

CORE STAFF REPORT:
FUTURE REGIONAL HOUSING FUNDING AND INVESTMENT

Meeting Date: May 16, 2024
Departments: Chief Operating Officer,
Housing, Government Affairs & Policy
Development (GAPD)

Presenter: Marissa Madrigal
(she/her/ella), Chief Operating Officer
Length: 60-75 minutes

ISSUE STATEMENT

Following several months of conversation with stakeholders, community and partners about the future of regional affordable housing investments, Metro COO Madrigal seeks CORE's input on equity values and implications to incorporate in her recommendation to the Metro Council.

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
 - Additional meetings: March 20, April 3, April 17 and May 10:
- March 7, 2024: CORE meeting
- April/May: CBO partner engagement activities
- May 16, 2024: CORE meeting
- Mid-June: Chief Operating Officer submits recommendation to Metro Council

Why are you coming to CORE?

We seek to:

- Update CORE members on developments since the March 7 CORE meeting and presentation, including Stakeholder Advisory Table feedback and community input
- Hear CORE's input and advice, directly to COO Madrigal, on advancing racial equity outcomes as she develops her recommendations to the Metro Council

How will CORE feedback be used?

CORE feedback from the March 7 meeting was important to the project's community and stakeholder engagement efforts and technical analysis work. We have attached an updated summary of key CORE feedback/questions and follow-ups or current status.

CORE feedback on May 16 will be applied and reflected in the final development of Chief Operating Officer Madrigal's recommendation to the Metro Council, which is expected to be complete in mid-June.

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.

© IAP2 International Federation 2018. All rights reserved. 20181112_v1

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 process of the stakeholder conversation and its potential outcomes for community needs in housing and homelessness.
- Consult: We seek CORE's feedback on how equity can be advanced in the impending COO recommendation

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 convened 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 has included committing financial resources to partnership with the Coalition of

Communities of Color, to conduct direct engagement with impacted communities of color. Staff have also carried 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, as was discussed at the March 7 CORE meeting.

- **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 has been central to analysis and development of the COO's recommendation.

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

The Regional Housing Funding conversation has brought together the lessons and potential of two key funding measures approved by the region's voters: the 2018 Affordable Housing Bond and the 2020 Supportive Housing Services measure. Each of these measures was built on a foundation of values that centered racial equity, recognizing both the disproportionate impact of housing instability and homelessness on people of color and the potential opportunities that public investment could make to serve these communities' needs.

The 2018 bond, funded through a property tax, included goals and investment framework 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. The bond framework also included a commitment that half of bond-funded homes be family-sized, 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.

The Supportive Housing Services (SHS) measure funds services like outreach, housing placement, rent assistance and temporary housing through a 1% marginal income tax on high-earning households and larger businesses operating the region. Developed through a diverse coalition and community input, SHS also prioritized communities of color through its focus on people experiencing chronic homelessness and/or at extreme risk of homelessness.

SHS cannot currently be used for permanent housing creation, while bond funding cannot be used for services. However, SHS and bond funding work closely together to serve deeply-impacted households – providing both a physical home, and the services and rent assistance that create stability for households in great need.

As discussed with CORE on March 7, the Metro housing bond is nearing the expected exhaustion of its funding, and a new bond measure is not viable at this time. Metro and regional stakeholders are considering a proposal to voters that would expand SHS funding

to include permanent housing funding, while also maintaining commitments to fund key services. Through the stakeholder process, Metro has heard clear, consistent calls that funding created for housing continue to be focused on the most-vulnerable populations experiencing or at risk of prolonged homelessness. Reflecting and exacerbating systemic and ongoing racism in the region, these groups disproportionately include people of color, especially Black and Indigenous people.

What did community and stakeholder engagement look like? How did 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, as previewed in the March 7 CORE meeting, we have sought 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 engagement have included:

- Carrying forward engagement themes of 2018 bond development and implementation: Staff compiled these themes to inform engagement planning for this process as well as the development of the COO recommendation. These were shared with CORE following the March 7 meeting.
- Stakeholder Advisory Table: Chaired and appointed by COO Madrigal, the Stakeholder Table included representatives of communities of color and other historically marginalized communities side by side with historically powerful interests, including elected officials and business leaders. The Stakeholder Table has been facilitated in a way that sought to ensure representatives of community are heard and their input incorporated into the COO recommendation. We are grateful to CORE member Keisha Brewster for her service at the Stakeholder Table.
- Community partner-led engagement: Metro contracted with the Coalition of Communities of Color to conduct discussion groups with impacted communities in Clackamas, Multnomah, and Washington counties. As of May 7, this work is nearing completion and key themes being summarized for sharing with the Stakeholder Advisory Table at its last meeting on May 10 and CORE on May 16, as well as incorporation into the development of the COO recommendation.
- While not a replacement for intentional community engagement, Metro has also conducted public opinion surveys with a representative sample of regional voters. These surveys help illustrate the feasibility of a potential housing funding measure, should the COO recommend and the Metro Council refer it to voters.

Internal input on the project has included:

- An internal steering and project committee building on leadership and expertise from across the agency, including Office of the COO; Housing; DEI; Council Office; Planning, Development and Research; Finance; and Office of the Metro Attorney.
- As discussed at the March 7 CORE meeting, the Housing Department has also led a technical analysis process, including best practices research, interviews with technical stakeholders and modeling, that is explicitly incorporating racial equity as an analytical outcome.

What are the anticipated racial equity impacts?

- Addressing disproportionate impacts of rising housing costs: 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 Metro's previous housing measures described above, any future regional housing investment will 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.