

METRO AFFORDABLE HOUSING BOND 2023 ANNUAL REPORT

Date: June 13, 2024

Department: Housing

Meeting Date: June 27, 2024

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Presenters:

Emily Lieb, *Housing Policy Director;*

Alison Wicks, *Program Supervisor Affordable Housing Bond*

Jenny Lee, *Affordable Housing Bond Oversight Committee Co-Chair;*

Steve Rudman, *Affordable Housing Bond Oversight Committee Co-Chair*

Length: 40 minutes

ISSUE STATEMENT

Staff will present findings from the Affordable Housing Bond's fourth annual report highlighting implementation progress, and Affordable Housing Bond Community Oversight Committee Co-Chairs will present recommendations.

As of December 2023, there were 52 bond-funded projects underway representing 4,361 new affordable homes. By December 2023, 1,443 people had moved into their new homes in ten bond-funded projects located in Beaverton, Forest Grove, Gladstone, Gresham, Happy Valley, Portland and Tigard. The program is projected to achieve at least 120% of its original production goal 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. Plans are in place that will commit nearly all remaining bond funds in 2024 with final projects expected to break ground by 2026.

ACTION REQUESTED

Staff seek Council guidance on recommended focus areas for the coming year. No Council action is requested at this time.

IDENTIFIED POLICY OUTCOMES

- Metro Council has strong awareness of implementation progress for the Affordable Housing Bond, as well as opportunities to further improve outcomes.
- Metro Council considers the Affordable Housing Bond Community Oversight Committee's recommendations for improving program outcomes.

POLICY QUESTION(S)

Does Metro Council agree with the oversight committee's recommendations to maximize the impact of the affordable housing bond in the near term and to sustain the program's impact into the future?

- **Funding coordination and alignment:** Bond projects continue to face challenges due to unprecedented cost escalation and statewide shifts necessary to address private activity bond constraints. Metro should continue to work with funding and development partners to ensure that projects have the flexibility and support they need to navigate funding gaps or other barriers. Metro should continue to coordinate with Oregon Housing and Community Services and jurisdictional partners on funding processes and alignment to provide predictability and certainty for developers, ensure that funding and underwriting standards are responsive to their needs, and prioritize deeply affordable and permanent supportive housing units.
- **Affordable housing operations:** While the bond program is exceeding its housing production goals and demonstrating strong outcomes for racial equity in construction and initial marketing, the ongoing stability of residents – and the organizations that own and operate the housing – will be the long-term measure of success for this program. Affordable housing owners and operators face new challenges navigating rising operating costs and supporting property management and operational practices that are responsive to the needs of residents. Metro should conduct an analysis and convene stakeholders to evaluate needs/gaps and identify opportunities to support property management and operational practices that will ensure long-term stewardship of the community assets created through this investment program.
- **Continue to plan for the future:** Metro should continue working with partners and stakeholders to develop plans to ensure the region can address its affordable housing needs into the future. This includes planning for continued funding for affordable housing and the integration and alignment of Metro’s capital and supportive housing services funds to ensure that we are maximizing the impact of these combined investments in addressing our region’s housing and homelessness crisis.

POLICY OPTIONS FOR COUNCIL TO CONSIDER

We hope Council will support the oversight committee’s recommendations.

STAFF RECOMMENDATIONS

See above. Staff will come back to Council in the fall/winter to provide an update on how staff are responding to the recommendations.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

In February, Metro received progress reports from all seven local implementation partners and Metro’s Site Acquisition Program. Staff have analyzed regional progress and performance, as summarized in the 2023 program report, which includes:

- Summary of local and regional progress toward unit production goals;

- Analysis of progress to advance racial equity in all aspects of implementation, including geographic distribution of investments, inclusive and meaningful community engagement, creation of equitable economic opportunities through the construction process, and planning to ensure fair housing access for priority community members;
- Financial analysis of current project pipeline to understand trends, challenges and opportunities related to effective use of public dollars; and
- Update on policy efforts completed in 2023, emerging challenges and opportunities, and recommended focus areas for the next year.

In the spring, the Affordable Housing Bond Community Oversight Committee reviewed local progress through presentations from each implementing jurisdictions as well as from Metro staff, and the Committee identified key highlights, lessons learned and recommendations for Council consideration.

BACKGROUND

In November 2018, greater Portland voters took action to address the region's housing crisis, overwhelmingly passing the nation's first regional affordable housing bond, with a goal of creating 3,900 affordable homes across the region, of which at least half (1,950) would be sized for families with two bedrooms or more and 1,600 would be affordable to households with very low incomes (30% of area median income or below).

The Council further directed staff to ensure that four core values, developed and refined through extensive stakeholder engagement in 2018, would 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 prioritization, tenant screening and marketing, resident and/or supportive services, and inclusive workforce 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 living 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.

Since the measure's passage, Metro Council has taken the following actions to direct implementation of the program:

- Creation and appointment of the **Housing Bond Program Community Oversight Committee**, to provide program oversight on behalf of the Metro Council to monitor housing bond activities and expenditures and provide an annual report to the Metro Council;
- Approval of the **Metro Housing Bond Program Work Plan**, which provides an operational framework for the program;
- Approval of **local implementation strategies** for all seven of Metro's local implementation partners, as part of **intergovernmental agreements** which lay out the terms and conditions upon which Metro will provide Metro bond funds to local implementation partners for investment in eligible affordable housing projects; and
- Approval of **Metro's Site Acquisition Program Implementation Strategy**, through which Metro is working collaboratively with partners to acquire and support development of regionally significant sites.
- Approval of **Metro Housing Bond Program Work Plan Amendment** to allocate bond funds for administrative costs.

ATTACHMENT

- 1) Affordable Housing Bond Oversight Committee Memo and 2023 Annual Report