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Metro affordable housing bond program

2021 annual report

June 30, 2022

Photo of the Viewfinder in Tigard, courtesty Cheryl McIntosh, Quanta Collectiv.

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Memo

Metro
600 NE Grand Ave.
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Date: Thursday, June 30, 2022
To: Metro Council
From: Metro Affordable Housing Bond Community Oversight Committee
Subject: 2021 Annual Report

A report to the Metro Council and the community from the Metro Affordable Housing Bond Community Oversight Committee

Over the past several 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. The committee also reviews quarterly progress and expenditure reports on an ongoing basis to monitor and evaluate progress toward production and policy goals outlined in the Metro Council's adopted policy framework for the measure.

Key highlights

We are pleased to report that the Metro affordable housing bond program is **making significant progress toward delivering on the promises made to voters.** The annual report highlights production and policy outcomes through December 2021, but we wanted to highlight updated production numbers through June 2022 here.

- As of June 2022, there are **3,179 new homes in the pipeline for community members in need** as a result of investments through Metro's 2018 affordable housing bond. A total of 1,353 homes are either under construction or have been completed and are in the leasing process. An additional 1,826 homes are in development planning and design and planning to break ground in the next year.
- This progress puts the region **82% of the way toward the goal of 3,900 new homes**, 77% of the way toward the goal of 1,600 homes regulated for affordability to extremely low income households making 30% AMI or below, and 84% of the way toward the goal of 1,950 homes sized for families, with 2 or more bedrooms— with only 56% of funds committed. Metro expects all remaining bond funds to be committed by 2026.

Over the past year, Metro and partners took significant steps to respond to emerging opportunities and challenges, including expanding permanent supportive housing commitments and ensuring adequate cooling systems:

- Passage of the 2020 regional supportive housing services measure represents a game-changing opportunity to ensure that housing bond investments are aligned with broader efforts and funding to address homelessness. Over the past year, Metro and partners have made significant progress toward **expanding permanent supportive housing (PSH) across the housing bond pipeline.**

Continued on next page

Key highlights, continued

Supportive housing pairs a physical housing unit funded by the bond with ongoing rental assistance and wraparound services to meet the needs of households experiencing homelessness. As of June 2022, the bond pipeline includes 595 PSH units that are leveraging ongoing funding from a range of federal and local resources, including Metro's supportive housing services (SHS) funding measure.

- Metro and partners moved quickly to respond to lessons learned from last summer's deadly heat wave by ensuring that **in-unit air conditioning will be incorporated for all bond funded buildings moving forward**. With additional funding commitments from Metro, partners have made progress in incorporating in-unit cooling in a way that balances considerations for cost and sustainability with the need to ensure adequate cooling for a warming climate.

Analysis and reporting as of December 2021 demonstrates that Metro and implementation partners are making significant progress toward goals of advancing racial equity throughout construction and lease up and ensuring safety and livability for future residents. More work is needed to monitor and evaluate outcomes. Key findings include:

- Development projects are geographically distributed across the region and **project locations reflect consideration for the goals of affirmatively furthering fair housing access**, with 38% of homes located in places with lower than the regional average rate of regulated affordable housing per capita. Transportation access remains a challenge in some locations, with only **70% of homes located in areas with access to frequent service transit.**
- Development projects are **on track to meet or exceed the regional goal of at least 20% of construction contract funding going to state certified minority, women, and emerging small businesses.** More work is needed to ensure that affordable housing investments can tackle broader workforce equity issues, which also require upstream investments to create a pipeline of diverse workers. Moving forward, Metro should seek opportunities to apply the Construction to Career Pathways Project to affordable housing development.
- Projects include **strong plans and partnerships aimed at affirmatively marketing housing opportunities and ensuring that households don't face barriers in accessing housing.** There is anecdotal evidence that projects are successfully getting the word out about these housing opportunities, but the true measure of success will be in the evaluation of who is housed through these investments. Post-occupancy demographic data will be included in future reports once buildings have leased up.

Looking forward

Along with significant progress, the past year has brought **new challenges related to shifts in the financial and funding landscape**, including unprecedented cost escalation due to supply chain challenges and labor shortages, rising interest rates, and constraints in the availability of state-issued private activity bonds (PABs). Private activity bonds are tax exempt bonds that are required for financing 4% Low Income Housing Tax Credits (LIHTC). While this resource was historically undersubscribed, Oregon has recently joined 20 other states in reaching a point at which demand for 4% LIHTC exceeds the state's federal allocation of PABs needed to finance them. It's important for the Council to recognize the risk posed by the combination of PAB limitation and cost escalation caused by dramatic inflation; the ability for bond resources to continue to outpace goals committed to voters has become less likely, particularly because unit production was forecasted in a different development environment.

Strong coordination and alignment among local and state partners, combined with appropriate contingency planning, will be essential to ensure that partners can successfully navigate these challenges. In order to ensure that homes will be delivered on the scale and within the timeline committed to voters, it is imperative that Metro and partners advocate for the state to ensure that all PABs are prioritized for affordable housing, and that projects with PSH and 30% AMI units are further prioritized.

In addition to these shifts in the funding and financial landscape, the next year will see many more projects under construction and beginning to lease up, so this is a critical time frame in which to continue to support PSH commitments and effective practices to ensure equitable access to affordable housing.

With these challenges and opportunities in mind, the Oversight Committee recommends the following priority focus areas for the coming year:

- Work with state and local partners to **advocate for state/federal solutions and support statewide coordination and alignment to address PAB volume cap and cost escalation challenges.**
- Work with partners to **identify and support opportunities for continued PSH and SHS integration**, including planning for implementation of up to $25 million in housing bond interest earnings that has been allocated to support investments in PSH.
- Work with partners to support **effective equitable lease up practices**, and evaluate opportunities for ongoing capacity building and increased accountability in this area.

Finally, it's also important to recognize the important role that local regulatory and policy tools play in eliminating barriers to housing production and supporting the feasibility of affordable housing development projects. Much work has been done in recent years to share information about effective tools and policies, recognizing that each jurisdiction faces unique challenges and one-size-fits-all approaches won't work. More can be done at the local level to create zoning and regulatory environment that welcomes housing production at all levels and especially affordable housing for those with the lowest incomes. With the implementation of Oregon House Bill 2003, which requires local jurisdictions to study housing needs and develop strategies to address them, there will important opportunities in coming years to expand local tools that contribute to housing production. The Oversight Committee recommends that Metro support local elected bodies in facing any political challenges that may arise when local regulations are changing to meet housing goals.

It is our honor to serve in this capacity and we'd like to thank Metro and jurisdictional partner staff for their hard work, professionalism, and responsiveness to our questions.

Thank you,

Jenny Lee (Co-chair)	Steve Rudman (Co-chair)	Kira Cador
Brandon Culbertson	Melissa Erlbaum	Mitch Hornecker
Ann Leenstra	Mara Romero	Andrea K. Sanchez
Karen Shawcross	Nicole Stingh	Trinh Tran
Juan Ugarte Ahumada	Tia Vonil	

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INTRODUCTION

On November 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 partners in community, government and business have worked together to deliver the results sought by voters. And we have great news to share.

The purpose of this report is to summarize implementation progress for the Metro affordable housing bond. This report summarizes implementation progress through December 2021, building upon and aggregating information provided in progress reports from seven local implementing partner jurisdictions plus Metro's site acquisition program. Specifically, the report includes:

- Summary of local and regional progress toward unit production targets, funding commitments and expenditures;
- Analysis of progress to advance racial equity through geographic distribution of investments, commitments for equitable contracting and hiring, low-barrier screening, affirmative marketing and strategies to provide ongoing services to meet the needs of residents;
- Activities and outcomes for community engagement to ensure that feedback from communities of color and other historically marginalized groups meaningfully shapes project outcomes to meet their needs; and
- Financial analysis of the current development pipeline to analyze efficient use of subsidy and alignment with leveraged funds to maximize the benefits of these investments for the vulnerable groups they intend to serve.

BACKGROUND

Implementation of the housing bond is guided by a framework that was developed through months of engagement with partners and community members in 2018, leading up to its 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, inclusive workforce, tenant marketing and screening and resident and/or supportive services 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 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 harmed by housing discrimination and lack of access to safe, stable, affordable homes, 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 through its ambitious goals for family-size and deeply affordable homes. The program also prioritizes 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 partner jurisdictions

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 regional goals. Jurisdictions are responsible for administering funds 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 concept and final stages to ensure alignment with program requirements and contribution to the production outcomes promised to voters. In addition, Metro directly invests housing bond funds through its site acquisition program, which works to strategically acquire sites and invest in development of the sites for affordable housing in collaboration with local implementation partners.

Work plan and local implementation strategies

In 2019, the Metro Council adopted a housing bond 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 community engagement. 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 input informs projects.

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 for approval by Metro Council. During this time, the committee also identified considerations for ongoing monitoring and evaluation (see *Exhibit J*). In 2020, the committee monitored early implementation, and in 2021 the committee submitted its first report to Metro Council. The first annual report contained a set of recommendations that included a charge to "do more with more" and seek opportunities for integration with supportive housing services funding (*Exhibit H*).

Funding requirements and intergovernmental agreements

The Metro Council approved local strategies as part of intergovernmental agreements with each local implementation partner jurisdiction 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 approval stages.
- All funded projects will have a regulatory agreement ensuring long-term affordability and monitoring obligations for a term of at least 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 progress 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 did not seek funds for that project until later in 2021).

Funding allocation

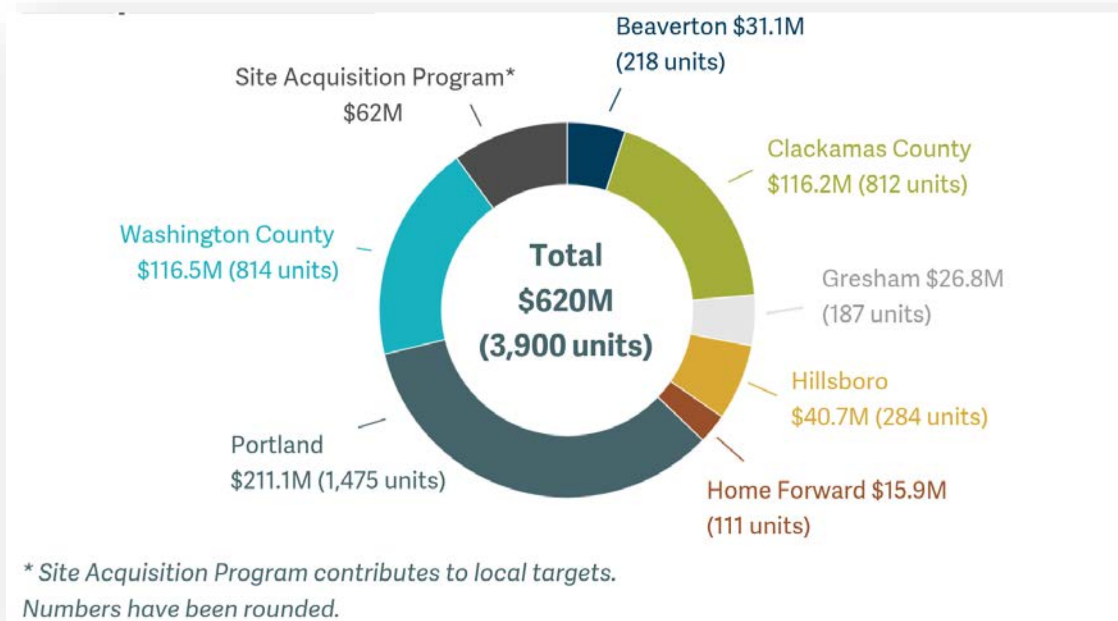
As stipulated in the housing bond framework adopted by the Metro Council in 2018, funding is allocated region-wide based on assessed value of property in each of the three counties. A total of $620,016,000 in funding is allocated to support investments in property acquisition and development.

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.

Workplan allocation

Figure 2.1 Work plan distribution of funding and production targets



Administrative funding

The measure included an administrative funding cap of five percent, 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 implementing partner administration costs across all seven implementing partners plus 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 2.2 Work plan distribution of administrative funding

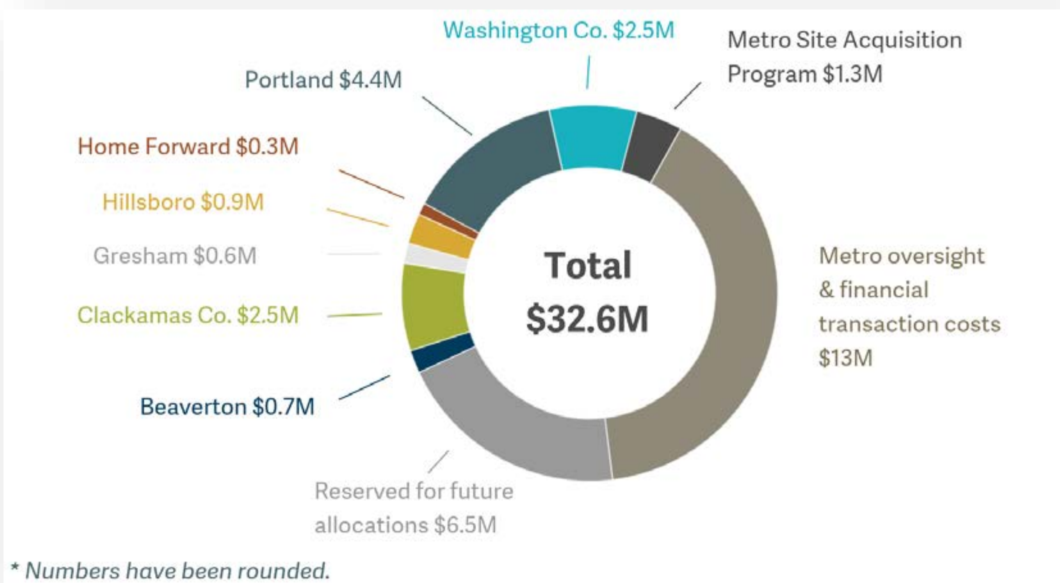


Exhibit A provides a summary of expenditures through December 2021.

Targets and metrics

Clear metrics are essential to evaluate success in achieving the goals and objectives defined in the policy framework for the Metro housing bond. 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, 34% in Washington County and 45% in Multnomah 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 metrics to support program evaluation and future policy discussions. These metrics relate to the following areas:

- Community engagement outcomes, including demographics of participants
- Location outcomes related to access, fair housing and community stabilization
- Outreach to MWESB/COBID (Certification Office for Business Inclusion and Diversity)
- Construction workforce diversity
- Affirmative marketing activities and outcomes (e.g., referral sources)
- Screening and lease-up outcomes (e.g., application denials)
- People served and resident diversity
- Efficient use of subsidy

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 this data was not yet reported for any projects as of December 2021.

Supportive housing services measure

In May 2020, voters in greater Portland passed a marginal income tax and net profits business tax to fund supportive housing services, 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 program, 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, with a particular focus on providing permanent supportive housing. This report includes information about permanent supportive housing.

2021 POLICY EFFORTS

Continuous improvement and adaptation is essential to support regional alignment and coordination and to respond to emerging challenges and opportunities. Key policy and program refinement work undertaken in 2021 is summarized below. These policy efforts directly relate to recommendations provided by the Housing Bond Community Oversight Committee as part of its annual report to the Metro Council in May 2021.

- **New policy guidance and funding for in-unit cooling:** Following the historic heat wave of June 2021 and the tragic loss of life that occurred, Metro took action to provide additional policy guidance strongly encouraging partner jurisdictions and providers to incorporate in-unit air conditioning into all bond-funded buildings. Additionally Metro allocated $8 million from affordable housing bond interest earnings to support additional investments in air conditioning. Of the 31 total projects currently in the affordable housing bond portfolio, 22 have planned to include in-unit air conditioning, and 8 projects are evaluating including in-unit air conditioning based on the new Metro funding available. All jurisdictions have committed to ensuring inclusion of in-unit air conditioning for new projects going forward.

- **Allocation of additional funding for permanent supportive housing:** Metro identified up to $25 million in affordable housing bond interest earnings for potential investment in permanent supportive housing (PSH), with a focus on acquisition-based strategies such as hotel acquisitions that could leverage funding from the supportive housing services measure for ongoing rental assistance and wraparound services. In 2022, Metro staff are working with counties to understand opportunities for additional PSH investments, with a focus on acquisition-based strategies such as hotel/motels that could be acquired for conversion into long-term affordable housing at a lower cost and faster pace than new construction. No decisions have been made regarding allocation of this funding.

- **New developer fee policy guidance to support fiscal stewardship and racial equity:** In 2021, Metro engaged local implementing jurisdictions and developers to inform the creation of regional guidelines for the net cash developer fee. The guidelines are intended to ensure consistency and fairness in developer compensation across the region while aligning with the program's core values of fiscal stewardship and advancing racial equity. The new fee guidelines took effect on March 1, 2022. A summary of the policy guidance, including research and analysis of considerations and engagement that informed the policy, is included in *Exhibit G*.

