



2022 Annual report  
May 25, 2023

# Metro affordable housing bond program

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# Memo

Date: May 25, 2023  
To: Metro Council  
From: Metro Housing Bond Community Oversight Committee  
Subject: 2022 Annual Report

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

We are pleased to present the 2022 annual report for the Metro affordable housing bond, covering the period from January 1, 2022 through December 31, 2022.

The Metro 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 bond.

The bond framework established a goal of creating at least 3,900 new homes, as well as policy expectations for advancing racial equity throughout the implementation process. This report demonstrates that the bond is delivering on the promises made to voters, creating housing opportunities and addressing racial disparities in access to housing for people across the region. These new affordable homes help tackle the crisis of homelessness and stabilize communities so that all people can thrive.

### **KEY HIGHLIGHTS**

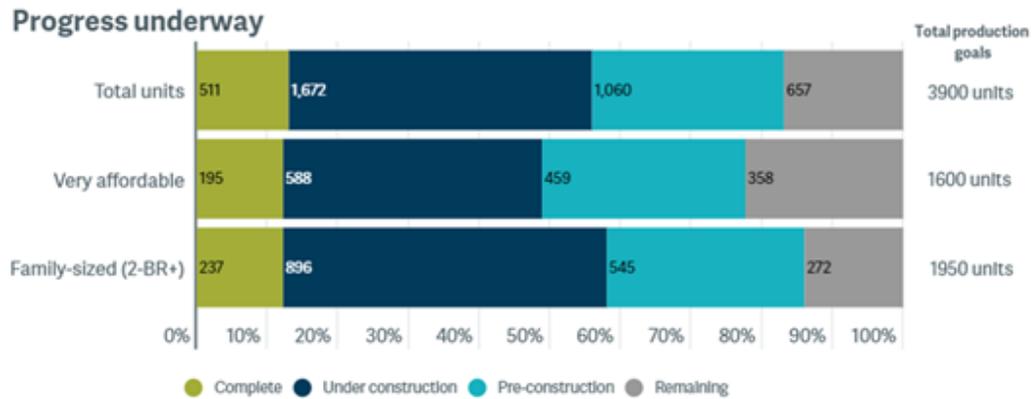
In its third year of implementation, the bond program outpaced housing production targets while continuing to make significant progress in advancing regional goals to increase equitable access to housing.

#### **Production progress**

**As of December 2022, there were 34 bond-funded projects underway representing 3,243 new affordable homes.**

- **Total units:** The pipeline of bond projects underway represents 83% of the total unit production target of 3,900 affordable homes. These projects (which are collectively referred to as the “bond portfolio” throughout the report) include 7 projects that have completed construction, 17 projects under construction and 10 projects in pre-construction.

## Regional progress towards production goals relative to funding committed



- **Family-size units:** 1,678 of these homes will have two or more bedrooms, representing 86% of the program’s production goal for family-size homes.
- **Deeply affordable units:** 1,242 of these homes will be affordable to households with incomes at or below 30% of area median income, representing 78% of the program’s production goal for deeply affordable homes; 747 of these units also have project-based rental assistance, ensuring even those with very low or no income can be served.

Plans are in place that will commit all remaining bond funds by 2024 with final projects expected to break ground by 2026. **The program is projected to achieve at least 120% of its original production target once all funds are expended,** creating an estimated 4,700 affordable homes that will provide housing for 9,000 to 15,000 people across the region.

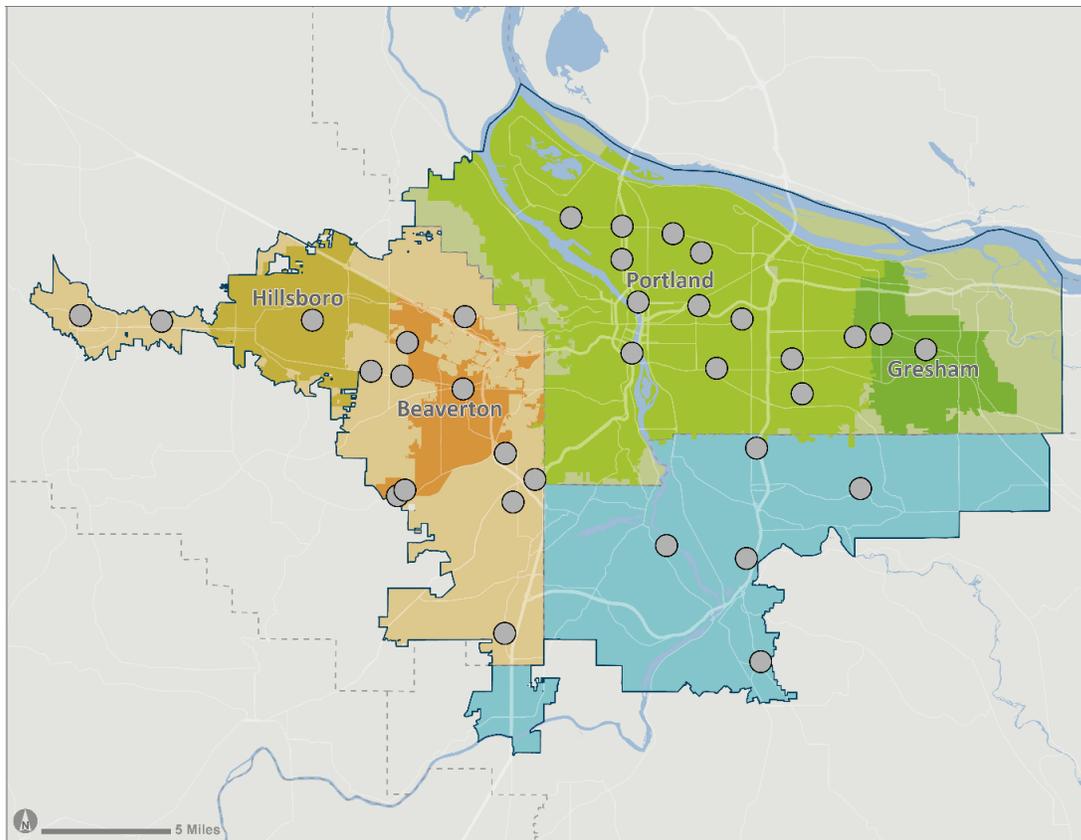
The bond program reached an important milestone in 2022, with the first cohort of projects completing construction and lease-up. **By December 2022, 528 people had moved into their new homes in six bond-funded projects** located in Beaverton, Forest Grove, Gladstone, Gresham, Portland and Tigard.

## Addressing disparities and advancing racial equity

Metro and its implementation partners are making ongoing progress in moving forward the bond program's goals of addressing disparities, increasing equitable access to housing and advancing racial equity:

- **Addressing disparities through project location:** The locations of the bond portfolio's homes expand access to housing options in a diversity of areas throughout the region: 42% of units are located in areas that have historically lacked affordable housing, 67% are located in areas where communities at risk of displacement live today and 45% are located in areas historically inaccessible to communities of color. This not only improves access to affordable housing in communities across greater Portland and provides residents with greater choice about where to live, it also helps connect people to schools, jobs and other opportunities while preventing displacement in changing neighborhoods.

### Affordable housing bond project locations



- **Advancing racial equity through opportunity in construction:** To ensure equitable access to the opportunities provided by bond investments, the bond program aims to direct construction contracts to underrepresented firms. The bond's 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- or women-owned and/or emerging small businesses (MWESB). Seven projects reached completion in 2022 with a combined \$33.1 million in contracts paid to certified MWESB firms, representing 24.7% of total construction costs.

- **Promoting equitable access through marketing and lease-up:** All bond projects are required to develop plans for affirmatively marketing housing opportunities and reducing lease-up barriers to ensure equitable access to bond-funded units. Initial data from the six projects that completed lease-up in 2022 suggest that the projects' affirmative marketing and lease-up strategies are working, with a higher percentage of people of color housed in bond-funded units than the percentage of low-income households in the region that are people of color.
- **Advancing housing stability through services:** On-site services can support households with low incomes to remain stably housed. Many bond-funded projects include formal partnerships with culturally responsive and culturally specific service providers to provide resident services. Twenty projects will also provide ongoing case management for 587 households (representing more than 18% of total households served) in permanent supportive housing units intended for people exiting long-term homelessness. Many of these units are leveraging funding for services and rent assistance from Metro's regional supportive housing services fund.
- **Promoting community engagement:** Implementation partners and developers are working with a wide range of community-based organizations to conduct outreach and engage the community. In 2022, more than 720 people and 43 community-based organizations participated in community engagement opportunities to inform planning for 12 projects.

### Addressing emerging opportunities and challenges

Along with significant progress, the past year was marked by continued challenges with funding gaps due to cost escalations related to interest rate increases, hard cost escalation and constraints in the availability of state-issued private activity bonds (PABs), which are necessary for the financing of 4% low income housing tax credits. Metro worked with its partners to respond to these challenges, including:

- **Advocacy to focus and expand private activity bonds:** Metro worked with partners to advocate for federal expansion of PAB availability and statewide strategies to focus and prioritize limited PAB resources for affordable housing, including Metro bond-funded projects. This includes advocacy for state legislation (SB 225), expected to pass during the 2023 session, that would ensure that PABs are prioritized for affordable housing and would support stronger coordination in the affordable housing pipeline.

- **Coordination and alignment with state funding:** Metro worked with Oregon Housing and Community Services to advance strategies for state and local funding alignment to ensure that limited resources are focused on projects with the greatest benefits for communities of color and those experiencing or at risk of homelessness. This includes the development of a suballocation framework for directing Housing Trust Fund and Local Innovation Fast Track (LIFT) funding for layering with Metro bond-funded projects.

Metro also worked with its partners to support regional coordination to strengthen housing access and stability, including:

- **Supportive housing services fund integration and alignment:** Metro earmarked \$20 million in unallocated bond interest earnings to support additional investments in expanding permanent supportive housing. These investments will be aligned with funding from Metro’s supportive housing services fund to support rental assistance and wraparound services to meet the needs of people experiencing long-term homelessness.
- **Evaluation and engagement to support effective equitable leasing practices:** Metro has continued to engage jurisdictional partners and housing providers to identify barriers to and effective practices for equitable lease-up, and to refine lease-up and demographic reporting tools to support strong accountability for ensuring low-barrier access to housing.

## RECOMMENDATIONS

The committee applauds the work of Metro and its implementation partners in building a successful funding program for regional affordable housing production and addressing opportunities and challenges as they have arisen throughout the life of the program. This solid foundation allows the committee to make the following recommendations that aim to further maximize the impact of this important resource and equip the region for essential work to come.

### Convene stakeholders to regionalize best practices

In 2022, our region celebrated the lease up of the first seven Metro Housing Bond projects. A review of these early projects has allowed the committee to identify inconsistencies in local approaches and a need for Metro to convene stakeholders to define and share effective strategies.

As this report outlines, real improvements can and should be made in systematizing best practices that strengthen equitable access to bond-funded homes. We must also be sure that when bond units are designated as permanent supportive housing, they are able to effectively house and serve those who need it most. Through better understanding existing local standards and practices, barriers to access, and effective practices for affirmative marketing and proactive

leasing supports, Metro can support greater consistency and improved long-term outcomes throughout the region. Metro can also explore opportunities for creative partnerships and other models, such as those in affordable homeownership.

Additionally, for the public to fully understand the program's progress toward its stated racial equity goals, we recommend that Metro and its partners prioritize improvements in reporting and data quality, especially related to occupancy and workforce outcomes. The committee is eager to see reporting improvements that allow for a more disaggregated picture of bond outcomes. We must also be mindful of the impact of data collection on both housing providers and the people who are sharing their personal information. Data collection should be actionable to outcomes, which means limited to necessary areas of focus and of reliable quality. Through collaboration and sharing of emerging best practices and standards, Metro can aid implementing partners in collecting, monitoring and reporting the information that most fully tells the story of the bond program's successes and allows for timely adjustments to improve outcomes when needed.

When we come together to address challenges, our community benefits. Metro staff should prioritize continued efforts to convene conversations and elevate regional best practices in partnership with jurisdictions, technical experts and communities with lived experience.

### **Focus on systemic integration**

The bond program has made significant progress over the past year in aligning, integrating and streamlining resources to strengthen outcomes and mitigate against risks due to a shifting financial landscape. As mentioned above, highlights of this work include creating permanent supportive housing through layering supportive housing services fund (SHS), and coordinating with Oregon Housing and Community Services (OHCS) to facilitate suballocations of state and federal funding. There is more work to do to fully integrate and align funding resources across the system.

Local affordable housing developers have consistently called for better coordination between funding entities such as Metro and OHCS to reduce the risks and overall cost escalations due to lack of alignment in timing and criteria across different funding sources. Metro should work to strengthen its relationship and coordination with OHCS and participate in conversations to create a more efficient and effective system.

We also want to encourage Metro to think more holistically about system alignment opportunities. The committee is enthusiastic about the recommendations put forth by the Metro-convened Tri-County Planning Body, including planned work in aligning Medicaid tenancy support resources with SHS

funding. Overall integration of SHS and bond funding remains a priority, given the opportunity to truly maximize the impact of both funds.

In addition to continuing to strengthen SHS and bond integration, we ask that Metro consider better supporting workforce diversity and other bond outcomes through regional workforce initiatives and by leveraging Metro programs such as the Careers to Construction Pathways Program. We want to see Metro developing more strategic, cross-system partnerships that address barriers to housing production, promote successful building operations and, most importantly, support opportunities for the people who call bond-funded properties home.

### **Analysis and planning for the future**

The end of the bond pipeline is on the horizon, and the committee is confident the region has benefitted from these investments. Now is the time for Metro to evaluate its impact and plan for the future.

We are eager to see Metro continue this regional housing pipeline beyond its planned end and urge Metro to refer another measure to voters. This is an important moment to understand lessons learned from this bond and opportunities to strengthen Metro's role in supporting regional coordination.

This region and others stand to benefit from an analysis of the strengths of the program and through an independent review of areas where the structure or implementation could be improved as well as other lessons learned. Areas of focus should include an understanding of the administrative gaps of the program and analysis of program policy decisions, such as the impact of cash developer fee limits in a shifting financial landscape.

We also support Metro in its planned work to launch bodies of analysis that will contextualize the bond within the broader housing landscape to best understand the overall impact of the program. Through considering the full housing pipeline, funding ecosystem, and projected population and systems shifts, Metro can best prepare for meeting future regional needs.

Along with assessing lessons learned and the housing landscape, it is imperative that Metro analyze risks related to the long-term asset management strategy of this new portfolio. We know that bond-funded properties have been evaluated for financial success, but also want to emphasize that proactive asset management is vital to maintaining the long-term public benefits in which voters invested. Managing these assets requires that we think not only on a property-by-property level, but also community-wide. Further analysis is needed to ensure Metro is adding beneficial and not duplicative support to the system and that all parties possess a comprehensive understanding of the roles and responsibilities for long-term stewardship of this new portfolio. We do not yet have a clear picture of how

asset management will work and wish to understand this better as an oversight committee. We call for this to be a focus as the program moves forward.

As a region, we should be proud of having passed this bond measure and of the work completed to date. This bond has been successful, exceeding commitments to voters, and it is exciting that we are in a position to recommend improvements for additional impact. We are honored to have the opportunity to provide oversight for this important program and would like to thank Metro and jurisdictional partner staff for their support.

Thank you,

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## INTRODUCTION

Rents in greater Portland have risen swiftly in recent years, pricing out people with low incomes, who are disproportionately people of color, immigrants, veterans, people with disabilities, seniors and many families with children. More people need affordable housing, and there is not enough to meet the demand. According to the most recent data from the National Low Income Housing Coalition, we are almost 90,000 homes short for households making 50% or less of the Area Median Income (\$53,250 for a household of four).

On November 6, 2018, voters took action to address the region's housing crisis, passing the nation's first regional affordable housing bond by a 19-point margin. Since voter approval, Metro and partners in community, government and business have worked together to deliver the results sought by voters.

This report provides an update on implementation progress for the Metro affordable housing bond. The report summarizes bond implementation through December 2022, building upon and aggregating information provided in progress reports from seven local implementing partner jurisdictions plus Metro's site acquisition program. The report includes:

- A 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 marginalized groups meaningfully shapes project outcomes to meet their needs
- Financial analysis of the current portfolio to analyze efficient use of subsidy and alignment with leveraged funds to maximize the benefits of these investments for the priority groups they intend to serve.

## BACKGROUND

When it referred the 2018 bond to voters, the Metro Council adopted an implementation framework developed through months of engagement with partners and community members. The framework continues to guide implementation today.

### Core values

The 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 partially addresses these 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 works 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 are being developed and operated by public housing authorities, but the majority are 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 strategically acquires and invests in the development of promising 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 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 Housing Bond Community Oversight

Committee in January 2019 to provide independent and transparent oversight of 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. In 2020, the committee monitored early implementation, and in 2021 the committee submitted its first annual report to Metro Council. The second annual report, released in 2022, recommended working with partners to address new challenges related to shifts in the financial and funding landscape, continuing to identify and support opportunities for integration with supportive housing services funding, and working with partners to support equitable lease-up practices (*Exhibit H*).

### **Funding requirements and intergovernmental agreements**

The Metro Council approved local implementation strategies as part of intergovernmental agreements with each implementation partner 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. Six

intergovernmental agreements were executed between November 2019 and August 2020. The intergovernmental agreement for Home Forward was approved in March 2021 due to the relatively small funding allocation in Multnomah County outside the cities of Portland and Gresham.

### **Funding allocation**

The housing bond framework called for funding to be allocated region-wide based on assessed value of property in each of the three counties and set a 5% cap on administrative funding across the program.

The housing bond work plan allocated \$632,606,296 for investments in property acquisition and development, to be allocated as follows:

- Ten percent of total funds (\$62,016,000) allocated for investment through Metro’s site acquisition program, which acquires regionally significant sites and supports their development in coordination with local implementing jurisdictions.
- All remaining funds allocated to support local implementation, with distribution 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).

The work plan allocated \$570,590,295 toward local implementation efforts, distributed across the seven implementing partners on the basis of assessed value. Since that time, additional funding has been generated through bond sale premiums and interest earnings, and additional funding has been allocated toward investments in air conditioning and permanent supportive housing, in alignment with Metro Council direction. Current funding availability and adjusted allocations are shown in *Exhibit G*.

The bond measure included an administrative funding cap of 5% of total bond proceeds. Including interest earnings through December 2022, \$34,375,341 is available for administrative costs. 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. The remaining \$12,706,638 within the 5% cap is designated as “reserved for future allocation as determined necessary to achieve targets.”

The administrative activities for the bond program are expected to span fiscal years 2019-2028. Averaged over that 10-year period, the program has a total of \$3,437,534 per year in administrative funding for all implementation and oversight activities of Metro and its seven local implementation partners

combined. This funding is insufficient to cover the full administrative costs of implementation, a challenge which has led to capacity gaps and the need for supplemental administrative funding from Metro and other funding sources.

