

Memo

Date: May 26, 2026
To: Metro Council
From: Metro Housing Bond Community Oversight Committee
Subject: 2025 Annual Report

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

We are pleased to present the 2025 annual report for the Metro affordable housing bond, covering the period from January 1, 2025 through December 31, 2025.

The Metro Housing Bond Community Oversight Committee has reviewed annual progress reports from the bond’s jurisdictional partners, as well as analysis of the bond program’s progress and performance prepared by Metro staff. The committee has also been regularly reviewing quarterly reports that monitor progress toward production and policy goals, as outlined in the Metro Council’s policy framework for the bond.

When Metro Council referred the bond measure to voters in 2018, it adopted a policy framework to clarify commitments to voters and partners. This framework established the goals of creating at least 3,900 new homes and advancing racial equity. The bond program has both met its production targets and furthered regional policy goals to improve equitable access to housing. Thanks to the efforts of Metro’s jurisdictional partners, affordable housing developers, community nonprofits, contractors and trade workers, the housing bond is on track to exceed its original production commitments. The Metro bond program and its partners are projected to build 1,700 more homes than planned, for a total of 5,600 affordable homes across Clackamas, Multnomah and Washington counties.

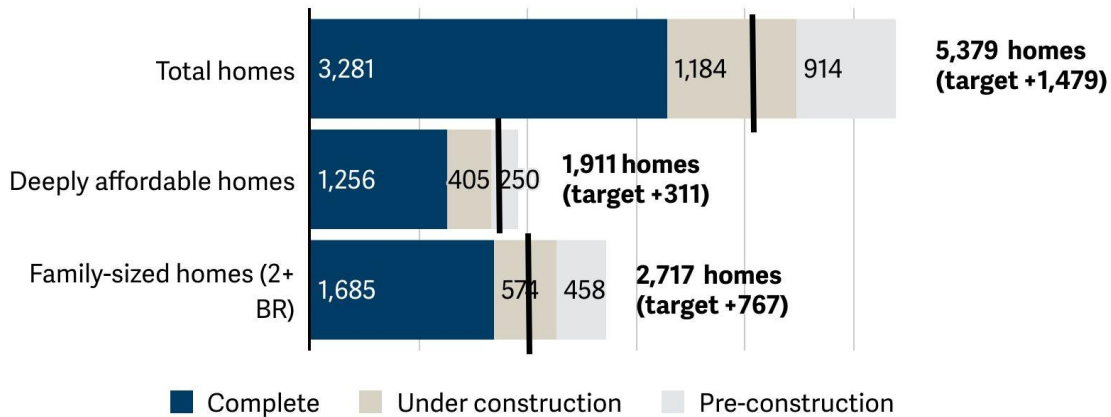
KEY HIGHLIGHTS

Production progress

As of December 2025, 64 bond-funded projects totaling 5,379 new units have been completed or are underway. This represents 138% of the bond program’s initial target of 3,900 affordable homes.

- **Total units:** These 5,379 affordable homes include 3,281 units that have completed construction and 2,098 units that are either under construction or in pre-development.

Regional progress toward production goals



- **Deeply affordable units:** While most of these homes will be affordable to households with incomes 60% or below of area median income, 1,911 homes (35% of the total) will be affordable to households with incomes 30% or below of area median income, representing 119% of the production goal for deeply affordable homes.
- **Family-size units:** 2,717 homes (over 50% of the total) will have two or more bedrooms, representing 139% of the production goal for this housing type.

About 92% of total bond resources have been committed to fund the 5,379 homes already in progress, with disbursements of remaining funds expected by 2027. The final projects are expected to break ground in 2027 and be completed by 2029. Once all funds are expended and the final housing unit is completed, the bond program is projected to reach 144% of its initial target, enabling the development of an estimated 5,600 affordable housing units for up to 18,000 residents across the region.

As of December 2025, more than 5,000 people had moved into bond-funded affordable homes in Aloha, Beaverton, Cornelius, Forest Grove, Gladstone, Gresham, Happy Valley, Hillsboro, Lake Oswego, Oregon City, Portland, Tigard and Tualatin.