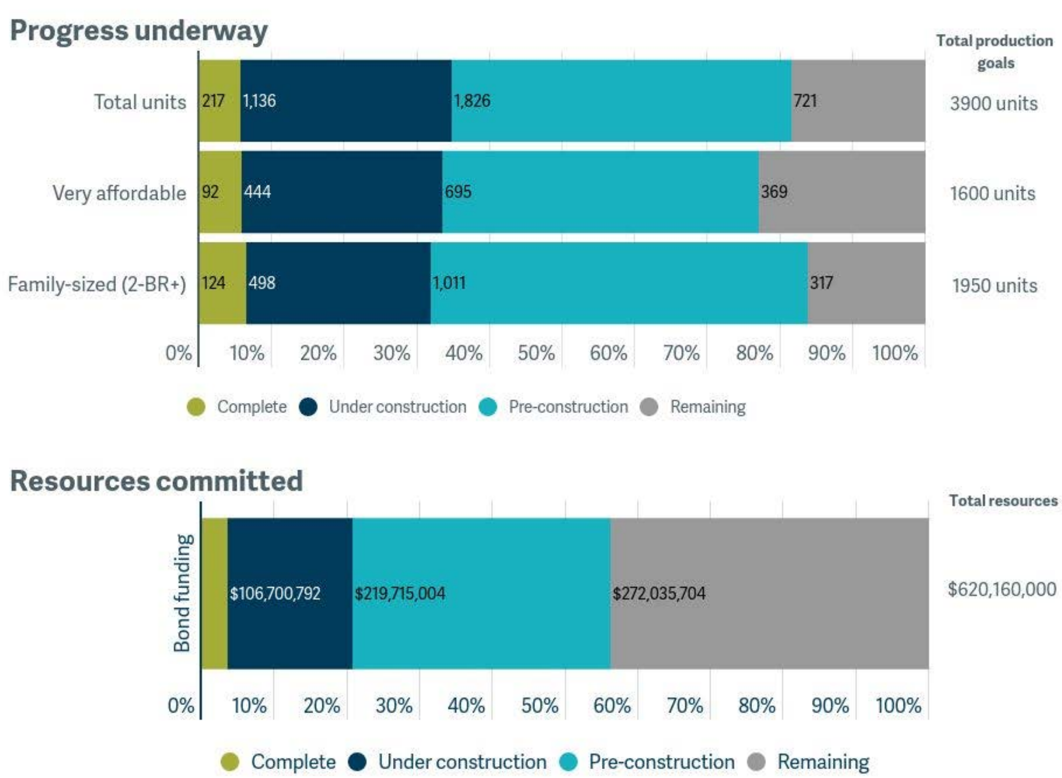
- **Technical assistance funding for equitable contracting and workforce:** Both the Housing Bond Community Oversight Committee and the Metro Council have expressed interest in seeking opportunities to support implementing partners in building capacity to advance equitable contracting and workforce outcomes. In 2021, program staff met with jurisdictions to discuss capacity needs and technical assistance opportunities to support their ability to track, report on and advance outcomes for equitable contracting and workforce diversity. Through these conversations, jurisdictions identified challenges related to the construction workforce pipeline as well as COBID certified firms. Local implementing partners with no history of tracking contracting and workforce also noted capacity challenges in operationalizing tracking systems. As part of these conversations, two jurisdictions expressed interest in additional technical assistance funding. Staff are working to provide small technical assistance grants to support the following investments in capacity:
    - $25,967 to support Clackamas County to acquire and set up new software for tracking and reporting on contracting and certified payroll information.
    - $18,000 to support Beaverton, Hillsboro and Washington County in partnering with LatinoBuilt to help 10 local businesses become COBID-certified.

UNIT PRODUCTION PROGRESS

The bond program is on track to meet the goal of creating 3,900 affordable homes, including 1,950 family-size homes and 1,600 homes regulated for affordability to households making 30% of area median income or below. As of December 2021, over $330 million in bond funding, or 53% of allocated funds, had been committed to support 3,013 new affordable homes, or 77% of the total production target. These new homes include 1,147 units regulated for affordability to households with incomes at or below 30% AMI (area median income), which is 71.6% of the housing bond's goal of 1,600 deeply affordable units, and 1,507 family-size units, which is 77.2% of the goal of 1,950 family-size units (two or more bedrooms). In greater Portland, 30% of AMI is an annual income of $20,300 for a household with one person, or $29,000 for a household of four.

Of the 31 projects in the pipeline as of December, twelve projects (801 units) had broken ground and four projects (180 units) were complete or nearly complete and beginning lease-up. The remaining 15 projects (2,032 units) were in preconstruction with plans to break ground between 2022-2023.

Figure 4.1 Regional progress toward production goals relative to funding committed



While the program is current tracking ahead on unit production relative to funding committed, changes in the funding and financial landscape present

significant challenges, and it is expected that projects added to the pipeline in 2022 and 2023 will require a higher Metro bond subsidy per unit. To date, the weighted average of Metro bond subsidy is $101,563 in per unit (see *Exhibit A*. bousing bond portfolio summary for more details). The production goals for the affordable housing bond were established based on projections that reflected conditions in 2018. Favorable tax credit pricing and low interest rates, as well as swift action by implementing partners, enabled the program to exceed expectations in early phases of implementation. However, it has always been expected that market cost escalation would impact costs and subsidy needs throughout the course of the planned implementation timeframe (2019-2026), and the past year has brought unprecedented cost escalation due to broader economic factors impacting the cost of materials and labor. Ongoing impacts of the COVID-19 pandemic have created a construction cost premium for wood-framed projects with slab-on-grade foundations that is estimated at 8% - 12% above standard construction cost escalation.

In addition, the state of Oregon faces new funding constraints as a result of oversubscription of private activity bonds, necessary for financing 4% Low Income Housing Tax Credits, which represent the largest source of leveraged funding across the portfolio. This challenge is creating uncertainty across the state's affordable housing development pipeline and poses a risk to the ability of Metro bond projects to close on time. **Metro is working closely with state and local partners to support state and federal policy solutions and ensure inter-agency coordination and alignment in responding to emerging challenges related to private activity bond constraints and cost escalation.**

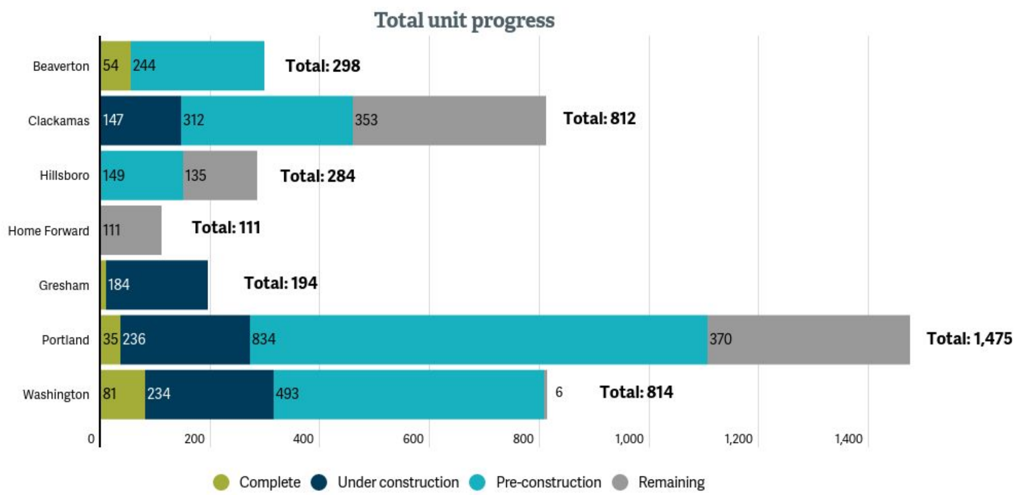
Local production progress

As of December 2021, all jurisdictions were on track to meet their local share of the production goal. Local progress toward the total, family-size and very affordable units goals is shown in Figures 4.2-4.4. **Three jurisdictions had already exceeded or nearly met their local share of the production goal with significant funding remaining.**

- **Beaverton's** pipeline exceeded its total unit goal by 80 units and its family-size unit goal by 36 units. Beaverton needs to add 33 very affordable units to meet its 30% AMI goal and has $7,240,595 in remaining funds.
- **Gresham's** pipeline exceeded its total unit goal by 7 units and met its 30% AMI goal. Gresham needs to add 23 more 2+ bedroom units to meet its family-size unit goal and has $10,431,965 in remaining funds.
- **Washington County's** pipeline nearly meets all of their unit production goals, with only 16 30% AMI and 12 family-size units remaining to fulfill their production goals, and has $17,391,444 in remaining funds.

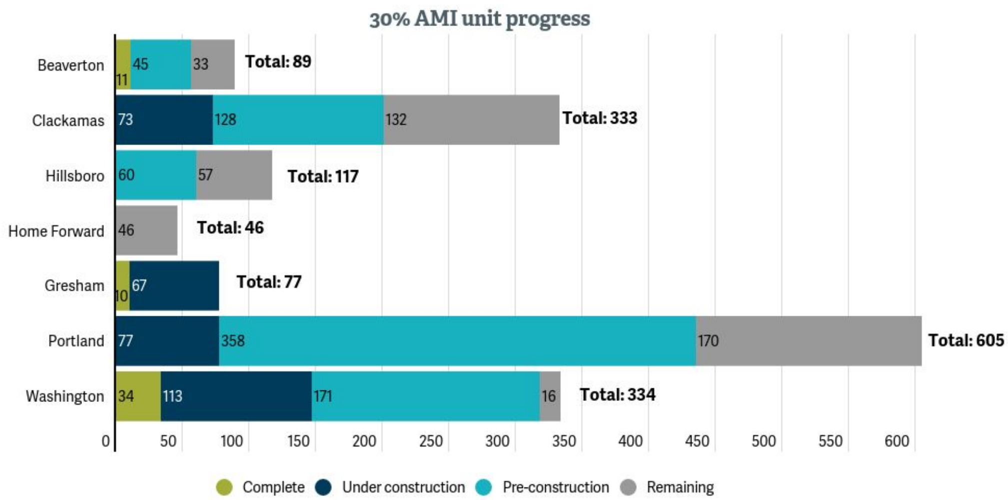
Details about local implementing partners' plans for remaining funds are included in their local progress reports, posted on the [program webpage] in documents toward the bottom of the progress tab.

Figure 4.2 Local progress toward total unit production goals



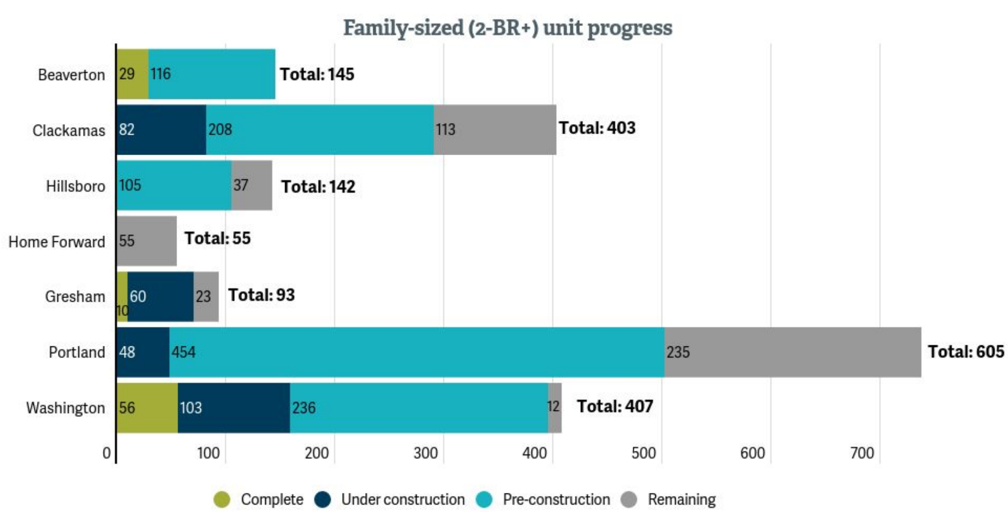
Implementation partners are on track to meet targets for very affordable (30% AMI or below) units, with 1,147 units currently planned to serve households with incomes at or below 30% AMI (71% of the regional goal for very affordable units). As anticipated, the targets for very affordable units have been 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.

Figure 4.3 Local progress toward 30% AMI unit production goals



The program is on track to exceed the 1,950 goal for homes with two or more bedrooms, with 1,507 family-size units already in the pipeline (77% of the target for family-size homes). Of the family-size homes in the pipeline, 20% are regulated for affordability at 30% AMI or below and 29% are larger unit sizes with 3 or more bedrooms.

Figure 4.4 Local progress toward family-size production goals



The program limits the number of homes provided for households making 61%-80% AMI to 10 percent of overall units. To date, five units for households making 61%-80% AMI are a part of the pipeline, all are located in the Fuller Road Station project.

Metro site acquisition

Metro's site acquisition program manages implementation of 10% of total bond funds toward investments in property acquisition and development of sites already controlled by Metro. Development is facilitated through joint solicitations with implementing jurisdictions, and property is transferred to a long-term owner prior to development. The program aims to proportionately invest funds in implementing jurisdictions to contribute toward local production goals. In most cases, projects developed on Metro-acquired properties will require additional funding from each implementing jurisdiction's bond allocation.

As of December, the program had expended or allocated program funds for sites in Beaverton, Gresham, Hillsboro, Portland and East Multnomah County, and was actively working with staff in Clackamas and Washington Counties on potential property acquisitions.

Figure 4.5. Site acquisition program resources committed per jurisdiction

Jurisdiction	SAP funds available	SAP funds allocated	Percent allocated	Notes
Beaverton	$3,460,066	$3,460,066	100%	All funds invested in Elmonica Station, a Metro owned site previously purchased using TOD funds.
Clackamas County	$12,909,788	TBD	TBD	Lake Oswego property purchase dependent on appraisal in process. Potential for one additional acquisition
Gresham	$2,972,999	$2,972,999	100%	Plan to invest funds in Metro owned Gresham Civic site previously purchased using TOD funds
Hillsboro	$4,517,453	$4,517,453	100%	Property under contract. Any remaining funds will be invested in development of that site.
Home Forward	$1,764,347	$1,764,347	100%	Funds transferred to Home Forward to support Troutdale development.
Portland	$23,450,731	$23,450,731	100%	All funds committed to development of two sites: 74th and Glisan (TOD-purchased site) and Barbur Portland Value Inn (SAP-funded acquisition)
Washington County	$12,940,615	$0	0%	Exploring potential sites for acquisition.
Total	**$62,015,999**	**$36,165,596**	**58%**	

Additional details are available in the program's progress report, posted on the webpage.

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.

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 specific project locations.

The following table summarizes the percentage of the total eligible units that meet different location-based characteristics. See *Exhibit C* for a more detailed table. Each metric is described after the table, including how it supports the program's core values and how it has been measured for this analysis.

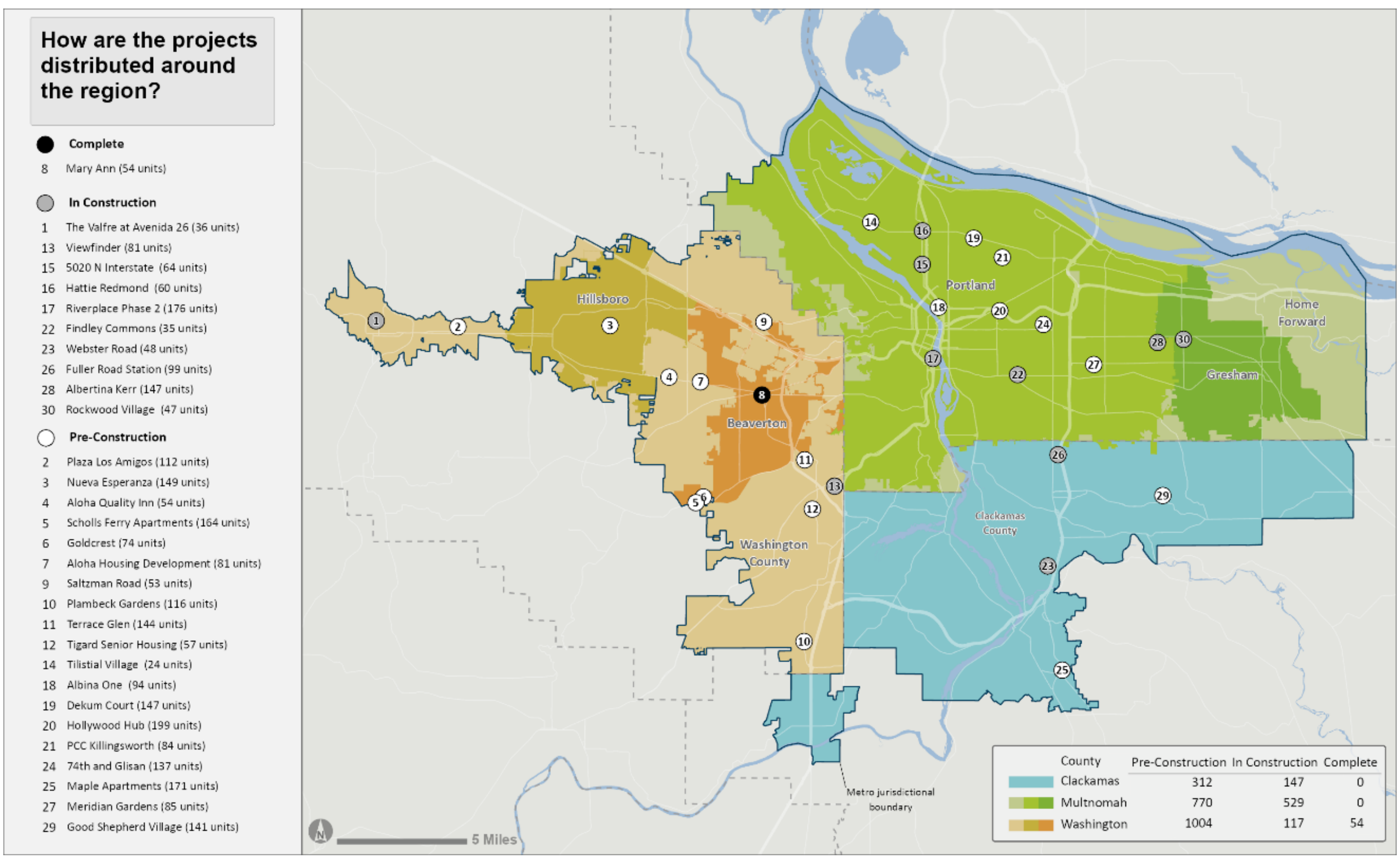
Figure 5.1 Summary of project location metrics

Project	County	Eligible units	Areas where communities at risk of displacement live today	Areas historically inaccessible to communities of color	Areas with limited regulated affordable housing	Areas with access to transit	Walkable areas
Hattie Redmond	Mult.	60		X		X	X
Dekum Court	Mult.	147	X		X	X	X
Findley Commons	Mult.	35		X	X	X	X
Waterleaf	Mult.	176		X		X	X
74th and Glisan	Mult.	137	X			X	
5020 Interstate	Mult.	64	X			X	X
Albina One	Mult.	94	X	X		X	X
Meridian Gardens	Mult.	85	X			X	X
Hollywood Hub	Mult.	199		X		X	X
PCC Killingsworth	Mult.	84	X		X	X	X
Tistilal Village	Mult.	24	X			X	X
Viewfinder	Wash.	81		X		X	X
Valfre at Avenida 26	Wash.	36		X			X
Terrace Glen	Wash.	144		X	X	X	X
Aloha Inn	Wash.	54	X			X	X
Goldcrest	Wash.	74	X	X	X		
Aloha Family Housing	Wash.	81	X			X	X
Tigard Senior Housing	Wash.	57		X		X	X
Plaza Los Amigos	Wash.	113	X		X	X	X
Saltzman Road Senior Housing	Wash.	53	X				X
Plambeck Gardens	Wash.	116		X	X		
Fuller Road Station	Clack.	99	X			X	X
Good Shepherd Village	Clack.	142	X		X		
Maple Apartments	Clack.	171		X			
Tukwila Springs	Clack.	48		X	X	X	X
Nueva Esperanza	Wash	149	X		X		X
Albertina Kerr	Mult.	147	X			X	X
Rockwood Village	Mult.	47	X			X	X
Mary Ann	Wash.	54	X		X	X	X
Scholls Ferry Road	Wash.	164	X		X		
Elmonica	Wash	80	X			X	X
Percent of total eligible units			64%	41%	38%	74%	80%

Geographic distribution

The affordable housing bond program framework allocates funding to achieve the following distribution of new homes across the region: 21% in Clackamas County, 45% in Multnomah County, and 40% in Washington County. Local implementation strategies in each implementing jurisdiction further include goals for distributing investments across their jurisdictions in locations that advance fair housing choices, stabilize communities vulnerable to displacement and expand access to transit, food, jobs and amenities.