## Targets and metrics

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.

The implementation framework 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 less than \$31,950 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% of homes may be moderately affordable for people with below average incomes (61-80% of area median income, or less than \$85,200 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.

Metro defined additional metrics to further operationalize the values and goals in the framework and support program evaluation. These metrics relate to the following areas:

- Community engagement outcomes, including demographics of participants and how feedback changed processes and projects
- Location outcomes related to access, fair housing and community stabilization
- Outreach to MWESB/COBID (Certification Office for Business Inclusion and Diversity) certified firms
- 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). The first post-completion outcomes were reported in December 2022 for seven projects.

### **Metro supportive housing services fund**

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 fund 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.

The supportive housing services fund 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 households experiencing or at risk of homelessness, with a particular focus on providing permanent supportive housing. Integration of supportive housing services funding with bond investments enables the bond program to further advance its racial equity commitments.

## 2022 POLICY EFFORTS

Continuous improvement and adaptation are essential for regional alignment and coordination in response to emerging challenges and opportunities. Key policy and program refinement work undertaken in 2022 is summarized below. These efforts directly relate to recommendations provided by the Housing Bond Community Oversight Committee as part of its annual report to the Metro Council in June 2022.

- **Advocacy to focus and expand private activity bonds:** Over the past year, Metro has worked with partners across the region and state to advocate for policies that address constraints in the availability of private activity bonds (PABs), which are necessary for the financing of 4% low income housing tax credits (LIHTC), the most significant source of leveraged funding in the housing bond portfolio. Metro has supported federal strategies to expand PAB availability and statewide strategies to focus and prioritize limited PAB resources for affordable housing. At the state level, Metro has advocated for prioritization of PAB resources for projects with local voter-approved funding and a strong commitment to advancing racial equity and serving households with the lowest incomes and those experiencing homelessness. Metro has supported legislation (SB 225), expected to pass during the 2023 session, that would ensure PABs are prioritized for affordable housing and would support stronger coordination in the affordable housing pipeline to eliminate statutory blackout periods that delay projects. At the federal level, Metro has been working with the Oregon congressional delegation to urge Congress to support Oregon and the 22 states that have reached their PAB cap by allowing a lower percentage of PABs needed to access 4% LIHTC. The change would reduce the percentage of a project funded by PABs to 25% instead of 50% and ensure that this critical federal tool remains available to build more affordable housing.
- **Coordination and alignment with state funding:** In addition to supporting coordinated pipeline planning for PABs, Metro also worked with Oregon Housing and Community Services (OHCS) to advance broader strategies for state and local funding alignment to ensure that limited resources are focused on projects with the greatest benefits for serving communities of color and those experiencing or at risk of homelessness. In 2022, OHCS partnered with Metro to develop a suballocation framework for directing \$16 million in federal Housing Trust Fund and \$23.6 million in state Local Innovation Fast Track (LIFT) funding for layering in Metro affordable housing bond projects. This will ease demand for PABs, mitigate delays due to PAB constraints, address funding gaps due to cost escalation and ensure that limited state resources are prioritized for projects with local voter-approved funding, deep affordability, permanent supportive housing and strong commitments to racial equity.

- Supportive housing services fund integration and alignment:** In 2022, Metro earmarked \$20 million in unallocated bond interest earnings to support additional investments in expanding permanent supportive housing, with a priority for acquisition-based models that could rapidly produce housing and/or support interim shelter uses. These investments would be aligned with supportive housing services funding commitments for ongoing rental assistance and wraparound services tailored to meet the needs of individuals and families experiencing long-term homelessness. Counties are actively exploring acquisition opportunities to deploy funding, which is allocated as follows:

  - Multnomah County (45.44%): up to \$9,088,000
  - Washington County (33.73%): up to \$6,746,000
  - Clackamas County (20.82%): up to \$4,164,000
- Evaluation and engagement to support effective equitable leasing practices:** Metro has continued to engage jurisdiction partners and housing providers to identify barriers to and effective practices for equitable lease-up, and to refine lease-up and demographics reporting tools to support strong accountability for ensuring low-barrier access to housing. Given the well-documented relationship between many disqualifying factors found in commonly used screening criteria and systemic discrimination based on race and ethnicity, this work is vital to ensuring Metro and its partners are meeting bond program goals. Metro is currently evaluating near- and medium-term opportunities to strengthen outcomes for equitable leasing and fair housing. Metro anticipates convening stakeholder conversations around this policy area in the coming fiscal year.
- Adding capacity to support housing bond and supportive housing services fund integration and alignment:** In 2022, Metro created a housing department charged with overseeing implementation of the affordable housing bond and the supportive housing services fund. Metro has worked to significantly expand the new department's staffing capacity to support its work to advance equitable housing solutions. This includes the creation of a new planning and policy coordinator role focused on leading policy work related to permanent supportive housing, supportive housing services alignment and integration and equitable leasing.

## 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 2022, the program had committed funding to 34 projects representing 3,243 new affordable homes, including:

- 10 projects (1,060 units) that are in pre-construction
- 17 projects (1,672 units) that are under construction
- 7 projects (511 units) that have completed construction.

Of these homes:

- 1,678 will have two or more bedrooms, representing 86% of the program's production goal of 1,950 family-size homes.
- 1,242 will be affordable to households with incomes at or below 30% of area median income (AMI)<sup>1</sup>, representing 78% of the program's production goal of 1,600 deeply affordable homes.

Once completed, these homes will provide affordable housing for an estimated 6,000 to 10,000 people (detailed occupancy estimates are available in *Exhibit A*).

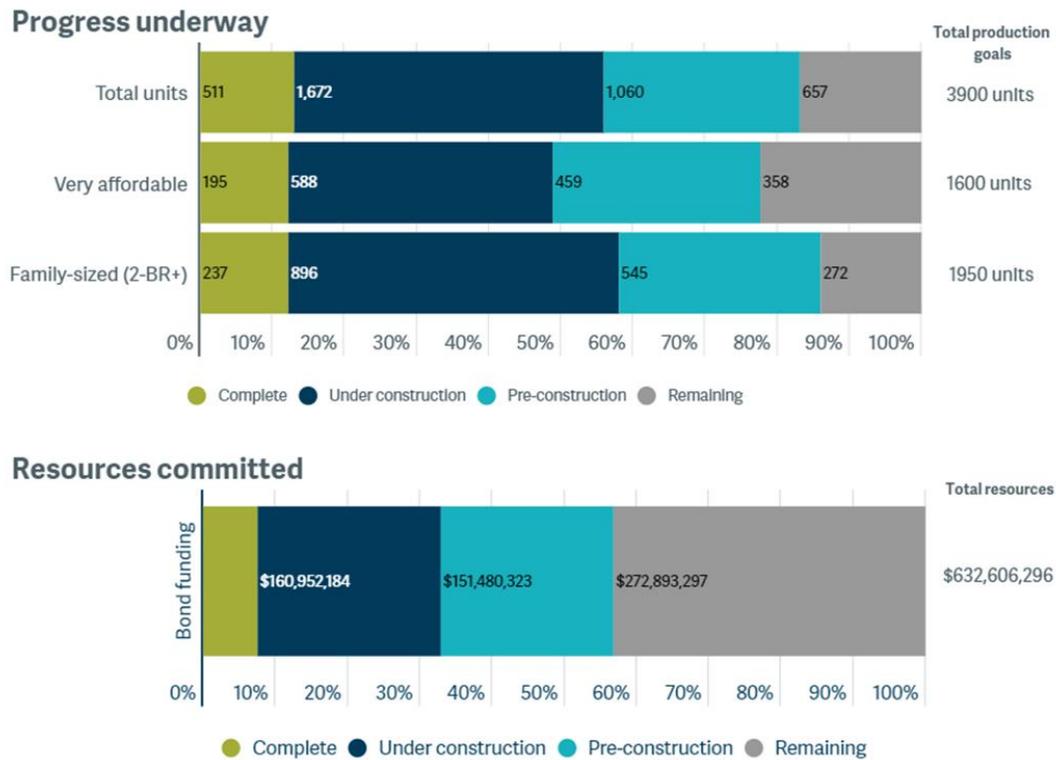
By December 2022, the first 528 of these occupants had moved into their new homes in the first six projects to complete lease-up, located across the region in Beaverton, Forest Grove, Gladstone, Gresham, Portland and Tigard.

**The current portfolio's 3,243 affordable homes represent 83% of the bond program's total production target.** Figure 4.1 shows regional progress toward production goals relative to funding committed. About 56% of total bond resources have been encumbered to fund the 3,243 homes already in progress. Plans are in place that will commit all remaining bond resources to projects by 2024.

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<sup>1</sup> In the Portland metropolitan area, 30% of area median income in 2022 was an annual income of \$22,380 for a household with one person and \$31,950 for a household with four people.

**Figure 4.1 Regional progress toward production goals relative to funding committed**



**While the program is currently 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.** Through December 2022, the weighted average of Metro bond subsidy was \$102,829 per unit (see *Exhibit A* for more details).

The production goals for the affordable housing bond were established based on modeling that reflected conditions and projections 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, staff have expected that market cost escalation would impact costs and subsidy needs throughout the course of the planned implementation timeframe (2019-2026), and the past two years have 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. Inflation and interest rate increases since early 2022 have further impacted costs, with the Portland Housing Bureau reporting an average cost escalation of approximately 1% per month for projects in its pipeline.

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 creates 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 2022, six of the seven implementing 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 have already exceeded or nearly met their local share of production goals with significant funding remaining:**

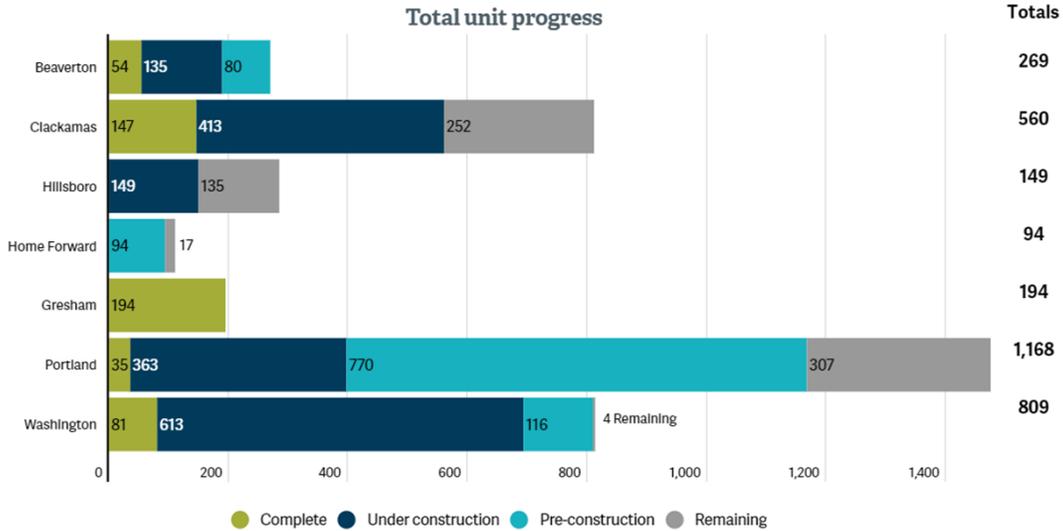
- **Beaverton's** portfolio meets 100% of its unit goal, 69% of its goal for 30% AMI units and 100% of its goal for family-size units, with 65% of funding committed.
- **Gresham's** portfolio meets 104% of its unit goal, 100% of its goal for 30% AMI units and 75% of its goal for family-size units, with 61% of funding committed.
- **Washington County's** portfolio meets 99.5% of its unit goal, 95% of its goal for 30% AMI units and 97% of its goal for family-size units, with 88% of funding committed.

Hillsboro, Portland and Clackamas County released competitive solicitations in 2022 and early 2023 with commitments to additional units that will meet at least 100% of their total unit production goals.

Home Forward may not meet its unit production goal because it is using bond funding for a single project that has encountered challenges with parking requirements and land use approvals. However, any shortfall will be offset by the units produced by other jurisdictions.

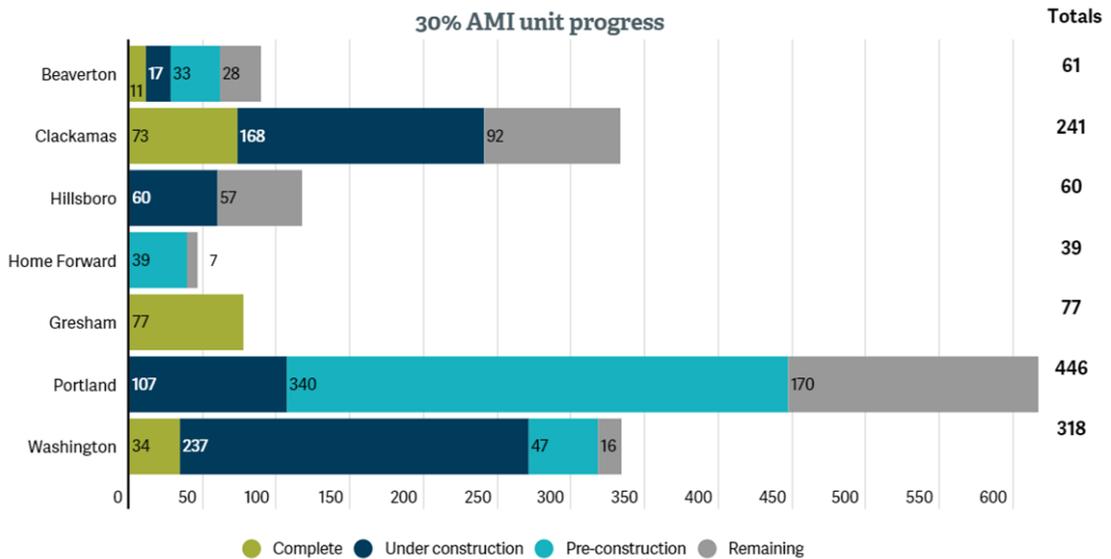
Details about local implementation partners' plans for remaining funds are included in their local progress reports, posted on the bond program's webpage.

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



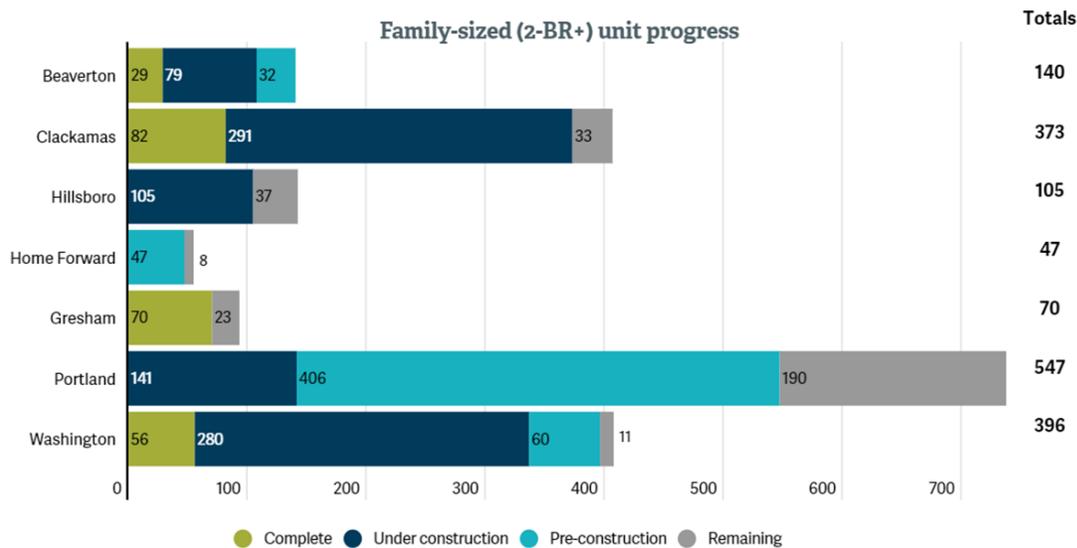
**Implementation partners are on track to meet overall targets for very affordable (30% AMI or below) units, with funding committed to 1,242 units currently planned to serve households with incomes at or below 30% AMI (78% of the regional goal for very affordable units).** As anticipated, the targets 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 households with very low incomes 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**



**Implementation partners are also on track to exceed the overall 1,950 goal for homes with two or more bedrooms, with 1,678 family-size units already in the portfolio** (86% of the target for family-size homes). Of the family-size homes in the portfolio, 16% are regulated for affordability at 30% AMI or below and 15% are larger unit sizes with three or more bedrooms.

**Figure 4.4 Local progress toward family-size production goals**



**The bond program limits the number of homes provided for households making 61%- 80% AMI to 10 percent of overall units.** To date, 0.8 percent of the portfolio’s units are affordable to households making 61%-80% AMI. This includes five units located in the Fuller Road Station project and 22 units located in the Scholls Ferry project.

### Metro site acquisition program

Metro’s site acquisition program (SAP) manages implementation of 10 percent of total bond funds toward investments in property acquisition as well as development of sites already controlled by Metro. Development is facilitated through joint solicitations with implementing jurisdictions, and properties are transferred from Metro to a long-term owner prior to development. The site acquisition program aims to proportionately invest funds in implementing jurisdictions to contribute toward local production goals; funds remaining after acquisition support the development of the site. In most cases, projects developed on Metro-acquired properties require additional development funding from an implementing jurisdiction’s bond allocation.

As of December 2022, the program had expended or allocated program funds for sites in Beaverton, Clackamas County, Gresham, Hillsboro, Portland and east Multnomah County, and was actively working with staff in Washington County on

a property acquisition. SAP acquires property in areas with strong access to amenities important to households with low incomes such as transit, grocery stores, parks and elementary schools, and in areas with limited existing regulated affordable housing. The program prioritizes deep stakeholder engagement to set priorities for the development of its sites. By acquiring and competitively offering high quality development sites, SAP brings regulated affordable housing to communities where affordable housing developers have not been able to secure property and is able to attract proposals from a wide range of developers, not just those that control properties within the implementing jurisdiction.

