), development team composition, capabilities and experience, and requirements (architecture and engineering, legal and accounting, other consultants, developer fee), financing (costs, fees and interest), development contingency, and lease-up and relocation expenses.

The weighted average percent of total project cost and cost per square foot, per unit and per bedroom for development cost and minimum and maximum development costs for the projects in the Metro affordable housing bond portfolio are included in the following table.

### Development (“soft”) costs

(Weighted average)

	% of Total	\$/sq. ft.	\$/unit	\$/bedroom
Average	9.9%	\$38.12	\$35,010	\$20,385
Minimum	5.8%	\$19.40	\$19,333	\$11,847
Maximum	18.8%	\$100.46	\$50,761	\$37,745

### Developer fees

Developer fees are all funds paid to a developer as compensation for developing a project, including developer overhead and profit, development consulting fees, construction management oversight fees (whether performed by the developer or a third-party), personal guarantee fees, loan processing agent fees, tax credit syndicator consulting fees and reserves in excess of those customarily required by tax credit investors and multi-family housing lenders.

Because affordable housing is subject to rent restrictions that substantially limit operating cash flow for projects, affordable housing developers cannot rely on project cash flow as a source of profit, as is the case for developers of market-rate rental housing. Instead, developers of affordable housing substantially rely on developer fees to fund their operations and as a source of working capital to fund their growth and pay for predevelopment expenses for future projects.

There are three sub-categories of developer fees, each with distinguishing characteristics, some or all of which may be applicable to any given project based on its unique circumstances and characteristics:

- Capitalized (“cash”) developer fee is the amount of developer fee that is paid out of capitalized development sources for the project.
- Deferred developer fee is the amount of developer fee that is unable to be paid out of capitalized development sources for the project and, therefore, must be financed by the developer by taking back a developer fee promissory note that is paid out of the developer’s portion of net cash flow from operations of the project. (In order to be included in tax credit basis, this amount must be payable generally within 12–15 years, as defined by the project’s tax counsel.)
- Contributed developer fee is the amount of the developer fee that is contributed by the developer as a source of equity for the project. (In order to be included in tax credit basis, this amount must be an equity contribution as defined by the project’s tax counsel.)

Oregon Housing and Community Services (OHCS) has established maximum limitations for developer fees for affordable housing projects that use LIHTCs and/or access other OHCS funding sources that vary by project type (new construction vs. acquisition/rehabilitation), project size (number of units) and tax credit type (4% vs. 9% LIHTC), which range from

12% to 22-plus% of total development cost, less the cost of acquisition, capitalized reserves, developer's fee and overhead, and costs attributable to tax credit syndication.

Of the participating local jurisdictions in the Metro affordable housing bond program, Portland and Hillsboro have established maximum limitations for capitalized developer fees that are lower than OHCS maximums. The rest of the jurisdictions have not established maximum limitations for capitalized developer fees.

The weighted average developer fees for the projects in the Metro affordable housing bond portfolio are included in the following table.

<b>Developer fees</b>			
<b>% of total cost</b>			
	Average	Minimum*	Maximum*
Capitalized developer fee	6.9%	-6.9%	14.7%
Deferred developer fee	4.4%	0.0%	9.4%
Contributed developer fee	1.0%	0.0%	6.1%
Total developer fee	12.3%	-3.5%	18.0%

*\*The minimums and maximums for the sub-categories of developer fees are independent and do not sum to the total developer fee minimums and maximums.*

Note: The instance of a negative developer fee is associated with Home Forward's Dekum Court project, which includes a replacement housing component for which Home Forward is contributing a substantial amount of its reserves as a funding source. These funds are characterized as sponsor equity, which serves to offset the cash developer fee for the project in the Metro affordable housing bond portfolio analysis.

## Financing costs

Financing cost for affordable housing is generally higher as a percent of total project cost than for market-rate rental housing. This difference is attributable to the increased complexity of the public-private partnerships used to own and finance affordable housing projects and the programmatic requirements of the layered public financing mechanisms including LIHTC, tax-exempt debt and grants from private foundations and local and state government, that are used to finance affordable housing projects.

Financing costs include fees and expenses for construction, bridge and permanent loans; tax credits; and bond issuance, as well as capitalized reserves for loan interest expenses for the construction period, bridge to permanent loan closing and the post-completion lease-up period.

The weighted average financing cost for the projects in the Metro affordable housing bond portfolio are included in the following table.

**Financing costs**  
(Weighted average)

	% of total	\$/sq. ft.	\$/unit	\$/bedroom
Average	5.5%	\$21.16	\$19,405	\$11,299
Minimum	0.0%	\$0.00	\$0	\$0
Maximum	8.4%	\$35.94	\$37,850	\$27,387

### Capitalized reserves

The projects in the Metro affordable housing bond pipeline include capitalized reserves for operations, debt service, capital replacement, resident services and/or cash accounts (insurance and tax escrows, etc.) to mitigate risks that these ongoing needs may not be adequately funded from projects' operating cash flow.

The sizing of capitalized reserves for a project is dependent on several of factors including project size and construction type, resident characteristics (e.g., low-income, very low-income, families, seniors, special needs), projected operating cash flow for the project and developer financial strength.

The weighted average level of capitalized reserves for the projects in the Metro affordable housing bond portfolio are included in the following table.

**Capitalized reserves**  
(Weighted average)

	% of total	\$/sq. ft.	\$/unit	\$/bedroom
Average	1.4%	\$5.60	\$5,146	\$11,299
Minimum	0.6%	\$2.43	\$2,138	\$1,318
Maximum	3.6%	\$11.33	\$11,738	\$7,347

### Operating analysis

The 18 projects in the Metro affordable housing bond portfolio have a diversity of unit types, from studio to four-bedroom apartments, and mixes of affordability. Of the 577 units affordable at less than or equal to 30% of area median income (AMI), 237 units have Section 8 rental assistance and the remaining 340 are unassisted. Of the 1,415 units affordable at between 31–60% of AMI, 35 units have Section 8 rental assistance and the remaining 1,380 are unassisted. Five units are affordable for households with incomes between 61–80% of AMI. The Metro affordable housing bond portfolio's affordability by bedroom size is described in the following table.