Figure 5.2 Affordable housing bond project locations

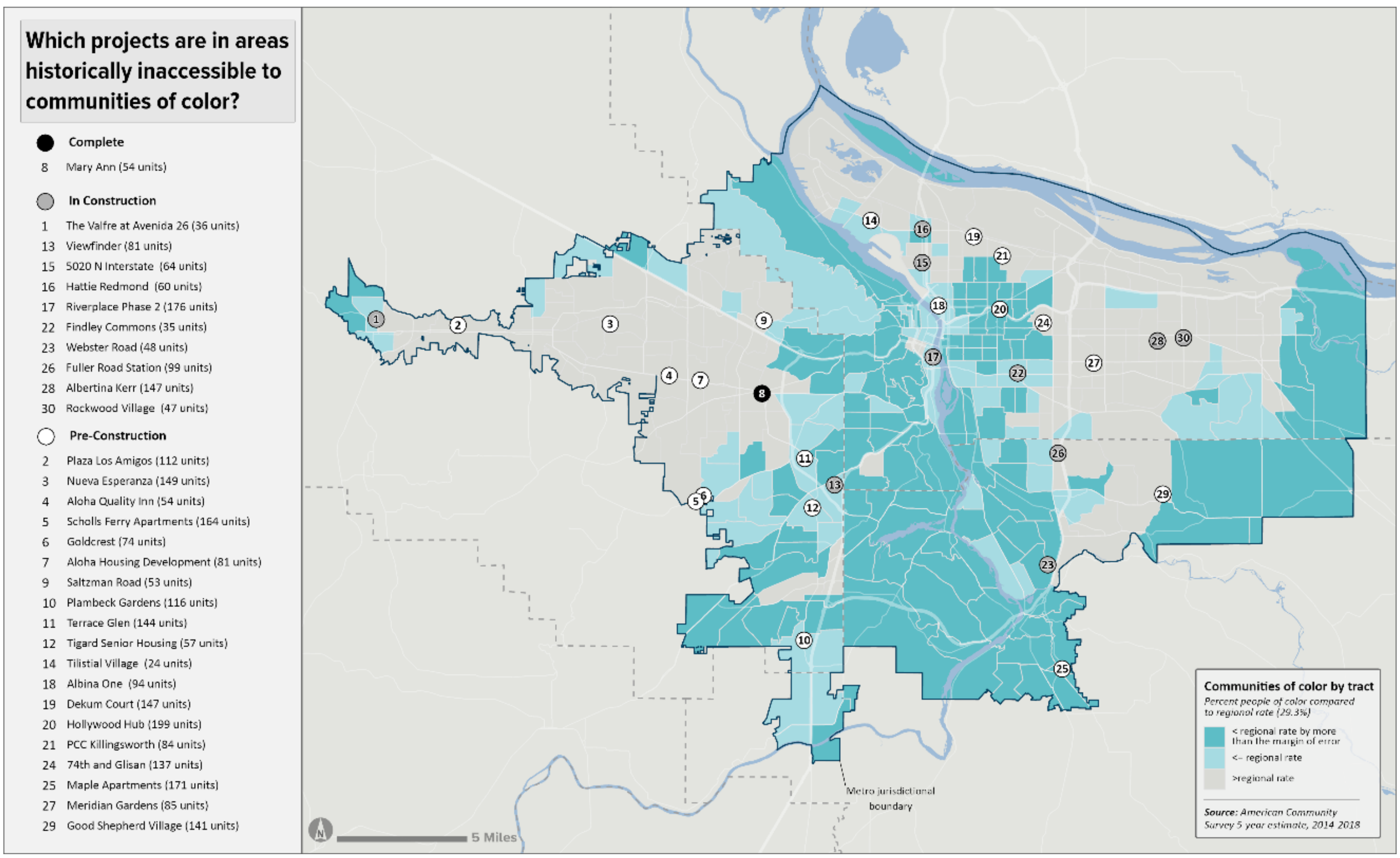


Advancing fair housing access and reducing segregation

The geographic distribution of new homes in the pipeline demonstrates strong outcomes for advancing regional fair housing goals and reducing segregation. 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, and by analyzing the portion of homes in areas with a lower rate of affordable housing compared to the region.

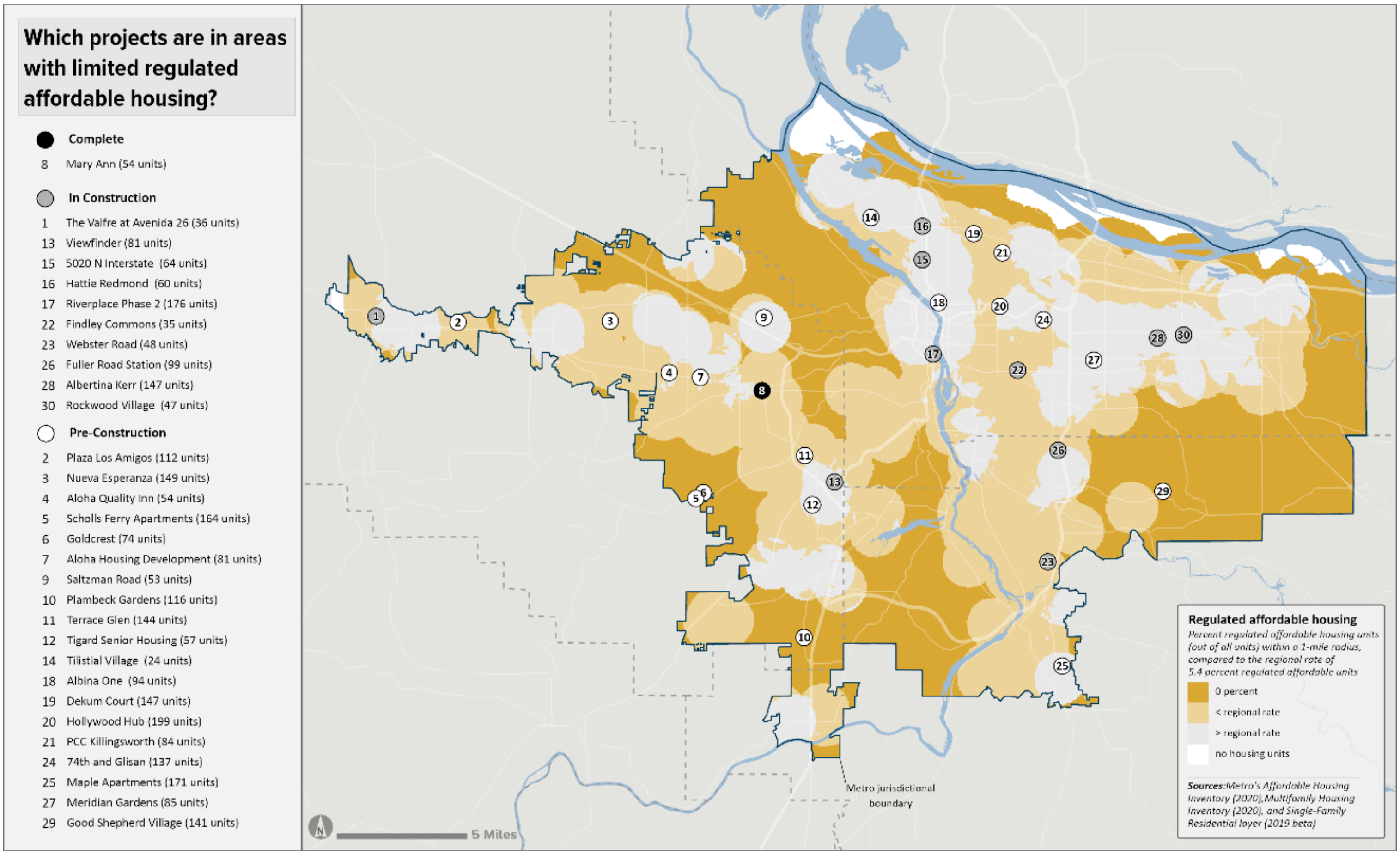
Of the total affordable homes in the pipeline, 41% are in areas with a lower proportion of people of color than the region by more than the margin of error in the ACS data.

Figure 5.3 Projects located in areas that have been inaccessible to communities of color



Of the total affordable homes in the pipeline, 38% are in areas with lower than the regional rate of regulated affordable housing. Four projects, representing 17% of the total units, have no existing regulated affordable housing within a 1 mile radius.

Figure 5.4 Project locations relative to existing regulated affordable housing

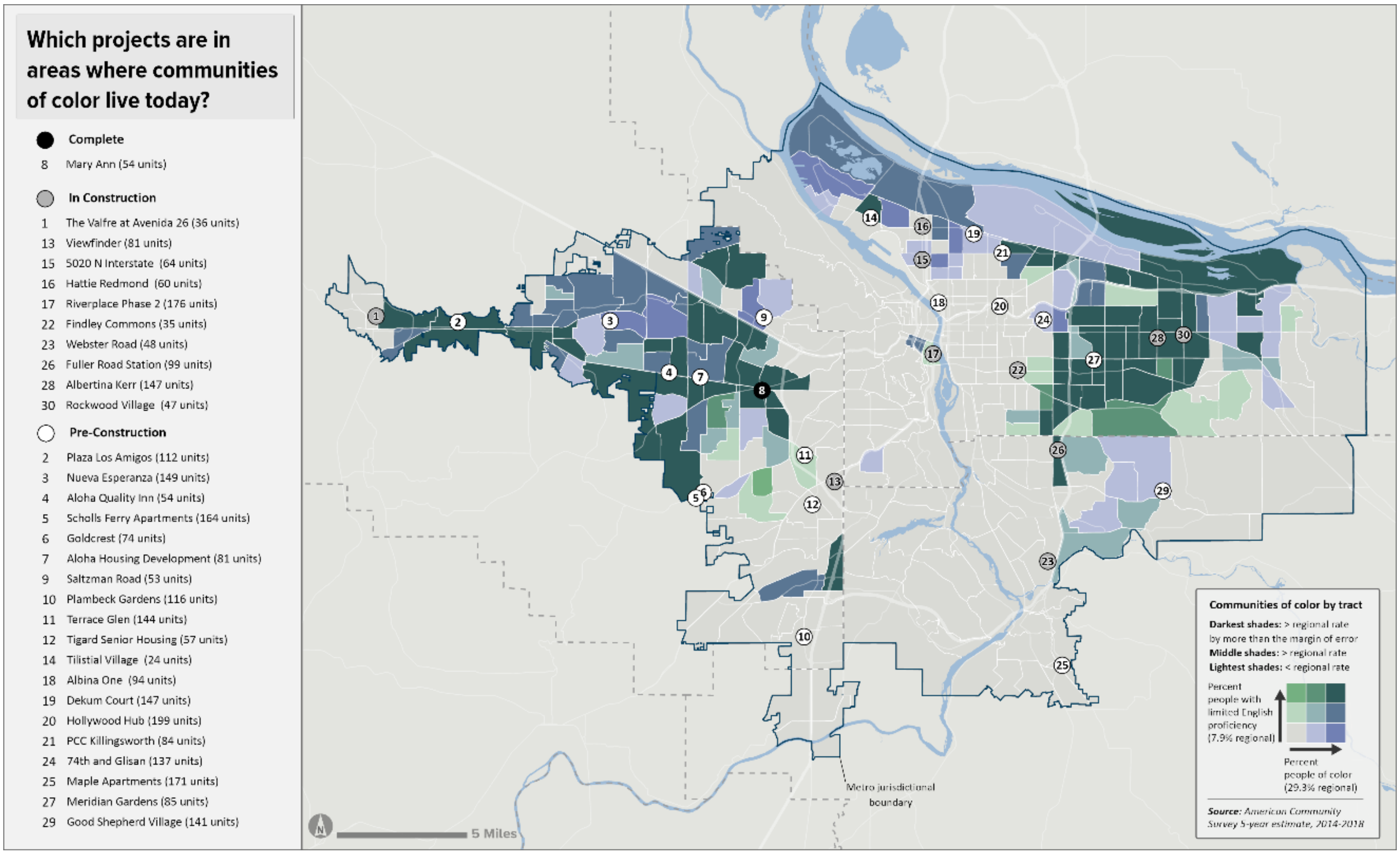


Preventing displacement and stabilizing communities

In addition to supporting investments in places that have historically lacked affordable homes, the affordable housing bond framework also includes a goal of supporting investments in places that stabilize communities at higher risk of displacement. This 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 affordable homes in the pipeline, 64% 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") or both, based on recent American Community Survey (ACS) estimates.

Because there are limitations in ACS estimates, the analysis also identified areas where the percent of people of color and/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 C* for more information.

Figure 5.5 Projects located in areas where communities of color live today



Access to transit and amenities

Of the total eligible units in the pipeline, 68% are within either ¼ mile of a frequent service bus stop or ½ mile of a MAX station, and 80% are rated with a walkscore of 50 ("somewhat walkable") or better. The detailed table in *Exhibit C* 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.

ADVANCING RACIAL EQUITY THROUGH OPPORTUNITY IN CONSTRUCTION

In their local implementation strategies, all implementing partners established a minimum goal of awarding 20% of project contracts to state Certification Office for Business Inclusion and Diversity (COBID) certified MWESB (minority- or women-owned and/or emerging small businesses), and the City of Portland committed to a goal of 30% COBID participation. In certain cases, projects have set higher aspirational goals exceeding the jurisdictional minimum. Metro requires that projects report on contracting outcomes within three months of certificate of occupancy. While no projects had reached this milestone by December 2021, several partners provided preliminary contracting outcomes, summarized below.

Figure 6.1 Summary of equitable contracting goals and preliminary progress*

Jurisdiction	Name	Development team	Total cost/Metro subsidy (millions)	Project status	COBID goal		COBID progress	
					Hard costs	Soft costs	Hard costs	Soft costs
Beaverton	Mary Ann	REACH/Walsh	$21.9/$3.0	Complete	20%	20%	21%	22%
Portland	Hattie Redmond	Home Forward/Bremik	$23.9/$4.4	Construction	30%	20%	38%	29%
	Findley Commons	Home First/Beaudin	$7.0/$1.9	Complete	24%	20%	17%	57%
	Waterleaf	BRIDGE Housing/Walsh	$77.9/$1.7	Construction	30%	n/a	21%	n/a
Washington County	Aloha Quality Inn	HAWC/GSI Builders	$9.3/$8.4	Construction	20%	20%	n/a	n/a
	Terrace Glen	Related NW/ Walsh	$53.9/$17.5	Construction	20%	20%	20%	20%
	The Valfre at Avenida 26	DCM/ LMC	$13.6/$3.8	Construction	20%	20%	30%	n/a
	Viewfinder	CDP/ Bremik	$32.9/$11.5	Complete	20%	20%	22%	22%
Gresham	Albertina Kerr	Gerding Edlen/Pence	$45.2/$11.2	Construction	**Hard and soft costs**			
					20%		32%	
	Rockwood Village	CDP/LMC	$65.9/$5.1	Complete	20%		20%	

*No project has submitted final contracting reports. These preliminary progress numbers were submitted in the 2021 local implementing partner annual progress reports. Final contracting outcomes reports will be submitted within 3 months of each project receiving certificate of occupancy.

Based on preliminary reports, projects were on track to meet or exceed equitable contracting goals. Three projects within the City of Portland shared preliminary numbers: Findley Commons (complete), Hattie Redmond (under construction) and Waterleaf (under construction). Generally, City of Portland projects set higher contracting goals that exceed Metro's 20% COBID-contracting requirement. Portland Housing Bureau reports that Waterleaf was about 50% complete as of December and was on track to meet the MWESB goal by construction completion. For Findley Commons, PHB noted that while the project fell short of the hard cost goal by 5%, it exceeded the soft cost goal by 37%. Additionally, PHB noted that some of these outcomes can be attributed to the small scale of the project and use of an uncertified but veteran-owned general contractor. While the project fell short of benchmark goals, Home First Development did hire a project manager with experience in DMWESB participation, which was key to over-achieving on the soft cost goal.