**Figure 4.5 Site acquisition program resources committed per jurisdiction**

Jurisdiction	Total SAP allocation	SAP funds committed:			Percent committed	Notes
		For due diligence and site acquisition	For development of Metro owned sites	Total committed		
Beaverton	\$3,460,066	\$0	\$3,460,066	\$3,460,066	100%	All funds invested in Elmonica Station; project being developed by Reach CDC
Clackamas	\$12,909,788	\$2,561,542	\$10,348,246	\$12,909,788	100%	Boones Ferry Road site acquired in Lake Oswego; developer selection anticipated in May 2023
Gresham	\$2,972,999	\$16,564	\$0	\$16,564	1%	SAP anticipates deploying funds on Metro owned Gresham Civic NE Parcel site previously purchased using TOD funds; City of Gresham NOFA issued in January 2023 and closing in March 2023
Hillsboro	\$4,517,453	\$2,645,316	\$1,872,137	\$4,517,453	100%	Walker Road site acquired; Hacienda CDC selected as developer
Home Forward	\$1,764,347	\$0	\$1,764,347	\$1,764,347	100%	Project developed by Home Forward; no construction start date due to land use approval delays
Portland	\$23,450,731	\$4,609,746	\$18,840,985	\$23,450,731	100%	All SAP funds committed to development of two sites: 74th and Glisan (TOD-purchased site) set to be developed by Related beginning construction in May 2023, and Barbur Portland Value Inn (SAP-funded acquisition) to be developed by Community Partners for Affordable Housing in partnership with HAKI Community Organization and the Urban League
Washington	\$12,940,615	\$3,000,000	\$0	\$3,000,000	23%	Metro has a signed Letter of Intent and is negotiating a Purchase and Sale Agreement with the owner of a property in Aloha; committed SAP funding of \$3M is for acquisition. Gap funding for Washington County site TBD.
<b>Totals</b>	<b>\$62,015,999</b>	<b>\$12,833,168</b>	<b>\$39,242,216</b>	<b>\$52,075,384</b>	<b>84%</b>	

## Pipeline forecasting

In fall 2022, Metro worked with local implementation partners to develop a forecast of the spend-down of remaining funding and expected development timelines for remaining projects. Implementation partners are actively working on funding solicitations and plans to commit remaining funds. All remaining funds are expected to be committed by 2024 with final projects currently expected to break ground by 2026. More than \$138 million is expected to be awarded by mid-2023 for solicitations that closed in late 2022. Another \$106 million has been earmarked for the development of two large publicly-owned sites in Clackamas County and Portland. The remaining \$28 million is expected to be committed to other housing bond projects by the end of 2023.

Figure 4.6 shows the anticipated timeline for disbursement of remaining funds and completion of remaining units. In 2023-2025, annual disbursements are expected in the range of \$130-\$135 million. The final disbursement of approximately \$23 million is expected in 2026. Some funding that was originally expected to be disbursed in 2024 will be delayed until 2025 due to private activity bond constraints. Projects typically take 39 to 47 months from solicitation and pre-development through construction and lease-up, so all remaining units are expected to be complete by 2028.

**Figure 4.6 Forecasted timeline for remaining disbursements and unit completion**

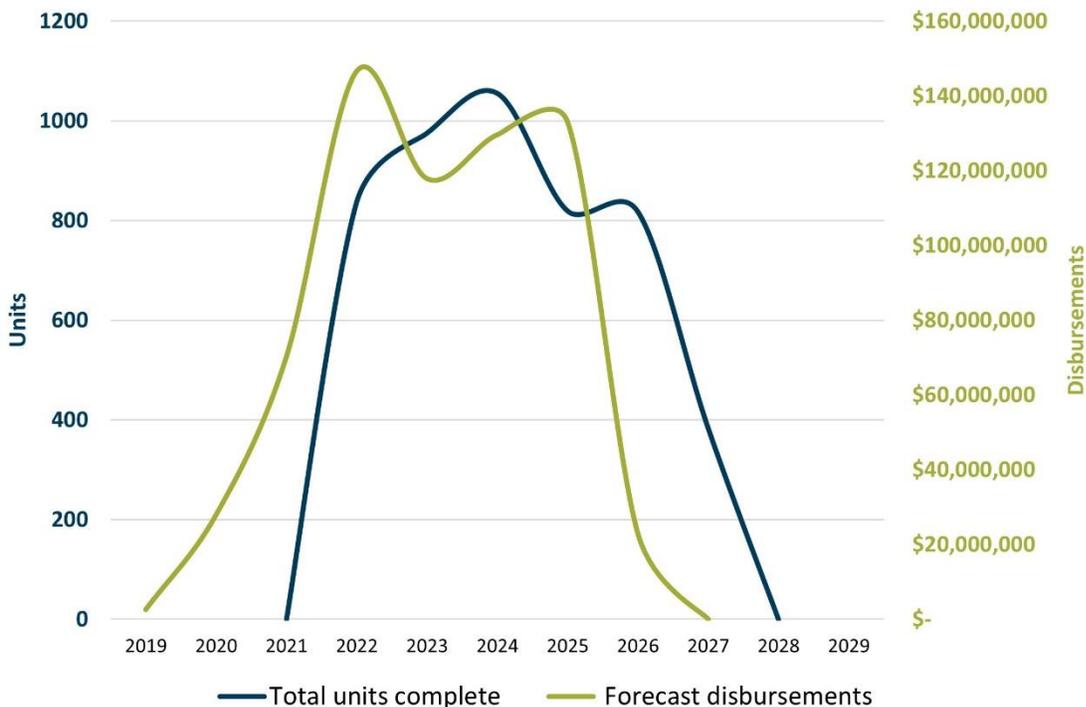
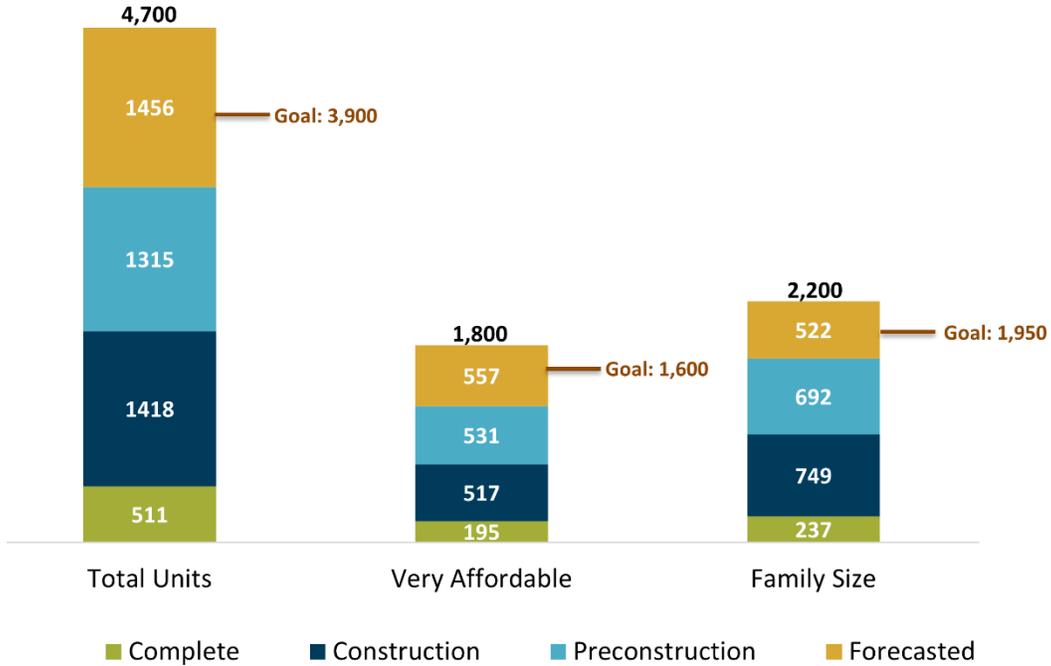


Figure 4.7 shows expected outcomes when accounting for all remaining funds. **The bond program is projected to achieve at least 120% of its original production target once all funds are expended, with an estimated total production of 4,700 units that will provide housing for 9,000 to 15,000 people.** These projections are based on conservative assumptions about cost escalation and delays due to private activity bond availability.

**Figure 4.7 Forecasted production outcomes**



## ADVANCING RACIAL EQUITY THROUGH PROJECT LOCATION

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 analyzes 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, parks and natural areas for specific project locations.

Figure 5.1 summarizes the percentages of the total eligible units that meet different location-based characteristics. See *Exhibit B* 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**

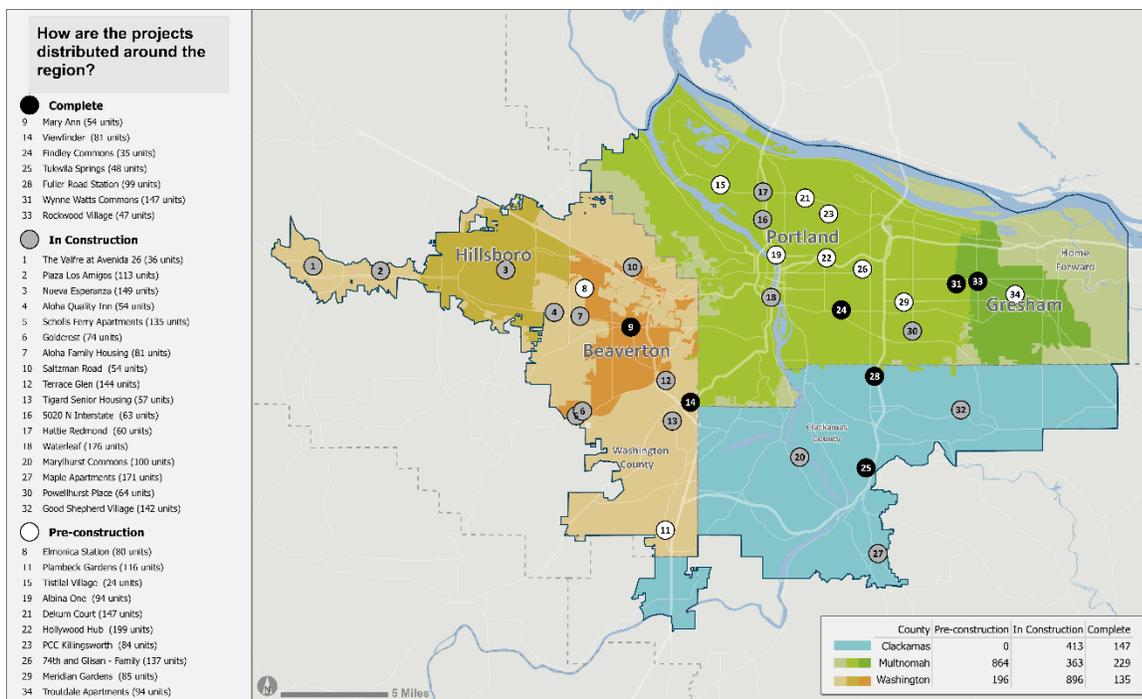
Project	County	Eligible units	Areas where communities at risk of displacement live today	Areas historically inaccessible to communities of color	Areas with limited regulated affordable housing	Areas with access to transit	Walkable areas
Valfre at Avenida 26	Wash	36		X			X
Plaza Los Amigos	Wash	112	X		X	X	X
Nueva Esperanza	Wash	149	X		X	X	
Heartwood Commons*	Wash	54	X			X	X
Scholls Ferry Apartments	Wash	164	X		X		
Goldcrest	Wash	74		X	X		
Aloha Housing Development	Wash	81	X			X	X
Elmonica Station	Wash	80	X			X	X
Mary Ann	Wash	54	X		X	X	X
Saltzman Road	Wash	53	X				X
Plambeck Gardens	Wash	116		X	X		
Terrace Glen	Wash	144	X	X	X	X	X
Tigard Senior Housing	Wash	57		X		X	X
Viewfinder	Wash	81		X			X
Tilistial Village	Mult	24	X			X	X
5020 N Interstate	Mult	64	X			X	X
Hattie Redmond	Mult	60		X		X	X
Waterleaf	Mult	176	X	X		X	X
Albina One	Mult	94		X		X	X
Marylhurst Commons	Clack	100		X	X		
Dekum Court	Mult	147	X		X	X	X
Hollywood Hub	Mult	199		X		X	X
PCC Killingsworth	Mult	84	X		X	X	X
Findley Commons	Mult	35		X	X	X	X
Tukwila Springs	Clack	48		X	X		X
74th and Glisan	Mult	137	X			X	X
Maple Apartments	Clack	171		X			
Fuller Road Station	Clack	99	X			X	X
Meridian Gardens	Mult	85	X			X	X
Powellhurst Place	Mult	64	X			X	
Wynne Watts Commons	Mult	147	X			X	X
Good Shepherd Village	Clack	141	X		X		
Rockwood Village	Mult	47	X			X	X
Troutdale Apartments	Mult	94	X	X		X	X
Barbur Blvd	Mult		X	X	X	X	X
<b>Percent of total eligible units</b>			<b>67%</b>	<b>45%</b>	<b>42%</b>	<b>70%</b>	<b>70%</b>

\*Formerly Aloha Quality Inn

## GEOGRAPHIC DISTRIBUTION

The housing bond framework allocates funding to achieve the following distribution of new homes across the region: 45% in Multnomah County, 34% in Washington County and 21% in Clackamas County. This distribution formula was based on the assessed value of property within the portion of each county located in Metro’s jurisdictional boundary, and the percentages also tie closely to population distribution. Local implementation strategies in each partner 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



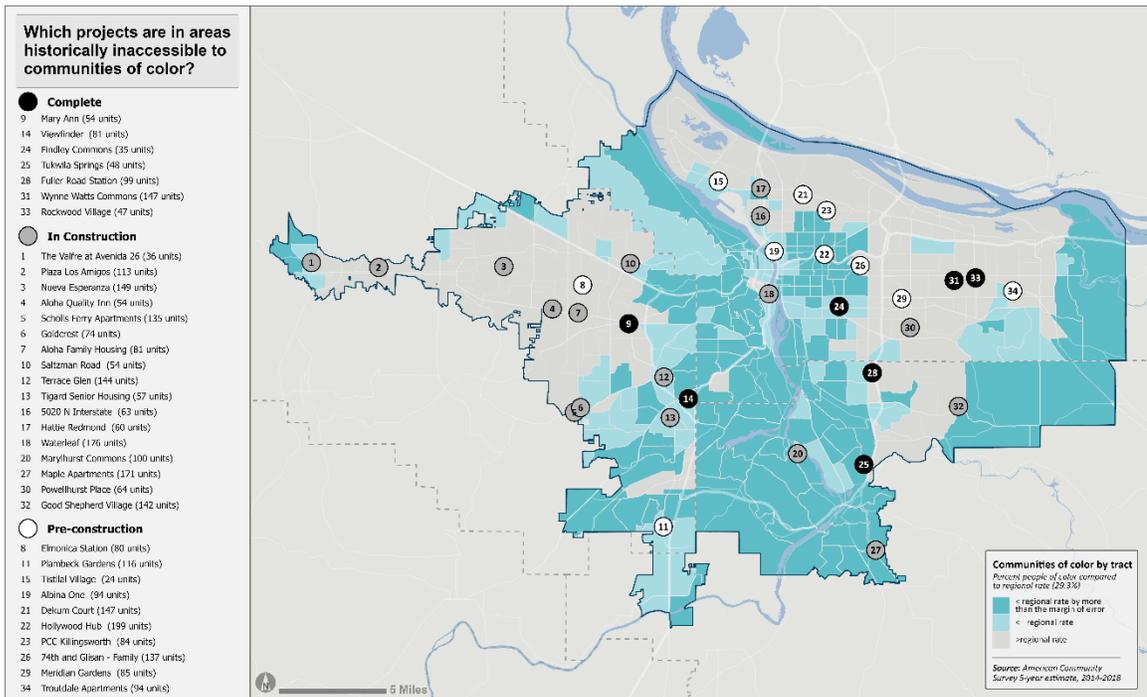
Larger versions of the maps in this section are available in *Exhibit B*.

## Advancing fair housing access and reducing segregation

The geographic distribution of affordable homes in the bond portfolio demonstrates strong outcomes for advancing regional fair housing goals and reducing segregation. This goal was measured by analyzing a) the percentage of bond-funded homes located in areas where the population has a lower proportion of people of color than the region and b) the percentage of homes located in areas with a lower rate of affordable housing compared to the region.

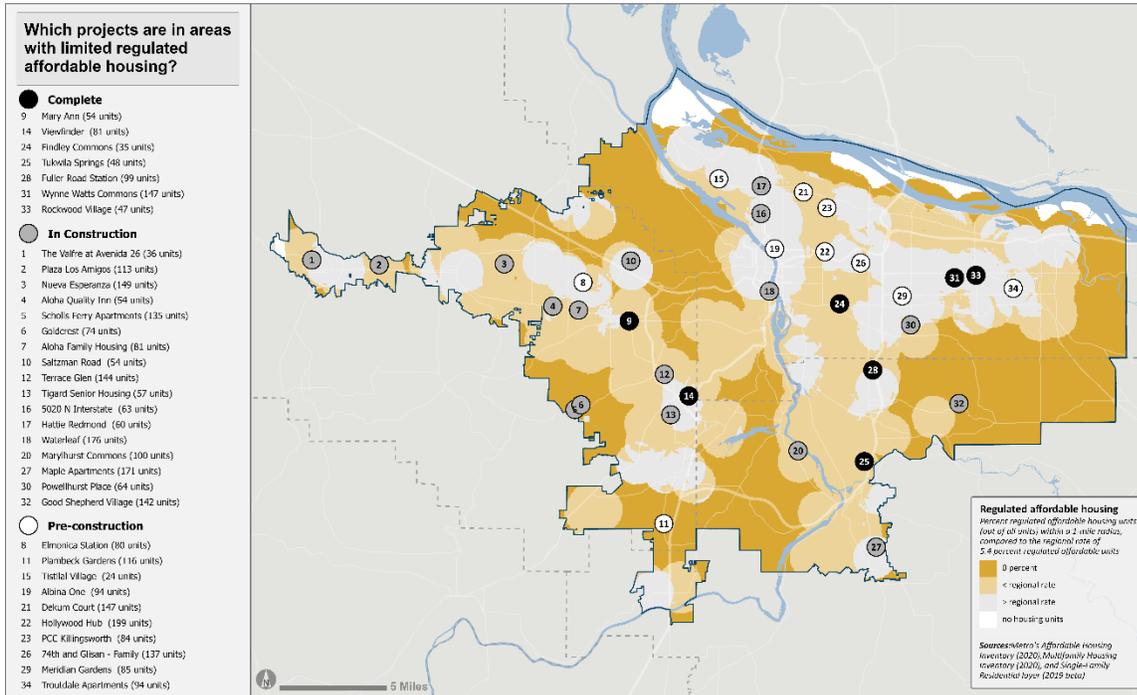
Of the total affordable homes in the current bond portfolio, 45% are in areas historically inaccessible to communities of color, defined as areas where the percentage of people of color is less than or equal to the regional average (based on recent American Community Survey estimates).

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



**Of the total affordable homes in the current portfolio, 42% are in areas with limited existing affordable housing,** defined as areas where the percentage of regulated affordable housing units (out of all units within a one-mile radius) is lower than the average rate for the region. Four projects, representing 15% of the total units, have no existing regulated affordable housing within a one-mile radius.