### Unit affordability by bedroom size

	Unit size					Total	%	2+ Bedroom	
	0 Bdrm	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm			Total	%
<b>≤ 30% AMI</b>									
Without Section 8	69	154	93	23	1	<b>340</b>	17%	117	34%
With Section 8	4	115	71	47	0	<b>237</b>	12%	118	50%
Total ≤ 30% AMI	73	269	164	70	1	<b>577</b>	29%	235	41%
<b>31–60% AMI</b>									
Without Section 8	106	456	572	223	23	<b>1,380</b>	69%	818	59%
With Section 8	8	27	0	0	0	<b>35</b>	2%	0	0%
Total 31–60% AMI	114	483	572	223	23	<b>1,415</b>	71%	818	58%
<b>61–80% AMI</b>	0	5	0	0	0	<b>5</b>	0%	0	0%
<b>Total units</b>	<b>187</b>	<b>757</b>	<b>736</b>	<b>293</b>	<b>24</b>	<b>1,997</b>	100%	<b>1,053</b>	<b>53%</b>

The weighted average affordability for projects in the Metro affordable housing bond portfolio ranges from 47% of AMI to 60% of AMI, with an average 52% of AMI.

The U.S. Department of Housing and Urban Development (HUD) annually publishes income and rent limits that are used to regulate maximum allowed tenant incomes and rents for affordable rental housing. While HUD incomes and rents are generally assumed to increase on an annual basis at the approximately two percent rate of natural long-term rate of price inflation rate in the U.S. economy, there can be substantial year-to-year variability in the change in HUD incomes and rents (the COVID-19 pandemic may precipitate such a variance in 2021). This variability notwithstanding, the rents for the projects in the Metro affordable housing bond portfolio are escalated on a pro forma basis at two percent per year.

Operating income for the projects in the Metro affordable housing bond portfolio is composed of tenant paid rents, Section 8 project-based operating subsidy and other income from laundry facilities and fees for tenant application and screening, late rent payment and non-refunded security deposits. The per unit per year (PUPY) weighted average annual operating income breakdown for the projects in the Metro affordable housing bond portfolio are described in the following table.

### Operating income, per unit per year

(Weighted average)

	Rent	Sec 8	Other	Total
Average	\$10,962	\$1,251	\$139	\$12,352
% of total	88.7%	10.1%	1.1%	100.0%
Minimum	\$6,123	\$0	\$49	\$10,184
Maximum	\$12,871	\$4,926	\$350	\$16,025

Operating income for the projects in the Metro affordable housing bond portfolio is reduced by a vacancy and credit loss factor that ranges from five to seven percent of gross income, with an average of just over five percent, to calculate effective gross income (EGI).

Project operating expenses vary, depending on the project type and scale and resident incomes and service needs. The average annual operating expenses for the project portfolio range from \$3,678 to \$8,036 PUPY, with an average of \$5,989 PUPY. Operating expenses for the projects in the Metro affordable housing bond portfolio are escalated on a pro forma basis at three percent per year.

Project net operating income (NOI) is calculated by subtracting annual operating expenses from annual EGI.

The income to expense ratio (ITER) is a key indicator of a project's long-term ability to maintain adequate NOI, as rents and operating expenses change over time due to price inflation. ITER is calculated by dividing annual EGI by annual operating expenses.

The weighted average annual operating performance of the projects in the Metro affordable housing bond portfolio PUPY by EGI, operating expenses (op exp), NOI and ITER, is described in the following table.

Operating performance (Weighted average)				
	PUPY			ITER
	EGI	Op exp	NOI	
Average	\$11,686	\$5,989	\$5,698	2.02
Minimum	\$9,675	\$3,678	\$2,315	1.29
Maximum	\$15,224	\$8,036	\$9,003	3.27

## Leverage funding

The 18 projects in the Metro affordable housing bond portfolio are funded with a variety of funding sources, including federal Low Income Housing Tax Credits (LIHTC) derived equity, grants, permanent and subordinate loans, sponsor equity contributions and Metro housing bond funds. The combination and relative proportion of funding sources for each project is impacted by factors including:

- geographic location (impacts extent of LIHTC availability),
- size of project (impacts ability to access scale sensitive resources, with high minimum fixed cost),
- size of net operating income (impacts permanent loan capacity),
- resident characteristics, including average household size, composition, incomes and service needs (impacts LIHTC and grant funding),
- local jurisdiction (impacts availability of local funding and other subsidy sources), and

- financial strength of the project sponsor (impacts sponsor's ability to invest equity in the project and secure favorable terms from LIHTC investor and permanent lenders).

The weighted average, minimum and maximum of funding sources as a percentage of total project funding for the projects in the Metro affordable housing bond portfolio are included in the following table.

Funding sources as percentage of total project funding (Weighted average)			
	% of total		
	Average	Minimum	Maximum
LIHTC equity	33.6%	0.0%	54.9%
Permanent loans	24.7%	0.0%	46.9%
Grants	7.2%	0.0%	68.1%
Subordinate loans	0.5%	0.0%	5.5%
Sponsor contribution	7.0%	0.0%	18.0%
Total leverage	73.0%	63.3%	97.8%
Metro bond	27.0%	2.2%	36.7%
Total	100.0%	NA*	NA*

*\*Totals are not applicable for funding source minimums and maximums.*

### Low income housing tax credits

Seventeen of the 18 projects in the Metro affordable housing bond portfolio are financed using federal Low Income Housing Tax Credits (LIHTC). The exception, Findley Commons, is the smallest project in the portfolio and lacks sufficient scale to effectively use LIHTCs. The developer for Findley Commons has used substantial grant funding to offset the lack of LIHTCs.

Of the 17 projects financed with LIHTCs, one project, The Mary Ann, is financed using 9% LIHTCs. The availability of 9% LIHTCs is subject to an annual limit and allocation of this scarce resource is highly competitive.

The remaining 16 projects are financed using 4% LIHTCs. While the availability of 4% LIHTCs is not limited, the requirement that they be used in conjunction with tax-exempt, private activity bond debt which is subject to an annual statewide cap of \$467 million (only a portion of which is available for affordable rental housing) effectively creates a limit on the use of 4% LIHTCs. While the demand for tax-exempt, private activity bond debt used to finance affordable rental housing with 4% LIHTCs has not historically exceeded annual limits, it is anticipated that this may become an actual constraint in the future, as financing of affordable housing with 4% LIHTCs increases.