LOCAL WORKFORCE DIVERSITY PROGRESS

While equitable contracting goals measure participation by smaller firms and those owned by women and people of color, workforce diversity goals aim to track the diversity of workers involved in the construction process. **Efforts to support construction workforce diversity are limited in jurisdictions without a history of setting goals or tracking workforce diversity**. Currently, no projects located outside the city of Portland have established project-specific goals for workforce diversity. All implementation strategies included, at a minimum, a commitment to explore opportunities to support workforce diversity, and several jurisdictions stated an intention to consider tracking and reporting on workforce diversity if they determined this to be feasible based on contractor and jurisdiction capacity. Additionally, some jurisdictions have taken steps to invest in their own capacity to support tracking through implementing new software. Currently, **17 of 31 projects have committed to report on workforce diversity outcomes.** This data will help to establish a baseline on which future workforce diversity goals could be established.

Metro has developed reporting metrics and templates to support consistent tracking for projects and jursidictions that are able to report on workforce. As of December 2021, no projects had submitted final workforce outcome reports. However, two jurisdictions provided preliminary progress as part of their annual progress reports. Final reports for these projects and other projects reporting on workforce diversity will be submitted within three months of construction completion.

Figure 6.2 Summary of preliminary workforce outcomes

<table>
<tr><th rowspan="2">Jurisdiction</th><th rowspan="2">Name</th><th rowspan="2">Development team</th><th rowspan="2">Project status</th><th rowspan="2">Goal</th><th colspan="3">Workforce outcomes
% of labor hours worked by</th></tr>
<tr><th>Apprentices</th><th>POC</th><th>Women</th></tr>
<tr><td rowspan="2">Washington</td><td>The Valfre at Avenida 26</td><td>DCM/ LMC</td><td>Construction</td><td rowspan="2">Jurisdiction did not set workforce diversity goals; workforce metrics provided via LIP annual report</td><td>8%</td><td>62%</td><td>8%</td></tr>
<tr><td>Viewfinder</td><td>CDP/ Bremik</td><td>Complete</td><td>19%</td><td>42%</td><td>2%</td></tr>
</table>

Beaverton	Mary Ann	REACH/Walsh	Complete		11%	40%	3%

A project by project breakdown of COBID goals, workforce tracking commitments, and prevailing wage requirements is provided in *Exhibit D*.

ADVANCING EQUITABLE ACCESS AND HOUSING STABILITY

All 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. In addition, many projects designate units for restricted or priority access, including permanent supportive housing and other units designated to receive referrals through coordinated access systems that serve households experiencing homelessness.

In fall and winter 2021, the first units began to be leased at Rockwood Village in Gresham and the Mary Ann in Beaverton, and many more units will be leased and moved into throughout 2022. The next annual report will include information about the demographics of those who have moved into homes funded by the program.

Serving priority communities

The affordable housing bond framework identified the following priority communities to be served by program investments:

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

The regional portfolio includes buildings with different mixes of unit sizes intended to serve different household sizes and configurations. Additionally, many units are restricted for households with very low incomes and/or households experiencing homelessness, including a subset of units designated as permanent supportive housing for individuals, families living with a disability and/or households who have experienced prolonged homelessness and require ongoing wraparound services in order to maintain housing stability.

__Figure 7.1 Designated units/projects and outcome metrics for serving priority populations__

Priority population	Designated units/projects	Outcomes metrics
Communities of color	• 23 projects include partnerships with culturally specific organizations	• Race/ethnicity for head of household
Families with children and multiple generations	• 23 projects aim to serve families • 2 projects aim to serve both families and seniors	• Number of households that include seniors and children
Seniors and older adults	• 5 projects (58 units) aim to serve seniors or older adults; two of these are restricted to serve seniors only	• Number of seniors
Veterans	• 3 projects aim to serve veterans experiencing chronic homelessness	• Number of veterans
Households experiencing displacement	• 3 projects (218 units) are subject to the City of Portland's N/NE Preference Policy, which provides preference for displaced or longtime residents of N/NE Portland.	• Number of residents successfully placed through N/NE Preference Policy
Households experiencing or at risk of homelessness or displacement	• 1,147 units are restricted for households with extremely low incomes (30% AMI)	• Household income/AMI level • Number of households who were homeless prior to housing placement
Households living with disabilities	• 555 units (distributed across 19 projects) designated as permanent supportive housing (PSH) for individuals and families that have experienced prolonged homelessness and have at least one disabling condition	• Number of applicants requesting reasonable accomodations who were and were not matched with a unit • Number of households placed in PSH units

Permanent supportive housing

The policy framework for the affordable housing bond included a commitment to serve households experiencing homelessness. For households experiencing prolonged homelessness, permanent supportive housing (PSH) that pairs a housing unit with long-term rental assistance and wraparound services is the nationally recognized solution. Because resources for PSH were limited when the housing bond measure passed in 2018, Metro's framework included goals for deep affordability (30% AMI units) but not a regional goal for PSH. Two partners established PSH goals:

- Portland set a goal of 300 PSH units that would be supported with capital investments through the Metro bond, as part of the City's contribution toward the City of Portland/Multnomah County joint goal established in October 2017 of creating 2,000 additional PSH units. As of September 2021, the City of Portland/Multnomah County had 1,571 new PSH units open or in the pipeline, including 262 units that will receive capital funding through the Metro affordable housing bond. Of the 262 Metro bond PSH units, 121 will be supported by the supportive housing services fund.

- Washington County's local implementation strategy for the Metro bond included a goal of at least 100 PSH units, and as part of its local implementation plan for SHS funding the county set a goal of 500 supportive housing placements within the first year of program operations (through February 2023). As of December 2021, Washington County had exceeded that goal with 163 units in the pipeline.

While local implementation strategies did not establish formal PSH goals, the regional portfolio includes PSH units distributed across the region, in alignment with the goal of serving households experiencing homelessness. **As of December 2021, the regional pipeline included 555 PSH units: four projects (Aloha Inn, Findley Commons, Tukwila Springs and Hattie Redmond) that are entirely PSH, and an additional 16 projects that include a subset of PSH units.**

Units designated as PSH receive referrals through coordinated access systems for homeless services and are restricted for households that have experienced prolonged homelessness and have at least one disabling condition that requires ongoing wraparound services to support housing stability.

Figure 7.2 Distribution, target population and funding/partnerships for permanent supportive housing units across the portfolio

LIP	Project name	Total units	PSH units	Target population	Referrals/partnerships
Clackamas (117)	Fuller Road Station	99	25	Families and individuals who are homeless or at risk of homelessness; including foster youth exiting or having exited the system	Project-based vouchers provided by the Housing Authority; services funding supported by the Metro supportive housing services measure
	Good Shepherd Village	141	35	Families and individuals who have experienced houselessness or are at risk of becoming houseless; including 15 units expressly for veterans	VASH and project-based vouchers provided by the Housing Authority will support 35 units; wrap-around services will be supported with Metro supportive housing services funding
	Maple Apartments	171	9	Those who have experienced houselessness or are at risk of becoming houseless	*Partnerships:* Northwest Housing Alternatives (NHA)
	Tukwila Springs	48	48	Near-elderly (50 or older) households currently experiencing houselessness or at risk of becoming unhoused and/or disabled; all units will serve households with incomes of 30% AMI and below	HACC will provide project-based vouchers (PBVs) for all 48 units; leasing preferences will be given to applicants who live or work in Gladstone; all applicants will be referred through the county's Coordinated Housing Access (CHA) wait list
Gresham (30)	Albertina Kerr	147	30	Those with intellectual and developmental disabilities (I/DD)	Integration with the State's K Plan which provides services to those living independently
Washington (163)	Aloha Quality Inn	54	54	Formerly homeless individuals	Referrals for housing will come through the County's Community Connect system; 13 rooms continue to be operated as an interim homeless shelter. *Partnerships:* CPAH, Bienestar and Sequoia Mental Health will provide supportive services
	Plambeck Gardens	116	8	Individuals and families	*Partnerships*: Centro Cultural, Neighborhood Health Center
	Plaza Los Amigos	112	16	Individuals and families	*Partnerships*: Sequoia Mental Health Services, Open Door, Family Promise for outreach to homeless populations
	Saltzman Road	53	24	Seniors (emphasis on LGBTQIA+ community)	*Partnerships*: Bienestar, SAGE, Friendly House
	Terrace Glen	144	3	Individuals and families	*Parnerships*: HomePlate Youth Services, EngAGE & IRCO
	The Valfre at Avenida 26	36	8	Individuals and families	*Partnerships*: Bienestar, Sequoia Mental Health Services
	Tigard Senior Housing	57	23	Seniors	*Partnerships:* Veterans Administration, SAGE Metro Portland, DAVS Washington County

	Viewfinder	81	27	Individuals and families; 8 units set-aside for veterans	(8) Project Based Section 8 vouchers and (8) VASH vouchers; will provide 11 additional units for PSH, supported through rental assistance and services funding from SHS; Good Neighbor Center has full-time staff onsite to provide case management to PSH households
Hillsboro (8)	Nueva Esperanza	149	8	Low and very-low income families; (8) project-based vouchers	Project sponsors will be coordinating with organizations such as Family Promise, Community Action, Sequoia Mental Health, Community Connect for coordinated referrals; project sponsor will explore use of SHS funding post financial close for potential SHS programming
Portland (237)	Hattie Redmond	60	60	BIPOC singles/couples experiencing chronic homelessness	City of Portland's N/NE preference policy; *Partnerships*: Urban League
	Findley Commons	35	35	Veterans who are homeless and those at risk of homelessness	*Partnerships*: National Association of Black Veterans, Do Good Multnomah
	Waterleaf	176	20	Veterans and individuals experiencing homelessness	*Partnerships*: Impact NW, Latino Network, El Programa Hispano Catolico, IRCO, NAYA, Iron Tribe, Bridges to Change, Transition Projects
	74th and Glisan	137	41	BIPOC, seniors, survivors of domestic violence/sexual assault coming out of homelessness	*Partnerships*: We All Rise, IRCO, Catholic Charities
	Meridian Gardens	85	65	BIPOC individuals and couples experiencing or at risk of homelessness – who are in substance abuse treatment or recovery	*Partnerships*: Puentes, Imani Center, Flip the Script, Puentes, SUDS, LifeWorks, NARA, NW Pilot Project, Portland Rescue Mission, Salvation Army Adult Rehabilitation Center, Transition Projects
	Tistilal Village	24	16	BIPOC, Native American families coming out of homelessness	*Partnerships*: Native American Rehabilitation Association (NARA), NAYA

Strategies for affirmative marketing and low-barrier screening

All local implementation strategies included commitments to ensure that projects utilize affirmative marketing and low barrier screening. Affirmative marketing approaches include working with property management companies to ensure materials and services are accessible to people with limited English proficiency via translation/interpretation in multiple languages, as well as strategies to market units through partnerships with community-based organizations that can leverage informal channels and word of mouth.

Low barrier screening is specifically designed to promote accessibility to households with adverse credit, rental and legal histories, and who subsist on a very limited income. Typically this means that any applicant denied due to an adverse screening outcome will be automatically re-evaluated on a case-by-case basis, taking into account successful completion of treatment or renter success courses, positive references and any other documents submitted on their behalf. Several jurisdictions included sample low-barrier screening criteria in their funding solicitation processes. As projects near lease-up, implementing partners are working closely with development teams and property managers to review screening criteria and processes to ensure accountability to these outcomes.

As of December 31, 2021, four housing bond projects had begun accepting applications: Rockwood Village in Gresham, the Mary Ann in Beaverton, the Viewfinder in Washington County and Findley Commons in Portland. While lease-up activities are ongoing, the following strategies were used by implementing partners to make the application process simple and straightforward for future residents:

- At **Viewfinder**, Washington County staff (led by an AmericCorps Vista staff) partnered with Somali Empowerment Circle to host an information session reviewing how to apply and how to navigate the online application portal.
- At **Rockwood Village,** the marketing flyers for the property are available in seven languages, based on the predominant languages of the Rockwood/Gresham community. The website is currently available in 18 languages, including: Amharic, Arabic, Chinese, Filipino, French, German, Hawaiian, Hindi, Japanese, Korean, Persian, Russian, Samoan, Somali, Spanish, Ukrainian, Urdu and Vietnamese.
- At **Mary Ann Apartments**, the following groups were engaged to support outreach and marketing of units: neighborhood association committees, culturally specific-led rent assistance collaboration group, Beaverton library staff, the housing supportive services network, the community services program at the City of Beaverton, the Housing Technical Advisory Group and the Beaverton Inclusive Housing cohort.

Another approach is exemplified by **Nueva Esperanza** in Hillsboro: management will not deny an applicant for negative rental history or prior eviction if it was based on excessive rent burden (household paying more than 50 percent of its total monthly income for rent and utilities). Additionally, the criminal conviction review process has removed any crimes that are no longer illegal at the State or Federal level. Furthermore, applicants will be encouraged to provide professional letters to assist in the review process. For every aspect of the screening criteria, Bienestar and NWRECC will consider relevant individualized evidence of mitigating factors, and approach each review through the lens of equity.

Culturally responsive services

Metro and implementing jurisdictions have established expectations that all projects align resident and supportive services that are culturally responsive and meet the needs of residents. In general, all affordable housing includes resident services intended to connect individuals and families living in affordable housing to other resources including food, energy assistance, transportation, financial planning, health services and more. Some homes, which are typically identified as "permanent supportive housing," include additional wraparound services intended to help those with disabling conditions[1] maintain housing stability by providing ongoing case management and individualized services to meet their specific needs.

Many of the housing bond investments include partnerships with culturally responsive service providers who will receive funding to provide ongoing resident or supportive/wraparound services. Some examples include:

- At **Meridian Gardens** in Portland, Central City Concern will have several culturally specific and responsive in-house programs available to residents, such as Imani, Puentes and Flip the Script.
- Clackamas County's **Maple Apartments** is a partnership between Community Development Partners and Hacienda CDC, with a specific focus on serving agricultural workers and field laborers. Hacienda brings expertise in culturally specific programming for Latino, immigrant and other communities of color.
- At the **Mary Ann** in Beaverton, Bienestar will provide culturally specific, bilingual resident services to its Latinx residents.

[1] Per the Joint Offices of Homelessness Services, disabling condition refers to a disability, including physical and behavioral health, that is severe enough to require long term housing support. Per HUD, disabling condition (used in the chronic homeless definition) includes a diagnosable substance abuse disorder, serious mental illness, developmental disability and/or chronic physical illness/disability.

COMMUNITY ENGAGEMENT TO SHAPE PROJECT 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, people with disabilities, people with limited English proficiency, immigrants and refugees, existing tenants in acquired buildings and people who have experienced or are experiencing housing instability or houselessness) 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.

In 2021 annual progress reports, each implementing jurisdiction provided information on community engagement completed in the last year. Metro staff evaluated progress on these requirements, reviewing information submitted in relation to work plan and local implementation strategy goals and identifying themes at a regional level.

Engagement of communities of color and historically marginalized groups

People of color were engaged in high numbers. Low income people and those who are or have been homeless or are living/have lived in low-income housing were engaged in moderate numbers. Other groups counted/mentioned include (in order of frequency described): community partners, immigrants, people with limited English proficiency, neighbors/business owners, tenants of existing buildings, seniors, women, veterans and people with disabilities.

Most jurisdictions are tracking demographics. Some work still needs to be done to increase demographic collection. Moving forward, partners should prioritize better reaching (and documenting participation of) people with disabilities, seniors and those with limited English proficiency.

Engagement methods

Local progress reports included a description of engagement activities and the outreach methods that garnered participation. Engagement occurred during creation of solicitations (both broad and project-specific) and to inform specific projects. Engagement to inform 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.

COVID-19 continued to complicate engagement, but by 2021 many implementing partners were familiar with online engagement strategies and other methods of mitigating risk when engaging community members.

Engagement activities included (in order of most frequently described): focus groups, surveys, advisory/stakeholder groups, design workshops, interviews, listening sessions, building tours, naming workgroups, virtual fora, community needs meetings, community review committees for developer selection, and social media. In one Clackamas County example, a creative engagement approach included an in-person tour for the project team, of an existing affordable housing building by its residents, to show what they loved and what they would change.

Outreach methods included: coordination with community-based organizations, coordination with school groups and neighborhood associations, emails, direct mailers, flyering, word of mouth and whatsapp messages.

Methods to mitigate barriers to engagement included providing: stipends, gift cards, language access (interpretation of events, translation of materials including surveys), technology assistance and evening meeting times.

More focus should be placed on best practices to ensure barriers to engagement are addressed and removed, and Metro and partners should focus more on reporting which methods are used to mitigate barriers.

Partnerships for engagement

All progress reports 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.) occurred almost as frequently. Partnerships with faith-based organizations were also mentioned. This year, no reports described how partners were compensated.

Fair compensation for partnerships with community-based groups increases effectiveness of engagement activities and is recommended; this should be counted and reported on in future reports.

Themes of input

In this phase of the program, engagement is less broad and more specific, reflecting that we are out of the phase of engagement to inform funding solicitations. For example, we see less of the 'more large/family size units' because at this phase many of those decisions are already made, and more design-specific feedback for particular projects. Themes show needs and preferences related to specific amenities and types of space, both within individual apartments and in the building and site overall.

Top themes include (in order of times mentioned across all progress reports):

- **Importance of gathering spaces** (for community building, inclusive regarding age/size/ability/disability, common rooms, green space, covered outdoor spaces, picnic areas)
- Related but more specific, **importance of community rooms/common spaces** (bigger, visual access to outdoors/play areas, separate active and quiet spaces)
- **Importance of accessibility and ADA units** (including accessibility of outdoor spaces, kitchens in units, etc.)
- **Importance of thoughtfully designed and located parking** (including traffic and parking as neighbor concerns)

Topics mentioned a middling number of times include: laundry needs (e.g. types of amenities in shared laundry rooms, preference for in-unit laundry), on-site services (job opportunities, homeless youth services) and art.

