

CORE STAFF REPORT:
FUTURE REGIONAL HOUSING FUNDING AND INVESTMENT

Meeting Date: March 7, 2024
Departments: Housing, Government
Affairs & Policy Development (GAPD)

Presenter:
Length: 60-75 minutes

ISSUE STATEMENT

As the Metro Affordable Housing bond nears completion, the agency is convening a stakeholder conversation about potential options to continue regional investments in housing.

COUNCIL AND KEY COMMITTEE ENGAGEMENT & KEY DATES

- January 16, 2024: Metro Council discusses and approves purpose, proposed stakeholder committee process, key values
- March 1, 2024: First Stakeholder Advisory Table meeting (future meetings: March 20, April 7, April 21 and May 10)
- March 7, 2024: CORE meeting
- April/May: CBO partner engagement activities; public comment survey anticipated
- Late May: Chief Operating Officer submits recommendation to Metro Council
- June: Metro Council decision, including potential measure referral

Why are you coming to CORE?

As this important process begins, staff seek to:

- Familiarize CORE members with the current status of regional housing need, recent investments, and potential options for the future
- Discuss and get CORE members' feedback on plans for analysis, engagement, alternatives and decision-making, including ways racial equity lens is informing this work


How will CORE feedback be used?

CORE feedback will be incorporated into project's technical analysis, engagement and advisory table planning, and development of investment scenarios. Feedback will also be reflected in the development of Chief Operating Officer Madrigal's future recommendation to the Metro Council in late spring 2024.

IAP2 Spectrum of Public Participation



IAP2's Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.

INCREASING IMPACT ON THE DECISION 					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

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Using the Public Participation spectrum, where is CORE's impact at this particular meeting?

- Inform: We seek to ensure CORE members are aware of the need and potential options for future investment.
- Consult: We seek CORE's feedback on plans for analysis, engagement, alternatives and decision-making.

STRATEGIC CONTEXT & FRAMING CORE DISCUSSION

Which [Strategic Plan to Advance Racial Equity, Diversity and Inclusion](#) goal(s) or department racial equity plan goals does this project advance and how?

- **Goal A:** Similar to previous funding/investment conversations, staff have sought to convene a diverse and inclusive Stakeholder Advisory Table to inform the development of the COO recommendation, including community voices alongside local government leadership, business leaders and housing/services providers.
- **Goal B:** With acknowledgment of an extremely limited timeline, the process will include committing financial resources to partnership with a community-based organization that will conduct direct engagement with impacted communities of color. Staff will also carry forward lessons learned during engagement for the

development and implementation of the 2018 Metro Affordable Housing Bond, and themes from solicitation and project-specific engagement that has occurred during the implementation of the 2018 bond.

- **Goal E:** Ultimately, the Metro Council and staff's intent is that any future housing funding prioritize racial equity in investment allocation, distribution and accountability. Therefore, racial equity must be central to analysis and development of the COO's recommendation.

Where has this project moved racial justice forward for the agency:

Metro's 2018 Housing Bond was a major step forward for the agency's impact on racial equity and opportunity in the Portland region – the first funding measure the agency developed after the adoption of the Strategic Plan to Advance Racial Equity, Diversity and Inclusion.

With voters' support, Metro became a direct funder of housing creation across the region, working through the three county housing authorities and the cities of Beaverton, Gresham, Hillsboro and Portland to create affordable housing. The bond's goals and investment framework were developed through the input of a diverse Stakeholder Advisory Table and public engagement in spring 2018. These included a commitment to creating affordable housing in communities where it has not historically been available, as well as to using such investment to help reduce displacement of communities of color amid rapidly-increasing housing costs.

Although federal law bars the specific reservation of housing based on race or ethnicity, stakeholder and community engagement led to the bond framework including a commitment that 50 percent of all bond-funded homes be family-sized (two bedrooms or larger) and 40 percent of bond-funded homes be affordable to households with very low incomes. These were intentional strategies for ensuring access to communities of color, as were extensive expectations for community involvement and partnership for bond investments. To date, the bond is overdelivering on its goals in all of these categories.

What did/will community and stakeholder engagement look like? How did/will you engage with Black, Indigenous and communities of color, immigrant communities and/or members of the disability community? What did they say? How is their input impacting decision making?

We acknowledge that this project is on a timeline that limits the ability of staff to plan and implement an engagement process that fully meets Metro's values, goals and practices. However, we seek to work within that timeline to incorporate as much community and stakeholder engagement as possible. All engagement will directly inform and be discussed in the Chief Operating Officer's recommendation to the Metro Council.

Elements of planned engagement include:

- Carrying forward engagement themes of 2018 bond development and implementation: Staff are compiling these themes to inform engagement planning for this process as well as the development of the COO recommendation.
- Stakeholder Advisory Table identification and facilitation: This committee is chaired and appointed by COO Marissa Madrigal and includes representatives of communities of color and other historically marginalized communities side by side with historically powerful interests, including elected officials and business leaders. The table will be facilitated in a way that ensures representatives of community are heard and their input incorporated into the COO recommendation. CORE member Keisha Brewster will serve on the table.
- Partnership with community-based organization: Scope is still under development, but partner will conduct focused engagement (such as discussion groups) with impacted communities in Clackamas, Multnomah, and Washington counties
- Public involvement survey: Metro intends to release an online survey for broad public comment and feedback on investment options and/or elements of the draft COO recommendation.

Internal input on the project includes:

- An internal steering committee of department leadership from across the agency, including Office of the COO; Housing; Council Office; DEI; Planning, Development and Research; Finance; and Office of the Metro Attorney.
- The Housing Department is leading a technical analysis process that is explicitly incorporating racial equity as an analytical outcome.

What are the anticipated racial equity impacts?

- Addressing disproportionate impacts of rising housing costs: Due to systemic, historic and ongoing racism in the Portland region and nationally, people of color are more likely to be renters, have lower average incomes, and face a higher number of compounding factors that increase housing instability. As with the 2018 bond, any future regional housing investment has the potential to prioritize investments that directly serve the needs of communities of color.
- Advancing workforce and contractor equity: Any future regional housing investment will incorporate Metro's workforce and contractor equity goals, which were not in place at the time of the 2018 housing bond.

BACKGROUND

Voters have supported Metro's role as a regional housing and services funder through the passage of the 2018 housing bond and the 2020 Supportive Housing Services measure.

The 2018 Metro housing bond has been successful in delivering on its stated goals, and is on track to create as many as 4,700 affordable homes across the region. The bond is projected to be fully allocated within the next couple of years, with the last bond-funded units completed by 2028.

As expected, however, housing need at nearly all incomes levels has continued in the region and statewide – as reflected in ambitious housing production goals set by Governor Kotek and the legislature in 2023. Without further action, there will be a significant gap in funding for affordable housing in the Portland region once the 2018 bond completes its spending.

Potential revenue options that will be discussed by the Stakeholder Advisory Table and considered for the COO recommendation include, but are not limited to:

- asking voters to consider a new property tax bond measure to fund the creation of affordable housing, which would increase taxes on property owners in the region
- asking voters to approve the reallocation of unanticipated revenues from the Supportive Housing Services high-earner income tax, which raised \$86 million more in its first fiscal year than was projected when the measure passed
- Taking no action on additional funding in 2024, which could lead to a gap in regional affordable housing funding as the 2018 bond completes its investments.