**Figure 5.4 Project locations relative to existing regulated affordable housing**



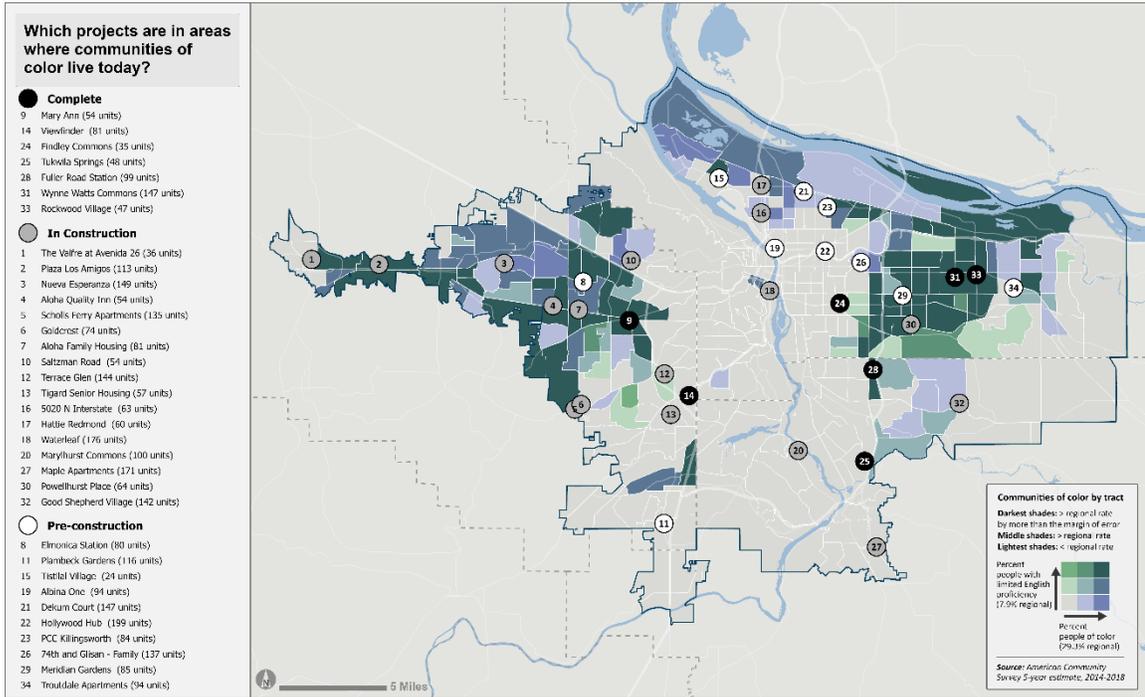
## Preventing displacement and stabilizing communities

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 is measured by identifying which projects are located in areas where the population has a high proportion of people of color and/or people with limited English proficiency (people age five or older who speak English less than “very well”), based on recent American Community Survey estimates. **Of the total affordable homes in the current portfolio, 67% are in areas with higher proportions than the region of people of color and/or people with limited English proficiency.**

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 regional averages of approximately 29% people of color and 8% people with limited English proficiency. See the detailed table in *Exhibit B* 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 portfolio, 70% are within either ¼ mile of a frequent service bus stop or ½ mile of a MAX station, and 70% are rated with a Walkscore of 50 (“somewhat walkable”) or better.** The detailed table in *Exhibit B* 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

### Equitable contracting progress

In their local implementation strategies, all implementing partners established a minimum goal of awarding 20% of project contracts to minority- or women-owned and/or emerging small businesses (MWESB) certified by the state Certification Office for Business Inclusion and Diversity (COBID), 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.

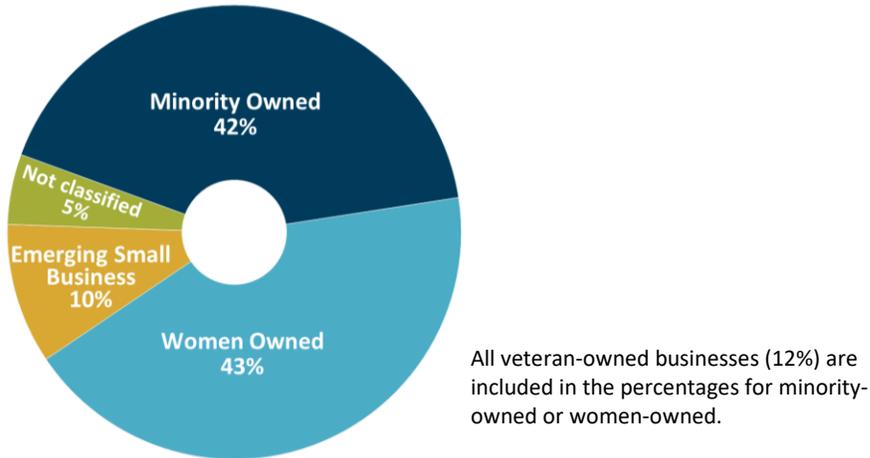
Metro requires that projects report on contracting outcomes within six months of certificate of occupancy. While most projects have not reached this milestone, **seven projects reached completion in 2022 and submitted contracting and workforce outcomes data. Across the seven projects, COBID certified firms were paid a combined \$33.1 million in contracts, representing 24.7% of total construction costs for those projects.**

Figure 6.1 Summary of equitable contracting goals and outcomes for completed projects

Jurisdiction	Project	Construction costs	COBID contract dollars paid	COBID goal		COBID outcome	
				Hard costs	Soft costs	Hard costs	Soft costs
Beaverton	Mary Ann	\$14,389,822	\$3,921,179	20%	20%	27.5%	22.6%
Clackamas County	Tukwila Springs	\$11,208,808	\$2,476,081	25%	20%	21.9%	75%
Portland	Findley Commons	\$5,006,088	\$1,318,505	24%	20%	19.7%	58.4%
Gresham	Wynne Watts Commons	\$32,577,823	\$8,286,752	Hard and soft costs		20%	
	Rockwood Village	\$39,460,973	\$9,172,867	20%		25.4%	
Washington County	Viewfinder	\$22,635,382	\$4,964,925	20%		21.9%	
	The Valfre at Avenida 26	\$9,047,142	\$2,990,573	20%		30%	
<b>Totals</b>		<b>\$134,326,038</b>	<b>\$33,130,882</b>	<b>24.7% of total construction dollars paid to COBID firms</b>			

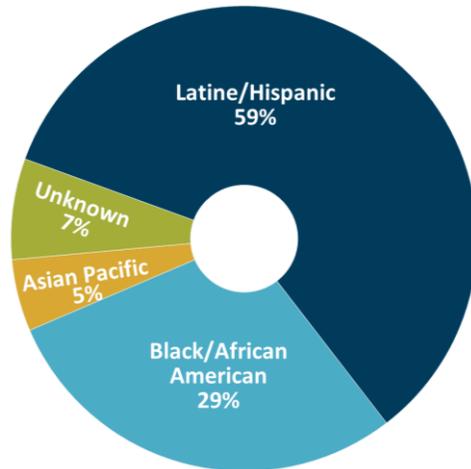
Of the \$33.1 million in construction dollars paid to COBID certified firms, 42% went to minority-owned business enterprises (MBE), 43% went to women-owned business enterprises (WBE), 10% went to emerging small businesses (ESB) and 12% went to service-disabled veteran-owned business enterprises (SDVBE). In Figure 6.2, businesses that fell into multiple categories are reported based on the following hierarchy: MBE, WBE, SDVBE and ESB. All veteran-owned businesses were also either minority-owned or women-owned, so they are reported under those categories.

**Figure 6.2 Payments to COBID certified firms by firm type**



Among the minority-owned businesses, 59% were Latine/Hispanic, 29% were Black/African American and 5% were Asian Pacific. (The remaining 7% did not provide race/ethnicity data.)

**Figure 6.3 Minority-owned businesses by race/ethnicity**



**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 Multnomah County 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, 22 of 34 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 jurisdictions that are able to report on workforce diversity. Figure 6.4 summarizes the outcomes reported by the projects that completed construction in 2022 and reported on workforce diversity. Some projects that are not yet complete provided preliminary workforce data in their local progress reports.

**Figure 6.4 Summary of workforce outcomes for completed projects**

Jurisdiction	Project	Workforce Goal <i>% of labor hours worked by:</i>			Workforce Outcomes <i>% of labor hours worked by:</i>		
		Apprentices	POC	Women	Apprentices	POC	Women
Portland	Findley Commons	20%	18%	9%	18.4%	41.9%	<1%
Washington County	Viewfinder	Jurisdiction did not set workforce diversity goals			18.4%	42.3%	2.5%
Beaverton	Mary Ann	Jurisdiction did not set workforce diversity goals			11.8%	41.9%	<1%

Of the three completed projects tracking workforce participation, only Portland’s Findley Commons had defined workforce goals. The Beaverton and Washington County projects committed to tracking workforce participation in order to understand workforce activity and establish a baseline on which future workforce diversity goals could be established.

Across the three projects, more than 40% of labor hours were worked by people of color (POC), 12-18% of labor hours were worked by apprentices and less than 3% of labor hours were worked by women. 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.

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

## **ADVANCING EQUITABLE ACCESS AND HOUSING STABILITY**

All local implementation strategies for the housing bond include fair housing strategies and/or policies to eliminate barriers to accessing housing for communities of color and other marginalized people, 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 entry systems that serve households experiencing homelessness.

### **Serving priority communities**

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

- People of color
- Families with children and multiple generations
- Seniors and older adults
- Veterans
- 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 (PSH) for individuals and families living with a disability who have experienced prolonged homelessness.

Figure 7.1 provides information on the projects and units designated to serve each of the bond's priority populations and the outcome metrics used to track the program's effectiveness in serving each priority population.

**Figure 7.1 Designated units/projects and outcome metrics for serving priority populations**

Priority population	Designated units/projects	Outcome metrics
People of color	<ul style="list-style-type: none"> <li>All projects committed to low-barrier screening and affirmative marketing to ensure access for people of color</li> <li>26 projects include partnerships with culturally specific organizations</li> </ul>	<ul style="list-style-type: none"> <li>Race/ethnicity for head of household</li> </ul>
Families with children and multiple generations	<ul style="list-style-type: none"> <li>26 projects aim to serve families</li> <li>3 projects aim to serve both families and seniors</li> </ul>	<ul style="list-style-type: none"> <li>Number of households that include seniors and children</li> </ul>
Seniors and older adults	<ul style="list-style-type: none"> <li>6 projects aim to serve seniors or older adults (2 of these are restricted to seniors)</li> </ul>	<ul style="list-style-type: none"> <li>Number of seniors</li> </ul>
Veterans	<ul style="list-style-type: none"> <li>4 projects aim to serve veterans experiencing chronic homelessness</li> </ul>	<ul style="list-style-type: none"> <li>Number of veterans</li> </ul>
Households experiencing or at risk of homelessness	<ul style="list-style-type: none"> <li>1,242 units are restricted for households with extremely low incomes (30% AMI)</li> <li>747 of these units have project-based rental assistance</li> </ul>	<ul style="list-style-type: none"> <li>Household income/AMI level</li> <li>Number of households who were homeless prior to housing placement</li> </ul>
Households experiencing or at risk of displacement	<ul style="list-style-type: none"> <li>3 projects are participating in the City of Portland's N/NE Preference Policy</li> <li>23 projects are located in areas where communities at risk of displacement live today</li> </ul>	<ul style="list-style-type: none"> <li>Number of residents placed through N/NE Preference Policy</li> <li>Number of units located in areas where communities at risk of displacement live today</li> </ul>
People with disabilities	<ul style="list-style-type: none"> <li>587 units are designated as PSH for people who have experienced prolonged homelessness and have at least one disabling condition</li> </ul>	<ul style="list-style-type: none"> <li>Number of applicants requesting reasonable accommodations who were matched with a unit</li> <li>Number of households placed in PSH units</li> </ul>

### Occupancy outcome data

Metro received occupancy outcome reports in 2022 from the first six bond-funded projects to reach the milestone of at least 95% occupancy. These projects are listed in Figure 7.2. The occupancy reports collect information on the demographics of the initial building occupants, including race and ethnicity, disability status, age, veteran status, household size and household composition.

**Figure 7.2 Projects reaching at least 95% occupancy in 2022**

Project	Location	Eligible units	30% AMI units	2+ BR units	PSH units
The Valfre	Forest Grove	36	8	30	8
Rockwood Village	Gresham	47	47	39	0
Mary Ann	Beaverton	54	11	29	0
Tukwila Springs	Gladstone	48	48	0	48
Viewfinder	Tigard	81	34	56	27
Findley Commons	Portland	35	0	0	35

It is important to note that demographic characterizations of diverse, multifaceted and intersectional communities are often difficult to get right. For Metro’s demographic collection and reporting purposes, efforts have been made to align with existing data and reporting sources specific to the affordable housing industry and emerging best practices in reporting on priority communities.

Across the six projects, demographic data were reported for 53% of occupants, although the reporting percentages varied significantly from project to project. In some cases the projects only reported on household-level demographics rather than the demographics of individual occupants, and some households chose not to disclose demographic information. While recognizing that it is incomplete, this section provides an analysis of the available data.

For each demographic category, the data for occupants of bond-funded units are compared with data at the neighborhood and regional levels. The neighborhood comparison data points were created using a half-mile buffer around each site. The data sources for the comparisons are based on Census and American Community Survey data sets.

### Race and ethnicity

Figure 7.3 shows the percentage of total occupants of bond-funded units who provided race and ethnicity data followed by the percentage of those occupants who identified as people of color (POC), defined as all races and ethnicities except white non-Hispanic. The table compares these percentages with the percentage of people of color households within a half-mile buffer around each project location, and the percentage of people of color households with incomes less than \$60,000 within the half-mile buffer.

**Figure 7.3 Occupancy outcome data: race and ethnicity**

	# of occupants in bond-funded units	% of total occupants who provided race/ethnicity data	% POC of occupants who provided race/ethnicity data	Demographic data for surrounding neighborhood	
				% of households that are POC	% of households with incomes <\$60,000 that are POC
The Valfre	92	100%	79%	20%	26%
Rockwood Village	141	22%	65%	45%	50%
Mary Ann	117	74% of households	25% of households	48%	71%
Tukwila Springs	48	77%	41%	16%	19%
Viewfinder	189	33%	19%	20%	34%
Findley Commons	35	94%	12%	19%	30%
<b>Total</b>	<b>528</b>	<b>53%</b>	<b>45%</b>	<b>30%</b>	<b>44%</b>

In the aggregate, the six projects have a higher percentage of households of color than their surrounding neighborhoods and the region as a whole. Overall, 45% of occupants of bond-funded units were people of color, compared with a regional rate of 27% and a rate of 30% in the neighborhoods surrounding the projects. Among families with incomes less than \$60,000, the regional rate is 38% and the rate is 44% in the neighborhoods surrounding the projects.

### Disability status

Figure 7.4 shows the percentage of occupants of bond-funded units who provided disability status, followed by the percentage of those occupants who are living with a disability. These data are compared with the percentage of the population living with a disability in the surrounding neighborhood.

**Figure 7.4 Occupancy outcome data: disability status**

	# of occupants in bond-funded units	% of total occupants who provided disability status	% living with a disability of occupants who provided data	% living with a disability in surrounding neighborhood
The Valfre	92	92%	11%	11%
Rockwood Village	141	33%	11% of households	13%
Mary Ann	117	N/A	N/A	16%
Tukwila Springs	48	100%	69%	17%
Viewfinder	189	43%	7% of households	15%
Findley Commons	35	100%	34%	13%
<b>Total</b>	<b>528</b>	<b>56%</b>	<b>NA</b>	<b>14%</b>

Overall, the percentage of occupants living with a disability ranges from 7% to 69%. Only Rockwood Village and Viewfinder – both of which have low reporting rates – show the percentage living with a disability as lower than the comparison neighborhood data points and the regional rate of 11%.

### Age

Figure 7.5 shows the percentage of occupants of bond-funded units who are children under age six, children and youth under age 18, and seniors ages 62 and older. These data are compared with age demographics for the surrounding neighborhood.

**Figure 7.5 Occupancy outcome data: age**

	Occupants of bond-funded units			Demographic data for surrounding neighborhood		
	% under age 6	% under age 18	% 62 or over	% under age 5	% under age 18	% 62 or over
The Valfre	18%	51%	1%	5%	24%	11%
Rockwood Village	13%	52%	6%	8%	31%	12%
Mary Ann	N/A	N/A	N/A	5%	20%	19%
Tukwila Springs	0%	0%	35%	3%	16%	25%
Viewfinder	21%	50%	4%	6%	21%	20%
Findley Commons	0%	0%	37%	4%	16%	12%
<b>Total</b>	<b>18%</b>	<b>43%</b>	<b>9%</b>	<b>6%</b>	<b>22%</b>	<b>15%</b>

In projects with a focus on families with larger unit sizes – The Valfre, Rockwood Village and the Viewfinder – close to 50% of occupants are under age 18. This is higher than both the neighborhood averages and the regional rate of 21%. Tukwila Springs and Findley Commons both have rates of seniors over age 62 (35% and 37%) that are higher than the neighborhood rates and the regional rate of 18%.

**Data reporting improvements**

The occupancy reports submitted in 2022 for the first cohort of fully leased-up projects provide initial insights into the outcomes of projects’ marketing and leasing strategies and point to areas where occupancy data collection can be improved in the future. Metro will work with the oversight committee and jurisdiction partners on strategies to improve occupancy demographic reporting over the upcoming year. Follow-up conversations with project teams identified several barriers to data collection and opportunities for improvement:

- Collecting occupant-level demographic information represents a shift for most housing providers, as other funders collect head of household-level demographic data exclusively. Working with partners to support project teams in effectively flagging this difference ahead of lease-up, clarifying that it remains a requirement and providing a fillable form from which custom property management software reports can be built may improve reporting.
- Multiple partners noted the lack of safety that prospective residents may feel in voluntarily disclosing information on race and ethnicity at lease-up, given the long history of systemic racism and oppression toward people of color in housing and other systems. One partner suggested that a survey or similar technique – with a financial incentive for response and delivered in partnership with a property’s service staff after lease signing – may feel safer to residents and elicit a higher response rate.

- Reporting form improvements and technical assistance, including providing additional fields or clarifying instructions, will support greater accuracy in future reporting.

### 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 over ten years. As of December 2022, Portland had a total of 1,914 new PSH units open or in the pipeline, including 308 units that will receive capital funding through the Metro affordable housing bond, thus exceeding its goal for Metro-funded PSH units.
- Washington County’s local implementation strategy for the Metro bond included a goal of at least 100 PSH units. As of December 2022, Washington County had exceeded that goal with 163 units open or in the pipeline.

While other 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 2022, partners reported a total of 587 PSH units across the Metro-funded portfolio: four projects (Findley Commons, Hattie Redmond, Heartwood Commons and Tukwila Springs) that are entirely PSH, and an additional 16 projects that include a subset of PSH units.** PSH units make up 18% of total bond-funded units, and 59% of all bond-funded projects contain PSH units.

Units designated as PSH are intended to serve households that have experienced prolonged homelessness and have at least one disabling condition. In addition to providing long-term affordability for households with extremely low incomes, PSH is intended to provide ongoing case management and wraparound services to support housing stability.