This increase in available 4% LIHTCs is expected to, correspondingly, increase the demand for tax-exempt, private activity bond debt.

LIHTC regulations for 4% LIHTCs provide projects that are located in designated qualified census tracts (QCT) or difficult to develop areas (DDA) with a 30% increase in the amount of the eligible project costs that are used to determine the amount of tax credits allocated to a project (eligible basis). This increase in eligible basis correspondingly increases the tax credits available for these projects by 30%.

All things being equal, it is preferable to develop a project financed with 4% LIHTCs in a QCT or DDA because doing so increases the available LIHTC equity by 30%. However, as a practical matter, available developable land is a finite resource, and not all property located in QCTs and DDAs are well-suited for the development of affordable housing. Ultimately, issues such as land availability and cost, zoning and land use requirements, and proximity to transportation, services, amenities and schools determine where affordable housing is developed.

Additionally, the federal economic recovery bill passed in December 2020 significantly increased the amount of tax credits available for projects that are financed with 4% LIHTCs. While the increase in these credits will likely be partially offset by a reduction in tax credit yields paid by investors, on a net basis this policy change could result in a \$30-45 million increase in leveraged equity across the portfolio.

Twelve of the 17 projects in the Metro affordable housing bond portfolio that are financed with 4% LIHTCs are located in QCTs or DDAs and receive the 30% increase in LIHTCs.

While all of the 9% and 4% LIHTC projects in the Metro affordable housing bond portfolio have been structured to maximize the use of available LIHTCs, each project sponsor has independently sought out and secured commitments from LIHTC investors to purchase the LIHTCs for the projects. There is variation in the tax credit pricing (yield) which these investors have agreed to pay for the LIHTCs. These tax credit yields vary depending on a number of factors including the type and location of the project, the level of affordability and residents served, the experience and financial strength of the project sponsor, the timing of the pay of the investor equity, the level of capitalized reserves for the project, the structure and sizing of other aspects of financing for the project and the investor's level of interest in the project, the developer and the location of the project relative to the investor's market focus.

The tax credit yields for the projects in the Metro affordable housing bond portfolio ranges from \$0.87 to \$1.02, with an average of \$0.92.

### **Permanent loans**

The Mary Ann uses conventional, taxable, permanent loan in conjunction with the OHCS administered Oregon Affordable Housing Tax Credit (OAHTC) program that provides a state income tax credit for affordable housing loans for which a lender reduces the interest rate by up to four percent for a period of 20 years. The entire benefit of the tax credit must be entirely passed on to reduce tenant rents.

The remaining 16 projects in the Metro affordable housing bond portfolio that are financed with 4% LIHTCs must use tax-exempt private activity bond debt financing for their permanent loans.

Whether the project permanent loan is financed with taxable or tax-exempt debt, project sponsors have secured permanent loans from a wide variety of lenders at differing interest rates and loan terms.

The lenders use underwriting criteria including evaluating the above described ITER and underwriting guidelines like debt service coverage ratio (DSCR, which is calculated by dividing NOI by annual debt service) to size the permanent loan amount for the projects.

The capacity of the projects in the Metro affordable housing bond portfolio to leverage debt is constrained by the program's goals for deep affordability (which was an intentional policy choice). The Metro affordable housing bond serves to fill the funding gap that would otherwise be filled with permanent debt in a less deeply affordable project.

The conventional, taxable, permanent loan for The Mary Ann has an interest rate of 6.00%, a term of 30 years, and a DSCR of 1.20.

The weighted average, minimum and maximum interest rates, loan terms and DSCRs for the tax-exempt, private activity bond financed projects in the Metro affordable housing bond portfolio are included in the following table.

**Terms for tax-exempt, private activity bond debt**  
(Weighted average)

	Interest rate	Loan term	DSCR
Average	4.243%	35 Years	1.27
Minimum	0.000%	20 Years	1.15
Maximum	6.000%	40 Years	3.24

### **Subordinate loans and grant funding**

Subordinate loans and grant funding for the projects in the Metro affordable housing bond portfolio come from OHCS, Metro transit oriented development, local participating jurisdictions and other sources.

There is substantial variability for the projects in the Metro affordable housing bond portfolio as to the extent of project funding provided by grants and subordinated loans.

There is also substantial variability in the extent to which participating local jurisdictions provide subordinate loans and grant funding to finance affordable housing. Some offer little or no financial assistance. Others have an extensive array of financial assistance for the development of affordable housing, including land contribution, subordinate loans and

grants, system development charge (SDC) waivers, building and development fee waivers and property tax and other tax exemptions.

**Grants and subordinated loans**

(% of total cost)

	Grants					Subord. loans
	OHCS	Metro TOD	Local	Other	Total	
Average	2.0%	0.3%	4.2%	0.2%	6.7%	0.5%
Minimum	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Maximum	28.4%	1.8%	34.8%	11.4%	68.1%	5.5%

**Metro affordable housing bond funding**

The combined total project cost and total Metro affordable housing bond funding for the 18 projects in the Metro affordable housing bond portfolio, as well as the weighted average, minimum and maximum total project costs and Metro affordable housing bond funding for individual projects, are included in the following table.

**Total project costs, leveraged funding and**

**Metro affordable housing bond funding**

(Weighted average)

	Total project cost	Leveraged funding		Metro housing bond	
		Total	% of total	Total	% of total
Total	\$727,213,339	\$531,036,139	73.0%	\$196,177,453	27.0%
Average	\$47,975,549	\$35,431,156	73.0%	\$12,544,407	27.0%
Minimum	\$7,041,707	\$5,096,532	63.3%	\$1,739,219	2.2%
Maximum	\$80,233,569	\$78,494,350	97.8%	\$22,910,240	36.7%

The weighted average, minimum and maximum Metro affordable housing bond funding per square foot, per unit and per bedroom for the projects in the Metro affordable housing bond portfolio are included in the following table.