Topics mentioned once or twice include: beauty of outdoor spaces, community gardens, connection/integration with neighborhood, storage in units, safety/outdoor lighting, input on color schemes, culturally specific preferences (strong range hood, cabinets instead of dishwasher, separation of kitchen from living room), natural light, multigenerational living, shared bike room (vs racks in each unit), location of buildings with relation to weather/wind, spaces/activities for older youth, and consideration of displacement and stability.

An example from the Clackamas County report:

> "Community members expressed needing better access to technology and wifi, better access to transportation, safe and reliable places to keep their cars, access to childcare especially when accessing services provided by CBOs, reliable maintenance and friendly staff where they live, good relationships with their neighbors, emergency preparedness, apartments built with

> accessibility in mind beyond ADA requirements, apartments with storage, an easy laundry experience, and access to outdoor spaces."

How engagement themes informed projects

In response to input received through community engagement, developer design teams made several kinds of changes to these new homes and apartment communities. Changes can be grouped into four significant themes:

Communal space to support connection and community building

Projects:

- Added grills and outdoor cooking areas
- Added walkways (some covered for weather)
- Added plazas, patios and roof decks
- Added covered sports courts and other covered outdoor spaces
- Separated active and quiet common areas
- Added communal kitchens or enhanced features/amenities in them

According to the Washington County progress report: "Creating a living environment focused on ensuring residents live comfortably, safely, and have a community should be a top priority at affordable housing complexes. Creating indoor and outdoor spaces that foster a sense of community among residents and allow residents to comfortably and safely live regardless of age, size, ability or disability."

Design layout to promote safety

Projects:

- Made changes to playgrounds (central location, separated by age, added fencing, lighting/visibility, added benches for sitting to watch for safety)
- Redesigned drive aisles and parking, moved parking closer to homes
- Redesigned buildings to protect from gorge wind, snow and ice (Home Forward's Troutdale project)
- Changed laundry entrance for safety, visibility and access
- Added second entry/exit to leasing office

Unit layout

Projects:

- Enclosed kitchens for more privacy
- Placed stoves near operable windows for ventilation
- Added counterspace, built-in dining space

- Added partitions between kitchen and living room for larger units
- Added second bathroom for larger units
- Added hand rails and grab bars for accessibility
- Changed entryway design

Laundry

Projects:

- Added in-unit washer/dryers in addition to common laundry rooms
- Moved in-unit washer/dryers near kitchens for ease/multitasking
- Made common laundry room bigger; added moveable furniture

Other significant areas for which input informed projects include:

- Some studios were changed to 1 bedrooms
- Some studios relocated to be near larger units to support multigenerational living options
- Naming processes (Oregon Black Pioneers led a naming workshop for Portland Housing Bureau's Hattie Redmond project)
- Types of services/programming
- Screening criteria
- Preleasing/marketing processes
- Inclusion of art/murals (in one case, specifically art that reflects future residents and their life experiences)
- Exercise space/equipment
- Community gardens added
- Design and color preferences
- Emergency preparedness
- Spaces for childcare

A final example regarding naming process, from the Clackamas County report:

> "After conferring with the Confederated Tribes of the Grand Ronde and the Mayor of Gladstone, Clackamas County changed the Webster Road project name to Tukwila Springs. The area the housing development sits on was known for both natural springs and filbert orchards. Tukwila is the Clackamas Tribe word for filbert."

EFFICIENT USE OF FUNDS

Good use of public funds is a core guiding principle of the affordable housing bond for Metro and its partners. The average per-unit investment of Metro bond subsidy is $104,149, which is considerably lower than the average of $143,000 per unit in Metro bond subsidy available to achieve the goals. This reflects a variety of factors, including some projects that are only utilizing Metro bond funds to fill a small gap. In general it is anticipated that higher Metro bond subsidy levels will be needed for remaining projects due to significant cost escalation and emerging constraints related to availability of private activity bonds, which are necessary to finance 4% Low Income Housing Tax Credits.

This section highlights key findings related to development costs and capital and operating funding sources. *Exhibit B* provides a summary of the pipeline projects, including configuration, size, unit mix, cost and Metro bond subsidy. *Exhibit E* provides additional detail regarding capital financing sources, and *Exhibit F* provides a summary of ongoing rental assistance and services funding attached to Metro bond units.

Development costs

The Metro affordable housing bond portfolio includes 31 projects ranging in size from 13,150 to 386,430 square feet, with an average size of 144,754 square feet. Projects are configured with a range from one to 13 buildings, with an average of three buildings, and they range from 35 to 309 apartments, with an average of 146 units.

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. Compared to market rate housing, 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.

In general, the housing bond portfolio's development costs align with similar affordable housing trends in the region and nationally. Development costs across the portfolio span a significant range and are influenced by a variety of factors. 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 established with an understanding that prioritizing equitable contracting and workforce diversity may mean additional costs. A number of other factors impact costs including project size, prevailing wage requirements, construction type, parking and more.

Figure 9.1 Average and range of total project costs per unit

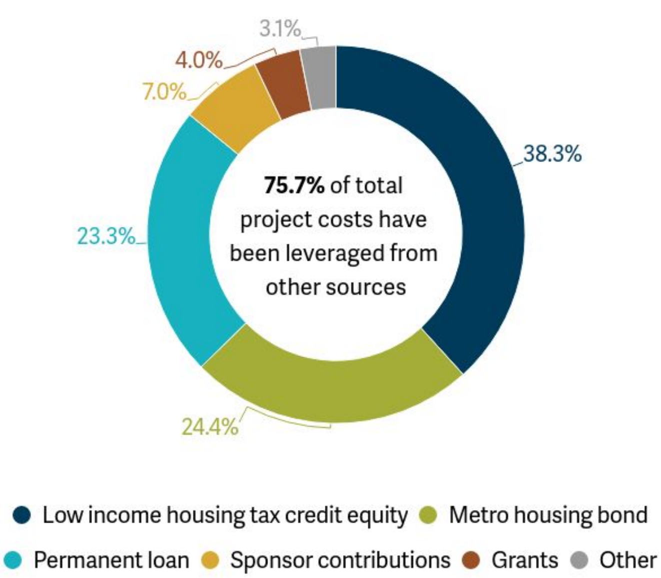
Metric	Minimum	Maximum	Weighted average
Total cost per unit	$172,222	$485,327	$367,759
Total cost per bedroom	$116,676	$396,922	$213,518
Total cost per square foot	$236	$716	$391

Alignment with other subsidy sources

The affordable housing bond program was structured to provide flexible gap funding that can be layered with other capital sources to achieve desired outcomes. While the production goals were modeled assuming the leverage of 4% Low Income Housing Tax Credits and modest bank debt, the program requirements are intentionally flexible to allow for a range of models.

The current affordable housing bond pipeline represents over $1.3 billion in investments, of which approximately 24.4%, or $324 million, is affordable housing bond funding and over $1 billion is leveraged from other sources. Figure 9.2 provides a high-level breakdown of funding sources; Figure 9.3 provides more detail.

Figure 9.2 Project funding sources



Low income housing tax credits (LIHTC) represent the most substantive leveraged funding source in bond projects. Of the 31 projects in the pipeline, 29 are utilizing LIHTC. Of these, two projects (the Mary Ann and Tistilal Village) are financed using highly competitive 9% LIHTCs. For these projects, the Metro bond subsidy is lower ($55,556 and $28,632 per unit, respectively) due to deep subsidy from the tax credits. The remaining 27 projects are utilizing or plan to utilize 4% LIHTC. These projects require higher levels of Metro bond funding, averaging $103,291per unit and 38% of project costs. 4% LIHTCs are not subject to an annual cap but are subject to federal requirements for utilization of private activity bonds, which are subject to a federal allocation to states.

Historically, PABs were undersubscribed in Oregon. However, in 2021, Oregon Housing and Community Services announced a pause on reviewing 4% LIHTC applications due to oversubscription of PABs. Combined with construction cost escalation, this poses a significant challenge for the bond program and the statewide affordable housing pipeline. **Metro is working with implementation partners and OHCS to develop a coordinated short- and long-term strategy to ensure that projects with local funding commitments and deeply affordable units are prioritized and don't face delays in accessing PABs.**

Two projects are being financed without tax credits, relying primarily on Metro bond funds and other local sources. These include Aloha Inn and Findley Commons. Aloha Inn is an acquisition rehab project sponsored by Washington County. The project is 100% PSH units and Washington County wanted to keep costs as low as possible. Findley Commons is also a 100% PSH unit project. At 35 total units the project is too small to effectively utilize LIHTC funding.

After LIHTC, other funding sources include Metro housing bond funds, permanent loans, sponsor contributions and state and local grants and loans. Figure 9.3 shows a breakdown of total leveraged funding by source. *Exhibit E* provides additional detail on the financing mix for each project.

Figure 9.3 Capital funding sources

Funding sources	# of projects	Total funding
LIHTC	29	$ 507,864,693
Metro housing bond	31	$ 324,187,829
Permanent loan	28	$ 308,700,077
Sponsor contribution	29	$ 92,241,441
Local grants	14	$ 40,412,220
Oregon PSH	5	$17,174,506
Oregon GHAP	4	$7,027,364
Oregon LIFT	2	$6,562,500
Metro TOD grants	14	$ 5,590,000
Oregon Multifamily Energy Program	23	$ 3,308,559

Operating costs and subsidy

The 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 $20,300 for a household with one person, or $29,000 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.

Of the pipeline portfolio 1,147 units are designated to serve households with very low incomes (30% AMI or below). Of these very affordable homes, 706 (62%) include project-based rental assistance, funded through a combination of federal and local sources, including Metro supportive housing services rental assistance.

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 706 units supported with rental assistance, 555 are designated as permanent supportive housing and include additional ongoing funding commitments to provide wraparound services.**

Exhibit F provides a summary of the total units, 30% AMI units and units with project-based rental assistance and ongoing services 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. In 2020, Metro staff surveyed all 24 cities in the region to clarify incentives and policies in place to support affordable housing development. This information was further refined and updated in spring 2022. The table below reflects the 21 responses received this year.

Figure 9.4 Local affordable housing policy tools and incentives

Responding jurisdiction	Property tax abatement or exemption	Systems Development Charges (SDCs) waiver for affordable housing	Local general funding for affordable housing	Public land availability	Reduced parking require-ments	Density bonus	Vertical housing tax credit	By-right develop-ment or accelerated approvals	Flexible design	Inclusionary zoning
Beaverton	X	X	X	X	X		X			
Cornelius	X									
Durham						X				
Forest Grove	X					X	X			
Gladstone										
Happy Valley		X			X	X		X		
Hillsboro	X	X	X	X	X			X	X	
King City								X	X	
Milwaukie	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	
Tualatin										
West Linn										
Lake Oswego		X		X		X				
Sherwood										
Wilsonville	X	X		X			X		X	
Wood Village					X		X		X	
Gresham			X		X		X	X	X	
Maywood Park										
Washington County (unincorpora ted)	X		X		X					

Survey respondents provided some additional context on the above tools, including:

- Milwaukie's Construction Excise Tax program sunsets in June of 2022.
- Oregon City's reduced parking requirements are not outright for affordable housing development.
- Lake Oswego provides a development review fee waiver for affordable housing.
- City of Gresham provides deferred SDCs for residential development.

Additionally, some jurisdictions are currently pursuing new policies and incentives:

- The City of Tualatin is in the process of adopting a non-profit low income housing limited tax exemption program.
- The City of Wilsonville is in the process of creating a local general fund for affordable housing.
- The City of Tigard is creating a new revolving loan fund to provide construction lending to middle housing developers who agree to provide 20-30% of the units at market rate to qualified low-income buyers supported by a down payment assistance program.

The cities of Rivergrove and Maywood Park responded to the survey but noted that due to their small size (geographic and population) and lack of developable land, development incentives were not relevant in their context.

Administrative Costs

The Metro affordable housing bond measure includes a 5% cap on administrative costs. While only a small portion of the overall budget, these costs are vital to the effective and efficient implementation of the work plan. They include expenses related to financial and legal administration and oversight, monitoring and evaluation, oversight committee engagement, communications and policy development, to name a few.

While most of the administrative funding was allocated to implementing partners and Metro via the initial work plan, the work plan also designated $6,528,000 within the administrative funding cap as "reserved for future allocation as determined necessary to achieve targets." This funding is subject to future allocation by the Metro Council. Any administrative costs over the 5% cap stipulated in the bond measure must be funded with non-bond funding sources.

As of December 2021, $10,408,556 in administrative funding has been expended or disbursed to partners (32% of the administrative funding budgeted in the work plan). Details of administrative expenditures can be found in *Exhibit A.*

SUSTAINABILITY AND CLIMATE RESILIENCE

In the Portland region, as in many places around the globe, events in recent years have made the effects of climate change clear. With issues such as prolonged wildfires and extreme heat, it's apparent that the building industry will need to adapt to new climate-related challenges. These challenges are much bigger than a single funding program can address, and will require ongoing work to support policy and funding alignment and best practices, but Metro is taking action now to support best practices and solutions within our areas of influence.

In the near term, based on lessons learned from the unprecedented heat wave in the Pacific Northwest in June 2021, **Metro has taken action to help residents stay safe in future extreme heat events by providing policy guidance urging jurisdiction partners and developers to incorporate in-unit air conditioning cooling into their buildings.** Metro issued a policy statement on September 14, 2021 to request jurisdiction partners work with development partners to incorporate a cooling strategy for projects that included in-unit AC to ensure safety and livability for residents. To ensure that developers can incorporate climate-friendly solutions that will limit impacts to ongoing energy costs, **Metro has allocated $8 million in unprogrammed affordable housing bond interest earnings/premiums to support additional investments in cooling.**

Cooling strategies

Of the 31 total projects currently in the affordable housing bond portfolio, 22 already planned to include in-unit air conditioning, and 8 projects are evaluating including in-unit air conditioning based on the $8 million in additional Metro bond funding that Metro has proportionately allocated to support additional investments in air conditioning.

All jurisdictions have committed to ensure inclusion of in-unit air conditioning for new projects going forward. One project, the Mary Ann in Beaverton, will not provide in-unit air conditioning for residents. The project was already near completion when the Metro policy statement was issued and will include in-unit ports for residents to utilize with portable air conditioning units and other cooling strategies throughout the building such as ceiling fans and cooled common areas.

The most common types of in-unit air conditioning are mini-split HVAC units, packaged terminal heat pumps and ports in windows to attach a mobile air conditioning unit. Mini-spilt HVAC units and packaged terminal heat pumps have higher upfront costs but are more energy efficient, while mobile units are less expensive to include in a project but are also less energy efficient. Some developers and property managers of projects that were already under construction are exploring the purchase of mobile units utilizing additional Metro bond funds.

Metro will continue to engage partners to understand best practices for cooling solutions that balance considerations of sustainability, operating cost impacts to projects and tenants, and considerations related to indoor air quality and circulation—issues that have been underscored by the impacts of the Covid-19 pandemic and regional wildfires.

Sustainability

Although Metro has not developed sustainability related metrics or requirements for projects, the program tracks any information our partners highlight related to a project's sustainability features. Many projects pursue Earth Advantage certification and commonly achieve the silver, gold or platium levels. About two-thirds of projects also participate in the OHCS Mulitfamily Energy Program. This program provides financial incentives to affordable housing projects for energy efficiency measures aimed at reducing electricity consumption. Common improvements include measures that improve the building envelope, provide efficient HVAC systems, reduce hot water use, utilize energy efficient appliances and lighting.

The Mary Ann in Beaverton has achieved the Earth Advantage Platinum certification. Key sustainbility features include a 100% green roof, Energy Recovery Ventilation, LED lighting, occupancy sense and energy-efficient appliances.

LOOKING AHEAD

Looking ahead, staff have identified the following three priority focus areas for Metro and implementation partners to work collaboratively to address:

- **Coordination and alignment to address statewide funding challenges:** Construction cost escalation and private activity bond constraints are creating new pressures throughout our state's funding system for affordable housing. Metro is working closely with state and local partners to address these challenges by advocating for state and federal policy solutions that could ease the burden on private activity bonds, and working together to advance programmatic solutions that ensure that constrained resources are prioritized in a way that maximizes the collective benefit for those with greatest need—including those with very low incomes.

- **Expanding permanent supportive housing and supportive housing services integration:** Metro will continue to work with partners to identify opportunities and practices to incorporating permanent supportive housing in the affordable housing bond portfolio. As the supportive housing services measure implementation ramps up, there are opportunities to support affordable housing bond projects in incorporating SHS funding after completion—as well as opportunities to braid SHS funding into future housing bond funding solicitations.

- **Advancing strategies and practices that support equitable marketing and fair housing outcomes:** As more projects enter the lease-up phase, Metro will continue to work with partners to convene conversations and document effective practices for ensuring that tenants are "screened in" rather than "screened out," and to support robust evaluation of fair housing outcomes through analysis of occupancy demographics.

Other areas for continued focus for implementing partners include:

- Ensuring that **community engagement reaches people with disabilities, seniors and people with limited English proficiency**, and documenting participation among these groups: More focus should be placed on best practices to ensure barriers to engagement are addressed and removed, and Metro and partners should focus more on reporting which methods are used to mitigate barriers. Fair compensation for partnerships with community-based groups increases effectiveness of engagement activities and is recommended; this should be counted and reported on in future reports.