Voters’ approval of the Metro supportive housing services (SHS) measure in 2020 has created opportunities to increase PSH production by matching bond-funded units with SHS-funded rent subsidies and housing case management services.

Among the many examples of ways that jurisdictions are aligning bond funding with SHS resources:

- In Clackamas County, the development teams behind Fuller Station Apartments, Good Shepherd Village and Tukwila Springs have each committed to reserving additional PSH units within their projects. The Housing Authority of Clackamas County is working with the sponsors on integrating SHS funding to support very low income households and households experiencing or at risk of homelessness, with the goal of producing 85 additional PSH units.
- Washington County added 11 units of PSH to the Viewfinder supported by SHS-funded rental assistance and case management services. The bond-funded Heartwood Commons will provide PSH to 54 households with SHS-funded case management and wraparound supports. Additional households with tenant-based SHS-funded rent assistance and case management services are securing housing in bond-funded projects. In addition, the County is working with developers on a per project basis to identify opportunities for additional project-based PSH units supported with SHS resources.

Figure 7.6 summarizes PSH units across the current bond portfolio based on information provided in partners’ annual progress reports and post-completion reporting. For some projects, PSH unit commitments and other details are still being finalized. Metro has also identified a need to work with partners to ensure clarity and consistency in the definition of PSH. The information in the table will be updated in future reports to reflect the results of this work.

**Figure 7.6 Distribution, target population and service partners for permanent supportive housing units across the portfolio**

LIP	Project	Total units	PSH units	Target population	Service Partners
Clackamas (157)	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	Clackamas Women’s Services, Cornerstone Community Housing, DevNW
	Good Shepherd Village	141	35	Families and individuals who have experienced homelessness or are at risk of becoming homeless, including 15 units expressly for veterans	Veterans Administration, Catholic Charities of Oregon, APANO, El Programa Hispano Católico, Familias en Acción, Do Good Multnomah
	Maple Apartments	171	9	Those who have experienced homelessness or are at risk of becoming homeless	Northwest Housing Alternatives, Hacienda Youth and Family Services
	Tukwila Springs	48	48	Near-elderly (age 50+) households currently experiencing homelessness or at risk of becoming unhoused and/or disabled; all units will serve households with incomes of 30% AMI and below	NARA

LIP	Project	Total units	PSH units	Target population	Service Partners
	Marylhurst Commons	100	40	Families who have experienced homelessness or are at risk of becoming homeless	Mercy Housing NW
Gresham (30)	Wynne Watts Commons	147	30	Those with intellectual and developmental disabilities	Integration with the State's K Plan which provides services to those living independently, Albertina Kerr
Washington (163)	Heartwood Commons	54	54	Formerly homeless individuals	Community Partners for Affordable Housing, Bienestar, Sequoia Mental Health
	Plambeck Gardens	116	8	Individuals and families	Centro Cultural, Neighborhood Health Center
	Plaza Los Amigos	112	16	Individuals and families	Sequoia Mental Health
	Saltzman Road	53	24	Seniors (emphasis on LGBTQIA+ community)	Bienestar, SAGE, Friendly House
	Terrace Glen	144	3	Individuals and families	HomePlate Youth Services, EngAGE, IRCO
	The Valfre at Avenida 26	36	8	Individuals and families	Bienestar, Sequoia Mental Health
	Tigard Senior Housing	57	23	Seniors	Veterans Administration, SAGE Metro Portland, DAVS Washington County
	Viewfinder	81	27	Individuals and families; 8 units set-aside for veterans	Good Neighbor Center, Veterans Administration
Portland (237)	Hattie Redmond	60	60	BIPOC singles/couples experiencing chronic homelessness	Urban League of Portland
	Findley Commons	35	35	Veterans who are homeless and those at risk of homelessness	National Association of Black Veterans, Do Good Multnomah
	Waterleaf	176	20	Veterans and individuals experiencing homelessness	Impact NW, Latino Network, El Programa Hispano Católico, SEI, 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	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	Puentes, Imani Center, Flip the Script, SUDS, LifeWorks, NARA, NW Pilot Project, Portland Rescue Mission, Salvation Army Adult Rehabilitation Center, Transition Projects
	Tilistial Village	24	16	Native American and other BIPOC families coming out of homelessness	NARA, NAYA
	<b>Total PSH units</b>		<b>587</b>		

## Strategies for affirmative marketing and low-barrier screening

All local implementation strategies included commitments to 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 and

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 with very low incomes.

Each of the six projects that completed lease-up in 2022 implemented affirmative marketing strategies in partnership with community-based organizations. For example:

- Rockwood Village’s leasing team developed a marketing and leasing plan specific to the property using information gathered from community outreach. Marketing flyers for the property are available in seven languages based on the predominant languages in the Rockwood area, and leasing forms are available in more than 100 languages. The leasing team partnered with Immigrant and Refugee Community Organization (IRCO) and Hacienda CDC to assist prospective residents with translation and application paperwork. Leasing information was distributed to a wide range of community partners including Hacienda, Native American Youth and Family Services (NAYA), Urban League, Beyond Black, Rosewood Initiative, Asian Pacific American Network of Oregon (APANO) and IRCO.
- The Valfre’s management team reached out to community partners including Centro Cultural, Adelante Mujeres, Community Action, Family Promise of Greater Washington County, Good Neighbor Center and IRCO during the lease-up process. On-site services at the property are provided by Bienestar, a culturally specific organization serving Washington County’s Latine community. During lease-up, Bienestar partnered with Sequoia Mental Health Services to reach out to the Latine community as well as people receiving services from Sequoia who would qualify as being homeless or at risk of homelessness.
- Tukwila Springs partnered with Native American Rehabilitation Association (NARA NW) to provide applicant referrals because Native American/ Indigenous residents are chronically underserved across Clackamas County’s programs. Because Tukwila Springs is a 100% PSH project, all applicants are referred through the county’s coordinated entry system for homeless services. Referrals are sent by NARA NW to the coordinated entry system where they are screened and then referred to Tukwila Springs.

### **Leasing outcomes**

The affordable housing bond’s occupancy outcome report collects data on applications received, applicant screening results (including denials and appeals), PSH unit placements, placements in accessible units and affirmative marketing outcomes. The occupancy reports submitted in 2022 by the six initial projects to

complete lease-up do not provide sufficient data to support a comprehensive analysis of the projects' leasing outcomes, but they do offer some initial insights.

### Unit availability relative to applications

The volume of applications across the six properties suggests that the need for affordable units is greater than the number of units available. Figure 7.7 shows the number of applications received compared with the number of units available across the six projects, broken out by unit size. The number of applications received far outpaced unit availability, and these data do not include the prospective applicants who remained on waitlists and were not able to apply for a unit.

**Figure 7.7 Availability of units relative to applications across six leased properties**

	Studios	1 BR units	2 BR units	3 BR units	Total
Total units available*	63	123	170	122	478
Total rental applications received	73	225	309	231	838
Total percentage of applicants housed	86%	55%	55%	53%	57%

*\*Rockwood Village reported leasing information for all of its affordable units (224) rather than just the bond-funded units (47), increasing the total units and applications included in the analysis.*

The discrepancy between applications and available units highlights both the important role of the bond in alleviating the region's severe shortage of affordable housing and the remaining need for deeply affordable units. Unmet need appears most pronounced for larger unit sizes. The discrepancy is least pronounced for studio units, perhaps because those are within 100% PSH properties with different eligibility criteria and direct referrals. Additional analysis of regional need may support future leasing outcome data analysis.

### Opportunities for improvements

In the coming year, Metro will work to address reporting challenges for occupancy data. Metro conducted follow-up with implementing partners and project sponsors to better understand the information provided, improve data quality where possible and identify opportunities to support future reporting. Several themes emerged from this process:

- Improvements can be made to the reporting form to strengthen data quality. Partners shared feedback on several aspects of the form where language or options could be clarified. Sharing the form proactively before each project's lease-up will help ensure property management is able to collect the requested information, as opposed to working to fit already collected information into the form at the time of required report submittal.

- Initial reporting demonstrated inconsistencies between PSH units reported and referrals from local coordinated entry systems and/or disability status totals. Reviewing these areas of the report with partners showed that there may be key differences regionally in the criteria used by coordinated entry systems to identify households for referral into designated PSH units. More conversation and research may be warranted to better understand and align definitions regionally so that PSH placement data is appropriately contextualized.
- There does not yet exist a shared regional understanding of low-barrier screening criteria, nor a common practice among implementing partners to support and/or monitor low-barrier screening outcomes. Metro appears well positioned to support a regional conversation on best practices for equitable lease-up for bond-funded units and more broadly across affordable housing.

### **Culturally responsive services**

Metro’s bond framework and implementing jurisdictions’ local implementation strategies have established expectations that all projects offer connections to services that are culturally responsive and meet the needs of residents. All bond-funded projects include resident services intended to connect individuals and families to other resources such as food, energy assistance, transportation, financial planning and health services. Some homes, including those designated as permanent supportive housing, provide additional supports to help residents maintain housing stability through ongoing case management and wraparound services to meet their specific needs.

Almost 90% of the bond-funded projects report partnerships with culturally responsive and/or culturally specific service providers who will provide resident services, case management and/or wraparound services. (Some projects have not finalized service partnerships yet.) For example:

- Hattie Redmond Apartments will provide permanent supportive housing for people exiting chronic homelessness who have requested culturally specific services for Black/African American people, with priority given to displaced or longtime residents of north/northeast Portland. This property was developed in response to the high disproportionality of Black/African American people experiencing homelessness in Multnomah County and intentionally seeks to create opportunities in an area of the city where the Black community has experienced historic and ongoing displacement. Urban League, an organization that serves and advocates for the Black community in Portland, will provide trauma-informed, culturally specific programming and services. The on-site services team will include a resident services coordinator, case managers and peer support specialists.
- Nueva Esperanza project co-sponsor Bienestar, a culturally specific organization serving Latines, immigrants and families in need, will provide

resident services staffing through on-site staff and its Promotores program. The Promotores program recruits and empowers resident leaders who act as community connectors, doing home visits and providing residents with referrals to relevant services. Bienestar will also leverage a wide array of services for Nueva Esperanza residents through partnerships with more than 10 community-based organizations.

- Rockwood Village co-developer Hacienda CDC, a Latine community development corporation, will employ a bilingual Resident Advocate who will conduct site visits with tenants to help identify their needs and connect them with services to ensure successful tenancy. Potential service connections may include access to a food pantry, rental assistance, assistance with housekeeping and connections to behavioral healthcare. The Resident Advocate will also train property management staff on trauma informed communication and culturally sensitive lease enforcement.
- Saltzman Road Senior Apartments will provide housing for people aged 50-75, with explicit anti-discriminatory policies for LGBTQIA+ people. Service partner SAGE will offer educational, social, recreational, fitness, wellness and community-building opportunities designed to support residents to live with resilience and independence. Service coordination will include benefits screenings, resource navigation and referral and coordination of in-home services and supports as needed with the goal of supporting people to live active and independent lives. Bienestar will provide culturally specific services.

## COMMUNITY ENGAGEMENT TO SHAPE PROJECT OUTCOMES

Metro’s bond implementation 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 homelessness) and ensuring their input informs project outcomes. Each jurisdiction submits plans for and reports on this community engagement, including participant demographic information, descriptions of outreach and activities, themes from engagement and how feedback informed implementation.

In 2022, community engagement was conducted for 12 projects across the seven implementing jurisdictions and Metro’s site acquisition program. A total of 31 specific engagement opportunities were organized for the 12 projects, with more than 720 participants.

### Engagement of communities of color and other marginalized groups

Demographic information was reported for about half the people who participated in the 2022 engagement opportunities (369 people). Of those participants:

- 71% were people of color
- 63% were people with low incomes

Data were not tracked consistently for other demographic categories. Descriptive information in the jurisdictions’ reports indicates that people with lived experience of homelessness and housing instability, immigrants, refugees and people with limited English proficiency participated in meaningful numbers in many of the engagement opportunities.

### Partnerships for engagement

Jurisdictions partnered with local community-based organizations to achieve their engagement goals, with a particular focus on culturally specific organizations. Partner jurisdictions and Metro’s site acquisition program reported a total of 43 community-based organization partnerships that supported their engagement efforts in 2022. Partner organizations included homeless services organizations, social service providers, neighborhood organizations, schools and early childhood programs, behavioral health providers, family services organizations, racial justice organizations and affordable housing providers.

Sixty-three percent of the partnerships were with culturally specific organizations such as Hacienda CDC, NAYA, IRCO, NARA NW, Bienestar, Somali Empowerment Circle, Latino Network, Adelante Mujeres, El Programa Hispano Católico, Self Enhancement Inc., HAKI Community Organization and Unite Oregon.

### Engagement methods

Jurisdictions organized engagement opportunities to inform priorities for future solicitations, project design and planning. The most common types of engagement opportunities were:

- Focus groups and listening sessions
- Advisory committees
- Neighborhood meetings
- Discussions with community-based organizations
- Surveys

Outreach methods included email, direct outreach to community organizations, public notices, project websites, social media, local media and tabling.

### Themes of input

Most of the engagement opportunities were for projects that are in the design and planning phases. The most common themes from the input across those projects were related to:

- **Community gathering spaces**, such as requests for outdoor spaces with seating, and input on the design of community rooms and common areas
- **Family-friendly design**, such as safe places for children to play, and building and unit configurations that support the needs of families with children
- **Unit design and amenities**, such as bathroom features, storage space, bedroom size and number, and laundry facilities
- **Safety and security**, such as indoor and outdoor lighting and security cameras
- **Impacts on the surrounding neighborhood**, such as traffic, parking and construction noise.

### How engagement input informed projects

Partner jurisdictions' reports demonstrate how input gathered during community engagement was incorporated into project planning. Some examples of ways that projects were changed in response to feedback include:

### **Input to inform developer selection**

- Metro’s site acquisition program conducted stakeholder outreach to gather input on priorities for the Portland Value Inn site. The input was incorporated into a statement of values for the property that was included in the Portland Housing Bureau’s solicitation for development proposals for the site.

### **Input to inform project design and planning**

- In response to community input asking for safer play areas for children, larger soccer fields and larger outdoor benches, The Valfre’s development team increased the amount of children’s play area, created a larger field area, added larger benches that view the play areas, and moved the larger family units closer to the courtyard and play areas.
- Community input for Nueva Esperanza identified priorities for bathroom amenities, unit configurations and laundry access. In response, the design team adjusted the three- and four-bedroom units to add a second bathroom, place washer and dryer hook ups near the kitchen and dining areas for easier multi-tasking, and add a partition between the kitchen and living room.
- In acknowledgment of the N/NE Oversight Committee’s recommendation to include an on-site service delivery space at 5020 North Interstate, the project’s development team removed a ground-floor unit to add a dedicated resident services space. The team also increased the number of 30% AMI units to meet policy objectives identified by stakeholders.
- Community input helped to inform the Powellhurst Place development team’s parking egress/ingress strategy. The development team also placed security cameras throughout the property, wide-angle peepholes in resident doorways, and lighting features in common spaces in response to input related to safety and security.

## 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 \$102,829, 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 anticipated delays due to emerging constraints in the 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 A* provides a summary of the portfolio projects, including configuration, size, unit mix, cost and Metro bond subsidy. *Exhibit D* provides additional detail regarding capital financing sources, and *Exhibit E* provides a summary of ongoing rental assistance and services funding attached to Metro bond units.

### Development costs

The Metro affordable housing bond portfolio includes 34 projects ranging in size from 13,150 to 245,705 square feet, with an average size of 122,894 square feet. Projects range from one to 13 buildings, with an average of three buildings, and they range from 35 to 224 apartments, with an average of 128 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 wide range and are influenced by a variety of factors including project size, unit configurations and construction type. The bond program's priority focus on family-size units contributes to higher average 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 development costs. A number of other factors impact costs including prevailing wage requirements, parking requirements and more.

**Figure 9.1 Average and range of total project costs**

<b>Metric</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Weighted average</b>
Total project cost per unit	\$186,030	\$527,283	\$387,283
Total project cost per bedroom	\$116,842	\$396,922	\$225,979
Total project cost per square foot	\$253.83	\$716.32	\$417.25

Development costs have escalated across the affordable housing industry over the past two years due to broader economic factors impacting the cost of materials and labor. Supply chain issues and labor shortages along with inflation and interest rate increases have significantly increased construction costs. The impact of these increases is evident in the construction costs for bond projects approved after 2021. The average cost of construction per square foot for new construction projects financed with 4% low income housing tax credits was \$314 for bond projects approved in 2021 or earlier and \$334 for projects approved after 2021. The full impact of the cost increases is masked by wide variations in other factors that affect construction costs across the portfolio, such as construction type, prevailing wage requirements and on- and off-site construction requirements.