**Metro housing bond funding**

(Weighted average)

	\$/sq. ft.	\$/unit	\$/bedroom
Average	\$104.23	\$95,883	\$55,827
Minimum	\$9.28	\$9,771	\$7,070
Maximum	\$154.98	\$143,000	\$108,103

Housing Bond Portfolio  
Summary

Jurisdiction	Project Name	Total Project Cost	Metro Bond Funding	Affordable Res Sq Ft	Total Sq Ft	Site Area	Number of Buildings	Units					≤30% AMI		2+ Bedroom		Total Bdrms
								Affordable	Other	Total	Eligible	Sec 8	No.	% Tot	No.	% Tot	
Beaverton	Mary Ann	\$21,867,324	\$3,000,000	39,458 SF	69,209 SF	0.44 Ac.	1	54	0	54	54	8	9	16.7%	29	53.7%	86
	Scholls Ferry	\$53,767,111	\$9,000,000	133,180 SF	169,832 SF	9.46 Ac.	3	164	0	164	164	0	12	7.3%	84	51.2%	262
Clackamas	Fuller Road Station	\$47,344,650	\$10,000,000	97,097 SF	129,060 SF	2.08 Ac.	1	99	1	100	99	25	25	25.3%	82	82.8%	203
	Good Shepherd Village	\$53,902,667	\$18,330,000	103,820 SF	127,610 SF	11.00 Ac.	3	141	1	142	141	25	58	41.1%	79	56.0%	242
	Maple Apartments	\$53,041,069	\$15,903,000	145,524 SF	145,524 SF	7.00 Ac.	6	171	0	171	171	70	70	40.9%	129	75.4%	384
Gresham	Albertina Kerr	\$45,238,678	\$11,200,000	78,507 SF	96,500 SF	2.50 Ac.	1	147	0	147	147	30	30	20.4%	31	21.1%	186
Washington	Aloha Housing Devel	\$27,853,500	\$10,230,000	57,864 SF	72,140 SF	1.15 Ac.	1	81	1	82	81	0	33	40.7%	50	61.7%	133
	Goldcrest	\$28,142,095	\$8,700,000	55,412 SF	75,052 SF	2.15 Ac.	1	74	1	75	74	0	14	18.9%	45	60.8%	128
	Basalt Creek	\$43,583,824	\$14,320,000	92,400 SF	92,400 SF	4.66 Ac.	4	116	0	116	116	8	47	40.5%	60	51.7%	194
	Forest Grove Family Hsg	\$10,994,346	\$3,792,088	28,050 SF	28,500 SF	1.36 Ac.	7	36	0	36	36	0	8	22.2%	30	83.3%	72
	Tigard Senior	\$19,209,708	\$6,270,000	34,200 SF	44,350 SF	1.70 Ac.	1	57	1	58	57	23	23	40.4%	0	0.0%	58
	Plaza Los Amigos	\$39,208,557	\$12,830,000	88,030 SF	105,065 SF	9.98 Ac.	1	112	1	113	112	16	26	23.2%	72	64.3%	198
	Terrace Glen	\$48,389,878	\$17,484,000	100,275 SF	143,528 SF	2.88 Ac.	1	144	0	144	144	3	46	31.9%	73	50.7%	235
	Viewfinder	\$32,951,190	\$11,583,000	62,800 SF	87,180 SF	1.11 Ac.	1	81	0	81	81	16	34	42.0%	56	69.1%	147
Hillsboro	Nueva Esperanza	\$47,884,645	\$16,940,731	131,000 SF	140,960 SF	5.93 Ac.	12	149	1	150	149	8	60	40.3%	105	70.5%	310
Portland	Dekum	\$66,558,821	\$22,910,240	151,400 SF	151,400 SF	5.50 Ac.	1	200	0	200	160	0	65	32.5%	80	60.0%	395
	Findley Commons	\$7,041,707	\$1,945,175	11,000 SF	13,150 SF	0.43 Ac.	1	35	0	35	35	20	0	0.0%	0	0.0%	35
	Riverplace Phase 2	\$80,233,569	\$1,739,219	129,234 SF	191,106 SF	0.81 Ac.	1	176	2	178	176	20	17	9.7%	48	27.3%	246
Total		\$727,213,339	\$196,177,453	1,539,251 SF	1,882,566 SF	70.14 Ac.	47	2,037	9	2,046	1,997	272	577	28.2%	1,053	51.5%	3,514
Weighted Average		\$47,975,549	\$12,544,407	102,764 SF	123,681 SF	4.71 Ac.	3	135	1	135	131	17	38	28.3%	69	53.6%	236
Minimum		\$7,041,707	\$1,739,219	11,000 SF	13,150 SF	0.43 Ac.	1	35	0	35	35	0	0	0.0%	0	0.0%	35
Maximum		\$80,233,569	\$22,910,240	151,400 SF	191,106 SF	11.00 Ac.	12	200	2	200	176	70	70	42.0%	129	83.3%	395