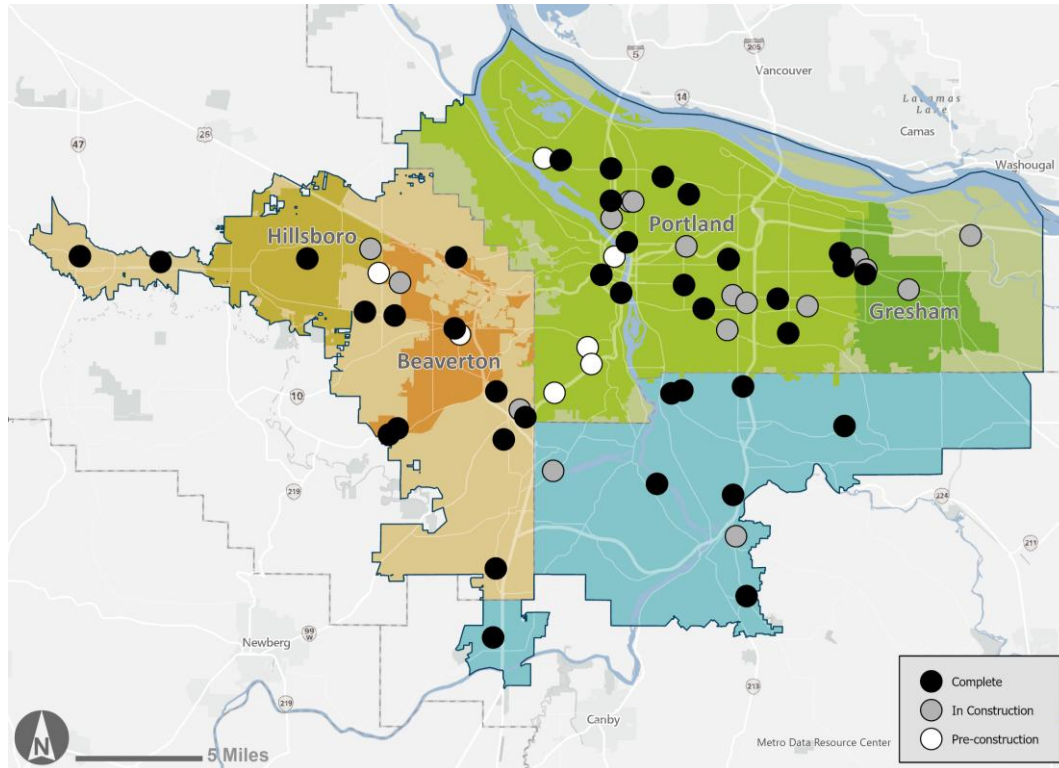
Addressing socio-economic disparities, advancing racial equity and engaging communities

Metro and its implementation partners continue to make steady progress toward achieving the bond program's goals of enhancing equitable housing access and promoting racial equity:

- **Addressing disparities through project location:** The locations of bond-funded homes have expanded access to affordable housing throughout the region: 37% of units are located in areas that have historically lacked affordable housing, 55% are located in areas where communities at risk of displacement live today and 45% are

located in areas historically out of reach for communities of color. The result has been greater access to affordable housing across the region, offering residents more choice, connecting them to schools, jobs and opportunities, and preventing displacement in neighborhoods undergoing change.

Affordable housing bond project locations



- **Advancing economic opportunity through construction:** Bond-funded projects accounted for 12% of regional multifamily housing construction in 2023-24 and have supported approximately 2,283 jobs in the construction sector that pay over \$90,000/year in wages and benefits. To ensure equitable access to economic opportunities, the bond program strives to direct construction contracts to underrepresented firms. Currently, 20% or more of construction contracts have gone to minority- or women-owned and/or emerging small businesses (MWESB). Projects completed by December 2025 reported over \$185 million in contracts paid to MWESB firms, representing approximately 28% of total construction costs.
- **Promoting equitable access to housing through marketing and lease-up:** All bond projects are required to affirmatively market housing opportunities and reduce barriers in the application process to ensure equitable access to bond-funded homes. Results from projects that have completed lease-up show that targeted marketing and leasing strategies have been effective, resulting in higher percentages of people of color and individuals with disabilities living in bond-funded homes than in the region as a whole.