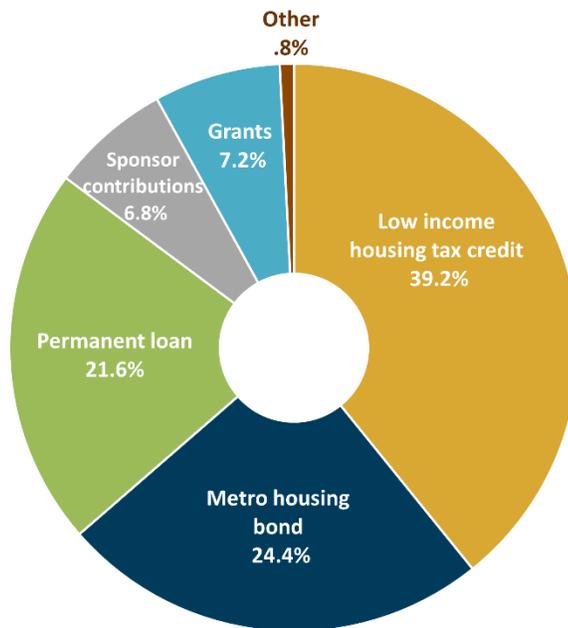
### **Alignment with other subsidy sources**

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 portfolio represents \$1.37 billion in investments, of which approximately 24.4%, or \$333 million, is Metro 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**



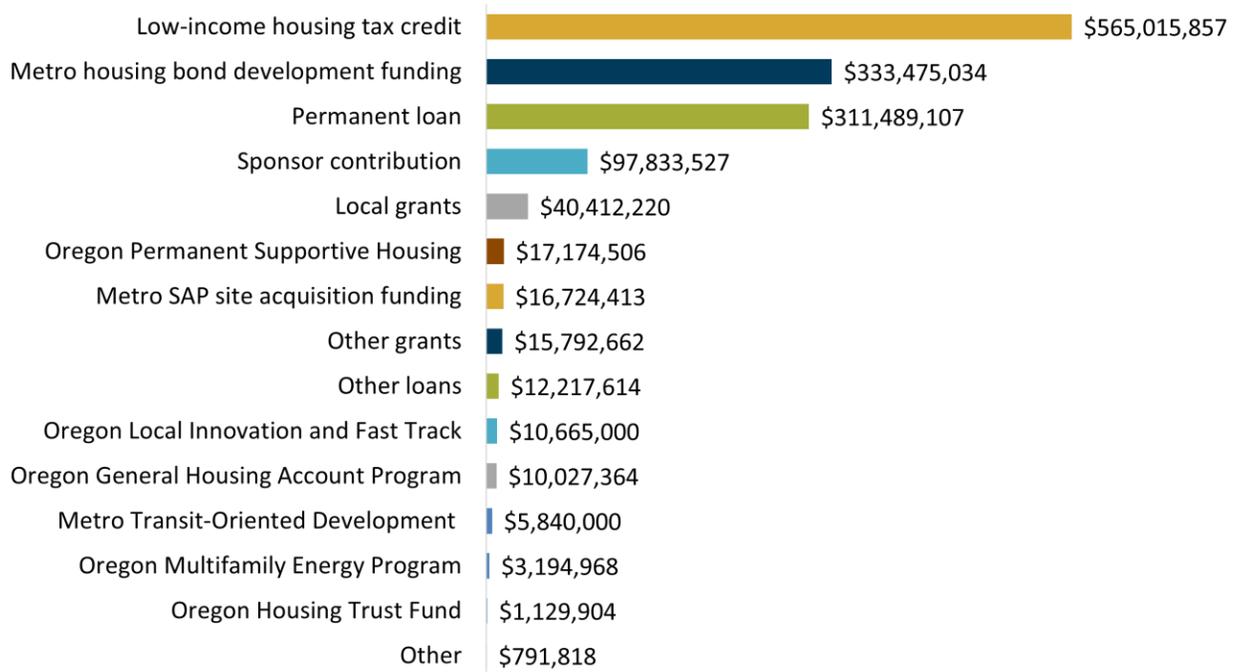
**Low income housing tax credits (LIHTC) represent the most substantive leveraged funding source in bond projects. Of the 34 projects in the portfolio, 32 are utilizing LIHTC.** Of these, two projects (the Mary Ann and Tistilal Village) are financed using highly competitive 9% LIHTCs. For these projects, the Metro bond subsidy represents 13% of project costs due to deep subsidy from the tax credits. The remaining 30 projects are utilizing or plan to utilize 4% LIHTCs. These projects require higher levels of Metro bond funding, averaging 24% of project costs.

Unlike 9% LIHTCs, 4% LIHTCs are not subject to an annual cap but are based on federal requirements for utilization of private activity bonds (PABs), which are dependent on 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 Oregon Housing and Community Services to develop a coordinated 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 – Findley Commons and Heartwood Commons – are being financed without tax credits, relying primarily on Metro bond funds and other local sources. Heartwood Commons 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 D* provides additional details on the financing mix for each project.

**Figure 9.3 Capital funding sources**



### 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 (AMI). In greater Portland this is an annual income of \$22,380 for a household with one person and \$31,950 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.

**Across the housing bond portfolio, 1,242 units are designated to serve households with very low incomes (30% AMI or below). Of these very affordable homes, 747 (60%) 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 747 30% AMI units supported with rental assistance, 587 are designated as permanent supportive housing and include additional funding commitments to provide wraparound services.**

*Exhibit E* 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**

Affordable housing development can be supported or hindered by local jurisdictions' policies and regulations. Some bond projects have encountered barriers or delays due to zoning and permitting challenges in local jurisdictions. For example, the City of Troutdale denied Home Forward's land use application for the Troutdale Apartments because it requested a reduction in parking from the city's two spaces per unit requirement to approximately 1.5 spaces per unit and minor adjustments to the city's development code. Revised design plans to accommodate additional parking and other proposed compromises have also been denied, preventing the project from moving forward.

There are also affordable housing policy tools and incentives in place across the region that can ease the 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. *Exhibit F* summarizes the 21 responses received.

### **Administrative costs**

The Metro affordable housing bond framework includes a cap of 5% of bond proceeds for administrative costs. While only a small portion of the overall budget, these costs are vital to delivering on bond outcomes through 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 amount has increased to

\$12,706,638 due to interest earnings and a change in the Portland Housing Bureau administrative funding plan. 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 2022, \$14,848,380 in administrative funding had been expended or disbursed to partners; this is 53% of the administrative funding budgeted in the work plan. Based on direction provided by Metro Council in March 2023, additional funding available under the 5% cap will be distributed according to the formula established in the initial work plan allocation. Details of administrative expenditures can be found in *Exhibit G*.

## 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.

Based on lessons learned from the unprecedented heat wave in the Pacific Northwest in June 2021, Metro took action to help residents stay safe in future extreme heat events by providing policy guidance and funding to encourage development partners to incorporate in-unit cooling strategies into their buildings. In addition, while Metro has not developed sustainability related metrics or requirements for bond-funded projects, the program tracks information partners report on related to a project's sustainability features.

### Cooling strategies

Metro issued a policy statement in September 2021 to request that implementing jurisdictions work with development partners to incorporate cooling strategies for projects, including in-unit air conditioning, to ensure safety and livability for residents. Metro also allocated \$8 million in unprogrammed affordable housing bond interest earnings/premiums to support additional investments in cooling.

Of the 31 projects in the affordable housing bond portfolio when Metro issued this guidance, 22 had already planned to include in-unit air conditioning and others committed to evaluate including in-unit air conditioning. All jurisdictions also committed to include in-unit air conditioning for new projects going forward. The three additional projects added to the pipeline in 2022 all include in-unit air conditioning, and jurisdictions incorporated the requirement into funding solicitations for future projects.

Some projects that were already near completion when the guidance was issued will not be able to incorporate in-unit air conditioning but will offer other cooling options. For example, the Mary Ann in Beaverton 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.

Metro will continue to explore opportunities to identify best practices for cooling solutions that balance sustainability, operating cost impacts to projects and tenants, and considerations related to indoor air quality and circulation. Jurisdiction partners have identified a number of issues for regional discussion and coordination, including:

- Exploring best practices and cost-benefits of various cooling solutions

- Ensuring that the region’s energy assistance programs include support for residents unable to meet the added utility costs of in-unit air conditioning
- Building shared frameworks for assessing development costs that factor in the added benefits of climate resilience and sustainability features
- Considering the trade-offs between cooling and other sustainability goals and funder requirements.

### **Sustainability strategies**

Jurisdictional partners’ annual progress reports demonstrate a strong commitment to energy efficiency and sustainability across the portfolio. The bond work plan did not include specific sustainability metrics or requirements in order to support a range of project types and provide greater flexibility for projects to meet the requirements of other funding sources. Many projects pursue Earth Advantage certification and commonly achieve the silver, gold or platinum levels. About two-thirds of projects also participate in Oregon Housing and Community Services’ Multifamily Energy Program. This program provides financial incentives to affordable housing projects for energy efficiency measures aimed at reducing electricity consumption.

Highlights of partners’ sustainability strategies include:

- Nueva Esperanza is aiming for Earth Advantage gold or platinum certification based on the use of durable materials, increased insulation values, and efficient lighting, heating and exhaust systems. In addition, the project will install solar panels to support the electrical needs of the house panel, which will include lighting for the site, common spaces and community building.
- Marylhurst Commons is pursuing Passive House USA certification. When completed, it will be one of the largest multifamily projects in the country to achieve the rigorous, performance-based certification. Passive House certified buildings are more efficient to operate, more resilient to extreme weather events, and have central air filtration systems that improve comfort and indoor air quality. The building is expected to use more than 40% less energy than a conventional design.
- Tistlal Village, Garden Park and Albina One were awarded grants from the Portland Clean Energy Fund to design and implement high-efficiency heating and cooling strategies, high-efficiency water heating strategies, and renewable energy generation and storage capacity.
- Phase 1 of the Hillside Park Redevelopment is planning to include a resilience hub. Resilience hubs, which are supplied with basic resources like food, water and medical supplies and have backup electrical capacity, are designed to support residents and coordinate resource distribution and services before, during or after a natural hazard event.

## LOOKING AHEAD

As the Housing Bond Oversight Committee has highlighted, this past year the bond program has been successful in addressing emerging opportunities and challenges, and in making strong progress on coordination and alignment opportunities.

This work is not done. As the program matures and the portfolio further develops, we must focus on widening and sustaining our overall impact. By developing strategies to share best practices across the region, identifying and pursuing avenues for systemic integration, and beginning the work of evaluating outcomes and lessons learned that will support planning for the future, Metro can play a unique role in meeting emergent and pressing regional needs.

The focus areas recommended by the committee require thoughtful planning and consideration. To be successful, such significant bodies of work must move forward with wide-ranging involvement and support across complex and multifaceted stakeholder groups. In coming months, Metro housing staff will engage key stakeholders and jurisdictional partners to identify priorities and considerations for how we approach these systems-level conversations. In the fall, we will update the committee on these conversations and seek feedback on our plans to advance this work in the coming year.

## **Acknowledgements**

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Consultants: Kris Smock, John Warner.

## EXHIBIT A. SUMMARY OF AFFORDABLE HOUSING BOND PORTFOLIO THROUGH DECEMBER 2022

Jurisdiction	Project Name	Units				≤30% AMI		2+ Bedroom		Total Bdrms	Occupancy Estimates			Total Project Cost	Cost Efficiency (Total Project)			Metro Funding		Bond Subsidy Efficiency (Eligible Units)	
		Affordable	Total	Eligible	PBV	No.	% Tot	No.	% Tot		High	Low	Avg		Per Sq Ft	Per Unit	Per Bdrm	Site Acquisition	Housing Bond	Per Unit	Per Bdrm
Beaverton	Elmonica Station	80	81	80	8	33	41.3%	32	40.0%	129	230	142	186	\$33,448,353	\$359.08	\$412,943	\$259,290	\$3,460,066	\$8,439,934	\$105,499	\$66,456
	Mary Ann	54	54	54	8	11	20.4%	29	53.7%	86	172	89	131	\$21,867,324	\$315.96	\$404,950	\$254,271	\$0	\$3,000,000	\$55,556	\$34,884
	Scholls Ferry	164	164	135	0	17	12.6%	79	58.5%	258	448	234	341	\$74,012,211	\$301.22	\$451,294	\$286,869	\$0	\$9,000,000	\$66,667	\$40,179
Clackamas	Fuller Road Station	99	100	99	25	25	25.3%	82	82.8%	203	402	221	312	\$45,645,146	\$353.67	\$456,451	\$224,853	\$0	\$8,570,000	\$86,566	\$42,637
	Good Shepherd Village	142	143	142	30	58	40.8%	79	55.6%	243	469	261	365	\$55,190,090	\$497.78	\$385,945	\$227,120	\$0	\$18,328,037	\$129,071	\$76,050
	Maple Apartments	171	171	171	70	70	40.9%	129	75.4%	384	768	468	618	\$60,180,855	\$413.55	\$351,935	\$156,721	\$0	\$15,903,000	\$93,000	\$41,414
	Maryhurst Commons	100	100	100	40	40	40.0%	83	83.0%	205	410	227	319	\$39,980,085	\$492.61	\$399,801	\$195,025	\$0	\$3,000,000	\$30,000	\$14,634
	Tukwila Springs	48	48	48	48	48	100.0%	0	0.0%	48	48	48	48	\$18,624,368	\$716.32	\$388,008	\$388,008	\$0	\$2,939,209	\$61,234	\$61,234
Gresham	Wynne Watts Commons	147	147	147	30	30	20.4%	31	21.1%	186	348	194	271	\$43,176,538	\$447.43	\$293,718	\$232,132	\$0	\$11,200,000	\$76,190	\$60,215
	Rockwood Village	224	224	47	0	47	100.0%	39	83.0%	518	234	148	191	\$60,524,159	\$253.83	\$270,197	\$116,842	\$0	\$5,237,814	\$111,443	\$44,768
Hillsboro	Nueva Esperanza	149	150	149	8	60	40.3%	105	70.5%	310	616	362	489	\$52,545,844	\$337.25	\$350,306	\$169,503	\$0	\$16,940,731	\$113,696	\$55,002
Multnomah	Troutdale Apartments	94	94	94	25	39	41.5%	47	50.0%	154	294	167	231	\$40,802,771	\$502.96	\$434,072	\$264,953	\$1,764,347	\$13,449,238	\$143,077	\$87,333
Portland	5020 Interstate	63	63	63	0	17	27.0%	48	76.2%	136	272	161	217	\$30,648,469	\$555.02	\$486,484	\$225,356	\$0	\$9,216,838	\$146,299	\$67,771
	74th & Glisan	137	137	137	41	56	40.9%	63	46.0%	221	392	242	317	\$52,301,599	\$426.86	\$381,763	\$236,659	\$11,500,000	\$8,472,884	\$61,846	\$38,339
	Albina One	94	94	94	16	32	34.0%	54	57.4%	165	330	182	256	\$45,620,721	\$533.46	\$485,327	\$276,489	\$0	\$13,442,000	\$143,000	\$81,467
	Dekum	187	187	147	27	61	41.5%	78	53.1%	360	454	285	370	\$80,499,636	\$536.40	\$430,479	\$223,610	\$0	\$21,034,082	\$143,089	\$82,487
	Findley Commons	35	35	35	20	0	0.0%	0	0.0%	35	55	35	45	\$6,667,137	\$507.01	\$190,490	\$190,490	\$0	\$1,945,175	\$55,576	\$55,576
	Hattie Redmond	60	60	60	60	60	100.0%	0	0.0%	60	60	60	60	\$22,876,252	\$664.66	\$381,271	\$381,271	\$0	\$4,312,253	\$71,871	\$71,871
	Hollywood Hub	199	201	199	36	69	34.7%	129	64.8%	368	714	398	556	\$89,231,385	\$426.12	\$443,937	\$242,477	\$0	\$28,428,484	\$142,857	\$78,315
	Meridian Gardens	85	85	85	65	70	82.4%	0	0.0%	85	85	85	85	\$23,969,918	\$627.75	\$281,999	\$281,999	\$0	\$12,155,000	\$143,000	\$143,000
	PCC Killingsworth	84	84	84	12	28	33.3%	60	71.4%	159	300	174	237	\$37,239,446	\$541.19	\$443,327	\$234,210	\$0	\$6,006,000	\$71,500	\$37,774
	Powellhurst Place	64	65	64	12	12	18.8%	45	70.3%	111	218	109	164	\$25,498,001	\$436.98	\$392,277	\$229,712	\$0	\$4,091,048	\$63,923	\$37,533
	Tistital Village	57	58	24	24	24	100.0%	22	91.7%	101	110	64	87	\$27,600,566	\$441.87	\$475,872	\$273,273	\$0	\$1,632,000	\$68,000	\$29,673
Waterleaf	176	178	176	20	17	9.7%	48	27.3%	246	423	260	342	\$75,725,948	\$404.01	\$425,427	\$307,829	\$0	\$1,739,219	\$9,882	\$7,187	
Washington	Aloha Housing Devel	81	82	81	0	33	40.7%	50	61.7%	138	265	141	203	\$33,031,515	\$548.11	\$402,823	\$239,359	\$0	\$10,230,000	\$126,296	\$75,221
	Heartwood Commons	54	54	54	54	54	100.0%	0	0.0%	54	54	54	54	\$10,045,608	\$312.56	\$186,030	\$186,030	\$0	\$9,283,000	\$171,907	\$171,907
	Goldcrest	74	75	74	0	14	18.9%	45	60.8%	128	250	131	191	\$39,546,233	\$501.63	\$527,283	\$308,955	\$0	\$12,000,000	\$162,162	\$96,000
	Plambeck Gardens	116	116	116	8	47	40.5%	60	51.7%	194	388	212	300	\$40,882,086	\$442.45	\$352,432	\$210,732	\$0	\$14,320,000	\$123,448	\$73,814
	Plaza Los Amigos	112	113	112	16	26	23.2%	72	64.3%	198	392	208	300	\$42,184,722	\$373.69	\$373,316	\$213,054	\$0	\$12,830,000	\$114,554	\$65,459
	Saltzman Road	54	54	54	24	28	51.9%	9	16.7%	63	126	63	95	\$20,094,052	\$605.24	\$372,112	\$318,953	\$0	\$5,400,000	\$100,000	\$85,714
	Terrace Glen	144	144	144	8	51	35.4%	74	51.4%	237	445	256	351	\$51,276,941	\$350.67	\$356,090	\$216,358	\$0	\$17,484,000	\$121,417	\$73,772
	The Valfre at Avenida 26	36	36	36	8	8	22.2%	30	83.3%	72	144	78	111	\$13,227,998	\$400.84	\$367,444	\$183,722	\$0	\$3,792,088	\$105,336	\$52,668
	Tigard Senior	57	58	57	23	23	40.4%	0	0.0%	58	114	57	86	\$23,021,464	\$482.84	\$396,922	\$396,922	\$0	\$6,270,000	\$110,000	\$110,000
	Viewfinder	81	81	81	16	34	42.0%	56	69.1%	147	294	157	226	\$32,244,411	\$369.86	\$398,079	\$219,350	\$0	\$11,583,000	\$143,000	\$78,796
<b>Total</b>		<b>3,522</b>	<b>3,536</b>	<b>3,243</b>	<b>782</b>	<b>1,242</b>	<b>38.3%</b>	<b>1,678</b>	<b>51.7%</b>	<b>6,060</b>	<b>10,324</b>	<b>5,973</b>	<b>8,149</b>	<b>\$1,369,431,850</b>				<b>\$16,724,413</b>	<b>\$331,675,034</b>		
<b>Weighted Average</b>		<b>128</b>	<b>128</b>	<b>116</b>	<b>24</b>	<b>41</b>	<b>38.3%</b>	<b>62</b>	<b>51.7%</b>	<b>228</b>	<b>379</b>	<b>219</b>	<b>299</b>	<b>\$49,148,823</b>	<b>\$417.25</b>	<b>\$387,283</b>	<b>\$225,979</b>	<b>\$587,614</b>	<b>\$11,654,259</b>	<b>\$102,274</b>	<b>\$63,373</b>
<b>Minimum</b>		<b>35</b>	<b>35</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>35</b>	<b>48</b>	<b>35</b>	<b>45</b>	<b>\$6,667,137</b>	<b>\$253.83</b>	<b>\$186,030</b>	<b>\$116,842</b>	<b>\$0</b>	<b>\$1,632,000</b>	<b>\$9,882</b>	<b>\$7,187</b>
<b>Maximum</b>		<b>224</b>	<b>224</b>	<b>199</b>	<b>70</b>	<b>70</b>	<b>100.0%</b>	<b>129</b>	<b>91.7%</b>	<b>518</b>	<b>768</b>	<b>468</b>	<b>618</b>	<b>\$89,231,385</b>	<b>\$716.32</b>	<b>\$527,283</b>	<b>\$396,922</b>	<b>\$11,500,000</b>	<b>\$28,428,484</b>	<b>\$171,907</b>	<b>\$171,907</b>

