

Affordable Housing Bond: Continue progress to inform future efforts

Why this audit is important

The purpose of the audit was to conclude on the status of prior audit recommendations and determine if there were gaps or redundancies in administrative controls to deliver on Affordable Housing Bond values.

Voters approved a \$652.8 million general obligation bond measure in 2018 to create 3,900 affordable units over five to seven years. A January 2021 audit evaluated Metro's preparedness to implement the bond measure.

Although progress has been made, the need for affordable housing continues to outpace availability. With the deficit of affordable units in the region, reducing duplicate efforts and filling potential monitoring gaps will be critical.

Bond-funded homes became available to eligible residents



Source: Metro Website

What we found

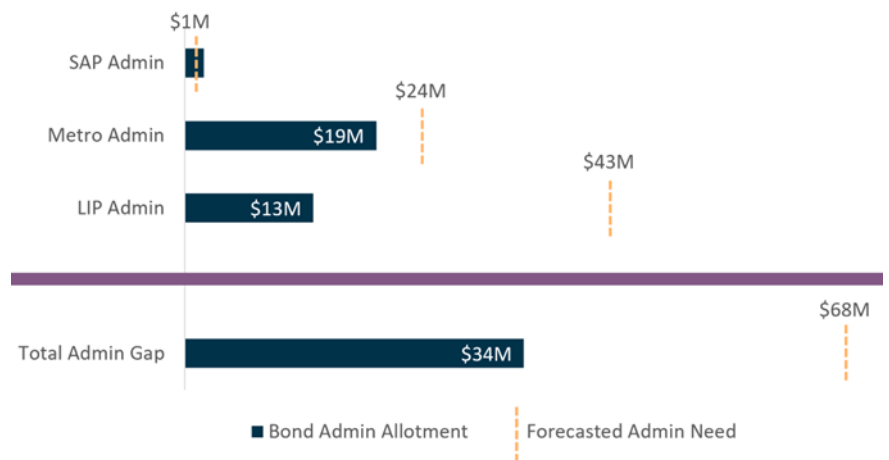
Metro made significant progress on prior audit recommendations. Seven out of nine recommendations were fully implemented and two were in process.

While progress was made, there were opportunities for improvement. Reporting processes were sufficient but could be strengthened to help Metro capture lessons learned. Metro also had project monitoring rights, but it was unclear how ongoing project information would be used or reported. This was important to sustain the bond's commitments to racial equity, creating opportunity for those in need, and good use of public investments.

The number of parties involved, and long project timelines increased the chance for gaps and inefficiency. Some duplication was necessary to provide appropriate oversight of projects. However, Metro is in a unique position to work with local and state partners to identify inefficient duplication and unintended gaps.

Additional work in several following areas will help Metro as it prepares for the future of its affordable housing program. The bond's administrative allocations will not cover administrative needs. This means Metro and local partners will need funding from other sources. Although this was expected when the bond was being developed, it presents a challenge for understanding the actual cost of implementing the bond.

Administrative expenses are funded by other sources of revenue



Source: Auditor's Office analysis of Affordable Housing Bond workplan and FY23-24 to FY27-28 forecast as of June 2023

What we recommend

The audit included eight recommendations. Five recommendations were designed to strengthen bond oversight and prepare for the future. To ensure bond activities are sufficiently funded, we made three additional recommendations to develop a long-term affordable housing plan, identify sources of funds to support Metro's ongoing roles and responsibilities, and use actual administrative spending data to inform potential future bonds.