- Continued efforts to expand **workforce diversity tracking and to seek opportunities for alignment with the Construction Careers Pathways Project.**

Acknowledgements

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EXHIBIT A. SUMMARY OF AFFORDABLE HOUSING BOND EXPENDITURES THROUGH DECEMBER 2021

Housing Bond Portfolio
Summary

		Total	Metro	Affordable	Total	Site	Number of	Units					≤30% AMI		2+ Bedroom		Total
Jurisdiction	Project Name	Project Cost	Bond Funding	Res Sq Ft	Sq Ft	Area	Buildings	Affordable	Other	Total	Eligible	Sec 8	No.	% Tot	No.	% Tot	Bdrms
Beaverton	Elmonica Station	$33,448,353	$11,900,000	57,120 SF	93,151 SF	1.07 Ac.	1	80	1	81	80	8	33	41.3%	32	40.0%	129
	Mary Ann	$21,867,324	$3,000,000	39,458 SF	69,209 SF	0.44 Ac.	1	54	0	54	54	8	11	20.4%	29	53.7%	86
	Scholls Ferry	$91,278,644	$11,712,021	272,785 SF	386,430 SF	9.46 Ac.	6	309	0	309	309	0	20	6.5%	229	74.1%	570
Clackamas	Fuller Road Station	$45,645,146	$8,570,000	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	$55,190,090	$18,328,037	107,957 SF	110,873 SF	11.00 Ac.	3	142	1	143	142	35	58	40.8%	79	55.6%	243
	Maple Apartments	$60,171,572	$15,903,000	145,524 SF	145,524 SF	7.00 Ac.	8	171	0	171	171	70	70	40.9%	129	75.4%	384
	Tukwila Springs	$18,624,368	$2,939,209	14,900 SF	26,000 SF	2.21 Ac.	1	48	0	48	48	45	48	100.0%	0	0.0%	48
Gresham	Albertina Kerr	$43,176,538	$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
	Rockwood Village	$60,438,375	$5,152,030	193,900 SF	238,444 SF	7.40 Ac.	6	224	0	224	47	0	47	100.0%	39	83.0%	518
Hillsboro	Nueva Esperanza	$51,894,872	$16,940,731	135,835 SF	155,809 SF	5.93 Ac.	13	149	1	150	149	8	60	40.3%	105	70.5%	310
Portland	5020 Interstate	$28,601,990	$9,152,000	65,916 SF	68,407 SF	0.44 Ac.	1	64	0	64	64	0	18	28.1%	48	75.0%	137
	74th & Glisan	$51,851,215	$19,522,500	89,300 SF	122,527 SF	1.65 Ac.	2	137	0	137	137	0	15	10.9%	63	46.0%	221
	Albina One	$45,620,721	$13,442,000	73,275 SF	85,519 SF	0.67 Ac.	1	94	0	94	94	16	32	34.0%	54	57.4%	165
	Dekum	$80,499,636	$21,034,082	135,718 SF	150,075 SF	5.50 Ac.	6	187	0	187	147	27	61	41.5%	75	51.0%	357
	Findley Commons	$6,667,137	$1,945,175	11,000 SF	13,150 SF	0.43 Ac.	1	35	0	35	35	20	35	100.0%	0	0.0%	35
	Hattie Redmond	$22,876,252	$4,312,253	21,522 SF	34,418 SF	0.46 Ac.	1	60	0	60	60	60	60	100.0%	0	0.0%	60
	Hollywood Hub	$89,231,385	$28,428,484	158,000 SF	209,405 SF	0.61 Ac.	1	199	2	201	199	36	69	34.7%	129	64.8%	368
	Meridian Gardens	$23,969,918	$12,155,000	21,120 SF	38,184 SF	0.72 Ac.	1	85	0	85	85	65	70	82.4%	0	0.0%	85
	PCC Killingsworth	$37,239,446	$6,006,000	68,810 SF	68,810 SF	1.00 Ac.	1	84	0	84	84	12	16	19.0%	60	71.4%	159
	Tistilal Village	$27,600,566	$1,632,000	42,767 SF	62,463 SF	0.95 Ac.	1	57	1	58	57	24	24	42.1%	31	54.4%	101
	Waterleaf	$75,725,948	$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
Washington	Aloha Housing Devel.	$27,254,377	$10,230,000	57,864 SF	74,140 SF	1.15 Ac.	1	81	1	82	81	0	33	40.7%	50	61.7%	133
	Aloha Quality Inn	$9,300,000	$8,565,000	22,140 SF	32,140 SF	1.10 Ac.	1	54	0	54	54	54	54	100.0%	0	0.0%	54
	Plambeck Gardens	$40,882,086	$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
	Goldcrest	$32,383,866	$8,700,000	56,414 SF	78,836 SF	2.15 Ac.	1	74	1	75	74	0	14	18.9%	45	60.8%	128
	Plaza Los Amigos	$42,184,722	$12,830,000	88,960 SF	112,886 SF	9.98 Ac.	1	112	1	113	112	16	26	23.2%	72	64.3%	198
	Saltzman Road	$15,077,317	$5,400,000	33,600 SF	33,600 SF	0.95 Ac.	1	53	0	53	53	24	30	56.6%	9	17.0%	62
	Terrace Glen	$51,276,941	$17,484,000	102,225 SF	146,225 SF	2.88 Ac.	1	144	0	144	144	8	51	35.4%	74	51.4%	237
	The Valfre at Avenida 23	$13,227,998	$3,792,088	29,537 SF	33,001 SF	1.36 Ac.	6	36	0	36	36	8	8	22.2%	30	83.3%	72
	Tigard Senior	$23,021,464	$6,270,000	34,800 SF	47,679 SF	1.70 Ac.	1	57	1	58	57	23	23	40.4%	0	0.0%	58
	Viewfinder	$32,244,411	$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
Total		$1,258,472,678	$324,187,829	2,540,485 SF	3,233,151 SF	89.38 Ac.	76	3,409	13	3,422	3,192	666	1,139	33.3%	1,659	48.5%	5,894
Weighted Average		$52,235,206	$12,688,197	113,375 SF	144,989 SF	3.97 Ac.	3	145	0	146	131	20	39	39.1%	75	53.6%	262
Minimum		$6,667,137	$1,632,000	11,000 SF	13,150 SF	0.43 Ac.	1	35	0	35	35	0	8	6.5%	0	0.0%	35
Maximum		$91,278,644	$28,428,484	272,785 SF	386,430 SF	11.00 Ac.	13	309	2	309	309	70	70	100.0%	229	83.3%	570

EXHIBIT B. SUMMARY OF AFFORDABLE HOUSING BOND PIPELINE THROUGH DECEMBER 2021

Housing Bond Portfolio
Summary

Jurisdiction	Project Name	Units Per Acre	Avg % AMI	Avg. Affordable Bdrm Size	Avg. Affordable Unit Size	Cost Efficiency (Total Project) Per Sq Ft	Cost Efficiency (Total Project) Per Unit	Cost Efficiency (Total Project) Per Bdrm	Bond Subsidy Efficiency (Eligible Units) Per Unit	Bond Subsidy Efficiency (Eligible Units) Per Bdrm	Operating Performance (PUPY) EGI	Operating Performance (PUPY) Op Exp	Operating Performance (PUPY) NOI	Income to Expense Ratio	Debt Svc Coverage Ratio	Cash Dev Fee	LIHTC Basis Boost	Prevailing Wage Requirement
Beaverton	Elmonica Station	76	47.6%	1.6	714 SF	$359.08	$412,943	$259,290	$148,750	$93,701	$10,925	$6,194	$4,731	1.76	1.29	7.5%	130%	No PWR
	Mary Ann	123	53.9%	1.6	731 SF	$315.96	$404,950	$254,271	$55,556	$34,884	$10,149	$6,123	$4,026	1.66	1.20	6.1%	100%	No PWR
	Scholls Ferry	33	58.1%	1.8	883 SF	$236.21	$295,400	$160,138	$37,903	$20,547	$12,945	$3,715	$9,230	3.48	1.15	4.8%	130%	No PWR
Clackamas	Fuller Road Station	48	53.4%	2.0	981 SF	$353.67	$456,451	$224,853	$86,566	$42,637	$14,457	$5,680	$8,776	2.55	1.19	10.9%	130%	D-B & BOLI
	Good Shepherd Village	13	47.7%	1.7	760 SF	$497.78	$385,945	$227,120	$129,071	$76,050	$14,244	$8,377	$5,867	1.70	1.21	3.1%	100%	Davis-Bacon
	Maple Apartments	24	47.7%	2.2	851 SF	$413.48	$351,881	$156,697	$93,000	$41,414	$15,663	$6,834	$8,830	2.29	1.23	9.0%	100%	Davis-Bacon
	Tukwila Springs	22	30.0%	1.0	310 SF	$716.32	$388,008	$388,008	$61,234	$61,234	$13,735	$7,104	$6,631	1.93	1.15	13.0%	100%	Davis-Bacon
Gresham	Albertina Kerr	59	53.9%	1.3	534 SF	$447.43	$293,718	$232,132	$76,190	$60,215	$11,253	$6,816	$4,437	1.65	1.32	-0.6%	130%	No PWR
	Rockwood Village	30	61.0%	2.5	866 SF	$253.47	$269,814	$116,676	$109,618	$44,034	$13,699	$6,617	$7,081	2.07	1.15	3.4%	130%	No PWR
Hillsboro	Nueva Esperanza	25	47.9%	2.1	912 SF	$333.07	$345,966	$167,403	$113,696	$55,002	$11,760	$6,669	$5,091	1.76	1.25	6.9%	130%	No PWR
Portland	5020 Interstate	144	51.6%	2.1	1,030 SF	$418.11	$446,906	$208,774	$143,000	$66,803	$12,143	$6,027	$6,116	2.01	1.33	9.7%	130%	BOLI
	74th & Glisan	83	56.7%	1.6	652 SF	$423.18	$378,476	$234,621	$142,500	$88,337	$14,763	$8,531	$6,232	1.73	1.30	5.7%	100%	D-B & BOLI
	Albina One	140	49.8%	1.8	780 SF	$533.46	$485,327	$276,489	$143,000	$81,467	$12,393	$5,912	$6,481	2.10	1.27	6.3%	130%	D-B & BOLI
	Dekum	34	50.2%	1.7	726 SF	$536.40	$430,479	$225,489	$143,089	$83,469	$12,766	$7,940	$4,826	1.61	1.29	4.1%	130%	Davis-Bacon
	Findley Commons	81	30.0%	1.0	314 SF	$507.01	$190,490	$190,490	$55,576	$55,576	$17,004	$14,617	$2,386	1.16	3.34	8.4%	130%	Davis-Bacon
	Hattie Redmond	131	30.0%	1.0	359 SF	$664.66	$381,271	$381,271	$71,871	$71,871	$12,255	$9,168	$3,087	1.34	0.00	8.8%	130%	No PWR
	Hollywood Hub	328	49.6%	1.8	794 SF	$426.12	$443,937	$242,477	$142,857	$78,315	$12,413	$7,080	$5,333	1.75	1.18	2.7%	130%	BOLI
	Meridian Gardens	118	35.3%	1.0	248 SF	$627.75	$281,999	$281,999	$143,000	$143,000	$10,957	$7,889	$3,068	1.39	0.00	5.6%	130%	Davis-Bacon
	PCC Killingsworth	84	54.3%	1.9	819 SF	$541.19	$443,327	$234,210	$71,500	$37,774	$11,345	$7,467	$3,877	1.52	1.23	6.0%	130%	BOLI
	Tistilal Village	61	47.4%	1.7	750 SF	$441.87	$475,872	$273,273	$28,632	$16,485	$11,260	$8,042	$3,219	1.40	1.57	9.6%	130%	No PWR
	Waterleaf	220	57.1%	1.4	734 SF	$404.01	$425,427	$307,829	$9,882	$7,187	$11,403	$6,924	$4,480	1.65	1.19	4.5%	130%	D-B & BOLI
Washington	Aloha Housing Devel.	71	47.8%	1.6	714 SF	$367.61	$332,370	$204,920	$126,296	$78,092	$9,675	$6,895	$2,780	1.40	1.44	7.5%	130%	No PWR
	Aloha Quality Inn	49	30.0%	1.0	410 SF	$289.36	$172,222	$172,222	$158,611	$158,611	$11,571	$9,709	$1,862	1.19	0.00	5.0%	130%	BOLI
	Plambeck Gardens	25	47.8%	1.7	797 SF	$442.45	$352,432	$210,732	$123,448	$73,814	$10,375	$5,158	$5,217	2.01	1.20	7.2%	130%	No PWR
	Goldcrest	35	54.3%	1.7	762 SF	$410.78	$431,785	$252,999	$117,568	$69,600	$12,130	$7,105	$5,025	1.71	1.21	5.3%	130%	No PWR
	Plaza Los Amigos	11	53.0%	1.8	794 SF	$373.69	$373,316	$213,054	$114,554	$65,459	$13,068	$6,736	$6,332	1.94	1.15	6.7%	100%	Davis-Bacon
	Saltzman Road	56	43.0%	1.2	634 SF	$448.73	$284,478	$243,183	$101,887	$87,097	$11,618	$6,590	$5,029	1.76	1.20	13.4%	130%	No PWR
	Terrace Glen	50	49.4%	1.6	710 SF	$350.67	$356,090	$216,358	$121,417	$73,772	$10,737	$5,678	$5,059	1.89	1.25	5.1%	130%	No PWR
	The Valfre at Avenida 23	26	53.3%	2.0	820 SF	$400.84	$367,444	$183,722	$105,336	$52,668	$14,210	$5,361	$8,849	2.65	1.16	9.2%	100%	No PWR
	Tigard Senior	34	47.9%	1.0	611 SF	$482.84	$396,922	$396,922	$110,000	$110,000	$11,752	$6,458	$5,294	1.82	1.15	5.5%	100%	Davis-Bacon
	Viewfinder	73	47.4%	1.8	775 SF	$369.86	$398,079	$219,350	$143,000	$78,796	$12,173	$6,017	$6,156	2.02	1.15	13.1%	130%	Davis-Bacon
Weighted Average		77	49.9%	1.7	745 SF	$389.70	$367,759	$213,518	$101,563	$63,061	$12,517	$6,727	$5,790	1.96	1.22	6.0%		
Minimum		11	30.0%	1.0	248 SF	$236.21	$172,222	$116,676	$9,882	$7,187	$9,675	$3,715	$1,862	1.16	0.00	-0.6%		
Maximum		328	61.0%	2.5	1,030 SF	$716.32	$485,327	$396,922	$158,611	$158,611	$17,004	$14,617	$9,230	3.48	3.34	13.4%		

EXHIBIT C. DETAILED SUMMARY OF LOCATION METRICS FOR AFFORDABLE HOUSING BOND PROJECTS (DECEMBER 2021)

Exhibit D:

April 2021

Detailed Table of Location Metrics

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 inacccessible 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)*		
				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)*		
Map ID	Project name	Eligible units	County	*Estimate*	*MOE (+/-)*	*POC / LEP*	*Estimate*	*MOE (+/-)*	*Estimate*	*MOE (+/-)*		*MAX ½ mi*	*FS Bus ¼ mi*	Walkscore
1	The Valfre at Avenida 26	36	Washington	25%	6%	<=/<=	2%	2%	25%	6%	6.7%	>1 mile	0.5	61
2	Plaza Los Amigos	112	Washington	48%	5%	>/>	16%	4%	48%	5%	2.6%	>1 mile	0.2	58
3	Nueva Esperanza	149	Washington	47%	9%	>/<=	7%	3%	47%	9%	3.1%	0.4	>1 mile	34
4	Aloha Quality Inn	54	Washington	45%	4%	>/>=	11%	4%	45%	4%	5.5%	>1 mile	0.1	61
5	Scholls Ferry Apartments	164	Washington	38%	5%	>/>	14%	4%	38%	5%	0.0%	>1 mile	>1 mile	8
6	Goldcrest	74	Washington	28%	6%	<=/<=	7%	4%	28%	6%	0.0%	>1 mile	>1 mile	11
7	Aloha Housing Development	81	Washington	42%	5%	>/>=	9%	4%	42%	5%	7.0%	>1 mile	0.1	74
8	Mary Ann	54	Washington	42%	7%	>/>	16%	5%	42%	7%	3.2%	0.3	0.1	93
9	Saltzman Road	53	Washington	39%	9%	>/<=	8%	4%	39%	9%	10.1%	>1 mile	>1 mile	87
10	Plambeck Gardens	116	Washington	28%	6%	<=/<=	3%	1%	28%	6%	0.0%	>1 mile	>1 mile	14
11	Terrace Glen	144	Washington	28%	9%	<=/>=	10%	5%	28%	9%	2.0%	0.9	0.0	70
12	Tigard Senior Housing	57	Washington	28%	6%	<=/<=	8%	4%	28%	6%	8.3%	0.6	0.1	51
13	Viewfinder	81	Washington	23%	9%	<=/<=	5%	6%	23%	9%	13.0%	>1 mile	0.3	59
14	Tilistial Village	24	Multnomah	50%	6%	>/>	15%	4%	50%	6%	14.5%	>1 mile	0.0	80
15	5020 N Interstate	64	Multnomah	34%	7%	>=/<=	6%	4%	34%	7%	9.5%	0.2	0.2	87
16	Hattie Redmond	60	Multnomah	26%	7%	<=/<=	2%	2%	26%	7%	8.2%	0.0	0.0	89
17	Riverplace Phase 2	176	Multnomah	27%	8%	<=/>=	9%	5%	27%	8%	18.1%	0.0	0.1	80
18	Albina One	94	Multnomah	28%	7%	<=/<=	1%	1%	28%	7%	21.6%	0.0	0.1	88
19	Dekum Court	147	Multnomah	31%	4%	>=/<=	2%	1%	31%	4%	2.8%	>1 mile	0.2	52
20	Hollywood Hub	199	Multnomah	20%	7%	<=/<=	2%	2%	20%	7%	7.0%	0.0	0.0	96
21	PCC Killingsworth	84	Multnomah	59%	5%	>/>	14%	5%	59%	5%	3.3%	>1 mile	0.0	76
22	Findley Commons	35	Multnomah	24%	6%	<=/<=	4%	3%	24%	6%	0.9%	>1 mile	0.1	89
23	Webster Road	48	Clackamas	15%	5%	<=/<=	5%	3%	15%	5%	0.3%	>1 mile	>1 mile	53
24	74th and Glisan	137	Multnomah	30%	7%	>=/<=	2%	2%	30%	7%	8.3%	0.7	0.2	86
25	Maple Apartments	171	Clackamas	11%	6%	<=/<=	2%	2%	11%	6%	11.7%	>1 mile	0.8	35
26	Fuller Road Station	99	Clackamas	45%	7%	>/>	15%	6%	45%	7%	5.7%	0.1	0.2	65
27	Meridian Gardens	85	Multnomah	40%	5%	>/>	29%	6%	40%	5%	8.3%	1.0	0.1	72
28	Albertina Kerr	147	Multnomah	52%	9%	>/>	28%	9%	52%	9%	9.0%	0.5	0.2	54
29	Good Shepherd Village	141	Clackamas	30%	4%	>=/<=	6%	2%	30%	4%	0.0%	>1 mile	>1 mile	30
30	Rockwood Village	47	Multnomah	46%	8%	>/>	19%	6%	46%	8%	8.6%	0.4	0.1	83
31	Elmonica Station	80	Washington	47%	11%	>/>=	15%	9%	47%	11%	11.3%	0.2	>1 mile	54
32	Troutdale Apartments	94	Multnomah	33%	5%	>=/>=	10%	4%	33%	5%	6.6%	0.1	0.3	66
33	Barbur Blvd		Multnomah	32%	9%	>=/<=	7%	3%	32%	9%	0.4%	>1 mile	0.1	68