Jurisdiction	Project Name	Units Per Acre	Avg % AMI	Avg. Affordable		Cost Efficiency (Total Project)			Bond Subsidy Efficiency (Eligible Units)		Operating Performance (PUPY)			Income to Expense Ratio	Debt Svc Coverage Ratio	Cash Dev Fee	LIHTC Basis Boost	Prevailing Wage Requirement
				Bdrm Size	Unit Size	Per Sq Ft	Per Unit	Per Bdrm	Per Unit	Per Bdrm	EGI	Op Exp	NOI					
Beaverton	Mary Ann Scholls Ferry	123 17	55.0% 57.8%	1.6 1.6	731 SF 812 SF	\$315.96 \$316.59	\$404,950 \$327,848	\$254,271 \$205,218	\$55,556 \$54,878	\$34,884 \$34,351	\$10,149 \$12,022	\$6,123 \$3,678	\$4,026 \$8,344	1.66 3.27	1.20 1.15	6.1% 5.7%	100% 130%	No PWR No PWR
Clackamas	Fuller Road Station	48	53.4%	2.0	981 SF	\$366.84	\$473,447	\$233,225	\$101,010	\$49,751	\$14,457	\$5,680	\$8,776	2.55	1.19	14.7%	130%	D-B & BOLI
	Good Shepherd Village	13	47.7%	1.7	736 SF	\$422.40	\$379,596	\$222,738	\$130,000	\$76,695	\$12,110	\$5,323	\$6,788	2.28	1.15	3.1%	100%	Davis-Bacon
	Maple Apartments	24	47.7%	2.2	851 SF	\$364.48	\$310,182	\$138,128	\$93,000	\$41,414	\$15,224	\$6,221	\$9,003	2.45	1.16	11.3%	100%	D-B & BOLI
Gresham	Albertina Kerr	59	53.9%	1.3	534 SF	\$468.79	\$307,746	\$243,219	\$76,190	\$60,215	\$11,253	\$6,816	\$4,437	1.65	1.32	6.4%	130%	No PWR
Washington	Aloha Housing Devel	71	47.8%	1.6	714 SF	\$386.10	\$339,677	\$209,425	\$126,296	\$78,092	\$9,675	\$6,895	\$2,780	1.40	1.44	7.5%	130%	No PWR
	Goldcrest	35	54.3%	1.7	749 SF	\$374.97	\$375,228	\$219,860	\$117,568	\$69,600	\$11,805	\$7,100	\$4,706	1.66	1.20	8.5%	130%	No PWR
	Basalt Creek	25	47.8%	1.7	797 SF	\$471.69	\$375,723	\$224,659	\$123,448	\$73,814	\$10,375	\$5,158	\$5,217	2.01	1.20	7.2%	130%	No PWR
	Forest Grove Family Hsg	26	53.3%	2.0	779 SF	\$385.77	\$305,399	\$152,699	\$105,336	\$52,668	\$14,244	\$6,183	\$8,061	2.30	1.18	9.4%	100%	No PWR
	Tigard Senior	34	47.9%	1.0	600 SF	\$433.14	\$331,202	\$331,202	\$110,000	\$110,000	\$11,639	\$5,600	\$6,039	2.08	1.20	6.5%	100%	Davis-Bacon
	Plaza Los Amigos	11	53.0%	1.8	786 SF	\$373.18	\$346,978	\$198,023	\$114,554	\$65,459	\$12,204	\$5,968	\$6,236	2.04	1.19	6.2%	100%	Davis-Bacon
	Terrace Glen	50	50.4%	1.6	696 SF	\$337.15	\$336,041	\$205,914	\$121,417	\$74,400	\$10,430	\$5,237	\$5,193	1.99	1.21	4.8%	130%	No PWR
	Viewfinder	73	47.4%	1.8	775 SF	\$377.97	\$406,805	\$224,158	\$143,000	\$78,796	\$12,173	\$6,017	\$6,156	2.02	1.15	13.1%	130%	Davis-Bacon
Hillsboro	Nueva Esperanza	25	47.9%	2.1	879 SF	\$339.70	\$319,231	\$154,467	\$113,696	\$55,002	\$11,077	\$5,708	\$5,369	1.94	1.25	4.9%	130%	No PWR
Portland	Dekum	36	50.3%	2.0	757 SF	\$439.62	\$332,794	\$168,503	\$143,189	\$69,215	\$9,887	\$7,000	\$2,887	1.41	1.50	-6.9%	130%	Davis-Bacon
	Findley Commons	81	60.0%	1.0	314 SF	\$535.49	\$201,192	\$201,192	\$55,576	\$55,576	\$10,351	\$8,036	\$2,315	1.29	3.24	8.3%	130%	Davis-Bacon
	Riverplace Phase 2	220	57.1%	1.4	734 SF	\$428.05	\$450,750	\$326,153	\$9,882	\$7,187	\$11,403	\$6,924	\$4,480	1.65	1.19	6.6%	130%	D-B & BOLI
Weighted Average		54	51.6%	1.7	756 SF	\$387.12	\$355,432	\$206,947	\$98,236	\$57,237	\$11,686	\$5,989	\$5,698	2.02	1.27	6.1%		
Minimum		11	47.4%	1.0	314 SF	\$315.96	\$201,192	\$138,128	\$9,882	\$7,187	\$9,675	\$3,678	\$2,315	1.29	1.15	-6.9%		
Maximum		220	60.0%	2.2	981 SF	\$535.49	\$473,447	\$331,202	\$143,189	\$110,000	\$15,224	\$8,036	\$9,003	3.27	3.24	14.7%		

Note: Project map IDs and cell shading in this table correspond to Figures 6.2 through 6.5 in the 2020 Annual Report

			How are the projects distributed around the region? (see Figure 6.2)	Which projects are in areas where communities of color live today? (see Figure 6.3 and notes A, B and C below)			Which projects are in areas historically inaccessible to communities of color? (see Figure 6.4 and notes A, B and C below)		Which projects are in areas with limited regulated affordable housing? (see Figure 6.5 and notes A and D below)		How is the physical access near each project? (see notes E and F below)			
Map ID	Project name	Eligible units	County	People of color (vs. regional rate of 27.3%)		Combined POC and LEP, vs. regional rates	People with limited English proficiency (vs. regional rate of 7.9%)		People of color (vs. regional rate of 27.3%)		Affordable housing share (vs. regional rate of 5.4%)	Access to transit (miles to nearest stop/station)		Walkscore
				Estimate	MOE		POC / LEP	Estimate	MOE	Estimate		MOE	MAX ½ mi	
1	The Mary Ann	164	Washington	42%	±7%	> / >	16%	±5%	42%	±7%	4.6%	0.3	0.1	93
2	Webster Road	48	Clackamas	15%	±5%	≤ / ≤	5%	±3%	15%	±5%	0.3%	3.1	1.3	53
3	Dekum Court	160	Multnomah	31%	±4%	≥ / ≤	2%	±1%	31%	±4%	2.9%	2.1	0.1	52
4	Viewfinder	81	Washington	23%	±9%	≤ / ≤	5%	±6%	23%	±9%	11.4%	4.5	0.2	59
5	Scholls Ferry Apartments	54	Washington	38%	±5%	> / >	14%	±4%	38%	±5%	0.0%	5.1	3.8	8
6	Aloha Housing Development	81	Washington	42%	±5%	> / ≥	9%	±4%	42%	±5%	7.0%	1.1	0.1	74
7	Goldcrest	74	Washington	28%	±6%	≤ / ≤	7%	±4%	28%	±6%	0.0%	4.8	3.4	11
8	Basalt Creek	116	Washington	28%	±6%	≤ / ≤	3%	±1%	28%	±6%	0.0%	8.8	1.9	14
9	Forest Grove Family Housing	36	Washington	25%	±6%	≤ / ≤	2%	±2%	25%	±6%	6.7%	5.9	0.5	61
10	Tigard Senior Housing	58	Washington	28%	±6%	≤ / ≥	8%	±4%	28%	±6%	8.3%	5.0	0.2	51
11	Plaza Los Amigos	113	Washington	48%	±5%	> / >	16%	±4%	48%	±5%	2.6%	2.7	0.2	58
12	Terrace Glen	144	Washington	28%	±9%	≤ / ≥	10%	±5%	28%	±9%	2.0%	3.1	0.1	70
13	Fuller Station	99	Clackamas	45%	±7%	> / >	15%	±6%	45%	±7%	5.7%	0.1	0.1	65
14	Good Shepherd Village	141	Clackamas	30%	±4%	≥ / ≤	6%	±2%	30%	±4%	0.0%	3.7	3.7	30
15	Maple Apartments	171	Clackamas	11%	±6%	≤ / ≤	2%	±2%	11%	±6%	11.7%	7.0	0.7	35
16	Findley Commons	35	Multnomah	24%	±6%	≤ / ≤	4%	±3%	24%	±6%	0.9%	2.0	0.1	89
17	Riverplace Parcel 3 Phase 2	176	Multnomah	27%	±8%	≤ / ≥	9%	±5%	27%	±8%	18.1%	0.3	0.2	73
18	Nueva Esperanza	149	Washington	47%	±9%	> / ≤	7%	±3%	47%	±9%	3.1%	0.4	0.4	34
19	Albertina Kerr	147	Multnomah	49%	±8%	> / >	15%	±6%	49%	±8%	7.8%	0.5	0.5	54