# EXHIBIT B. DETAILED SUMMARY OF LOCATION METRICS FOR AFFORDABLE HOUSING BOND PROJECTS

Note: Project map IDs and cell shading in this table correspond to Figures 5.2 through 5.5 in the 2022 Annual Report

Map ID	Project name	Eligible units	County	How are the projects distributed around the region? (see Figure 5.2)		Which projects are in areas where communities of color live today? (see Figure 5.3 and notes A, B and C below)				Which projects are in areas historically inaccessible to communities of color? (see Figure 5.4 and notes A, B and C below)		Which projects are in areas with limited regulated affordable housing? (see Figure 5.5 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 27.3%)		People of color (vs. regional rate of 27.3%)		Affordable housing share (vs. regional rate of 5.4%)	Access to transit (miles to nearest stop/station)		Walkscore		
				Estimate	MOE (+/-)	POC / LEP	Estimate	MOE (+/-)	Estimate	MOE (+/-)	Estimate	MOE (+/-)	MAX % mi		FS Bus %	
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	Heartwood Commons	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 Developme	81	Washington	42%	5%	>/>=	9%	4%	42%	5%	7.0%	>1 mile	0.1	74		
8	Elmonica Station	80	Washington	47%	11%	>/>=	15%	9%	47%	11%	11.3%	0.2	>1 mile	54		
9	Mary Ann	54	Washington	42%	7%	>/>	16%	5%	42%	7%	3.2%	0.3	0.1	93		
10	Saltzman Road	53	Washington	39%	9%	>/<=	8%	4%	39%	9%	10.1%	>1 mile	>1 mile	87		
11	Plambeck Gardens	116	Washington	28%	6%	<=/ >/>	3%	1%	28%	6%	0.0%	>1 mile	>1 mile	14		
12	Terrace Glen	144	Washington	28%	9%	<=/ >/>	10%	5%	28%	9%	2.0%	0.9	0.0	70		
13	Tigard Senior Housing	57	Washington	28%	6%	<=/ >/>	8%	4%	28%	6%	8.3%	0.6	0.1	51		
14	Viewfinder	81	Washington	23%	9%	<=/ >/>	5%	6%	23%	9%	13.0%	>1 mile	0.3	59		
15	Tillistial Village	24	Multnomah	50%	6%	>/>	15%	4%	50%	6%	14.5%	>1 mile	0.0	80		
16	5020 N Interstate	64	Multnomah	34%	7%	>=/ >/>	6%	4%	34%	7%	9.5%	0.2	0.2	87		
17	Hattie Redmond	60	Multnomah	26%	7%	<=/ >/>	2%	2%	26%	7%	8.2%	0.0	0.0	89		
18	Waterleaf	176	Multnomah	27%	8%	<=/ >/>	9%	5%	27%	8%	18.1%	0.0	0.1	80		
19	Albina One	94	Multnomah	28%	7%	<=/ >/>	1%	1%	28%	7%	21.6%	0.0	0.1	88		
20	Marylhurst Commons	100	Clackamas	18%	7%	<=/ >/>	2%	2%	18%	7%	0.2%	>1 mile	>1 mile	42		
21	Dekum Court	147	Multnomah	31%	4%	>=/ >/>	2%	1%	31%	4%	2.8%	>1 mile	0.2	52		
22	Hollywood Hub	199	Multnomah	20%	7%	<=/ >/>	2%	2%	20%	7%	7.0%	0.0	0.0	96		
23	PCC Killingsworth	84	Multnomah	59%	5%	>/>	14%	5%	59%	5%	3.3%	>1 mile	0.0	76		
24	Findley Commons	35	Multnomah	24%	6%	<=/ >/>	4%	3%	24%	6%	0.9%	>1 mile	0.1	89		
25	Tukwila Springs	48	Clackamas	15%	5%	<=/ >/>	5%	3%	15%	5%	0.3%	>1 mile	>1 mile	53		
26	74th and Glisan	137	Multnomah	30%	7%	>=/ >/>	2%	2%	30%	7%	8.3%	0.7	0.2	86		
27	Maple Apartments	171	Clackamas	11%	6%	<=/ >/>	2%	2%	11%	6%	11.7%	>1 mile	0.8	35		
28	Fuller Road Station	99	Clackamas	45%	7%	>/>	15%	6%	45%	7%	5.7%	0.1	0.2	65		
29	Meridian Gardens	85	Multnomah	40%	5%	>/>	29%	6%	40%	5%	8.3%	1.0	0.1	72		
30	Powellhurst Place	64	Multnomah	42%	8%	>/>	16%	5%	42%	8%	8.3%	>1 mile	0.0	43		
31	Wynne Watts Commons	147	Multnomah	52%	9%	>/>	28%	9%	52%	9%	9.0%	0.5	0.2	54		
32	Good Shepherd Village	141	Clackamas	30%	4%	>=/ >/>	6%	2%	30%	4%	0.0%	>1 mile	>1 mile	30		
33	Rockwood Village	47	Multnomah	46%	8%	>/>	19%	6%	46%	8%	8.6%	0.4	0.1	83		
34	Troutdale Apartments	94	Multnomah	33%	5%	>=/ >/>	10%	4%	33%	5%	6.6%	0.1	0.3	66		
	Barbur Blvd		Multnomah	32%	9%	>=/ >/>	7%	3%	32%	9%	0.4%	>1 mile	0.1	68		

### Percent of Total Eligible Units

17% Clackamas	40% > regional	40% > regional	27% > regional	16% < regional	15% none	29% FS Bus and MAX	41% score ≥ 70
45% Multnomah	18% ≥ regional	28% ≥ regional	19% ≥ regional	30% ≤ regional	27% < regional	41% FS bus or MAX	29% score 50-69
38% Washington	43% ≤ regional	33% ≤ regional	54% ≤ regional	55% ≥ regional	58% > regional	30% neither	30% score < 50

> or ≥ region for either POC or LEP

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

#### Notes on data sources and assumptions

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

## How are the projects distributed around the region?

### Complete

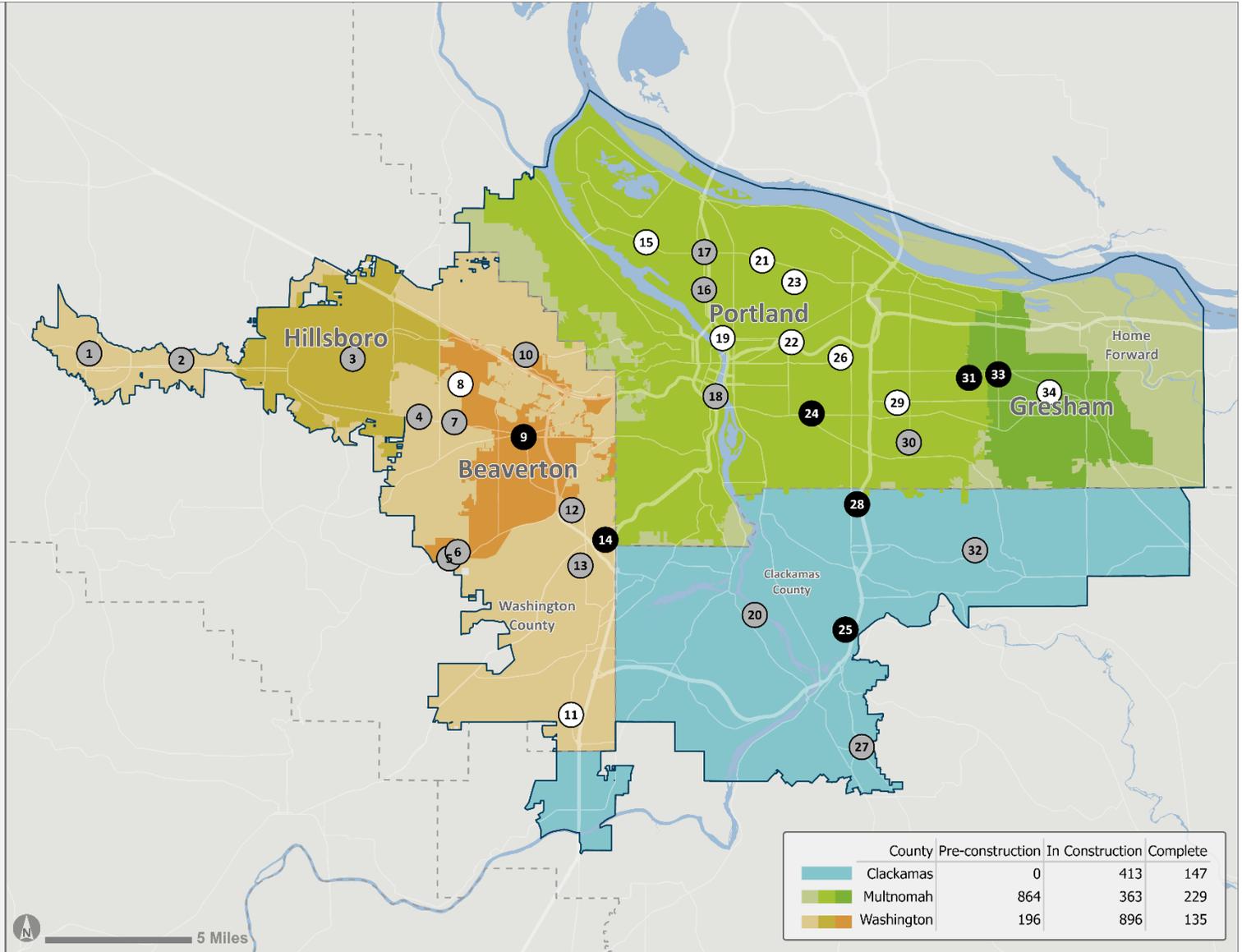
- 9 Mary Ann (54 units)
- 14 Viewfinder (81 units)
- 24 Findley Commons (35 units)
- 25 Tukwila Springs (48 units)
- 28 Fuller Road Station (99 units)
- 31 Wynne Watts Commons (147 units)
- 33 Rockwood Village (47 units)

### In Construction

- 1 The Valfre at Avenida 26 (36 units)
- 2 Plaza Los Amigos (113 units)
- 3 Nueva Esperanza (149 units)
- 4 Aloha Quality Inn (54 units)
- 5 Scholls Ferry Apartments (135 units)
- 6 Goldcrest (74 units)
- 7 Aloha Family Housing (81 units)
- 10 Saltzman Road (54 units)
- 12 Terrace Glen (144 units)
- 13 Tigard Senior Housing (57 units)
- 16 5020 N Interstate (63 units)
- 17 Hattie Redmond (60 units)
- 18 Waterleaf (176 units)
- 20 Marylhurst Commons (100 units)
- 27 Maple Apartments (171 units)
- 30 Powellhurst Place (64 units)
- 32 Good Shepherd Village (142 units)

### Pre-construction

- 8 Elmonica Station (80 units)
- 11 Plambeck Gardens (116 units)
- 15 Tistilal Village (24 units)
- 19 Albina One (94 units)
- 21 Dekum Court (147 units)
- 22 Hollywood Hub (199 units)
- 23 PCC Killingsworth (84 units)
- 26 74th and Glisan - Family (137 units)
- 29 Meridian Gardens (85 units)
- 34 Troutdale Apartments (94 units)



## Which projects are in areas historically inaccessible to communities of color?

### Complete

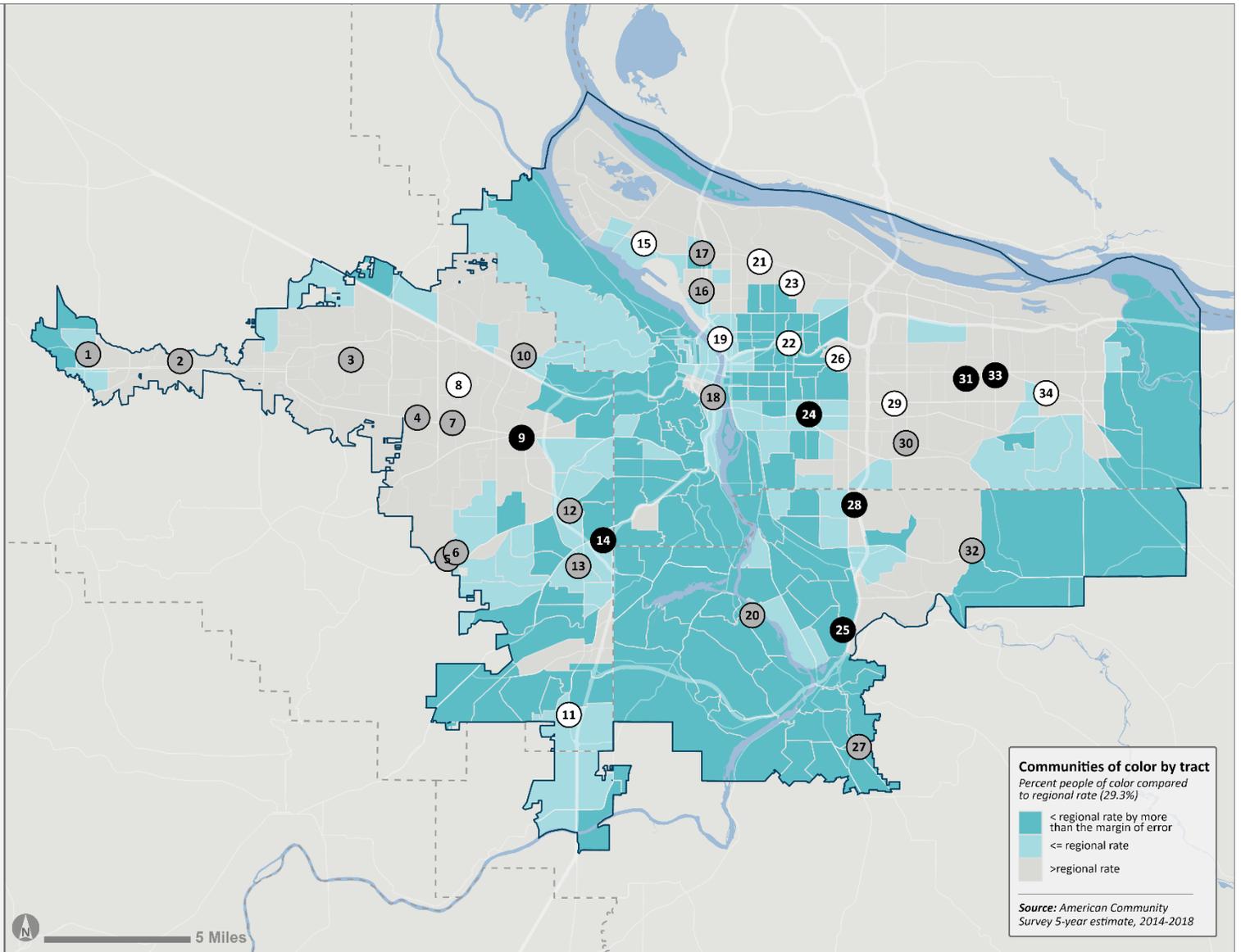
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- 29 Meridian Gardens (85 units)
- 34 Troutdale Apartments (94 units)



**Which projects are in areas with limited regulated affordable housing?**

**Complete**

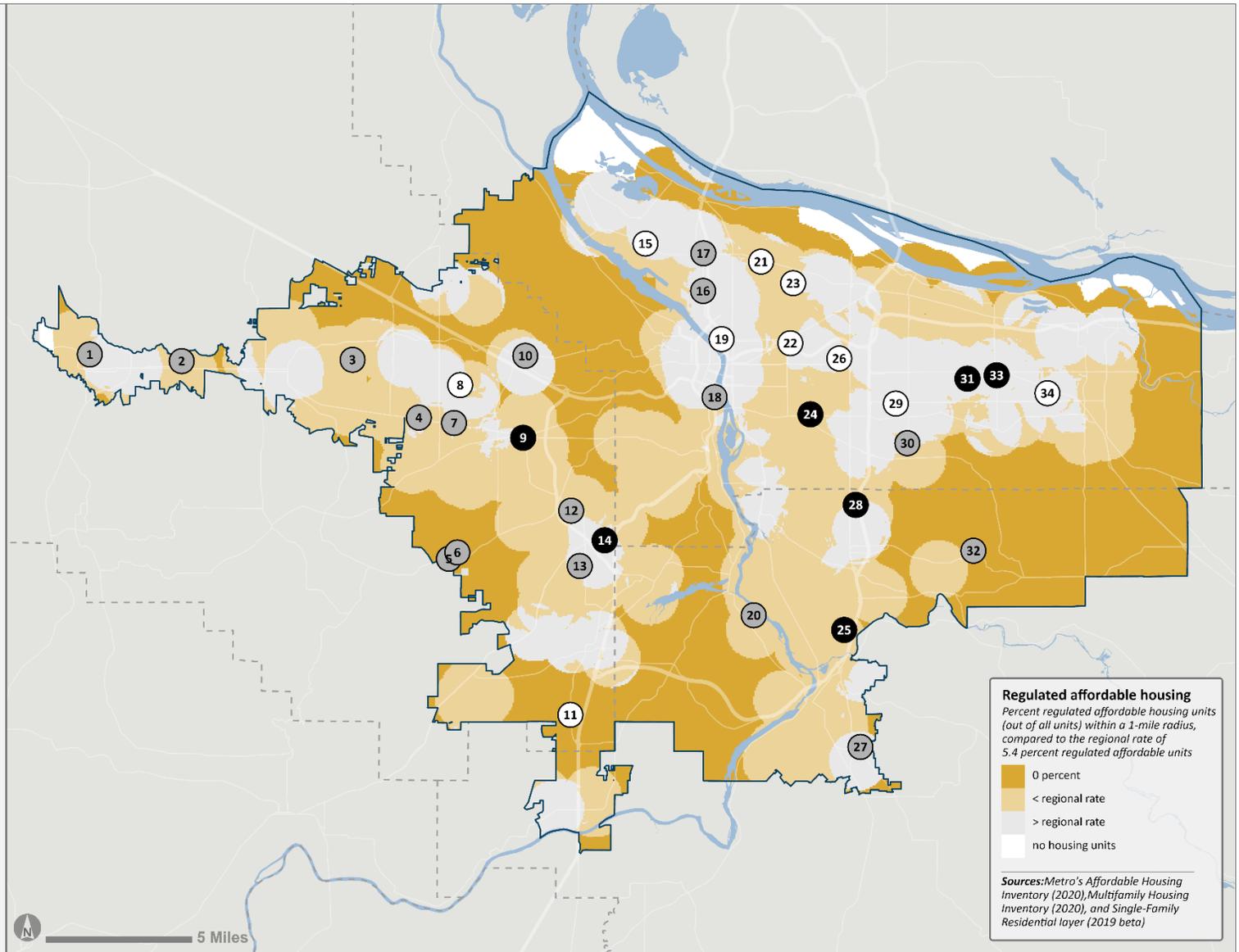
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- 34 Troutdale Apartments (94 units)