Exhibit D:

April 2021

Detailed Table of Location Metrics

Percent of Total Eligible Units

15% Clackamas	40% > regional	40% > regional	26% > regional	13% < regional	16% none	30% FS Bus and MAX	47% score ≥ 70
45% Multnomah	19% ≥ regional	29% ≥ regional	17% ≥ regional	31% ≤ regional	25% < regional	41% FS bus or MAX	28% score 50-69
40% Washington	42% ≤ regional	31% ≤ regional	53% ≤ regional	55% ≥ regional	59% > regional	28% neither	16% score < 50
		> or ≥ region for *<u>either</u> 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 calcuated 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 D. SUMMARY OF CONTRACTING GOALS AND PRELIMINARY OUTCOMES, WORKFORCE TRACKING COMMITMENTS, AND PREVAILING WAGE REQUIREMENTS

Jurisdiction	Project	Development Team (Developer/GC)	Total cost/ Metro subsidy (millions)	COBID Goal		Preliminary COBID outcomes		Workforce tracking?	Prevailing Wage
				Hard costs	Soft costs	Hard costs	Soft costs		
Beaverton	Mary Ann	REACH/Walsh	$21.9/$3.0	20%	20%	21%	22%	Y	
	Scholls Ferry	Wishcamper/COLAS	$53.7/$9.0	20%	20%	n/a	n/a	Y	
	Elmonica	REACH/COLAS	$34.1/$11.9	25%	25%	n/a	n/a	Y	
Clackamas	Fuller Road Station	GSA, GRES/R&H Construction	$47.3/$8.5	20%	20%	28%	29%		Davis Bacon, BOLI
	Good Shepherd Village	Caritas, Catholic Charities/Walsh	$60.8/$18.3	25%	20%	n/a	n/a		Davis Bacon
	Maple Apartments	CDP, Hacienda CDC/LMC	$62.1/$15.9	20%	20%	n/a	n/a		Davis Bacon
	Tukwila Springs	HACC/Walsh	$19.4/$5.5	20%	20%	n/a	n/a		Davis Bacon
Gresham	Albertina Kerr	Gerdin Edlen/Pence	$45.2/$11.2	20%		32%			
	Rockwood Village	CDP/LMC	$65.9/$5.1	20%		30%			
Washington	Aloha Family Housing	BRIDGE/LMC	$27.8/$10.2	25%	20%	n/a	n/a	Y	
	Aloha Quality Inn	HAWC/(TBD)	$9.3/$8.4	20%	20%	n/a	n/a	Y	BOLI
	Plambeck Gardens	CPAH/LMC	$43.5/$14.3	20%	20%	n/a	n/a	Y	
	Goldcrest	BRIDGE/COLAS	$33.2/$8.7	20%	20%	n/a	n/a	Y	
	Plaza Los Amigos	REACH/LMC	$39.2/$12.8	20%	20%	n/a	n/a	Y	Davis Bacon
	Saltzman Road	Home First/Beaudin	$15.5/$5.4	20%	20%	n/a	n/a	Y	
	Terrace Glen	Related NW/Walsh	$53.9/$17.5	20%	20%	20%	20%	Y	
	The Valfre at Avenida 23	DCM Communities/LMC	$13.6/$3.8	20%	20%	30%	n/a	Y	
	Tigard Senior	NHA/Walsh	$19.2/$6.2	20%	20%	n/a	n/a	Y	Davis Bacon
	Viewfinder	CDP/Bremik	$32.9/$11.5	20%	20%	22%	22%	Y	Davis Bacon
Hillsboro	Nueva Esperanza	Bienestar, HDC/LMC	$53.3/$16.9	20%	20%	n/a	n/a		
Portland	Hattie Richmond	Home Forward/Bremik	$23.9/$4.4	30%	20%	38%	29%	Y	
	Dekum (Home Forward)	Home Forward/Walsh	$66.5/$22.9	28%	20%	n/a	n/a	Y	Davis Bacon
	Findley Commons	Home First/Beaudin	$7.0/$1.9	24%	20%	17%	57%	Y	Davis Bacon
	Waterleaf	BRIDGE/Walsh	$77.9/$1.7	30%	n/a	21%	n/a	Y	Davis Bacon, BOLI
	74th and Glisan	Related NW/LMC	$56.5/$19.9	30%	20%	n/a	n/a		Davis Bacon, BOLI
	5020 N Interstate	Community Development Partners/LMC	$30.1/$9.3	30%	20%	n/a	n/a		BOLI
	Albina One	Albina Vision Trust/COLAS	$49.1/$13.5	30%	20%	n/a	n/a		Davis Bacon, BOLI
	Meridian Gardens	Central City Concern/Walsh	$26.1/$12.4	30%	20%	n/a	n/a		Davis Bacon
	Hollywood Hub	BRIDGE Housing/Walsh	$98.7/$29.1	30%	20%	n/a	n/a		BOLI
	PCC Killingsworth	Home Forward/Walsh	$38.1/$2.5	30%	20%	n/a	n/a		BOLI
	Tistilal Village	HDC/COLAS	$28.4/$3.5	30%	20%	n/a	n/a		

EXHIBIT E. SUMMARY OF LEVERAGED CAPITAL FUNDING SOURCES

Jurisdiction	Project name	LIHTC equity	Grants	Permanent loan	Metro housing bond	Sponsor contribution	Other
Beaverton	Elmonica Station	42.8%	3.6%	16.4%	34.9%	2.2%	0.0%
	Mary Ann	54.9%	6.1%	14.6%	13.7%	0.0%	0.0%
	Scholls Ferry	28.9%	0.0%	51.8%	11.9%	7.2%	0.0%
Clackamas	Fuller Road Sta.	42.8%	3.1%	31.7%	18.1%	3.6%	0.0%
	Good Shepherd	32.3%	0.0%	20.8%	30.1%	9.2%	1.6%
	Maple	33.1%	1.6%	36.5%	25.6%	3.1%	0.0%
	Tukwila Springs	33.0%	0.0%	24.2%	15.1%	13.2%	2.1%
Gresham	Albertina Kerr	40.8%	0.0%	22.1%	24.8%	11.9%	0.0%
	Rockwood 10	36.3%	0.0%	40.9%	7.8%	8.3%	0.0%
Hillsboro	Nueva Esperanza	41.8%	0.6%	22.9%	31.8%	2.7%	0.0%
Portland	Hattie Redmond	40.2%	0.9%	0.0%	18.0%	4.7%	0.0%
	Dekum Court	41.4%	0.0%	20.4%	25.4%	12.8%	0.0%
	Findley Commons	0.0%	31.9%	7.2%	27.9%	4.3%	0.0%
	Waterleaf	35.5%	34.3%	17.8%	2.2%	8.0%	0.0%
	Tistilal Village	60.5%	10.1%	11.6%	5.7%	4.1%	6.3%
	74th & Glisan	32.9%	3.1%	21.0%	34.5%	8.3%	0.0%
	PCC Killingsworth	46.1%	2.9%	18.9%	15.8%	7.0%	0.0%
	Hollywood Hub	45.2%	0.5%	15.6%	28.8%	9.7%	0.0%
	Albina One	38.6%	8.9%	17.8%	27.4%	7.1%	0.0%
	5020 Interstate	46.1%	0.0%	17.8%	30.3%	5.2%	0.0%
	Meridian Gardens	40.7%	4.4%	0.0%	46.6%	8.1%	0.0%
Washington	Aloha Hsg	33.7%	1.9%	7.6%	36.7%	6.1%	2.5%
	Aloha Quality Inn	0.0%	7.5%	0.0%	92.1%	0.0%	0.0%
	Plambeck Gardens	37.1%	2.3%	19.0%	32.9%	6.2%	0.7%
	Goldcrest	41.8%	0.1%	18.9%	26.1%	9.9%	2.7%
	Plaza Los Amigos	34.3%	2.6%	26.1%	29.2%	4.5%	2.9%
	Saltzman Road	38.8%	0.0%	23.5%	34.8%	2.9%	0.0%
	Terrace Glen	42.6%	0.9%	18.8%	32.3%	5.4%	0.0%
	The Valfre at Ave 26 (FGFH)	30.4%	3.7%	35.3%	27.9%	2.8%	0.0%
	Tigard Senior	34.8%	7.6%	22.6%	24.5%	10.4%	0.0%
	Viewfinder	34.8%	0.0%	27.2%	35.2%	2.1%	0.0%

EXHIBIT F. SUMMARY OF ONGOING FUNDING FOR LONG-TERM RENTAL ASSISTANCE AND WRAPAROUND SERVICES

Jurisdiction	Project name	Total affordable units	30% AMI units	Units with project-based rental asssistance	Units with ongoing funding for wraparound services
Beaverton	Elmonica Station	80	33	8	0
	Mary Ann	54	11	8	0
	Scholls Ferry	309	12	0	0
Clackamas	Fuller Road Sta.	99	25	25	25
	Good Shepherd	142	58	35	35
	Maple	171	70	70	9
	Tukwila Springs	48	48	45	48
Gresham	Albertina Kerr	147	30	30	30
	Rockwood 10	224	47	0	0
Hillsboro	Nueva Esperanza	149	60	8	8
Portland	Hattie Redmond	60	60	60	60
	Dekum Court	187	61	67	0
	Findley Commons	35	0	20	35
	Waterleaf	176	17	20	20
	Tistilal Village	57	24	24	16
	74th & Glisan	137	56	0	41
	PCC Killingsworth	84	28	12	0
	Hollywood Hub	199	69	36	0
	Albina One	94	32	16	0
	5020 Interstate	64	18	0	0
	Meridian Gardens	85	70	65	65
Washington	Aloha Hsg	81	33	0	0
	Aloha Quality Inn	54	54	54	54
	Plambeck Gardens	116	47	8	8
	Goldcrest	74	14	0	0
	Plaza Los Amigos	112	26	16	16
	Saltzman Road	53	28	24	24
	Terrace Glen	144	51	8	3
	The Valfre at Avenida 26 (FGFH)	36	8	8	8
	Tigard Senior	57	23	23	23
	Viewfinder	81	34	16	27
Total		**3,409**	**1,147**	**706**	**555**

EXHIBIT G. REGIONAL GUIDELINES FOR CASH DEVELOPER FEE | EFFECTIVE MARCH 1, 2022

Metro Affordable Housing Bond
Regional guidelines for cash developer fee
Effective March 1, 2022

Thanks to voters and many public, private and community partners, Metro's affordable housing bond currently has nearly 3,000 units in the pipeline as part of 30 development projects across the region, with just over half of available funds committed to projects.

Our bond program is built on guiding principles of racial equity, housing opportunity and good use of public dollars. Transparent reporting and independent oversight help us to improve over time in response to changing market, financing and regulatory conditions, as well as feedback from partners and the community. As part of ongoing program improvement, Metro is proposing new regional guidelines for developer compensation that will help ensure we stay on track to deliver the affordable homes we've promised to voters, advance racial equity and housing opportunity across the region, and make the best use of public dollars.

<u>These guidelines will apply to the net cash developer fee for projects submitted for concept endorsement after March 1, 2022</u>. For projects that previously received a concept endorsement and are seeking final approval, the guidelines will not be used to retroactively reduce previously approved fees; however, as part of Metro's consideration of changes to projects between concept endorsement and final approval, the guidelines will serve as a reference for evaluating any proposed increase to the net cash developer fee.

The purpose of the guidelines is to:

1) Increase transparency and clarity regarding Metro's project approval criteria;
2) Ensure consistency and fairness in developer compensation across the regional portfolio; and
3) Promote alignment of practices with the program's core values, including advancing racial equity.

Within affordable housing development, developer fees are essential to fund the costs associated with assembling financing, overseeing design, monitoring construction and occupancy, and supporting community engagement. Developer fees are typically paid to the developer through both a capitalized (or net cash) during the project development period, as well as a deferred fee that is paid with operating cash flow generated by the project over time. The total developer fee, including deferred fee paid over time, is regulated by Oregon Housing and Community Services (OHCS) under its administrative rules for the Low Income Housing Tax Credit (LIHTC) program, as a source of leveraged equity in the majority of Metro bond projects. However, because the Metro Housing Bond is contributing a significant source of gap funding, our commitment to fiscal stewardship requires that we also examine the appropriate level of net cash fee.

Metro staff review the capital stack for each housing bond project at an early (concept endorsement) phase and final (final approval) phase. The financial structures for affordable housing developments are often complex, involving multiple public and private funding sources, developers, contractors and community partners. We confirm that each project aligns with local and regional goals, and look for trends and opportunities to improve across the program as a whole.

The Housing Bond Preparedness Audit released in January 2021 recommended that Metro document and disseminate more clear guidance to partners regarding project funding requirements, to ensure transparency and accountability throughout the program. Metro has also heard feedback from partner jurisdictions and developers regarding lack of clarity around expectations, as Metro has shifted its approach to reviewing projects in response to significant unanticipated changes impacting the affordable housing development funding system as well as unanticipated circumstances on specific projects.

In an analysis of the housing bond portfolio to date for the 2020 annual report, Metro observed a general trend toward higher average fees taken by for-profit developers and lower average fees taken by non-profit and culturally specific providers, which points to the need for a policy based on equity considerations in alignment with Metro's guiding principles.

Metro is proposing a ceiling for the net cash fee out of recognition that as projects grow larger and more expensive, the level of complexity and project risk does not proportionately grow. Across the state, our affordable housing production system faces new challenges as a result of the success of state and local efforts to create additional gap funding resources, including the Metro bond. These constraints will push the industry toward a more coordinated and competitive process for allocating 4% Low Income Housing Tax Credits (LIHTC). Given this new reality, we believe the ceiling will play an important role in protecting the competitiveness of smaller projects led by community-based and culturally specific organizations.

Ultimately, these guidelines (outlined below) will provide clear parameters that increase regional consistency in developer fees while providing flexibility for the specific fee to be locally determined through evaluation of considerations related to project complexity and racial equity. Metro will revisit and adjust the guidelines as necessary to respond to significant changes in the funding, financial or regulatory landscape, including adjustments to the $3 million ceiling to account for the impacts of inflation and cost escalation over time.

Proposed new regional guidelines for net cash developer fee:
New construction:

- Maximum net cash developer fee[2]: Lesser of $3M or below percentage
- Range (percentage of developer fee basis[3])
    - 1-30 units: 8% to 14%
    - 31-75 units: 6% to 10%
    - 76-100 units: 3% to 7%
    - 101 units and above: 2% to 6%

Acquisition/Rehabilitation:

- Maximum net cash developer fee: Lesser of $3M or below percentage
- $4,000/unit PLUS (percentage of developer fee basis)[4]
    - 1-30 units: 13% to 22%
    - 31-75 units: 12% to 20%

[2] Metro defines the net cash developer fee as the net paid fee after the deferred fee and contributed fee/sponsor contributions, consultant fees, and third-party construction management fee.

[3] Metro defines the developer fee basis as total project cost minus acquisition costs, total developer fee (net cash, contributed, and deferred), consultant fees, third-party construction management fee, and capitalized reserves. This is consistent with the methodology used by Oregon Housing and Community Services (OHCS) and Portland Housing Bureau (PHB).

[4] The methodology for acquisition/rehabilitation projects is aligned with OHCS and PHB, and accounts for the fact that acquisition costs are not included in developer fee eligible basis.

- 76-100 units: 8% to 18%
- 101 units and above: 5% to 16%

Considerations for determining net cash fee within tiered ranges

Where an individual project falls within the above tiered range will be determined by Local Implementation Partner jurisdictions through consideration of factors related to the project complexity and considerations related to racial equity, in alignment with the program's guiding principles and any local underwriting guidelines that apply. It is Metro's expectation that a typical project's developer fee will fall in the middle of this range, with some projects being lower and some higher, based on the following considerations:

- **Project complexity and risk.** For example, permanent supportive housing projects or projects in locations with ground-floor commercial requirements typically require additional effort and risk and may warrant a higher fee within the range.
- **Organizational size and financial capacity.** For example, existing real estate holdings and annual operating revenue should be taken into account. A higher fee within the range may be warranted to support organizational capacity and growth.
- **Participation of small/emerging community based organizations—especially culturally specific organizations[5].** Consideration should be given to the makeup of the development team, including organizations and their leadership (i.e. demographics of staff and board), as well as to how organizations are compensated within partnership agreements. A higher fee within the range may be warranted to support the growth of emerging community-based or culturally specific organizations.
- **Outcomes for BIPOC communities.** Plans and track record, either directly or in partnership with culturally specific organizations and other groups, of successfully engaging and serving BIPOC communities through outreach, culturally responsive design and programming, and fair housing outcomes (e.g., resident demographics for previous projects). A higher fee may be warranted to account for the time and efforts required for organizations to build and sustain the relationships that strengthen equity outcomes throughout the development process.
- **Outcomes for contracting/workforce.** In combination with above considerations, a higher fee within the range may be warranted for development teams with a strong commitment and/or track record (e.g. outcomes from previous projects) for achieving equitable contracting/workforce outcomes through the construction process.