Percent of Total Eligible Units							
22% Clackamas	39% > regional	39% > regional	28% > regional	11% < regional	19% none	21% FS Bus and MAX	27% score ≥ 70
25% Multnomah	15% ≥ regional	33% ≥ regional	22% ≥ regional	35% ≤ regional	40% < regional	47% FS bus or MAX	43% score 50-69
52% Washington	46% ≤ regional	27% ≤ regional	49% ≤ regional	54% ≥ regional	41% > regional	31% neither	30% score < 50

> or ≥ region for either POC or LEP

Abbreviations: FS = frequent service; LEP = limited English proficiency; MOE = margin of error; POC = people of color.

Notes on data sources and assumptions

- A Regional rates are calculated based on Metro's jurisdictional boundary.
- B People of color and people with limited English proficiency (people age 5 and older who speak English less than "very well") use the American Community Survey 2014-2018 5-year estimate, by tract.
- C The darkest cell shading for people of color or people with limited English proficiency means greater (or less) than the regional rate by more than the MOE. Middle shades are greater (or less) than the regional rate but within the MOE.
- D Affordable housing share is based on Metro's inventories of affordable housing (2020), multifamily housing (2020), and single-family housing (2019, beta).
- E Access to transit is calculated based on linear distance ("as the crow flies"), using Metro's data on existing transit (RLIS).
- F Walkscore is calculated at <https://www.walkscore.com>. A score of 50-69 is "somewhat walkable" and a score of 70+ is "very walkable" or "walker's paradise"

EXHIBIT E: EXPENDITURES REPORT

Quarter 4 Metrics

Project Name	Location	Implementation Partner	Developer	General Contractor	Number of units			Metro bond funds	Metro bond subsidy per bond eligible unit	Total Project Costs*	Total cost per total unit	Total bedrooms ****	Total cost per total bedrooms	Percent of bond eligible units at 30% AMI	Percent of bond eligible units with 2+ bedrooms	Contracting goal (% of total hard costs to be awarded to COBID firms)	Prevailing wage?	Status (concept endorsement, final approval or groundbreaking)
					Total	30% AMI	2+BR											
Mary Ann	Beaverton	Beaverton	REACH	Walsh	54	11	29	\$ 3,000,000	\$55,556	\$21,867,324	\$404,950	86	\$254,271	20%	54%	20%	no	Under construction (anticipated to
17811 Scholls Ferry Rd	Beaverton	Beaverton	Wishcamper	not yet	164	12	84	\$ 9,000,000	\$54,878	\$51,923,724	\$316,608	262	\$198,182	7%	51%	20-30%	TBD	Concept endorsement 07/2020
Webster Road**	Gladstone	Clackamas	Housing Authority of Clackamas County	Walsh	45	45	0	\$6.9 M	\$151,319	\$17.9 M	\$397,778	45	\$397,778	100%	0%	20%	yes (Davis Bacon)	Concept endorsement 07/2019
Fuller Rd Station Family	Unincorporate	Clackamas	GSA (Anna Geller), GRES (Thomas Brenneke)	Alex	100	25	83	\$ 10,000,000	\$100,000	\$47,223,075	\$472,231	209	\$225,948	25%	83%	20%	yes (Davis Bacon and BOLI)	Final approval 12/2020
Good Shepherd Village	Happy Valley	Clackamas	Caritas Housing + Catholic Charities	Walsh	141	58	79	\$ 18,330,000	\$130,000	\$53,902,667	\$382,288	239	\$225,534	41%	56%	25%	yes (Davis Bacon)	Concept endorsement 08/2020
Maple Apartments	Oregon City	Clackamas	Community Development Partners and Hacienda	LMC	171	70	129	\$ 15,903,000	\$93,000	\$53,041,069	\$310,182	384	\$138,128	41%	75%	20%	yes (Davis Bacon)	Concept endorsement 08/2020
Dekum Court	Portland	Home Forward	Home Forward	Walsh	160***	65	80	\$22.9 M	\$143,089	\$65.9 M	\$329,253	254	\$259,254	41%	40%	20%	yes (Davis Bacon)	Concept endorsement 07/2019
Aloha Housing	Beaverton	Washington	BRIDGE	tbd	81	34	56	\$ 12,890,152	\$159,138	\$27,853,500	\$343,870	131	\$212,622	41%	62%	25-30%	no	Concept endorsement 09/2020
South Cooper Mountain	Beaverton	Washington	BRIDGE	tbd	75	12	46	\$ 8,700,000	\$116,000	\$28,142,095	\$375,228	125	\$225,137	16%	61%	25-30%	no	Concept endorsement 09/2020
Basalt Creek	Tualatin	Washington	CPAH	LMC	116	47	60	\$ 14,320,000	\$123,448	\$43,583,824	\$375,723	194	\$224,659	41%	52%	25%	no	Concept endorsement 09/2020
Forest Grove Family	Forest Grove	Washington	DCM Communities	LMC	36	8	30	\$ 3,792,088	\$105,336	\$10,994,346	\$305,399	72	\$152,699	22%	83%	35%	no	Concept endorsement 09/2020
Tigard Senior Housing	Tigard	Washington	NHA	Walsh	58	23	0	\$ 6,270,000	\$108,103	\$19,209,708	\$331,202	57	\$337,012	40%	0%	30%	yes (Davis Bacon)	Concept endorsement 09/2020
Plaza Los Amigos	Cornelius	Washington	REACH	LMC	113	26	73	\$ 12,830,000	\$113,540	\$39,208,808	\$346,981	198	\$198,024	23%	65%	35%	yes (Davis Bacon)	Concept endorsement 09/2020
Terrace Glen	Tigard	Washington	Related Northwest	Walsh	144	43	73	\$ 17,484,000	\$121,417	\$48,389,878	\$336,040.82	259	\$186,834	30%	51%	20-25%	no	Concept endorsement 09/2020
Viewfinder	Tigard	Washington	Community Development Partners	Bremik	81	33	55	\$ 11,583,000	\$143,000	\$32.9 M	\$405,844	157	\$209,385	42%	68%	20%	yes (Davis Bacon)	Under construction (anticipated to open in Fall 2021 )
Findley Commons*****	Portland	Portland	Home First Development	Beaudin	35	0	0	\$ 1,945,175	\$55,576	\$7,041,707	\$201,192	35	\$201,191.63	0%	0%	25%	yes(Davis Bacon)	Under construction (anticipated to open in July 2021)
Riverplace	Portland	Portland	BRIDGE	Walsh	176	17	48	\$ 1,739,219	\$9,882	\$80,268,263	\$456,069.68	242	\$331,687.04	10%	27%	30%	yes(BOLI)	Final approval 10/2020
Nueva Esperanza	Hillsboro	Hillsobro	Bienestar, Housing Development Corporation	LMC	149	60	105	\$ 16,940,731	\$113,696	\$47,884,645	\$321,373.46	308	\$155,469.63	40%	70%	20-35%	no	Concept endorsement 11/2020