- **Advancing housing stability through resident and supportive services:** On-site services and support are critical for helping households with low incomes remain stably housed. Of the 64 projects in the bond portfolio, 94% are partnering with culturally responsive or culturally specific organizations to provide resident services. Additionally, 15% of total bond-funded units will offer permanent supportive housing with ongoing case management for households exiting long-term homelessness, with 62% of these units utilizing Metro supportive housing services (SHS) funding.
- **Promoting community engagement:** The bond program requires implementation partners and developers to conduct community outreach and engage stakeholders and community members in providing input on project design, services and priorities. In 2025, more than 364 people participated in engagement efforts for eight projects, informing design, amenities, outdoor spaces, public art and project naming.

Adapting and responding to opportunities and challenges

In June 2025, the oversight committee presented recommendations to Metro Council to support successful implementation, strengthen long-term portfolio stability, and continue addressing the region’s future affordable housing needs. Key policy efforts undertaken in response to those recommendations include:

Supporting the success of projects in the bond pipeline

- Metro approved the allocation of \$29 million in bond interest earnings to help address funding gaps for projects facing challenges due to rising hard costs, construction interest rate volatility, and a softening rental market that rendered previously projected rents unachievable, necessitating a reduction in permanent debt sizing or other mitigation.
- Metro implemented a system to track projects at risk in the bond portfolio.
- Metro supported creative uses of bond funds, including affordable homeownership and strategic acquisitions of market-rate projects. To date, the bond program has committed funds to six homeownership projects and two market-rate acquisitions that will convert 107 market-rate apartments to permanently affordable housing.
- Metro continued to coordinate with Oregon Housing and Community Services and jurisdictional partners on funding processes and alignment.

Planning for the next phase of the bond portfolio

- In 2025, with support from the Housing Development Center, Metro undertook an assessment of its asset management roles and responsibilities relating to the bond portfolio. Draft findings were shared with the oversight committee in December

2025, and recommendations are expected to be developed for the committee's review in 2026.

- Metro continued to improve coordination, alignment and funding integration to support permanent supportive housing units in the bond portfolio. This included efforts to align definitions and guidelines across the supportive housing services program, bond program and with jurisdictional partners.

Continuing to plan for the future

In December 2025, Metro Council adopted the region's first-ever Regional Housing Coordination Strategy (RHCS) as part of the Oregon Housing Needs Analysis framework. The RHCS outlines 16 actions that Metro will take over the next six years, in coordination with the region's cities and counties, to address housing production, affordability and choice. The proposed actions aim to strengthen regional coordination, improve data and infrastructure, and continue advancing the production and sustainable operations of affordable housing into the next decade.

AFFORDABLE HOUSING BOND OVERSIGHT COMMITTEE RECOMMENDATIONS

1. Support the stability of housing projects in the bond pipeline

The oversight committee recommends prioritizing tools and strategies to support projects currently in construction, lease-up and early operations, with a focus on maintaining financial stability and achieving rents that are appropriately priced for households with low incomes. This may include the use of one-time resources, such as bond interest earnings. Those resources can be strategically allocated based on project needs, associated risks, and the potential impact on the long-term stability of the project and on resident outcomes.

Any approaches developed for evaluating and prioritizing project-level support will need to be both methodical and transparent, including consideration of factors such as long-term affordability and operational stability. This may also involve reevaluating a project's capital and operating assumptions, particularly for deeply affordable and supportive housing units.

2. Adopt a coordinated approach to support operational stability and sustainability

The oversight committee heard consistent concerns from jurisdictional partners about rising operating costs, high insurance rates, convergence with market rents, soft demand for certain unit types, and property management performance. Partners also highlighted the need for better coordination between housing operations and supportive services and other systems that impact housing stability and the well-being of residents.