Moving forward, project narratives submitted to Metro will need to include a description of how the above considerations were taken into account in determining the appropriate fee.

Exceptions to above guidelines

Metro will consider exceptions to the guidelines for development partnerships including new/emerging developers who are community-based and/or culturally specific organizations. These projects would need to demonstrate the likelihood that additional developer fees will help to build the capacity of these organizations and strengthen their ability to reinvest in project or community outcomes that advance racial equity.

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[5] Culturally specific organizations are created *by and for* historically marginalized communities to lift the voices and address the experiences of those who, because of oppression, have been unheard, unserved/underserved or unheeded for too long. This especially includes people targeted by racism as well as those who have experienced classism, ageism, ableism, xenophobia, anti-immigrant bias, homophobia and transphobia.

Metro would work with LIP jurisdictions to confirm equitable distribution of the fee to compensate partners within the specific context of the deal and alignment with the policy intentions and considerations outlined above. For example, if Metro approved a net cash fee in excess of the above guidelines, we would require verification that a significant portion of the fee supports capacity building of a small community based or culturally specific organization and their ability to reinvest in project or community outcomes that advance racial equity.

Moving forward, Metro will continue to engage jurisdictional and development partners in a broader conversation about best practices in project selection and underwriting to support capacity building of small, community based and culturally specific organizations. As part of that work, we may examine the potential for more specific criteria to define more specific standards related to developer fees for development partnerships that include new/emerging developers who are community-based and/or culturally specific organizations.

Background

In the spring of 2021, Metro staff initiated a discussion with local implementation partner (LIP) jurisdictions to understand how they were working with developers to adapt projects in their funding pipeline in response to changes in the funding landscape, including the potential need for a more consistent approach to the developer fee.

In spring/summer 2021, Metro conducted research and analysis to understand existing fee structures in the Affordable Housing Bond portfolio, standards in other jurisdictions, and the potential impact of different approaches, using a racial equity lens. Key findings from this research and analysis are summarized below.

Existing practices and policies

Metro has observed significant variation among developer fees, and most notably, in the portion of the development fee that is capitalized, or paid up front, across the portfolio. Metro observed a general trend toward higher average fees for for-profit developers and lower average fees for non-profit and culturally specific providers, which raised questions about the need for a policy informed by an equity lens consistent with the program's guiding principles. Additionally, Metro found that fee structures also tended to disproportionately benefit developers of larger projects, who tend to more often be led by for-profit developers, or joint ventures between for-profit and non-profit developers.

Currently, only one LIP (Portland) has established guidelines for the net cash developer fee. Other jurisdictions have evaluated projects for compliance with OHCS limitations related to the total fee, but have not utilized a cash fee standard. A key theme from conversations with LIPs was the need to ensure adequate fees to compensate development organizations for the work they do—recognizing the importance of developer fees for compensating developers for the work necessary to meet policy expectations related to community engagement, to assemble multiple financing sources, oversee design, monitor construction and occupancy, and report on outcomes.

Guiding principles

Metro's Housing Bond policy framework includes a set of guiding principles informed by stakeholder engagement prior to the referral of the measure to voters in 2018. Below is a summary of each of those principles and considerations for how they relate to developer fee standards.

Guiding principle	Considerations
Lead with racial equity.	Provide sufficient compensation to support the continued growth of small, community-based and culturally specific housing providers/partners, and strengthen the ability of all developers/providers to sustain investments that are guided by and support BIPOC communities and other underserved groups.
Create opportunity for those in need.	Ensure that developer fees accurately reflect the level of complexity and risk involved in serving the most vulnerable and incorporating community-informed, culturally responsive design and programming.
Create opportunity throughout the region.	Support fairness and consistency in how developers are compensated across the region; provide level-setting to provide adequate compensation for smaller projects/developers and cap maximum compensation for larger projects/developers.
Ensure long-term benefits and good use of public dollars.	Ensure fiscal stewardship and appropriate use of public funds to provide long-term benefits to those in need.

Analysis that informed recommendations

Metro staff analyzed existing developer fees across the Metro housing bond pipeline portfolio, researched fee standards in other jurisdictions across the country, and considered and discussed how the developer fee could support desired outcomes for advancing racial equity.

Survey of developer fee standards

Metro completed a survey of developer fee standards from approximately 30 municipalities, including cities, counties, and states. This survey provided a snapshot of the diversity of developer fee standards across the country with an emphasis on paid fee standards.

The goal of the survey was to increase our knowledge of developer fee standards outside of the region and begin to identify themes and best practices among municipalities. For many municipalities, the developer fee was part of their LIHTC underwriting guidelines. While a federal program, developer fee limits are established by states. Given this, there is a fair amount of diversity in fee structures.

We ultimately homed in on practices that 1) most accurately reflected Metro's region and role, and 2) included explicit racial equity goals. In particular, we identified three municipalities that provide the most relevant comparison: Portland, Seattle, and San Francisco. Each municipality provides local gap financing for LIHTC developments and uses a different approach for calculating maximum cash fee.

Comparison of developer fee limits for new construction

	Metro (proposed)	OHCS	Portland	Seattle	San Francisco[6]

[6] San Francisco has slightly different limits for 9% LIHTC projects and acquisition/rehab. Because the majority of projects in the housing bond pipeline are 4% projects, only those limits are included here.

Net cash developer fee limit	Lesser of $3M or below percentage: 1-30 units: 8-14% 31-75 units: 6-10% 76-100 units: 3-7% 100+ units: 2-6%	No limits	1-30 units: 8-12% 31-75 units: 6-9% 76-100 units: 3-6% 100+ units: 2-5%	Amount under $1M: 12.0% Amount between $1 - $6M: 7.5% Amount between $6 - $12M: 5.0% Amount over $12MM: 2.5%	4% credits: $2,200,000 dollars, plus $10,000 per unit for each unit in excess of 100
Total developer fee limit		1-30 units: 20% 31-75 units: 18% 76-100 units: 16% 100+ units: 14%	15%	15%	15%
Notes			More complex projects based on population served, financing and structure are expected to have a paid fee at the top of the range and less complex projects nearer the minimum.	Projects that provide housing and services for homeless individuals and/or families in 75% or more of the units are allowed a higher fee (**8%**), to balance the lack of opportunity such projects have to generate future income from operations.	Per California's guidelines, for 4% projects with BIPOC developer(s), the 15% total fee limit is increased to 20%, and the $2.5MM paid fee limit is increased to $3MM.

In addition to these three municipalities, the recommendations are also informed by a review of existing financial practices that differentiate their fee standards by organization type. These practices include:

- Ohio: The Ohio QAP provides a $75,000 developer fee supplement for state-certified Community Housing Development Organizations (CHDO).

- California: As mentioned above, the California QAP permits a higher paid fee for 4% LIHTC projects developed by BIPOC sponsors.
- New York: New York State's Small Building Participation Loan Program allows a fee twice as high for non-profits than for-profits (5% vs. 2.5%).

Pipeline analysis

In analyzing the existing Housing Bond pipeline, Metro observed a general trend toward higher average fees for for-profit developers and lower average fees for non-profit and culturally specific providers.

Analysis of net cash developer fees in the Metro Affordable Housing Bond portfolio by development team type

Organization type	Average	Percent		Total Dollar Amount	
		Minimum	Maximum	Minimum	Maximum
Non-profit and Public housing authority	6.1%	3.1%	13.0%	$1,040,650	$2,950,158
For-Profit and Joint venture[7]	7.5%	-0.6%	13.4%	-$223,860	$5,198,483

Additionally, Metro found that fee structures also tended to disproportionately benefit developers of larger projects and may undercompensate smaller developers.

Analysis of net cash developer fees in the Metro Affordable Housing Bond portfolio by project scale

Project size	Average	Percent		Total Dollar Amount	
		Minimum	Maximum	Minimum	Maximum
<31 Units[8]	-	-	-	-	-
31-75 Units	8.1%	4.7%	13.4%	$450,000	$1,845,001
76-100 Units	9.7%	7.5%	13.1%	$1,744,999	$4,365,226
100+ Units	4.8%	-0.6%	12.3%	-$223,860	$5,198,483

Analysis of impacts

Metro analyzed the hypothetical impact of the proposed fees across the existing bond portfolio and found that proposed tiers would primarily impact larger developers and larger projects, the majority of which (but not all) are led by larger and for-profit organizations. The

[7] This represents 3 projects, all of which are partnerships between for-profits and non-profits.

[8] No projects in the housing bond portfolio as of August 2021 are less than 31 units.

majority of projects in the existing portfolio are within the proposed range. Only four projects were above the $3 million ceiling.

The net cash developer fees for 24 projects in Metro Affordable Housing Bond portfolio (in $ millions) are as follows:

-$0.22	$0.13	$0.45	$0.52	$1.04	$1.21	$1.40	$1.64	$1.65	$1.74	$1.84	$1.85	$1.88	$2.03	$2.09	$2.12	$2.14	$2.29	$2.55	$2.95	$3.49	$3.52	$4.37	$5.20

Racial equity analysis

In considering how to operationalize racial equity in the developer fee, Metro considered prescriptive approaches, such as a point system that would formulaically award points based on different criteria related to project scale, organization type, and track record and/or commitments for advancing racial equity through community engagement, fair housing, contracting/workforce, and culturally responsive design and services. Such an approach would allow a direct, clear correlation between the net cash fee and Metro's guiding principles. It also would require a complex structure and oversight.

Metro staff believe a more flexible, values-based approach will be simpler while still advancing the guiding principles, and it will provide the flexibility to support the range of development partnership models we see across the regional portfolio. These include partnerships and/or joint ventures between established developers and emerging community-based and culturally specific developers as well as projects led by smaller, community based and culturally specific development organizations.

Metro is using a flat dollar amount approach to the ceiling rather than a percentage-based approach out of a recognition that percentage based approaches may over-compensate developers of larger projects. In addition, the tiered ranges are intended to ensure some level of consistency in developer compensation for similarly sized projects.

It is anticipated that the sliding scale will provide flexibility for LIPs to provide higher fees to project teams that include a meaningful partnerships with culturally specific organizations that will receive a portion of the fee. It will also provide flexibility for LIPs to continue to weigh considerations such as project complexity and risk, such as permanent supportive housing projects that serve individuals and families exiting homelessness—who are disproportionately BIPOC.

Finally, in discussing the potential for the developer fee to support the value of leading with racial equity, Metro staff also discussed the important role of local funding solicitation and evaluation processes in prioritizing these outcomes. We believe there are opportunities for LIPs to strengthen requirements and criteria related to advancing racial equity in the local project solicitation process. Metro would like to continue to work collaboratively with developers and LIPs to better understand and realize these opportunities in future solicitations for Metro bond funds.

Engagement to inform the policy

In fall/winter 2021-2022, Metro engaged jurisdictional partners, affordable housing developers, and members of our oversight committee to request feedback – including extending the feedback in response to a request for additional time to gather comments from developers. Engagement efforts included:

- Distribution of draft guidelines to all developers with Metro bond funding awards as well as Housing Oregon, an association of nonprofit developers

- Two listening sessions with developers (one hosted by Housing Oregon, and one hosted by Metro)
- Online survey of developers (6 responses)
- 1-1 calls with developers
- Conversations with local implementation partner jurisdictions and OHCS; conversations with Housing Oversight Committee members and Metro Councilors

Below is a summary of feedback and questions raised during those conversations, as well as Metro's response.

1. **Several concerns were raised regarding the maximum allowed fees within the guidelines.**

   a) **Both the $3 million ceiling and the percentage based maximums are too low.**

The proposed limits were developed based on analysis of the 'bell curve' of fees in our existing pipeline. The majority of projects in our pipeline fall within the bell curve. Of jurisdictions with limits on the cash fee, only one jurisdiction that we looked at (Georgia) was higher than $3 million. The Bay Area caps cash fees at $2.5 million.

   b) **The $3 million ceiling could disincentivize larger projects that might otherwise fall within the percentage guidelines.**

Metro's policy was shared with developers with current Metro bond funding awards, including larger, for-profit developers. We didn't receive any concerns and received feedback from the developers of the two largest projects in the portfolio that they did not have concerns about the proposed cap. The flat fee cap is intended to account for the fact that as projects increase in scale, project complexity does not proportionately increase.

   c) **The flat fee cap will need to be updated to account for inflation.**

Metro understands that the cap will need to be adjusted over time to account for inflation and cost escalation; we will make this more explicit in the policy statement. To avoid complexity and because the final Metro bond projects anticipated to receive Metro endorsement by 2026, we are not planning to build in an annual escalator, but we will evaluate the need for adjustment over time.

   d) **The cap could have unintended consequences of limiting opportunities for development partnerships that support capacity building of small, community based and culturally specific developers.**

Based on this feedback, we have incorporated changes to provide an exception process for Metro to consider higher fees for projects with development partnerships that support capacity building for new/emerging developers. As described in the additional guidance, the approval process for this exception would include review of partnership structure by LIP and Metro to ensure that the higher fee amount is supporting the intended outcome of benefiting capacity building for smaller organizations.

2. **Concerns were raised that the list of "considerations" for determining where in allowed ranges a project would fall are not clearly defined.**

   a) **Considerations should more explicitly account for the risks that smaller nonprofit and culturally specific organizations are taking on. Specifically, it was suggested that considerations related to project complexity account for permanent supportive housing and land use issues such as mandatory ground-floor retail.**

An additional consideration has been added to account for the risks and capacity-building needs relative to organizational scale, and we added additional examples of considerations related to project complexity to account for land use issues as well as PSH.

b) **Approach relies on the 7 jurisdictions to make the qualitative assessment of each consideration in executing metro's policy (versus Metro having influence in the decision). This furthers the opportunity for ambiguity and not actually achieving the goals of the policy. Most jurisdictions do not measure many of the areas that are to be considered, so the metrics for evaluation and decision making are inconsistent or nonexistent, even if the definitions become more clear and well-defined.**

In general, the considerations are intended to clarify expected outcomes and values, while avoiding prescriptive requirements or metrics. We recognize that the financial and partnerships structures of individual development projects are incredibly unique, and an outcomes-based approach is the best way to avoid unintended consequences. Additionally, some jurisdictions may provide more specific guidance in local solicitation or underwriting guidelines. Metro's approach to implementation of the bond is to provide regional accountability with flexibility for local implementation partners (LIP) jurisdictions to establish more specific local criteria and standards. Our goal is to create transparency and accountability around these decisions, and to support regional coordination and shared information about best practices to achieve our shared policy values.

That said, Metro will retain the authority to determine whether projects qualify for exceptions from the limits within the guidelines, working in partnership with LIPs to understand relevant context related to the deal structure.

3. **What happens when a project has last minute changes or cost increases that require the developer to tap into the developer fee. In that scenario can the fee go below the floor? Or will additional funds be provided by Metro?**

In this scenario, the fee would go below the floor.

4. **Will guidelines apply to homeownership projects?**

TBD. We would need to better understand the specific deal structure to understand whether these guidelines make sense in the context of a homeownership deal.

5. **Will the guidelines in any way impact projects that received concept endorsement.**

The guidelines will not be used to retroactively reduce net cash fees previously approved through Metro's concept endorsement process. However, they will provide a framework for Metro's evaluation of proposed increases to the net cash fee beyond what was approved during the concept endorsement phase.

6. **Metro also hear alternative ideas to support equity and capacity building goals, beyond the developer fee.**

- Consider an “equity fee” for organizations that are enhancing community equity through community engagement or services. This needs to be funded as a separate line item in every stage of the development budget.

Metro always recommended that LIP jurisdictions allow developers to include community engagement as a line item in their development budgets. As part of next steps for the program, Metro will work to document lessons learned and best practices for advancing racial equity through project selection, underwriting, and beyond.

1. Offer zero-interest pre-development loans to offset up-front risks for CDCs – similar to PHB’s loan program.

Metro understands that small community development organizations are taking big risks to pursue pre-development activities prior to public funding awards, and we are supportive of additional investments in predevelopment and capacity building. Because of the 5% administrative cap in the measure, Metro and partners have faced challenges in building out regional infrastructure to support these investments through the bond measure. We are committed to working with partners to explore creative solutions to meet this need in the future.

2. Create preference points (e.g. 5-10 pts) for nonprofit community development organizations in local solicitation processes.

Strategies that provide a preference to nonprofit community development organizations have been incorporated into some solicitations for Metro bond funds. As noted above, Metro will continue to work with partners to document lessons learned and best practices for advancing racial equity through project selection, underwriting, and beyond.

EXHIBIT H. OVERSIGHT COMMITTEE 2020 ANNUAL REPORT MEMO TO THE METRO COUNCIL (SUBMITTED APRIL 2021)

2020 Annual report memo to the Metro Council

Date: April 2021

To: Metro Council

From: Metro Affordable Housing Bond Community Oversight Committee

Re: 2020 Annual Report

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 "<u>doing more with more.</u>"**

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:
Melissa Erlbaum
Dr. Steven Holt
Mitch Hornecker
Mesha Jones
Jenny Lee (co-chair)
Ed McNamara
Steve Rudman (co-chair)
Nicole Stingh
Andrew Tull
Juan Ugarte Ahumada
Tia Vonil

EXHIBIT I. OVERSIGHT COMMITTEE 2019 CONSIDERATIONS FOR IMPLEMENTATION AND MONITORING

The following considerations for ongoing monitoring and evaluation were developed by the Housing Bond Community Oversight Committee in 2019 as part of their review and recommendation of local implementation strategies to the Metro Council.

- 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. Example 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 sized 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.

Specific considerations for Washington County:

- 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.

Specific considerations for City of Portland:

- 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.

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.

So, hello. We're Metro – nice to meet you.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

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