*\*Total project costs reflect most recent estimates provided. These will be updated within 1-3 months prior to anticipated groundbreaking, as projects are submitted for final funding approval.*

*\*\*\$2.6 million was disbursed to Clackamas County to acquire the property. An additional funding request is expected in fall 2020 for the rehabilitation. A preliminary estimate of \$4.2 million in rehabilitation costs was provided by Housing Authority of Clackamas County in Spring 2020; a refined request is expected in Fall 2020.*

*\*\*\*Number of units for Dekum Court only reflects Metro bond funded units. In addition to 160 units eligible for Metro funding, the site will also include 40 units of "replacement housing" for public housing units currently on the site, for a total of 200 units.*

*\*\*\*\*Counting studio units as one bedrooms*

*\*\*\*\*\*This project counts with VASH vouchers for the 20 one bedroom apartments. VASH units may have incomes up to 50% MFI. For this reason, we are not counting these 20 units towards the 30% AMI unit progress.*

## METRO AFFORDABLE HOUSING BOND

Financial Report Through December 2020

### FINANCIAL SUMMARY

<b>TOTAL REVENUE:</b>	<b>\$676,869,711</b>
<b>TOTAL EXPENSES and DISBURSEMENTS:</b>	<b>\$38,885,803</b>
<b>TOTAL COMMITTED:</b>	<b>\$182,101,766</b>
<b>TOTAL FUNDING AVAILABLE</b>	<b>\$455,882,142</b>

### REVENUE

	<b>FY 2018 - 2019</b>	<b>FY 2019 - 2020</b>	<b>FY 2020-21</b>	<b>TOTAL REVENUE</b>
Bond Proceeds	\$652,800,000			\$652,800,000
Premiums on Bonds	\$2,630,335			\$2,630,335
Interest Earnings	\$250,129	\$15,809,567	\$5,379,680	\$21,439,376
<b>TOTAL REVENUE:</b>	<b>\$655,680,464</b>	<b>\$15,809,567</b>	<b>\$5,379,680</b>	<b>\$676,869,711</b>

<- "Premiums on Bond" & "Interest Earnings" not included in Work Plan Funding = \$24,069,711

## EXHIBIT E: EXPENDITURES REPORT

### EXPENSES

PROJECTS	FY2018-2019 Expended or Disbursed	FY2019-2020 Expended or Disbursed	FY 2020-2021 Expended or Disbursed	Committed -- Not Yet Disbursed	TOTAL EXPENDED, DISBURSED or COMMITTED	WORK PLAN FUNDING	% of Work Plan Funding Expended, Disbursed or Committed
<b>Jurisdiction:</b>							
Beaverton	\$0	\$3,000,000		\$9,000,000	\$12,000,000	\$ 31,140,595	38.53%
Clackamas County	\$2,609,333	\$0		\$48,515,555	\$51,124,888	\$ 116,188,094	44.00%
Gresham	\$0	\$0	\$12,300,000		\$12,300,000	\$ 26,756,995	45.97%
Hillsboro	\$0	\$0		\$16,940,731	\$16,940,731	\$ 40,657,081	41.67%
Home Forward (East Multnomah Co.)*	\$0	\$0				\$ 15,879,123	0.00%
Portland*	\$0	\$0	\$3,684,394	\$22,894,240	\$26,578,634	\$ 211,056,579	12.59%
Washington County	\$0	\$0	\$11,583,000	\$84,751,240	\$96,334,240	\$ 116,465,532	82.71%
Metro Site Acquisition Program	\$0	\$156,108	\$27,957		\$184,065	\$ 62,016,000	0.30%
<b>TOTAL ACTUAL &amp; COMMITTED PROJECT EXPENSES:</b>	<b>\$2,609,333</b>	<b>\$3,156,108</b>	<b>\$27,595,351</b>	<b>\$182,101,766</b>	<b>\$215,462,558</b>	<b>\$ 620,160,000</b>	<b>34.74%</b>

\*Home Forward's Dekum Court project is reflected under the Portland allocation and commitments, since funding for this project was part of the funding initially allocated to City of Portland.