The oversight committee supports Metro’s work, as committed to in the Regional Housing Coordination Strategy, to develop a coordinated regional approach to help stabilize and support bond-funded affordable housing projects. The committee believes this work should clarify roles, expectations and funding assumptions relating to capital needs, property operations, property management, resident services and supportive services. It should also consider how external systems and pressures – such as healthcare and service delivery systems – impact bond-funded housing operations and resident stability.

The committee also recognizes that further collaboration is needed to coordinate and align related funding sources and service systems, particularly with the regional supportive housing services fund that provides rental assistance and ongoing supportive services for more than 500 bond-funded units. The committee recognizes the importance of working with regional partners to sustain this funding over time, as well as to prepare for scenarios in which service funding may not be sustained, given its critical role in supporting housing stability.

3. Strengthen data, monitoring and ongoing portfolio stewardship

In 2025, more affordable housing projects reported challenges with market conditions, property management, slow lease-ups, higher operating costs, debt service issues and vacancies than in any previous year of the bond program. As a result of a data sharing agreement with Oregon Housing and Community Services, a co-funder on 97% of the rental projects in the bond portfolio, Metro expects to receive ongoing monitoring reports from the state relating to compliance, physical inspection and financial performance. However, there may be a lag in reporting this data, and it may not include all the information and metrics needed to inform Metro’s decision- and policy-making. To ensure good use of public funds and long-term asset stewardship, the oversight committee recommends collaborating with jurisdictions to develop transparent data collection and reporting systems. The oversight committee is particularly interested in tracking data on leasing timelines, vacancy rates and long-term resident retention. Such systems would help Metro monitor bond portfolio performance, identify at-risk projects, and make better-informed decisions for current and future bond programs.

4. Advance efforts to better understand and improve policies and practices that impact resident experiences

The oversight committee expressed a strong interest in better understanding residents’ experiences and outcomes in bond-funded housing, including safety, stability and overall quality of life. This would likely require an assessment that evaluates how residents are supported throughout the leasing process, their long-term housing stability outcomes, how well the portfolio meets residents’ affordability and

service needs, and remaining gaps. This information can help to inform priorities for future housing development that will most effectively meet residents' needs.

The committee supports Metro's proposed affordable housing systems and policy assessment work, under the Regional Housing Coordination Strategy, including evaluation of tenant selection and marketing practices and efforts to better understand resident experiences in affordable housing through a regional affordable housing resident survey and related research activities intended to inform future regional coordination and planning. The committee emphasized the importance of clearly communicating with survey participants and community members about how collected information would be used, how privacy and confidentiality would be protected, and where participants could go to access findings and updates related to the work.

More broadly, the committee also highlighted the importance of understanding how affordable housing intersects with other systems, including healthcare and supportive services, particularly for residents with higher needs. Strengthening coordination across these systems will be important for improving long-term housing stability and resident outcomes.

5. Lessons learned and the plan for future investments

While the affordable housing bond has achieved and exceeded many of its stated goals, significant unmet housing needs still persist across the region. The bond is on track to provide 5,600 new affordable homes – 1,700 more than initially projected – and these homes will be distributed across the region rather than concentrated in the urban core. Based on the regional housing needs analysis conducted by Metro in 2024, the region currently has a gap of approximately 24,000 homes, with the majority needed for households with low and very low incomes. The 2018 bond program was designed to make a meaningful contribution toward addressing this unmet need but was not scaled to fully address the region's deep shortage of affordable housing. The oversight committee recognizes the importance of planning for future funding that builds upon the outcomes and lessons learned from the bond program and that responds to regional housing needs.

As the last of the bond-funded projects reach completion over the coming years, Metro will continue to work with the oversight committee in compiling a list of lessons learned and system insights to include in its final report to the Metro Council. Our goal is for the committee's work to inform future Council decisions and foster wider regional collaboration, policy development and investment planning to further develop affordable housing in our region.

We are honored to have the opportunity to provide oversight for this important program and would like to thank Metro staff and jurisdictional partners for their ongoing

support. We remain committed to working together with staff and Council to support the continued implementation and long-term stewardship of this important housing program.

Thank you,

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