## Which projects are in areas where communities of color live today?

### Complete

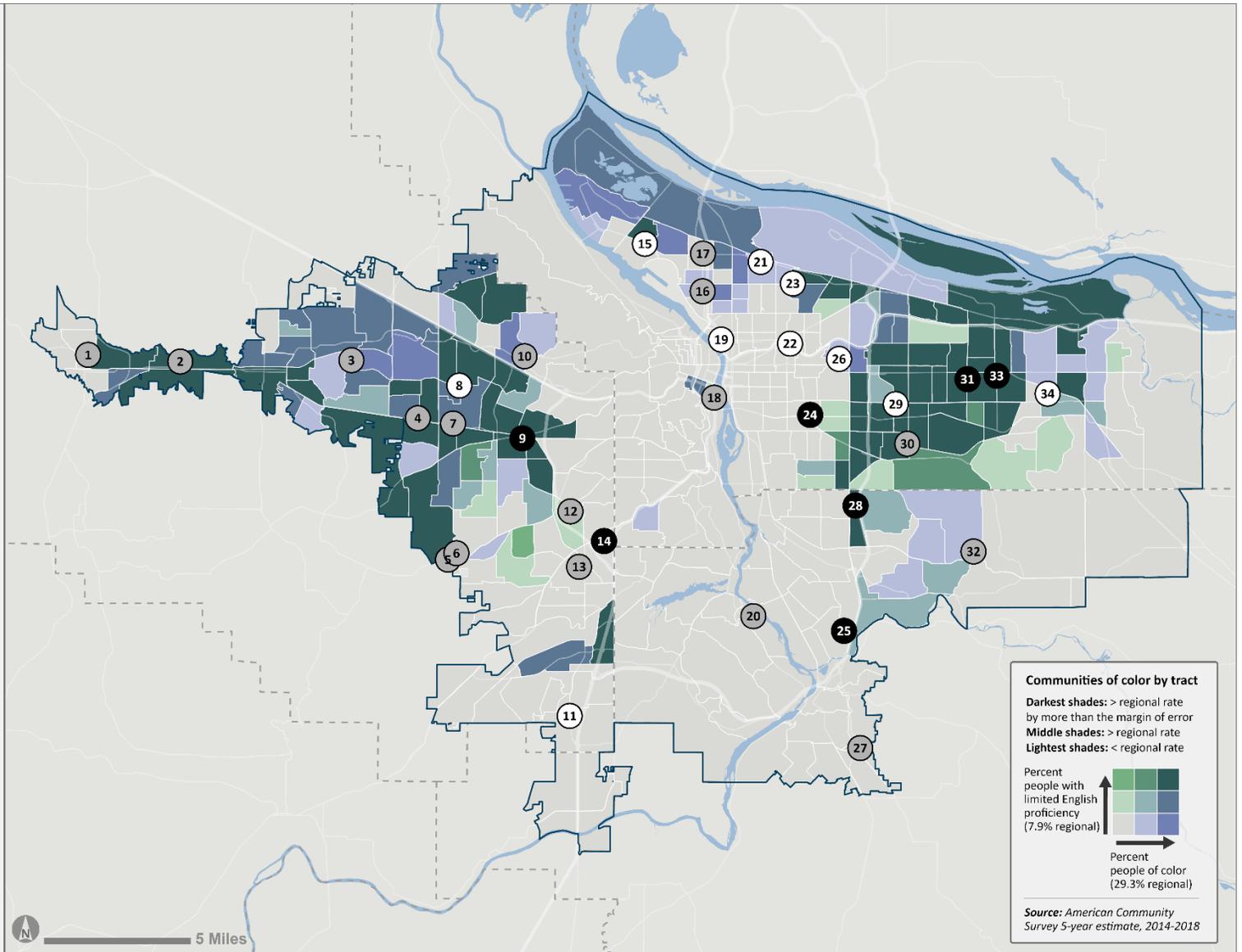
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**EXHIBIT C. SUMMARY OF CONTRACTING GOALS AND PRELIMINARY OUTCOMES, WORKFORCE TRACKING COMMITMENTS AND PREVAILING WAGE REQUIREMENTS**

Jurisdiction	Project	COBID Goal		COBID Progress		Workforce tracking?	Prevailing Wage
		Hard costs	Soft costs	Hard costs	Soft costs		
Beaverton	Mary Ann	20%	20%	27.5%	22.6%	Y	
	Scholls Ferry	20%	20%	n/a	n/a	Y	
	Elmonica	25%	25%	n/a	n/a	Y	Davis Bacon
Clackamas	Fuller Road Station	20%	20%	n/a	n/a		Davis Bacon, BOLI
	Good Shepherd Village	25%	20%	32%	29%	Y	Davis Bacon
	Maple Apartments	20%	20%	34.2%	94%	Y	Davis Bacon
	Tukwila Springs	20%	20%	21.9%	75%		Davis Bacon
	Marylhurst Commons	20%	20%	31%	17.9%	Y	
Gresham	Wynne Watts Commons	20%		25.4%			
	Rockwood Village	20%		21.9%			
Washington	Aloha Family Housing	25%	20%	22%	20%		
	Heartwood Commons	20%	20%	20%	30%		BOLI
	Plambeck Gardens	20%	20%	n/a	n/a		
	Goldcrest	20%	20%	n/a	n/a		
	Plaza Los Amigos	20%	20%	20%	20%	Y	Davis Bacon
	Saltzman Road	20%	20%	n/a	n/a		Davis Bacon
	Terrace Glen	20%	20%	20%	20%		
	The Valfre at Avenida 26	20%	20%	33.1%	n/a		
	Tigard Senior	20%	20%	22%	20%	Y	Davis Bacon
	Viewfinder	20%	20%	21.8%	26%	Y	Davis Bacon
Hillsboro	Nueva Esperanza	20%	20%	n/a	n/a		
Home Forward	Troutdale	28%	20%	n/a	n/a	Y	Davis Bacon
Portland	Hattie Richmond	30%	20%	31%	29%	Y	
	Dekum (Home Forward)	28%	20%	n/a	n/a	Y	Davis Bacon
	Findley Commons	24%	20%	19%	57%	Y	Davis Bacon
	Waterleaf	30%	20%	35%	n/a	Y	Davis Bacon, BOLI
	74th and Glisan	30%	20%	n/a	n/a	Y	Davis Bacon, BOLI
	5020 N Interstate	30%	20%	28%	n/a	Y	BOLI
	Albina One	30%	20%	n/a	n/a	Y	Davis Bacon, BOLI
	Meridian Gardens	30%	20%	n/a	n/a	Y	Davis Bacon
	Hollywood Hub	30%	20%	n/a	n/a	Y	Davis Bacon, BOLI
	PCC Killingsworth	30%	20%	n/a	n/a	Y	Davis Bacon, BOLI
	Tistilal Village	30%	20%	n/a	n/a	Y	
Powellhurst	30%	20%	19%	n/a	Y		

## EXHIBIT D. SUMMARY OF LEVERAGED CAPITAL FUNDING SOURCES

Jurisdiction	Project	LIHTC equity	Grants	Permanent loan	Metro housing bond	Sponsor contribution	Other
Beaverton	Elmonica Station	42.8%	2.7%	16.4%	34.9%	2.2%	1.0%
	Mary Ann	54.9%	6.1%	14.6%	13.7%	0.0%	10.7%
	Scholls Ferry	36.1%	11.3%	28.7%	11.3%	7.0%	5.6%
Clackamas	Fuller Road Sta.	42.8%	2.0%	31.7%	18.1%	3.6%	1.8%
	Good Shepherd	32.3%	0.0%	20.8%	30.1%	9.2%	7.6%
	Maple Apts.	33.1%	1.6%	36.5%	25.6%	3.1%	0.0%
	Marylhurst Commons	43.5%	0.3%	29.2%	7.1%	5.9%	14.0%
	Tukwila Springs	33.0%	0.0%	24.2%	15.1%	13.2%	14.4%
Gresham	Wynne Watts	40.8%	0.0%	22.1%	24.8%	11.9%	0.4%
	Rockwood Village	36.3%	0.0%	40.9%	7.9%	8.3%	6.6%
Hillsboro	Nueva Esperanza	43.7%	0.6%	21.5%	31.4%	2.5%	0.3%
Home Forward	Troutdale	36.2%	0.0%	19.5%	36.2%	8.2%	0.0%
Portland	5020 Interstate	45.7%	0.0%	20.4%	28.6%	4.9%	0.5%
	74th & Glisan	32.7%	2.2%	20.9%	35.1%	8.2%	1.0%
	Albina One	38.6%	7.8%	17.8%	27.4%	7.1%	1.3%
	Dekum Court	41.4%	0.0%	20.4%	25.4%	12.8%	0.0%
	Findley Commons	0.0%	31.3%	7.2%	27.9%	4.3%	29.3%
	Hattie Redmond	40.2%	0.9%	0.0%	18.0%	4.7%	36.2%
	Hollywood Hub	45.2%	0.0%	15.6%	28.8%	9.7%	0.7%
	Meridian Gardens	40.7%	2.5%	0.0%	46.6%	8.1%	2.2%
	PCC Killingsworth	46.1%	2.9%	18.9%	15.8%	7.0%	9.3%
	Powellhurst Place	43.0%	0.2%	18.5%	15.6%	2.8%	20.0%
	Tistilal Village	60.5%	9.1%	11.6%	12.1%	4.1%	2.6%
	Waterleaf	35.5%	33.6%	17.8%	2.2%	8.0%	2.9%
Washington	Aloha Hsg	42.7%	0.2%	11.7%	30.4%	3.2%	11.8%
	Goldcrest	41.6%	0.1%	15.1%	29.5%	9.6%	4.1%
	Heartwood Commons	0.0%	7.0%	0.0%	92.4%	0.0%	0.6%
	Plambeck Gardens	37.1%	1.8%	19.0%	32.9%	6.2%	3.0%
	Plaza Los Amigos	34.3%	1.5%	26.1%	29.2%	4.5%	4.3%
	Saltzman Road	37.4%	0.0%	32.2%	25.6%	4.8%	0.0%
	Terrace Glen	42.6%	0.0%	18.8%	32.3%	5.4%	0.9%
	The Valfre Ave 26	30.4%	3.7%	35.3%	27.9%	2.8%	0.0%
	Tigard Senior	34.8%	6.6%	22.6%	24.5%	10.4%	1.0%
Viewfinder	34.8%	0.0%	27.2%	35.2%	2.1%	0.8%	

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

Jurisdiction	Project	Total affordable units	Metro bond-funded units		
			30% AMI	With project-based rental assistance	With ongoing funding for wraparound services
Beaverton	Elmonica Station	80	33	8	0
	Mary Ann	54	11	8	0
	Scholls Ferry	164	17	0	0
Clackamas	Fuller Road Sta.	99	25	25	25
	Good Shepherd	142	58	30	35
	Maple Apts.	171	70	70	9
	Marylhurst Commons	100	40	40	40
	Tukwila Springs	48	48	48	48
Gresham	Wynne Watts	147	30	30	30
	Rockwood Village	224	47	0	0
Hillsboro	Nueva Esperanza	149	60	8	0
Home Forward	Troutdale	94	39	25	0
Portland	5020 Interstate	63	17	0	0
	74th & Glisan	137	56	41	41
	Albina One	94	32	16	0
	Dekum Court	187	61	27	0
	Findley Commons	35	0	20	35
	Hattie Redmond	60	60	60	60
	Hollywood Hub	199	69	36	0
	Meridian Gardens	85	70	65	65
	PCC Killingsworth	84	28	12	0
	Powellhurst Place	64	12	12	0
	Tistilal Village	57	24	24	16
	Waterleaf	176	17	20	20
Washington	Aloha Hsg	81	33	0	0
	Goldcrest	74	14	0	0
	Heartwood Commons	54	54	54	54
	Plambeck Gardens	116	47	8	8
	Plaza Los Amigos	112	26	16	16
	Saltzman Road	54	28	24	24
	Terrace Glen	144	51	8	3
	The Valfre Ave 26	36	8	8	8
	Tigard Senior	57	23	23	23
Viewfinder	81	34	16	27	
<b>Total</b>		<b>3522</b>	<b>1242</b>	<b>782</b>	<b>587</b>

## EXHIBIT F: LOCAL AFFORDABLE HOUSING POLICY TOOLS AND INCENTIVES

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.

Responding jurisdiction	Property tax abatement or exemption	SDC waiver for affordable housing	Local general funding for affordable housing	Public land availability	Reduced parking requirements	Density bonus	Vertical housing tax credit	By-right development or accelerated approvals	Flexible design	Inclusionary zoning
Beaverton	X	X	X	X	X		X			
Cornelius	X									
Durham						X				
Forest Grove	X					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*	X		X		X					

\*unincorporated

Survey respondents provided some additional context on the above tools:

- Milwaukie’s Construction Excise Tax program was scheduled to sunset 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.

- The City of Gresham provides deferred system development charges (SDCs) for residential development.

Additionally, some jurisdictions were pursuing new policies and incentives:

- The City of Tualatin was in the process of adopting a nonprofit low-income housing limited tax exemption program.
- The City of Wilsonville was in the process of creating a local general fund for affordable housing.
- The City of Tigard was 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.

# EXHIBIT G. AFFORDABLE HOUSING BOND FINANCIAL REPORT THROUGH DECEMBER 2022

## METRO AFFORDABLE HOUSING BOND Financial Report Through December 2022

### FINANCIAL SUMMARY

<b>TOTAL REVENUE</b>	<b>\$687,506,832</b>
<b>TOTAL EXPENSES and DISBURSEMENTS</b>	<b>\$252,013,645</b>
<b>TOTAL COMMITTED</b>	<b>\$122,547,733</b>
<b>TOTAL FUNDING REMAINING</b>	<b>\$312,945,454</b>

### REVENUE

	FY 2018 - 2022	FY 2022 - 2023	TOTAL REVENUE
Bond Proceeds	\$652,800,000		\$652,800,000
Premiums on Bonds	\$2,630,335		\$2,630,335
Interest Earnings	\$29,965,748	\$2,110,749	\$32,076,497
<b>TOTAL REVENUE:</b>	<b>\$685,396,083</b>	<b>\$2,110,749</b>	<b>\$687,506,832</b>

<--- \$8,003,000 of this additional revenue ("Premiums on Bonds" and "Interest Earnings") has been allocated to fund A/C cooling systems.

### EXPENSES

PROJECTS	Prior Years Expended or Disbursed	FY2022-23 Expended or Disbursed	Committed -- Not Yet Disbursed	TOTAL EXPENDED, DISBURSED or COMMITTED	WORK PLAN FUNDING (Amended)	% of Work Plan Funding Expended, Disbursed or Committed
<b>Jurisdiction:</b>						
Beaverton	\$12,000,000	\$0	\$8,439,934	\$20,439,934	\$31,587,595	64.71%
Clackamas County	\$48,351,542	\$3,000,000	\$0	\$51,351,542	\$117,854,094	43.57%
Gresham	\$16,341,505	\$188,756	\$0	\$16,530,261	\$27,140,995	60.91%
Hillsboro	\$16,940,731	\$0	\$0	\$16,940,731	\$41,240,081	41.08%
Home Forward (East Multnomah Co.)	\$21,034,083	\$0	\$13,449,238	\$34,483,321	\$37,141,206	92.84%
Portland	\$8,096,131	\$13,497,886	\$69,113,764	\$90,707,781	\$197,490,792	45.93%
Washington County	\$76,894,611	\$12,818,000	\$14,320,000	\$104,032,611	\$118,135,532	88.06%
Metro Site Acquisition Program	\$7,656,656	\$241,850	\$17,224,797	\$25,123,303	\$62,016,000	40.51%
Other Metro Direct Project Costs	\$71,131	\$32,383	\$0	\$103,514	\$0	N/A
<b>TOTAL:</b>	<b>\$207,386,390</b>	<b>\$29,778,876</b>	<b>\$122,547,733</b>	<b>\$359,712,999</b>	<b>\$ 632,606,296</b>	<b>56.86%</b>

ADMINISTRATIVE	Prior Years Expended or Disbursed	FY2022-23 Expended or Disbursed	TOTAL EXPENDED or DISBURSED	WORK PLAN FUNDING (Amended)	% of Work Plan Funding Expended or Disbursed
<b>Jurisdiction:</b>					
Beaverton	\$454,134	\$0	\$454,134	\$655,591	69.27%
Clackamas County	\$1,467,639	\$244,607	\$1,712,246	\$2,446,065	70.00%
Gresham	\$309,817	\$140,826	\$450,643	\$563,305	80.00%
Hillsboro	\$513,564	\$171,188	\$684,752	\$855,939	80.00%
Home Forward (East Multnomah Co.)	\$334,297	\$0	\$334,297	\$334,297	100.00%
Portland*	\$0	\$0	\$0	\$0	N/A
Washington County	\$1,414,140	\$345,450	\$1,759,590	\$2,451,906	71.76%
Metro Site Acquisition Program**	\$0	\$0	\$0	\$1,305,600	N/A
Metro Accountability and Financial Transaction Costs	\$7,740,373	\$1,712,345	\$9,452,718	\$13,056,000	72.40%
Reserved for Future Allocations				\$6,528,000	0.00%
<b>TOTAL:</b>	<b>\$12,233,964</b>	<b>\$2,614,416</b>	<b>\$14,848,380</b>	<b>\$28,196,704</b>	<b>52.66%</b>

\* PHB uses a Project Delivery Fee, not paid for by Metro's Affordable Housing Bond, to reimburse their administrative expenses.

\*\* Metro's Finance and Regulatory Services has determined that the direct costs of Metro's Site Acquisition Program are considered Project expenses. Administrative expenses in support of Metro's Site Acquisition Program are combined with Metro's total Administrative expenses and included in "Metro Accountability and Financial Transaction Costs."

# EXHIBIT H. OVERSIGHT COMMITTEE 2021 ANNUAL REPORT MEMO TO THE METRO COUNCIL (SUBMITTED JUNE 2022)



## Memo

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

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### **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,

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Karen Shawcross  
Juan Ugarte Ahumada

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## EXHIBIT I. 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

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

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

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

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

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

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

**With the region on track to exceed the unit production goals established for the measure, and new resources coming online, we believe there is not only an opportunity, but an imperative, to do more with these resources – whether that**

means going broader to achieve more overall units and/or going deeper to support the most challenging-to-fulfill needs such as permanent supportive housing and larger, family-sized units. There are also opportunities to look for synergies that allow housing bond investments to leverage state/federal/other local funds and to be integrated with complementary investments, such as digital equity and co-location with early learning facilities. **We need to ensure that, as a system, we are working toward “doing more with more.”**

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

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

Key highlights of progress on advancing racial equity include:

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

unintended consequences, particularly for smaller subcontractors. Workforce strategies are a priority area that should be considered for technical assistance.

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

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

Housing Bond Community Oversight Committee:

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Mesha Jones  
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Tia Vonil

## EXHIBIT J. 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.

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Brian Evans