ADMINISTRATIVE	FY2018-2019 Expended or Disbursed	FY2019-2020 Expended or Disbursed	FY 2020-2021 Expended or Disbursed	TOTAL EXPENDED or DISBURSED	WORK PLAN FUNDING	% of Work Plan Funding Expended or Disbursed	Project Delivery Fee **
<b>Jurisdiction:</b>							
Beaverton	\$80,000	\$143,898	\$0	\$223,898	\$655,591	34.15%	
Clackamas County	\$0	\$489,213	\$0	\$489,213	\$2,446,065	20.00%	
Gresham	\$0	\$0	\$140,826	\$140,826	\$563,305	25.00%	
Hillsboro	\$0	\$171,188	\$0	\$171,188	\$855,939	20.00%	
Home Forward (Multnomah County)	\$0	\$0	\$0	\$0	\$334,297	0.00%	
Portland	\$0	\$0	\$0	\$0	\$4,443,296	0.00%	\$84,094
Washington County	\$148,690	\$460,000	\$460,000	\$1,068,690	\$2,451,906	43.59%	
Metro Site Acquisition Program	\$3,869	\$0	\$0	\$3,869	\$1,305,600	0.30%	
<i>Metro Accountability and Financial Transaction Costs</i>							
One-Time Financial Issuance	\$1,867,934	\$0	\$0	\$1,867,934	\$13,056,000	26.25%	
Ongoing Financial Management Costs	\$26,048	\$207,178	\$63,489	\$296,716			
Accountability and Oversight	\$26,695	\$743,020	\$492,963	\$1,262,678			
Reserved for Future Allocations					\$6,528,000	0.00%	
<b>TOTAL ACTUAL &amp; COMMITTED ADMINISTRATIVE EXPENSES:</b>	<b>\$2,153,236</b>	<b>\$2,214,497</b>	<b>\$1,157,278</b>	<b>\$5,525,011</b>	<b>\$32,640,000</b>	<b>16.93%</b>	<b>\$84,094</b>

\*\* PHB's Project Delivery Fee is an administrative reimbursement, not paid for by Metro's Affordable Housing Bonds

## EXHIBIT F: COMMUNITY ENGAGEMENT – SUPPLEMENTAL INFORMATION

### Further demographic information

Implementing partners reported a total of at least 470 participants in their engagement activities through December 2020. Some progress reports described engagement for local implementation strategies as well as Phase 1 projects and others that occurred prior to the development and publication of Metro’s guidelines for reporting on community engagement, which include an expectation that demographic information be (voluntarily) collected during engagement activities. Because of this, the true total is likely higher, and more thorough demographic information will be available for 2021 and beyond.

In spite of a lack of specific data for many engagement activities, most implementing partners reported engagement of people of color. The percentage of people of color participants in activities ranged from 31% to 100%, with four activities reporting 100% BIPOC participation, one reporting 95% and another five reporting at least 50%. Engagement of immigrants and refugees was described second-most often, in half the reports. One activity reported 100% immigrant participation and another two reported at least 50% immigrant participation.

*“The City of Beaverton was able to hear feedback from over 200 people. Sixty-nine percent of those who attended feedback events were people of color, where demographic information was provided.” – City of Beaverton*

Engagement of seniors and people with disabilities, people with experiences of housing instability and houselessness, people with low incomes, people with limited English proficiency and people of all genders was referenced in one quarter to half the reports. One activity showed over 50% participation of people who have been houseless or lived in low income housing. One activity engaged 50% women and 50% men and another was mostly women with one nonbinary person and two men.

Engagement of existing tenants in acquired buildings occurred in one project (the only project with existing tenants). Engagement of domestic violence survivors and varying age groups was also described.

### Themes beyond the four top themes described

Other themes mentioned multiple times included needs for: very low income units, fully ADA accessible units, project to be well connected to surrounding neighborhood including features for pedestrian safety, access to transit and access/proximity to neighborhood amenities and services. Parking came up once as a need of future residents, and three times as a concern of neighbors.

Themes that were mentioned once or twice include these from particular cultural communities/priority populations: closed floor plans (Somali communities may prefer kitchens separated from living spaces), boot washing stations for agricultural workers, units and programming for seniors, play areas centrally located/family sized units near outdoor space for easy monitoring and safety of children, low barrier screening criteria, and bathtubs even in small units.

### **Evaluation (optional this year on jurisdiction partner reports)**

One report, Washington County's, included explicit evaluation of effectiveness of engagement efforts: "At one listening session the [desired] number of participants was not met due to participants having last minute scheduling conflicts and technological issues (issues with connecting to Zoom, internet connection). Learning for the future based on this experience include recruiting more participants or having alternates for participants who cannot attend the meeting, sending the participants more reminders in the days leading up to sessions, and having the facilitators do more thorough Zoom assistance check-ins prior to the session."

EXHIBIT G: LEVERAGED FUNDS BY TYPE OF SOURCE

	4% LIHTC	9% LIHTC	Local housing account program	Weatherization funds	OHCS Multifamily Energy Program	OHCS Agricultural Worker Housing Tax Credits	Local housing trust fund	Local design grant	Predevelopment grant	Business Oregon Brownfields	Energy Trust	County HOME Funds	Metro TOD Funds	Donated land	City development bonus	Fee waivers (SDC)	CET	Others
Beaverton																		
Mary Ann (Phase 1)		x	x		x		x	x	x	x	x	x						
17811 SW Scholls Ferry Road	x			x														
Clackamas County																		
Fuller Road Station	x				x							x	x					
Good Shepherd Village	x				x									x	x			
Maple Apartments	x				x	x												
Gresham																		
Albertina Kerr	x				x													
Hillsboro																		
Nueva Esperanza	x				x													
Portland																		
Findley Commons																x	x	Meyer Memorial Trust, Portland Bureau of Planning and Sustainability, Church Land Lease
Riverplace			x										x			x		Veterans OHCS
Dekum Court (Phase 1)	x																	Home Forward Reserves, Land
Washington County																		
Aloha Bridge	x			x							x		x					
Goldcrest	x				x						x	x				x		City of Beaverton funds
Basalt Creek	x			x														OHCS PSH funds
Forest Grove	x			x														
Tigard Senior	x			x									x					
Plaza Los Amigos	x			x								x				x		Freddie TEL
Terrace Glen	x			x									x					Cash
Viewfinder (Phase 1)	x															x		Property Tax Abatement